

2013/11/14

OBJECTS AND REASONS

This Bill would provide for the imposition of a tax on the gross income of individuals to be known as a “consolidation tax” and for other related matters.

Arrangement of Sections

1. Short title
2. Interpretation
3. Application
4. Administration
5. Consolidation tax
6. Rate of consolidation tax
7. Collection of consolidation tax
8. Payment by Instalments
9. Consolidation Tax Return
10. Payment of consolidation tax where an individual is carrying on business or is in receipt of rent on his own account
11. Refunds
12. Assessments
13. Exemptions
14. Application of *Income Tax Act*, Cap. 73

15. Regulations
16. Amendment of enactment set out in the Schedule
17. Act binds the Crown
18. Commencement

SCHEDULE

Amendments

BARBADOS

A Bill entitled

An Act to provide for the imposition of a tax on the gross income of individuals known as a “consolidation tax” and for other related matters.

ENACTED by the Parliament of Barbados as follows:

Short title

1. This Act may be cited as the *Consolidation Tax Act, 2013*.

Interpretation

2.(1) In this Act,

“Commissioner” means the Commissioner of Inland Revenue;

“consolidation tax” or “tax” means the consolidation tax imposed by section 5;

“income” means the gross income from all sources calculated in accordance with the *Income Tax Act, Cap. 73*.

(2) Except as otherwise expressly provided, the expressions used in this Act shall have the same meaning as in the *Income Tax Act, Cap. 73*.

Application

3. The consolidation tax imposed by this Act is payable by and in respect of an individual on his gross income from all sources.

Administration

4.(1) The Commissioner shall administer and enforce this Act and shall supervise all persons employed to assist him in the administration and enforcement of this Act.

(2) Any function conferred by this Act on the Commissioner is exercisable by any public officer authorised by the Commissioner for the purpose.

Consolidation tax

5.(1) Subject to subsection (6), there is chargeable on the gross income of an individual who earns \$50 000 or more in any income year, a consolidation tax of an amount to be calculated in accordance with this section.

(2) The consolidation tax payable by an individual shall be calculated on his gross income as follows:

(a) where the income of an individual is reported with respect to a calendar year,

(i) in respect of the income year 2013, the consolidation tax shall be calculated on his gross income for the period beginning on 1st day of September, 2013 and ending on 31st day of December, 2013;

(ii) in respect of the income year 2014, the consolidation tax shall be calculated on his gross income for that income year;

(iii) in respect of the income year 2015, the consolidation tax shall be calculated on his income for the period beginning on the 1st day of January, 2015 and ending on the 31st day of March, 2015.

(b) where the gross income of an individual is determined by reference to a fiscal period, the income of that individual shall be apportioned in order to exclude income earned between the 1st day of January, 2013 and the 31st day of August, 2013, and the income earned between the 1st day of April, 2015 and the 31st day of December, 2015, inclusive and the consolidation tax shall be calculated on the remainder.

(3) In calculating the tax payable by an individual,

(a) losses are not to be taken into account; and

(b) income from trade, business or property is the net profit derived.

(4) The amounts received during the periods specified in subsection (2), by an individual as travelling allowance in excess of \$350 per month is income and is subject to the consolidation tax.

Rate of consolidation tax

6. The rate of the consolidation tax, payable by an individual on his gross income from all sources, calculated in accordance with section 5 is as follows:

- (a) for individuals earning gross income between \$50 000 and \$75 000, 0.5 per cent;
- (b) for individuals earning gross income between \$75 001 and \$100 000, 1 per cent;
- (c) for individuals earning gross income between \$100 001 and \$200 000, 2 per cent; and
- (d) for individuals earning gross income above \$200 000, 3 per cent.

Collection of consolidation tax

7.(1) An employer shall deduct or withhold from the emoluments of an individual in his employ the amount of consolidation tax at the rate specified under this Act or any regulations made under this Act and pay that amount to the Commissioner as the prepayment of consolidation tax of the individual to whom that amount would otherwise have been paid.

(2) The consolidation tax deducted or withheld in accordance with subsection (1) shall be paid to the Commissioner in the same manner as income tax is payable under the *Income Tax Act*, Cap. 73.

Payment by Instalments

8.(1) An individual carrying on business or in receipt of rent on his own account shall pay to the Commissioner, as a prepayment of consolidation tax, instalments of consolidation tax at the rates determined in accordance with section 6 on one third of the income earned during the income year 2012,

- (a) in respect of the income year 2013, an instalment of consolidation tax shall be paid by the 15th day of December 2013;

- (b) in respect of the income year 2014, instalments of consolidation tax shall be paid on the following dates:
- (i) 15th day of June, 2014;
 - (ii) 15th day of September, 2014; and
 - (iii) 15th day of December, 2014.

(2) An individual carrying on business or in receipt of rent on his own account shall pay to the Commissioner, as a prepayment of consolidation tax, instalments of consolidation tax at the rates determined in accordance with section 6; and in respect of the income year 2015, one instalment of 25 per cent of the consolidation tax paid or payable in respect of the previous income year, shall be paid by the 15th June, 2015.

