GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF FINANCE, INLAND REVENUE DIVISION

INSTRUCTIONS FOR FORM 400 ITR INDIVIDUALS 2010

PLEASE READ THESE INSTRUCTIONS CAREFULLY

The tax return for 2010 is due on 30th April, 2011. A penalty of $100.00 is imposed only on persons required to file a return if the return is filed after 31st October, 2011 and thereafter for every six months or part thereof that the tax return remains outstanding.

It is suggested that each taxpayer make a copy of his/her tax return and keep it for record purposes.

GENERAL

FILING REQUIREMENTS

1. Every individual who is resident in Trinidad and Tobago and is in receipt of income is liable to be assessed to tax on the total income accruing in or derived from Trinidad and Tobago or elsewhere. A non-resident individual is assessable only on income accruing in or derived from Trinidad and Tobago.

2. The Income Tax Act Chap. 75:01 (ITA) provides that in the case of income which arises outside of Trinidad and Tobago to a person who is not ordinarily resident or not domiciled in Trinidad and Tobago, tax is payable on the amount received in Trinidad and Tobago. **Where employment or office is exercised in Trinidad and Tobago, tax is chargeable on the total amount of the income from such employment or office whether received in Trinidad and Tobago or not.**

3. *(a)* **Every individual in receipt of income from any source whatsoever is required to submit a return except:**

(i) **A resident individual whose sole source of income is from emoluments;**

(ii) **A non-resident whose only source of income from Trinidad and Tobago is income subject to Withholding Tax.**

(b) **An individual in receipt of income which is exempt from tax under the Income Tax Act or any other enactment is required to file a return of such income.**

(c) **An individual who in the year of income or in previous years made a loss for which there is an entitlement to claim a deduction in the year of income or in any subsequent year is also required to file a return.**

(d) **The due date for filing returns is 30th April in each year. It would however, assist the Board of Inland Revenue in early processing of returns if these are filed as early as possible before the due date.**

4. Form 400 ITR (Income Tax Return) should be used by all individuals who derive income, gains or profits from the sources specified on page 5 Schedule E.

PLEASE COMPLETE ALL RELEVANT SCHEDULES

5. (1) REGISTRATION INFORMATION CHANGE

***(a)* Name/Address Change—**

If your name/address is different from the pre-printed name/address on FORM 400 ITR, please tick box and insert correct name/address in the boxes provided in the Identification Section.

***(b)* Amended Return—**

Please tick this box if you are submitting another return for the same year. Amended returns should be submitted if there is a mathematical error or adjustments to claims previously submitted (provide documents).

5. (2) IDENTIFICATION SECTION

Do not write name and address in the boxes if your Name and Address are the same as pre-printed.

(a) Complete the Identification Section on Page 1 of the Income Tax Return. Please print in **BLOCK LETTERS (USING BLACK INK ONLY).**

e.g.,

LAST NAME

B E L L O W S

FIRST NAME

J O H N A T H A N

PRESENT ADDRESS

1 0 2 B A T T E R S T R E E T

(b) State your occupation, e.g., clerk, mason, engineer, etc., "Public Servant", as a general description is inadequate.

(c) Individuals engaged in a trade, business, profession or vocation are required to state the name, address and type of Business e.g., Farming, Manufacturing, etc.

(d) State your telephone numbers. These may assist in contacting you to correct any error and avoid delay.

(e) The B.I.R. File Number is very important and must always be inserted in all correspondence to the Inland Revenue Division.

(f) Insert Spouse's BIR File Number.

(g) Insert your Personal Identification Number (PIN). This is your Electronic Birth Certificate number which helps in distinguishing you from another taxpayer with the same name.

(h) The VAT Registration Number must be inserted if you are registered for Value Added Tax.

(i) Insert your National I.D. Card, National Insurance and Driver's Permit Numbers. These numbers help in distinguishing you from another Taxpayer with the same name.

(j) Your date of birth also helps in distinguishing you from another taxpayer with the same name. State the day, month and year of your birth, e.g.,

DD	MM	YYYY
30	04	1982

(*k*) Entitlement to Tax Credit and other deductions depends upon whether you are resident in Trinidad and Tobago (being present in the country for at least one hundred and eighty-three (183) days in the year of income). Tick the appropriate box—Resident or Non-Resident; Tick "Male" or "Female" as appropriate, and whether " Self-employed".

