Tuvalu

# INCOME TAX ACT 1992

# INCOME TAX REGULATION 2009

**LN 6 of 2009**

**MADE UNDER SECTION 82 OF THE INCOME TAX ACT 1992**

Commencement [1 July 2009]

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In exercise of the power conferred by section 82 of the Income Tax Act 1992 the Minister of Finance, with the consent of Cabinet, makes the following regulations, —

## 1 Short title and commencement

(1) These Regulations may be cited as the Income Tax Regulations 2009.

(2) These Regulations shall come into force on 1 July 2009.

## 2 Interpretation

In these Regulations, unless the context requires otherwise —

"**Act**" means the Income Tax Act 1992, as amended; and

"**business**" has the same meaning as in section 2 of the Act.

## 3 Amount of Presumptive Tax payable quarterly

(1) For the purposes of section 5A(2) of the Act, the amount of $100 shall be payable quarterly under that section by natural and legal persons who have, or who are required to register their businesses under the Companies and Business Registration Ordinance 1978.

(2) For the avoidance of doubt, sub-regulation (1) applies to natural and legal persons who have established or who will establish a place of business in Tuvalu or who derive profits from any enterprise or operation in Tuvalu

(3) All other businesses in Tuvalu shall only be required to pay the amount of $20 per quarter.

## 4 Amounts of tax to be withheld by employers from employee income

For the purposes of paragraph (1)(b) of Part A of Schedule 5 and of paragraphs 1(a) to (c) of Schedule 6 to the Act, the amount of tax to be withheld by employers from an employee's income from employment shall be calculated as follows:

(a) the employee's wage for the pay period shall firstly be "grossed up" to an annual basis in accordance with the formula:

$$(\mathbf{a} - \mathbf{b}) \times \mathbf{c}$$

where **a** is the gross wage of the employee for the pay period

**b** is the amount of any contributions taken from the employee's gross wage as contributions to an approved fund, and

**c** is the number of pay periods in the year;

(b) the annual income tax payable on that income shall then be calculated by multiplying the amount calculated in (a) by the progressive tax rates specified in paragraphs 1(a) to (c) of Schedule 6 of the Act with allowance made for the annual tax-free threshold of four thousand dollars (or such other tax-free threshold amount as amended from time to time) but only for those employees whose wage payment constitutes their principal source of employment income; and

(c) the annual income tax payable calculated in (b) shall be divided by the number of pay periods in the year to ascertain the amount of tax to be deducted from the wage of the employee for the pay period.