

TAXATION

The New Tax Structure as as January, 1993

1. The tax bands were abolished and a single rate of tax at 33 1/3 % was introduced for individuals.

New Measures:

2. (a) The annual deduction for individual taxpayers was increased to \$120,000. The 1/3 deduction was withdrawn.

(b) The deduction of G\$120,000 (per annum) shall be apportioned in the same ratio as the earning period of the income bears to a full year. For example, if the income was earned in three months, the equivalent of three months deduction (i.e. one fourth (1/4) of the G\$72,000 = G\$18,000) would be deducted in computing the chargeable income.

(c) Chargeable income is the income remaining after deducting the allowance for wear and tear, previous years' trade losses and land development expenditure.

(d) Total income from employment includes all allowances and prerequisites whether in money or otherwise except those specifically exempted by the Income Tax Act, Chapter 81:01.

(e) Individuals (whether resident or not) with income below G\$120,000 do not have to file Income Tax Returns.

3. WITHHOLDING TAX

- (a) Interest earned on savings accounts held by both resident individuals and companies would be subject to a fifteen percent (15%) withholding tax, which will be deducted at source and remitted to the Commissioner of Inland Revenue. This interest will no longer form part of the tax-payer's total income for Income Tax and Corporation Tax purposes.
- (b) Organizations and persons who have been exempted from withholding Tax upon application to the Commissioner of Inland Revenue, will be issued with a notification which will authorise the commercial banks or other financial