

M O N T S E R R A T

INCOME AND CORPORATION TAX (AMENDMENT) ACT

No. 21 of 2011

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I ASSENT

Adrian Davis
Governor

DATE:3.1.12

M O N T S E R R A T

No. 21 of 2011

AN ACT TO AMEND THE INCOME AND CORPORATION TAX ACT
(CAP 17.01).

BE IT ENACTED by the Queen's Most Excellent Majesty, by and
with the advice and consent of the Legislative Assembly of
Montserrat, and by the Authority of the same as follows:—

1. Short title and commencement

This Act may be cited as the Income and Corporation
Tax (Amendment) Act, 2011 and comes into force on a
date fixed by the Governor acting on the advice of
Cabinet.

2. Interpretation

In this Act—

Income and Corporation Tax (Amendment) Act, 2011

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“principal Act” means the Income and Corporation Tax Act, (Cap. 17.01).

3. Section 3 amended

Section 3 of the principal Act is amended by deleting from paragraph (h) the following words—

“greater than \$36,000 per annum”.

4. Section 6 amended

Section 6 of the principal Act is amended as follows—

(a) by deleting paragraph (j) and substituting the following—

“(j) the income derived by the Premier from the occupation of his official residence; this exemption does not apply to any housing allowance paid to, or housing benefit received by the Premier if no official residence is provided;” and

(b) by deleting paragraph (oo) and substituting the following immediately after paragraph (o)—

“(oa) the interest payable to an individual on —
(i) a savings account; or
(ii) interest bearing deposits;”.

5. Section 21 amended

Section 21 of the principal Act is deleted and the following substituted—

“21. (1) A person engaged in any trade, business or in any profession shall keep in the English language proper books of account sufficient to record all transactions necessary in order to ascertain the gains and profits made or the loss incurred in the trade, business or

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profession, and the books of account shall be kept for at least seven years following their creation.

- (2) A person who fails to comply with subsection (1) is guilty of an offence, and in addition to any penalty incurred, he is liable to pay any tax to which he may be assessed under this Act.”

6. Section 34 amended

Section 34 of the principal Act is amended by deleting subsections (2) and (3) and substituting the following—

“(2) An individual who has primary responsibility for caring for an incapacitated dependent who continuously resides with him during the basic year is entitled to an allowance of \$2,400 in the year of assessment commencing on January 1, 2005.

(3) An individual is entitled, from assessment year 2011, in respect of each of the individual’s incapacitated dependent—

- (a) that is wholly maintained by the individual, to an allowance of \$2,400; or
- (b) that is maintained jointly with one or more other individuals, to a proportion of the allowance of \$2,400 that the Comptroller of Inland Revenue considers to reflect the proportion to which the individual maintains the incapacitated dependent.

(4) For the purpose of subsection (3)—

“**incapacitated dependent**” means a person—

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- (a) who is rendered unable to work as a result of a disability of the body or mind;
 - (b) whom the Comptroller considers, having regard to the place of residence of the person as indicated by a certificate from the Community Services Department or otherwise, is in whole or in part maintained by the individual; and
 - (c) who is not entitled to a pension, income or social welfare benefit exceeding \$7,200 in total per year;
- (5) An individual who makes payments in respect of life or health insurance premiums, on his own behalf and that of his family members on the policy (which is limited to spouse and children under the age of 25 in full time education) during the basic year, is entitled to allowances in respect of payments commencing assessment year January 1, 2008.
- (6) An individual is entitled, from assessment year 2011, to an allowance, subject to a maximum of \$4,000, of the amount of the total premiums that he proves to the satisfaction of the Comptroller was paid on a policy that he owns in that year in respect of life or health insurance for:
- (a) the individual; and
 - (b) the individual's husband or wife; and
 - (c) any child of the individual, whether natural or adopted, who has not attained the age of 25 and is in full time education.
- (7) An individual is entitled, from assessment year 2005, to an allowance in respect of

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payments of social security contributions made on his own behalf that he proves to the satisfaction of the Comptroller were paid in that year.”

