

2017-12-01

OBJECTS AND REASONS

This Bill would amend the *Income Tax Act*, Cap. 73 to provide for the withdrawal of contributions from annuity contracts which have been registered as registered retirement plans and for related matters.

Arrangement of Sections

1. Short title
2. Amendment of section 24G of Cap. 73
3. Amendment of section 24H of Cap. 73
4. Insertion of sections 24J and 24K into Cap. 73
5. Amendment of section 64 of Cap. 73

BARBADOS

A Bill entitled

An Act to amend the *Income Tax Act*, Cap. 73 to provide for the withdrawal of contributions from annuity contracts which have been registered as registered retirement plans 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) Act, 2017*.

Amendment of section 24G of Cap. 73

2. *Section 24G of the Income Tax Act, Cap. 73, in this Act referred to as the principal Act, is amended by deleting the marginal note and substituting the following shoulder note:*

“Withdrawal of contributions from registered retirement savings plan”.

Amendment of section 24H of Cap. 73

3. *Section 24H of the principal Act, is amended by deleting the marginal note and substituting the following shoulder note:*

“Conditions attached to withdrawal of contributions from registered retirement savings plan”.

Insertion of sections 24J and 24K into Cap. 73

4. *The principal Act is amended by inserting immediately after section 24I the following new sections:*

“Withdrawal of contributions from registered retirement plan: annuity contract

24J.(1) A person who contributes to a registered retirement plan may make one withdrawal of contributions from the plan.

(2) Where a person makes a withdrawal of contributions from a registered retirement plan, the contributions withdrawn are subject to withholding tax.

(3) The amount of tax to be withheld under this section shall be calculated in accordance with regulation 6(5A) of the *Income Tax Regulations, 1969* (S.I. 1969 No. 109).

Condition attached to withdrawal of contributions from registered retirement plan: annuity contract

24K. The withdrawal of contributions referred to in section 24J is subject to the condition that the maximum amount that a person may withdraw shall be 15 percent of the value of the contributions made to the registered retirement plan.”.

Amendment of section 64 of Cap. 73

5. Section 64 of the principal Act is amended

- (a) *in paragraph (d) of subsection (1) by inserting between the words “retirement” and plan”, the word “savings”; and*
- (b) *in subsection (1) by inserting immediately after paragraph (d), the following new paragraph:*

“(d.1) amounts in respect of a registered retirement plan, as

- (i) a return of contributions; or
- (ii) benefits received out of or under that plan; or”.