(3) The balance of the consolidation tax payable by an individual under this section in respect of the income years 2013, 2014 and 2015 shall be paid by the 30th day of April, 2014, 2015 and 2016, respectively.

Consolidation Tax Return

9.(1) An individual shall submit to the Commissioner, a return to be known as a "Consolidation Tax Return", which shall show the gross income from all sources and the consolidation tax payable.

(2) The Consolidation Tax Return referred to in subsection (1) shall be attached to and will form part of the individual tax returns for the years 2013, 2014 and 2015.

(3) An individual shall submit a Consolidation Tax Return

- (a) for the period beginning on the 1st day of September, 2013 and ending on the 31st day of December, 2013, not later than the 30th day of April, 2014;
- (b) for income year 2014, not later than the 30th day of April, 2015; and
- (c) for income year 2015, not later than the 30th day of April, 2016.

Payment of consolidation tax where an individual is carrying on business or is in receipt of rent on his own account

10.(1) An individual carrying on business or in receipt of rent on his own account shall pay to the Commissioner, in respect of the income years 2013 to 2015, any part of the consolidation tax that is estimated and remains unpaid, in his Consolidation Tax Return filed in accordance with section 9(2) and is unpaid, not later than the appropriate date specified in that section.

(2) An individual, other than an individual to whom subsection (1) applies, shall pay to the Commissioner

- (a) 50 per cent of the consolidation tax that is estimated in the Consolidation Tax Return filed in accordance with section 9(2), not later than the appropriate date specified in that section; and
- (b) the other 50 per cent of the consolidation tax that is so estimated and is then unpaid, not later than the 30th day of September in the year of assessment relating to that income year.

(3) An individual referred to under subsection (2) who complies with section 9(2) and who receives in respect of an income year, a Notice of Assessment dated no later than the 30th day of September in the year of the assessment relating to that income year shall pay to the Commissioner

- (a) on or before the 30th day of September in the year of the assessment relating to that income year; or
- (b) within 30 days of the date of the Notice of Assessment,

whichever occurs later, any part of the consolidation tax that is assessed and is then unpaid, whether or not any objection has been made or any appeal has been taken in relation to that assessment.

Refunds

11.(1) Subject to this section, the consolidation tax is not refundable.

- (2) Where the amount paid by an individual as consolidation tax
 - (a) is in excess of the amount due; or
 - (b) was paid in error,

the Commissioner shall refund the individual the excess or the amount paid in error.

- (3) Where the Commissioner determined that the individual referred to in subsection (2) should receive a refund, the Commissioner shall apply the excess or the amount paid in error against any outstanding liability of that individual under the *Income Tax Act*, Cap. 73, or this Act, and cause the balance, if any, to be paid to that individual.

- (4) Refunds granted under this section are a charge on the Consolidated Fund and shall be made by the Commissioner out of the funds provided by the Accountant General for the purpose.

Assessments

12.(1) The Commissioner shall determine the gross income from all sources for an income year of an individual by whom consolidation tax is payable and shall assess the amount of consolidation tax payable by each individual.

- (2) The Commissioner shall make an assessment under subsection (1) regardless of whether an individual liable to assessment under subsection (1) has submitted a Consolidation Tax Return to the Commissioner.

- (3) The Commissioner, in making an assessment under subsection (1), is not bound by the information contained in the Consolidation Tax Return filed by the individual being assessed, or by other information supplied by, on behalf of, or in respect of that individual.

Exemptions

13. The following are exempt from the application of this Act:
- (a) interests on bonds, debentures or stock of the Government of Barbados beneficially owned by non-residents;
 - (b) dividends paid to non-residents;
 - (c) interest on Government debentures;
 - (d) interest on holdings of
 - (i) national development bonds;
 - (ii) national housing bonds;
 - (iii) savings bonds; and
 - (iv) sugar industry bonds;
 - (e) interest received by or credited to a pensioner aged 60 years and over;
 - (f) interest on tax reserve and tax refund certificates;
 - (g) interest received by or credited to a special saving account designated by the account holder as an "Education Savings Plan Account" that is used specifically to offset the cost of a student acquiring tertiary education; and
 - (h) salaries, allowances, prerequisites and other income that are exempt from income tax by any other enactment.

Application of *Income Tax Act*, Cap. 73

14. Sections 49 to 64B, 67 and 71 to 81 of the *Income Tax Act*, Cap. 73 apply to this Act with the necessary modifications and adaptations as the circumstances require.

Regulations

15. The Minister may make regulations generally to give effect to this Act.

Amendment of enactment set out in the Schedule

16. The *Income Tax Act*, Cap. 73 is amended in the manner specified in Column 2 of the *Schedule*.

Act binds the Crown

17. This Act binds the Crown.

Commencement

18. This Act shall be deemed to have come into operation on the 1st day of September, 2013.

SCHEDULE

(Section 16)

Amendments

Column 1

Enactments

Income Tax Act, Cap. 73

Column 2

Amendments

Section 11, is amended by inserting immediately after subsection (4) the following:

“In calculating the assessable income of an individual for an income year any amount paid as consolidation tax under the Consolidation Tax Act, Act 2013- shall not be deducted.”.