



MONTSERRAT

CHAPTER 17.01

INCOME AND CORPORATION TAX ACT and Subsidiary Legislation

Revised Edition

showing the law as at 1 January 2025

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Revised Edition of the Laws Act.

This edition contains a consolidation of the following laws—

INCOME AND CORPORATION TAX ACT

Act 19 of 1967 .. in force 1 January 1968

Amended by Acts: 24 of 1968 .. in force 1 January 1968

14 of 1969 .. in force 1 July 1968

6 of 1975 .. in force 1 January 1975

35 of 1975 .. in force 1 January 1975 (Part)
in force 1 January 1976 (Remainder)

9 of 1976 .. in force 1 January 1975 (Part)
in force 1 January 1976 (Remainder)

17 of 1976 .. in force 1 January 1977

19 of 1980 .. in force 4 December 1980

2 of 1986 .. in force 1 January 1986

5 of 1991 .. in force 1 April 1989 (section 2)
in force 28 March 1991 (Remainder)

3 of 1994 .. in force 26 February 1994

13 of 1995 .. in force 8 January 1996

8 of 1998 .. in force 24 November 1998

8 of 1999 .. in force 10 November 1999

3 of 2005 .. in force 5 May 2005

10 of 2005 .. in force 23 May 2005

Page

3

Continued on the Inside Cover ...



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Page

3

Continued on the Inside Cover ...

CHAPTER 17.01
INCOME AND CORPORATION TAX ACT
ARRANGEMENT OF SECTIONS

PART 1

PRELIMINARY

SECTION

1. Short title
2. Interpretation

PART 2

IMPOSITION OF INCOME TAX

3. Charge of income tax
4. Basis of assessment
5. Surcharge

PART 3

EXEMPTIONS

6. Exemptions
7. Exemption: Interest from housing loans
8. Exemption: Interest paid on certain loans
9. Government loans
10. Relief to hotel proprietors from income tax
11. Regulations
12. Relief to pioneer industries from income tax

PART 4

COMPUTATION OF CHARGEABLE INCOME

13. Deductions allowed
14. Restriction on deductions: management charges
15. Special deductions for capital expenditure
16. Deductions not to be allowed
17. Allowances for losses
18. Insurance and shipping companies
19. Trading by non-residents
20. Pensions and superannuation funds

PART 5

PERSONS ASSESSABLE

21. Married women
22. Deceased person
23. Partnerships
24. Chargeability of trustees, etc.
25. Chargeability of agent of person residing out of Montserrat
26. Acts, etc., to be done by trustees
27. Agents, etc., of non-residents to be assessed
28. Indemnification of representative
29. Income derived from property transferred to minors
30. Income of property transferred in trust to be income of transferor in certain cases
31. Dispositions for short periods
32. Apportionment of profits of certain companies among members

PART 6

PERSONAL ALLOWANCES

33. General deduction
34. Deduction for mortgage interest paid on residential property

PART 7

RATES OF TAX, ETC.

35. Rates of tax
36. Rates of tax on companies, etc.
37. Tax to be deducted from certain payments
38. Deduction of tax from Government stock
39. Deduction of tax from payments made to non-residents

PART 8

ADMINISTRATION

40. Appointment of administrative authority
41. Making rules
42. Forms

PART 9

RETURNS AND ASSESSMENTS

43. Return of personal income

44. Returns by employers
45. Power of Comptroller to require accounts and returns
46. List to be prepared by representative or agent
47. Returns of interest
48. Comptroller to make assessments
49. Appointment of agent in the United Kingdom

PART 10

COLLECTION AND RECOVERY OF TAX

50. Collection of tax
51. Deduction on payment of emoluments
52. When tax deducted from payments to non-residents is due and payable
53. Definition of emoluments for purposes of section 51

PART 11

DOUBLE TAXATION RELIEF

54. Relief for tax paid in the Commonwealth
 55. Double taxation arrangements
 56. Tax credits
 57. Time limit for claims
 58. Adjustment of tax deducted from dividends and set-off
- SCHEDULE 1: Deduction of Tax from Payments to Non-Residents
SCHEDULE 2: Rates of Tax
SCHEDULE 3: Rates of Tax on Pensions

CHAPTER 17.01

INCOME AND CORPORATION TAX ACT

(Acts 19 of 1967, 24 of 1968, 14 of 1969, 6 of 1975, 35 of 1975, 9 of 1976, 17 of 1976, 19 of 1980, 2 of 1986, 5 of 1991, 3 of 1994, 13 of 1995, 8 of 1998, 8 of 1999, 3 and 10 of 2005, 11 of 2007, 9 of 2011, 21 of 2011, 9 of 2013, 13 of 2013, 10 of 2015, 16 of 2015, 9 of 2016, 8 of 2017, 10 of 2018, 14 of 2023 and 20 of 2024)

AN ACT TO IMPOSE A TAX ON INCOMES AND TO REGULATE THE COLLECTION THEREOF.

Commencement

[1 January 1968]

PART 1

PRELIMINARY

Short title

1. This Act may be cited as the Income and Corporation Tax Act. *(Substituted by Act 11 of 2007)*

Interpretation

2. In this Act—

“**basic year**” means the basic year determined in accordance with section 4;

“**body of persons**” means any body politic, corporate or collegiate and any company, fraternity, fellowship or society of persons whether corporate or not corporate;

“**capital expenditure**” means the net expenditure after deducting any grants, subsidies or other payments received from third parties on account of the gross expenditure;

“**chargeable income**” means the aggregate amount of the income of any person from the sources specified in section 3 remaining after allowing the appropriate deductions and exemptions under this Act;

“**commercial building**” means a building constructed wholly or substantially for the purposes of providing premises for the establishment of a trade, business or profession with or without habitable domestic accommodation, or a building the use of which has been materially changed within the meaning of “**development**” in the Physical Planning Act, and which is accepted as such a building by the Comptroller;

“**Commissioner**” means a person appointed as a Customs and Revenue Commissioner under section 18 of the Montserrat Customs and Revenue Services (Enabling) Act (No. 6 of 2017);

“**the Commonwealth**” shall be deemed to include those territories and their dependencies which are prescribed;

“**Commonwealth Income Tax**” means any income tax charged under any law in force in any part of the Commonwealth other than the United Kingdom;

“**Company**” means any company, including an international business company, incorporated or registered under any law in force in Montserrat or any company incorporated or registered outside Montserrat;

“**Comptroller**” means the Comptroller of Inland Revenue appointed under section 40 and includes any officer acting for or deputed by him;

“**double taxation relief**” means any relief or credit given in respect of income tax charged in any other territory;

“**individual**” does not include a body of persons;

“**industrial company**” means a company which has been declared a development company under the Fiscal Incentives Act;

“**international business company**” means a company which is incorporated under the International Business Companies Act (Cap. 11.13);

“**non-resident**” means a person who is not a resident;

(Inserted by Act 14 of 2023)

“**off-shore company**” means a company which is resident and registered in Montserrat but carries on its entire activities outside Montserrat, and the expression includes an off-shore trust company;

“**person**” includes a body of persons;

“**plant or machinery**” excludes expenditure on loose plant, tools, containers, cases, china, glass, soft furnishings and similar objects of a short life or for which the cost of renewals is a deduction allowed in computing the profits;

“**prescribed**” means prescribed by rules under this Act;

“**resident in Montserrat**”, in relation to a year of assessment, means—

(a) in the case of an individual, that—

- (i) his permanent place of abode is in Montserrat and that he is physically present therein for some period of time during the basic year unless the Comptroller is satisfied that his absence throughout the whole of the basic year was for the purpose of education, medical treatment, the performance of duties on behalf of the Government or for any other purpose which, in the opinion of the Comptroller is reasonable; or

- (ii) he is physically present in Montserrat for not less than 183 days during the basic year; or
 - (iii) he is physically present in Montserrat for some period of time during the basic year and that such period is continuous with a period of physical presence during the basic year for the immediately preceding or succeeding year of assessment of such duration as to qualify him for the status of a resident for such preceding or succeeding year under sub-paragraph (ii);
- (b) in the case of an estate of a deceased person, that immediately prior to his death, the deceased person qualified for the status of a resident under paragraph (a);
- (c) in the case of a trust or a body of persons, that such trust or body of persons was established in Montserrat; (*Inserted by Act 14 of 2023*)

“**tax**” means the income tax imposed by this Act;

“**Tax Information Exchange Act**” means the Tax Information Exchange Act (Cap. 17.24);

“**trade**” means any trade, manufacture, business, and any adventure or concern in the nature of trade, and shall include farming, market gardening, husbandry and the occupation of land for any commercial purpose;

“**unsafe area**” means an area declared to be unsafe area by Order made by the Governor under the Emergency Powers Regulations;

“**year of assessment**” means the period of twelve months commencing on 1 January in each year.

(*Amended by Acts 35 of 1975, 11 of 2007, 10 of 2015, 8 of 2017 and 10 of 2018*)

PART 2

IMPOSITION OF INCOME TAX

Charge of income tax

3. Income tax shall, subject to the provisions of this Act, be payable at the rate or rates specified hereafter upon the income of any person accruing in or derived from Montserrat or elsewhere and whether received in Montserrat or not in respect of—

- (a) gains or profits from any trade, profession or vocation, for whatever period of time such trade, profession or vocation may have been carried on or exercised;
- (b) gains or profits from any employment, including the estimated annual value of any quarters or board or residence or of any other allowance or benefit granted in respect of employment whether

in money or otherwise other than in respect of any passage to or from Montserrat granted for leave purposes;

- (c) the annual value of land and improvements thereon used by or on behalf of the owner or used other than at full rental value by the occupier, for the purpose of residence or enjoyment, and not for the purpose of gain or profit, such annual value being deemed to be the gross rental value fixed under the Property Tax Act or 5% of the estimated market value of the property whichever is the greater;
- (d) dividends, interest or discounts;
- (e) charge or annuity;
- (f) rents, royalties, premiums and any other profits arising from property;
- (g) any annual gains or profits not falling under any of the foregoing heads;
- (h) pension income: (*Amended by Act 21 of 2011*)

Provided that, the income of a building society shall, subject to the provisions of this Act be taxable at the rate specified hereafter from the year of assessment commencing on 1 January 1996, and during each subsequent year of assessment:

Provided also that in the case of income arising outside of Montserrat which is earned income or which arises to a person who is not ordinarily resident in Montserrat, or not domiciled in Montserrat, the tax shall be payable on the amount received in Montserrat, except that where any trade, profession or vocation is carried on or exercised partly within and partly outside Montserrat by a resident body of persons or by a resident individual whose home is in Montserrat, the whole of the gains or profits from any such trade, profession or vocation shall be deemed to have accrued in or to have been derived from Montserrat:

Provided also that tax shall not be payable in respect of any income arising outside of Montserrat and accruing to any person who is in Montserrat for some temporary purpose only and not with any intent to establish his residence therein and who has not actually resided in Montserrat at one or more times for a period equal in the whole to six months in the basic year:

Provided also, that for the purpose of this section and provisos, an international business company is a person who is ordinarily resident in Montserrat and domiciled in Montserrat.

(Amended by Acts 13 of 1995, 3 of 2005, 11 of 2007 and 10 of 2018)

Basis of assessment

4. (1) Tax shall be charged, levied, and collected and paid annually for each year of assessment upon the total chargeable income of any person for the basic year.

(2) The basic year shall be the period of twelve months ending on the 31st December immediately preceding the year of assessment:

Provided that, where the Comptroller is satisfied that any person usually makes up the accounts of his trade, to some date other than 31 December, he may permit the profits of that trade to be computed for the purposes of this Act upon the income of the year terminating on such date and that year shall accordingly be deemed to be the basic year:

Provided also that, where such permission has been given in respect of any year of assessment the profits for each subsequent year of assessment shall be computed by reference to a basic year terminating on a like date:

Provided also that, where a change occurs in the date to which accounts are made up the Comptroller may make such adjustment for any year or years as in his opinion is just and reasonable, so that the tax payable shall not be less than the tax which would have been payable for that year of assessment if no change in the date had occurred. *(Amended by Act 9 of 1976)*

(3) Subject to the provisions of this Act, tax shall be chargeable and charged for any year of assessment for which income arose in the basic year from the sources described in section 3 notwithstanding that no such income arose in the year of assessment.

Surcharge

5. (1) There shall be charged, levied, collected and paid upon the tax as assessed and payable in accordance with the provisions of this Act, a surcharge at the rates and to the extent specified in section 41:

Provided that, such surcharge shall not apply to an off-shore company or an industrial company, or to an individual to whom section 35 applies.

(2) For the purposes of Parts 10 and 11, the surcharge payable by any person for any year of assessment shall be deemed to be and shall be treated in all respects as if it were part of the tax payable by such person for such year of assessment:

Provided that, the said surcharge may be paid and collected in such instalments during the remainder of the year of assessment for which the surcharge is payable as the Comptroller shall deem to be reasonable, and the provisions of section 75 relating to penalty and interest for the non-payment of tax in arrear shall not apply if the surcharge is paid in accordance with this proviso.

(Inserted by Act 35 of 1975 and amended by Act 9 of 1976)

PART 3

EXEMPTIONS

Exemptions¹

6. (1) There shall be exempt from the tax—

- (a) the official emoluments received by the Governor of Montserrat;
- (b) the income of any local authority, trade union, or friendly society in so far as such income is not derived from a trade carried on by such local authority, trade union or friendly society. In calculating the income of any local authority for the purposes of this paragraph the income of the local authority derived from the supply of water or from markets, abattoirs, cemeteries and wharves shall be exempt from tax;
- (c) the income of any ecclesiastical, charitable or educational institution of a public character in so far as such income is not derived from a trade carried on by such institution except by a charity and that trade subserves one of the main purposes of the charity;
- (d) the emoluments payable to members of the permanent consular services of foreign countries in respect of their offices rendered by them in their official capacity;
- (e) the emoluments payable for Imperial funds to members of His Majesty's Forces and to persons in the permanent service of the Imperial Government in the Island in respect of their offices under the Imperial Government;
- (f) wound and disability pensions granted to members of His Majesty's Forces;
- (g) gratuities granted to members of His Majesty's Forces in respect of services rendered during war;

¹

S.R.O. 2/2020	SALT Energy, LLC, is exempt from the payment of withholding tax on the income received from the 250 kilowatt Solar PV Project and the 750 kilowatt Solar PV plus Battery Storage Microgrid Project.
S.R.O. 22/2021	Southern Caribbean Fiber is exempted from the payment of withholding tax on the income received from the Montserrat Submarine Fiber Optic Cable Project.
S.R.O. 25/2021	The rate of tax payable by Phoenix Group International Ltd. on its chargeable income is 10% for a period of five years.
S.R.O. 25/2022	Meridian Construction Company Limited, is exempted from the payment of withholding tax on the income received from the Montserrat Port Development Project Phase 1.
S.R.O. 36/2023	The rate of tax payable by Ring Centre Ltd. on its chargeable income is— (a) 5% for the years 2023, 2024 and 2025; and (b) 10% for the years 2026, and 2027.

- (h) the income of the Government Savings Bank or other Government institutions which the Governor, acting on the advice of the Cabinet, may declare to be exempt; (*Amended by Act 9 of 2011*)
- (i) the income arising from trading securities listed on an exchange licensed by the Eastern Caribbean Securities Regulatory Commission under the Securities Act; (*Inserted by Act 11 of 2007*)
- (j) the income derived by the Premier from the occupation of his official residence; this exemption does not apply to any housing allowance paid to, or housing benefit received by the Premier if no official residence is provided; (*Substituted by Act 21 of 2011*)
- (k) any sum received by way of gratuity on termination of a contract of employment; (*Amended by Act 11 of 2007*)
- (l) the income of any approved Pension or Superannuation Scheme;
- (m) income arising from a scholarship held by a person receiving full-time instruction at a University, college, school, or other educational establishment. The expression “**scholarship**” includes any exhibition, bursary or any other similar educational endowment;
- (n) income arising from the business of shipping carried on by a person not resident in Montserrat:

Provided that, the Comptroller is satisfied that an equivalent exemption from income tax is granted by the country in which such person is resident or persons resident in Montserrat and, if that country is a country other than the United Kingdom, to persons resident in the United Kingdom.

The expression “**business of shipping**” herein means the business carried on by an owner of ships, and for the purposes of this definition the expression “**owner**” includes charterer.

For the purposes of this paragraph, a company shall be deemed to be resident in the country in which the central management and control of its business is situate:

Provided that, nothing in this paragraph shall be construed to exempt in the hands of the recipients any dividends, interests, bonuses, salaries or wages paid wholly or in part out of the income so exempted;

- (o) the interest payable to an individual on—
 - (i) a savings account; or
 - (ii) interest bearing deposits;
(*Substituted by Act 21 of 2011*)
- (p) any house owned and used by a person as the residence for his family and himself;

- (q) the income of ministers of religion derived from their occupation as such;
- (r) the income derived from any allowance made to—
- (i) a member of the Cabinet or Legislative Assembly or to a public officer by way of entertainment, travel and subsistence allowances, or in respect of any means of transport for the purposes of carrying out the duties of his office; (*Inserted by Act 3 of 2005 and amended by Act 9 of 2011*)
 - (ii) an employee of a statutory body, of any person or of body of persons, by way of entertainment, travel and subsistence allowances, or in respect of any means of transport for the purposes of carrying out the duties of his office:

Provided the exemption in relation to any allowance mentioned in sub-paragraph (ii) shall be an amount not exceeding that applicable to a public officer; (*Substituted by Act 11 of 2007*)
- (s) the income arising from agricultural enterprises including fishing, farming, market gardening and livestock raising; (*Inserted by Act 35 of 1975*)
- (t) the income arising outside Montserrat to a person who is a visitor to Montserrat for some temporary purpose, and who has not resided in Montserrat for a period exceeding six months during the basic year; (*Inserted by Act 35 of 1975*)
- (u) the income of a financial institution, as defined in section 2 of the International Banking and Trust Companies Act, that is licensed under section 7 of that Act to carry on international banking business; (*Substituted by Act 10 of 2015*)
- (v) the income of an enterprise approved under the Fiscal Incentives Act, to the extent provided for in that Act in relation to relief from income tax for that enterprise; (*Inserted by Act 19 of 1980*)
- (w)¹ the income of an individual or person in relation to whom the Governor acting on the advice of Cabinet has made an Order

¹(1) Income Tax Act (Selsi Ltd) (Exemption) Order, 2003 (S.R.O. 54/2003)
 (3) Income Tax (Internet Accessible Lottery (Montserrat) Ltd.) (Exemption) Order, 2003 (S.R.O. 68/2003)
 (4) Fiscal Incentives (Montserrat Composites Ltd) (Approved Enterprises) Order, 2005 (S.R.O. 58/2005)
 (5) Income Tax (Montserrat Composites Ltd.) (Individual Exemptions) Order, 2005 (S.R.O. 59/2005)
 (7) Income Tax (Waiver of Tax for Airlines and Charter Boat Companies) Order, 2013 (S.R.O. 39/2013)
 (10) Income and Corporation Tax (Caribbean Cable Communications Holdings Ltd.) (Exemption) Order, 2014 (S.R.O. 37/2014)
 (12) Income and Corporation Tax (Caribbean Cable Communications Holdings Ltd.) (Exemption) Order, 2015 (S.R.O. 4/2015)
 (13) Income and Corporation Tax (Nigel Osborne Enterprises Ltd.) (Exemption) Order, 2015 (S.R.O. 31/2015)
 (15) Income and Corporation Tax (Aloe Montserrat Company Limited) (Exemption) Order, 2018 (S.R.O. 24/2018)
 (16) Income and Corporation Tax (Isles Development (Montserrat) Ltd.) (Exemption) Order, 2018 (S.R.O. 25/2018)

declaring the individual or person to be exempt from tax, either generally or in relation to a particular income or a particular year of assessment; (*Inserted by Act 19 of 1980 and amended by Acts 9 of 2011, 9 of 2013 and 16 of 2015*)

- (x) pensions payable to persons from pension funds or schemes approved by the Governor acting on the advice of Cabinet. (*Inserted by Acts 3 of 1994 and renumbered by Act 3 of 2005 and amended by Act 9 of 2011*)

(2) The exemptions in subsection (1)(j) and (o) are effective from assessment year 2012. (*Inserted by Act 9 of 2013*)

Exemption: Interest from housing loans

7. (1) Subject to this section, where any person whether or not resident in Montserrat, lends money to any other person by way of mortgage in connection with the purchase, construction or reconstruction of residential accommodation in Montserrat, either for owner occupancy or for rental purposes there shall be exempt from tax any income accruing to the mortgage by way of interest on the loan secured by and any service charge payable under such mortgage.

