

F47 PAYE Monthly Remittance  
Instalment guide (2006)  
Employers



Government of  
Antigua and Barbuda  
Inland Revenue Department

1. Introduction .....	2	5. To Maintain Records .....	3
2. What is an employer? .... <b>Error! Bookmark not defined.</b>		6. To complete an Annual Return.....	4
3. Who should use this guide? .....	2	10. Interpretation of Amounts to be Included in Employment Income.....	4
4. Withholding tax on taxable employment income.....	2	11. Responsibilities of the employee in relation to his employment.....	4
5. Exemptions from personal income tax.....	2	12. Powers of the Commissioner in relation to an employer	4
6. Rates of Tax.....	2	13. Objections and appeals.....	4
7. Use of tax deduction tables.....	2	14. Tax penalties and interest .....	4
8. Formulas for deducting income tax .....	2	15. Special circumstances.....	4
9. Responsibilities of the Employer.....	3	16. Completing form F47 Pay as You Earn - Monthly Remittance.....	5
1. To apply to the Inland Revenue for a Tax Identification Number .....	3	17. Do you need more information?.....	5
2. To withhold tax from employees' emoluments.....	3		
3. To remit tax withheld from employees to the Inland Revenue .....	3		
4. To provide his employees with a record of payments and deductions.....	3		

**1. Introduction**

This booklet is designed as a guide for employers who are required to withhold and remit income tax from amounts paid to employees under the new Personal Income Tax Act, 2005 and it's Regulations which became effective from April 1, 2005.

All amounts referred to in this publication are expressed in Eastern Caribbean Currency (EC) dollars. Please note that this Guide is not a substitute for the Act or its Regulations and in the case of an inadvertent conflict; the Act and Regulations will prevail.

**2. Who should use this guide?**

Use this guide if you are an employer and you pay your employees any of the following types of income:

- ? Employment income
- ? Fees
- ? Allowances and benefits;
- ? Any other payments for services rendered during the year

**3. Withholding tax on taxable employment income**

Every employer is required to withhold the appropriate amount of tax from the employment income of each employee as set out in the Tax Deduction Tables provided by the Inland Revenue Department.

There are however some persons and some types of employment income that the Personal Income Tax Act has specifically exempted.

**4. Exemptions from personal income tax**

a) the emoluments payable to members of the permanent consular services of foreign countries in respect of their offices or in respect of services rendered by them in their official capacity;

(b) gratuities granted to persons upon expiration of a fixed period contract of service not exceeding 12.5% of total income for the period or such other rate that the Minister may by Order determine;

(c) capital sums withdrawn by individuals on retirement from any provident society or other fund approved by the Cabinet;

(d) income arising from a scholarship held by an individual receiving full time instruction at a university, college, school, or other educational establishment; and for the purposes of this paragraph the expression "scholarship" includes any exhibition, bursary or any other similar educational endowment;

(e) income arising from the business of shipping or air transport carried on by an individual not resident in Antigua and Barbuda provided that the Commissioner is satisfied that an equivalent exemption from income tax is granted by the country in which such individual is resident to individuals resident in Antigua and Barbuda; and for the purposes of this paragraph "business of shipping or air transport" means the business carried on by an owner or charterer of a ship or aircraft.

(f) interest, capital gains and dividends;

(g) a benefit, other than the chargeable income to which paragraph (h) applies under the Social Security Act;

(h) the amount of pension, other similar benefit or other terminal benefit not exceeding \$60,000 per annum paid to an individual;

(i) income which is, under any agreement to which the Government is a party, exempt from the tax;

(j) tips and service charges received by an individual engaged in the hospitality industry.

**It should be noted** that an employer who withholds an amount from an employee is deemed to hold the amount separate and apart from the property of the employer in trust for the Commissioner and for payment to the Commissioner in the manner and at the time provided under the Act.

Where at any time such amount is not paid to the Commissioner on time the property of the employer, equal in value to the amount withheld, can be sold and the proceeds paid to the Commissioner to satisfy the employer's liability.

