

Appendix B: Income from Self-Employment /Partnership

General Information

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.

Note: To simplify the text, any business wholly owned, self-employment and partnership will be referred to in the lines below as the “business”.

Appendix B Income from Business/Self-Employment/Partnership

Appendix B must be completed in order to calculate the income from a business and/or partnership. Appendix B consists of the following:

- **Schedule B1 – Income from self-employment or wholly owned business**
- **Schedule B2 – Income from partnership**
- **Schedule B3 – Calculation of Business/Self-Employment/Partnership Taxable Profit/Loss**
- **Schedule B4 - Wear and Tear (depreciation) Charge Calculation**

Schedules B1 and B2

Schedules B1 and B2 must be completed in conjunction with the completion of Schedule B3. A schedule B3 must be completed for each business or partnership.

Schedule B3

Schedule B3 is used to determine the total profit/loss that the business/partnership derived from each business/partnership. One copy of Schedule B3 must be completed for each business in which you are involved. The amount calculated in Schedule B3 line 75 (Taxable profit/loss for the tax year) will be reported on line 70 for self-employed or line 75 if a partnership of the F49 Personal Income Tax Return.

Schedule B4

Schedule B4 is used to calculate the wear & tear charge (depreciation) that can be taken during the tax year. Please note that the wear & tear charge acceptable as a tax deduction may differ from a charge that would be acceptable in light of the Generally Accepted Accounting Principles (GAAP). You must use one copy of the Schedule B for each business in which you are involved. The capitalization/depreciation/wear and tear rates will be available on the Government of Antigua and Barbuda web site and from the Inland Revenue Department.

Books and records

Operating books

The business has to keep sufficient records and books of account to allow the IRD to verify income (or losses) and other amounts. These books and records should include:

- invoices, receipts, and other documents to support daily transactions;
- a written or other day-to-day record of these transactions;
- an annual inventory, if it applies, that is kept in prescribed manner.

Permanent records

Some records are permanent and relate to the continuing operations of the business from year to year. These include:

- a general ledger or other books of final entry;
- special contracts or agreements needed to understand the entries in the general ledger;
- the partnership agreement (if applicable); and
- a separate permanent record of assets.

These documents should be kept for at least 7 (seven) years from the end of the last taxation year to which they relate.

These documents should be kept in an orderly manner, in case the IRD needs to see them to support a claim, or in case the IRD selects the return for further review or audit.

Part 1 - Identification

Complete Part 1 of each Schedule B3 that will be completed so that the IRD can properly identify the business or partnership activity, keep up-to-date information in the system and process the return quickly and accurately.

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

A – Calculation of Taxable Income

Line 5 – Gross income

On line 5, print the gross income of the business.

Non Taxable Income

The following lines intend to identify any income **included in the line 5 Gross income** that is not taxable under the Personal Income Tax Act. Please ensure that any amounts reported in lines 10 through 14 have been included have been included in line 5 – Gross income.

Line 10 – Income from shipping or air transport

On line 10, enter the total income derived from shipping or air transport provided that you and all partners, if any, are not resident of Antigua & Barbuda and that an equivalent exemption from income tax is granted to resident individual by the country in which you and all the partners, if any, are residents.

Line 11 – Income from interest, capital gains and/or dividends

On line 11, enter the total income received by the business as interest, capital gains and/or dividends.

Line 12 – Income exempted by Government agreement

On line 12, enter the total income which is, under any agreement to which the government is a party, exempted from the tax. Ensure that you attach a copy of the agreement to your return.

Line 14 – Gratuities granted upon expiration of a fixed contract

On line 14, enter the total income granted upon expiration of a fixed period contract not exceeding 12.5% of total income for the period.

Line 25 – Total of non taxable income

Total the amounts entered on lines 10 through 14, and report this amount on the line 25. This is the portion of income exempted from personal income tax.

Line 30 – Taxable income

On line 30, enter the difference between line 5 (Gross Income) and line 25 (Total of non taxable income).

B- Calculation of Allowable Expenses

Line 35 – Total Expenses

On line 35, enter the total expenses for the year. Note that the taxes withheld on behalf of partners are not considered as expenses.

Expenses not allowed

The following lines intend to identify any expenses included in the line 35 Total Expenses that are not allowed as a deduction under the Act.