(2) The mortgage referred to in subsection (1) must be approved by the Governor, acting on the advice of the Cabinet, and shall be a mortgage in respect of which the rate of interest and service charge do not exceed 7%.

(3) Where income accrues to a company or building society by way of interest or service charge which is exempt from tax under this section, such exempt income may be distributed by way of dividend to the shareholders and any distribution so made, whether during the period of exemption or at any subsequent time, shall, subject to the satisfaction of the Comptroller be exempt from tax in the hands of such shareholders.

(4) The rate of interest of service charge and the mortgage limit specified in subsection (2) may by Order made by the Governor, acting on the advice of the Cabinet, be varied from time to time.

(5) In this section—

“**residential accommodation**” means any place of accommodation used solely for residential purposes and includes residential accommodation with a shop attached to it.

(*Inserted by Act 2 of 1986 and amended by Acts 13 of 1995 and 9 of 2011*)

Exemption: Interest paid on certain loans

8. (1) When a company or a building society carries on a business which consists of the lending of moneys in relation to mortgages, the interest from which is exempt under section 7, the Governor, acting on the advice of the Cabinet, may by Order published in the *Gazette* exempt in the hands of the debenture holder the amount of any interest payable by that company or society in respect of debenture borrowing by it for the purpose of financing the

purchase, construction or reconstruction of houses where he is satisfied as to the reasonableness of—

- (a) the period during which the debenture issue is to be repaid; and
- (b) the rate of interest payable thereon by the company or society.

(2) Where an Order is made under this section in respect of the debenture borrowing, the company or society shall maintain such special account as the Comptroller may require showing—

- (a) the total borrowings; and
- (b) the amount loaned by the company or society under mortgage the interest from which is exempt under section 7.

(3) Any order made under this section may be revoked by a further Order by the Governor, acting on the advice of the Cabinet, from such date as he may specify therein, if he is of the opinion that such borrowings are being or have been applied other than under mortgages the interest from which is exempt under section 7, but nothing in this subsection shall be so construed as to prohibit the placing of such borrowings on short term Treasury bills investment or short term deposit with a recognised financial institution prior to the lending out under a programme of mortgage loans.

(Inserted by Act 2 of 1986 and amended by Act 9 of 2011)

Government loans

9. The Governor, acting on the advice of the Cabinet, may by Order published in the *Gazette* provide that the interest payable on any loan charged on the public revenue of Montserrat shall be exempted from the tax, either generally or only in respect of interest payable to persons not resident in Montserrat; and such interest shall as from the date and to the extent specified in the Order be exempt accordingly. *(Amended by Act 9 of 2011)*

Relief to hotel proprietors from income tax

10. (1) Notwithstanding anything to the contrary contained in this Act—

- (a) in any case approved by the Governor, acting on the advice of the Cabinet, in which the erection of a hotel or of any extension to a hotel is commenced after 1 January 1960, and in which a licence has been granted to any person in respect of such hotel under the Hotels Aid Act, such person shall be exempt from the tax in respect of the income arising from such hotel in each of the five years of assessment next after the year of assessment in which the erection or extension of such hotel, as the case may be, is completed and where any part of the said income is distributed as dividends to shareholders in any company to which a licence as aforesaid has been granted, any dividend so distributed shall be exempt from the tax in the hands of a shareholder, and thereafter such person or company shall be allowed in each of any five of the eight years of assessment next following to set off

against the income as aforesaid arising from such hotel a maximum of one-fifth of the capital expenditure upon such hotel or extension thereof, as the case may be, so, however, that no such set-off be allowed in any year of assessment later than the thirteenth year of assessment next after the year of assessment in which the erection or the extension of such hotel, as the case may be, is completed and any dividend distributed during any year of set-off shall be exempt from Tax in the hands of a shareholder;

- (b) in any case approved by the Governor, acting on the advice of the Cabinet, in which a licence has been granted to any person under the Hotels Aid Act, but which is not within the contemplation of paragraph (a), such person shall be allowed in each of any ten of the twelve years of assessment next after the year of assessment in which the licence is granted to set-off against the income as aforesaid arising from the hotel amount not exceeding 1/10 of the capital expenditure upon such hotel, so, however, that no such set-off be allowed in any year after the thirteenth year of assessment in which the capital expenditure was incurred.

(2) Where the capital expenditure is allowed to be set off against the income arising from a hotel, section 17 shall not apply in respect of such expenditure.

(3) No loss incurring in connection with any hotel, in any year in respect of which an allowance is granted under this section, shall be set off against profits arising from any other trade, business or vocation carried on by the person to whom the allowance is granted.

(4) For the purposes of this section, the question whether the erection or extension of a hotel was commenced before 1 January, 1960, shall be for determination by the Governor, acting on the advice of the Cabinet, which shall also for the purpose of this section determine on what date the erection or extension of a hotel is completed. Such determination in each case shall be final.

(5) Relief under subsection (1)(a) shall not be granted to any person unless such person—

- (a) has applied in writing to the Governor, acting on the advice of the Cabinet, for approval of relief under the said paragraph in respect of a hotel or extension thereof; and
- (b) has notified the Governor, acting on the advice of the Cabinet, in writing of the date on which he intends to commence the erection or extension as the case may be, of the hotel.

(6) Where any case has been approved by the Governor, acting on the advice of the Cabinet, for the purposes of subsection (1)(a), the Governor, acting on the advice of the Cabinet, shall issue to the Comptroller a certificate stating the fact of such approval and the dates fixed by him as the dates on which the erection or extension, as the case may be, of the hotel was commenced and completed.

(7) Any person authorised by the Governor, acting on the advice of the Cabinet, in writing so to do, may at any reasonable time enter upon the premises on which a hotel or any extension of a hotel is to be, or is being erected, for the purpose of obtaining such information as will enable the Governor, acting on the advice of the Cabinet, to inform the Comptroller in accordance with the requirements of subsection (6).

(8) In this section, the expression “**capital expenditure**” means such sum as the Comptroller is satisfied has been expended on—

- (a) advertising, publicising and promoting the business of the hotel prior to the commencement of such business;
- (b) the purchase of building materials for the construction of the hotel and on effecting such construction;
- (c) the purchase of any existing hotel where—
 - (i) an existing hotel has been purchased;
 - (ii) there has been a *bona fide* change of ownership; and
 - (iii) the purchaser qualifies for relief under the Hotels Aid Act, in respect of the buildings comprising the hotel:

Provided that, no account shall be taken of any sum paid in respect of the purchase price of the land on which such hotel stands or in respect of goodwill; or

- (d) the purchase of articles of hotel equipment and on the installation of such articles of hotel equipment; and for the purposes of this definition the expressions “**articles of hotel equipment**”, “**building materials**”, “**construct**”, and “**hotel**” have the same meanings as are respectively assigned to them by section 2 of the Hotels Aid Act.

(Amended by Act 9 of 2011)

Regulations

11. The Governor, acting on the advice of the Cabinet, may by regulations make any provision which in his opinion is necessary or expedient for the better carrying section 10 into effect.

Relief to pioneer industries from income tax

12. The grant of exemption from income tax to hotels under section 10 and to approved enterprises under the provisions of the Fiscal Incentives Act, shall not confer any exemption from completion of returns under section 43 or 44 or the producing of accounts (including Balance Sheets) under section 45.

(Amended by Act 19 of 1980)

PART 4

COMPUTATION OF CHARGEABLE INCOME

Deductions allowed

13. (1) For the purpose of computing a person's chargeable income there shall be deducted—

- (a) all outgoings and expenses wholly and exclusively incurred by the person during the basic year in the production of the income including—
 - (i) any sum paid as interest on money borrowed by the person, if the Comptroller is satisfied that the interest was paid on capital used to acquire the income;
 - (ii) any sum the person spends on the repair of premises, plant and machinery used to—
 - (A) acquire the income; or
 - (B) renew, repair or alter an implement, utensil or article used to acquire the income;
 - (iii) rent paid by a tenant of land or a building occupied for the purpose of acquiring the income;
 - (iv) subject to subsection (2)—
 - (A) a bad debt incurred in any trade, business, profession or vocation proved to the satisfaction of the Comptroller to have become bad during the basic year; and
 - (B) a doubtful debt to the extent that it is estimated to the satisfaction of the Comptroller to have become bad during that basic year, despite the bad debt or doubtful debt being due and payable before the commencement of the basic year;
 - (v) any rate and tax on land or a building except income tax;
 - (vi) any contribution to an approved pension or superannuation fund which is an ordinary annual contribution; and a contribution which is not an annual contribution shall be spread forward over the number of years that the Comptroller considers reasonable having regard to the circumstances in which the contribution was made;
 - (vii) any premium paid under an insurance policy against damage to or loss of property if the property insured is used to produce assessable income;
 - (viii) subject to subsection (3), any annuity or other annual payment payable in or outside of Montserrat—

- (A) as a charge on any property of the person paying the annuity or making the payment under a deed, will or otherwise;
- (B) as a reservation of the annuity or other annual payment;
or
- (C) as a personal debt or obligation under a contract;
- (ix) any annual sum paid by an employer as a contribution on behalf of an employee in respect of a fund or scheme to provide medical care, housing or recreational facilities for employees as approved by the Governor acting on the advice of Cabinet;
- (x) any contribution made by a person for the advancement of sports and cultural development; and
- (xi) in the case of an airline or charter boat company which provides a commercial service to and is registered in Montserrat, the annual sum expended by the airline or charter boat company on the training of a Montserratian pilot or technical personnel, subject to the approval of the Ministry of Finance and Economic Management;
- (b) in the case of an airline or charter boat company which provides a commercial service to and is registered in Montserrat, 20% of the annual sum wholly and exclusively expended by the airline or charter boat company on an investment approved by the Ministry of Finance and Economic Management for three consecutive years after assessment year 2013; and
- (c) any other prescribed deduction except a deduction disallowed under section 16.

(2) For the purposes of this Act, any sum recovered during the basic year under subsection (1)(a)(iv), on account of an amount previously written off or allowed in respect of a bad debt or doubtful debt shall be treated as a receipt of trade, business, profession or vocation for that basic year.

(3) For the purposes of computing a person's chargeable income a voluntary allowance or payment shall not be deducted under subsection (1)(a)(viii).

(4) For the purposes of subsection (1)(a)(xi), “**technical personnel**” means a person who is certified to install, repair and maintain technical equipment associated with the operation of an aircraft or a charter boat.

(5) The Governor, acting on the advice of the Cabinet, may make rules to provide for the method of calculating or estimating a deduction allowed under this section.

(Substituted by Act 10 of 2015)

Restriction on deductions: management charges

14. Notwithstanding section 13, where a person carrying on business in Montserrat incurs expenditure by way of management charges, being expenditure payable—

- (a) to a non-resident (such non-resident not being engaged in business in Montserrat giving rise to such management charges); or
- (b) by a branch of a non-resident company to its head office or to some other branch outside Montserrat of such company;

a deduction shall be allowed of the lessor of—

- (i) the amount of such management charges, or
- (ii) 5% of the deduction (exclusive of management charges) allowable under section 13 or such higher amount as in the opinion of the Comptroller is reasonable and any amount of management charge not allowed as a deduction by reason of this subsection shall be deemed not to be a management charge for the purposes of section 39 and Schedule 1.

(Inserted by Act 2 of 1986)

Special deductions for capital expenditure

15. (1) In computing the chargeable income of a person engaged in a trade, profession, business or vocation there shall be allowed—

- (a) a deduction (hereinafter called an initial deduction) of one tenth of the capital expenditure incurred during the basic year on the erection, alteration or acquisition of a building or structure which is or is intended to be an industrial building or structure occupied for a trade specified in subsection (6) and of 1/5 of the capital expenditure incurred during the basic year on the provision, alteration or improvement of plant or machinery used or to be used for the purposes of a trade, business, profession or vocation;
- (b) a deduction (hereinafter called an annual deduction) of a reasonable amount for wear and tear of—
 - (i) an industrial building or structure as is owned and used for a trade specified in subsection (6);
 - (ii) any plant or machinery as is owned by a person and used in a trade, business, profession or vocation.
- (c) an annual deduction for wear and tear of a commercial building to the owner of such commercial building calculated at the following rates from the year in which the building was completed for such purposes—
 - (i) 10% per year of the cost on buildings constructed during the period 1 April 1998 to 31 March 2003;

- (ii) 5% per year of the cost on buildings constructed after 31 March 2003:

Provided, where a building not constructed with the intent for commercial use is subsequently rented and, the Comptroller, having examined the facts and satisfied himself that such rental is not done on a commercial basis and with a view to making a profit, no wear and tear shall be allowed as a cost on such building.

(2) The same deductions shall be allowed to a person who incurs the expenditure described in subsection (1)(a) and—

- (a) leases the industrial building or structure to another person who occupies it for the purpose of a trade specified in subsection (6);
- (b) hires the plant or machinery to another person who uses it for the purpose of his trade, business, profession or vocation.

Where the deductions so allowed to a person who leases the building or hires the plant exceed the rent or hire received, relief shall be given to that person as a loss under section 17.

(3) Where such industrial building or structure or plant or machinery is sold, destroyed or put out of use as being worn out, obsolete or otherwise useless or no longer required there shall in the basic period in which such event occurs—

- (a) where there are no sale, insurance, salvage or compensation moneys or where the written down value of the asset immediately before the event exceeds those moneys, be made a deduction (hereinafter called a balancing deduction) of a sum equal to the written-down value or as the case may be the excess over the said moneys;
- (b) where the sale, insurance, salvage or compensation moneys exceed the written down value of the asset immediately before the event, be made an addition (hereinafter called a balancing addition) to the profits as otherwise determined for the basic period of a sum equal to the amount of such excess:

Provided that, a balancing addition shall not exceed the aggregate of any deductions granted under this section.

(4) No deduction shall be allowed for any year if the deduction, when added to the deductions allowed in previous years will make the aggregate amount of the deductions exceed the capital expenditure.

(5) Where a building which is or was intended to be an industrial building or structure is not used or ceases to be used as such, then, unless the building or structure has been so used for a period of not less than ten years any initial deductions granted shall be cancelled, and such additional assessments as are necessary shall be made without regard to the time limits imposed by this Act.

(6) A building or structure shall be deemed to be an industrial building or structure for the purposes of this section where it is in use for the purpose of—

- (a) a trade carried on in a mill, factory, or other similar premises; or
- (b) a trade which consists in the manufacture of goods or materials or the subsection of goods or materials to any process; or
- (c) a trade which consists in the storage of goods or materials which are to be used in the manufacture of other goods or materials or to be subjected in the course of a trade to any process,

and in particular the said expression includes any building or structure provided by the person carrying on such a trade or undertaking for the welfare of workers employed in that trade or undertaking and in use for that purpose.

(7) Subsection (6) shall apply in relation to a part of a trade or undertaking as it applies to a trade or undertaking:

Provided that, where part only of a trade or undertaking complies with the conditions set out in the said provisions, a building or structure shall not, by virtue of this subsection, be an industrial building or structure unless it is in use for the purposes of that trade or undertaking.

(8) Notwithstanding anything in subsections (6) and (7), but subject to subsection (9), the expression “**industrial building or structure**” does not include any building or structure in use as, or as part of, a dwelling house, retail shop, showroom or office or for any purpose ancillary to the purposes of a dwelling house, retail shop, showroom or office.

(9) Where part of the whole of a building or structure is, and part thereof is not, an industrial building or structure, and the capital expenditure which has been incurred on the construction of the second mentioned part is not more than one tenth of the total capital expenditure which has been incurred on the construction of the whole building or structure, the whole building or structure and every part thereof shall be treated as an industrial building or structure.

(10) In this section—

- (a) where the building or structure is not used as an industrial building or structure in the same basic period as that in which any expenditure was first incurred the expression “**incurred during the basic year**” means the total of the expenditure incurred in the years up to and including such basic year;
- (b) “**written down value**” means the remainder of the capital expenditure after deducting therefrom any initial deductions and all annual deductions.

(Amended by Acts 2 of 1986 and 11 of 2007)

Deductions not to be allowed

16. (1) For the purpose of computing the chargeable income of any person no deduction shall be allowed in respect of—

- (a) domestic or private expenses including *inter alia*—
- (i) the cost of travelling between residence and place of business;
 - (ii) the rent of any dwelling house or domestic offices or any part thereof as is not used in connection with the carrying on by him of his trade, business, profession or vocation;
 - (iii) any remuneration, or interest on capital, paid or credited to himself;
 - (iv) the cost price of any goods taken out of the business for the use of the proprietor or any partner or their families;
- (b) any disbursements or expenses not being money necessarily, wholly and exclusively laid out or expended for the purpose of acquiring the income;
- (c) any capital withdrawn or any sum employed as capital;
- (d) any capital employed in improvements;
- (e) any sum recoverable under an insurance or contract of indemnity;
- (f) rent of or cost of repairs to any premises or part of premises not paid or incurred for the purpose of producing the income;
- (g) any amounts paid or payable for income tax or surtax either within Montserrat or in respect of any territory outside Montserrat with which there is a double taxation agreement between that territory and Montserrat except to the extent that the tax payable outside Montserrat remains unrelieved;
- (h) any amount paid or payable to a shareholder or any associate of a shareholder by way of salary, wages, overtime, bonus, commission, director's fees, retiring allowances, management expenses or other payment for services including perquisites in excess of the respective amounts paid or payable during the basic year immediately preceding the year of assessment 1975:

Provided that, the Comptroller may allow such increases or amounts as may in any case appear to him to be just and reasonable:

Provided further that—

- (i) in the case of a Company incorporated or registered after the year of assessment 1974; or
- (ii) in the case of a person whose employment commenced after the basic year immediately preceding the year of assessment 1975,

the Comptroller may allow as a deduction such amount as may appear to him to be just and reasonable having regard to the size and nature of the business.

For the purposes of this section, “**associate**”, in relation to a shareholder, means an individual who is the spouse of a shareholder or is a relative of a shareholder or of his spouse.

(Inserted by Act 17 of 1976)

(2) Notwithstanding section 13, in ascertaining the chargeable income of any person for any year of assessment, no deduction shall be allowed in respect of any amount paid or payable to a non-resident to which section 39 applies unless the Comptroller is satisfied that the withholding tax chargeable thereon has been paid. *(Inserted by Act 2 of 1986)*

Allowances for losses

17. (1) Subject to subsections (2) and (3), if a person incurs a loss in the basic year in any trade, business, profession or vocation undertaken solely or as a partnership, the Comptroller shall, as far as possible, set off the loss against the person’s income from other sources for that year.

(2) The Comptroller shall not set off a loss in accordance with section (1)—

(a) against a person’s chargeable income if the set off reduces the tax payable by that person for any year to less than one-half of the amount which would be payable if the set off is not made; or

(b) against a person’s employment income.

(3) The Comptroller may make an allowance under this section only if he is satisfied that the trade, business, profession or vocation was, for the whole of the basic year, undertaken—

(a) commercially; and

(b) with the intention of making a profit.

(4) Where owing to an insufficiency of income from other sources the loss allowable to any person under subsection (1) cannot be allowed or cannot be wholly allowed as aforesaid the excess shall be carried forward and shall be set off against the income of that person for the six years next following.

(5) The amount of any loss to be allowed under this section for any year shall not be allowed for any other year under this or any other section of this Act.

(6) No loss incurred during a tax holiday period shall be set off against the income from other sources for the same year, but the net loss incurred during the whole of the tax holiday period shall be available to be carried forward to the post-holiday period for set off against the income of the specific trade under the provisions of this section.

