

A BILL

ENTITLED

AN ACT to Amend the Income Tax Act to provide for an increase in the personal income tax threshold and to give permanent effect to matters previously effected provisionally, and for connected purposes.

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BE IT ENACTED by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and House of Representatives of Jamaica, and by the authority of the same, as follows:—

1.—(1) This Act may be cited as the **Income Tax (Amendment) Act, 2015**, and shall be read and construed as one with the **Income Tax Act** (hereinafter referred to as the “principal Act”) and all amendments thereto.

Short title
and
commence-
ment.

(2) The provisions of this Act shall be deemed to have come into effect-

- (a) in respect of the amendments to sections 5, 40 and 48 of the principal Act, on the 30th day of April, 2014.
- (b) in respect of the amendments to section 30 of the principal Act, on the 1st day of January, 2015.

Amendment of section 5 of principal Act.

2. Section 5 of the principal Act is amended in subsection (1) by deleting the full stop at the end of paragraph (c), substituting a semi-colon therefor, and inserting immediately after paragraph (c) the following as paragraph (d)-

- “(d) the income comprising insurance premiums paid to a person who is not resident in Jamaica by a person who is resident in Jamaica, other than where the insurance premiums are paid by an insurance company resident in Jamaica that is registered with the Financial Services Commission under Part II of the *Insurance Act*, to a person who satisfies all of the following conditions, namely that—
 - (i) the person is not connected with the insurance company;
 - (ii) the person, in receiving the insurance premiums, is carrying on the business of writing contracts of reinsurance in the international reinsurance market; and
 - (iii) the Commissioner is satisfied that the person is not acting as, or on behalf of, a captive insurance company in receiving the insurance premiums.”.

Amendment of section 30 of principal Act.

3. Section 30 of the principal Act is amended—

- (a) in subsection (1) (a) by inserting next after paragraph (ix) the following as paragraph (x)-

“(x) for each year of assessment after the 31st of December, 2014—

For the first				
\$557,232.00	Nil; and

For every dollar of the
income exceeding
\$557,232.00 25 cents.”.

4. Section 40 of the principal Act is amended by—

Amendment
of section 40
of principal
Act.

- (a) deleting subsection (1) and substituting therefor the following—

“ (1) Subject to the provisions of this section, where a person resident in Jamaica makes a payment to a person who is not resident in Jamaica in respect o-

- (a) any interest of money, dividends, royalty, annuity, or other annual payment, or in respect of rent accruing from property situated in Jamaica, or in respect of the provision of industrial commercial information or advice or management or technical services or similar services or facilities or hire of plant or equipment (otherwise than under a *bonafide* hire-purchase agreement as defined in subsection (1) of section 2 of the *Hire Purchase Act*), the person making the payment shall deduct therefrom a sum on account of income tax thereon at the rate of $33\frac{1}{3}$ cents in the dollar if the payment is made to a person other than an individual or 25 cents in the dollar if the payment is made to an individual;
- (b) with effect from the 30th April, 2014, income comprising insurance premiums that are charged to tax under section 5 (1)(d), the person making the payment shall deduct therefrom a sum on account of income tax thereon at the rate of 15 cents in the dollar;

- (c) with effect from the 1st January, 2013, upon the chargeable income of all persons, other than those specified for receiving payments of income under paragraph (a) or (b), the person making the payment shall deduct therefrom a sum on account of income tax thereon at the rate of 25 cents in the dollar,

and the person making the payment shall forthwith deliver to the Commissioner an account of the payment and of such tax deducted from the payment and the Commissioner shall assess and charge the payment for which an account is so delivered on that person.”

Amendment
of section 48
of principal
Act.

5. Section 48 of the principal Act is amended—

- (a) in subsection (6) by deleting the word “Where” and substituting therefor the words “Subject to subsection (7A), where”;
- (b) in subsection (7) by deleting the word “Where” and substituting therefor the words “Subject to subsection (7A), where”;
- (c) by inserting immediately after subsection (7) the following as subsection (7A)—

“ (7A) Notwithstanding subsection (6) or (7), the provisions of paragraph (b) of section 40 (1) shall apply to payments specified in that paragraph.”

