

F49 Personal Income Tax Return Annual Return Preparation Guide (2011)



**Government of
Antigua & Barbuda
Inland Revenue Department**

Personal Income Tax Return Guide (2011)

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NOTE:

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.

Before You Start

1. Who has to file the personal income tax annual return?

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.

All the residents of Antigua that:

- have worked for more than one employer
- are self-employed
- are sole proprietor of a business
- derive income from partnership
- derive income from various sources

must file the personal income tax (PIT) annual return (F49). The income tax has to be paid whether income is derived from or received in Antigua and Barbuda or elsewhere.

The Inland Revenue Department no longer issues pre-printed personalised 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) or from the IRD office.

2. What are the types of income are subject to personal income tax?

The following types of income are subject to personal income tax:

- gains or profits from any trade, business, profession or vocation;
- Salary, wages, overtime, incentive pay, commissions, shift premium, bonuses, danger pay, dirt pay, etc.
- part of pension that exceeds \$24,000 per year;
- rent, royalties and other income, arising from property;
- other annual gains that do not fall under any of the above types; and
- gains or income derived from sources outside Antigua and Barbuda.

All income accrued or received between January 1st and December 31st of the same year will be subject to personal income tax. All amounts are to be expressed in Eastern Caribbean Currency (EC Dollar).

3. Paying your personal income tax on various sources of income

If you derive your income from various sources and you have self-employment income and other income, your gross income for the tax year should be a total of all incomes.

4. Overpaying your tax liabilities

If it happens that the total amount of your payments made throughout the year exceeds the amount that ought to have been paid, the Inland Revenue Department will, after review of your file, generate a credit for the amount that was overpaid.

5. When is your annual payment due?

Your payment of any personal income tax outstanding is due by March 31st of the year following the tax year and should be accompanied by the personal income tax return.

Subsequent to the assessment of your personal income tax return for the previous year (2010) the Inland Revenue Department may have sent you an assessment which will indicate the amount of your required monthly tax instalment. The amount of your monthly remittance will equal 1/12 of your total tax liability for the previous year (2010).

When March 31st falls on a Saturday, Sunday, or statutory holiday, the annual income tax return due date is the next business day.

6. What are your responsibilities as an individual?

If you are liable to tax as self-employed or if you derive income from other sources, you shall:

- register as an individual with the Inland Revenue Department and have a Tax Identification Number;
- create and maintain records that should determine your liability to pay tax and the amount you should pay;
- remit your instalment payment on a monthly basis to the Inland Revenue Department; and complete a PIT monthly instalment remittance form (F50).
- file your annual income tax return (F49) with the Inland Revenue Department.

7. Tax Identification Number

The Tax Identification Number (TIN) is a number that simplifies and streamlines the way you deal with the Inland Revenue Department. All individuals and businesses get a TIN (a 6 digit number) when they register with the Inland Revenue Department.

If, as an individual, you are liable or become liable to tax, you are required to register with the Inland Revenue Department. The Inland Revenue Department will issue a Tax Identification Number. This TIN should be quoted in all your correspondence with IRD.

8. Registration due dates

You should apply for registration not later than **fifteen days after you become liable to tax.**

9. How to register for a Tax Identification Number?

To obtain a Tax Identification Number, you must complete Form F14 **Individual Enterprise Registration** in case of an individual, Form F15 **Non Individual Enterprise Registration** in case of a corporation or partnership or Form F19 **Registration of an Individual as an Employee** and submit to the Inland Revenue Department. Persons can only have one TIN.

An F16 is to be completed by a shareholder, director, or partner of an enterprise

10. In what format can you file your annual personal income tax return (F49)?

You file your annual income tax return by completing form F49. The F49 can be a personalized pre-printed form generated by the Inland Revenue Department and sent to you at the end of each year or a generic version may be downloaded from the Government website

(www.ab.gov.ag).

The personal income tax return (F49) may be accompanied with a Guide outlining the steps required to complete the return. You can also obtain a copy of the guide from the government website.

11. Where do you have to file your annual personal income tax return?

Ensure that you retain a copy of your return for your records. You file your annual personal income tax return with the Inland Revenue Department, and all payments must be made payable to the Commissioner of Inland Revenue and may be sent by mail or delivered in person to:

Inland Revenue Department
Newgate Street,
St. John's, Antigua

12. What happens once you have filed your annual personal income tax return?

After the IRD receives your completed personal income tax return, it will be reviewed for completeness and accuracy. Once the review is completed the return will be captured into the automated system at the IRD.

When the return is captured, the assessment process is activated. If you have a credit or tax liability, an assessment notice will be mailed to you along with an explanatory note. Please be advised that all returns may be subject to audit to verify the amounts claimed.

As soon as you receive the Notice of Assessment, compare it to your copy of the personal income tax return. Should you require an explanation or clarification regarding the assessment, contact the Inland Revenue Department. If you want to file an objection, see section 17 of this guide.

