

**GUYANA**

**BILL No. 23 of 2018**

**INCOME TAX (AMENDMENT) (NO. 2) BILL 2018**

**ARRANGEMENT OF SECTIONS**

**Section**

1. Short title.
2. Amendment of section 2 of the Principal Act.
3. Amendment of section 5 of the Principal Act.
4. Amendment of section 8 of the Principal Act.
5. Amendment of section 17(1) of the Principal Act.
6. Amendment of section 20 of the Principal Act.
7. Amendment of section 33C of the Principal Act.
8. Amendment of section 33E of the Principal Act.
9. Insertion of new section 33H in the Principal Act.
10. Amendment of section 36 of the Principal Act.
11. Amendment of Section 36A of the Principal Act.
12. Insertion of new section 36B in the Principal Act.
13. Amendment of section 39 of the Principal Act.
14. Amendment of section 60(1)(a) of the Principal Act.
15. Amendment of Section 60A(6) of the Principal Act.
16. Amendment of section 70(1) of the Principal Act.
17. Amendment of section 106 of the Principal Act.
18. Amendment of section 116 of the Principal Act.

**A BILL  
Intituled**

AN ACT to amend the Income Tax Act.

A.D. 2018      Enacted by the Parliament of Guyana:-

Short title.                      1. (1) This Act, which amends the Income Tax Act, may be cited as the  
Cap. 81:01      Income Tax (Amendment) (No. 2) Act 2018.

(2) Sections 4, 6 and 14 shall come into operation with respect to and from the year of income commencing on 1<sup>st</sup> January 2019.

Amendment of section 2 of the Principal Act.                      2. Section 2 of the Principal Act is amended by the insertion immediately after the definition of “resident in Guyana” of the following definition –

“No. 2 of 2004      “small business” has the same meaning assigned to it in section 2 of the Small Business Act 2004;”.

Amendment of section 5 of the Principal Act.                      3. Section 5 of the Principal Act is amended as follows –

(a) in paragraph (b), in sub-paragraph (ii) to the proviso, by the deletion of the words “vacation,”; and

(b) in the proviso to paragraph (b), by the insertion immediately after sub-paragraph (ii), of the following sub-paragraph –

“(iiA) no income tax shall be payable for vacation allowance not exceeding one month’s gross salary;”.

Amendment of section 8 of the Principal Act.                      4. Section 8 of the Principal Act is amended in subsections (1) and (4) by the substitution for the words “seven hundred and twenty thousand dollars”, of the words “seven hundred and eighty thousand dollars.”

Amendment of section 17(1) of the Principal Act.                      5. Section 17(1) of the Principal Act is amended as follows –

the Principal Act.

(a) by the substitution for paragraph (b), of the following –

“(b) any building, housing machinery or used for the provision of services or warehousing owned by that person has been diminished by reason of wear and tear arising out of the use or employment of such building in the production of income.”;

(b) in sub-paragraph (iii) to the proviso, by the substitution for the words “or building housing machinery” of the words “or building, housing machinery or used for the provision of services or warehousing”.

Amendment of section 20 of the Principal Act.

6. Section 20 of the Principal Act is amended by the substitution for the words “seven hundred and twenty thousand dollars”, of the words “seven hundred and eighty thousand dollars”.

Amendment of section 33C of the Principal Act.

7. Section 33C of the Principal Act is amended by the substitution for subsection (2), of the following –

“(2) Subsection (1) applies to all export sales of the products, except export sales of products specified in Part III of the Fifth Schedule.”.

Amendment of section 33E of the Principal Act.

8. Section 33E of the Principal Act is amended by the insertion immediately after subsection (3), of the following subsection –

“(4) (1) The income tax payable under this section shall be in respect of declarations made to the Guyana Gold Board on income from the mining of gold by individuals and shall be treated as a final tax:

Provided that income tax payable on income earned from sources other than the mining of gold shall not be treated as a final tax in accordance with this subsection.

- (2) The income tax payable on income from gold mining not declared to the Gold Board shall not be treated as a final tax.”.

Insertion of new section 33H in the Principal Act.

9. The Principal Act is amended by the insertion immediately after section 33G of the following section –

“Tax credit for exports.

33H. (1) Exporters of goods manufactured in Guyana shall be granted a tax credit equivalent to the applicable value-added tax paid on any sum expended for water and electricity, proved to the satisfaction of the Commissioner-General that the sums expended were related to goods manufactured and exported.

(2) The credit given in computing the tax payable by the person shall be given for the year of assessment following the year of income.”.

Amendment of section 36 of the Principal Act.

10. Section 36 of the Principal Act is amended by the substitution for the words “one million four hundred and forty thousand dollars”, of the words “one million five hundred and sixty thousand dollars”.

Amendment of section 36A of the Principal Act.

11. Section 36A of the Principal Act is amended by the substitution for the words “one million four hundred and forty thousand dollars”, of the words “one million five hundred and sixty thousand dollars”.