(Substituted by Act 11 of 2007 and amended by Act 10 of 2015)

Insurance and shipping companies

18. Notwithstanding anything to the contrary contained in this Act, it is hereby provided that—

- (a) In the case of an insurance company (other than a life insurance company) where the gains or profits accrue in part outside Montserrat, the gains or profits on which tax is payable shall be ascertained by taking the gross premiums and interest and other income received or receivable in Montserrat (less any premiums returned to the insured and premiums paid on re-insurances), and deducting from the balance so arrived at a reserve for unexpired risks at the percentage adopted by the company in relation to its operations as a whole for such risks at the end of the basic year and adding thereto a reserve similarly calculated for unexpired risks outstanding at the commencement of the basic year, and from the net amount so arrived at deducting the actual losses (less the amount recovered in respect thereof under re-insurance), the agency expenses in Montserrat and a fair proportion of the expenses of the head office of the company;
- (b) In the case of a life insurance company, whether mutual or proprietary, the gains or profits on which tax is payable shall be the investment income less the management expenses (including commission):

Provided that, where such a company received premiums outside Montserrat the gains or profits shall be the same proportion of the total investment income of the company as the premiums received after deducting from the amount so arrived at the agency expenses in Montserrat and a fair proportion of the expenses of the head office of the company;

- (c) (i) In the case of a shipowner or owner of aircraft, the gains or profits of his business as shipowner or owner of aircraft shall, if he produces or causes to be produced to the Comptroller the certificate mentioned in sub-paragraph (ii), be taken to be a sum bearing the same ratio to the sums payable in respect of fares or freight for passengers, goods, or mails shipped in Montserrat as his total profits for the relevant accounting period shown by that certificate bear to the gross earnings for that period;
- (ii) The certificate shall be a certificate by the Taxing Authority of the place in which the principal place of business of the shipowner or owner of aircraft is situated and shall state—
- (A) that the shipowner or owner of aircraft has furnished to the satisfaction of that Authority an account of the whole of his business; and
- (B) the ratio of the gains or profits for the relevant accounting period as computed according to the Income Tax Law of that place (after deducting interest on any money borrowed and employed in acquiring the gains and profits) to the gross earnings of the owner's fleet or aircraft for that period;

- (iii) If the gains or profits of a shipowner or owner of aircraft have for the purpose of assessment in Montserrat under this Act been computed on any basis other than the ratio of the gains or profits shown by a certificate as aforesaid and an assessment has been made accordingly the shipowner or owner of aircraft shall, upon production of such a certificate at any time within six years from the end of the year of assessment be entitled to such adjustment as may be necessary to give effect to the said certificate and to have any tax paid in excess refunded;
- (iv) In this paragraph, the expression “**shipowner or owner of aircraft**” means an owner or charterer of ships or aircraft whose principal place of business is situated outside Montserrat, but in a part of the Commonwealth.

Trading by non-residents

19. (1) Where a person not resident in Montserrat (hereinafter in this section referred to as a “**non-resident person**”) carries on a business with a resident person and it appears to the Comptroller that owing to the close connection between the resident person and the non-resident person, and to the substantial control exercised by the non-resident person over the resident person, the course of business between those persons can be so arranged and is so arranged that the business done by the resident person in pursuance of his connection with the non-resident person, produces to the resident person either no profits or less than the ordinary profits which might be expected to arise from that business, the non-resident persons shall be assessable and chargeable to tax in the name of the resident person as if the resident person were an agent of the non-resident person.

(2) Where it appears to the Comptroller that the true amount of the gains or profits of any non-resident person chargeable with tax in the name of a resident person cannot in any case be readily ascertained, the Comptroller may, if he thinks fit, assess and charge the non-resident person on a fair and reasonable percentage of the turnover of the business done by the non-resident person through or with the resident person in whose name he is chargeable as aforesaid, and in such case the provisions of this Act relating to the delivery of returns or particulars by persons acting on behalf of others shall extend so as to require returns or particulars to be furnished by the resident-person of the business so done by the non-resident person through or with the resident person, in the same manner as returns or particulars of income to be charged are to be delivered by persons acting for non-resident persons:

Provided that, the amount of the percentage shall in such case be determined having regard to the nature of the business.

(3) Nothing in this Act shall render a non-resident person chargeable in the name of a broker or general commission agent, or other whom such broker, general commission agent or agent is not an authorised person carrying on the regular agency of the non-resident person or a person chargeable as if he were

an agent in pursuance of subsections (1) and (2), in respect of gains or profits arising from sales or transactions carried out through such a broker or agent.

(4) The fact that a non-resident person executes sales or carries out transactions with another non-resident person in circumstances which would make him chargeable in pursuance of subsections (1) and (2) in the name of a resident person shall not of itself make him chargeable in respect of gains or profits arising from those sales or transactions.

(5) Where a non-resident person is chargeable to tax in the name of any attorney, factor, agent, receiver, branch, or manager in respect of any gains or profits arising from the sale of goods or produce manufactured or produced out of Montserrat by the non-resident person, the person in whose name the non-resident person is so chargeable may, if he thinks fit, apply to the Comptroller to have the assessment to tax in respect of those gains or profits made or amended on the basis of the profits which might reasonably be expected to have been earned by a merchant or, where the goods are retained by or on behalf of the manufacturer or producer, by a retailer of the goods sold, who had bought from the manufacturer or producer, by a retailer of the goods sold, who had bought from the manufacturer or producer direct, and, on proof to the satisfaction of the Comptroller of the amount of the profits on the basis aforesaid the assessment shall be made or amended accordingly.

Pensions and superannuation funds

20. (1) Where any employer establishes a superannuation fund for the provision of pensions or annuities for the persons employed in any trade or business in Montserrat either on retirement at a specified age, or on becoming incapacitated, or for the widows, children or dependents or persons who have been so employed on the death of those persons, he may apply to the Governor acting on the advice of Cabinet for approval of such fund. (*Amended by Act 9 of 2011*)

(2) For the purpose of this section, “**superannuation fund**” means a fund which is approved for these purposes by the Governor, acting on the advice of the Cabinet, and subject as hereinafter provided, the said Governor, acting on the advice of the Cabinet shall not approve any fund unless it is shown to his satisfaction that—

- (a) the fund is a fund *bona fide* established under irrevocable trust in connection with some trade or undertaking carried on in Montserrat by a person residing therein; and
- (b) the fund has for its sole purpose the provision of annuities for all or any of the following persons in the events respectively specified, that is to say, for persons employed in the trade or undertaking, either on retirement at a specified age or on becoming incapacitated at an earlier age, or for the widows, children or dependents of persons who are or have been employed on the death of those persons; and

- (c) the employer in the trade or undertaking is a contributor to the fund; and
- (d) the fund is recognised by the employer and employed persons in the trade or undertaking:

Provided that, the Governor acting on the advice of Cabinet may, if he thinks fit and subject to such conditions, if any as he thinks proper to attach to the approval, approve a fund, or any part of a fund as a super-annuation fund for the purposes of this section—

- (i) notwithstanding that the rules of the fund provide for the return in certain contingencies of contributions paid to the fund; or
- (ii) if the main purpose of the fund is the provision of such annuities as aforesaid, notwithstanding that such provision is not its sole purpose; or
- (iii) notwithstanding that the trade or undertaking in connection with which the fund is established is carried on only partly in Montserrat by a person not residing therein.

(Amended by Act 9 of 2011)

(3) Where such fund is approved, then—

- (a) any income of such fund arising in the territory shall be exempt;
- (b) any contributions to the fund by the employer shall be allowed as prescribed.

PART 5

PERSONS ASSESSABLE

Married women

21. Any income accruing to a married woman during the basic year to which this Act applies shall be charged to tax in her own name.

(Substituted by Act 2 of 1986)

Deceased person

22. (1) When any person dies during the year preceding the year of assessment and such person would but for his death have been chargeable to tax for the year of assessment or when any person dies during the year of assessment or within two years after the expiration thereof and no assessment has been made upon him for that year, the personal representative of such person shall be liable to and charged with the payment of the tax with which such person would have been chargeable, and shall be answerable for doing all such acts, matters and things as such person if he were alive would be liable to do under this Act:

Provided that, in the case of a person dying during the year preceding the year of assessment if his personal representative distributes his estate before the

commencement of the year of assessment such personal representative shall pay the tax at the rate or rates in force at the date of distribution of the estate, if the rate of tax for the year of assessment has not been fixed at that date.

(2) In addition to and without prejudice to the liability of the personal representative or to the liability of any person under any other provision, subsection (1) applies *mutatis mutandis* to any person charged by the deceased with the payment of the tax, or whether any person is so charged or not, to every heir (including a testamentary heir or legatee), to every person who has taken possession of or received any property of the deceased, or to whom any property passes for any beneficial interest in possession, and also to every trustee, tutor, guardian, curator, committee or other person in whom any interest in the property so passing or the management thereof is at any time vested.

(3) Any person interested may, on giving five days' notice to the person charged with or accountable for, the payment of the tax, apply to the judge in a summary manner to compel the person so charged or accountable, to make the necessary return and to pay the tax.

(4) On any such application, the judge may give all necessary directions and make such orders as may be necessary.

Partnerships

23. Where a trade, business, profession or vocation is carried on by two or more persons jointly—

(1) The income of any partner from the partnership shall be deemed to be the share to which he was entitled during the year preceding the year of assessment in the income of the partnership (such income being ascertained in accordance with the provisions of this Act) and shall be included in the return of income to be made by such partner under the provisions of this Act.

(2) (a) The precedent partner that is to say, the partner who of the partners resident in Montserrat—

(i) is first named in the agreement of partnership; or

(ii) if there be no agreement is named singly or with precedence to the other partners in the usual name of the firm; or

(iii) is the precedent acting partner if the partner named with precedence is not an acting partner,

shall make and deliver a return of the income of the partnership for any year supported by the statement of account including balance sheet, such income being ascertained in accordance with the provisions of this Act, and declare therein the names and addresses of the other partners in the firm together with the amount of the share of the said income to which each partner was entitled for that year.

(b) The Comptroller may require any person resident in Montserrat who is or acts as a partner to make or deliver the return.

- (c) Where no partner is resident in Montserrat, the return shall be made and delivered by the attorney, agent, manager or factor of the firm resident in Montserrat.
- (d) The provisions of this or of the Tax Administration Act with respect to the failure to deliver returns or particulars in accordance with a notice from the Comptroller shall apply to any return required under this section. *(Amended by Act 14 of 2023)*

Chargeability of trustees, etc.

24. (1) A receiver, trustee, guardian, curator or committee, having the direction, control or management of any property or concern on behalf of any person, shall be assessed to tax in respect of the income derived from such property or concern in like manner and to the like amount as such person would be assessable if he had received such income, and every such receiver trustee, guardian, curator or committee shall be answerable for doing all matters and things required to be done under this Act for the purpose of assessment and payment of tax:

Provided that, nothing in this section shall affect the liability of any person represented by any such receiver, trustee, guardian, curator or committee to be himself charged to tax in his own name.

(2) A trustee under a will, deed, settlement or other disposition shall likewise be chargeable to tax in respect of income arising under such will, deed, settlement or other disposition, where such income arises to two or more beneficiaries or where the whole of the income is not distributed, tax to be charged at the rate specified in section 36.

Chargeability of agent of person residing out of Montserrat

25. A person not resident in Montserrat whether a British Subject or not, shall be assessable and chargeable in the name of his trustee, guardian, curator or committee or of any attorney, factor, agent, receiver, branch or manager, whether such attorney, factor, agent, receiver, branch or manager has the receipt of the income or not, in like manner as such non-resident person would be assessed and charged if he were resident in Montserrat and in the actual receipt of such income:

Provided that, in the case of a person who is not resident in Montserrat no deduction shall be allowed in respect of earned income.

(Amended by Act 8 of 1998)

Acts, etc., to be done by trustees

26. The person who is chargeable to tax under sections 24 and 25 shall be answerable for all matters required to be done by virtue of this or of the Tax Administration Act for the assessment of the income of any person for whom he acts and for the payment of the tax chargeable thereon.

(Amended by Act 14 of 2023)

Agents, etc., of non-residents to be assessed

27. Any resident agent, trustee, mortgager or other person who transmits rent, interest or income derived from any source whatever within Montserrat to a non-resident person shall be deemed to be the agent of such non-resident person and shall be assessed and shall pay the tax accordingly. (*Amended by Act 35 of 1975*)

Indemnification of representative

28. Every person answerable under this Act for the payment of tax on behalf of another person may retain out of money coming to his hands on behalf of such other person so much thereof as shall be sufficient to pay such tax and shall be and is hereby indemnified against any person whatsoever for all payments made by him in pursuance and by virtue of this Act.

Income derived from property transferred to minors

29. (1) Where any person transfers property to a minor otherwise than in exchange for valuable and sufficient consideration, either directly or indirectly or through the intervention of a trust or by any means whatsoever, such person shall nevertheless, during the period of the minority of the transferee be liable to be assessed on the income derived from such property, or from property substituted therefor, as if such transfer had not been made.

(2) Where such a transfer has been made as is envisaged in subsection (1) then subsequent to such period of minority, unless the Comptroller is satisfied that such transfer was not made for the purpose of evading the tax imposed by this Act, the transferor shall continue to be assessed in respect of the income derived from such property or from property substituted therefor, as if such transfer had not been made.

(3) Where in the case of any transfer covered by this section the transferee has in fact paid or suffered any tax in respect of the income in ascertaining the total tax chargeable on the transferor in respect of his own income and that charged on him under this section an allowance shall be made equal to the tax paid or suffered already by the transferee.

Income of property transferred in trust to be income of transferor in certain cases

30. (1) Where a person transfers property in trust and provides that the corpus of the trust shall revert either to the transferor or to such person as he may determine at a future date, or where a trust provides that during the lifetime of the transferor no disposition or other dealing with the trust property shall be made without the consent, written or otherwise, of the transferor, such person shall nevertheless be liable to be taxed on the income derived from the property transferred in trust, or from property substituted therefor, as if such transfer had not been made.

(2) In this section, “**disposition**” includes any trust, grant, covenant, agreement or arrangement.

Dispositions for short periods

31. Except where otherwise provided in this Act, any income which by virtue or in consequence of any disposition made, directly or indirectly, by any person after 1 January, 1962 (other than a disposition made for valuable and sufficient consideration), is payable to or applicable for the benefit of any other person for a period which cannot exceed six years shall be deemed for all purposes of this Act to be income of the person, if living, by whom the disposition was made, and not to be the income of any other person.

Apportionment of profits of certain companies among members

32. (1) With a view to preventing the avoidance or reduction of tax it is hereby enacted that where it appears to the Comptroller that a company has not distributed to its shareholders as dividends within nine months of the end of any year or shorter accounting period, a reasonable proportion of its total income from all sources which are assessable to tax and which could have been distributed without detriment to the company's existing business, the Comptroller may, at any time within six years of the end of such accounting period, direct that that proportion shall be deemed to have been paid as dividend to its members for such period.

(2) This section shall not apply to any company unless—

- (a)* not more than five persons together exercise control, directly or indirectly, over the company's affairs; or
- (b)* not more than five persons possess or are entitled to acquire the greater part of the issued share capital; or
- (c)* if, the whole of the total income was so deemed to be dividend, not less than 50% thereof would be deemed to be the income of not more than five persons:

Provided that, for the purposes of this section persons who are relatives of one another, persons who are nominees of any other person together with that other person, persons in partnership, and persons interested in any shares or obligations of the company which are subject to any trust or are part of the estate of a deceased person, shall respectively be treated as a single person.

For the purpose of this subsection, “**relative**” means husband, wife, ancestor, lineal descendent, brother or sister.

(3) In having regard to what is a reasonable proportion, the Comptroller may disregard all sums connected with the repayment of debt or connected with any transaction designed to avoid tax.

(4) The Comptroller may require a company by notice in writing, to produce within a time specified its balance sheets and accounts and such further particulars as he may require including particulars of the membership of the company.

(5) Where a company has failed to furnish any or all of the particulars required within the specified time, the Comptroller may to the best of his judgement estimate the reasonable profit and issue a direction accordingly.

(6) In issuing any direction under this section, the Comptroller shall—

- (a) issue it to the company in writing;
- (b) specify the reasonable proportion as a sum or a proportion of the total income, or as a percentage rate of dividend;
- (c) specify the date on which the dividend shall be deemed to have been paid.

(7) Where a company having furnished such particulars as the Comptroller requires, objects to any direction issued by him, it may within fifteen days of the receipt of the direction appeal to the Commissioners, whereupon the provisions in this or of the Tax Administration Act relating to objections and appeals shall apply.

(Amended by Act 14 of 2023)

(8) Where a direction has been issued, then in computing the total chargeable income of any member of the company, his share of the reasonable proportion, as determined on appeal when necessary, shall be included in the computation of the total chargeable income of that member, and any dividends which have been paid or which may be in the future out of the reasonable proportion, shall be disregarded.

(9) Any additional tax which may become chargeable and leviable under this section may in default of payment by the member be charged and levied on the company.

PART 6

PERSONAL ALLOWANCES

General deduction

33. (1) In ascertaining the chargeable income of an individual who was resident in Montserrat during the basic year and who has completed a return and given the prescribed particulars there shall be allowed a deduction of—

- (a) \$5,000 on any year of assessment commencing on or after 1 January, 1987;
- (b) \$6,000 on any year of assessment commencing on or after 1 January, 1990;
- (c) \$7,000 on any year of assessment commencing on or after 1 January, 1991;
- (d) \$10,000 on any year of assessment commencing on or after 1 January, 1992;

- (e) \$13,000 on any year of assessment commencing on or after 1 January, 1995;
 - (f) \$15,000 on any year of assessment commencing on or after 1 January, 1999;
(Substituted by Act 8 of 1998 and amended by Act 20 of 2024)
 - (g) \$18,000 on any year of assessment commencing on or after 1 January 2024. *(Inserted by Act 20 of 2024)*
- (2) An individual who has primary responsibility for caring for an incapacitated dependent who continuously resides with him during the basic year is entitled to an allowance of \$2,400 in the year of assessment commencing on 1 January, 2005.
- (3) An individual is entitled, from assessment year 2011, in respect of each of the individual's incapacitated dependents—
- (a) that is wholly maintained by the individual, to an allowance of \$2,400; or
 - (b) that is maintained jointly with one or more other individuals, to a proportion of the allowance of \$2,400 that the Comptroller of Inland Revenue considers to reflect the proportion to which the individual maintains the incapacitated dependent.
- (4) For the purpose of subsection (3)—

“incapacitated dependent” means a person—

- (a) who is rendered unable to work as a result of a disability of the body or mind;
 - (b) whom the Comptroller considers, having regard to the place of residence of the person as indicated by a certificate from the Community Services Department or otherwise, is in whole or in part maintained by the individual; and
 - (c) who is not entitled to a pension, income or social welfare benefit exceeding \$10,800 in total per year. *(Substituted by Act 20 of 2024)*
- (5) An individual who makes payments in respect of life or health insurance premiums, on his own behalf and that of his family members on the policy (which is limited to spouse and children under the age of twenty-five in full time education) during the basic year, is entitled to allowances in respect of payments commencing assessment year 1 January, 2008.
- (6) An individual is entitled, from assessment year 2012, to an allowance, subject to a maximum of \$4,000, of the amount of the total premiums that he proves to the satisfaction of the Comptroller was paid on a policy that he owns in that year in respect of life or health insurance for:
- (a) the individual; and
 - (b) the individual's husband or wife; and

(c) any child of the individual, whether natural or adopted, who has not attained the age of twenty-five and is in full time education.

(7) An individual is entitled, from assessment year 2005, to an allowance in respect of payments of social security contributions made on his own behalf that he proves to the satisfaction of the Comptroller were paid in that year.

(Amended by Acts 3 of 2005, 11 of 2007, 21 of 2011 and 9 of 2013)

Deduction for mortgage interest paid on residential property

34. (1) Subject to subsections (3) and (4) where a building is—

- (a) used by or on behalf of the owner; or
- (b) used rent-free by the occupier,

who is a resident individual for the purpose of a residence on Montserrat, there shall be allowed a deduction in respect of interest paid on a loan or mortgage wholly and exclusively used in respect of the building.

(2) A resident individual shall be entitled to a deduction in respect of any amount paid during the basic year by way of interest on a mortgage or loan in respect of the acquisition of or improvements to residential property but the deduction allowable for any year of assessment in respect of such expenditure shall not exceed \$5,000 for year of assessment 1987 to 2007, and \$8,000 for year of assessment 2008 and subsequent years of assessment.

(3) Where a residential building is jointly owned by individuals and is occupied by all or any of the individuals, a deduction under subsection (2) in respect of the residence may be claimed by each one or any of them in such proportion as they may determine:

Provided the aggregate deductions claimed by all of them shall not exceed the amount of deduction allowable under subsection (2).

