

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.