THE DECLARATION

6. Complete and sign the General Declaration on Page 2 of Form 400 ITR. Where the Authorized Agent signs the return the Taxpayer remains liable for any false or misleading statements. Failure to sign the return will result in a delay in processing.

7. ANY PERSON WHO KNOWINGLY MAKES ANY FALSE STATEMENT OR REPRESENTATION ON ANY INCOME TAX RETURN, OR WHO KEEPS OR PREPARES FALSE ACCOUNTS OF ANY PROFITS CHARGEABLE TO INCOME TAX, IS LIABLE TO A FINE OR TO IMPRISONMENT OR BOTH AND ANY PERSON AIDING AND OR ABETTING IN SUCH OFFENCES IS ALSO LIABLE TO SIMILAR PENALTIES.

PAYMENT OF INCOME TAX, BUSINESS LEVY AND HEALTH SURCHARGE

8. (*a*) Every person in receipt of income other than "emolument income", is required to pay to the Board of Inland Revenue on or before 31st March, 30th June, 30th September, and 31st December, in each year of income an amount equal to one-quarter of the tax as calculated by him on his chargeable income for the preceding year of income, and the balance if any, not later than 30th April of the following year.

(*b*) Where the estimated chargeable income of a person for a year of income is likely to exceed or exceeds the chargeable income of the preceding year, the quarterly instalments shall be paid on the basis of the estimated chargeable income of the year of income.

(*c*) Where the estimated chargeable income of a person exceeds the chargeable income of the preceding year and that person had paid quarterly instalments which amount to less than the tax liability disclosed in the return of the year of income, such person shall pay interest on the difference between:

(i) the tax liability on the chargeable income of the previous year of income plus 80 per cent of the increase in the tax liability of the current year over the previous year; and

(ii) the total amount paid as at the end of the fourth quarter. (*See* page 11, Schedule S).

9. (*a*) Quarterly instalments unpaid by due date shall attract interest at the rate of 20% per annum from the date following the end of the quarter to 30th April or to the date of payment whichever is earlier.

(*b*) Payment of any balance of Income Tax, Business Levy and Health Surcharge must be made by April 30 of the year following the year of income. Any balance unpaid by 30th April will attract interest at the rate of 20 per cent per annum effective 1st May of the year following the year of income.

10. Remittance other than cash/linx should be made by Cheques or Money Orders payable to the Board of Inland Revenue. You must print at the back of the cheque:

(*a*) Name and Address

(*b*) File Number

(*c*) Income Year

(*d*) Type of payment whether—
Income Tax, Business Levy, Health Surcharge, Interest or Penalty.

(*e*) Phone Contact

All payments by cash should be made directly to the Cashier, Trinidad House, St. Vincent Street, Port-of-Spain; South Regional Office, Cipero Street, San Fernando, East Regional Office, Prince Street, Arima or Tobago Regional Office, Co-op. Building, Sangster's Hill Road, Scarborough, Tobago.

TAXPAYER SERVICES

11. If you need further information, kindly communicate with the Taxpayer Services Section, Inland Revenue Division, Queen Street, Port-of-Spain; South Regional Office, Cipero Street, San Fernando; East Regional Office, Prince Street, Arima or Tobago Regional Office, Co-op. Building, Sangster's Hill Road, Scarborough, Tobago , or visit our website at www.ird.gov.tt

FORM 400 ITR—INCOME TAX RETURN

INCOME FROM EMPLOYMENT

12. Page 1, Line 1 Government and Non-Government.

Insert total gross earnings as per TD4 Supplementary (Certificate/s) in Line 1. Attach ALL ORIGINAL TD4 Supplementaries and where applicable **FORM IT76 to the Document Attachment Sheet** enclosed with the return. **DO NOT STAPLE OR GLUE DOCUMENTS** (including TD4, etc.) to the Return.

Page 1, Line 5. TRAVELLING EXPENSES

Travelling expenses are expenses wholly, exclusively and necessarily incurred and defrayed in respect of travelling in the performance of the duties of the employment or office, or of keeping or maintaining means of transport to enable you to perform those duties. Expenses incurred in travelling from home to your work place are not allowable. **Please note that Wear and Tear Allowance is not an allowable deduction from Emolument Income.**

Please submit a letter from your employer confirming that you are required to travel in the performance of your duties and a statement showing details of expenses claimed. Bills and receipts in support of expenses claimed must be made available on request.

