

Bill No. 18 of 1968.

INCOME TAX (AMENDMENT) BILL, 1968.

Arrangement of Sections.

Section

1. Short title.
2. Insertion of section 11A in the Principal Ordinance.
3. Amendment of section 20 of Principal Ordinance.
4. Insertion of new section 25A in Principal Ordinance.
5. Repeal and re-enactment of section 26 of Principal Ordinance.
6. Amendment of section 39 of Principal Ordinance.
7. Amendment of section 83 of Principal Ordinance.

A BILL

Intituled

AN ACT to amend the Income Tax Ordinance.

Enacted by the Parliament of Gnyana:—

A.D. 1968.

1. This Act may be cited as the Income Tax (Amendment) Act, 1968, and shall be read and construed as one with the Income Tax Ordinance, hereinafter referred to as the Principal Ordinance, and all amendments thereto.

Short title.
Cap. 299

2. The Principal Ordinance is hereby amended by the insertion of the following section after section 11:—

Insertion of
section 11A
in the
Principal
Ordinance.

“Exemption
of approved
mortgage
finance com-
pany from
payment of
tax.

11A(1). The Minister may, by order, designate as an approved mortgage finance company, any company which has entered into an agreement with the Government whereunder the company agrees to finance housing development by making loans in accordance with the terms of the agreement.

(2). Notwithstanding the other provisions of this Ordinance, there shall be exempt from tax in such manner and to such extent as may be provided in any such agreement —

- (a) the income of an approved mortgage finance company;
- (b) the dividends paid by any such company; and
- (c) the interest paid by any such company on any loan raised by the company for the purposes of its operations.

- (3) A copy of any agreement mentioned in subsection (1) of this section shall be laid before the National Assembly as soon as practicable after the making of an order under the said subsection (1).
- (4) For the purposes of subsection (1) of this section, the expression "housing development" means such provision for housing accommodation as may be specified in the agreement."

3. (1) Section 20 of the Principal Ordinance is hereby amended —

- (a) by inserting in paragraph (a) of the proviso to subsection (1), immediately after the word "not" at the end of that paragraph, the words "and, where the insurance is made with any company after 31st December, 1967, unless it is an approved company";
- (b) by substituting for the word "one-sixth", wherever it appears in the said proviso, the word "one-fifth";
- (c) by inserting immediately after the word "company" in paragraph (g) of the said proviso the words "or, in the case of premium, is paid in respect of any insurance policy which satisfies the requirements of paragraph (a) of this proviso";
- (d) by substituting for the words "but in any such case" in the said paragraph (g) the words "as the case may be, but";
- (e) by inserting after subsection (1) the following subsection —

"(1A) In ascertaining the chargeable income of any individual who, in the year preceding the year of assessment, is resident in Guyana there shall be allowed a deduction of the amount paid for any prescribed government securities proved to the satisfaction of the Commissioner to have been purchased by that individual from the Government or any agent acting on their behalf so, however, that the proviso to subsection (1) of this section shall apply in relation to such deduction as if the amount so paid were such an amount of contribution, paid during the first-mentioned year under such an arrangement made after 17th December, 1954, as is referred to in that proviso but not in paragraph (g) thereof."

(2) Subsection (1) of this section shall come into operation with respect to and from the year of assessment commencing on the 1st January, 1969.

4. (1) The Principal Ordinance is hereby amended by the insertion after section 25 of the following section —

25A. (1) In ascertaining the chargeable income of —

- (a) any individual who has, during the year preceding the year of assessment, donated any of his income; or
- (b) any person (other than an individual) who has, during the first-mentioned year, donated any of that person's income or other property held by that person for sale in the ordinary course of business,

to the Government of Guyana for public purposes, or to any prescribed institution or organisation of a national character

Amendment
of section 20
of Principal
Ordinance.

Insertion of
new section
25A in
Principal
Ordinance.

"Allowance
in respect of
donations to
Government
or national
institutions
or organisa-
tions.

in Guyana, there shall be deducted from the amount of the chargeable income of that individual or person ascertained apart from this subsection (whether so ascertainable in conformity with section 22 of this Ordinance or otherwise) so much thereof as is not in excess of the amount of income, or the value of other property, donated as aforesaid.

(2) The prescription during any year of an institution or organisation under subsection (1) of this section shall have effect from such day, not earlier than the commencement of that year, as may be prescribed, and shall apply in relation to all such donations as aforesaid to that institution or organisation, as the case may be, being donations made while the prescription is in force.

