

**OBJECTS AND REASONS**

This Bill would amend the *Income Tax Act*, Cap. 73 to include product warranty services among the range of services in respect of which a person may obtain a tax credit for foreign currency earnings, and provide for related matters.

*Arrangement of Sections*

1. Short title
2. Amendment of section 64 of Cap. 73
3. Amendment of section 85 of Cap. 73
4. Amendment of Second Schedule to Cap. 73

## **BARBADOS**

A Bill entitled

An Act to amend the *Income Tax Act*.

ENACTED by the Parliament of Barbados as follows:

### **Short title**

1. This Act may be cited as the *Income Tax (Amendment) Bill, 2014*.

**Amendment of section 64 of Cap. 73**

**2.** *Section 64 of the Income Tax Act, Cap. 73, in this Act referred to as the principal Act, is amended by inserting after subsection (1B), the following:*

“(1C) Subsection (1)(e)(vi) does not apply where an amount is paid to a non-resident person on account or in satisfaction of, liability for fees or charges arising under a contract for the provision of technical skills utilised outside Barbados in connection with product warranty services.”.

**Amendment of section 85 of Cap. 73**

**3.** *Section 85(1) of the principal Act is amended by inserting in alphabetical order, the following definition:*

““product warranty services” does not include warranty insurance or any other form of insurance business;”.

**Amendment of Second Schedule to Cap. 73**

**4.** *Part IV of the Second Schedule to the principal Act is amended by inserting after paragraph 17, the following:*

“**18.** Product warranty services.”.

Read three times and passed the House of Assembly this  
day of \_\_\_\_\_, 2014.

**Speaker**

Read three times and passed the Senate this \_\_\_\_\_ day of  
, 2014.

**President**

**INCOME TAX (AMENDMENT) BILL, 2014**

**EXPLANATORY MEMORANDUM**

- Clause 1:** provides the short title.
- Clause 2:** amends section 64 of the *Income Tax Act*, Cap. 73 to grant an exemption from withholding tax where fees are paid to non-resident persons for technical skills utilised by such persons in connection with product warranty services.
- Clause 3:** inserts into section 85 of the Act, a definition of product warranty services to make it clear that the term does not include any form of insurance.
- Clause 4:** amends the Second Schedule to the Act to include product warranty services among the list of services in respect of which a tax credit for foreign currency earnings is obtainable.