Where a dispensation has been granted submit a copy of the B.I.R.'s approval.

13. Page 1, Line 2—Retirement Severance Benefits/ Payments.

Declare Retirement Severance Benefit received in excess of $300,000. Submit copy of B.I.R.'s approval. For exempt portion [*See* Instruction 31 (*j*)].

14. Page 1, Line 3—Pensions from sources within and/or outside Trinidad and Tobago.

Enter on page 1, all pensions received excluding old age pension and pensions received from the National Insurance Board.

Where pension is subject to tax in a foreign country, provide document/s or a Certificate of Assessment from that country. **(Do not Staple to the Return).**

15. Page 1, Line 7 Amount received on cancellation of Approved Deferred Annuity/Pension Plan.

Where an Approved Pension Plan or Deferred Annuity Plan has been revised or amended so that it does not comply with the requirements of the Income Tax Act, any amount received before tax must be reported on Page 1, Line 7 and the advance taxes of 25 per cent thereof withheld or deducted shall be entered on Page 2, Line 33.

16. SCHEDULE A—Employer's Contributions to Approved Fund/Contract: Taxable Benefit. *[See 134(6) of the Income Tax Act]*

Declare any contribution made by the employer to an Approved Fund/Contract as per TD4 Supplementary (Certificate), Box 10.

Please submit details in the format indicated on Page 3, Schedule A.

17. Alimony or Maintenance.

Complete Schedule B, on Page 3.

(*a*) The full amount of maintenance or separation allowance paid to a spouse under a Deed of Separation or by a Court Order including a Magistrate's Court Order is allowable.

(b) The full amount of alimony paid to a former spouse is allowable, provided the divorce is recognised under the Laws of the Republic of Trinidad and Tobago, and the recipient is chargeable to tax thereon in Trinidad and Tobago.

(c) Payments made to a spouse or former spouse in a year of income regarding alimony/child maintenance shall be deemed to be the income of that spouse or former spouse. The amount in respect of each child is to be included in the Income Tax Return as income of the spouse or former spouse.

18. SCHEDULE C—Venture Capital Company Tax Credit.

A person who invests in shares in a Venture Capital Company will be entitled to a tax credit, for the year of income in which the shares were purchased, equivalent to the marginal rate of tax of the amount received by the Venture Capital Company for those shares.

The tax credit is allowed only to the original purchaser of the shares.

Where the amount of the tax credit cannot be wholly set off in the year of income the amount of the unclaimed tax credit may be carried forward and set off against the tax assessed for succeeding years of income.

Submit tax credit Certificate in support of claim. Complete Schedule C on page 4.

19. SCHEDULE D—Health Surcharge Computation.

The following persons are not required to pay Health Surcharge:

(a) Individuals under the age of sixteen (16) years.

(b) Individuals sixty (60) years and over.

(c) Individuals whose sole source of income is from pensions.

Individuals who have attained the age of 16 years during the year of income are required to pay Health Surcharge with effect from their 16th birthday.

Individuals who have attained the age of 60 years during the year of income are required to pay Health Surcharge for the period up to the day before their 60th birthday.

20. SCHEDULE E—PAGE 5—INCOME FROM OTHER SOURCES

Where business or property is owned jointly, or in the case of partnerships, trusts or estates of deceased persons, the share of profit or net income attributable to each person, should be included under the appropriate heading on this Form—400 ITR.

21. Short-term Capital Gains—Lines 1–3.

Complete Schedule F, and transfer net gain or loss to Schedule E, Line 1, Column (3).

Enter any allowable loss brought forward from the previous year in Schedule E, Line (2) and on page 6 Schedule G line *(a)* Column (2).

Enter the Total of Lines 1 and 2 on Line 3, Column (3). If there is a net gain on Line 3 enter the gain on Line *(a)* of Page 6, Schedule H (Computation of Net Income). However, if there is a loss on Line 3 enter the loss in Schedule G, Line *(a)* Column 5 (Unrelieved Losses to be Carried Forward).

22. Farming, Agriculture, Forestry, Fishing or other Primary Activity—Line 4.

Operation of Mines and Quarries—Line 5.

Any other Trade or Business—Line 6.

Enter Gross receipts and Net Profit or Loss in Lines 4 to 6, Columns (2) and (3) respectively. Enter any loss brought forward from the previous year in Schedule G, Line *(b),* Column (2).

