**COVID-19 TAX RELIEF BILL, 2020**

# EXPLANATORY NOTES

The COVID-19 Tax Relief Bill, 2020 seeks to suspend specified tax obligations imposed by other Acts of Parliament to alleviate adverse financial effects of the coronavirus disease (COVID-19) pandemic, namely the Annual Stamp Tax Act and the Income Tax Act.

**Clause 1** provides for the short title and to give retroactive effect to the Act for which this is the Bill.

**Clause 2** provides for the interpretation section.

**Clause 3** seeks to suspend the tax liability under the Annual Stamp Tax Act for the period 1st April – 30th June, 2020 and for the sum to be payable between 1st July, 2020 and 31st March, 2021.

Section 13 of the Annual Stamp Tax Act provides as follows:

“(1)  The stamp tax charged under this Act in respect of any particular year shall be due and payable in nine equal monthly instalments between the months of April and December of the year in which the tax is payable.”

**Clause 4** seeks to suspend the tax liability under the Income Tax Act for the period 1st April – 30th June, 2020 and for the sum to be payable between 1st July, 2020 and 31st March, 2021.

Section 93 of the Income Tax Act provides as follows:

“(1)   This section shall apply to—

(a) every resident company;

(b) every other resident person, except an individual whose only source of income is from employment;

(c) every non-resident person carrying on business in Grenada, except a non-resident person providing independent personal services in respect of which there is a liability to withholding tax.

(2) Subject to this section, every person to whom this section applies shall in respect of his or her liability to tax for any year of assessment make payment towards such tax in the manner provided by this section.

(3) Subject to subsection (4), every person to whom this section applies shall pay to the Comptroller on or before 30 April, 1996, and thereafter at the end of each calendar month in each year of assessment an instalment equal to one twelfth of the tax as ascertained by him or her on his or her estimated chargeable income for that year of assessment and the final instalment of any balance of tax upon filing his or her annual tax return within ninety days after the end of the basis period determined in accordance with section 11(2).

(4) (*a*)   A person carrying on business with a basis period ending on a date other than 31 December as provided for in section 11, shall pay instalment tax for each year of assessment on or before the end of the first month in which the business commenced and thereafter on or before the end of each calendar month of the basis period.

(*b*)   Where liability of tax arises in relation to income other than from business unless otherwise provided in this Act shall be paid in accordance with the Third Schedule.

(5)   For the purposes of subsections (3) and (4), the estimated chargeable income of any person for a year of assessment shall be taken to be the chargeable income for the preceding year of assessment.

(6)   Where it is shown to the satisfaction of the Comptroller that the chargeable income of any person for the year of assessment is likely to be less than the chargeable income for the preceding year of assessment, the Comptroller may revise the estimated chargeable income of that person and the amount of tax chargeable thereon and payment shall be made accordingly.

(7)   Where the chargeable income of any person for a year of assessment is likely to exceed or exceeds the chargeable income for the preceding year of assessment, the monthly instalments shall be paid by that person on an estimated chargeable income that includes the excess.

(8)   Where a person to whom subsection (7) applies has paid monthly instalments for a year of assessment which include less than eighty per cent of the tax liability on the excess, the difference between eighty per cent of the tax liability on the excess and the tax paid on the excess shall also be subject to interest payable under section 95.

(9)   Where an individual is in receipt in any year of assessment of remuneration within its meaning in the Fourth Schedule, from which tax has been deducted under section 54, the provisions of subsection (3) shall not apply to that individual in respect of the remuneration received by him or her but the instalments of tax payable under subsection (3) or (4) in respect of his or her income other than remuneration shall be at the appropriate rate as if the remuneration formed part of his or her chargeable income for the year of assessment.

(10) Where tax has been deducted under section 54 from remuneration received by an individual in a year of assessment and the remuneration from which tax has been deducted is not less than three quarters of his or her estimated chargeable income for that year of assessment, he or she shall on or before 31st December in that year of assessment pay to the Comptroller the remainder of the tax as ascertained by him or her.

(11) Any instalment of tax paid pursuant to this section in respect of a year of assessment shall be set off against the tax assessed under section 78 for that year of assessment.”

The liability for the months of January, February and March 2020 remains unaffected and the liability returns from the month of July 2020. The liability for the months of April, May and June 2020 is payable at the end of the financial year of the person to which section 93 applies.

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**Darshan Ramdhani**

**ATTORNEY-GENERAL**

**COVID-19 TAX RELIEF BILL, 2020**

**ARRANGEMENT OF CLAUSES**

1. Short title

2. Interpretation

3. Suspension of obligations under Annual Stamp Tax Act

4. Suspension of obligations under Income Tax Act

**COVID-19 TAX RELIEF BILL, 2020**

**GRENADA**

**ACT NO. OF 2020**

**AN ACT** to suspend specified tax obligations imposed by other Acts of Parliament to alleviate adverse financial effects of the coronavirus disease (COVID-19) pandemic.

**BE IT ENACTED** by the Queen’s Most Excellent Majesty by and with the advice and consent of the Senate and the House of Representatives and by the authority of the same as follows—

**Short title and commencement**

1. (1) This Act may be cited as the

**COVID-19 TAX RELIEF ACT, 2020.**

(2) This Act shall be deemed to have come into force on the 31st day of March, 2020.

**Interpretation**

2. In this Act—

“**Annual Stamp Tax Act**” means the Annual Stamp Tax Act, Chapter 16A;

“**Income Tax Act**” means the Income Tax Act, Chapter 149;

“**Tax Administration Act**” means the Tax Administration Act No. 14 of 2016.

**Suspension of obligations under Annual Stamp Tax Act**

3. (1) Section 13 of the Annual Stamp Tax Act is suspended for the period commencing on the 1st day of April, 2020 and ending on the 30th day of June, 2020.

(2) The stamp tax charged under the Annual Stamp Tax Act in respect of the year 2020 shall be due and payable in nine equal monthly instalments between the months of July in the year 2020 and March of the year 2021.

(3) For the avoidance of doubt, the Tax Administration Act shall apply *mutatis mutandis*.

**Suspension of obligations under Income Tax Act**

4. (1) In this section—

“**suspension period**” means the period commencing on the 1st day of April, 2020 and ending on the 30th day of June, 2020;

“**suspended sum**” means the monthly instalments that would have been ordinarily payable under section 93 (3) of the Income Tax Act for the suspension period;

(2) Section 93 (3) of the Income Tax Act is suspended for the suspension period.

(3) Subject to subsection (4), the suspended sum shall be payable with the final instalment of any balance of tax upon filing his or her annual tax return within ninety days after the end of the basis period determined in accordance with section 11 (2) of the Income Tax Act.

(4) For the avoidance of doubt, every other subsection of section 93 of the Income Tax Act, and in particular subsections (4), (9) and (11) of section 93, shall apply *mutatis mutandis*.

(5) For the avoidance of doubt, the Tax Administration Act shall apply *mutatis mutandis*.

Passed by the House of Representatives this day of , 2020.

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**Clerk to the House of Representatives**

Passed by the Senate this day of , 2020.

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**Clerk to the Senate**