(4) Where, in a basic year, a person claims a deduction under subsection (1) in respect of a—

- (a) building used by or on behalf of the owner, a deduction shall not be allowed in the same basic year to that person for any other building used by or on behalf of the owner; or
- (b) building used rent-free by the occupier, a deduction shall not be allowed in the same basic year to that person for any other building used rent-free by the occupier.

(Substituted by Act 11 of 2007)

PART 7

RATES OF TAX, ETC.

Rates of tax

35. Tax shall be charged, levied and collected—

- (a) at the rates set out in Schedule 2 on the chargeable income of every individual resident in Montserrat or doing business in Montserrat;
- (b) at the rates set out in Schedule 3 on the pension of every individual pensioner resident in Montserrat.
(Substituted by Acts 5 of 1991 and 11 of 2007)

Rates of tax on companies, etc.

36. Tax shall be charged, levied and collected on the chargeable income of any company, building society or any body of persons at the rate of 30%.
(Substituted by Act 2 of 1986 and amended by Acts 13 of 1995 and 11 of 2007)

Tax to be deducted from certain payments

37. (1) Where the Accountant General or any officer makes any payment to any person on behalf of the Government in pursuance of a contract other than a contract exempted by the Governor, acting on the advice of the Cabinet, by Order the Accountant General or the officer, as the case may be, shall deduct 15% or such lesser sum as may be determined by the Comptroller and pay the amount so deducted to the Comptroller. *(Amended by Act 9 of 2011)*

(2) The amount of tax so deducted is to be set off against the tax payable by that person for the year of assessment in which such deduction is made.
(Inserted by Acts 3 of 1994 and 21 of 2011)

Deduction of tax from Government stock

38. (1) When the Accountant General or other appointed officer pays interest on any loan charged on the Public Revenue of Montserrat other than a loan on which exemption has been given wholly or partly under section 9 he shall deduct from such interest tax at the rate prescribed in section 36 and shall forthwith pay over such deductions to the account for income tax.

(2) On making each payment to the person entitled to the interest he shall give a certificate stating the name of the person, the date, the amount of the interest and of the tax deducted.

(3) The amount so deducted shall be deemed to be payment of tax by the person named, and in computing the total chargeable income of that person, the gross amount of the interest shall be included.

Deduction of tax from payments made to non-residents

39. (1) Every person who makes any payments to a non-resident shall deduct tax from such payments in accordance with and in the manner specified in Schedule 1 and shall carry out such other obligations as are imposed by that Schedule.

(2) For the purposes of this section, a person, including a partnership, to whom any payment is made to which this section applies shall be presumed,

unless the contrary is proved, to be a non-resident if such payment is made to an address outside Montserrat.

(3) Nothing in this section shall prevent the Comptroller from directing the deduction of a lesser amount than that provided in Schedule 1 where he is satisfied that the person to whom the payment is made is a resident of a country with which an international agreement made under section 55 exists and where there is provision for a lower rate of withholding tax to be deducted other than that provided in Schedule 1.

- (4) (a) Every non-resident company carrying on business in Montserrat shall be liable to withholding tax under section 39 on the remitted profits of such business for any year of assessment to the extent provided by this section in addition to its liability to income tax as if such profits were profits derived by a wholly-owned subsidiary of a non-resident company.
- (b) Notwithstanding subsection (1), where any company to which this section applies shows to the satisfaction of the Comptroller that any part of its chargeable income in respect of any year of assessment has not been remitted, then subsection (1) shall not apply.
- (c) The profits of a non-resident company which shall be liable to withholding tax by reason of this section shall be the whole of the chargeable income, accrued from carrying on of business in Montserrat, remaining after the deduction of any income tax payable in respect of such chargeable income.

(Substituted by Act 2 of 1986 and amended by Act 14 of 2023)

PART 8

ADMINISTRATION

Appointment of administrative authority

40. A Comptroller of Inland Revenue and such Officers and persons as may be necessary for the due administration of this Act may be appointed under the public service law.

(Amended by Acts 11 of 2007, 9 of 2011, 9 of 2016 and 8 of 2017)

Making rules

41. (1) The Governor, acting on the advice of the Cabinet, may make rules generally for carrying out the provisions of this Act, and may, in particular, by those rules provide—

- (a) for the form of return, claims, statements and notices under this Act;
- (b) for the collection of tax by instalments or by means of deductions made from emoluments;

- (c) for the procedure and criteria to be followed in writing off as losses any outstanding tax; (*Inserted by Act 11 of 2007*)
 - (d) for any such matters as are authorised by this Act to be prescribed; and
 - (e) for any other matter or thing, whether similar or not to those abovementioned, in respect of which it may be expedient to make rules for the purpose of carrying this Act into execution.
- (2) All rules purporting to be made in pursuance of this section shall be published in the *Gazette* and shall come into operation on such publication or at such other time as may be stated in such rules.
(*Amended by Act 9 of 2011*)

Forms

42. (1) Any form prescribed by this Act, or prescribed by any rule made under the authority of this Act with such variations and additions as the circumstances of the particular case may require, or forms to the like effect, may be used in the cases to which they respectively apply, and shall be deemed good, valid and sufficient.

(2) Unless or until forms are prescribed any document required or used for the purposes of this Act may be in such form as the Comptroller, or in Court matters, the Court, Judge or Magistrate may prescribe or approve or use.

(3) It shall not be necessary to publish in the *Gazette* any form prescribed or to be used under the authority of this Act and when a rule prescribes forms, it shall be sufficient to describe such forms in the rule and to indicate the place at which such forms may be seen or obtained.

PART 9

RETURNS AND ASSESSMENTS

Income tax return

43. (1) It shall be the duty of every person who is a resident, trust or a resident body of persons or who receives an income to deliver to the Comptroller on or before 31 March in each year, or such other date as may be prescribed, a true and correct return in the form and manner prescribed, of the whole of his income from every source whatever for the basic year and if absent from Montserrat to give the name and address of an agent residing in Montserrat.

(*Substituted by Act 14 of 2023*)

(2) The return described in subsection (1) must include a calculation of the amount of tax payable. (*Inserted by Act 14 of 2023*)

(3) A person may, in accordance with section 5 of the Electronic Transactions Act, deliver the return in subsection (1) online in the prescribed form.

(4) In the case of persons deriving income from any employment or by way of pensions such returns are to be rendered not later than 28 February in each year.

(Amended by Acts 21 of 2011, 9 of 2013 and 14 of 2023)

Returns by employers

44. (1) The Comptroller may by notice in writing require any employer to furnish him within the prescribed time with a return for any year containing—

- (a) the names and places or residence of all persons employed by him; and
- (b) the payments and allowances made to those persons in respect of that employment.

The expression “**payments and allowances**” in this subsection shall be deemed to include not only monies earned as salary, wages, overtime, or bonus, but also the annual value of any residence, quarters, board and lodging, or other allowances or benefits in kind received by an employee in respect of his services.

(2) Where the employer is a company or body of persons, the manager or other principal officer shall be deemed to be the employer for the purpose of this section, and any director of a company, or person engaged in the management of a company, shall be deemed to be a person employed.

Power of Comptroller to require accounts and returns

45. The Comptroller may by notice in writing require any person or the agent or attorney of any person or the secretary, attorney, manager, agent or other principal officer of any company to furnish him within a reasonable time or such time as may be prescribed with—

- (a) a return of income; and
- (b) such accounts (including a balance sheet at the terminal date of such accounts) and particulars as may seem necessary to the Comptroller for the purpose of this Act or the Tax Information Exchange Act.

(Amended by Act 10 of 2015)

List to be prepared by representative or agent

46. Every person who, in whatever capacity, is in receipt of any money or value being income arising from any of the sources mentioned in this Act for or belonging to any person shall, whenever required to do so by any notice from the Comptroller, prepare and deliver within the time therein stated a list in a form approved by the Comptroller, signed by him, containing—

- (a) a true and correct statement of all such income;
- (b) the name and address of every person to whom the same shall belong.

Returns of interest

47. (1) Every person carrying on the trade or business of banking or any other trade or business which pays interest on sums of money received or retained shall whenever so required by notice furnished to the Comptroller within the time therein stated particulars of the names and addresses of the persons to whom interest was paid or credited and of the amount of the interest for the period specified.

(2) The Accountant General shall furnish the like particulars when required in respect of the Government Savings Bank.

(3) No particulars shall be required to be furnished where the amount of such interest applicable to any person does not exceed \$50.

(4) The Comptroller may require any bank or other person at any time to furnish a return showing the amounts credited or paid to any person by such bank or other person in respect of—

- (a) interest or dividends on investments abroad; and for
- (b) remittances from abroad,

together with the names and addresses of the persons to whom such sums were paid or credited.

Comptroller to make assessments

48. (1) The Comptroller shall proceed to assess every person chargeable with the tax as soon as may be after the date prescribed for delivering the returns.

(2) Where a person has delivered a return, the Comptroller may—

- (a) accept the return and make an assessment accordingly; or
- (b) refuse to accept the return and, to the best of his judgement, determine the amount of the chargeable income of the person and assess him accordingly.

(3) Where a person has not delivered a return and the Comptroller is of the opinion that such person is liable to pay tax, he may, according to the best of his judgement, determine the amount of the chargeable income of such person and assess him, accordingly, but such assessment shall not effect any liability otherwise incurred by such person by reason of his failure or neglect to deliver a return.

Appointment of agent in the United Kingdom

49. For the purpose of facilitating the assessment of the income of persons residing in the United Kingdom, the Governor, acting on the advice of the Cabinet, may appoint an agent in the United Kingdom who shall make enquires

on behalf of the Comptroller in respect of any such person as may apply to be dealt with through an agent, and shall ascertain and report to the Comptroller the amount of the chargeable income of such person in accordance with this Act, and shall forward to the Comptroller the accounts and computation upon which his report shall enter the amount reported in the assessment list:

Provided that, if it appears to the Comptroller that an error has occurred in the accounts or computation he may refer the report for further consideration:

Provided also that, nothing in this section shall affect the right of objection and appeal provided in this Act.

PART 10

COLLECTION AND RECOVERY OF TAX

Collection of tax

50. (1) Except in the case of deduction of tax at source under section 39, and on payment of emoluments, tax shall be payable on or before the thirtieth day of June in the year of assessment or within forty-five days of the date of service of the notice of assessment, whichever shall be the later date.

(2) Where a person carries on a trade, such person shall pay to the Accountant General, an amount of tax equal to that last assessed by the Comptroller, in three equal instalments during the months of February, April and June in the year of assessment, notwithstanding that no assessment has been made. In cases where the Comptroller is satisfied that the person carrying on the trade is likely to suffer a loss or reduction of profits, he may make any necessary adjustments to the assessments payable which he regards as fair and reasonable. The amounts paid shall be set off for the purpose of collection against the tax levied under an assessment and if too much has been paid a repayment shall be made, or if too little has been paid, the outstanding tax shall be recovered in accordance with the provisions of this Act. *(Amended by Act 14 of 2023)*

(Substituted by Act 35 of 1975 and amended by Acts 11 of 2007 and 14 of 2023)

Deduction on payment of emoluments

51. (1) Notwithstanding anything in this Act contained, on the making of any payment of or on account of any emoluments, tax shall, subject to and in accordance with any rules made under section 41, be deducted or withheld by the person making the payment.

(2) The tax directed to be deducted or withheld under subsection (1) shall be paid to the Accountant General by the person deducting or withholding the same at such time or times and by such date or dates as may be prescribed in the rules made under section 41 and on the payment thereof the Accountant General shall send to the payer a receipt which shall to the extent of the amount referred to therein be a good and sufficient discharge of the liability of the payer for any amount deducted or withheld under this section.

(3) If any person fails to remit to the Accountant General any amount directed to be deducted or withheld under subsection (1) by such date or dates as may be prescribed in the rules made under section 41, he shall be liable to a penalty of 5% of the amount or part thereof not remitted or \$1,000, whichever is the greater in addition to the amount itself with interest on the amount at the rate of ten percent *per annum*. (*Amended by Act 8 of 1999*)

(4) From the returns made as aforesaid and from any other information in his possession the Comptroller shall in and for every year and from time to time, make assessments, in respect of every taxpayer, setting forth the amount upon which tax is payable and the amount of the tax.

(5) Every such assessment shall be made in the form and manner prescribed by regulations, and in default of such regulations, or so far as they do not extend, then as the Comptroller thinks fit.

(6) It shall be the duty of every public officer to furnish the Comptroller on his application in writing with any information required by him for the purpose of this Act, and which may be in his possession or which he may be able to procure.

(7) All amounts deducted or withheld by any person under subsection (1) shall be deemed to be held in trust by such person for His Majesty, His heirs and successors for the use of Montserrat and shall be kept by such person separate and apart from his own moneys and shall not be subject to attachment in respect of any debt or liability of the said person and in the event of any liquidation, assignment, or bankruptcy the said remains apart and forms no part of the estate in liquidation, assignment or bankruptcy.

(8) Every person who shall have deducted or withheld any tax under subsection (1), shall deliver personally or send by post within such time or times as may be prescribed by rules made under section 41 to the person from whose emoluments the tax was deducted or withheld or to such other person, as may be prescribed by rules made under the said section, such certificate or account relating to the amount of tax deducted by him as may be prescribed by the said rules.

(9) If any person fails to comply with subsection (3) or shall fail to deliver or send to the Comptroller within such time or times as may be prescribed by rules made under the said section any return, account or certificate or any copy thereof which he may be required by the said rules to deliver or send to the Comptroller for the purpose of rendering him accountable to the Comptroller for any tax directed to be deducted or withheld by him under this section, he shall be guilty of an offence and liable on conviction by a court of summary jurisdiction to a fine of \$100 for every day during which such failure continues:

Provided that, it shall be a good and sufficient defence to any complaint brought under this subsection that any failure was not due to the wilful neglect or default of the defendant or of any person acting on his behalf. (*Amended by Act 8 of 1999*)

(10) The validity of an assessment shall not be affected by reason that any of the provisions of this Act have not been complied with by the tax payer.

(11) No action shall lie against any person for withholding or deducting any sum of money in compliance or intended compliance under subsection (1).

(12) Where, by this Act, any obligation is imposed on any person to deduct or withhold any tax under subsection (1) any agreement made by any such person not to withhold or deduct such tax shall be void and of no force or effect whatsoever.

(13) Every person from whose emoluments any amount shall be deducted or withheld under subsection (1) shall upon the amount being so deducted or withheld be deemed to have paid the same and shall thereupon cease to be liable for tax to the extent of the amount so deducted.

When tax deducted from payments to non-residents is due and payable

52. Any tax deducted or deductible from the payment of any income to which section 39 applies to a non-resident shall be due and payable by the person responsible for making such deduction within fifteen days after the end of the month during which that tax was deducted or deductible.

(Inserted by Act 2 of 1986)

Definition of emoluments for purposes of section 51

53. For the purposes of section 51 the expression “**emoluments**” means all salary, wages, overtime, bonus, commission or other amounts for services, perquisites, directors fees, retiring allowances or pension arising or accruing in or derived from or received in Montserrat and which are assessable to income tax but shall not include any salary or share of profits arising from a trade, profession or vocation carried on by any person either by himself or in partnership with any other person.

PART 11

DOUBLE TAXATION RELIEF

Relief for tax paid in the Commonwealth

54. (1) Subject to subsection (3), if any person who has paid by deduction or otherwise or is liable to pay tax under this Act for any year of assessment on any part of his income, proves to the satisfaction of the Comptroller that he has paid, by deduction or otherwise or is liable to pay Commonwealth income tax for that year in respect of the same part of his income, he shall be entitled to relief from tax on that part of his income at a rate determined in subsection (2).

(2) (a) In the case of a resident in Montserrat the relief shall be—

- (i) if his rate of Commonwealth income tax does not exceed one half of his rate of tax in Montserrat, at his rate of Commonwealth income tax;

- (ii) in any other case, at half his rate of tax in Montserrat.
- (b) In the case of a person not resident in Montserrat the relief shall be—
- (i) if his rate of Commonwealth income tax does not exceed his rate of tax in Montserrat, at half his rate of Commonwealth income tax;
 - (ii) in any other case, at a rate equal to the excess of his rate of tax over one half of Commonwealth income tax.
- (3) No relief shall be granted in accordance with subsection (1) in respect of Commonwealth income tax charged in any part of the Commonwealth unless the Legislature of that part has provided for relief in respect of tax charged on income both in that part and in Montserrat in a manner similar to that part provided for this section.

(4) The expression “**rate of tax**” when applied to tax paid or payable under this Act, means the rate determined by dividing the amount of the tax paid or payable for that year (Double Taxation Relief being left out of account) by the total income for that year, except that where the income which is the subject of a claim to relief under this section is computed by reference to section 18 of an amount other than the ascertained amount of the actual profits, the rate of tax shall be determined by the Comptroller.

(5) Where a person is, for any year of assessment, resident in Montserrat and in a part or place in which Commonwealth income tax is chargeable, he shall, for the purposes of this section, be deemed to be resident where, during that year, he resides for the longer period.

Double taxation arrangements

55. (1) If the Governor, acting on the advice of the Cabinet, by Order declares that arrangements specified in the Order have been made with the Government of any territory outside of Montserrat with a view to affording relief from double taxation in relation to income tax or any tax of a similar character imposed by the laws of that territory, and that it is expedient that those arrangements should have effect, the arrangements shall have effect in relation to income tax notwithstanding anything to the contrary contained in any enactment. *(Amended by Act 9 of 2011)*

(2) On the making of an Order under this section with respect to arrangements relating to any territory forming part of the Commonwealth, section 54 shall cease to have effect as respects that territory except in so far as the arrangements otherwise provide.

(3) Any Order made under this section may be revoked by a subsequent Order.

(4) The Governor, acting on the advice of the Cabinet, may make rules for carrying out of the provisions of any arrangements having effect under this section. *(Amended by Act 9 of 2011)*

(5) Notwithstanding anything in any enactment contained, an Order made under this section may be given retrospective effect from any date specified in the said Order.

Tax credits

56. (1) This section has effect where, under section 55, tax payable (hereinafter called “**foreign tax**”) in respect of any income in the territory with the Government of which the arrangements are made, is to be allowed as a credit against tax payable in respect of that income in Montserrat.

(2) The amount of the tax chargeable in respect of the income shall be reduced by the amount of the credit:

Provided that, credit shall not be allowed against tax for any year of assessment unless the person entitled to the income is resident in Montserrat for that year.

(3) The credit shall not exceed the amount produced by applying the “**rate of tax**” as defined in section 54(4) to each amount of income assessable in Montserrat which is doubly taxed and the total credit shall not exceed the total tax chargeable before deducting any credit.

(4) In computing the amount of the income—

- (a) where the tax chargeable depends on the amount received in Montserrat the said amount shall be increased by the appropriate amount of the foreign tax in respect of the income;
- (b) where the income includes a dividend and under the arrangements foreign tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so, what credit is to be given against income tax in respect of the dividend, the amount of the income shall be increased by the amount of the foreign tax not so chargeable which fails to be taken into account in computing the amount of the credit; but notwithstanding anything in this Act a deduction shall be allowed of any amount by which the foreign tax in respect of the income exceeds the credit thereof.

(5) Subsection (4)(a) (but not the remainder thereof) shall apply to the computation of total income for the purposes of determining the rate of tax mentioned in section 54(4).

(6) Where—

- (a) the arrangements provide, in relation to dividend of some classes, but not in relation to dividends of other classes, that foreign tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be given against tax in respect of the dividends; and

- (b) a dividend is paid which is not of a class in relation to which the arrangements so provide,

then if the dividend is paid to a company which controls, directly or indirectly not less than one half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

(7) Credit shall not be allowed under the arrangements against tax chargeable in respect of the income of any person for any year of assessment if he elects that credit shall be allowed in the case of his income for that year.

Time limit for claims

57. (1) Any claim for an allowance for relief or by way of credit shall be made not later than 6 years after the end of the year of assessment and in the event of any dispute as to the amount allowable the claim shall be subject to objection and appeal in like manner as an assessment.

(2) Where the amount of any relief or credit given under this Act is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in Montserrat or elsewhere, nothing in this Act limiting the time for the making of assessment or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than six years from the time when all such assessments, adjustments and other determinations have been made, whether in Montserrat or elsewhere, as are material in determining whether any, and if so what, credit fails to be given.