In the case of Farming or Agriculture, provide, where applicable, a statement showing the total acreage under cultivation.

23. Profession or Vocation—Line 10.

Enter Gross Receipts and Net Profit or Loss in Line 10, Columns (2) and (3) respectively. Enter any loss brought forward from the previous year in Schedule E, Line 11, Column 3 and Schedule G, Line *(c)* Column (2).

Attach a statement setting out full particulars of gross income and expenses incurred in production of income.

24. Premiums, Commissions Fees and Licence Charges from sources within Trinidad and Tobago—Line 13.

Enter Gross Income and Net Gain or Loss in Line 13, Columns (2) and (3) respectively.

Submit a statement setting out full particulars of gross income and expenses.

25. Interest and Discounts from sources within Trinidad and Tobago—Line 14.

Enter Gross Income and Net Gain or Loss in Line 14, Columns (2) and (3) respectively.

Submit statements from Banks, Financial Institutions or other organizations setting out particulars. Interest paid or credited to a resident individual on savings or other accounts or on bonds or similar investment instruments issued in Trinidad and Tobago are exempt and must not be included.

26. Dividends and other Distributions from sources within Trinidad and Tobago—Line 15.

A Preference Dividend paid by a resident company to a resident individual is subject to tax at source at fifteen per cent (15%) and the taxpayer need not declare this income in his Income Tax Return. However a taxpayer who received a preference dividend from a resident company may elect to declare in his Income Tax Return the dividend received where the tax on his chargeable income inclusive of the dividend **is less than** the tax deducted at source.

If the election is made, enter the dividend income on Line 15, Columns (2) and (3). Enter tax deducted on Page 2, Line 32. Submit a statement from the company paying the dividend showing the amount of the dividend and tax deducted.

27. Income from sources outside Trinidad and Tobago—Line 16. Foreign Income.

(a) Complete Page 6, Schedule I.

(b) Where different types of income are subject to different rates of tax in any foreign country, show separately.

(c) Certificates of Assessment should be supplied where applicable.

(d) Where expenses are claimed, provide a statement setting out full particulars.

Enter Net Gain or Loss on Line 16, Column (3).

The Double Tax Credit is limited to the lesser of the amount paid and the tax on chargeable income on Line 24, Page 2 of 400 ITR. Enter Double Tax Credit relief in Schedule I, Column 6.

Persons not ordinarily resident or not domiciled in Trinidad and Tobago, are chargeable to tax only on the amount of income received in Trinidad and Tobago.

28. Annuities, Income from Trusts, Deeds of Covenants/Alimony from sources within and outside Trinidad and Tobago—Lines 17 and 18 respectively.

Indicate in each, the source of the income.

Where the income is subject to tax in a foreign country, submit a Certificate of Assessment from the country.

Enter amount in the appropriate Columns on Lines 17 or 18 and include tax withheld on Page 6, Schedule I, Column (4).

29. Rents, Premiums and other profits from the letting of property—Line 19.

Submit a statement setting out the following details in respect of each property:

(a) Location of property.

(b) Gross rents received (not including tax exempt rents).

(c) Amounts expended on rates, taxes, land rent, fire insurance, interest on mortgage or loans and repairs.

Repair expenses allowable are such expenses as are necessary to maintain the property. Do not include expenditure incurred on extensions, improvements or structural alterations. When claiming the repair expenses, give a full description of the repairs effected.

Deduct the expenses from the Gross Rentals, Premiums or other income to arrive at the Net Profit or Loss. Enter the Gross Receipts and Net Profit or Loss on Line 19, Columns (2) and (3) respectively.

30. Royalties—Line 20.

Declare Royalties received from sources within Trinidad and Tobago.

Submit a statement setting out details, including the names and addresses of the payers.

Enter amount in the appropriate Columns on Line 20.

31. Tax Exempt Income—Lines 23 and 24.

Declare on Line 23 Tax Exempt Income in respect of Approved Commercial Farming:

(a) State the period of exemption and approval date.

(b) Submit a copy of the approval from the Minister.

(c) Submit a Statement of Income and Expenditure.

(d) Complete Schedule J on page 7.

On Line 24 enter Tax Exempt Income in respect of the following sources:

(e) Interest on Tax Free Bonds.

