

OBJECTS AND REASONS

This Bill would make provision for

- (a) an increase of certain rates of tax payable by individuals and corporations;
- (b) the calculation of simple interest on arrears of tax;
- (c) a write-off of tax, penalties and interest and a conditional waiver of penalties and interest incurred on arrears of tax; and
- (d) the validation of taxes purportedly paid and collected at an increased rate.

Arrangement of Sections

1. Short title
2. Amendment of section 42 of Cap. 73
3. Amendment of section 43 of Cap. 73
4. Amendment of section 45 of Cap. 73
5. Amendment of section 67 of Cap. 73
6. Repeal of section 67A of Cap. 73
7. Insertion of sections 67A and 67B into Cap. 73
8. Validation

BARBADOS

A Bill entitled

An Act to make provision for an increase of certain rates of tax payable, the validation of the purported payment and collection of the tax at an increased rate, and for related matters.

ENACTED by the Parliament of Barbados as follows:

Short title

1. This Act may be cited as the *Income Tax (Amendment and Validation) Act, 2018*.

Amendment of section 42 of Cap. 73

2. *Section 42 of the Income Tax Act, Cap. 73, in this Act referred to as the principal Act, is amended in subsection (1)*

(a) *by deleting the opening words in paragraph (i) and substituting the words “for income year 2015 and subsequent income years up to 31st July, 2018”; and*

(b) *by inserting immediately after paragraph (i) the following:*

“(j) from 1st August, 2018 and income years thereafter

(i) 16 per cent of every complete dollar of taxable income up to and including \$35 000;

(ii) 33.5 per cent of every complete dollar of taxable income above \$35 000 and up to and including \$50 000; and

(iii) 40 per cent of every complete dollar of taxable income above \$50 000.”.

Amendment of section 43 of Cap. 73

3. *Section 43 of the principal Act is amended by inserting immediately after subsection (5) the following new subsection:*

“(6) With effect from income year 2018, the tax payable by a company upon its taxable income is 30 per cent of every complete dollar of that taxable income.”.

Amendment of section 45 of Cap. 73

4. Section 45 of the principal Act is amended by

(a) deleting paragraph (c) and substituting the following:

“(c) in respect of income year 2006 and subsequent years up to 2017, 25 per cent;” and

(b) inserting immediately after paragraph (c) the following new paragraph:

“(d) in respect of income year 2018 and subsequent years, 30 per cent, ”.

Amendment of section 67 of Cap. 73

5. Section 67 of the principal Act is amended

(a) by deleting subsection (3) and substituting the following:

“(3) A person who fails to pay an amount that he is required by section 19(12), 64, 64B, 64C, 64D, 64E, 64F, 64G, 64H, 64I, 64J, 64K, 65(2), (4), (4A) or (5) or 66(1A) to pay at or within the time prescribed shall, in addition to the penalty imposed by subsection (2), pay to the Commissioner simple interest at the rate of 0.5 per cent per month calculated on the amount that was not paid.”;

(b) in subsection (6) by deleting paragraph (a) and substituting the following:

“(6) (a) A person to whom subsection (1) applies or who fails to pay an amount of tax that is estimated by him or that is assessed on him for an income year within the time required by section 66, or who fails to pay an amount imposed by section 46C

within the time specified in that section, shall, in addition to the penalty imposed by subsection (1) or subsection (5), pay to the Commissioner simple interest at the rate of one per cent per month calculated on the amount that was not paid;”.

Repeal of section 67A of Cap. 73

6. *Section 67A of the principal Act is deleted.*

Insertion of sections 67A and 67B into Cap. 73

7. *The principal Act is amended by inserting immediately after section 67, the following new sections:*

“Write-off of tax, penalties and interest between January, 1968 and December, 2000

67A.(1) Subject to subsection (2), where at 1st August, 2018, an amount payable to the Commissioner as arrears of tax, penalty or interest in respect of such arrears of tax is outstanding, that amount is written off.

(2) The write-off referred to in subsection (1) applies only where the arrears of tax, penalty or interest accrued between 1st January, 1968 and 31st December, 2000.

Waiver of penalties and interest from January, 2001 to December, 2017

67B.(1) Subject to subsection (2), where at 1st August, 2018, an amount payable to the Commissioner as a penalty or interest in respect of arrears of tax is outstanding, the amount payable as a penalty or interest is waived.

(2) The waiver referred to in subsection (1) applies only where the penalty or interest on the arrears of tax accrued between 1st January, 2001 and 31st December, 2017 and

(a) the arrears of tax are paid in full no later than 31st December, 2018; or

(b) an agreement is entered into with the Barbados Revenue Authority no later than 31st December, 2018, for the repayment of the arrears of tax.

(3) Where a person fails to comply with the terms and conditions specified in an agreement entered into pursuant to subsection (2)(b), the Barbados Revenue Authority may terminate the agreement and all penalties and interest become payable. ”.

Validation

8. *Notwithstanding sections 3(2) and 5 of the Provisional Collection of Taxes Act, Cap. 85, all taxes purportedly paid and collected at an increased rate pursuant to the Income Tax Act, Cap. 73 from the 1st day of August, 2018 to the date of commencement of this Act shall be deemed to have been lawfully and validly paid and collected.*

Read three times and passed the House of Assembly this
day of _____, 2018.

Speaker

Read three times and passed the Senate this _____ day of
, 2018.

President

INCOME TAX (AMENDMENT AND VALIDATION) BILL, 2018

EXPLANATORY MEMORANDUM

- Clause 1:** states the short title by which the Act may be cited.
- Clause 2:** provides for a new income tax band of 40 per cent on taxable income greater than \$50 000.
- Clause 3:** increases the rate of corporation tax payable by companies generally to 30 per cent.
- Clause 4:** increases the rate of corporation tax payable by associations of underwriters to 30 per cent.
- Clause 5:** provides for the use of simple interest rather than compound interest.
- Clause 6:** deletes section 67A which provided for a waiver of penalties and interest between 15th September, 2016 and 15th February, 2017.
- Clause 7:** provides for a write-off of taxes between 1968 and 2000, and a conditional waiver of penalties and interest between 2001 and 2017.
- Clause 8:** validates the purported payment and collection of taxes at an increased rate pursuant to the Budgetary Proposals 2018.