

This week's #TaxationSimplified, explains how employees of both the Private and Government Sectors benefit from Meal Allowances. Meal allowances are generally considered taxable and are paid to employees for the purchase of meals throughout the course of the normal working day. However, some considerations are provided to both private and public sectors as it relates to taxation.

First we focus on the definition of certain applicable terms as it relates to the Income Tax Act, Chapter 81:01 and Meal Allowances:

Employees are categorised as individuals receiving remuneration and includes an Officer, servant or person holding a position of employment.

Remuneration according to the Income Tax Act is defined as "salaries, wages, overtime, leave pay, sick bonus, stipend, commission, or other payment of any kind for services, directors' fees, retiring allowances...whether paid in money or otherwise, arising or occurring in or derived from or received in Guyana..."

For this week's topic, we provide answers to two of the questions submitted:

MY EMPLOYER HAS RECENTLY REQUESTED THAT I CONDUCT SEVERAL FIELD EXERCISES WHICH WILL REQUIRE ME TO WORK THROUGH THE LUNCH HOUR ON SEVERAL OCCASIONS. IS MY EMPLOYER REQUIRED TO FACILITATE SUBSISTENCE PAYMENTS FOR THIS ASSIGNMENT, AND WILL THIS ALLOWANCE BE TAXED?

The Public Service Rules requires an expense allowance to be paid to Public Servants who are required to work for short periods away from their base and who as a consequence have to incur expenditure for lodging and meals. Additionally, in cases where to the satisfaction of the Commissioner - General the allowance was used for the purpose it was given, the subsistence allowance is exempt from Income Tax. However, should it be found that the allowance was not utilised for the said purpose, Income Tax and PAYE deductions must be remitted to the Guyana Revenue Authority (GRA).

IT HAS BEEN NOTED THAT PUBLIC SECTOR EMPLOYEES OFTEN BENEFIT FROM NON-TAXABLE MEAL ALLOWANCES. AS I PRIVATE SECTOR EMPLOYEE, WILL I BE EXPECTED TO PAY INCOME TAX ON MY MEAL ALLOWANCE?

While, the Public Service Rules applies specifically to public sector employees, it should be noted that consideration may be given to treat subsistence or meal allowance as non-taxable, 'if', an employer in the Private Sector pays subsistence or meal allowance to employees, and that it is to the satisfaction of the Commissioner – General that the allowance was used for the purpose in which it was provided. Therefore, if the employee cannot provide proof to the satisfaction of the Commissioner – General that the allowance was utilised for the given purpose, income tax will be imposed.

NOTE!

- Section 5 (b) (ii) of the Income Tax, states that no income tax shall be payable on subsistence, travelling, entertainment or expenses allowed, if it is proved to the satisfaction of the Commissioner- General that the allowance has been expended for the purpose in respect of which the allowance was granted.
- Evidence of subsistence purchases such as vouchers and receipts are important proof to the Commissioner – General that the activity took place.

Need more information on Meal Allowances?

You can refer to Tax Operations Policy#6

http://www.gra.gov.gy/images/GRA_Docs/Tax_Policies/tax_operation_policies/TaxOpPol6.pdf
Or

The Income Tax Act, Chapter 81:01:

http://www.gra.gov.gy/images/GRA_Docs/Taxes/income/ia_tax2012.pdf

FOR MORE INFORMATION AND ASSISTANCE

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