(f) (i) Dividends and other Distributions paid by a trust operated by a Financial Institution carrying on Unit Trust business and licenced under the Financial Institutions Act, where the profits of such Trust are exempt from Corporation tax;

(ii) Dividends and other distributions paid under the First and Second Unit Schemes of the Unit Trust Corporation;

(iii) Distributions other than preference dividends paid by a resident company to a resident individual.

(g) Annuities or other periodic sums payable under an immediate annuity purchased on or after 1st January, 2006, by an individual who is a resident of Trinidad and Tobago;

(h) A lump sum death benefit, on the death of a person, paid under his employer's pension plan.

(i) Medical/Redundancy Severance Payments.
The first $300,000 is exempt. Declare exempt amount on Line 24. The excess, if any, should not be reported as income in this Return as this was already taxed at the Average rate of Tax (ART). Submit separate TD4 Certificate showing total payment received.

(j) Retirement Severance Benefits.

The first $300,000 is exempt where the person—

(i) is not entitled to a pension other than N.I.S. or Old Age Pension;

(ii) is not a member of an Approved Pension Fund Plan or Provident Fund;

(iii) has retired from insurable employment; and

(iv) has reached the age of 60 years.

The exemption is allowed on the production of a qualifying certificate from the National Insurance Board. Submit separate TD4 Certificate showing total benefits received. Declare taxable portion only on Page 1, Line 2. Declare exempt portion on page 5, Line 24.

(k) Other Tax Exempt Income.

Submit a statement setting out particulars together with supporting documents.

32. Any other sources of Income not specified in Instructions 21–31 above.

Declare any annual gains or profits not falling under any of the sources mentioned above. Submit statement and include on Page 5, Schedule E, Line 6.

33. Deductions—Tertiary Education Expenses.

This claim may be made by an individual in respect of himself, his spouse or his child.

In order to qualify for this allowance the course of studies must—

(i) be at least for the duration of one academic year or two semesters;

(ii) be at a level beyond Advanced Level;

(iii) lead to the award of a certificate, diploma or degree; and

(iv) be at an institution approved by the Ministry of Education other than—

(a) at an institution situated in Trinidad and Tobago; or

(b) at a regional public institution supported substantially by public funds, whether or not situated in Trinidad and Tobago.

Reasonable expenses include tuition fees, cost of books on approved book lists and rental of accommodation. A list of attachments that must be submitted can be seen on document checklist attached. Submit a detailed statement of expenses incurred.

A deduction of the amount actually incurred by both spouses must not exceed the sum of $60,000.

34. Personal Allowance.

In determining the Chargeable Income, a Personal Allowance of $60,000 is granted to:

(a) A resident individual;

(b) A non-resident individual who has attained the age of 60 years and who is in receipt of pension income accruing in or derived from Trinidad and Tobago.

35. Contribution to Approved Pension Fund Plan/Scheme/ Approved Deferred Annuity/Tax Saving Plan/W&O/N.I.S.

Relief is granted for the annual contributions made by the taxpayer up to $30,000 in respect of:

(a) Contributions to any approved Retirement Benefit Scheme or Approved Pension Fund Plan;

(b) Premiums paid under an Approved Annuity Plan;

(c) Contributions by individuals under the Retiring Allowance (Legislative Service) Act from 1st January, 1996; and

(d) Contributions to National Insurance Scheme.

Contributors to Widows' and Orphans' Fund are allowed 100 per cent of their Widows' and Orphans' contributions and 70 per cent of the difference between N.I.S. payments and Widows' and Orphans' contributions.

Non-contributors to Widows' and Orphans' Funds are allowed 70 per cent of N.I.S. contributions as a deduction.

Contributions paid by an employer in respect of domestic workers are deductible in full. Submit a statement showing the Name, Address, National Insurance Scheme Number and the amount paid during the year of income for each domestic worker.

36. Capital Expenditure on Conversion of House to Approved Guest House.

This claim may be made by an individual who converts a house into an approved guest house. In order to qualify for this deduction the individual must provide the BIR with—

(i) approval for the conversion into a guest house from the Minister with the responsibility for Tourism.

(ii) Copy of the completion certificate of the conversion issued by the appropriate State Agency.

(iii) A detailed statement of the capital expenditure incurred on building material used in the conversion.

37. SCHEDULE P—Computation of Net Profit or Loss.

Please submit details of Income and Expenses. Where more than one trade or business is carried on, complete separate statements for each trade or business indicated.