Adjustment of tax deducted from dividends and set-off

58. (1) Where the tax paid or payable by a company is affected by double taxation relief, the amount to be repaid in respect of the tax deductible from any dividend paid by the company shall be reduced as follows—

- (a) if no tax is chargeable on the recipient in respect of the dividend the reduction shall be an amount equal to tax on the amount on the gross dividend at the rate of double taxation relief applicable thereto;
- (b) if the rate of tax chargeable on the recipient in respect of the dividend is less than the rate of double taxation relief applicable to the dividend, the reduction shall be an amount equal to tax on the gross dividend at the difference between those two rates.
- (2) For the purposes of this section—
- (a) if the income of the person chargeable includes one dividend such as is mentioned in the preceding subsection, that dividend shall be deemed to be the highest part of his income;
- (b) if his income includes more than one such dividend a dividend shall be deemed to be a higher part of his income than another

dividend if the net local rate applicable to the former dividend is lower than that applicable to the latter dividend;

- (c) where the tax is chargeable at different rates in respect of different parts of any such dividend, or where tax is chargeable in respect of some part of any such dividend and is not chargeable in respect of some other part thereof, each part shall be deemed to be a separate dividend.
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SCHEDULE 1

(Section 39)

DEDUCTION OF TAX FROM PAYMENTS TO NON-RESIDENTS

Application

1. (1) This Schedule applies to every person who makes any payment by way of—
- (a) a dividend;
 - (b) interest or discounts;
 - (c) rental, lease premium or licence in relation to immovable property;
 - (d) rental of plant, machinery, equipment or other movable property;
 - (e) royalty;
 - (f) management charge;
 - (g) commission or fee, not being in respect of an emolument to which section 51 applies;
 - (h) annuities or other periodic payments including payments by way of alimony or maintenance;
 - (i) the distribution of income of a trust, being income of the kind specified in paragraph (a) to (h);
 - (j) any other payment of an income nature,

to a non-resident, and subject to sub-paragraph (2) does not apply to any other payments to a non-resident carrying on business or exercising employment in Montserrat.

(2) This Schedule also applies to any payment to a non-resident in respect of independent personal services performed in Montserrat other than by way of carrying on a business in Montserrat through a permanent establishment in Montserrat.

(3) Where the accounts of a business are maintained on an accrual basis and during the basic year any amount of the kind specified in sub-paragraphs (1) and (2) is charged as an expense but payment is not made, tax shall be deducted and accounted for to the Comptroller as if payment had been made on the last day of such basic year.

(4) For the purposes of proviso (a) to paragraph 2, where the income accruing to a trust is of different kinds, it shall be treated as retaining such character for determining the rate of tax to be deducted therefrom by the trustee.

Deduction to be made by person making payment

2. Where any payment is made to which this Schedule applies, then such amount shall not form chargeable income of the person to whom the payment is made and the person making such payment shall deduct tax from the gross amount of such payment at the rate specified in paragraph 3;

Provided that—

- (a) where the income accrues to a trust and a non-resident beneficiary is entitled to the immediate benefit of the whole or part thereof, the trustee shall deduct the tax;
- (b) where income which accrues to a non-resident is payable by another non-resident, then, for the purposes of collection of the tax imposed by this section, the Comptroller may without relieving the payer of his obligations under this Schedule, impose the charge directly on the non-resident to whom the income accrues and the general provisions of Part 10 relating to the recovery of tax shall apply;
- (c) where income accrues to a non-resident, payable to a bank or other agent on behalf of the non-resident, then for the purposes of collection of the withholding tax, such bank or agent shall deduct and account for the tax required to be deducted under this Schedule.

Rate of tax to be deducted

3. (1) Tax shall be deducted from the actual amount paid by way of—
- (a) dividends, at the rate of 15%;
 - (b) rental payments in respect of immovable property, at the rate of 10%;
 - (c) rental payments in respect of movable property at the rate of 20%;
 - (d) fees payable to public entertainers at the rate of 20%;
 - (e) any other payments of the kind specified in paragraph 1 at the rate of 20%,

of every dollar of such payment and shall be the final liability in respect of such income.

(2) Section 13(1) of the Act does not apply to the payments specified in subparagraph (1). (*Inserted by Act 13 of 1995*)

Certificate and record of payments made and tax deducted

4. (1) Every person who has deducted any tax under this Schedule shall furnish to the person to whom payment is made, a certificate showing the gross amount of the payment made and the tax deducted therefrom.

(2) Every person making any payment to which this Schedule applies shall maintain a record showing in relation to each calendar year—

- (a) the nature of the payment;
- (b) the gross amount thereof;
- (c) the amount of tax deducted therefrom; and
- (d) the name and address of the non-resident and such record shall be kept available for examination by the Comptroller as and when required.

Returns of deductions and remittances of tax

5. Every person shall when making any payment under section 52 furnish a return in such form as the Comptroller may approve, showing the amount of tax deducted and

remitted, together with a copy of all certificates issued under paragraph 4 in respect of such deduction of tax.

Personal liability where failure to deduct tax

6. (1) Where any person fails to deduct any tax under this Schedule he shall, in addition to any penalty for which he may be liable, be personally liable to pay to the Comptroller within the time specified in section 52 the amount which he has failed to deduct.

(2) Where any person pays to the Comptroller the amount of tax which he failed to deduct, such amount shall be deemed to have been deducted under this Schedule.

(3) The person making any payment to the Comptroller under this paragraph shall be entitled to recover such amount from the person to whom payment was made.

(4) Where any person has failed to deduct tax as required under this Schedule but the Comptroller is satisfied that tax deducted from earlier or later payments is sufficient to meet the amount of tax which he has failed to deduct, the Comptroller may absolve such person from his liability under sub-paragraph (1).

SCHEDULE 2*(Section 35(a))***RATES OF TAX**

The rate of income tax for the years of assessment commencing on or after 1 January, 1999 are as follows—

On every dollar of the first \$2,500 of chargeable income – 20 cents in the dollar;

On every dollar of the next \$6,000 of chargeable income viz. from \$2,501 to \$8,500 – 25 cents in the dollar;

On every dollar beyond \$8,500 of chargeable income – 30 cents in the dollar.

The rates of income tax for any year of assessment commencing on or after 1 January, 2006 are as follows—

On every dollar of the first \$5,000 of chargeable income – 15 cents in the dollar;

On every dollar of the next \$6,000 of chargeable income viz. from \$5,001 to \$11,000 – 25 cents in the dollar;

On every dollar beyond \$11,000 of chargeable income – 30 cents in the dollar.

The rates of income tax for any year of assessment commencing on or after 1 January, 2013 are as follows—

On every dollar of the first \$5,000 of chargeable income – 5 cents in the dollar;

On every dollar of the next \$5,000 of chargeable income viz. from \$5,001 to \$10,000 – 15 cents in the dollar;

On every dollar of the next \$5,000 of chargeable income viz. from \$10,001 to \$15,000 – 25 cents in the dollar;

On every dollar of the next \$120,000 of chargeable income viz. from \$15,001 to \$135,000 – 30 cents in the dollar;

On every dollar beyond \$135,000 of chargeable income – 40 cents in the dollar.

(Substituted by Act 21 of 2011)

The rates of income tax for any year of assessment commencing on or after 1 January 2024 are as follows—

On every dollar of the first \$7,000 of chargeable income, viz. from \$18,001 to \$25,000 – 5 cents in the dollar;

On every dollar of the next \$10,000 of chargeable income, viz. from \$25,001 to \$35,000 – 20 cents in the dollar;

On every dollar of the next \$10,000 of chargeable income, viz. from \$35,001 to \$45,000 – 25 cents in the dollar;

On every dollar of the next \$105,000 of chargeable income, viz. from \$45,001 to \$150,000 – 30 cents in the dollar;

On every dollar beyond \$150,000 of chargeable income – 40 cents in the dollar.

(Inserted by Act 20 of 2024)

SCHEDULE 3*(Section 35(b))***RATES OF TAX ON PENSIONS**

The rate of income tax on pension for any year of assessment commencing on or after 1 January, 2008 is as follows—

On every dollar up to \$60,000	-	0%
On every dollar beyond \$60,000	-	5%

(Substituted by Act 21 of 2011)

INCOME TAX (EMPLOYMENT) RULES

ARRANGEMENT OF RULES

RULE

1. Short title
2. Interpretation
3. Filing of declaration
4. Deduction of tax on emoluments
5. Deduction of tax on bonuses
6. Power of Comptroller re deduction
7. Deceased employees
8. Exemptions from deductions
9. Limits on deductions
10. Determination of questions
11. Payment of tax deducted
12. Accounting for tax deducted
13. Statement by employers re bonuses
14. Annual Returns by employers
15. Certificate: Former employee
16. Employer ceasing business
17. Death of employee
18. Furnishing of particulars
19. Record of emoluments

MISCELLANEOUS AND PENALTIES

20. Liability of personal representative
21. Change of employer
22. Declaration by employee
23. Tax tables
24. Inspection of wage sheets
25. Notice of complaint
26. Determination of complaint
27. Notices
28. Proceedings
29. Failure to deduct
30. Offences: Non-residents
31. Charges of income
32. Obstruction

INCOME TAX (EMPLOYMENT) RULES—SECTION 41

(S.R.O. 3 of 1968 and Act 9 of 2011)

Commencement

[1 January 1968]

Short title

1. These Rules may be cited as the Income Tax (Employment) Rules.

Interpretation

2. In these Rules—

“**appropriate form**” means a form approved by the Comptroller for use in any particular case authorised by these Rules;

“**declaration**” means the declaration referred to in rule 3(1);

“**employee**” means any person in receipt of emoluments;

“**employer**” means any person paying emoluments whether on his account or on behalf of another person;

“**total allowances**”, in relation to an individual, means the aggregate of any deductions to which an individual is entitled under the Income Tax Act 1967 in respect of himself, his wife, children or dependent relatives and includes that amount of the premiums payable by the individual in each year in respect of a policy or policies of insurance not exceeding 7% of the capital sum assured in respect of which the premium is payable or an amount equal to one sixth part of the gross income, whichever is the less, and any sum deducted from his emoluments by his employer for or in respect of any amount contributed to any scheme or fund as the Governor acting on the advice of Cabinet may approve.

(Amended by Act 9 of 2011)

Filing of declaration

3. (1) Every person to whom any payment is made of or on account of any emoluments shall, for the purpose of enabling any deductions which may be made under section 71 of the Income and Corporation Tax Act, file with the person making the payment a declaration in duplicate in a form approved by the Comptroller declaring such particulars as may be prescribed by rules made under the said Act:

Provided that, a declaration shall not be filed by—

- (a) a person resident outside of Montserrat;
- (b) such persons as may be specified by, or who comply with, any conditions required by the Comptroller by notice published in the manner provided by these Rules unless the Comptroller in any particular case authorises any such person to file a declaration; and

Provided further that, if any person entitled to file a declaration is at the time in the employment of more than one person by whom any emoluments are paid, he shall file a declaration with only such one of the persons by whom such emoluments are paid as he may consider to be the chief employer.

(2) The duplicate copy of every such declaration shall be forwarded to the Comptroller within seven days of such declaration having been made.

(3) Where an employee works under the general control and management of a person who is not his immediate employer, that person (referred to hereafter in this rule as the “**principal employer**”) shall be deemed to be the employer for the purpose of these Rules, and the immediate employer shall furnish the principal employer with such particulars of the employee’s emoluments as may be necessary to enable the principal employer to comply with these Rules.

(4) If the employee’s emoluments are actually paid to him by the immediate employer—

- (a) the immediate employer shall be notified by the principal employer of the amount of tax to be deducted when the emoluments are paid to the employee and shall deduct the amount so notified to him accordingly; and
- (b) the principal employer shall make a corresponding deduction on making to the immediate employer the payment out of which the said emoluments will be paid.

(5) Every employer shall before employing, and in any event before paying any emoluments to an employee obtain from him his worker’s number which shall be prescribed by the Comptroller of Inland Revenue. In the event of doubt such number should be certified by the Comptroller before any payment is made.

Deductions of tax on emoluments

4. (1) Subject to rules 5, 6 and 8, on the occasion of any payment of emoluments to an employee, the employer shall deduct as tax the amount appearing in the appropriate column of the table of the tax tables to be used opposite to that amount appearing in the first column of the said table which is the same as or the nearest to the amount of the emoluments due to the employee:

Provided that, where—

- (a) the pay period for which the emoluments are to be paid is not provided for in the tax tables; or
- (b) the emoluments paid per pay period are greater than any amount provided for in the first column of the table to be used; or
- (c) the total allowances claimed exceed the amount provided for in the tax tables,

the amount to be deducted shall be determined by the Comptroller.

(2) In the event of the amount of the emoluments due to the employee being an amount exactly between two amounts appearing in the first column of the table to be

used, the tax to be deducted shall be that amount appearing in the appropriate column of the said table opposite to the larger of the two such amounts.

(3) For the purposes of this rule, the table of the tax tables to be used shall be that table of the tax tables prepared by the Comptroller pursuant to rule 23 which takes into account total allowances and corresponds to the pay period for which the emoluments are to be paid, and the appropriate column shall be the column of the said table appearing under that range of total allowances specified in the table within which the total allowances specified in the table within which the total allowances of the employee or the greater part thereof from whom tax is to be deducted is included:

Provided that, in the case of an employee—

- (a) resident abroad; or
- (b) from whom a declaration has not been received by the employer or who is not entitled in accordance with the provisions contained in the second proviso to rule 3(1) to file a declaration,

the table of the tax tables to be used shall be that prepared by the Comptroller pursuant to rule 23 of these Rules without taking into account total allowances and which corresponds to the pay period for which the emoluments are to be paid, and the appropriate column shall in such cases be the second column of that table.

Deduction of tax on bonuses

5. On payment of a bonus or payment of any sum to meet any retroactive increases of emoluments granted to an employee, the following deductions of tax shall, subject to rules 6 and 8, be made by the employer in accordance with the following—

- (a) where the employee is at the date of the payment of the bonus in receipt of emoluments from the employer paying the bonus, then—
 - (i) the total amount of bonus shall be divided by the number of pay periods—daily, weekly, or monthly—(appropriate to the employee) in the year in which is paid; and
 - (ii) the resulting amount shall be added to the amount of emoluments (before tax was deducted) which were payable to the employee in the pay period immediately preceding the date on which the bonus is paid; and
 - (iii) the amount of tax which should have been deducted in the immediately preceding pay period aforesaid in respect of such aggregate sum shall be determined by reference to the appropriate tax table; and
 - (iv) the amount of tax to be deducted from the bonus shall be the difference between the tax, determined under paragraph (iii) and the tax, if any, actually deducted in the immediately preceding pay period aforesaid, multiplied by the number of pay periods in the year;
- (b) where the employee is at the date of the payment of the bonus no longer in receipt of emoluments from the employer paying the bonus the

amount of tax to be deducted shall be computed in accordance with rule 5 and where the bonus is paid after five years of cessation of employment, deduction shall be made in accordance with the directions of the Comptroller;

- (c) in the case of a retroactive payment, the amount of tax to be deducted shall be the difference between the total tax that should have been deducted pursuant to rule 4 if such payment had been spread evenly over those pay periods for which payment is made and added to the amounts of emoluments paid over such pay periods and the amount of tax deducted in respect of those pay periods prior to the making of the retroactive payment;
- (d) in the case of an annual payment the tax to be deducted shall be in accordance with the directions of the Comptroller or any table which may be prescribed.

Power of Comptroller re deduction

6. (1) The Comptroller may direct employers as to the amount of tax, if any, to be deducted from—

- (a) the emoluments of employees engaged in casual or seasonal employment; or
- (b) the emoluments of any other class of case which in the opinion of the Comptroller is a class of case of such a nature that deduction of tax by reference to the tax tables would be impracticable or would constitute undue hardship.

(2) Without prejudice to subparagraph (1), any directions given under this rule may, in particular include directions as to the manner in which the tax, if any, shall be deducted, the period over which such deduction shall be made and such other matters as the Comptroller may think fit and any employer to whom any such directions may be so given shall comply with the direction so given.

Deceased employees

7. If any emoluments are paid by an employer at any time after the date of death of an employee the employer by whom the emoluments are paid shall subject to rule 8, on making any such payment, deduct in accordance with these Rules the tax on those emoluments as if the deceased employee was still alive at the date of the payment.

Exemptions from deductions

8. Tax shall not be deducted by any employer from—

- (a) emoluments paid outside Montserrat to an employee outside of Montserrat; or
- (b) a pension benefit or retiring allowance arising out of an employment which was wholly carried on outside of Montserrat; or
- (c) the emoluments of any person to whom a notice published pursuant to rule 3(1)(b) applies,

unless the Comptroller, in any particular case, directs the employer to deduct tax.

Limits on deductions

9. The amount of tax to be deducted pursuant to any direction given by the Comptroller in any particular case shall in no event exceed the amount of tax which is deductible or would be deductible by reference to the tax tables where such tables provide for the deduction except in the case where an employee requests and such request is granted by the Comptroller that a greater amount of tax be deducted than is provided by the tables.

Determination of questions

10. If any question shall arise as to—

- (a) the amount of tax to be deducted on payment of any emoluments; or
- (b) whether or not any emoluments are of any class of case specified in rule 6 or in a notice published pursuant to rule 3(1)(b); or
- (c) whether or not payment of emoluments is a payment of a bonus or a retroactive payment,

such question shall be determined by the Comptroller.

Payment of tax deducted

11. Within the first fifteen days of every month, every employer will pay to the Accountant General the total amount of tax deducted by him in accordance with these Rules during the immediately preceding month:

Provided that, where an employer ceases to carry on business all amounts of tax deducted by him pursuant to these Rules and not paid to the Accountant General shall be paid by him to the Accountant General within seven days of the day on which the last payment of emoluments was made.

Accounting for tax deduction

12. Every payment of tax made pursuant to rule 11 shall be accompanied by a return made out on the appropriate form by or on behalf of the employer and such return shall be forwarded by the Accountant General to the Comptroller.

Statements by employees re bonuses

13. Where the payment of a bonus or of any sum to meet any retroactive increases of emoluments granted to an employee is made at any time in any year and the whole or any part of such payment relates to any periods of any calendar year preceding the year in which such payment is made, the employer shall within seven days of such payment being made deliver or send by post to the Accountant General a separate account of such payments made out on the appropriate form and showing the total of such emoluments paid and the total amount of tax deducted therefrom.

Annual returns by employers

14. (1) Within the month of January of each year next following a year in which tax was deducted from the emoluments of an employee the employer by whom tax was deducted shall, unless he has previously delivered or sent to the employee a certificate provided for by rules 15, 16 or 17 deliver personally or send by post to the employee a certificate made out on the appropriate form and containing the following particulars namely—

- (a) the name and address of the employee;
- (b) the number used to identify the employee;
- (c) the total amount of all emoluments paid by him to the employee during the year immediately preceding that in which the certificate is by this rule required to be sent or delivered;
- (d) the total amount deducted by him for or in respect of any amount contributed by the employee to any scheme or fund approved by the Governor acting on the advice of Cabinet;
- (e) the total amount of tax deducted in accordance with these Rules from those emoluments;
- (f) the appropriate code number of the tax table, if any, used in making the deductions of tax; and
- (g) the date when the employment commenced if subsequent to 1 January in the year to which the certificate relates.

(Amended by Act 9 of 2011)

(2) The employer required by this Rule to deliver or send a certificate to the employee shall make on the appropriate forms of two copies of the said certificate which he shall deliver personally or send by post to the Comptroller by 1 January.

Certificate: Former employee

15. (1) If the employer ceases to employ an employee from whose emoluments tax was deducted by him in accordance with these Rules he shall, not later than the day on which the last payment of emoluments was made, deliver personally or send by post to the employee a certificate on the appropriate form containing the following particulars namely—

- (a) the name and address of the employee;
- (b) the number used to identify the employee;

- (c) the date on which the employment ceased;
- (d) the total amount of all emoluments paid by him to the employee from 1 January of the year in which the employment ceased up to and including the day on which the last payment of emoluments was made to the employee;
- (e) the total amount deducted by him for or in respect of any amount contributed by the employee to any scheme or fund approved by the Governor acting on the advice of Cabinet;
- (f) the total amount of tax deducted in accordance with these Rules from those emoluments; and
- (g) the appropriate code number of the tax table, if any, used in making the deductions of tax.

