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3rd Session Second Parliament Trinidad and Tobago  
17 Elizabeth II

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TRINIDAD AND TOBAGO  
**Act No. 5 of 1969**

[L.S.]

AN ACT to amend the law relating to Income Tax  
and Corporation Tax

*[Assented to 12th March, 1969]*

BE IT ENACTED by the Queen's Most Excellent Majesty, <sup>Enactment</sup>  
by and with the advice and consent of the Senate and  
House of Representatives of Trinidad and Tobago, and  
by the authority of the same, as follows:—

**1.** This Act may be cited as the Finance Act, 1969.

Short title

Income Tax  
Ordinance  
amended  
Ch. 33. No. 2

2. The Income Tax Ordinance is amended—

(a) by adding immediately after section 16F the following new section—

“Tax on  
surrender  
value of  
a life  
insurance  
policy

16G. (1) Where a life insurance policy is surrendered before the policy holder attains the age of sixty years there shall be deducted or withheld from any sum paid to a person in a year of income as the surrender value thereof, by the person paying that sum, tax equal to 5 per cent thereof and any amount so deducted or withheld shall forthwith be remitted to the Board.

(2) Where tax has been paid to the Board under subsection (1)—

(a) the person making the payment shall as against any person entitled to the payment, be acquitted and discharged of so much money as is represented by the tax as if that sum had actually been paid;

(b) the balance of the surrender value when received by the person entitled thereto shall be deemed not to be income of that person for the purposes of this Ordinance.

(3) A life insurance policy shall be taken to have been surrendered if the policy ceases to be an active policy on the books of the company, other than by way of maturity, or on death.

(4) In determining whether a policy has ceased to be an active policy on the books of the company, an amount in respect of the tax charged, under subsection (1) shall be taken to be included in the amount of the debts owing to the company under the policy and upon the debts owing to the company under, or secured by, the policy and the amount of the overdue premium equaling the surrender value thereof, the policy shall be treated as having ceased to be an active policy on the books of the company.

(5) Where subsection (4) applies, the company shall be liable to account for and pay over to the Board the amount of such tax and may thereupon forfeit the policy under section 106 of the Insurance Act, 1966; so however that if the policy is re-instated by the company, acting in its discretion in any case, the tax paid to the Board under this subsection shall be refunded to the company.

(6) In this section—

“surrender value”  
means the total  
c a s h surrender  
value of a life in-  
surance policy de-  
termined (before  
making allowance  
for any debts ow-  
ing to the company  
under, or secured  
by, the policy, and  
the amount of  
any overdue pre-  
mium), by the  
c o m p a n y ' s  
actuary;

“Life insurance policy” means a policy issued in the course of the ordinary life insurance business of an assurance company.”;

(b) by repealing and replacing paragraph (a) of subsection (4) of section 24 thereof as follows—

“(a) any profits of the long-term insurance business of an assurance company that has not borne corporation tax at the higher rate as provided for in Schedule III of the Finance Act, 1966”.

Schedule III  
of the Finance  
Act, 1966,  
amended

3. Schedule III of the Finance Act, 1966, is amended by repealing and replacing the proviso thereto as follows—

“Provided that in the case of the long-term insurance business of an assurance company the rate of tax shall be 15 per centum, except that where profits of that business are transferred to the shareholder’s account, a corresponding amount of such profits of the accounting period ending in the year of income in which the transfer was made shall be treated as chargeable at the higher rate of tax, and where there is an insufficiency of such profits of that accounting period, the amount by which the profits so transferred exceeds the profits of such period shall be deemed to be profits of that period after making allowance for any tax previously paid.”

Schedule VI  
of the Finance  
Act, 1966,  
amended

4. Schedule VI of the Finance Act, 1966, is amended as follows—

(a) by repealing and replacing paragraph 1 (1) thereof as follows—

“1. (1) In the case of a non-resident assurance company (other than the long-term insurance business of such company), the profits on which corporation tax is payable

shall be the full amount of the profits of the company's business directly or indirectly accruing in or derived from Trinidad and Tobago as ascertained from the revenue account of the company's business in accordance with the provisions of Part II of this Act.

