

Third Session Third Parliament Republic of Trinidad
and Tobago



REPUBLIC OF TRINIDAD AND TOBAGO

Act No. 20 of 1989

[L.S.]

AN ACT to amend the Income Tax Act, Chap. 75:01

[Assented to 2nd June, 1989]

ENACTED by the Parliament of Trinidad and Tobago as Enactment
follows:—

1. This Act may be cited as the Income Tax (Amendment) Short title
Act, 1989.

Chap. 75:01

2. In this Act, the Income Tax Act is referred to as “the Act”.

Section 5 of the Act amended

3. Section 5 of the Act is amended by repealing subsection (6) and substituting the following subsection—

“ (6) Notwithstanding subsection (1)(e), where under a contract of employment the employer is liable to pay an amount by way of severance pay upon the termination of the employment of an employee by reason of the redundancy of the position held by the employee—

(a) so much of the amount as does not exceed eighty thousand dollars shall be exempt from tax; and

(b) the remainder, if any, of the amount—

(i) shall be treated as income for the year in which the employment is terminated and, irrespective of when payment is received, shall not be treated as income of any other year;

(ii) shall not form part of the chargeable income of the employee but shall be separately charged to tax at his average rate of tax for the year of income immediately preceding the year in which the employment is terminated.”

Section 8 of the Act amended

4. Section 8 of the Act is amended—

(a) in subsection (1)—

(i) by deleting the full stop at the end of paragraph (k) and substituting a semi colon; and

(ii) by inserting after paragraph (k) the following new paragraphs—

“(l) interest payable on bonds, known as TTDFC Industrial Bonds, that are issued by

Trinidad and Tobago
Development Finance Com-
pany Limited;

(m) subject to subsection (1A),
the amount of any gratuity
payable under a Govern-
ment pension Act to a
person who was a monthly-
paid officer or employee.”;

(b) by inserting after subsection (1) the following
new subsection—

“ (1A) Where a gratuity, other than a
gratuity payable as a result of the
exercise of an option to receive a gratuity
and a reduced deferred pension as referred
to in section 9 of the Voluntary Termina-
tion of Employment Act, 1989, is payable
to a person upon his services terminating
under the Voluntary Termination of
Employment Act, 1989 before he has
attained the age of fifty years, the
exemption provided by subsection (1)(m)
does not apply but section 5(6) applies to
the amount of the gratuity as if it were an
amount that the employer of that person
were liable to pay by way of severance
pay, as referred to in section 5(6).”; and

(c) in subsection (3), by inserting after the defini-
tion of “Agricultural Development Bank” the
following new definition—

“ ‘Government pension Act’ means an
Act under which there is payable any
benefit by way of a pension or
gratuity in respect of past service,
the payment of which is a charge
on the Consolidated Fund or other
public funds;”.

5. Section 34A of the Act is amended—

Section 34A of the
Act amended

(a) in subsection (1), by inserting after the words
“Subject to subsections (2) and (3), there shall
be” the word “charged”; and

(b) in subsection (4), by deleting the words “subsection (2)” and substituting the words “subsection (2A)”.

Passed in the House of Representatives this 21st day of April, 1989.

N. COX
Acting Clerk of the House

Passed in the Senate this 23rd day of May, 1989.

R. CUMBERBATCH
Acting Clerk of the Senate