

COMMONWEALTH OF DOMINICA

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2018

**INCOME TAX
(AMENDMENT)**

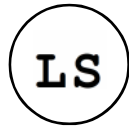
ACT 6

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COMMONWEALTH OF DOMINICA

ACT NO. 6 OF 2018

I assent



CHARLES A. SAVARIN
President

14th May, 2018

**AN ACT TO AMEND THE INCOME TAX ACT,
CHAPTER 67:01.**

(Gazetted 17th May, 2018.)

BE IT ENACTED by the Parliament of the Commonwealth of
Dominica as follows:

1. (1) This Act may be cited as the –

Short title and
commencement.

**INCOME TAX
(AMENDMENT) ACT 2018.**

(2) Subject to subsections (3) and (4) this Act is deemed
to have come into force on the 1st day of January, 2017.

(3) Section 4 shall come into force on the day that this Act is published in the *Gazette*.

(4) Section 11 is deemed to have come into force on the 1st day of January, 2018.

Interpretation.
Chap. 67:01.

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

Amendment of
section 2.

3. Section 2 of the Act is amended –

(a) by deleting the definition of “management charges” and substituting the following:

““management charge” means an amount paid or payable for administration fees, management fees or expenses, head office charges and allocations, technical services, shared costs and other similar charges;”;

(b) in the definition of “person” by inserting the words “branch of a non-resident company” immediately after the word “company,”;

(c) in the definition of “resident in Dominica” -

(i) in paragraph (c) by deleting the word “and”;

(ii) in paragraph (d) by deleting the comma which appears at the end and substituting a semi-colon;

(d) by inserting the following paragraph (e) immediately after paragraph (d):

“(e) in the case of a branch of a non-resident company, that the branch

was established , registered or operating in Dominica,”.

- 4.** Section 6 of the Act is amended in subsection (2) – Amendment of section 6.

(a) in paragraph (a) by deleting the words “by the Cabinet or by”;

(b) in paragraph (d) by deleting the word “Department.” and substituting the word “Department;”;

(c) by inserting the following new paragraph (e) immediately after paragraph (d):

“(e) required by a Court of competent jurisdiction in Dominica.”.

- 5.** Section 10 of the Act is amended in subsection (1)(g) Amendment of section 10.
by –

(a) deleting the words “in Dominica” where they first appear;

(b) deleting the semi-colon which appears at the end and substituting the following:

“or where the services were provided;”.

- 6.** Section 25(1) of the Act is amended – Amendment of section 25.

(a) by deleting paragraph (ii) and substituting the following:

“(ii) travelling allowance paid to a person employed in the private sector who is a travelling officer up to the

equivalent of the travelling allowance paid to a public officer;”;

- (b) by inserting the following new paragraph (*va*) immediately after paragraph (*v*):

“(va) gratuity paid to a member of Parliament at the end of a term in office;”.

Amendment of
section 26.

7. Section 26 of the Act is amended –

- (a) in subsection (3) by deleting the words “(hereinafter referred to as “the tax holiday period”)”;
- (b) (in subsection (5) by deleting the words “(hereinafter referred to as “the tax holiday period”)”;
- (c) by inserting the following new subsection (5A) after subsection (5);

“(5A) Where approval has been given in respect of a substantial upgrade of an existing hotel there shall be exempt from tax for such period of time as may be determined by Cabinet, but not exceeding a maximum of ten years all income, attributable to the substantial upgrade, accruing to the owner or to the lessee from the carrying on of the business of the hotel.”;

- (d) in subsection (6) by deleting the figures “(3) or (5)” and substituting the figures “(3), (5) or (5A)”;
- (e) deleting subsections (7) and (8) and substituting the following:

“(7) Where no income is attributable to an

extension or substantial upgrade of a hotel which is approved under section 26 Cabinet may classify the extension or substantial upgrade as five year plant for the purposes of paragraph 2 of Part II of the Second Schedule.