### 5. Rates of Tax

The Personal Income Tax Act has stipulated the rates of tax which will apply to an individual's taxable income in excess of \$36,000 a year. The tax rates remain unchanged for the 2006 tax year and tax will be calculated as follows:

Income \$	Personal Allowance \$		T Rate x	Taxable Income \$	Tax \$
0 - 36,000	36,000		0%	0	0
36,001 to 48,000	36,000	On the first \$12,000	10%	12,000	1,200
48,001 to 120,000	36,000	On the next \$72,000	15%	72,000	1,200 + 10,800
120,001 to 180,000	36,000	On the next \$60,000	20%	60,000	12,000 + 12,000
180,000 and over	36,000	On any amount > \$180,000	25%		24,000 +

### 6. Use of tax deduction tables

In order to assist employers in calculating the correct amount of tax which should be deducted from their employees' income, the Commissioner of Inland Revenue has prepared Tax Deduction Tables for employers which are easy to use.

The Tax Deduction Tables show daily, weekly, fortnightly and monthly pay and the tax that should be withheld.

**Example 1.** An employer who pays monthly emoluments will calculate and withhold tax as follows;

Monthly pay **\$4,000**  
*Using the Tax Tables locate the Monthly Pay column for the line showing pay of \$4,000. Locate the column headed Tax deducted which shows \$100. This represents the Monthly tax liability.*

**Tax to be deducted monthly \$ 100**

**Example 2.** An employer who pays fortnightly emoluments will calculate and withhold tax as follows;  
 Fortnightly pay **\$2,000**

*Using the Tax Tables locate the Fortnightly Pay column for the line showing pay of \$2,000. Follow across to the column headed Fortnightly Tax deducted which shows \$69.23. This represents the Fortnightly tax liability.*

**Tax to be deducted fortnightly \$69.23**

**Example 3**, an employer who pays weekly wages will calculate and withhold tax as follows;  
 Weekly Pay **\$1,000**

*Using the Tax Tables locate the Weekly Pay column for the line showing pay of \$1,000. Follow across to the column headed Weekly Tax Deducted which shows \$34.62. This represents the Weekly tax liability.*

**Tax to be deducted weekly \$ 34.62**

**Example 4**, an employer who pays daily wages will calculate and withhold tax as follows;

Daily emoluments **\$200**

*Using the Tax Tables locate the Daily Pay column for the line showing pay of \$200. Follow across to the column headed Daily Tax Deducted which shows \$6.92. This represents the Daily tax liability.*

**Tax to be deducted daily \$ 6.92**

### 7. Formulas for deducting income tax

#### Monthly Deductions

**Monthly exemption is equal to the Annual Exemption divided by 12 months.**

**Monthly Exemption + \$36000/12 = \$3000**

Monthly Pay \$	Tax Rate %	Tax Calculation
<b>0 - 3000</b>		<b>No Tax</b>
<b>3001 - 4000</b>	<b>10</b>	(Pay - 3000)*0.10
<b>4001 - 10000</b>	<b>15</b>	\$100+ ((Pay - 4000)*0.15)
<b>10001 - 15000</b>	<b>20</b>	\$1000+ ((Pay - 10000)*0.20)
<b>15001 -</b>	<b>25</b>	\$2000+ ((Pay - 15000)*0.25)

#### Fortnightly Deductions

**Fortnightly exemption is equal to the Annual Exemption divided by 26 weeks.**

**Fortnightly exemption = \$36000/26 = 1384.61**

Fortnightly Pay \$	Rate	Tax Calculation
<b>0 - 1384</b>		<b>No Tax</b>
1385 - 1846	<b>10%</b>	Pay - (1384)*0.10
1847 - 4615	<b>15%</b>	\$46.13 + (Pay - 1846) *0.15)
4616 - 6923	<b>20%</b>	\$422.27 + ((Pay) - 4615.38)*0.20)
\$6924 -	<b>25%</b>	\$546.97 + ((Pay) - (\$6923)*0.25)

