

SOME FACTS EVERY TAXPAYER SHOULD KNOW

Imposition of Income Tax

Income tax is payable on gains or profits from any trade, profession, employment or vocation.

Capital Gains

The profits gained on the sale of private assets such as a personal car, home, and inherited property is not taxable.

Exemptions

Income arising from agricultural enterprises including fishing

Pension income below \$36,000 p.a.. – A special rate of 5% applies against pension income greater than \$36,000.

Bonus and gratuities are subject to tax unless specifically exempted.

Tax Rates

First 15,000 – 0%

Next 5,000 – 15%

Next 6,000 – 25%

Balance – 30%

Tax Allowances

In addition to the personal allowance of \$15,000 all resident taxpayers are entitled to claim the following allowances:

Life and health insurances premiums, social security contributions to a maximum of \$3,000 p.a., and a maximum deduction of \$5,000 for mortgage interest paid on residential homes built after 1986. Taxpayers can claim contributions made for the advancement of sports and cultural activities.

Filing Returns

By law every person chargeable with tax is required to submit a true and correct income tax return. Taxpayers with income from employment must file their return by 31st January, and taxpayers with income from other sources must file their return by 31st March, in the year following the year in which the income was earned. *It is an offence to file a false return.*

Estimated Assessments

The law authorises the Comptroller of Inland Revenue to make estimated assessments where a person has failed to submit an income tax return.

Disputing an Assessment

Any disagreement to an assessment issued by the Inland Revenue Department must be made in writing to the Comptroller by the due date of the assessment. A notice of disagreement must be accompanied with a return and state the precise grounds for the dispute.

Penalties and Interest

A penalty of 5% applies to any assessed tax that is not paid by the due date, and a further penalty applies at the rate of 12% per annum.

Authority of the Comptroller

Under the law the Comptroller has the authority to:

- Demand payment from an employer or any other person who has access to moneys of a person who is in arrears of tax with the Department. Any person who received demand for payment and fails to carry out this direction may become liable for the sums withheld.
- Request from any officer in the employment of Government or other public body to supply such particulars as may be required for the purposes of the administration of the Income Tax Act. It is an offence to submit false information to the Department.
- Enter places of business to audit the books or other records of a business.

Exit Certificates

A person wishing to leave Montserrat should produce a valid exit certificate to the airline or shipping agent and the immigration authority. A person will be granted an Exit Certificate provided that:

- He or she does not owe any tax; or
- He or she has made satisfactory arrangements to settle his or her outstanding taxes.

Persons who do not require an exit certificate include:

- Persons under the age of 16 years.
- Passengers in transit.
- Any patient, and any nurse or companion travelling with a patient, who is going abroad for emergency medical treatment.
- Members of the Executive and Legislative Council.