Insertion of new section 36B.

12. The Principal Act is amended by the insertion immediately after section 36A, of the following section –

“Small business rate. No. 2 of 2004

36B. The tax upon chargeable income of a person other than a company who qualifies under the Small Business Act 2004 as having a Small Business which is engaged in manufacturing and construction services and is registered with the Small Business Bureau, shall be at the rate of twenty-five

percent on the chargeable income derived from manufacturing and construction services.”.

Amendment of  
section 39 of the  
Principal Act.

13. Section 39 of the Principal Act is amended as follows –

(a) by the substitution for subsection (13), of the following –

“(13) (a) Where any person makes any payment in excess of five hundred thousand dollars, either directly or indirectly, to a contractor for the supply of labour or for the hiring of equipment, that person shall deduct tax from the gross amount of that payment, excluding value-added tax, at the rate of two percent.

(b) Any contractor may apply to the Commissioner-General for an exemption from compliance with paragraph (a), which may be granted where the Commissioner-General is satisfied that receipts of that form of income have been regularly disclosed in the returns of income of the contractor and any tax on that income has been paid or secured to the satisfaction of the Commissioner-General.

(c) Production of evidence of exemption by the contractor to a person making any such payment shall be sufficient authority for the payer to make payment of the gross amount without deduction of tax.

(d) In the case of contractors in operation for less than one year, the Commissioner-General may request a deposit representing an advance payment of the tax payable under paragraph (a) and calculated in accordance with information made available to the Commissioner-General

by the contractor.

- (e) The withholding tax paid in respect of any payment in any year of income shall be given credit in computing the tax payable by the contractor for the year of assessment following that year of income.”; and

(b) by the substitution for subsection (14), of the following –

“(14) For the purpose of subsection (13), “contractor” means any person who is a resident and who has been awarded a contract for providing or supplying independent personal services for reward, other than as an employee.”.

Amendment of section 60(1)(a) of the Principal Act.

14. Section 60(1)(a) of the Principal Act is amended by the substitution for the words “seven hundred and twenty thousand dollars”, of the words “seven hundred and eighty thousand dollars”.

Amendment of section 60A(6) of the Principal Act.

15. Section 60A(6) of the Principal Act is amended by the substitution in paragraph (b) for the words “five thousand dollars”, of the words “two thousand dollars”.

Amendment of section 70(1) of the Principal Act.

16. Section 70(1) of the Principal Act is amended by the substitution for the word “shall”, of the word “may”.

Amendment of section 106.

17. Section 106 of the Principal Act is amended by the deletion of subsection (3).

Amendment of section 116 of the Principal Act.

18. Section 116 of the Principal Act is amended by the insertion immediately before the words “registered post”, of the words “ordinary post, electronic media or ”.

## **Explanatory Memorandum**

Clause 2 amends section 2 of the Principal Act to define “Small business,” as per the definition in the Small Business Act.

Clause 3 amends section 5 of the Principal Act for the removal of doubt by specifying the amount of vacation allowance which is exempt from tax.

Clauses 4, 6 and 14 amend sections 8, 20 and 60 of the Principal Act to raise the income tax threshold amount from seven hundred and twenty thousand dollars to seven hundred and eighty thousand dollars.

Clause 5 amends section 17(1) of the Principal Act to provide for wear and tear allowance for buildings used for the provision of services and warehousing.

Clause 7 amends section 33C the Principal Act to remove the restriction on the export allowance to the countries in the Caribbean.

Clause 8 amends section 33 E (1) of the Principal Act to allow for a final tax for individual gold miners.

Clause 9 inserts a new section 33H which provides for a tax credit to be granted to exporters of goods manufactured in Guyana.

Clauses 10 and 11 amend sections 36 and 36A to provide the amount of chargeable income from one million four hundred and forty thousand dollars to one million five hundred and sixty thousand dollars.

Clause 12 inserts a new section 36B to provide a tax rate of 25% for persons other than a company who qualify under the Small Business Act.

Clause 13 amends section 39(13) and (14) of the Principal Act to provide for the criteria regarding contractors 2% withholding tax.

Clause 15 amends section 60A(6) of the Principal Act to reduce the fee to reprint a TIN certificate previously issued from five thousand dollars to two thousand dollars.

Clauses 16 amends section 70(1) of the Principal Act so that it is not mandatory for the Commissioner- General to assess and send Notices of Assessment to persons. This will allow for a fuller self-assessment system.

Clause 17 amends section 106 of the Principal Act by repealing subsection (3). As a result of the Income Tax (Refund) Regulations 2018 (now being provided for) to facilitate the payment of refund of tax from current revenue collection, no further request to the Accountant General for release of funds is required.

Clause 18 amends section 116 of the Principal Act to provide for the sending of notices by electronic media and by ordinary post.

**Hon. Winston Jordan, M.P.**  
**Minister of Finance**