

[LEGAL NOTICE NO. 56]

INCOME TAX ACT 2015

Income Tax (Withholding Tax) (Amendment) Regulations 2023

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

Short title and commencement

1.—(1) These Regulations may be cited as the Income Tax (Withholding Tax) (Amendment) Regulations 2023.

(2) These Regulations come into force on 1 January 2024.

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

Regulation 2 amended

2. Regulation 2 of the Principal Regulations is amended in the definition of “tax” by deleting “and Social Responsibility Tax”.

Regulation 6 amended

3. 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 = $(A1/F \times G) - B1 + \text{Income Tax on } C2 - \text{Income Tax on } C1$
[if result < 0, then tax to be withheld = 0]

where—

A1 = Income Tax payable on C1;

B1 = Income Tax 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];

$C2 = C1 + H$;

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; and

normal pay = basic gross wage or salary usually paid regularly over a sufficient period of time.”.

Regulation 14 deleted

4. The Principal Regulations are amended by deleting regulation 14.

Regulation 18 amended

5. Regulation 18 of the Principal Regulations is amended by deleting subregulation (2).

Made this 31st day of July 2023.

M. S. N. KAMIKAMICA
Deputy Prime Minister and
Acting Minister for Finance