



QUARTERLY TAXES FOR DECEMBER 2011

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We are pleased to present our quarterly tax reminder newsletter outlining your obligations for payment of taxes for the final quarter of income year 2011.

At this point you should have accounted for the first three quarters installments of taxes for income year 2011 which were due on or before March 31, June 30 and September 30, 2011. The final quarter installment is due on or before December 31, 2011.

Any final balance due thereafter for income year 2011 will be due on or before April 30, 2012. Thereafter interest will be levied for late payments at 20% per annum from the due date to the date of payment.

Any interest paid on the late payment of taxes is not deductible for tax purposes.

CORPORATION TAX



Quarterly tax installments due for income year 2011 are based on chargeable income as disclosed in your return for the preceding year of income. In the case of income year 2011, therefore, your estimated quarterly installments would be based on your chargeable income for income year 2010.

Where your chargeable income for income year 2011 is estimated to be less than that for income year 2010, an application should be made to the Board of Inland Revenue for a reduction in quarterly installments. We shall be pleased to assist with such an application on your behalf.

Conversely where your estimated chargeable income for income year 2011 is expected to exceed the chargeable income for 2010, you should have paid by the fourth quarter of income year 2011 the tax liability based on the previous year of income plus 80% of the increase in the tax liability of the current year.

The Board has the power to assess interest at 20% per annum on any short payments.

We would be pleased to assist you with this computation.

The following are some of the fiscal measures introduced in the Finance (No. 2) Act of 2010 to consider in computing your estimated chargeable profits for income year 2011:-

- All assets listed as Class A assets, with the exception of buildings, are to be transferred to Class B which assets qualify for wear and tear (W&T) allowance at 25%;
- Increase in the initial allowance to 90%;
- W&T allowance of 130% on the acquisition and installation in a motor vehicle of a CNG kit and cylinder;
- W&T allowance of 150% on the acquisition of plant, machinery, parts and materials for use in the manufacture of solar water heaters;
- W&T allowance of 150% for the acquisition of wind turbines and supporting equipment;
- W&T allowance of 150% for the acquisition of solar photovoltaic systems and supporting equipment and solar water heaters;

- W&T allowance of 75% on the acquisition of plant and machinery by a certified Energy Service Company for the purpose of conducting energy audits;
- Increase in the allowance for expenditure incurred in respect of visual / performing arts; sponsorship of sporting activities and sponsorship of audio, visual or video production to \$2 million (previously allowance was a maximum of \$1 million);
- Production companies are entitled to an allowance of 150% of actual expenditure up to an increased maximum of \$2 million;
- Covenanted donations to the Children's Life Fund up to a maximum of 15% of total income is deductible.

Please note that the Board of Inland Revenue with its Gentax system is automatically computing short payments of taxes and assessing the interest on such payments and withholding this from any refunds due to the taxpayer.

BUSINESS LEVY

Business levy shall apply **only** when this liability exceeds your corporation tax liability. Business levy is due at the rate of 0.20% on actual gross sales or receipts of each quarter ending March 31, June 30, September 30 and December 31 in each year of income. It includes **all** sources of income subject to the exemptions listed below.

Exemptions from business levy are as follows:-

1. For three years from the date of registration of your company;
2. Does not apply to the gross sales or receipts which give rise to profits exempt from corporation tax eg dividends from resident companies; exempt interest income etc
3. Where gross sales or receipts do not exceed TT\$200,000.

GREEN FUND LEVY

Unlike Business Levy, there are no exemptions from Green Fund levy which is due on gross sales or receipts at the rate of 0.10%.

Green Fund levy is computed on gross sales or receipts for a calendar year and is due quarterly on March 31, June 30, September 30 and December 31 of each calendar year.



INTEGRATED TAX PROCESSING

Quarterly Payment of Taxes, Business Levy and Green Fund Levy ought to be accompanied by the relevant "Remittance Forms" to avoid delays in processing of payments and later for issuing your refunds. These are pre-printed forms issued by the Board to facilitate the integrated approach whereby all taxes are processed under one processing system.



The Remittance Forms, one for each quarter have been mailed to taxpayers registered with the Inland Revenue Division and should accompany payments of quarterly installments.

Persons who do not receive these Remittance Forms can continue to make payments at the Cashiers' units (where the required documents will be generated) but they should apply in writing to the Board for the relevant Remittance Forms.

SUMMARY

Ensure your quarterly payments are up to date and in compliance with the legislation so as to avoid the imposition of interest for late payments.

We shall be pleased to assist with computing your 2011 estimated corporation tax liability so as to ensure that a reasonable estimate of taxes is paid and avoid being in a refund position or having to make a large payment in April 2012 on which the Board could seek to impose interest on short payments.

Please utilize the pre-printed Remittance Forms issued by the Board.

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CAVEAT

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