(Amended by Act 9 of 2011)

(2) The employer shall make on the appropriate form two copies of the said certificate which he shall deliver personally or send by post to the Comptroller the day on which the last payment of emoluments was made.

(3) Retirement on pension shall not be treated as cessation of employment for the purposes of this rule if the emoluments are paid by the same person both before and after the retirement.

Employer ceasing business

16. (1) If any employer ceases to carry on business he shall, with respect to each employee from whose emoluments any tax was deducted during the year in which the business ceased, personally deliver or send by post not later than the last day on which a payment of emoluments was made to that employee a certificate made out on the appropriate form and containing the particulars specified in rule 14 for or in respect of a period beginning with the first day of the year in which the business ceased to be carried on and terminating on the day of cessation of that business:

Provided that, in the case of a business commenced to be carried on in the year in which it ceases on a day other than 1 January in that year, the date of commencement of the period for or in respect of which the particulars of the certificate shall relate, shall be the date on which the business commenced to be carried on in that year.

(2) The employer shall make on the appropriate forms two copies of the said certificate which he shall deliver personally or send by post to the Comptroller within one month of the day of cessation of the business.

Death of employee

17. (1) On the death of an employee the employer shall, not later than the fifteenth day of the month next following that in which the death occurred, deliver personally or send by post to the personal representative or next of kin of the deceased employee if known to him, the certificate mentioned in rule 15.

(2) The employer shall at the same time deliver personally or send by post to the Comptroller two copies of the said certificate made on the appropriate forms and

shall insert thereon the name of the personal representative of the deceased employee, if known to him.

Furnishing of particulars

18. Every employer on making any payment of emoluments to an employee from whom tax is deducted pursuant to these Rules, shall furnish to the employee particulars of the payment including particulars of the gross emoluments for the pay period and of the amount of tax deducted therefrom, in such form as may be approved by the Comptroller:

Provided that, the Comptroller may in his discretion exempt from this rule all or any employers in respect of such classes of employees as he shall think fit. Any such exemption may at any time be revoked by the Comptroller.

Record of emoluments

19. Every employer on making any payment of emoluments to an employee shall keep to the satisfaction of the Comptroller a record of the emoluments paid to each such employee and the tax, if any, deducted therefrom on each payment thereof.

MISCELLANEOUS AND PENALTIES

Liability of personal representative

20. If an employer dies, anything which he would have been liable to do under these Rules shall be done by his personal representative, or, in the case of an employer who paid emoluments on behalf of another person, by the person succeeding him or if no person succeeds him, the person on whose behalf he paid the emoluments.

Change of employer

21. (1) This rule applies where there has been a change in the employer from whom an employee received emoluments in respect of his employment in any trade, business concern or undertaking or in connection with any property, or from whom an employee receives any annuity or pension or allowance in respect of past service.

(2) Where this rule applies the change shall not be treated as a cessation of employment for the purposes of rule 15, but, in relation to any matter arising after the change, the employer after the change shall be liable to do anything which the employer before the change would have been liable to do under these Rules if the change had not taken place:

Provided that, the employer after the change shall not be liable for the payment of any tax which was deductible from emoluments paid to the employee before the change took place.

Declaration by employee

22. (1) The declaration which a person may file pursuant to rule 3(1), may include particulars of all or any of his total allowances as the employee by whom the declaration is filed may think fit.

(2) A person entitled and wishing to file a declaration under rule 3(1) shall do so at the following times—

- (a) on the day on which his employment commences;
- (b) within seven days of the day on which a change occurs in the total allowances to which he is entitled;
- (c) within such time or times as may be specified by notice published by the Comptroller in the Official *Gazette* and at least one newspaper in Montserrat, or in such other manner as the Comptroller shall think fit:

Provided that, the Comptroller may in his discretion permit any such person to file a declaration at any time other than the aforesaid times.

Tax tables

23. (1) The tax tables shall be constructed with a view to securing that so far as practicable the tax to be deducted pursuant to these Rules from the emoluments of any employee may be readily ascertained and with a view to securing that so far as practicable the total tax payable in respect of any emoluments is deducted from the emoluments paid during the year.

(2) Separate tables shall be prepared for daily, weekly and monthly pay periods. Such tables shall, make provision for such ranges of total allowances and for such amounts of emoluments as the Comptroller shall think fit.

(3) In addition to the tables required by paragraph (2), tables shall be prepared relating to such of the pay periods referred to in that paragraph as the Comptroller shall think fit, but without taking into account any total allowances.

(4) For the purposes of this rule, references to the total tax payable shall in relation to the tables referred to in paragraph (2) be construed as references to the total tax estimated to be payable having regard only to the allowances provided for by these Rules and without aggregating emoluments from two or more sources or other income and in relation to the tables referred to in paragraph (3) shall be construed as references to the total tax estimated to be payable without having regard to any allowances whatever and without aggregating emoluments from two or more sources or other income.

Inspection of wage sheets

24. Every employer, when called upon to do so by the Comptroller or any person authorised in writing by him shall produce to the Comptroller such authorised person for inspection at the employer's premises, all wages sheets and other documents and records whatsoever relating to the calculation or payment of the emoluments of his employees or the deduction of tax therefrom or the accounting of any tax deducted therefrom.

Notice of Complaint

25. If any employee considers that any tax deducted by his employer is less than or in excess of the amount of tax that ought properly to be deducted in accordance with

these Rules from his emoluments, he may in writing give notice of complaint, stating the grounds of his complaint, to the Comptroller.

Determination of complaint

26. In the event of the Comptroller being satisfied on the complaint of any employee made under rule 25 that any tax in excess of the amount that ought properly to have been deducted in accordance with these Rules from the emoluments of the employee was deducted by the employer, he shall as soon as practicable cause the excess to be refunded to the employee.

Notices

27. Any notice published by the Comptroller pursuant to rule 3(1)(b) shall be published in the Official *Gazette* and at least one newspaper in Montserrat or in such other manner as the Comptroller may think fit.

Proceedings

28. (1) Proceedings on complaint may be brought in accordance with the procedure set out in section 74 of the Income and Corporation Tax Act for the recovery of the total amount of tax which an employer is liable to pay to the Accountant General within the times specified in rule 11 with or without the complaint distinguishing the amounts which the employer is liable to pay in respect of each employee and with or without the complaint specifying the employees in question, and for the purposes of such proceedings, the said total amount shall be one matter or complaint; but nothing in this rule shall prevent the bringing of separate complaints for the recovery of each of the several amounts which the employer is liable to pay within the first fifteen days of every month in respect of his several employees.

(2) A certificate of the Comptroller that any amount of tax as is mentioned in paragraph (1) has not been paid to the Accountant General, or to the best of his knowledge and belief, to any person acting on his behalf, shall be sufficient evidence that the sum mentioned in the certificate is due and unpaid; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

Failure to deduct

29. If an employer shall wilfully fail or neglect to deduct tax in accordance with these Rules or any direction given thereunder by the Comptroller he commits an offence and is liable on conviction by a court of summary jurisdiction to a fine of \$1,000 and in default of payment to a term of imprisonment of four months and after judgment has been given for that penalty to a further penalty of \$50 for every day during the failure or neglect to deduct or pay over any tax continues.

Offences: Non-residents

30. If any person resident outside of Montserrat or any married woman whose income pursuant to rule 3(1) is chargeable in the name of her husband, shall without the permission of the Comptroller, file a declaration with his or her employer, or if any employee in the employment of more than one employer shall contrary to the proviso

to 3(1)(b) file a declaration with more than one his employers, he commits an offence and is liable on conviction by a court of summary jurisdiction to a fine of \$50.

Charges of income

31. If on a charge occurring in the total allowances of any person by whom a declaration has been filed which results in the total allowances of that person being less than the total allowances claimed by him in his declaration, such person shall wilfully fail or neglect to file a further declaration within the time specified in rule 22(2)(b) he commits an offence and is liable on conviction by a court of summary jurisdiction to a fine of \$50.

Obstruction

32. If any person shall hinder, prevent or obstruct the Comptroller or any person authorised in writing by him from inspecting any wages sheets or other documents or records mentioned in rule 24 after being called upon to produce the same, he commits an offence and is liable on conviction by a court of summary jurisdiction to a fine of \$1,000 or to imprisonment for a term of one month or to both such fine and imprisonment.

INCOME TAX RULES

ARRANGEMENT OF RULES

RULES

1. Short title
2. Interpretation
3. Date for delivering returns
4. Method of determining the annual value of land and improvements
5. Depreciation or wear and tear
6. Form of income tax return.
7. Notice to deliver return
8. Form of notice to furnish particulars
9. Form of notice to employer to deliver statement
10. Form of notice to representative or agent
11. Payment of tax

SCHEDULES

INCOME TAX RULES – SECTION 41

(S.R.O.s 2/1946 and 21/1959 and Act 21 of 2011 and S.R.O. 37/2015)

Short title

1. These Rules may be cited as the Income Tax Rules.

Interpretation

2. In these Rules—

“**Act**” means the Income and Corporation Tax Act

“**Comptroller**” means the Comptroller of Inland Revenue.

Date for delivering returns

3. Returns of income required to be delivered to the Comptroller under section 50 of the Act shall be delivered—

(a) in the case of public officers and pensioners not later than 31 January of the year of assessment in respect of that portion of their income which is derived out of the public revenue of Montserrat;

(b) in every other case not later than 31 March of the year of assessment:

Provided that, the Comptroller may at his discretion extend the time for delivering the return to such date as he deems proper.

Method of determining the annual value of land and improvements

4. (1) The annual value of land and improvements thereon used by or on behalf of the owner, or used rent free by the occupier, for the purpose of residence or enjoyment, and not for the purpose of gain, shall be understood to be 5% of the estimated value thereof less the following deductions—

- (a) the amount paid for land or house tax during the year immediately preceding the year of assessment;
- (b) the amount expended during the year immediately preceding the year of assessment on repairs:

Provided that, this deduction shall not exceed one percent of the estimated value of the property;

- (c) the amount expended during the year immediately preceding the year of assessment in insuring the property against fire, etc.:

Provided that this deduction shall not exceed one and one quarter percent of the estimated value of the property;

- (d) the amount of any interest on a mortgage or loan where the Comptroller is satisfied that the mortgage or loan was effected in connection with the purchase or improvement of the property.

(2) The Comptroller may, if they deem it necessary, appoint a fit and proper person or persons for the purpose of estimating the value of properties.

Depreciation or wear and tear

5. (1) The deduction to be allowed under section 15 of the Act for wear and tear of property including plant and machinery shall be at such rate as the Comptroller may consider just and reasonable.

(2) No deduction for wear and tear shall be allowed for any year if the deduction, when added to the deductions allowed on account of previous years will make the aggregate amount of the deductions exceed the actual cost of the plant or machinery, including in that actual cost any expenditure in the nature of capital expenditure on the plant or machinery by way of renewal, improvement or re-instatement.

Form of income tax return

6. (1) The return of income required to be delivered to the Comptroller under section 43 of the Act shall be in Form A, Form B or Form C of Schedule B.

(2) Form A shall be completed by an individual with a single source of income, who may also claim social security payments and life and health insurance premiums.

(3) Form B shall be completed by all other individuals.

(4) Form C shall be completed with respect to a person other than an individual.

(Substituted by Act 21 of 2011 and amended by S.R.O. 37/2015)

Notice to deliver return

7. The notice to a person who has not complied with section 43 of the Act requiring him to make and deliver a return of his income shall be in the form contained in Schedule C.

Form of notice to furnish particulars

8. The notice to a person requiring him under section 47 of the Act to furnish particulars of his income shall be in the form contained in Schedule D.

Form of notice to employer to deliver statement

9. The notice to employers provided for under section 44(1) of the Act shall be in the form contained in Schedule E.

Form of notice to representative or agent

10. The notice to a representative or agent provided for under section 46 of the Act shall be in the form contained in Schedule F.

Payment of tax

11. (1) Subject to subsection (2), tax is payable in one lump sum—

- (a) on 30 June of the year of assessment; or
- (b) within one month of the date of service of a notice of assessment, whichever is later.

(2) The Comptroller may, in proportionate monthly amounts, deduct from the salary or pension payable to a public officer, pensioner or private sector employee, the tax payable by—

- (a) the public officer or pensioner on the portion of his income which is derived from the public revenue of Montserrat; or
- (b) the private sector employee.

(Substituted by S.R.O. 37/2015)

SCHEDULE A

(Rule 6)

FORM A

IRD 07



Inland Revenue Department
P.O. Box 99
Brades
Montserrat

INDIVIDUAL INCOME TAX RETURN

<i>Individual tax return for the period:</i> 1 January to 31 December		20____.
1. Print IRD Number here:	<input type="text"/>	
2. Name:	<i>First Name</i>	<input type="text"/>
		<input type="text"/>
	<i>Surname</i>	<input type="text"/>
3. Address:	<input type="text"/>	
	<input type="text"/>	
6. Are you claiming Life and Health Insurance Premiums?		
No	<input type="radio"/> Go to Q 7.	
Yes	<input type="radio"/> Self	<input type="text" value="\$"/>
	<input type="radio"/> Others	<input type="text" value="\$"/>
		<i>Total claimed</i>
		<input type="text" value="\$"/>
7. Are you claiming Personal Social Security Payments?		
No	<input type="radio"/> Go to Q 8.	
Yes	<input type="radio"/>	
		<i>Total claimed</i>
		<input type="text" value="\$"/>

8. Declaration (MUST BE COMPLETED)

Please note that non-declaration or incorrect submission of the information as requested in this return could mean the imposition of penalties in accordance with sections 86 & 87 of the Income Tax Act.

I _____ of _____
(Name in block letters) (Address)

certify that:

- (a) I have a single source of income;
- (b) the attached IRD5 'Annual Employee Certificate' correctly reflects my income, income tax deductions and social security payments for the year ended 31 December 20__;
- (c) where applicable, I have attached proof of any life and health insurance premiums I am claiming; and
- (d) this return for the year ended 31 December 20__ is a true, correct and complete return.

(Signature of Taxpayer) (Date)

FORM B

Inland Revenue Department
P. O. Box 99
Brades
Montserrat



INDIVIDUAL INCOME TAX RETURN

Individual tax return for the period:	1 January to 31	
December		<input style="width: 100%;" type="text"/>
1. If your IRD Number is not shown above, print it here:		<input style="width: 100%;" type="text"/>
2. If your correct name is not shown above print it here:	First Name	<input style="width: 100%;" type="text"/>
	Surname	<input style="width: 100%;" type="text"/>
3. If your correct address is now shown above print it here:		<input style="width: 100%;" type="text"/>
4. Profession/Occupation:		<input style="width: 100%;" type="text"/>
5. Contract/Telephone Number:		<input style="width: 100%;" type="text"/>
6. Did you receive any salary, wages, pension or employment related benefits?		
No	<input type="radio"/>	Go to Q 7.
Yes	<input type="radio"/>	Copy the amounts of income from salary, wages or benefits below:
Employer/Payer	Gross income	Total Tax deductions
<input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>

7. Did you have any overseas income?
 No Go to Q 8.
 Yes Print the totals here.
 Staple proof of Overseas tax paid to the front of the return

	Total overseas tax paid	Total overseas income
	\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>

8. Did you receive any rents
 No Go to Q 9.
 Yes Print the rents here and complete the profit and loss statement on page 4

	Net rents
	\$ <input style="width: 100%;" type="text"/>

9. Did you receive any income from self employment?
 No Go to Q 10.
 Yes Print the net income here and complete the profit and loss statement on page 4

	Withholding tax deductions	Self-employed income
	\$ <input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>

10. Did you receive any other income? (exclude pension)
 No Go to Q 11.
 Yes Print details here:

Name of Payer	Type of income	Total other income
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	\$ <input style="width: 100%;" type="text"/>

11. Add all income shown in Q. 5 to 10 and print the total here:
 Go to Q 12.

	Total income
	\$ <input style="width: 100%;" type="text"/>

12. General deduction for resident individuals
 Deduct \$15,000 personal allowance or the amount of total Income if less than \$15,000. Go to Q13.

	Personal allowance deduction
	\$ <input style="width: 100%;" type="text"/>

13. Are you claiming any mortgage interest paid on residential property?No Go to Q 14.

Yes Print amount here and attach a copy of
the mortgage interest statement from your
lending institution. (Maximum \$5000 to income year
2006 & \$8,000 from income year 2007)

Total mortgage interest

\$

Percentage/proportion of mortgage interest
allowance claim.

14. Are you claiming Life and Health Insurance Premium?No Go to Q 15.Yes

\$

Others

\$

Self

Total claimed

\$

15. Are you claiming Personal Social Security Payments?No Go to Q 16.Yes

Total claimed

\$

16. Are you claiming Incapacitated Dependent Allowances? (Maximum \$2,400)No Go to Q 17.Yes

Full Name of Incapacitated Dependent

Relation of Dependent

Nature of Incapacitation

State income if any of the Incapacitated Dependent

What percentage of the Incapacitated Dependent allowance are you
claiming?

Is the Incapacitated Dependent living with you?

No Yes Age

Total claimed

\$

<p>17. Add all deductions claim in Q 12 – 16.</p> <p style="text-align: right;">Print the total here:</p>	<p>Total deductions</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;">\$</div>				
<p>18. Income after deductions</p> <p>Subtract the total deductions arrived at in Q 17 from the total income as shown in Q 11 and print the answer here:</p> <p>Go to Q 19.</p>	<p>Income after deductions</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;">\$</div>				
<p>19. Are you claiming any losses?</p> <p>No <input type="radio"/> Go to Q 20.</p> <p>Yes <input type="radio"/> Print net loss amounts here</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: right;">Amount brought forward</td> <td style="width: 50%; text-align: right;">Amount claimed this year</td> </tr> <tr> <td style="border: 1px solid black; width: 50%; height: 20px; margin-top: 5px;">\$</td> <td style="border: 1px solid black; width: 50%; height: 20px; margin-top: 5px;">\$</td> </tr> </table>	Amount brought forward	Amount claimed this year	\$	\$
Amount brought forward	Amount claimed this year				
\$	\$				
<p>20. Taxable income</p> <p>Subtract the loss at Q 19 from the income after the deductions as shown in Q 18 and print the answer here.</p>	<p>Taxable income</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;">\$</div>				
<p>21. Did you receive any pension?</p> <p>No <input type="radio"/> Go to Q 22. Total pension</p> <p>Yes <input type="radio"/> Print details</p> <p style="margin-left: 100px;">Pension deduction</p> <p style="margin-left: 100px;">Pension taxable # 5% (i.e total pension less pension deduction)</p>	<div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;">\$60,000</div> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div>				
<p>22. Did you pay any provisional tax for this income year?</p> <p>No <input type="radio"/> Go to Q 23.</p> <p>Yes <input type="radio"/> Print the total provisional tax here:</p>	<div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;">\$</div>				
<p>23. Is this income tax return for a full year of working?</p> <p>No <input type="radio"/> Please provide details of the period worked</p> <p>Yes <input type="radio"/></p>	<div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 10px;"></div>				
<p>Now complete and sign the declaration in Q 24.</p>					

Inland Revenue Department
P. O. Box 99
Brades
Montserrat



INDIVIDUAL INCOME TAX RETURN
TAX COMPUTATION RATES

The tax upon the taxable income of every person other than a company is as follows:

On every dollar of the first \$5,000 of chargeable income – 5 cents in the dollar;

On every dollar of the next \$5,000 of chargeable income viz. from \$5,001 to \$10,000 – 15 cents in the dollar;

On every dollar of the next \$5,000 of chargeable income viz. from \$10,001 to \$15,000 – 25 cents in the dollar;

On every dollar of the next \$120,000 of chargeable income viz. from \$15,001 to \$135,000 – 30 cents in the dollar;

On every dollar beyond \$135,000 of chargeable income – 40 cents in the dollar.