38. SCHEDULE R—Income Tax/Business Levy/Health Surcharge Instalments Paid.

Enter in the appropriate Columns on Page 10, Schedule R, details of quarterly instalments paid and any other payments made in respect of your Income Tax/Business Levy/Health Surcharge Liability for 2010.

39. Entertainment/Meal Expenses.

In computing the income of any person for a year of income from any source specified in Section 5 of the Income Tax Act, Chap. 75:01, for the purpose of ascertaining the chargeable income of a person for that year, there shall be allowed all out-goings and expenses wholly and exclusively incurred during the year of income in the production of the income from that source, so however that—

In the case of expenses incurred in respect of entertainment or meals provided for the purpose of entertainment the amount allowed shall be 75 per cent of such expenses.

Note: This allowance is not applicable to employees.

40. SCHEDULE L—Promotional Expenses.

Claim for Promotional Expenses incurred for export expansion.

(a) A person claiming this deduction must have incurred promotional expenses as detailed in Schedule L wholly and exclusively to create or promote the expansion of foreign markets.

(b) Amounts claimed as promotional expenses must not be included again as operational expenses.

(c) This decuction does not apply to—

(i) expenses incurred in petroleum operations;

(ii) expenses incurred in the export or the expanding of the export of goods to the following countries:

Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts/Nevis, St. Lucia, St. Vincent and Suriname.

41. SCHEDULE M—Child Care or Homework Facility.

Where a person has incurred expenditure in constructing or setting up a facility which is dedicated for use as a child care or homework facility for dependants of employees, who are minors, an amount equivalent to the expenditure actually incurred in that year in constructing or setting up a facility up to a maximum of five hundred thousand dollars ($500,000) in respect of each facility but not exceeding in the aggregrate in a year of income the sum of three million dollars ($3,000,000) is allowed as a deduction.

42. SCHEDULE N—Wear and Tear Allowances.

An allowance for Wear and Tear is granted on the aggregate expenditure on—

1. Plant and Machinery and Buildings housing Plant and Machinery (Section 11A of the ITA);
2. Industrial Buildings which qualify under the Income Tax (In Aid of Industry) Act;
3. Construction of or Capital improvement made to other Buildings or Structures, completed on or after January 1, 1995 (Section 11B of the ITA). *[See Note below]* and
4. The construction and setting up of a facility which is dedicated for use as a child care or homework facility for dependants of employees, who are minors, in excess of $500.000.

Assets in (1) and (4) above are placed in their appropriate Classes in accordance with the Seventh Schedule to the ITA. Buildings and Structures in (2), (3), and (4) above are placed in Class A.

Wear and Tear Allowance will not be granted unless Lands and Buildings Taxes are paid for the Income Year.

Submit a list of all the properties and copies of each of the Lands and Buildings Taxes receipts for 2010.

(a) Enter, in *Line 2*, *Column (2)*, the balance of expenditure on Plant and Machinery at the beginning of the accounting period.

(b) Enter, in *Line 3*, *Column (2)*, the balance of expenditure on Building at the beginning of the accounting period.

(c) Enter, in *Line 4*, *Columns (2–6),* the aggregate expenditure incurred on Buildings and Plant and Machinery acquired during the year.

(d) Enter, in *Line 6*, *Columns (2–6),* Any Initial Allowance claimed in respect of expenditure made on Buildings or Plant and Machinery in a qualifying trade under the Income Tax (In Aid of Industry) Act.

(e) Enter, in *Line* 8, *Columns (2–6),* the proceeds derived from the sale or other disposal of buildings and plant and machinery during the year.

(f) Enter, in *Line 10*, *Columns (2–6),* the Wear and Tear allowance for each CLASS. This is computed by applying the appropriate Wear and Tear rate in Line 1 to the figure.

Note: **Buildings, Structures and Improvements thereon completed on or after 1st January, 1995, (Section 11B of the ITA)—**

(a) A Wear and Tear Allowance is granted at the rate of 10% on a declining balance on the expenditure on the construction of or improvement to a building or structure, subject to the following:

Where a building is used partly for business and partly otherwise and the cost of that part which is utilized otherwise does not exceed 10% of the total cost, Wear and Tear is to be granted on the total expenditure.

(b) Where the cost of the part not used for business exceeds 10% of the total cost but does not exceed 50%, Wear and Tear is to be granted on the cost of that part used in the production of the income.

(c) Where the cost of the part not used for business exceeds 50% of the total cost of the building, no Wear and Tear is applicable.