Line 40 – Expenses not exclusively laid out for acquiring the income

On line 40, enter the total amount of expenses included on the line 35 Total Expenses that were not exclusively incurred to generate income for the business or partnership. This includes but is not limited to interest on a mortgage or a loan, rent for a private usage and other personal expenses and repairs to any premises not paid or incurred for the purpose of producing the income.

Line 41 – Capital employed or intended to be employed in improvements

On line 41, enter the total amount of expenses included on the line 35 that were incurred to replace or improve assets used to acquire income. Those are capital expenses and should be capitalized. Amounts such as routine maintenance, alteration or repair costs are considered legitimate expenses and should not be included line 41.

Line 42 – Sum recoverable by insurance or indemnity

On line 42, enter the total amount of expenses included on the line 35 that were incurred because of an accident, a natural catastrophe or other incident and which are covered by insurance or indemnity.

Line 43 – Salary/Allowance paid to a related party

On line 43, enter the total amount of salary, wages, allowances, and other payments made for services rendered by the owner, partners, directors, spouses and children of owner partners and directors or close family members that were not subject to PAYE deductions.

Line 45 – Interest on any loan paid to a related party

On line 45, enter the total amount of rent and other similar payments made to the owner, partners, directors, spouses and children of partners and directors or close family members in excess of 5% of otherwise taxable income included on the line 35.

Line 46 – Depreciation charges as per the Financial Statements

On line 46, enter the total amount of depreciation and amortization of assets that was included on the line 35.

Line 55 – Total expenses not allowed

Total the amounts entered on lines 40 through line 46, and report this amount on line 55. This is the portion of expenses that cannot be claimed as a deduction from Taxable income.

Line 60 – Total expenses before depreciation

Deduct from line 35 (Total Expenses) the amount on line 55 (Total expenses not allowed) and report the amount on line 60.

Line 65 – Total wear and tear charge

Complete Schedule B4, for any asset owned, acquired or sold during the tax year of this return. Report the total of the Total wear and tear charge column (column H on schedule B4) on line 65.

Line 70 – Total of allowed expenses

Total the amount on line 60 (Total expenses before depreciation) and line 65 (Total wear and tear charge). This is the total amount of expenses that are deductible from the business income for taxation.

Line 75 – Taxable profit/loss for the tax year

Deduct from the 30 (Taxable income) the amount on the line 70 (Total of allowed expenses). Enter this amount on line 75. This is the total amount of profit/loss that must be reported in Column A of Schedule B1 or, if a partnership, in Column A of Schedule B2 and must be shared among the partners to determine their personal income tax liability.

Appendix B: Income from Business/Self-Employment/Partnership

Schedule B1 - Income from self-employment or wholly-owned enterprise

If you have income from self-employment or from a solely owned enterprise you must complete an Appendix B. In addition you must complete a Schedule B3 for **each** of your enterprises and/or your self employment activities. If you have business assets that qualify for wear and tear (depreciation) expenses then you must also complete Schedule B4. The completion of Schedules B1 and B3 are necessary to calculate the Profit/Loss that will be transcribed to Column A of Schedule B1. Transfer the total of all amounts in Column A to line 70 of your F49 Personal Income Tax – Annual Return. Appendix B and all completed schedules must be attached to your F49 Personal Income Tax – Annual Return.

You must retain properly prepared financial statements (Balance Sheet and Statement of Income and Expenses) for each enterprise and/or your self-employment activity. This must be available should the Inland Revenue Department request to see them or if your return is selected for audit.

Schedule B1- Income from self-employment or wholly-owned enterprise

	Nature of Business	Business Name	Column A Profit/Loss
Business 1			
Business 2			
Business 3			
Total Profit/Loss for all Activities/Businesses (to be reported on line 70 of your F49 Personal Income Tax – Annual Return)			

Schedule B2 - Income from Partnership

Schedule B2 must be completed for partnerships. A Schedule B3 must also be completed for each of the partnerships in which you are a partner. The completion of Schedules B2 and B3 are necessary to calculate the partnership Taxable Profit/Loss that will be transcribed to Column A of Schedule B2. Use Schedule B2 to record the partnerships in which you are a partner and to calculate your share of profit/loss and of tax already paid via monthly partnership instalments (F51) on your behalf by the partnership. Report the total amount of column C (Share of the profit/loss) on line 75 (Share of partnership profit /loss) on your F49 Personal Income Tax – Annual Return. Add the total amount of column E to the total tax that was paid by F51 monthly partnership instalments and report it on line 335 (Income tax already paid by instalments-self-employed and partnerships) of F49 Personal Income Tax – Annual Return. You must attach Appendix B along with Schedules B2 and B3 to your completed F49 Personal Income Tax – Annual Return.

