[LEGAL NOTICE NO. 55]

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INCOME TAX ACT 2015

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Income Tax (Withholding Tax) (Amendment) Regulations 2019

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IN exercise of the powers conferred on me by section 142 of the Income Tax Act 2015, I hereby make these Regulations—

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Short title and commencement

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1.—(1) These Regulations may be cited as the Income Tax (Withholding Tax) (Amendment) Regulations 2019.

(2) These Regulations come into force on 1 August 2019, except for—

> *(a)* regulations 2, 4 and 5*(a)* which are deemed to have come into force on 1 August 2017; and

> *(b)* regulation 5*(b)* which comes into force on 1 January 2020.

(3) In these Regulations, the Income Tax (Withholding Tax) Regulations 2013 is referred to as the "Principal Regulations".

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Regulation 6 amended

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2. Regulation 6 of the Principal Regulations is amended by deleting subregulation (2) and substituting the following—

> "(2) Subject to subregulations (4) and (5) and regulation 7, if an employee has provided his or her employer with a "P" tax code declaration, the amount of tax to be withheld by the employer from a payment of employment income to the employee for a payment period, referred to in this regulation as the "current payment period", is computed according to the following formula—

Income Tax to withhold = $(A1/F \times G) - B1$ + Income Tax on C3 – Income Tax on C1 [if result < 0, then tax to be withheld = 0];

SRT to withhold = $[A2/F \times G] - B2$ [if result < 0, then tax to be withheld = 0]

where,

A1	=	Income Tax payable on C1;
A2	=	SRT payable on C2;
B1	=	Income Tax withheld to date;
B2	=	SRT withheld to date;
C1	=	$[D \times (F - G + 1)] + E$ [however, if the pay period is the same as the previous period, then C1 = C1 in the previous pay period];
C2	=	C1 + H;
C3	=	C1 + I + H;
D	=	the amount of normal pay paid by the employer to the employee in the current payment period;
E	=	the total amount of normal pay paid by the employer to the employee in the previous payment periods in the tax year;

F	=	the number of payment periods in the tax year;
G	=	the number of completed payment periods, including the current period;
H	=	the total directors' remuneration and bonus/overtime paid to date including that paid in the current period;
I	=	the total other one-off payments paid to date including that paid in the current period;
normal pay	=	basic gross wage or salary usually paid regularly over a sufficient period of time; and
SRT	=	Social Responsibility Tax.".

Regulation 9 deleted

3. The Principal Regulations are amended by deleting regulation 9.

Regulation 13 amended

4. Regulation 13 of the Principal Regulations is amended after subregulation (3) by inserting the following new subregulation—

"(4) If an employer withholds tax from the payments of employment income of an employee and the amount of tax withheld and remitted to the Commissioner is less than the amount of tax that should have been withheld, the Commissioner may recover the underpaid amount from the current employer of the employee and the current employer may recover the underpaid amount from the employee.".

Regulation 17 amended

5. Regulation 17 of the Principal Regulations is amended by—

(a) deleting subregulation (2) and substituting the following—

"(2) If a payee's chargeable income does not exceed $30,000, the payer shall, once in every 6 months and in the electronic format approved by the Commissioner, submit a summary of the taxes withheld from the payments to the payee."; and

(b) after subregulation (2), inserting the following new subregulation—

"(3) If a payee's chargeable income exceeds $30,000, the payer shall, on each pay day of the payee and in the electronic format approved by the Commissioner, submit a summary of the taxes withheld from the payments to the payee.".

Regulation 19 amended

6. The Principal Regulations are amended by deleting regulation 19 and substituting the following—

"*Monthly withholding tax summary*

19. A monthly withholding tax summary required to be filed by a person withholding tax under section 121 of the Act must be in the approved form.".

Made this 31st day of July 2019.

A. SAYED-KHAIYUM
Attorney-General and Minister for Economy