
Second Session First Parliament Republic of Trinidad
and Tobago



REPUBLIC OF TRINIDAD AND TOBAGO

Act No. 46 of 1977

[L.S.]

AN ACT to amend the Income Tax Ordinance, Ch. 33. No. 1.

[Assented to 14th December, 1977]

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, 1977.

The Income Tax Ordinance amended. Ch. 33. No. 1

2. The Income Tax Ordinance (hereinafter referred to as "the Ordinance") is amended in section 12B—

(a) by repealing subsection (1) and replacing it as follows—

"Gains or profits from commercial farming exempt from tax

12B. (1) Notwithstanding anything to the contrary contained in section 5, but subject to this section, the gains or profits from commercial farming shall be exempt from tax during the period commencing 1st January, 1972 and ending 31st December, 1981 (hereinafter referred to as "the period of exemption") where such farming is carried out on an approved agricultural holding."; and

(b) by substituting the words "one hundred acres" for the words "fifty acres" occurring in paragraph (a) of subsection (5).

The Ordinance amended by adding section 12c

3. The Ordinance is amended by adding immediately after section 12B the following section—

"President may vary period of exemption

12C. The President may by Order published in the *Gazette* extend from time to time the period of exemption specified in subsection (1) of section 12B."

Section 14 of the Ordinance amended

4. Section 14 of the Ordinance is amended by substituting the words "under sections 15 to 16D and sections 16I and 16J" for the words "under sections 15 to 16D" occurring in the penultimate and last lines thereof.

The Ordinance amended by adding section 16i

5. The Ordinance is amended by adding immediately after section 16H the following section—

"Deduction for medical expenses

16I. (1) Subject to this section, an individual to whom section 14 applies shall be entitled to a deduction for medical expenses equal to the amount of the medical expenses paid by him in a year of income in respect of himself or a dependant.

(2) The deduction allowable under this section shall not exceed four hundred dollars.

(3) In computing an individual's medical expenses there shall be deducted therefrom any amount.

(a) paid to the individual or his dependant; and

(b) which the individual or his dependant is entitled to be paid,

on account of the medical expenses paid by the individual in a year of income in respect of himself or a dependant under an insurance contract or otherwise.

(4) Where an insurance contract undertakes the payment of medical expenses and other expenses or benefits, a policyholder or an employee who is a party to the insurance contract on making a claim for the deduction for medical expenses shall submit to the Board a statement from the insurer showing the amount of the premium attributable to medical expenses.

(5) Premiums paid on an insurance contract under which amounts are payable in respect of medical expenses shall be deemed to be payments for medical expenses.

(6) In this section—

“dependant” means in relation to an individual a person who is—

(a) his or her spouse and is living with him or her;

(b) under eighteen years of age and is a child of the individual;

(c) an invalid child; or

(d) a dependent relative within the meaning of section 15H;

“insurance contract” means a contract between—

(a) an insurer and an individual; or

(b) an insurer and an employer (including a company) in respect of his employees which provides for the payment of amounts in

respect of medical and such other expenses or benefits, if any, as may be agreed upon;

“invalid child” means a child of the individual, whether or not under eighteen years of age, who is by reason of permanent disability dependent upon the individual for his maintenance;

“medical expenses” means amounts paid—

- (a) to a registered medical practitioner, a qualified nurse or a midwife, a chemist or to a hospital or other similar institution for services rendered, facilities provided or medicines prescribed by a registered medical practitioner for the treatment of any illness or in connection with the birth of a child;
- (b) to a qualified dentist for dental services rendered or services rendered in the supply or repair of artificial teeth or to a dental technician for such of those services as he is qualified to perform;
- (c) for therapeutic treatment administered on the advice of a registered medical practitioner;

- (d) in respect of an artificial limb or part thereof, an artificial eye or a hearing aid;
- (e) in respect of a medical or a surgical appliance prescribed by a registered medical practitioner for the personal use of the individual or his dependant;
- (f) for the testing of eyes or the prescribing of spectacles by a person qualified to perform those services and for spectacles purchased as a result of such prescription; or
- (g) to a person for services rendered by him as an attendant of a person who is blind or permanently incapacitated by infirmity.”.