(2) In the case of a resident assurance company (other than the long-term insurance business of such company), the profits on which corporation tax is payable shall be the full amount of the profits of the company's business wherever carried on as ascertained from the revenue account of the company's business in accordance with the provisions of Part II of this Act.”;

- (b) by re-numbering subparagraph (2) thereof as subparagraph (3);
- (c) by substituting for the expression “life assurance business” in paragraph 2 (1) thereof, the expression “long-term insurance business” wherever it occurs in the said subparagraph;
- (d) by repealing and replacing paragraph 2 (2) as follows:—

“(2) Where an assurance company carries on ordinary life insurance business, general annuity business, industrial life insurance business, approved annuity business, bond investment business, non-cancellable sickness and accident insurance business or any of them—

- (a) the ordinary life insurance business or general annuity business or both, as the case may be, shall be treated as a separate class of business; and

(b) the industrial life insurance business, approved annuity business, bond investment business, non-cancellable sickness and accident business, as the case may be, shall each be treated as a separate class of business,

and the provisions of paragraph 3 relating to expenses shall apply separately to each such class of business.”;

(e) by repealing and replacing paragraph 3 as follows:—

“3. (1) The profits of the long-term insurance business of an assurance company on which corporation tax is payable shall be profits derived from the investment of its Statutory Fund, including, in the case of a resident company, profits from the investment of any foreign long-term insurance fund. Such profits shall be computed in accordance with the provisions of Part II of this Act, but subject as regards expenses, to this paragraph.

(2) Subject to paragraph 2 (2), for the purpose of computing the profits of the long-term insurance business of an assurance company, there shall be allowed such proportion of the outgoings and expenses as the Board may, in any case, determine being such outgoings and expenses specified in the Table below as are wholly and exclusively incurred during the year of income by such assurance company in the production of the profits.

(3) Deductions shall not be allowed for expenses directly related to annual premium income including the medical examination of policy holders, stamp duties payable

on policies and other such expenses directly related to the inclusion of a policy on the books of the company; so however, that for the year of income 1969 and subsequent years there shall be allowed the following percentages of annual premiums as agents' commissions—

<i>Year of Income</i>	<i>Percentage of annual premium</i>	
	<i>1st year</i>	<i>2nd or subsequent years</i>
1969	15%	2%
1970	10%	2%
1971	5%	2%
1972	Nil	2%
1973 and subsequent years	Nil	Nil

(4) The profits of approved annuity business shall not be chargeable to tax except to the extent that such profits are distributed to the shareholders.”;

(f) by repealing and replacing paragraph 4 as follows:—

“4. Where, in the case of a non-resident company, any part of the profits of its long-term insurance business is transferred to the shareholders account, the amount of the profits that is to be treated under Schedule III of this Act as chargeable at the higher rate of tax shall be taken, to be the amount produced by multiplying the total amount transferred by the ratio of the Trinidad and Tobago actuarial reserves, over the company's world actuarial reserves.”;

(g) by repealing and replacing paragraph 5 as follows:—

“5. (1) In this Schedule—  
“foreign long-term insurance fund”  
means any fund

representing the amount of the liability of an assurance company in respect of its long-term insurance business with policy holders and annuitants residing out of Trinidad and Tobago whose proposals were made to, or whose annuity contracts were granted by the company at or through a branch or agency outside Trinidad and Tobago and, where such a fund is not kept separately from the Statutory Fund means such part of the Statutory Fund as represents the liability of the company under such policies and annuity contracts, such liability being estimated in the same manner as it is estimated for the purpose of the periodical returns of the company to the Supervisor under the Insurance Act, 1966;

“long-term insurance business” means ordinary life assurance business, general annuity business, industrial life insurance business, approved annuity business, non-cancellable sickness and accident insurance and bond investment business;

“revenue account” means the revenue account required to be kept under section 45 of the Insurance Act, 1966;

“Statutory Fund” has the same meaning as in section 2 of the Insurance Act, 1966, except that in the case of a resident company the expression shall be deemed to include the authorised and paid up share capital of the company.

(2) Subject to this paragraph the First Schedule of the Insurance Act, 1966, shall apply for the purpose of the definition of much of the business referred to in this Schedule as are defined therein.

Commencement

5. This Act shall come into operation on the 1st day of January, 1969.

Passed in the House of Representatives this 17th day of January, 1969.

G. R. LATOUR  
*Clerk of the House*

Passed in the Senate this 11th day of February, 1969.

J. E. CARTER  
*Clerk of the Senate*