7. Section 38 amended

Section 38(2) of the principal Act is deleted and the following is substituted—

“(2) The amount of tax so deducted is to be set off against the tax payable by that person for the year of assessment in which such deduction is made.”.

8. Section 51 amended

Section 51 of the principal Act is amended—

(a) by deleting subsection (1) and substituting the following—

“(1) It shall be the duty of every person who receives an income to deliver to the Comptroller on or before the thirty-first day of March in each year, or such other date as may be prescribed, a true and correct return in the form and manner prescribed, of the whole of his income from every source whatever for the basic year and if absent from Montserrat to give the name and address of an agent residing in Montserrat.”

(b) by inserting the following as subsection (1A):

“(1A) A person may, in accordance with section 5 of the Electronic Transactions Act, 2009 (No. 7 of 2009), deliver the return in subsection (1) online in the prescribed form.”

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(c) in subsection (2), by deleting the words “thirty-first day of January” and substituting the words “thirty-first day of March”.

(d) by inserting the following as subsection (2A):

“(2A) A person who fails to deliver a true and correct return under subsection (1) shall pay a fine of \$10 in respect of each month he fails to submit a return.”

(e) by inserting at the beginning of subsection (3) the words “ Subject to subsection (2A),”.

9. Section 75 amended

Section 75 of the principal Act is deleted and replaced with the following—

“**75. (1)** Subject to subsections (2) and (3), a person who defaults on the payment of tax in excess of \$20 on the due date is liable to a penalty of 5% of the tax in arrears.

(2) The provisions of this Act relating to the collection and recovery of tax apply to the collection and recovery of the penalties in subsection (1).

(3) The Comptroller may waive the penalty in subsection (1) if—

(a) he is satisfied that the failure to pay on or before the due date was not due to wilful negligence; and

(b) the person makes arrangements, which are satisfactory to the Comptroller for the payment of the arrears, before the expiration of 30 days from the due date, or any

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extended period the Comptroller may
in any particular case allow.

- (4) A person who makes arrangements for the payment of arrears in accordance with subsection (3)(b) and fails to make payment is liable to the penalty in subsection (1) that was waived.

10. Schedule 2 amended

Schedule 2 of the principal Act is deleted and the following substituted—

“SCHEDULE 2

(section 36)

The rate of income tax for the years of assessment commencing on or after January 1, 1999 are as follows—

On every dollar of the first \$2,500 of chargeable income – 20 cents in the dollar;

On every dollar of the next \$6,000 of chargeable income viz. from \$2,501 to \$8,500 – 25 cents in the dollar;

On every dollar beyond \$8,500 of chargeable income – 30 cents in the dollar.

The rates of income tax for any year of assessment commencing on or after January 1, 2006 are as follows—

On every dollar of the first \$5,000 of chargeable income – 15 cents in the dollar;

On every dollar of the next \$6,000 of chargeable income viz. from \$5,001 to \$11,000 – 25 cents in the dollar;

On every dollar beyond \$11,000 of chargeable income – 30 cents in the dollar.

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The rates of income tax for any year of assessment commencing on or after January 1, 2013 are as follows—

On every dollar of the first \$5,000 of chargeable income – 5 cents in the dollar;

On every dollar of the next \$5,000 of chargeable income viz. from \$5,001 to \$10,000 – 15 cents in the dollar;

On every dollar of the next \$5,000 of chargeable income viz. from \$10,001 to \$15,000 – 25 cents in the dollar;

On every dollar of the next \$120,000 of chargeable income viz. from \$15,001 to \$135,000 – 30 cents in the dollar;

On every dollar beyond \$135,000 of chargeable income – 40 cents in the dollar.”

11. Schedule 3 amended

Schedule 3 of the principal Act is deleted and the following substituted—

“SCHEDULE 3

(section 36)

RATE OF TAX ON PENSIONS

The rate of income tax on pension for any year of assessment commencing on or after January 1st, 2008 is as follows—

On every dollar up to \$60,000 - 0%

On every dollar beyond \$60,000 - 5%.”

12. Income Tax Rules amended

The amendments to the Income Tax Rules are set out in the Schedule.