6. The Ordinance is amended by adding immediately after section 16I the following section—

“Deduction
for
purchase
of bonds

16J. (1) Subject to this section, an individual to whom section 14 applies shall be entitled to a deduction of an amount not exceeding two thousand dollars in a year of income in respect of the purchase of such treasury bonds as may from time to time be approved by the President by Notice published in the *Gazette*.

(2) The deduction mentioned in subsection (1) shall be allowed only—

- (a) to the original purchaser of the bonds; and

The Ordinance
amended by
adding
section 16J

(b) in respect of the year of income in which the bonds are purchased.”.

The Ordinance amended by adding section 16k

7. The Ordinance is amended by adding immediately after section 16j the following section—

“Employer may establish employees’ savings plan

16k. (1) Subject to this section, an employer may with the approval of the Board establish an employees’ savings plan to which contributions may be made annually by the employer and the employee.

(2) All persons in the employ of an employer are eligible to become members of an employees’ savings plan (hereinafter referred to as “the plan”).

(3) The Board shall not approve the establishment of a plan unless it is satisfied that—

- (a) membership in the plan is voluntary;
- (b) the plan is intended as a supplement and not as a substitute for any approved pension fund plan or deferred annuity plan;
- (c) the plan is to be constituted by trust vested—
 - (i) in not less than three trustees where the trustees are individuals; or
 - (ii) in a trust corporation;
- (d) the funds of the plan are to be invested in assets originating and situated in Trinidad and Tobago;
- (e) where the employer is a public company, any investment in the company by way of shares or debentures would not exceed one-third of the total assets of the plan; and
- (f) the plan provides for contributions—
 - (i) not exceeding three per cent of the salary or wages of an employee, subject to a maximum of one thousand two

hundred dollars, to be made by an employer (hereinafter referred to as "the employer's contribution"); and

- (ii) at least equal to but not exceeding twice the amount of the employer's contribution to be made by an employee.

(4) The President may, in order to confer a benefit on the employees, approve with retrospective effect any plan which was in operation before the commencement of this Act where he is satisfied that the plan is not inconsistent with the provisions of this Act.

(5) Where pursuant to subsection (4) a plan has been approved with retrospective effect, the provisions of this Act shall apply to that plan as if this Act had been in operation on the date from which the plan was given retrospective effect."

8. The Ordinance is amended by adding immediately after section 16K the following section—

"Employer's contribution to be allowed as deduction for income tax

16L. (1) Every employer who establishes a plan shall, for the purpose of computing his chargeable income for the year of income, be allowed a deduction of the amount contributed by him to the plan, in respect of each employee who is a member of the plan.

(2) For the purpose of computing the chargeable income of an employee, no deduction may be allowed in respect of his contribution to a plan.

(3) The employer's contribution shall not form part of the chargeable income of the employee except where such contribution is withdrawn pursuant to subsection (3) of section 16N.

The Ordinance amended by adding section 16L.

The Ordinance amended by adding section 16M

9. The Ordinance is amended by adding immediately after section 16L the following section—

“Trustees to be taxed on income derived from investment

16M. (1) Where the funds of a plan are invested the trustees of the plan shall be taxable on the income derived from the investment—

- (a) at prevailing scale rates for the appropriate year of income, where the income does not exceed five thousand four hundred dollars; or
- (b) at a flat rate of fifteen per cent where the income exceeds five thousand four hundred dollars.

(2) An employee is entitled to a proportionate share in the income derived from investing the funds of the plan established by the employer.

(3) The share to which the employee is entitled shall be calculated on the amount contributed by him, on the employer's contribution and on the interest accruing in respect of such contributions.