(8) In this section -

“hotel” means a hotel or guest house containing not less than five bedrooms for the accommodation of guests for reward;

“substantial upgrade” means extensive remodelling, renovation or refurbishment;

“tax holiday period” means any period of exemption from tax granted by Cabinet under this section.”.

8. Section 37 of the Act is amended –

Amendment of
section 37.

- (a) in subsection (1) by deleting the word “dividend” and substituting the word “income”;
- (b) by deleting subsection (2) and substituting the following:

“(2) Subsection (1) shall not apply to any loan or advance made by a company in the ordinary course of its business where the business includes the lending of money.”.

9. Section 41(1) of the Act is amended –

Amendment of
section 41.

- (a) by inserting the words “licence fees, branding fees, royalties or” immediately after the words “way of”;

(b) in paragraph (b) -

(i) by deleting subparagraph (i) and substituting the following:

“(i) the total amount of licence fees, branding fees, royalties or management charges;

(ii) in subparagraph (ii) by deleting the words “management charges” and substituting the words “licence fees, branding fees, royalties or management charges”;

(iii) by deleting the comma which appears at the end of subparagraph (ii) and substituting a full stop;

(iii) by deleting the following words “and any amount of management charge not allowed as a deduction by reason of this subsection shall be deemed not to be a management charge for the purposes of section 57 of the Third Schedule.”.

Amendment of
section 45.

10. Section 45(1) of the Act is amended by inserting the following new paragraph (ca) after paragraph (c):

“(ca) any expenditures incurred for the purpose of producing income which is not taxable in Dominica;”.

Amendment of
section 47.

11. Section 47 of the Act is amended by deleting the word “twenty-five” and substituting the word “thirty”.

Amendment of
section 58.

12. Section 58(1) of the Act is amended by inserting the words “or a branch of a non-resident company” immediately after the word “company”.

13. Section 59 of the Act is amended by inserting the following new subsection (1A) immediately after subsection (1):

Amendment of
section 59.

“(1A) An employer who is required to comply with paragraph 11 of the Fourth Schedule who fails to do so is liable to a penalty of one hundred dollars per month, or part thereof, for the period during which the return remains unfiled.”

14. Section 63 of the Act is amended –

Amendment of
section 63.

- (a) by deleting the words “thirty per cent” where they appear in paragraphs (a) and (b) and substituting the word “twenty-five per cent”;
- (b) in paragraph (b) by deleting the word “thirty-five” and substituting the word “twenty-five”.

15. Section 112 of the Act is amended –

Amendment of
section 112.

- (a) in subsection (1) by deleting the words “in accordance with subsection (2) or (3)” and substituting the words “of ten per cent of the additional tax which should have been paid”;
- (b) in subsection (2) –
 - (i) by deleting the word “Where” and substituting the following:

“A person who fails to furnish a correct return of income for any year of assessment by reason of a circumstance specified in subsection (1)(a),(b), (c) or (d) is, where”;

(ii) in paragraph (a) by deleting the words “he is”;

(iii) in paragraph (b) by deleting the words “he is”.

Amendment of the
Second Schedule.

16. The Second Schedule is amended in paragraph 2(2) by deleting subparagraph (vi) and substituting the following:

“(vi) trailers;

(vii) an extension or substantial upgrade, or part thereof, classified as five year plant under section 26(7).”.

Amendment of the
Third Schedule.

17. The Third Schedule of the Act is amended in paragraph 1 -

(a) in subparagraph (a) by inserting the words “or profit” between the word “dividend” and the semi-colon;

(b) in subparagraph (e) by inserting the following words between the word “royalty” and the semi-colon:

“, licence fees, branding fees and other charges for intangible assets”;

(c) by deleting paragraph (j) and substituting the following:

“(j) professional services including legal, accounting and audit services, irrespective of where the services are provided;

(k) insurance premiums including re-insurance;

-
- (l) any other payment of an income nature or reimbursement of expenses.”.

Passed in the House of Assembly this 3rd day of May, 2018.

DANIEL JAMES (MR.)
Clerk of the House of Assembly

DOMINICA

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