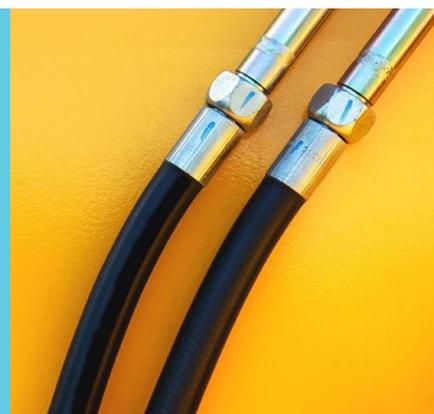


TAX MEASURES NOW EFFECTIVE

February 2022



Income tax measures announced in 2022 Budget Presentation now effective

INTRODUCTION

The legislation to give effect to tax measures announced by the Honourable Dr. Ashni K. Singh, Senior Minister with Responsibility for Finance in his budget presentation on 26 January 2022 has now been gazetted. The *Fiscal Enactments (Amendment) Act 2022* was assented to by the President on 11 February 2022. The amendments to the Income Tax Act are effective from 1 January 2022.

INCOME TAX

The amendments are as follows:

- ▶ Interest earned on savings accounts held at commercial banks and other financial institutions shall not be subject to withholding tax or income tax where such income does not exceed ten thousand dollars (\$10,000) per annum.
- ▶ Premiums paid for life and medical insurance, up to a maximum of ten percent of income or three hundred and sixty thousand dollars annually, whichever is lower, is deductible in ascertaining chargeable income.
- ▶ The minimum deduction allowed in ascertaining chargeable income, commonly referred to as the personal allowance, has been increased from seven hundred and eighty thousand dollars (\$780,000) to nine hundred thousand dollars (\$900,000) per annum.
- ▶ The portion of income subject to tax at the rate of 28% has been increased from one million, five hundred and sixty thousand dollars (\$1,560,000) to one million, eight hundred thousand dollars (\$1,800,000) per annum.
- ▶ Withholding tax on payments to resident contractors has been repealed.

NEXT STEPS

Employers and financial institutions should implement and test any system changes necessary to give effect to the relevant provisions. Where income or withholding tax was deducted during the year 2022 to date, such amounts could be set against future deductions from the same individual so as to effect a refund. If you have questions or require assistance, please get in touch with us.

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