

DESCRIPTION:

This week's #TaxationSimplified provides guidance to employers on the deduction and remittance of Pay As You Earn (Income Taxes). Section 93 (1) of the Income Tax Act, Chapter 81:01 provides that "any remuneration paid to, earned or arising in or deriving from or received in Guyana by any employee...shall be subject to tax." Further, the employer or the person making the payment shall deduct and withhold income tax in accordance with regulations made under Section 117 of the Income Tax Act.

Employers should also note that this remittance must be made to the Commissioner-General within fourteen days of the end of every calendar month.

This week's discussion focuses on the following questions posed by taxpayers:

HOW SHOULD MONIES WITHHELD BE TREATED AS PART OF MY BUSINESS OPERATIONS?

It is imperative to note that all monies deducted or withheld by an employer shall be deemed to be held in a trust for the State and should not be part of any debt or liability of the employer. Further, in the event of any liquidation, assignment or bankruptcy, those amounts should not form any part of the estate in liquidation, assignment or bankruptcy but must be paid in full to the Commissioner – General before any distribution of the property.

IF ONE OF MY EMPLOYEES IS CURRENTLY EMPLOYED WITH ANOTHER COMPANY, HOW SHOULD I TREAT THE DEDUCTION AND REMITTANCE OF HIS/HER SALARY?

Section 20 of the Income Tax Act allows each employee, a statutory deduction or 'free-pay' of sixty thousand dollars per month or seven hundred and twenty thousand dollars per year. However, the deduction is granted on one source of Income and **not on each source of income**. If your employee is currently receiving several sources of income, the **main (primary)** employer should allow the statutory monthly/ yearly deduction.

Consequently, the secondary employer must deduct income tax at the rate of 28% or 40% **if** the remainder in excess of the allowances is greater than one hundred and twenty thousand dollars per month or seven hundred and sixty two dollars seven hundred and twelve dollars annually.

ARE PENALTIES INSTITUTED FOR FAILURE TO DEDUCT AND OR REMIT INCOME TAXES TO THE GUYANA REVENUE AUTHORITY?

A person is guilty of an offence if he or she fails to deduct, withhold, remit or pay any amount required to be deducted, withheld, remitted or paid to the GRA and will be subject to a penalty of ten percent (10%) interest on the amount owed.

Need more information on Deduction and Remittance of Pay As Your Earn (PAYE)?
You can refer to Tax Operations Policy#7

http://www.gra.gov.gy/images/GRA_Docs/Tax_Policies/tax_operation_policies/PAYEDeductionPolicy7.pdf

Or

The Income Tax Act, Chapter 80:01: <http://www.gra.gov.gy/publications/tax-laws/568-income-tax-act-amendments-revised-january-16-2017>

FOR MORE INFORMATION AND ASSISTANCE



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