Weekly Deductions

**Weekly exemption is equal to the Annual Exemption divided by 52 weeks.**  
**Weekly exemption = \$36000/52 = \$692.30**

Weekly Pay	Rate	Tax Calculation
\$0 - \$692		No Tax
\$693 - \$923	10%	(Pay - 692)*0.10
\$924 - \$2307	15%	\$23.10 + (Pay - (923))*0.15)
\$2308- \$3461	20%	\$230.85 + (Pay - (2307))*0.20)
\$3462 -	25%	\$461.65 + (Pay - (3461))*0.25)

Daily Deductions

**Daily exemption is equal to the Annual Exemption divided by 260 days.**  
**Daily exemption = \$36000/260 = 138.46**

Daily Pay	Rate	Tax Calculation
\$0 - \$139		No Tax
\$140 - \$180	10%	(Pay - 138.46)*0.10
\$185 - \$460	15%	\$4.15 + (Pay -(\$184.62))*0.15)
\$465 - \$690	20%	\$45.92 + (Pay -(\$161.23))*0.20)
<b>\$695 - \$1155</b>	25%	\$207.98 + (Pay -(\$692.31))*0.25)

**8. Responsibilities of the Employer**

Under the Personal Income Tax Act, 2005 the employer has the following responsibilities:

**1. To apply to the Inland Revenue for a Tax Identification Number**

Every person who is or becomes an employer is required to register himself with the Commissioner of Inland Revenue and obtain a Tax Identification Number.

If a person becomes an employer at any time then the person is required to register not later than **fifteen days after he becomes an employer.**

To obtain a Tax Identification Number the employer must complete either Form F14 "**Individual Enterprise Registration**" in case of an individual or Form F15 "**Non-Individual Enterprise Registration**" in the case of a corporation or partnership and submit it to the Inland Revenue Department.

**2. To withhold tax from employees' emoluments**

Each time the employer makes a payment to an employee the employer must deduct the appropriate amount of tax in accordance with the Tax Deduction Tables supplied by the Inland Revenue Department.

Employers may accept an instruction from employees to increase the amount of tax withheld from their income. However, employers must not accept any instructions from employees to reduce or cease the withholding of tax from their income.

**3. To remit tax withheld from employees to the Inland Revenue**

Employers will remit tax withheld by filing their F47 Pay as You Earn - Monthly Remittance form. This form is a personalised pre-printed form generated by the IRD and is sent to employers at the end of each month.

The employer is required to remit the tax withheld to the Inland Revenue Department on the employee's behalf. The payment must be accompanied by a F47 Pay as You Earn - Monthly Remittance form and submitted not later than 15 days after the last day of each month for which the deduction was made.

However, if the 15th day of the month falls on a Saturday, Sunday or statutory holiday, then the payment must be effected by the next business day.

**4. To provide his employees with a record of payments and deductions**

An employer is also required to provide each of his employees, whether or not tax has been withheld from the employee's income with the following documents:

- a) at the time of payment a record showing:
  - (i) the amount of employment income;
  - (ii) the amount of allowances and benefits
  - (iii) the amount of tax, if any, withheld from the employee's income in respect of the previous month; and
- b) not later than the 15<sup>th</sup> February in each year or twenty-one days after he ceases to be the employer of a particular employee, a F55 - Statement of Remuneration paid and tax deducted with respect to the previous income year showing:
  - (i) the amount of employment income;
  - (ii) the amount of allowances and benefits
  - (iii) the amount of tax withheld during the income year to which the employment relates.

**5. To Maintain Records**

Every employer is required in respect of each of his employees, to maintain a record showing in relation to each month and income year:

- (a) the name and Tax Identification Number of the employee;
- (b) the allowances and benefits accrued to the employee;
- (c) the employment income accrued to the employee; and
- (d) the amount of tax withheld from the emoluments of the employee.

An employer is required to retain the records relating to each employee for a period of seven years from the date on which the person first became an employee.

