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**ARRANGEMENT OF SECTIONS**

1. Short title.
2. Amendment of section 38A of principal Act.
3. Amendment of section 52 of principal Act.
4. Amendment of section 65 of principal Act.
5. Amendment of section 83 of principal Act.
6. Amendment of section 132 of principal Act.
7. Amendment to Third Schedule to principal Act.
8. Amendment of Fourth Schedule to principal Act.
9. Commencement.



GRENADA

**ACT NO. 33 OF 1996**

I assent,



DANIEL CHARLES WILLIAMS

*Governor-General.**10th January, 1997.*

An Act to amend the Income Tax Act 1994.

*[ 17th January, 1997 ].*

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and House of Representatives of Grenada, and by the authority of the same as follows:

1. This Act may be cited as the

**INCOME TAX (AMENDMENT) (NO. 2) ACT, 1996.**

2. Section 38A of the Income Tax Act, 1994, hereinafter referred to as the principal act, is amended by adding after subsection (3) thereof the following new subsection as subsection (4):

Short title.

Amendme  
Section 38  
principal A

"(4) Notwithstanding subsections (1), (2) and (3), where the Comptroller is satisfied that employment income paid to a category of employee referred to in this section is in excess of the amount allowable under this section, the Comptroller may allow such additional portion of the amount paid if such amount is wholly, exclusively and necessarily incurred in the production of the income for the basis period."

Amendment of  
section 52 of the  
principal Act.

3. Section 52 of the principal Act is amended—

- (a) by repealing subsection (1) thereof and substituting the following:

"52.—(1) Where a person engaged in business in Grenada pays to another person

- (a) fees;
- (b) royalties;
- (c) discounts; or
- (d) management charges,

10/99 the <sup>payee</sup>payee shall deduct tax at the rate of 15% and shall pay such tax to the Comptroller within seven days from the date of the payment or credit to the payee."; and

- (b) by deleting the words "in the case of a business" appearing in line 3 of subsection (3) thereof; and
- (c) by adding after subsection (4) the following new subsections as subsection (5), (6), (7), (8) and (9):

"(5) This section shall not apply where the payee carries on in Grenada regular activities of banking industrial or commercial enterprise, including the provision of security janitorial or like service, as may be prescribed; but the payee shall include any such payments in computing the assessable income arising from such activities.

(6) Where a payment is subject to withholding tax under this section and the payee is likely to suffer financial hardship as a result of insufficient cash flow to carry on his business, the payee may apply to the Comptroller for a waiver of the withholding tax by identifying the person and his address who is likely to make the payment which is subject to the withholding tax.

(7) Where the Comptroller is satisfied that a person who has applied for a waiver of withholding tax under subsection (6) is not in default or any tax

obligation under this Act he may review the application and, by way of certificate addressed to the payer, grant a waiver to the payee in respect of any amount of withholding tax which, but for this subsection, would be payable.

(8) A certificate authorising a waiver of withholding tax may be revoked at anytime subsequent to the issuance of such certificate if the Comptroller is satisfied that the payee is in default of any tax obligation or that any tax liable to be paid by the payee may not be recovered.

(9) A notice of revocation under subsection (8) shall have effect from such date as may be stated in such notice and a copy of such notice of revocation shall be delivered to every person to whom a notice of waiver of withholding tax was addressed under subsection (7)."

Amendment of section 65 of principal Act.

4. Section 65 of the principal Act is amended

- (a) by deleting paragraph (a) of subsection (1) and substituting the following:
- "(a) be signed by him or by an agent authorised to sign on his behalf; and"; and
- (b) by deleting paragraph (a) of subsection (4) thereof and substituting the following:

"(a) a resident individual other than an employee or official of the Government of Grenada whose only source of income is employment and such income does not exceed \$60,000 during the year of assessment; and".

5. Section 83 of the principal Act is amended by deleting the word "or" appearing in line 3 of subsection (1) thereof and substituting the word "any".

Amendment of section 83 of principal Act.

6. Section 132 of the principal Act is amended by deleting the words "and 61." appearing at the end of subsection (1) thereof and substituting the words "61, and 61A.".

Amendment of section 132 of principal Act.

7. The Third Schedule to the principal Act is amended

Amendment of Third Schedule to principal Act.

(a) by deleting paragraph (1) thereof and substituting the following:

"1. Application: (1) Except otherwise provided in this Act, this Schedule applies to every person who makes any payment by way of

- (a) interest or discounts;
- (b) rental, lease premium or licence;
- (c) royalty;

- (d) management charge;
- (e) commission or fee, not being in respect of an employment to which section 54 applies;
- (f) annuities or other periodic payments; or
- (g) any other payment to any person including a non-resident, which the payer is entitled to deduct in computing the chargeable income for a basis period;

but subject to paragraph 2, a payment to which paragraph (g) refers does not apply to other payments to a non-resident carrying on business in Grenada.”; and

- (b) by deleting the words “30%” appearing in line 4 of paragraph 3 thereof and substituting the words “15%”.

Amendment of  
Fourth Schedule  
to principal Act.

8. The Fourth Schedule to the principal Act is amended in paragraph 3 of the Arrangement of Paragraphs by deleting the word “a” appearing therein and substituting the word “or”.

Commence-  
ment.

9. The amendments directed to be made by sections 4, 5 and 6 of this Act shall be deemed to have come into operation on 26th April, 1996.

Passed by the House of Representatives this 13th day of December 1996.

ALICE M. ROBERTS  
*Clerk to the House of Representatives.*

Passed by the Senate this 20th day of December, 1996.

ALICE M. ROBERTS  
*Clerk to the Senate.*

GRENADA

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