

# Bill No. 6 of 1966

PUBLISHED 2ND FEBRUARY, 1966.

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INCOME TAX (AMENDMENT) BILL, 1966.

## Arrangement of Sections.

### Section

1. Short title and commencement.
2. Amendment of section 3 of Chapter 299.
3. Amendment of section 5 of Chapter 299.
4. Repeal of section 5A of Chapter 299.
5. Amendment of section 12 of Chapter 299.
6. Amendment of section 14 of Chapter 299.
7. Repeal of section 14A of Chapter 299.
8. Amendment of section 15 of Chapter 299.
9. Insertion of section 19B in Chapter 299.
10. Amendment of the Income Tax (Amendment) Ordinance, 1961 and of section 20 of Chapter 299.
11. Amendment of section 22 of Chapter 299.
12. Amendment of section 24 of Chapter 299.
13. Repeal and re-enactment of section 27 of Chapter 299.
14. Amendment of section 45 of Chapter 299.

## A BILL

### Intituled

An Ordinance to amend the Income Tax Ordinance.

Enacted by the Legislature of British Guiana:—

A.D. 1966.

1.(1) This Ordinance may be cited as the Income Tax (Amendment) Ordinance, 1966, and shall be construed and read as one with the Income Tax Ordinance, hereinafter referred to as the Principal Ordinance, and any Ordinance amending the same.

Short title and commencement.  
Cap. 299.

(2) This Ordinance shall be deemed to have come into operation with respect to and from the year of assessment commencing on the 1st January, 1965.

2. Subsection (2) of section 3 of the Principal Ordinance is hereby amended by the insertion of the words "or any Assistant Commissioner of Inland Revenue," between the words "Revenue" and "according".

Amendment of section 3 of Chapter 299.

3. Section 5 of the Principal Ordinance is hereby amended in the following respects —

Amendment of section 5 of Chapter 299.

- (a) by the deletion of paragraph (f) of subsection (1) (as inserted by section 3 of the Income Tax (Amendment No. 2) Ordinance, 1962);
- (b) by the repeal of subsections (2) and (3); and
- (c) by renumbering subsection (1) as section 5.

No. 25 of 1962.

4. Section 5A of the Principal Ordinance is hereby repealed.

Repeal of section 5A of Chapter 299.

5. Section 12 of the Principal Ordinance is hereby amended in the following respects

Amendment of section 12 of Chapter 299.

- (a) by the substitution for the words, "wholly, exclusively and necessarily", of the words, "wholly and exclusively" in subsection (1);
- (b) by the deletion of the symbols and word "(i) and (j)" appearing in paragraph (f) of subsection (1) and the insertion of the word "and" between the symbols "(g)" and "(h)"; and
- (c) by the deletion of the words "upon which the tax is payable" appearing at the end of paragraph (h) of subsection (1).

Amendment  
of section 14  
of Chapter  
299

6. Section 14 of the Principal Ordinance is hereby amended in the following respects

- (a) by the deletion of paragraphs (h) and (i),
- (b) by relettering paragraph (j) as paragraph (h); and
- (c) by the substitution of a semi-colon for the full stop at the end of paragraph (g).

Repeal of  
section 14A  
of Chapter  
299.

7.(1) Section 14A of the Principal Ordinance is hereby repealed.

(2) Notwithstanding the repeal of section 14A of the Principal Ordinance, where in respect of the years of assessment 1962, 1963 and 1964 tax was paid on a minimum chargeable income equivalent to two per centum of the turnover of his business by a person carrying on a manufacturing, mining or mercantile business, then notwithstanding that —

- (a) he had incurred a loss or made no net profit, the two per centum of the turnover of that business shall be treated as a loss to be set off against his chargeable income in accordance with section 15 of the Principal Ordinance as amended by this Ordinance;
- (b) he made a net profit of less than two per centum of the turnover, the difference between two per centum of the turnover and the actual net profit made shall be treated as a loss to be set off against his chargeable income in accordance with section 15 of the Principal Ordinance as amended by this Ordinance.

Amendment  
of section 15  
of Chapter  
299.

8. Paragraphs (a) and (c) of the proviso to section 15 of the Principal Ordinance are hereby deleted and the following paragraphs substituted therefor —

- “(a) in computing the chargeable income of any year of assessment the loss allowed to be set off shall not exceed the amount, if any, of the gains or profits for the year of assessment in respect of each source (as specified under the several heads of income in the prescribed return to be made of the income of persons) from which such losses have arisen;
- (c) in no case shall the set-off be allowed to an extent which will reduce the tax payable for any year of assessment to less than one-half of the amount which would have been payable had the set-off not been allowed;”.

Insertion of  
section 19B  
in Chapter  
299

9. The following section shall be inserted in the Principal Ordinance immediately after section 19A

“Deduction  
allowed in  
respect of  
interest paid  
on housing  
loan.

19B. In ascertaining the chargeable income of any individual who was resident in British Guiana in the year preceding the year of assessment and who has after the 31st December, 1964, obtained a loan for the purpose of financing the construction of a new building to be occupied by him as his residence there shall, if the building was being built or occupied by him as a residence for any period during the first-mentioned year, be allowed a deduction of the amount of the interest paid on that loan by that individual for such period: —

Provided that no deduction shall be allowed in excess of such rate of interest as may be prescribed for the purposes of this section."

10.(1) Section 2 of the Income Tax (Amendment) Ordinance, 1961, is hereby amended by the insertion of the words "subsection (1) of" between the words "to" and "section".