Profit and loss statement	(TO BE USED AS A GUIDE ONLY)
(To be completed by individuals who have rental income or self employment income, i.e have answered 'yes' to either Q 8 or Q 9.)	
Income	\$ <input type="text"/>
Other income	\$ <input type="text"/>
Total Income	\$ <input type="text"/>
Salary and Wages	\$ <input type="text"/>
Telephone	\$ <input type="text"/>
Utilities (Water & Electricity)	\$ <input type="text"/>
Insurance	\$ <input type="text"/>
Rent	\$ <input type="text"/>
Office Supplies	\$ <input type="text"/>
Building Repairs/Maintenance	\$ <input type="text"/>

Advertising		\$	
Motor Vehicle		\$	
Accounting and Legal		\$	
Travel		\$	
Interest		\$	
Depreciation		\$	
Other (Specify)	\$	\$	
Total Expenses			\$
Net Income			\$

**FORM C****(IRD7)**

**GOVERNMENT OF MONTSERRAT
INCOME AND CORPORATION TAX ACT
INLAND REVENUE DEPARTMENT
CORPORATION / INCOME TAX RETURN**

(to be completed in respect of a company, a partnership, an executor of an estate
and a body of persons)

FOR INCOME TAX YEAR 20.....

In accordance with the Income and Corporation Tax Act, you are required to prepare a true and correct statement of the whole of your income from every source for the income year on this form and deliver it to the Comptroller of Inland Revenue, Brades, duly signed by the principal officer of the company, the precedent partner of the partnership or by a duly authorised agent within ninety days following the end of the basic year.

Please attach financial statements to this return.

Registered Name of company, partnership, etc.		Tax Account No.
Address of head office Street		Accounting period From: To:
City/Village		Company? Yes <input type="checkbox"/> No <input type="checkbox"/>
P. O. Box		Branch of non-resident company? Yes <input type="checkbox"/> No <input type="checkbox"/>
Country		Resident in Montserrat? Yes <input type="checkbox"/> No <input type="checkbox"/>
Mailing address (if different from above) Street		Date and place of registration or incorporation:
City/Village		Registration No.:
P. O. Box		Trade name:
Country		
Phone No.	Fax No.	Nature of business or principal activity:

Type of enterprise

Corporation Partnership Joint venture Trust Estate

Statement of chargeable income and tax payable

101	Chargeable income before loss (Complete Schedule A)	101	\$
104	Loss set-off (Complete Schedule I)	104	\$
111	Adjusted chargeable income (Subtract line 104 from line 101)	111	\$
150	Corporation tax payable (Multiply line 111 by 30%)	150	\$
151	Any other relief (Attach explanations)	151	\$
260	Total advance tax payments	260	\$
			\$

261 Net tax payable (Subtract line 151 plus 260 from line 150)

261

Refund due 351

\$

Balance due 352

\$

Amount enclosed 353

\$

(Note that a balance of \$20.00 or less is not payable)

DECLARATION

Please note that non-declaration or incorrect submission of information as requested on the return could mean the imposition of a penalty in accordance with sections 86 and 87 of the Income and Corporation Tax Act (Cap.17.01).

I _____ of _____
(Name in block letters) (Address)

am an authorised representative or agent of the enterprise.

I certify that this return, including the accompanying schedules and statements, has been examined by me and is a true, correct and complete return. I further certify that the method of computing income for this year is consistent with that of the previous year except as specifically disclosed in this return.

(Signature)

(Date)

(Position or Office)

Schedule A**Reconciliation of chargeable income with profit and loss**

1. Net Income as per profit and loss account attached		\$ _____
2. Add expenses not allowed:		
(1) Depreciation	\$ _____	
(2) Entertainment expenditure	\$ _____	
(3) Non-business expenditure	\$ _____	
(4) Balancing addition (complete Schedule G)	\$ _____	
(5) Expenditure on exempt income	\$ _____	
(6) _____	\$ _____	
(7) _____	\$ _____	
(8) _____	\$ _____	
		\$ _____
3. Deduct allowable expenses not charged and exempt income included in accounts.		
(1) Exempt income (complete Schedule D)	\$ _____	
(2) Capital allowances (complete Schedule H)	\$ _____	
(3) Balancing deduction (complete Schedule G)	\$ _____	
(4) GOM debenture	\$ _____	
(5) _____	\$ _____	

(6) _____	\$ _____	
(7) _____	\$ _____	
(8) _____	\$ _____	
If partnership or joint venture deduct:		\$ _____
Salaries to partners and joint owners	\$ _____	
Interest on capital	\$ _____	
		\$ _____
4. Chargeable income (Enter this amount on line 101)		\$ _____

Schedule B	Names & addresses of partners, joint owners etc.		
Names	Addresses	Resident in Montserrat?	
		Yes	No

Schedule C	Apportionment of assessable income				
Column (1)	Column (2)	Column (3)	Column (4)	Column (5)	Column (6)
Name of partners or joint owners	Share assessable income	Salaries of partners or joint owners	Interest or capital	Sum of columns (2), (3) and (4)	Share of tax exempt income
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Schedule D	Tax exempt income
Description	Amount
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Total	\$ _____

Schedule E	Expenses incurred in producing tax exempt income
N.B: No deduction can be given for any expenditure incurred for the purpose of producing exempt income. Please give full details here.	
Details:	
Total (Enter this amount in item 2 of Schedule A)	

Schedule F		Gross payments and withholding tax paid		
NB: You are required under the Income and Corporation Tax Act (Cap.17.01) to show the total withholding tax deducted during the year from the following payments made to non-resident persons. If the payment has accrued but is not actually made during the basis period, you should deduct tax and pay it to the Comptroller as if payment has been made on the last day of the basic period.				
Items	Total payments	Payments to residents	Payments to non-residents	Withholding tax deducted and paid
Interest (not deposit interest)	\$	\$	\$	\$
Discounts	\$	\$	\$	\$
Rentals	\$	\$	\$	\$
Lease payments	\$	\$	\$	\$
Royalties	\$	\$	\$	\$
Licences	\$	\$	\$	\$
Fees	\$	\$	\$	\$
Commissions	\$	\$	\$	\$
Management charges	\$	\$	\$	\$
Annuities	\$	\$	\$	\$
Other payments*	\$	\$	\$	\$
Employment income	\$	\$	\$	\$
Partnership income	\$	\$	\$	\$
TOTALS				

*to which withholding tax is applicable

Schedule G		Computation of balancing addition and deduction						
Description of assets (1)	Purchase price (2)	Date of purchase (3)	Date of disposal (4)	Written down value at date of disposal (5)	Total allowances granted (6)	Proceeds of sale or trade-in value (7)	Balancing addition (profit) (8)	Balancing deduction (loss) (9)
	\$			\$	\$	\$	\$	\$
	\$			\$	\$	\$	\$	\$
	\$			\$	\$	\$	\$	\$
	\$			\$	\$	\$	\$	\$
TOTALS	\$			\$	\$	\$	\$	\$

(Enter the total of column 8 in item 2 of Schedule A). (Enter the total of column 9 in item 3 of Schedule A).

Schedule H		Claim for capital allowances						
Description of assets (1)	Historical cost (2)	Written down value B/F (3)	Additions during year (4)	Disposals during year (5)	Date of addition or disposal (6)	Annual allowance		Written down value C/F (9)
						Rate (7)	Allowances (8)	
	\$	\$	\$	\$		%	\$	\$
	\$	\$	\$	\$		%	\$	\$
	\$	\$	\$	\$		%	\$	\$
	\$	\$	\$	\$		%	\$	\$
	\$	\$	\$	\$		%	\$	\$
TOTAL							\$	

(Enter this total in item 3 of Schedule A).

Schedule I		Loss from previous years				
Year of loss (1)	Amount of loss (2)	Loss B/F (3)	Previous set-offs		Amount set-off to this year of assessment not exceeding 50% chargeable income (6)	Balance of loss allowable for C/F (7)
	\$	\$	Amount (4)	Year of assessment (5)		
	\$	\$	\$		\$	\$
	\$	\$	\$		\$	\$
	\$	\$	\$		\$	\$
TOTAL (Enter this total in line 104)					(Enter \$	

Schedule J		Management of enterprise Please provide the following information on the management of the enterprise:	
		Name	Address
Manager			
Financial Accountant	Controller/		
Director			
Director			

Schedule K			The following related party information is required:
Associated/ Related company or enterprise	Address	Nature of relationship/ Association (e.g. common management shareholding, ownership etc.)	

*(Section 1)***DECLARATION AS TO PARTNERS IN A FIRM AND THE DIVISION
OF THE PARTNERSHIP PROFIT**

PARTICULARS OF THE SHARE OF EACH PARTNER IN THE PARTNERSHIP PROFITS OF THE
FIRM INCLUDING INTEREST ON CAPITAL AND SALARIES OF PARTNERS.

Name of partners as at 1st January, 20....	Residence of partners	State whether personally acting in the partnership	Basis of distribution of the partnership profits as at 1st January, 20....	Amount of each partnership's share on profits for year 20....

Date

.....
Precedent partner

(Section 2)

**DECLARATION TO BE MADE BY A BRITISH SUBJECT OR
A PERSON RESIDENT IN MONTERRAT**

I DECLARE THAT—

- *I am resident in Montserrat
- *I am a British subject.

Given under my hand this day of, 20.....

Signature.

Residence.

**Strike out portion not applicable.*

(Section 4)

Heads of Income (Col.1)	Sources of Income under each Head	Amount of income (Col 3). If under any Head you have no income write the word "none" opposite the Head in this column	
	<p>TOTAL OF INCOME RETURNED.</p> <p><i>Deduct:—</i> Exhaustion, wear and tear</p> <p>Attach a statement showing (1) subjects on which the allowance is claimed, (2) values at the commencement of the preceding year, (3) rate per cent claimed, (4) what sums, if any, are written off in the proprietor's accounts.</p>	\$	¢

(Section 6)

CLAIM IN RESPECT OF WIFE

Full Christian name of wife.	State whether your wife was living with you or wholly maintained by you during 20

(Section 7)

CLAIM FOR RELIEF IN RESPECT OF CHILDREN UNDER THE AGE OF 16 YEARS AT THE COMMENCEMENT OF THE YEAR PRECEDING THE YEAR OF ASSESSMENT.

Name of each child under the age of 16 years on 1st January, 20 ...		Date of Birth			Place of Birth	Whether child or stepchild	Was the child living on 1st January, 20 ...
Surname	Full Christian Name	Day	Month	Year			

(Section 8)

**CLAIM FOR RELIEF IN RESPECT OF CHILDREN OVER THE AGE OF 12 YEARS AND
UNDER 25 YEARS OF AGE WHO ARE RECEIVING FULL TIME INSTRUCTION AT
UNIVERSITY ETC. OUTSIDE MONTSEERRAT**

Name of each child over the age of 12 years and under 25 years on 1st January, 20 ...		Date of Birth			Place of Birth	Whether child or stepchild	Was the child living on 1st January, 20...	Name of the University, College or School etc.
Surname	Full Christian Name	Day	Month	Year				

(Section 9)

**CLAIM FOR RELIEF IN RESPECT OF CHILDREN OVER THE AGE OF 12 YEARS AND
UNDER 25 YEARS OF AGE WHO ARE RECEIVING FULL TIME INSTRUCTION AT
COLLEGE, ETC. WITHIN MONTSERRAT**

Name of each child over the age of 12 years and under 25 years on 1st January, 20 ...		Date of Birth			Place of Birth	Whether child or stepchild	Was the child living on 1st January, 20...	Name of the College or School, etc.
Surname	Full Christian Name	Day	Month	Year				

(Section 10)

CLAIM FOR RELIEF IN RESPECT OF DEPENDANT RELATIVES. ALLOWABLE ONLY IN RESPECT OF AN INCAPACITATED CHILD, BROTHER, OR SISTER; AND IN RESPECT OF THE MOTHER (WHETHER INCAPACITATED OR NOT) OF A PERSON OR HIS WIFE (OR HER HUSBAND IN THE CASE OF A WOMAN.)

Full name of dependant.	State relation of dependent to you.	State income, if any of dependent	State proportion of your contribution towards support of dependent

(Section 11)

CLAIM FOR DEDUCTION IN RESPECT OF PREMIUMS PAID TO ANY LIFE INSURANCE COMPANY, ETC.

NOTE:— No allowance can be claimed for premiums on the lives of persons other than the taxpayer or his wife.

State whether the assurance is on the life of "self" or of "wife"	Name of insurance company	Amount of premiums paid during the year ended 31st December, 20	State by whom the premiums were paid
	Total		

N.B. No deduction is allowable in respect of any annual amount of premiums beyond one-sixth part of the chargeable income of the claimant before making this deduction and the deductions for wife and children. The receipts for any premiums paid or satisfactory proof that such premiums have been paid must be annexed for endorsement and allowance by the Comptroller. Premium receipts will be returned in due course.

(Section 12)

GENERAL DECLARATION

I declare that in the foregoing statement and in any statements or accounts sent herewith, I have given a full, just and true return and particulars of the whole of the income from every source whatsoever chargeable under the Income and Corporation Tax Act, to the best of my judgment and belief, according to the directions and Rules of the said Act; also that the declarations, claims and statements in sections 1, 2, 4, 5, 6, 7, 8, 9, 10 and 11 inclusive of this Form, are true and correct to the best of my judgment and belief.

.....Signature
.....Business address.
.....Private address.

NOTE:—A woman must state after her signature whether married, widow or single.

SCHEDULE B

(Rule 7)

INCOME AND CORPORATION TAX ACT

NOTICE TO A PERSON TO DELIVER A RETURN OF HIS INCOME

To _____ of _____

Take notice that you are hereby required to deliver to the Comptroller within fourteen days after the service of this notice upon you a true and correct return of your whole income as required by the Act, for the year 20.... and that you are liable to prosecution under section 85 of the Act.

Dated this day of, 20..... .

For the Comptroller

SCHEDULE C

(Rule 8)

INCOME AND CORPORATION TAX ACT

NOTICE TO FURNISH PARTICULARS

To _____ of _____

Take notice that you are hereby required to furnish to the Comptroller within _____ days after the service of this notice upon you, replies to the inquiries set out on the other side hereof.

Dated this day of, 20..... .

For the Comptroller

SCHEDULE D

(Rule 9)

INCOME AND CORPORATION TAX ACT

**NOTICE TO EMPLOYER TO DELIVER STATEMENT AS TO PERSONS
EMPLOYED BY HIM UNDER SECTION 51(1)**

To _____ of _____

Take notice that you are required to deliver to the Comptroller within _____ days after the service of this notice upon you, a full and correct statement as required by section 51(1) of the Act, of the names and places of abode of and the salary or wages paid to all the persons employed by you (or the company as the case may be).

Dated this day of, 20..... .

For the Comptroller

RETURN OF PERSONS WHOLLY OR PARTLY EMPLOYED

*Christian Name and surname of persons employed	Nature of employment	Place of abode.	For the year ended 31st December, 20 ...						
			Amount of salary or wages		Amount of commission, bonuses, perquisites or other emoluments		Total		
			\$	¢	\$	¢	\$	¢	

*Insert full name.

GENERAL DECLARATION

*I _____ do hereby declare that all the particulars required in this notice to be returned are in every respect fully and truly stated herein according to the best of my judgment and belief.

Signature

Description

Date

*Insert full name.

SCHEDULE E

(Rule 11)

INCOME AND CORPORATION TAX ACT

NOTICE TO A PERSON REFERRED TO IN SECTION 54

To _____ of _____

Take notice that you are hereby required to deliver to the Comptroller within _____ days after the service of this notice upon you, a list containing a true and correct statement of all money, value, profits or gains received by you and belonging to any persons, resident or non-resident, who are chargeable in respect thereof.

Dated this day of, 20..... .

For the Comptroller

RETURNS BY PERSONS IN RECEIPT OF MONEY, VALUE, PROFITS OR GAINS BELONGING TO ANY OTHER PERSON

Christian name, surname and address of owners	Sources of money, value, profits or gains	Amount received	
		\$	¢

INCOME TAX (APPEAL) RULES

ARRANGEMENT OF RULES

RULE

1. Short title
2. Interpretation

PART 1

APPEAL TO A JUDGE IN CHAMBERS

3. Notice of appeal
4. Service and filing of notice of appeal
5. Notice of hearing of appeal
6. Comptroller statement of facts and reasons
7. Copies to be supplied by the Registrar
8. Place for hearing appeals
9. Parties limited to grounds stated
10. Leave to amend
11. Extension of time
12. Withdrawal of appeal

PART 2

CASE STATED FOR THE CONSIDERATION OF THE COURT OF APPEAL

13. Time to apply for a stated case
14. Form of case stated
15. Notice of hearing of stated case
16. Applicant for stated case to be deemed the appellant
17. Hearing by the Court of Appeal

PART 3

MISCELLANEOUS

18. Service of documents
19. Judgment to be filed by the successful party
20. Application of Rules of Court
21. Fees to be taken by the Registrar

SCHEDULES

INCOME TAX (APPEAL) RULES – SECTION 41

(S.R.O.s 14/1932 and 31/2013)

Short title

1. These Rules may be cited as the Income Tax (Appeal) Rules.

Interpretation

2. In these Rules—

“**case**” means a case stated on a question of law under section 69(3) of the Act;

“**Form**” means a form in Schedule I;

“**Judge**” means a Judge of the High Court in Chambers;

“**Act**” means the Income and Corporation Tax Act.

PART 1

APPEAL TO A JUDGE IN CHAMBERS

Notice of appeal

3. A notice of appeal under section 68 of the Act shall be in Form A and it shall set out a full statement of the grounds of appeal by specifically stating the several facts and contentions of law upon which the appellant alleges that the assessment of the Comptroller was erroneous and it shall give an address in Montserrat at which documents may be served upon the appellant or his solicitor.

Service and filing of notice of appeal

4. A copy of every such appeal notice shall be filed with the Registrar together with an affidavit of service and the Registrar shall thereupon lay the same before the Judge who shall appoint a day for hearing the appeal. Instead of an affidavit of service there may be substituted an indorsement under the Rules of the Supreme Court in respect of the service of a Writ of Summons.

Notice of hearing of appeal

5. The Registrar shall forthwith cause due notice, in Form B, of the day appointed for the hearing of the appeal to be served on the Comptroller and the appellant or their respective solicitors. Not less than fourteen clear days’ notice shall be given.

Comptroller statement of facts and reasons

6. (1) Within five days of the service of the notice the Comptroller shall file with the Registrar a statement of the material facts upon every point specified in the appeal notice as a ground of appeal together with the reasons in support of the assessment.

- (2) The Judge may cause the statement and reasons to be sent back to the Comptroller for amendment and thereupon they shall be amended accordingly and returned to the Registrar.

(3) The Judge may direct the Registrar to request the Comptroller to send to the Registrar any papers in relation to the assessment that may appear to the Judge to be material for the determination of the appeal and any papers so sent to the Registrar shall be treated by him as confidential.

Copies to be supplied by the Registrar

7. Either party shall be entitled, on payment of the proper fee, to obtain from the Registrar a copy of the Comptroller statement of material facts and of the reasons in support of the assessment, and/or a copy of the appellant's grounds of appeal.

Place for hearing appeals

8. (1) An appeal under the Act shall be heard in Chambers unless the Judge hearing the appeal otherwise directs.

(2) If evidence is tendered it shall be taken orally unless the Judge otherwise directs.

(3) Either party may be represented by counsel or solicitor at the hearing of the appeal; and if it is intended that the appeal shall be attended by counsel for the appellant, it shall be so stated in the notice of appeal.

(4) The Comptroller and the appellant shall be entitled to be present at the hearing of the appeal.

(5) An appeal may be heard in vacation if the Judge so directs.

Parties limited to grounds stated

9. Without leave of the Judge an appellant shall not be entitled to rely upon any facts or contentions of law other than those stated in the notice of appeal, and without such leave the Comptroller shall not be entitled to rely upon any facts other than those stated by them under these Rules.

Leave to amend

10. The Judge may at any time allow any amendment upon such terms as he may think right.

Extension of time

11. The Judge may extend the time for doing any act or taking any proceeding under these Rules upon such terms as he may think just, and any such extension may be ordered although the application for it is not made until after the expiration of the time appointed or allowed.

Withdrawal of appeal

12. (1) An appellant may withdraw an appeal by filing with the Registrar a notice of withdrawal before the day fixed for hearing, and the appellant shall forthwith serve on the Comptroller a copy of the notice of withdrawal. Upon the filing of a notice of withdrawal the assessment shall have full force and effect as a final and conclusive assessment.

(2) Where an appeal is withdrawn the Judge may, on the application of the Comptroller, order that the appellant shall pay such a sum for costs as the Judge may think just.