(3) For the purposes of subsection (1) of this section, the value of property shall be the cost to the donor on acquisition or the market value thereof whichever is the less, and for the purposes of this subsection, "market value" means the price which could reasonably have been obtained for the property in the open market on the date on which the property was donated."

(2) Subsection (1) of this section shall be deemed to have come into operation with respect to and from such year of assessment as commenced on the 1st January, 1967.

5. (1) Section 26 of the Principal Ordinance is hereby repealed and the following section substituted therefor —

Repeal and re-enactment of section 26 of Principal Ordinance.

Rates of tax 26. The tax upon the chargeable income of every person other than a company shall be charged at the following rates —

For every dollar of the first 1000 dollars	..	06 cents
" " " " " next 1000 "	..	12 "
" " " " " " 1000 "	..	20 "
" " " " " " 1000 "	..	25 "
" " " " " " 1000 "	..	30 "
" " " " " " 1000 "	..	35 "
" " " " " " 2500 "	..	40 "
" " " " " " 3000 "	..	50 "
" " " " " " 3000 "	..	60 "
" " " " " remainder of the chargeable income	..	70 " . "

(2) Subsection (1) of this section shall be deemed to have come into operation with respect to and from the year of assessment commencing on the 1st January, 1969.

6. Subsection (1) of section 39 of the Principal Ordinance is hereby amended by the addition of the following proviso —

Amendment of section 39 of Principal Ordinance.

"Provided further that where the Commissioner is satisfied that such tax as shall be collected upon any person's chargeable income would be substantially exceeded in the event of tax being deducted as required by the foregoing provisions of this subsection from payments to be made to that person, the Commissioner may, by notice in writing to the person by whom those payments are to be made, sanction his complying with such requirements as aforesaid to such extent only as the Commissioner considers, according to the best of his judgement, sufficient to specify in the notice for the purposes of securing such collection of tax as aforesaid, and any deductions made in pursuance of a notice under this proviso shall be deemed for the purposes of the said provisions to be in accordance with the requirement thereof in question, (but no such person as shall be answerable under section 34 of this Ordinance for payment of any such tax may be notified of any such sanction affecting or relating to his

deduction thereof under this subsection except pursuant to that person's application to the Commissioner for his sanction in that behalf)."

Amendment
of section 83
of Principal
Ordinance.

7. Section 83 of the Principal Ordinance is hereby amended by the substitution for paragraph (d) of the following —

"(d) the paying of tax by instalments, which may include instalments of tax for any year of assessment commencing after the coming into operation of this paragraph that are to be paid during the preceding year by persons in general or of any prescribed class, and the furnishing of estimates of chargeable income for the purposes of this paragraph";.

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Income Tax Ordinance —

- (a) to make provision for the circumstances in which mortgage finance companies engaged in housing development in Guyana and approved as such by the Minister will be exempt from tax;
- (b) to increase such fraction of chargeable income as, according to the Ordinance, must be exceeded by deductions for insurance and annuity premiums and superannuation contributions, from one-sixth to one-fifth with respect to and from the year of assessment commencing on 1st January, 1969;
- (c) to include in the above-mentioned category of deductions amounts expended in purchasing any government securities of a kind prescribed by regulations made by the Minister of Finance (and to abolish the figure of fifteen hundred dollars limiting the total amount of deductions allowable in respect of insurance premiums with respect to and from the year of assessment 1969);
- (d) to restrict the insurance premiums on policies taken out after the 31st December, 1967, in respect of which such deductions are allowable, to premiums on policies taken out with approved companies, being companies which the Commissioner of Inland Revenue is satisfied have their investments situated in Guyana to the extent already required by the Ordinance for the purposes of qualification for the lesser rate of income tax applicable to approved companies;
- (e) to allow a person's chargeable income (including that of a body corporate or unincorporate) to be reduced with respect to and from the year of assessment 1967 by the amount of any donations of income or the value of property to the Government for public purposes, or to national institutions or organisations prescribed by regulations under the Ordinance, during the year preceding the year of assessment;
- (f) to rationalise the rates of income tax payable by individuals with respect to and from the year of assessment commencing on 1st January, 1969;
- (g) to authorise the Commissioner of Inland Revenue to sanction reduction of the amounts deductible at source under the Ordinance from, and computable at income tax rates upon, gross payments to persons not resident in Guyana, and thus obviate substantial refunds upon assessment of their chargeable income; and
- (h) to sanction the inclusion of tax instalments payable during the year preceding any year of assessment commencing after the 31st December, 1968, among such instalments of tax for the year of assessment as may be required, by regulations made by the Minister of Finance, to be paid.

L. F. S. BURNHAM,
Minister of Finance.