

**F47 PAYE Monthly Remittance  
Installment guide 2011  
Employers**



**Government of Antigua and Barbuda  
Inland Revenue**

1. Introduction .....	1
2. Who should use this guide? .....	1
3. Withholding tax on taxable employment income .....	1
4. Exemptions from Personal income tax .....	1
5. Rates of Tax .....	1
6. Use of tax deduction tables .....	1
7. Responsibilities of the Employer .....	1
1. To apply to the Inland Revenue for a Tax Identification Number .....	2
2. To withhold tax from employees' emoluments .....	2
3. To remit tax withheld from employees to the Inland Revenue.....	2
4. To provide his employees with a record of payments and deductions .....	2
5. To maintain records.....	2
6. To complete an Annual Return.....	3
8. Interpretation of Amounts to be Included in Employment Income .....	3
9. Responsibilities of the employee in relation to his employment.....	3
10. Enforcement and Recovery of Tax.....	3
11. Objections and appeals .....	3
12. Tax penalties and interest.....	4
13. Special circumstances.....	4
14. Completing form F47 Pay as You Earn - Monthly Remittance and the 47A List of Employees .....	4
15. Do you need more information?.....	5

## 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 Personal Income Tax Act, and its Regulations.

**It should be noted** that an employer who withholds an amount from an employee is considered 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.

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 Personal Income Tax Act and its Regulations will prevail.

The Inland Revenue Department no longer issues pre-printed personalized tax declarations and payment forms. It is the responsibility of all persons liable to file or pay their taxes by the due date. Forms may be either obtained from the Government website ([www.ab.gov.ag](http://www.ab.gov.ag)) or from the IRD office.

## 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.

There are some employees and some types of employment income that the Personal Income Tax Act has specifically exempted as referred to in Part III, Section 9 of the Personal Income Tax Act:

## 4. Exemptions from Personal Income tax

- a) salaries paid to members of the consular services of foreign countries;
- b) gratuities granted to persons upon expiration of a fixed period contract of service not exceeding 12.5% of total income;
- c) capital sums withdrawn by individuals on retirement;
- d) income arising from a scholarship;
- e) income arising from the business of shipping or air transport ;
- f) interest on savings, capital gains and dividends;
- g) a benefit, other than the 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 \$24,000 per year;
- i) income arising from any agreement to which the Government is a party is exempt from the tax; and
- j) tips and service charges received by an individual engaged in the hospitality industry other than an individual in a management position..

## 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 2011 tax year and tax will be calculated as follows:

- (a) 10% of the first \$144,000.00 of net income of the person, that is from \$1.00 to \$144,000.00;  
and
- (b) 25% of the remainder of net income of the person, that is any amount greater than \$144,000.00 of net income.

## 6. Use of tax deduction tables

In order to assist employers with calculating the correct amount of tax which should be deducted from their employees' income 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.

## 7. Responsibilities of the Employer

Under the Personal Income Tax Act, 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 along with the F47A List of Employees. The forms can be collected from the Inland Revenue Department or be downloaded from our website.

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 along with the 47A List of Employees 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.

The following table states the monthly deadlines for installment payments for 2011.

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2011	
Taxation month end	Filing deadline
January 31	February 15
February 28	March 15
March 31	April 15
April 30	May 16
May 31	June 15
June 30	July 15
July 31	August 15
August 31	September 15
September 30	October 17
October 31	November 15
November 30	December 15
December 31	January 16

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*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, an 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.

## 8. 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 income within the meaning of the Personal Income Tax Act for the 2011 income year.

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

Previous to this taxation year the definition of emoluments for income tax purposes was consistent with the definition of gross earnings for Social Security. Effective for 2011 taxation year emoluments will be administered in a manner that is consistent with the definition of employment income contained in the Personal Income Tax Act and include the following items:

#### Emoluments

- Basic wage or salary
- Overtime
- Family allowance
- Incentive pay
- Commission or profit on 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
- Service Charges\*\*

\*\* Employees in the Hospitality Industry are the only exempt. Managers are excluded from this exception

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

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

Employees with more than one Employment Income are required to file their Personal Income Tax Return with the Inland Revenue Department  
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.

## 10. Enforcement and Recovery of Tax

All taxpayers are expected to pay their taxes when they are due and payable as noted on the dates in this guide. The Inland Revenue Department considers a debt to be in default if it is not paid within 30 days of the date due. In addition to the IRD taking action to recover the tax in arrears, penalty and or interest may be charged on unpaid arrears. It is the taxpayer's responsibility to contact the IRD and ensure that there are no outstanding debts. If a debt is still outstanding, the taxpayer can seek assistance to make a payment arrangement by providing financial information to demonstrate ability to pay. Non-cooperation by a taxpayer to pay their outstanding debt can result in collection enforcement action. If routine arrears collection actions to recover the debt outstanding are unsuccessful, the Department has the power to seize and sell a taxpayer's assets.

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.

## 11. 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 within 30 days of the Commissioner's 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 within 30 days of the Appeal Board's decision 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.

## 12. Tax penalties and interest

Penalties and interest may be applied by the IRD to any non filing, late filing or late paying taxpayer. These penalties are detailed in the Personal Income Tax Act, *Part VIII, Sections 37 to 44* and they are briefly summarized below:

- ✓ A penalty of \$500 applies when a person fails to file a tax return by the due date.
- ✓ An NSF cheque is considered to be a failure to remit tax and a penalty is automatically applied.
- ✓ Penalty of 15% and interest at 2% per month in case you understate the amount of tax that should show on the tax return.
- ✓ A penalty of \$1,000 is applied in case you fail to create, maintain or retain records.
- ✓ A penalty of 200% of the tax evaded in the case of tax evasion.

An employer who withholds an amount from an employee is considered to hold the amount separate and apart from the property of the employer in trust for payment to the Commissioner in the manner and at the time provided under the Act.

Where an employer 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.

## 13. 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.

## 14. Completing form F47 Pay as You Earn - Monthly Remittance and the 47A List of Employees

The Inland Revenue Department no longer issues pre-printed personalized tax declarations and payment

forms. It is the responsibility of all persons liable to file or pay their taxes by the due date. Forms may be either obtained from the Government website ([www.ab.gov.ag](http://www.ab.gov.ag)) or from the IRD office.

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 accurately complete 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. If information is written by hand please make sure the information is 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

On Line (20), enter total taxable allowances and benefits paid for the tax period. This represents any amount not included on line 15 but is included in emoluments.

#### 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

**15. 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, 462-0396, 462-1357, 565-5605/6  
or 562-4877  
Fax: 462-3175  
[E-mail: Revenue@antigua.gov.ag](mailto:Revenue@antigua.gov.ag)