## 6. To complete an Annual Return

An employer is required to complete and file with the Inland Revenue Department, a F48 Pay as You Earn Annual Declaration not later than the 15<sup>th</sup> of February in each year in respect of the preceding income year. This return will be a reconciliation of all payments and reporting information contained in the F47 Pay as You Earn - Monthly Return forms filed throughout the year.

## 9. Interpretation of Amounts to be Included in Employment Income

The amounts to be included in emoluments for income tax purposes are consistent with those amounts included as "gross earnings" for the purpose of Social Security withholdings for the 2006 income year.

### Gross Earnings for the Purposes of Social Security and Employment Income

As indicated above the definition of emoluments for income tax purposes for 2006 will be consistent with the definition of gross earnings for Social Security and include the following items:

#### Emoluments

- Basic wage or salary
- Overtime
- Family allowance
- Incentive pay
- Commission or profit or sales
- Payments for night or shift work
- Production bonus
- Danger or dirt money or similar payments
- Any employee's liabilities (including tax) paid on the employee's behalf by the employer
- Holiday pay or other amounts set aside out of employed person's earnings throughout the year to be paid to him at the end of the year

## 10. Responsibilities of the employee in relation to his employment

Employees also have certain responsibilities and rights under the Personal Income Tax Act, 2005 in relation to employment.

Every employee who is liable to have tax withheld from their emoluments is required to provide his Tax Identification Number to his Employer.

An employee also has the right under the Personal Income Tax Act to submit a F49 Personal Income Tax return to the Commissioner claiming a refund of an amount of tax remitted by the employer which the employee considers to be in excess of the amount that ought to have been remitted.

## 11. Powers of the Commissioner in relation to an employer

1. The Commissioner may, in his official capacity, sue for and recover tax as a civil debt due to the Government in a court of competent jurisdiction.
2. The Commissioner may, by notice in writing, require any individual to furnish a return or such other information for the purpose of enabling the Commissioner to compute or to determine the amount of tax to be remitted by that person.

## 12. Objections and appeals

An employer has certain legal rights under the Act:

1. If an employer disputes a decision in relation to his liability to withhold tax he may apply to the Commissioner, by notice of objection in writing, to review and revise the decision.
2. If the employer is aggrieved by a decision of the Commissioner in relation to his liability to withhold tax he may appeal against the decision to the Appeal Board established under the Income Tax Act.
3. If the employer is aggrieved by a decision of the Appeal Board he may appeal to a Judge as provided in the Income Tax Act.

The provisions of the Income Tax Act relating to objections and appeals will similarly apply to objections and appeals under the Personal Income Tax Act.

## 13. Tax penalties and interest

The Personal Income Tax Act provides certain penalties for employers who fail to comply with its provisions. In this context a tax penalty means a penalty or interest, as the case may be and is recoverable as a civil debt due to the Government in the same manner as the principal amount of the tax to which it relates.

### 1. Failure of employer to withhold tax or to remit tax withheld

Where an employer who is required to withhold tax in respect of the employment income of his employee fails to withhold the tax, that employer is liable to pay the whole amount of the tax that should have been withheld including any tax penalty and interest.

Where an employer fails to remit all or part of such tax withheld by the due date, he is liable to a tax penalty of fifteen percent (15%) of the tax not paid by the due date and interest at two percent (2%) per month or part thereof of the tax that remains unpaid. In addition, we consider an NSF cheque to be a failure to remit and we will automatically apply a penalty.

### 2. Understatement of tax on withholding tax return

Where a person who is required to submit a withholding tax return has understated the amount of tax required to be shown on that tax return, that person shall be liable to a tax penalty of fifteen percent (15%) of the amount by which the tax was understated and interest at the rate of two (2%) per month or part thereof on the amount by which the tax is understated.

### 3. Failure to create maintain or retain records

A person who fails to create, maintain or retain records as required by the Personal Income Tax Act will be liable to a tax penalty of \$1000.

### 4. Evasion of the tax

A person who wilfully, in any manner, attempts to evade the payment or collection of the personal income tax, shall be liable to a tax penalty of two hundred percent of the tax evaded.

## 14. Special circumstances

What should you do if an employee retires?