SCHEDULE

AMENDMENT TO THE INCOME TAX RULES

1. Rule 7 amended

Rule 7 of the Income Tax Rules is deleted and the following substituted—

“7. (1) The return of income required to be delivered to the Comptroller under section 51 of the Act shall be in Form A or Form B of Schedule B.

(2) Form A shall be completed by an individual with a single source of income, who may also claim social security payments and life and health insurance premiums.

(3) Form B shall be completed by all other individuals.”

2. Schedule B amended

The ‘Individual Income Tax Return’ Form in Schedule B of the Income Tax Rules is deleted and the following forms substituted—

“Form A



Inland Revenue Department

P.O. Box 99

INDIVIDUAL INCOME TAX RETURN

Brades

Montserrat

<i>Individual tax return for the period:</i>		1 January to 31 December	20____.
1. Print IRD Number here:		<input type="text"/>	
2. Name:	<i>First Name</i>	<input type="text"/>	
	<i>Surname</i>	<input type="text"/>	
3. Address:		<input type="text"/>	
4. Profession/Occupation:		<input type="text"/>	
5. Contact/Telephone Number:		<input type="text"/>	
6. Are you claiming Life and Health Insurance Premiums?			
No <input type="radio"/> Go to Q 7.			
Yes <input type="radio"/> Self	\$ <input type="text"/>	Others	\$ <input type="text"/>
			<i>Total claimed</i> \$ <input type="text"/>
7. Are you claiming Personal Social Security Payments?			
No <input type="radio"/> Go to Q 8.			
Yes <input type="radio"/>			
			<i>Total claimed</i> \$ <input type="text"/>

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8. Declaration (MUST BE COMPLETED)

Please note that non-declaration or incorrect submission of the information as requested in this return could mean the imposition of penalties in accordance with sections 86 & 87 of the Income Tax Act (CAP. 17.01).

I _____ of _____
(Name in block letters) (Address)

certify that:

- (a) I have a single source of income;
- (b) the attached IRD5 'Annual Employee Certificate' correctly reflects my income, income tax deductions and social security payments for the year ended 31 December 20___;
- (c) where applicable, I have attached proof of any life and health insurance premiums I am claiming; and
- (d) this return for the year ended 31 December 20___ is a true, correct and complete return.

(Signature of Taxpayer)

(Date)

”

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Form B



Inland Revenue Department
P.O. Box 99
Brades
Montserrat

INDIVIDUAL INCOME TAX RETURN

<i>Individual tax return for the period:</i> 1 January to 31 December		
20_____		
1. If your IRD Number is not shown above, print it here:	<input type="text"/>	
2. If your correct name is not shown above print it here:	<i>First Names</i>	<input type="text"/>
	<i>Surname</i>	<input type="text"/>
3. If your correct address is not shown above print it here:	<input type="text"/>	
4. Profession/Occupation:	<input type="text"/>	
5. Contact/Telephone Number:	<input type="text"/>	
6. Did you receive any salary, wages, pension or employment related benefits?		
No <input type="radio"/> Go to Q 7.		
Yes <input type="radio"/> Copy the amounts of income from salary, wages, or benefits below:		
<i>Employer/Payer</i>	<i>Gross income</i>	<i>Total tax deductions</i>
<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
7. Did you have any overseas income?		
No <input type="radio"/> Go to Q 8.		
Yes <input type="radio"/> Print the totals here. Staple proof of overseas tax paid to the front of the return.	<i>Total overseas tax paid</i>	<i>Total overseas income</i>
	\$ <input type="text"/>	\$ <input type="text"/>
8. Did you receive any rents?		
No <input type="radio"/> Go to Q 9.		
Yes <input type="radio"/> Print net rents here and complete the profit and loss statement on page 4.	<i>Net rents</i>	
		\$ <input type="text"/>