Validation
and
indemnity.

6.—(1) Notwithstanding sections 3 and 4 (2) of the *Provisional Collection of Tax Act* and anything to the contrary in any other enactment, the imposition of withholding tax on insurance premiums by the Provisional Collection of Tax (Income Tax) Order, 2014, and the collection of the tax so imposed by the Government and persons purporting to act pursuant to the Order, in good faith and inadvertent as to the imposition and collection being invalid, improper or unlawful during the period commencing after the expiration of the Order on the 30th

day of October, 2014, and ending on the date of commencement of this Act, are hereby declared to have been validly, properly and lawfully done to all intents and purposes and with effect as if duly authorized by law.

(2) Every person liable to be legally proceeded against on the ground that the acts referred to in subsection (1) were validly, properly and lawfully done to all intents and purposes and with effect as if duly authorized by law, is hereby freed, acquitted, discharged and indemnified as well against the Queen's Most Excellent Majesty, Her Heirs and Successors, as against all other persons, from such liability.

MEMORANDUM OF OBJECTS AND REASONS

The revenue measures outlined by the Ministry of Finance and Planning with respect to Financial Year 2014/2015 include a decision of the Government to increase the personal income tax threshold. Also included was the decision to introduce the income tax on insurance premiums.

The relevant Order for these latest income tax revenue measures is the Provisional Collection of Tax (Income Tax) Order, 2014.

This Bill seeks to give effect to the aforementioned revenue measures for the Financial Year 2014/2015, by making permanent the provisions of the Provisional Collection of Tax (Income Tax) Order, 2014 and validating the collection of any tax done in good faith between the date of expiration of the Order and the commencement of this Act.

DR. PETER D. PHILLIPS
Minister of Finance and Planning.

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As introduced by the Honourable Minister of Finance and Planning.

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SECTION 30 OF THE PRINCIPAL ACT WHICH
IT IS PROPOSED TO AMEND

30.—(1) Subject to the provisions of this Act, there shall be levied and paid—

(a) upon the statutory income of every individual, tax at the following rates in respect of income arising—

(i) between the 1st January, 2005 and the 30th June, 2005—

For the First	\$60,216.00	Nil; and
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... ..

(ii) for any year of assessment commencing after the 31st December, 2012—

For the first	\$507,312.00	Nil; and
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For every dollar of the income exceeding	\$507,312.00	25 cents;
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... ..

SECTION 40 OF THE PRINCIPAL ACT WHICH
IT IS PROPOSED TO AMEND

40.—(1) Subject to the provisions of this section, where payment is made to a person who is not resident in the Island by a person resident in the Island in respect of any interest of money, royalty, annuity, or other annual payment, or in respect of rent accruing from property situated in the Island, or in respect of the provision of industrial or commercial information or advice, or management or technical services, or similar services or facilities, or hire of plant or equipment (otherwise than under a *bona fide* hire-purchase agreement as defined in subsection (1) of section 2 of the Hire-Purchase Act), the person making such payment shall deduct thereout a sum on account of income tax thereon at the rate of 33¹/₃ cents in the dollar if the payment is made to a person other than an individual, or 25 cents in the dollar if the payment is made to an individual, and shall forthwith deliver to the Commissioner an account of the payment and of such tax deducted out of the payment and the Commissioner shall assess and charge the payment for which an account is so delivered on that person.

... ..

SECTION 48 OF THE PRINCIPAL ACT WHICH
IT IS PROPOSED TO AMEND

48.—(1) Notwithstanding anything to the contrary contained in this Act, subsections (2) to (12) shall have effect.

(6) Where the life assurance company, being chargeable with the tax under subsection (5) for the year 1976 or any subsequent year of assessment, satisfies either of the following conditions, namely—

- (a) that the Minister has stated by a notice published in the *Gazette* and not subsequently cancelled by a further notice so published that the company is taking, or has taken, reasonable steps to become regionalized; or

... ..

(7) Where subsection (6) does not apply the life assurance company shall be charged under subsection (5) at the rate of four *per centum* of its premium income for the year.

... ..