PART 2

CASE STATED FOR THE CONSIDERATION OF THE COURT OF APPEAL

Time to apply for a stated case

13. An application by the appellant or the Comptroller for a case to be stated may be made orally to the Judge at the hearing of the appeal, or in writing within seven days of the determination of the appeal. If the Judge desires to state a case of his own accord he shall do so within seven days of the determination of the appeal.

Form of case stated

14. A case stated shall be in Form C with such modifications as may be necessary.

Notice of hearing of stated case

15. The Registrar on receipt of a stated case shall forthwith cause a copy of the case to be served on the respective parties or their solicitors together with a notice, in Form D, of the day appointed for hearing the case. Not less than fourteen clear days' notice shall be given of the date of hearing.

Applicant for stated case to be deemed the appellant

16. (1) The party on whose application a case has been stated shall be deemed to be the appellant in the case.

(2) If the Judge states a case of his own accord he shall direct who shall be deemed to be the appellant.

Hearing by the Court of Appeal

17. Proceedings in the Court of Appeal shall be conducted as on the hearing of an appeal; and the Court of Appeal—

- (a) shall hear and determine any question of law arising on the case and shall reverse, affirm or amend the determination in respect of which the case has been stated; or
- (b) may remit the matter to the Comptroller with the opinion or direction of the Court thereon; or
- (c) may make such other order in relation to the matter and may make such order as to costs, as to the Court may seem fit.

PART 3

MISCELLANEOUS

Service of documents

18. Any document to be served under these Rules shall be deemed to be duly served—

- (a) on the Comptroller, if left with the Comptroller or if sent by registered post addressed to “**The Comptroller of Income Tax, Government Headquarter, Brades**”;
- (b) on any other party, if served on such party personally or on his solicitor or sent by registered post to his address for service stated in the notice of appeal.

Judgment to be filed by the successful party

19. (1) Every judgment or order of the Judge in Chambers or of the Court of Appeal shall, unless otherwise directed by the Judge or the Court of Appeal, be drawn up by the successful party and filed by him with the Registrar.

(2) The Registrar shall forthwith send to the Comptroller a copy of every judgment or order filed by him.

Application of Rules of Court

20. Save as otherwise provided in the Act or in these Rules, the Rules of Court as to applications in Chambers, as to appeals, and as to the taxation of costs, shall with the necessary modification, if any, apply to appeals to a Judge in Chambers and to cases stated under the Act.

Fees to be taken by the Registrar

21. The fees specified in Schedule II shall be taken by the Registrar in proceedings under the Act and these Rules. Save as therein provided, the fees prescribed by the Rules of Court shall be taken by the Registrar so far as they may be applicable.

SCHEDULE I

(Rule 3)

FORM A

NOTICE OF APPEAL

In the matter of The Income and Corporation Tax Act

..... Appellant
and

The Comptroller of Income Tax Respondents

TAKE NOTICE that the above named A.B., intends to appeal against the decision of the Comptroller given on the day of, 20..... .

And further take notice that you are required to attend the Judge in Chambers at the Court House, Brades on the day and at the time notified by the Registrar for the hearing of the said appeal against the decision of the Comptroller.

(If the appeal is to be attended by counsel, add:—

And further take notice that it is the intention of the said A.B., to attend the appeal by counsel).

The grounds of appeal are as follows:—

Dated the day of, 20..... .

(Signed) A.B.

or
C.D.

Solicitor for the said A.B.

The said A.B.'s (or C.D.'s) address for service is Brades.

FORM B

(Rule 5)

NOTICE OF DATE OF HEARING OF APPEAL
IN THE HIGH COURT OF JUSTICE

In the matter of the Income and Corporation Tax Act

Between

A.B. of, Appellant

and

The Comptroller of Income Tax, Respondents

TAKE NOTICE that the Judge will hear this appeal on the day of, 20.....,
at o'clock in the forenoon.

Dated the day of, 20..... .

..... Registrar

To

FORM C

(Rule 14)

STATED CASE

IN THE HIGH COURT OF JUSTICE

In the matter of The Income and Corporation Tax Act

Between :

A.B. of, Appellant

and

The Comptroller of Income Tax, Respondents

This is a special case stated pursuant to section 68 of the Income and Corporation Tax Act

(Here state the facts giving rise to the questions of law.)

The questions of law for the opinion of the Court of Appeal are whether

(Here state the question of law.)

(Signed) Y.Z.,
Judge

FORM D

(Rule 15)

NOTICE OF HEARING OF STATED CASE

IN THE HIGH COURT OF JUSTICE

In the matter of The Income and Corporation Tax Act

Between:

A.B. of, Appellant

and

The Comptroller of Income Tax, Respondents

Take notice that the Court of Appeal will hear the case stated in the above mentioned matter on the day of, 20..... , at the hour of o'clock in the forenoon.

Dated the day of, 20.....

..... Registrar

To

SCHEDULE II

**FEEES TO BE TAKEN BY THE REGISTRAR IN PROCEEDINGS
 UNDER THE INCOME AND CORPORATION TAX ACT**

On filing a notice of appeal	\$30
Notice of hearing.....	\$10
For copy of statement of facts and reasons of Comptroller or copy of appellant’s grounds of appeal (Rule 7)	\$10
For copy of case stated (Rule 15)	\$10
On filing notice of withdrawal (Rule 12)	\$10
On filing any judgment or order of a Judge or the Court of Appeal (Rule 19)	\$75
On filing any exhibit or document other than those mentioned above.	\$5
On inspection of any exhibit or document	\$10
For every taxation of a bill of costs (including certificate)	\$25

(Substituted by S.R.O. 31/2013)

**INCOME TAX (DOUBLE TAXATION RELIEF)
(TAXES ON INCOME) (MONTSERRAT) ORDER – SECTION 55**

(S.R.O.s. 1/1948, 17/1968 and 32/2010)

Short Title

1. This Order may be cited as the Income Tax (Double Taxation Relief) (Taxes on Income) (Montserrat) Order.

Declaration

2. It is hereby declared—

- (a) that the arrangements specified in the Agreement set out in the Schedule to this Order have been made with the Government of Montserrat with a view to affording relief from double taxation in relation to income tax, excess profits tax or the national defence contribution and taxes of a similar character imposed by the laws of Montserrat; and
- (b) that it is expedient that those arrangements should have effect.

SCHEDULE

**ARRANGEMENT BETWEEN HIS MAJESTY’S GOVERNMENT AND THE GOVERNMENT
OF MONTSERRAT FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE
PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME**

ARTICLE 2

1. (1) The taxes which are subject of this Arrangement are—

(a) In the United Kingdom:

The income tax (including surtax) and the profits tax (hereinafter referred to as “**United Kingdom tax**”).

(b) In Montserrat:

The income tax (hereinafter referred to as “**Montserrat tax**”).

(2) This Arrangement shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Montserrat after this Arrangement has come into force.

(Amended by S.R.O. 17/1968)

2. (1) In this Arrangement, unless the context otherwise requires—

(Inserted by S.R.O. 32/2010)

- (a) The term “**United Kingdom**” means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man.
- (b) *Deleted by (S.R.O. 17/1968).*
- (c) The terms “**one of the territories**” and “**the other territory**” mean the United Kingdom or Montserrat, as the context requires.

- (d) The term “**tax**” means United Kingdom tax or Montserrat tax, as the context requires.
- (e) The term “**person**” includes anybody of persons, corporate or not corporate.
- (f) The term “**company**” includes anybody corporate.
- (g) The terms “resident of the United Kingdom” and “resident of Montserrat” mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in Montserrat for the purposes of Montserrat tax and any person who is resident in Montserrat for the purposes of Montserrat tax and not resident in the United Kingdom for the purposes of United Kingdom tax; and a company shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and as resident in Montserrat if its business is managed and controlled in Montserrat.
- (h) The terms “**resident of one of the territories**” and “**resident of the other territory**” mean a person who is resident of the United Kingdom or a person who is a resident of Montserrat, as the context requires.
- (i) The terms “**United Kingdom enterprise**” and “**Montserrat enterprise**” mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Montserrat; and the terms “**enterprise of one of the territories**” and “**enterprise of the other territory**” mean a United Kingdom enterprise or a Montserrat enterprise, as the context requires.
- (j) The term “**industrial or commercial profits**” includes rentals in respect of cinematograph films.
- (k) The term “**permanent establishment**”, when used with respect to an enterprise of one of the territories, means a branch management or other fixed place of business, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or has a stock of merchandise from which he regularly fills orders on its behalf. An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a bona fide broker or general commission agent acting in the ordinary course of his business as such. The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise. The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

- (l) the term “**competent authority**” means—
- (i) in the case of the United Kingdom, the Commissioners for His Majesty’s Revenue and Customs or their authorised representative;
 - (ii) in the case of Montserrat, the Comptroller of Inland Revenue.

(2) Where under this Arrangement any income is exempt from tax in one of the territories if (with or without other conditions) it is subject to tax in the other territory, and that income is subject to tax in that other territory by reference to the amount thereof which is remitted to or received in that other territory, the exemption to be allowed under this Arrangement in the first-mentioned territory shall apply only to the amount so remitted or received.

(3) In the application of the provisions of this Arrangement by the United Kingdom or Montserrat, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of the United Kingdom, or as the case may be, Montserrat, relating to the taxes which are the subject of this Arrangement.

(Amended by S.R.O. 17/1968)

3. (1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Montserrat tax unless the enterprise is engaged in trade or business in Montserrat through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by Montserrat but only on so much of them as is attributable to that permanent establishment.

(2) The industrial or commercial profits of a Montserrat enterprise shall not be subject to United Kingdom tax unless the enterprise is engaged in trade or business in the United Kingdom through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive from its activities in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm’s length with the enterprise of which it is a permanent establishment.

(4) No portion of any profits arising from the sale of goods or merchandise by an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of the goods or merchandise within that other territory.

(Amended by S.R.O. 17/1968)

4. Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory, and
- (c) in either case conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises,

then any profits which would but for those conditions have accrued to one of the enterprises but by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

5. Notwithstanding the provisions of paragraphs 3 and 4, profits which a resident of one of the territories derives from operating ships or aircraft shall be exempt from tax in the other territory.

6. (1) Dividends paid by a company resident in one of the territories to a resident of the other territory who is subject to tax in that other territory in respect thereof and not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from any tax in that first-mentioned territory which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the Company.

(2) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory the Government of that other territory shall not impose any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, by reason of the fact that those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

(3) If the recipient of a dividend is a company which owns 10% or more of the class of shares in respect of which the dividend is paid then subparagraph (1) shall not apply to the dividend to the extent that it can have been paid only out of profits which the company paying the dividend earned or other income which it received in a period ending twelve months or more before the relevant date. For the purposes of this subparagraph the term “**relevant date**” means the date on which the beneficial owner of the dividend became the owner of 10 per cent. or more of the class of shares in question:

Provided that, this subparagraph shall not apply if the beneficial owner of the dividend shows that the shares were acquired for bona fide commercial reasons and not primarily for the purpose of securing the benefit of this paragraph.

(Amended by S.R.O. 17/1968)

7. (1) Any royalty derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof and is not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory; but no exemption shall be allowed under this paragraph in respect of so much of any

royalty as exceeds an amount which represents a fair and reasonable consideration for the rights for which the royalty is paid.

(2) In this paragraph the term “**royalty**” means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, but does not include a royalty or other amount paid in respect of the operation of a mine or quarry or of other extraction of natural resources.

8. (1) Remuneration, including pensions, paid by the Government of one of the territories to any individual for services rendered to that Government in the discharge of governmental functions shall be exempt from tax in the other territory if the individual is not ordinarily resident in that other territory or (where the remuneration is not a pension) is ordinarily resident in that other territory solely for the purpose of rendering those services.

(2) The provisions of this paragraph shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the Governments for purposes of profit.

9. (1) An individual who is a resident of the United Kingdom shall be exempt from Montserrat tax on profits or remuneration in respect of personal (including professional) services performed within Montserrat in any year of assessment if—

- (a) he is present within Montserrat for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person resident in the United Kingdom, and
- (c) the profits or remuneration are subject to United Kingdom tax.

(2) An individual who is a resident of Montserrat shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed within the United Kingdom in any year of assessment if—

- (a) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person resident in Montserrat, and
- (c) the profits or remuneration are subject to Montserrat tax.

(3) The provisions of this paragraph shall not apply to the profits or remuneration of public entertainers such as stage, motion picture or radio artists, musicians and athletes.

(Amended by S.R.O. 17/1968)

***²10.** Pensions, annuities and other similar remuneration paid to an individual who is a resident of one of the territories, other than pensions exempt from tax in that territory by virtue of paragraph 8(1) of this Arrangement, shall be taxable only in that territory. *(Substituted by S.R.O. 32/2010)*

11. (1) The remuneration derived by a professor or teacher who is ordinarily resident in one of the territories, for teaching, during a period of temporary residence not exceeding 2 years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory.

12. A student or business apprentice from one of the territories who is receiving full-time education or training in the other territory, shall be exempt from tax in that other territory on payments made to him by persons in the first-mentioned territory for the purposes of his maintenance, education or training.

13. (1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof)—

- (a) Montserrat tax payable under the laws of Montserrat and in accordance with this Arrangement whether directly or by deduction, on profits or income from sources within Montserrat shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits or income by reference to which Montserrat tax is computed:

Provided that, in the case of a dividend the credit shall only take into account such tax in respect thereof as is additional to any tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient without reference to any tax so payable. *(Amended by S.R.O. 17/1968)*

- (b) Where a company which is a resident of Montserrat pays a dividend to a company resident in the United Kingdom which controls directly or indirectly at least 10 per cent. of the voting power in the first-mentioned company, the credit shall take into account (in addition to any Montserrat tax for which credit may be allowed under (a) of this subparagraph) the Montserrat tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid. *(Amended by S.R.O. 17/1968)*

(Inserted by S.R.O. 17/1968)

(2) Subject to the provisions of the law of Montserrat regarding the allowance as a credit against Montserrat tax of tax payable in a territory outside Montserrat (which shall not affect the general principle hereof)—

² 6. Each of the territories shall notify to the other the completion of the procedures required by its law for the bringing into force of this Arrangement. This Arrangement shall enter into force on the date of the later of these notifications. The new paragraphs 2(1)(l), 14 and 14A of the 1947 arrangement shall thereupon have effect immediately. The new paragraph 10 of the 1947 Arrangement shall have effect—

- (a) in the United Kingdom: in respect of income tax, for any year of assessment beginning on or after the 6th April next following the date this Arrangement enters into force;
- (b) in Montserrat: in respect of Montserrat tax, for any year of assessment beginning on or after the 1st January next following the date this Arrangement enters into force.

- (a) United Kingdom tax payable under the laws of the United Kingdom and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within the United Kingdom shall be allowed as a credit against any Montserrat tax computed by reference to the same profits or income by reference to which the United Kingdom tax is computed. Provided that in the case of a dividend the credit shall only take into account such tax in respect thereof as is additional to any tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient without reference to any tax so payable.
- (b) Where a company which is a resident of the United Kingdom pays a dividend to a company resident in Montserrat which controls directly or indirectly at least 10 per cent. of the voting power in the first-mentioned company the credit shall take into account (in addition to any United Kingdom tax for which credit may be allowed under (a) of this sub-paragraph) the United Kingdom tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid.
- (3) For the purposes of this paragraph profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.
- (4) Where Montserrat income tax is payable for a year for which this Arrangement has effect in respect of any income in respect of which United Kingdom income tax is payable for a year prior to the year beginning on the 6th April, 1947, then—
- (a) in the case of a person resident in Montserrat, the Montserrat income tax shall, for the purposes of subparagraph (2) of this paragraph, be deemed to be reduced by the amount of any relief allowable in respect thereof under the provisions of section 27 of the United Kingdom Finance Act 1920; and
- (b) in the case of a person resident in the United Kingdom, the provisions of ³section 51 of the Montserrat Income Tax Ordinance 1945 shall apply for the purposes of the allowance of relief from the Montserrat tax.

(Amended by S.R.O. 17/1968)

14. (1) The competent authorities of the territories shall exchange such information as is foreseeably relevant for carrying out the provisions of this Arrangement or to the administration or enforcement of the domestic laws of the territories concerning taxes of every kind and description imposed on behalf of the territories, insofar as the taxation thereunder is not contrary to this Arrangement, in particular, to prevent fraud and to facilitate the administration of statutory provisions against tax avoidance. The exchange of information is not restricted by paragraph 1 of this Arrangement.

³ Section 51 (Relief in respect of United Kingdom income tax). The Income Tax Ordinance 1945 (No. 6 of 1945) was repealed by Income Tax Act 1967 (No. 19 of 1967). The Income Tax Act was renamed as the Income and Corporation Tax Act by Act 11 of 2007).

(2) Any information received under subparagraph 1 of this paragraph by a territory shall be treated as secret in the same manner as information obtained under the domestic laws of that territory and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to, the taxes referred to in subparagraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

Notwithstanding the foregoing, information received by a territory may be used for other purposes when such information may be used for such other purposes under the laws of both territories and the competent authority of the supplying territory authorises such use.

(3) In no case shall the provisions of sub-paragraphs 1 and 2 of this paragraph be construed so as to impose on a territory a requirement—

- (a) to carry out administrative measures at variance with the laws and administrative practice of that territory or of the other territory;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that territory or of the other territory;
- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy.

(4) If information is requested by a territory in accordance with this paragraph, the other territory shall use its information gathering measures to obtain the requested information, even though that other territory may not need such information for its own tax purposes. The requirement in the preceding sentence is subject to the limitations of subparagraph 3 of this paragraph but in no case shall such limitations be construed to permit a territory to decline to supply information solely because it has no domestic interest in such information.

(5) In no case shall the provisions of subparagraph 3 of this paragraph be construed to permit a territory to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

(Inserted by S.R.O. 32/2010)

14A. (1) Where a resident of one of the territories considers that the actions of one or both of the territories result or will result for him in taxation not in accordance with the provisions of this Arrangement, he may, irrespective of the remedies provided by the domestic law of those territories, present his case to the competent authority of the territory of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Arrangement or, if later, within six years from the end of the taxable year or chargeable period in respect of which that taxation is imposed or proposed.

(2) The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other territory, with a view to

the avoidance of taxation which is not in accordance with this Arrangement. Any agreement reached shall be implemented notwithstanding any time limits or other procedural limitations in the domestic law of the territories, except such limitations as apply for the purposes of giving effect to such an agreement.

(3) The competent authorities of the territories shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Arrangement. They may also consult together for the elimination of double taxation in cases not provided for in the Arrangement.

(4) The competent authorities of the territories may communicate with each other directly for the purpose of reaching an agreement in the sense of this paragraph.

(Inserted by S.R.O. 32/2010)

15. This Arrangement shall come into force on the date on which the last of all such things shall have been done in the United Kingdom and Montserrat as are necessary to give the Arrangement the force of law in the United Kingdom and Montserrat respectively, and shall thereupon have effect—

- (a) in the United Kingdom, as respects income tax for the year of assessment beginning on the 6th day of April, 1947, and subsequent years; as respects surtax for the year of assessment beginning on the 6th day of April, 1946, and subsequent years; and as respects profits tax for any chargeable accounting period beginning on or after the first day of January, 1947, and for the unexpired portion of any chargeable accounting period current at that date;
- (b) in Montserrat, as respects income tax for the year of assessment beginning on the first day of January, 1947, and subsequent years.

(Amended by S.R.O. 17/1968)

16. This Arrangement shall continue in effect indefinitely but either of the Governments may, on or before the 30th day of June in any calendar year after the year 1948, give notice of termination to the other Government and, in such event, this Arrangement shall cease to be effective—

- (a) in the United Kingdom as respects income tax for any year of assessment beginning on or after the 6th day of April in the calendar year next following that in which such notice is given; as respects surtax for any year of assessment beginning on or after the 6th day of April in the calendar year in which such notice is given; and as respects profits tax for any chargeable accounting period beginning on or after the first day of January in the calendar year next following that in which such notice is given and for the unexpired portion of any chargeable accounting period current at that date;
- (b) in Montserrat, as respects income tax for any year of assessment beginning on or after the first day of January in the calendar year next following that in which such notice is given.

(Amended by S.R.O. 17/1968)