(2) The proviso to subsection (1) of section 20 of the Principal Ordinance is hereby amended as follows —

- (a) by the insertion before the word "where" at the beginning of paragraph (d) of the words "except as provided in paragraph (g) of the proviso,";
- (b) by the deletion of the words "either the sum of fifteen hundred dollars or" in paragraph (f); and
- (c) by the addition after paragraph (f) of the following paragraph —

"(g) where any such premium or contribution is paid to an approved company the limitation of fifteen hundred dollars imposed by paragraphs (d), (e) and (f) of this proviso shall not apply with respect to such premium or contribution, but in any such case the total deduction to be allowed under this section shall not exceed one-sixth of the chargeable income of such individual estimated as aforesaid."

(3) The following subsection shall be inserted as subsection (3) of section 20 of the Principal Ordinance —

"(3) For the purposes of this section, and section 27 of this Ordinance, "approved company" means a company carrying on life assurance business and which is approved by the Commissioner for those purposes upon his being satisfied that, at the commencement of the year preceding the year of assessment, such company owned property in British Guiana of the net value of not less than two-thirds of its life assurance fund (as required to be kept by section 6 of the Life Assurance Companies Ordinance) and other funds held by the company in respect of its liabilities to policy holders in relation to its business in British Guiana: Cap. 329.

Provided that the Commissioner may approve any company —

- (a) carrying on life assurance business; and
- (b) which within the period of three years preceding the year of assessment commenced to issue life assurance policies,

upon his being satisfied that, at the date on which the company commenced such issue as aforesaid or at the date of commencement of the year preceding the year of assessment, whichever is later —

- (c) the company owned property in British Guiana of the net value of not less than two hundred and fifty thousand dollars; and
- (d) ninety per centum of the company's income from premiums (if any) received in British Guiana during the year preceding the relevant date is invested in British Guiana."

11. Section 22 of the Principal Ordinance is hereby amended in the following respects —

- (a) by the substitution of a colon for the full stop at the end of subsection (2) and the addition thereto of the following proviso —

"Provided that in the case of a company the head office of which is outside British Guiana the proportion of expenses of the head office to be deducted in any year shall not exceed seven and one-

Amendment  
of the Income  
Tax (Amend-  
ment) Ordin-  
ance, 1961,  
and of section  
20 of Chapter  
299,  
No. 36 of  
1961.

Cap. 329.

Amendment  
of section 22  
of Chapter  
299.

half per centum of the net amount remaining after deducting from the gross premiums received in British Guiana any premiums returned to the insured and any premiums paid on re-insurance, unless the Commissioner is satisfied that a higher allowance is reasonable in the circumstances.”;

- (b) by the substitution of a comma for the full stop at the end of the proviso to subsection (3) and the addition thereafter of the following —

“but such expenses of the head office to be deducted in any year shall not exceed seven and one-half per centum of the net amount remaining after deducting any premiums returned to the insured and any premiums paid on re-insurance from the gross premiums received in British Guiana in the case of any company the head office of which is situate outside British Guiana.”

12. Section 24 of the Principal Ordinance is hereby amended by the substitution of a full stop for the comma appearing after the word “recouped” and by the deletion of the remainder of the section following thereafter.

*Amendment of section 24 of Chapter 299.*

13. Section 27 of the Principal Ordinance is hereby repealed and the following section substituted therefor

*Repeal and re-enactment of section 27 of Chapter 299.*

“Tax on companies.

27. The tax upon the chargeable income of a company shall be charged at the rate of forty-five per centum of the amount of the chargeable income:

Provided that where the company is an approved company the tax shall be charged at the rate of twenty-five per centum of the chargeable income.”

14. Section 45 of the Principal Ordinance is hereby amended in the following respects —

*Amendment of section 45 of Chapter 299.*

- (a) by the deletion of paragraph (1); and  
(b) by the renumbering of paragraphs (2) and (3) as paragraphs (1) and (2) respectively.

#### OBJECTS AND REASONS

This Bill seeks to give legislative effect to the proposals in the Budget for 1965, in so far as they relate to income tax.

2. As a result of the increase in the volume of work in the Inland Revenue Department, clause 2 of this Bill seeks to provide for the delegation of the powers of the Commissioner of Inland Revenue to an Assistant Commissioner of Inland Revenue.

3. Clauses 3 and 4 of the Bill seeks to amend the Income Tax Ordinance to remove the capital gains tax from the scope of that Ordinance, since the capital gains tax will in future be governed by a separate Ordinance.

4. Clause 6 of this Bill seeks to amend section 14 of the Income Tax Ordinance to remove the restriction on the admissibility of expenditure on entertainment and advertising and clause 5 seeks to provide for consequential amendments to section 12 of the Ordinance.

5. Clause 7 of this Bill seeks to repeal section 14A of the Income Tax Ordinance to remove the tax on minimum chargeable income, and clause 8 seeks to provide for a consequential amendment to section 15 of the Ordinance.

6. Clause 9 seeks to provide for deductions to be allowed in respect of the interest paid on a loan acquired on or after the 1st January, 1965, for the purpose of financing the construction of a residence to be occupied by the owner.

7. Clause 10 of this Bill seeks to remove the limit of fifteen hundred dollars for allowances in respect of insurance premiums, in the case of premiums on policies effected with Insurance Companies which have investments of a certain value in British Guiana.

8. Clause 11 of this Bill seeks to amend section 22 of the Income Tax Ordinance so as to limit the admissibility of Head Office Expenses claimed by foreign insurance companies.

9. Clause 13 of this Bill seeks to repeal and re-enact section 27 of the Income Tax Ordinance to amend the rate of tax payable by Life Assurance Companies which have investments of a certain value in British Guiana.

10. Clause 14 of this Bill seeks to remove the collection of tax at the rate of 45 per centum from partnerships because of the inconvenience and unnecessary hardships experienced by small firms.

J. HENRY THOMAS,  
Minister of Finance.

(Bill No. 6/1966).