

EXPLANATORY NOTE

INCOME TAX (AMENDMENT) BILL

1. The Bill for consideration is the Income Tax (Amendment) Bill (the Bill).
2. The Bill provides for an amendment to the Income Tax Act, Cap. 15.02 (the Act).
3. Clauses 1 and 2 of the Bill set out the short title and interpretation, respectively.
4. Clause 3 of the Bill provides for an amendment of section 10A of the Act (Income deemed to have accrued from sources outside Saint Lucia). The amendment introduces an income accrued to a person from a source outside of Saint Lucia in respect of insurance premiums and reinsurance premiums payable by a non-resident in respect of risk originating outside Saint Lucia.
5. Clause 4 of the Bill provides for an amendment of section 38 of the Act (Deduction Allowable). The amendment introduces an allowable deduction of income tax on interest income earned by a financial institution and a money services business from lending monies to micro, small and medium-sized enterprises in the years 2020, 2021 and 2022.
6. Clause 5 of the Bill provides for the insertion of new sections 75A to 75F to the Act. The new section 75A, (Employee retention tax credit) provides for an allowable deduction of a credit of thirty per cent of the salaries paid by a taxpayer to employees during the tax period, commencing the 1st day of April, 2020, and terminating on the 30th day of September, 2020, against the tax owed.
7. In the new section 75B (Eligibility for employee retention tax credit), a business or company is eligible for the tax credit if the company or business employed less than two hundred persons and retained fifty per cent or more of the employees during the concession period; employed two hundred or more persons and retained thirty per cent of the employees during

the concession period; has no arrears of income or tax administered by the Inland Revenue Department (the Department) and complied with the requirements of an enactment administered by the Department.

8. In the new section 75C (Application for an employee retention tax credit), an employer is required to make an application for the tax credit in a form approved by the Comptroller of the Inland Revenue Department (the Comptroller). The application for the tax credit under this section must be accompanied by a list of employees retained from the 31st day of March 2020, the salaries of current employees and employees retained prior to the application for the tax credit and a letter from the National Insurance Corporation confirming the number of employees for whom contributions were made the 31st day of March 2020.
9. In the new section 75D (Application period for an employee retention tax credit), an employer can apply for the tax credit in respect of salaries paid for a period of six months commencing on the 1st day of April, 2020, and ending on the 30th day of September, 2020, and claim no later than the 30th day of September, 2021 income tax and corporate tax owed for the income year 2020/2021.
10. In the new section 75E (Approval of an application for an employee retention tax credit), the Comptroller shall review the application and having been satisfied that an employer has met the requirements for receiving the tax credit approve the application for the tax credit.
11. In the new section 75F (Refusal of an application for an employee retention tax credit), the Comptroller is mandated to provide an employer with written notice of the refusal of an application and the grounds for such refusal for the employee retention tax credit.

No.]

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Income Tax (Amendment) Act

[2021

SAINT LUCIA

No. of 2021

ARRANGEMENT OF SECTIONS

Sections

1. Short title
2. Interpretation
3. Amendment of section 10A
4. Amendment of section 38
5. Insertion of new sections 75A to 75F

SAINT LUCIA

No. of 2021

AN ACT to amend the Income Tax Act, Cap.15.02.

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BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the House of Assembly and the Senate of Saint Lucia, and by the authority of the same, as follows:

Short title

1. This Act may be cited as the Income Tax (Amendment) Act, 2021.

Interpretation

2. In this Act, “principal Act” means the Income Tax Act, Cap. 15.02.

Amendment of section 10A

3. Section 10A of the principal Act is amended —

(a) in paragraph (f), by deleting the full stop and substituting a semicolon;

(b) by inserting immediately after paragraph (f) the following new paragraph (g) —

“(g) insurance and reinsurance premiums payable by a non-resident in respect of risk originating outside Saint Lucia.”.

Amendment of section 38

4. Section 38(1) of the principal Act is amended by inserting after paragraph (t) the following new paragraph (u) —

“(u) a fifty per cent deduction of income tax on interest income earned by a financial institution and an institution in the money services business involved in lending to micro, small and medium sized-enterprises for the income years 2020, 2021, and 2022;”.

Insertion of new sections 75A to 75F

5. The principal Act is amended by inserting immediately after section 75 the following new sections 75A to 75F—

“Employee retention tax credit

75A.—(1) In computing the income tax payable, there is a non-refundable employee retention tax credit of thirty per cent of the total monthly gross salaries and wages paid to employees during the period April, 2020 to September, 2020 by an employer whose business or company was affected by COVID-19.

(2) A business or company is considered to be adversely affected by COVID-19 under subsection (1), if gross revenue or sales turnover from business operations were reduced by not less than thirty per cent during the period commencing 1st day of April, 2020 to the 30th day of September, 2020 when compared to the same period of the prior year.

(3) In this section, “COVID-19” means the coronavirus disease 2019.

Eligibility for employee retention tax credit

75B. A business or company is eligible to receive a non-refundable employee retention tax credit, if by the 31st day of March, 2020, the business or company —

- (a) employed less than two hundred persons and retained fifty per cent or more of the employees during the concession period;
- (b) employed two hundred or more persons and retained thirty per cent or more of its employees during the concession period;
- (c) has no arrears of assessed Pay-As-You-Earn;
- (d) has arrears, and there exists an agreed arrangement in relation to the payment of the arrears; and
- (e) complied with the requirements of other tax laws administered by the Inland Revenue Department.

Application for an employee retention tax credit

75C.—(1) An employer may make an application for an employee retention tax credit in a form approved by the Comptroller.

(2) An application under subsection (1) must be accompanied by —

- (a) a list of employees as at 31st day of March, 2020 and a monthly list of employees retained from the 31st day of March, 2020 to the 30th day September, 2020;
- (b) the monthly salaries of employees retained during

the period April, 2020 to September, 2020; and

- (c) a letter from the National Insurance Corporation confirming the number of employees for whom contributions were made in the period March, 2020 to September, 2020.

Application period for an employee retention tax credit

75D.The employee retention tax credit under section 75A must be —

- (a) in respect of salaries and wages paid by the employer only for a period of six months, commencing on the 1st day of April, 2020, and terminating on the 30th day of September, 2020; and
- (b) claimed no later than the 30th day of September, 2021 for income tax or corporate income tax owed for the income year 2020/2021.

Approval of an application for an employee retention tax credit

- 75E.**—(1) An application under section 75C for employee retention tax credit shall be reviewed by the Comptroller.
- (2) The Comptroller shall approve an application for an employee retention tax credit when the requirements under section 75B are met.

Refusal of an application for an employee retention tax credit

75F. Where an application for a tax credit is refused, the Comptroller shall provide written notice of the refusal and the grounds for refusal to an employer.”.

Passed in the House of Assembly this day of , 2021.

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Speaker of the House of Assembly.

Passed in the Senate this day of , 2021.

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President of the Senate.