(d) Where the building or structure is used in the production of income for part of the year of income, the allowance is reduced by the proportion of the period it was not so used.

Section 11B does not apply to a person who during a year of income is entitled to benefits under—

(i) The Fiscal Incentives Act;

(ii) The Tourism Development Act;

(iii) The Free Zones Act.

(iv) Section 13B (Deduction of approved capital expenditure on conversion of house to guest house.

No initial or annual allowance on an individual building or structure under the Income Tax (In Aid of Industry) Act is available under Section 11B.

Where an asset is to be used for both business and private or other non-qualifying purposes the allowance is to be reduced to take account of such or other non-qualifying use. Enter in the Summary of Allowances any Initial and/or Wear and Tear allowance relating to such private or other non-qualifying use.

43. SCHEDULE O—Balancing Allowances and Charges.

Where an asset on which Wear and Tear has been allowed is sold or otherwise disposed of, a Balancing Allowance or Balancing Charge may arise.

A Balancing Allowance will arise if Disposal Proceeds are less than the Written Down Value of the class but only where there are no more assets in the class.

A Balancing Charge will arise if Disposal Proceeds are greater than the Written Down Value of the class.

On disposal of a private motor car purchased prior to 1st January, 2006 for more than \$100,000 but whose value was deemed to be \$100,000, the proceeds from disposal shall be deemed to be as follows:

$$\frac{\text{Proceeds from Disposal}}{\text{Actual Value or Cost}} \times \$100{,}000$$

Please complete Schedule O

44. SCHEDULE K—Rental Payments.

In ascertaining the chargeable income of any person for any year of income, no deduction shall be allowed from the income in respect of—

Rental payments incurred for the purpose of the production of income unless information relating to such payments and to the payee is furnished to the Board of Inland Revenue in the format found on Page 7, Schedule K.

45. SCHEDULE Q—Balance Sheet.

Please submit details in the format indicated in this Schedule on Page 10.

46. SCHEDULE G—Statement of Losses.

(a) Short-term capital losses may only be set off against short-term capital gains. Enter a loss brought forward on Page 6, Schedule G, Line *(a)*, Column (2) and Page 5, Schedule E, Line 2.

(b) Losses from farming, fishing or other primary activity, operation of mines or exploitation of natural resources or from any other trade or business may **not** be set off against profits from a profession or vocation or from employment. Enter a loss brought forward on Page 6, Schedule G, Line *(b)* Column 2 and on Page 5, Schedule E, Line 8.

(c) Losses from a profession, a vocation or from management charges for provision of personal services and technical skills, may **not** be set off against employment income. Any unrelieved loss must be carried forward to the following year. Enter a loss brought forward on Page 6, Schedule G, Line *(c)*, Column (2) and on Page 5, Schedule E, Line 8.

(d) Losses from Hotel Operations may be set off only against profits from Hotel Operations. Enter losses brought forward on Page 6, Schedule G, Line *(d),* Column 2.

47. SCHEDULE H—Computation of Net Income.

Enter in Line *(a)* any Short Term Capital Gain from Page 6, Schedule F, Column (6). Do **not** enter a loss.

Enter in Line *(b)* a profit/gain or loss from Schedule E, Line 22.

Enter in Line *(c)* the total of Lines *(a)* and *(b)* if the result is a profit. However, if the result is a loss enter "0" and carry forward the loss to Schedule G, Line *(b)*, Column (5). Please note that any such loss to be carried forward is **limited** to the loss, if any, entered on Schedule E, Line 12, Column (3).

Enter in Line *(d)* a profit or loss from a profession or vocation from Schedule E, Line 12.

Enter in Line *(e)* the total of Lines *(c)* and *(d)* if the result is a profit. **Transfer this amount to Page 1, Line 9 of the Tax Return 400 ITR.** If the result is a loss enter "0" and carry forward the loss as a loss from a profession or vocation to Schedule G, Line *(c),* Column (5).

48. Complete Tax on Chargeable Income Page 2, Line 23 by using the tax rate of 25%. Enter amount on Page 2, Line 24.

49. Complete Business Levy Computation on Page 12, Schedule T.

ALL SELF-EMPLOYED PERSONS MUST COMPLETE THIS SCHEDULE T.

KEEP THESE INSTRUCTIONS—DO NOT SUBMIT THEM WITH YOUR TAX RETURN

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