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<p>9. Did you receive any income from self employment? No <input type="radio"/> Go to Q 10. Yes <input type="radio"/> Print net income here and complete the profit and loss statement on page 4.</p>		
	<p><i>Withholding tax deductions</i></p>	<p><i>Self-employed income</i></p>
	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>
<p>10. Did you receive any other income? (exclude pension) No <input type="radio"/> Go to Q 11. Yes <input type="radio"/> Print details here:</p>		
<i>Name of Payer</i>	<i>Type of income</i>	<i>Total other income</i>
<input style="width: 150px;" type="text"/>	<input style="width: 150px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>
<input style="width: 150px;" type="text"/>	<input style="width: 150px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>
<p>11. Add all income shown in Q 5 to 10 and print the total here: Go to Q 12.</p>		<p><i>Total income</i></p> \$ <input style="width: 100px;" type="text"/>
<p>12. General deduction for resident individuals Deduct \$15,000 personal allowance or the amount of total income if less than \$15,000. Go to Q 13.</p>		<p><i>Personal allowance deduction</i></p> \$ <input style="width: 100px;" type="text"/>
<p>13. Are you claiming any mortgage interest paid on residential property? No <input type="radio"/> Go to Q 14.</p>		
<p>Yes <input type="radio"/> Print amount here and attach a copy of the mortgage interest statement from your lending institution. (Maximum \$5,000 to income year 2006 & \$8,000 from income year 2007) Percentage /proportion of mortgage interest allowance claimed.</p>		<p><i>Total mortgage interest</i></p> \$ <input style="width: 100px;" type="text"/> <input style="width: 100px;" type="text"/>
<p>14. Are you claiming Life and Health Insurance Premiums? No <input type="radio"/> Go to Q 15.</p>		
<p>Yes <input type="radio"/> Self \$ <input style="width: 100px;" type="text"/> Others \$ <input style="width: 100px;" type="text"/></p>		<p><i>Total claimed</i></p> \$ <input style="width: 100px;" type="text"/>
<p>15. Are you claiming Personal Social Security Payments? No <input type="radio"/> Go to Q 16. Yes <input type="radio"/></p>		
		<p><i>Total claimed</i></p> \$ <input style="width: 100px;" type="text"/>
<p>16. Are you claiming Incapacitated Dependent Allowance? (Maximum \$2,400) No <input type="radio"/> Go to Q 17. Yes <input type="radio"/></p>		
Full Name of Incapacitated Dependent	<input style="width: 250px;" type="text"/>	
Relation of Dependent	<input style="width: 250px;" type="text"/>	
Nature of Incapacitation	<input style="width: 250px;" type="text"/>	
State income, if any of the Incapacitated Dependent	<input style="width: 200px;" type="text"/>	
What percentage of the Incapacitated Dependent allowance are you claiming?	<input style="width: 100px;" type="text"/>	
<p>Is the Incapacitated Dependent living with you? No <input type="radio"/> Yes <input type="radio"/> Age <input style="width: 50px;" type="text"/></p>		
		<p><i>Total claimed</i></p> \$ <input style="width: 100px;" type="text"/>