Schedule B2 – Income from partnership

Partnership Taxpayer No	Partnership Name	Col. A Taxable profit/losses	Col. B Share (%)	Col. C Share of the profit/loss (A x B)	Col. D Tax already paid by the partnership	Col. E Share of the tax paid by the partnership (B x D)
Total				(1)		(2)

(1) Total Column C – should be added to line (75) Share of partnership taxable profit/loss on F49 Personal Income Tax – Annual Return

(2) Total Column E – should be added to line (335) Income tax already paid by instalments (self-employed and partnerships) on line F49 Personal Income Tax – Annual Return

Schedule B3 Calculation of Business/Self-Employment/Partnership Taxable Profit/Loss

Part 1 – Identification

Business/Partnership Taxpayer No: _____
Business Registered Name: _____
Head Office Address: _____

Tax Period: _____

A – Calculation of Taxable Income

(5) Gross income (5) _____

Non-Taxable Income

(10) Income from shipping or air transport (10) _____
 (11) Income from Interest, capital gains and/or dividends (11) _____
 (12) Income exempted by Government agreement (12) _____
 (14) Gratuities granted upon expiration of a fixed contract (14) _____
(25) Total of non taxable income (sum of line 10 to 14) (25) _____
(30) Taxable income (Line 5 – 20) (30) _____

B – Calculation of Allowed Expenses

(35) Total Expenses (35) _____

Expenses not allowed

(40) Expenses not exclusively laid out for acquiring the income (40) _____
 (41) Capital employed or intended to be employed in improvements (41) _____
 (42) Sum recoverable by insurance or indemnity (42) _____
 (43) Salary/Allowance paid to a related party (43) _____
 (45) Interest on any loan paid to a related party (45) _____
(55) Total of expenses not allowed (sum of line 40 to 46) (55) _____
(60) Total expenses before depreciation (line 35 – 55) (60) _____
 (65) Total wear and tear charge (65) _____
(70) Total of allowed expenses (line 60 + 65) (70) _____
(075) Taxable profit/loss for the tax year (line 30 – 70) (75) _____
 To be transcribed to Column A Schedule B1

Certification		
I certify that the above statement is true and correct.		
Name: _____	Signature: _____	Date: _____
(Given)	(Surname)	yyyy/mm/dd
Name of Accounting/Law firm of the partnership representative (if any): _____		

Schedule B4 – Wear and Tear/Depreciation/Capitalization Calculation

Complete the following schedule to calculate the wear and tear charge. The various rates will be made available at the government of Antigua and Barbuda’s web site www.ab.gov.ag and at the IRD. The IRD accepts the declining balance method of depreciation for all categories.

Category of Asset: Enter the category of the asset as described by the IRD.

Column A: Enter the category’s wear and tear rate provided by the IRD.

Column B: Enter the current value of all assets in each category at the beginning of the taxation year.

Column C: Initial value of all assets in this category. For the first year of taxation, the amount is equal to the total acquisition value.

Column D: Total value for the assets in this category acquired during the tax year.

Column E: Initial value of the assets in this category sold during the tax year.

Column F: Wear and tear charge for the initial assets. Multiply the wear and tear rate (Column A) by the value in column B.

Column G: Total of the prorated charge for the duration where a new or a disposed asset was owned.

Column H: Wear and tear charge for the category. Add the values of Column F and G. The total of this column must be reported on line 65 (Total wear and tear charge) of Schedule B3.

Column I: Final value of the asset. Equals Column B + D – E – H. To be reported as next tax year Total current value (Column B).

No	Category of Asset	Column A Wear and tear rate	Column B Total current value	Column C Initial value	Column D New assets cost	Column E Disposed assets	Column F Standard charge	Column G Prorated charge	Column H Wear and tear total charge	Column I Final value
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
Total:										