(4) The Trustees of a plan shall on or before the thirty-first day of December in each year—

- (a) submit to the Board accounts of revenue and expenditure in respect of the plan; and
- (b) furnish to each employee who is a member of the plan a statement showing the amounts—
 - (i) contributed by the employee;
 - (ii) of interest to which the employee is entitled in respect of his contribution;
 - (iii) of the employer's contribution;
 - (iv) of interest to which the employee is entitled in respect of the employer's contribution; and
 - (v) withdrawn by the employee.”

10. The Ordinance is amended by adding immediately after section 16M the following section—

“Withdrawal of contributions

16N. (1) An employee may without being liable to tax, at any time withdraw—

The Ordinance amended by adding section 16N

- (a) all or part of the contribution made by him to the plan and the interest accruing in respect thereof;
- (b) all or part of the interest accruing in respect of the employer's contribution.

(2) An employee or his personal representative, as the case may require, may, without being liable to tax, withdraw the employer's contribution—

- (a) on the death of the employee;
- (b) on the termination of the employee's employment by virtue of redundancy;
- (c) on the retirement of the employee at any time after he has attained the age of fifty; or
- (d) on the retirement of the employee before he has attained the age of fifty, where such retirement is on the grounds of ill-health or infirmity.

(3) Where an employee withdraws the employer's contribution in circumstances other than those specified in subsection (2), the amount of the contribution withdrawn shall be subject to tax at the marginal rate of tax for the year of income in respect of which the contribution was withdrawn.

(4) An employee who ceases to be in the employ of a particular employer may, without being liable to tax, transfer from one plan to another the contribution made by him to the plan and the employer's contribution and any interest accruing on such contributions and the amount so transferred shall be deemed not to have been withdrawn.

(5) For the purposes of this section and of sections 16K, 16L and 16M—

“employer” means a company, a partnership or a sole trader each of which has in its employ at least fifty persons;

“employees’ savings plan” or “plan” means an arrangement whereby the contributions made by an employer and an employee in accordance with this Act are held by trustees in order to encourage savings and investment by employees.

(6) For the purposes of subsection (3) “marginal rate of tax” means the rate of tax payable on the last dollar of the chargeable income of the employee for the year of income in respect of which the employer’s contribution was withdrawn exclusive of the amount, if any, of the employer’s contribution withdrawn by the employee and any arrears of salary chargeable to tax in accordance with subsection (8) of section 5.”.

Section 18B
of the
Ordinance
amended

11. Section 18B of the Ordinance is amended—

(a) by substituting for paragraph (c) of subsection (5) the following paragraph—

“(c) sixty thousand dollars where construction commenced after 31st December, 1975, but not later than 31st December, 1976; or”; and

(b) by adding immediately after paragraph (c) of subsection (5) the following paragraph—

“(d) eighty thousand dollars where construction commenced after 31st December, 1976.”.

Section 18C
of the
Ordinance
amended

12. Section 18C of the Ordinance is amended—

(a) by substituting for paragraph (e) of subsection (1) the following paragraph —

“(e) sixty thousand dollars where construction commenced after 31st December, 1975 but not later than 31st December, 1976; or”;

- (b) by adding immediately after paragraph (e) of subsection (1) the following paragraph—
“(f) eighty thousand dollars, where construction commenced after 31st December, 1976.”;
- (c) by substituting for paragraph (e) of subsection (3) the following paragraph—
“(e) sixty thousand dollars where the repairs, alterations or improvements were made after 31st December, 1975, but not later than 31st December, 1976; or”; and
- (d) by adding immediately after paragraph (e) of subsection (1) the following paragraph—
“(f) eighty thousand dollars where the repairs, alterations or improvements were made after 31st December, 1976.”.

13. This Act shall be deemed to have come into operation on the 1st day of January, 1977. Commencement

Passed in the House of Representatives this 18th day of November, 1977.

J. E. CARTER
Clerk of the House

Passed in the Senate this 29th day of November, 1977.

R. L. GRIFFITH
Clerk of the Senate