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<p>17. Add all deductions claimed in Q 12 – 16.</p> <p style="text-align: right;">Print the total here:-</p>	<p><i>Total deductions</i></p> <p>\$ <input style="width: 100%;" type="text"/></p>						
<p>18. Income after deductions Subtract the total deductions arrived at in Q 17 from the total income as shown in Q 11 and print the answer here: Go to Q 19.</p>	<p><i>Income after deductions</i></p> <p>\$ <input style="width: 100%;" type="text"/></p>						
<p>19. Are you claiming any losses? No <input type="radio"/> Go to Q 20 Yes <input type="radio"/> Print net loss amounts here:</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: right;"><i>Amount brought forward</i></td> <td style="width: 50%; text-align: right;"><i>Amount claimed this year</i></td> </tr> <tr> <td style="text-align: right;">\$ <input style="width: 100%;" type="text"/></td> <td style="text-align: right;">\$ <input style="width: 100%;" type="text"/></td> </tr> </table>	<i>Amount brought forward</i>	<i>Amount claimed this year</i>	\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>		
<i>Amount brought forward</i>	<i>Amount claimed this year</i>						
\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>						
<p>20. Taxable income Subtract the loss at Q 19 from the income after the deductions as shown in Q 18 and print the answer here:</p>	<p><i>Taxable income</i></p> <p>\$ <input style="width: 100%;" type="text"/></p>						
<p>21. Did you receive any pension? No <input type="radio"/> Go to Q 22. Yes <input type="radio"/> Print details</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: right;"><i>Total Pension</i></td> <td style="width: 50%; text-align: right;"><input style="width: 100%;" type="text"/></td> </tr> <tr> <td style="width: 50%; text-align: right;"><i>Pension deduction</i></td> <td style="width: 50%; text-align: right;">\$ 60,000</td> </tr> <tr> <td style="width: 50%; text-align: right;"><i>Pension taxable @ 5% (i.e. total pension less pension deduction)</i></td> <td style="width: 50%; text-align: right;"><input style="width: 100%;" type="text"/></td> </tr> </table>	<i>Total Pension</i>	<input style="width: 100%;" type="text"/>	<i>Pension deduction</i>	\$ 60,000	<i>Pension taxable @ 5% (i.e. total pension less pension deduction)</i>	<input style="width: 100%;" type="text"/>
<i>Total Pension</i>	<input style="width: 100%;" type="text"/>						
<i>Pension deduction</i>	\$ 60,000						
<i>Pension taxable @ 5% (i.e. total pension less pension deduction)</i>	<input style="width: 100%;" type="text"/>						
<p>22. Did you pay any provisional tax for this income year? No <input type="radio"/> Go to Q 23. Yes <input type="radio"/> Print the total provisional tax here:</p>	<p><i>Provisional tax paid</i></p> <p>\$ <input style="width: 100%;" type="text"/></p>						
<p>23. Is this income tax return for a full year of working? No <input type="radio"/> Please provide details of the period worked. Yes <input type="radio"/></p> <p style="margin-left: 40px;"><input style="width: 60%; height: 20px;" type="text"/> <input style="width: 60%; height: 20px;" type="text"/></p> <p style="text-align: center;">Now complete and sign the declaration in Q 24.</p>							
<p>24. Declaration (MUST BE COMPLETED)</p> <p>Please note that non-declaration or incorrect submission of the information as requested in this return could mean the imposition of penalties in accordance with sections 86 & 87 of the Income Tax Act (CAP. 17.01).</p> <p>I _____ of _____ (Name in block letters) (Address)</p> <p>certify that this return for the year ended December 20__ is a true, correct and complete return.</p> <p>_____ (Signature of Taxpayer) (Date)</p> <p>_____ (Name of Return Preparer (if different to Taxpayer) (Signature of Return Preparer) (Date)</p>							

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Inland Revenue Department
P.O. Box 99
Brades
Montserrat

INDIVIDUAL INCOME TAX RETURN



TAX COMPUTATION RATES

The tax upon the taxable income of every person other than a company is as follows:

- On every dollar of the first \$5,000 of taxable income - 15 cents in the dollar
- On every dollar of the next \$6,000 viz from \$5,001 - \$11,000 - 25 cents in the dollar
- On every dollar beyond \$11,000 - 30 cents in the dollar

<u>Profit and Loss Statement</u>		(TO BE USED AS A GUIDE ONLY)	
<i>(To be completed by individuals who have rental income or self employment income, i.e. have answered 'yes' to either Q 8 or Q 9.)</i>			
Income	\$		
Other Income	\$		
Total Income	\$		
Salary and Wages	\$		
Telephone		\$	
Utilities (Water & Electricity)	\$		
Insurance	\$		
Rent	\$		
Office Supplies	\$		
Building Repairs/Maintenance	\$		
Advertising	\$		
Motor Vehicle	\$		
Accounting and Legal	\$		
Travel	\$		
Interest	\$		
Depreciation	\$		
Other (Specify)			
	\$	\$	
Total Expenses			\$
Net Income			\$

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Teresina Bodkin

SPEAKER

Passed the Legislative Assembly this 20th day of December, 2011.

Judith Baker

CLERK OF THE LEGISLATIVE ASSEMBLY