When an employee retires, you must withhold tax from payments made to the person.

**What should you do if an employee dies?**

When an employee dies, you must withhold tax from the emoluments due to the deceased person as if he was alive.

**What should you do if an employer dies or changes?**

When an employer dies or there is a change in employers, the person assuming control of the business must continue to withhold taxes from the employees and to remit these to the Inland Revenue Department.

**15. Completing form F47 Pay as You Earn - Monthly Remittance**

The Inland Revenue Department will send you a F47 Pay as You earn - Monthly Remittance form in the mail each month. If you do not receive a form in time for your next payment, send in the payment with a letter and be sure to indicate that you did not receive your F47 Pay as You Earn - Monthly Remittance form.

**TAXPAYER'S RECEIPT**

The top part of the form is entitled "TAXPAYER'S RECEIPT" will be completed by the Inland Revenue Department when your F47 Pay as You Earn - Monthly Remittance form is processed. The employer will be given the receipt.

When you complete the F47 Pay as You Earn - Monthly Remittance form, ensure that the following information is correct:

**PART 1: TAXPAYER AND TAX IDENTIFICATION**

**Employer and Tax Identification**

Be sure to validate Part 1 of your declaration, so that the IRD can properly identify the employer, keep up-to-date information in the system about you (as an employer) and process the declaration quickly and accurately.

Do not write in the TAXPAYER AND TAX IDENTIFICATION section except in the case where the information is not correct. If any of the information is incorrect, cross it out and print the correct information next to it. Make sure the changes are legible.

It is important that you notify the IRD as soon as possible of any changes in the name of the employer, head office address, mailing address, etc. You may be required to complete registration form F14 or F15 depending on the type of your enterprise.

**PART 2: TAX DECLARATION AND CALCULATION**

**Line (10) - Total number of employees for the month**

On line (10), enter the number of employees on your payroll for the tax period. This includes any employee to whom you made payments, including part-time and temporary employees. Do not include those employees you did not pay in the last month, such as employees on unpaid leave.

**Line (15) - Total employment income paid to employees for the month**

On line (15), enter the total employment income (rounded to the nearest dollar) paid for the tax period. This represents all remuneration that you paid before you make any deductions. The employment income includes salary, overtime, paid leave, sick leave. Do not include allowances and benefits on this line.

**Line (20) - Total allowances and benefits paid to employees for**

~~the month~~ (20), enter total allowances and benefits paid for the tax period. This represents any amount not included on line 15 but is

included in emoluments. Details of these amounts are provided later in this booklet.

**Line (25) - Total emoluments paid to employees for the month (line 15 + line 20)**

On line (25), enter total emoluments (employment income + allowances and benefits) paid to employees for the tax period.

**Line (30) - Total income tax withheld and to be paid for the month**

On line (30), enter the total income tax withheld from employee emoluments for the month to be remitted to the Inland Revenue Department.

**Line (35) - Total income tax withheld and paid for the year to date**

On line (35), enter the total income tax withheld from employees and remitted to the Inland Revenue Department for the year to date.

**Certification**

The responsible official of the employer must sign, date and enter his/her position on the bottom of the form in the area provided.

**Back of the form**

This part can be used to outline the reason(s) if you will not be making a remittance during the month or to explain why your remittance may be considerably lower or higher than previous months.

**Payments**

All payments must be made payable to the "Commissioner of Inland Revenue" and may be made by mail or in person at:

Inland Revenue Department  
Newgate Street  
St. John's Antigua

**16. Do you need more information?**

This guide explains the process for employers according to the provisions of the Personal Income Tax Act, April 2005. Should you need more help after you read this guide, please refer to the Government of Antigua's web site at [www.ab.gov.ag](http://www.ab.gov.ag) or contact:

Inland Revenue Department  
Newgate Street,  
St. John's, Antigua  
Tel: 462-4142/3 or 462-0396  
Fax: 462-3175  
E-mail: [Revenue@antigua.gov.ag](mailto:Revenue@antigua.gov.ag)