If you would like the IRD to release details regarding your annual personal income tax return to an independent representative, such as an accountant, send us a signed letter of authorization specifying the taxation year and the person or people authorized to receive the information. To cancel a previously given authorization, notify the IRD in writing immediately. You should submit a separate authorization each time you give or cancel a third party authorization. In the letter, you can ask that this authorization not only apply to prior taxation years, but also to the year after the one for which the letter is dated.

13. Annual filing reminders

The Inland Revenue Department no longer issues pre-printed personalised tax declarations and payment forms. It is the

responsibility of all persons liable to file or pay their taxes by the due date.

14. Assessing your annual tax liability

In the case of non-filing, the Inland Revenue Department can determine the amount of tax to be paid and send you a *Notice of Assessment* requiring you to remit the amount of tax due within 30 days after the date of the assessment notice or file a proper personal income tax return. Penalties and interest will be applied.

In case of incomplete or incorrectly filed return, the Inland Revenue Department can correct the return and send you a *Notice of Assessment* requiring you to remit the outstanding amount of tax due within 30 days after the date of the assessment notice. Penalty and interest will be applied on the outstanding tax due.

15. 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.

16. Books and records

As an individual, you are required to keep books and records in case the IRD needs to verify the income or expenses you reported on the personal income tax return. These documents and related vouchers should be kept for at least 7 (seven) years from the end of the taxation year to which they relate.

Keep all receipts and documents that you do not have to file with your annual return in an orderly manner, in case the IRD needs to see them to support a claim, or in case the return is selected for further review or audit. All books and records must be kept in the English language.

Any person failing to create, maintain or retain records as required by the Act will be liable to a tax penalty of \$1,000.

Form F49 Part 1: Taxpayer Identification

Be sure to accurately complete Part 1 of your return, so the IRD can properly identify you, keep up-to-date information in the computer system about you (as an individual) and process the return more quickly.

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, F15, F16 or F19 depending on the type of your business, enterprise or a change of employment. If required, please contact the IRD for further instructions.

17. Recovery of tax owing

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 collect actions to recover the debt outstanding are unsuccessful, the Department has the power to seize and sell a tax debtor's assets.

18. How to object to annual personal income tax assessment?

Should you disagree with your assessment notice, you must advise the Commissioner of Inland Revenue in writing within 30 days of the date the notice of assessment was served. You should clearly outline the reasons for your disagreement (including documentary evidence) and the Commissioner or representative will contact you to deal with your disagreement.

19. Right to appeal

If you disagree with the Commissioner's decision, you can appeal to the Tax Appeal Board. You must file your appeal in writing within 30 days of receipt of the Commissioner's decision.

Form F49 Part 2: Tax Return Calculation

Employment Income

You must complete this section if, during the tax year, you as an employee received income from your employer.

Line 001 – Total employment income

Refer to form(s) *F55 Statement of remuneration paid and tax deducted* provided by your employer(s). If you have Add the *Total emoluments paid* from each form for the tax period . Please attach to your return an original copy of the *F55 Statement of remuneration paid and tax deducted* provided by your employer(s).

Line 10 – Total employment benefits

As a general rule, an employee is taxable on the value of any benefits or advantage in the year the person receives or enjoys the

benefit. This broadly includes leave payments, holiday pay, overtime payments, gratuities except for those received by individuals engaged in the hospitality industry, commissions, bonuses, allowances and other benefits. The following comments may help to determine the correct treatment benefits and allowances:

To establish whether an allowance is taxable or non-taxable, it must be considered whether the payment constitutes: a benefit to the employee; or a reimbursement of expenses incurred on behalf of the employer; or an expense incurred in deriving the employee's income.

Common examples of taxable employee benefits are: housing allowance, electricity allowance, clothing allowance, cost of living bonus, reimbursement of school fees, commissions, production bonus, provision of an employer owned house, inconvenience allowance, additional duties allowance

When employer provides loan to an employee and charges interest which is below the market rate of interest, then the difference between the prescribed rate and employer's loan rate is a benefit from employment chargeable to tax on the employee.

Reimbursing

Where the employee in the course of his or her duties incurs expenses which **allowance** may reasonably be assumed to be the liability of the employer, and the employee receives an allowance based on the actual costs, then that payment would be tax-free. Examples include: subsistence allowance when on duty away from home, mileage allowance for use of employee's car or for traveling expenses incurred in the course of employment; tool allowance; clothing allowance (unconventional or protective).

Expenses

Expenses incurred by an employee while gaining and producing assessable income, would also be tax-free, i.e.: accommodation (employee on transfer); broken shift; additional transport costs

Line 20 – Total emoluments

Add lines 1 and 10 and enter your total emoluments for the tax period on line 20

The word emoluments appearing in the Act broadly means any kind of pay, whether in cash or in kind. It includes salaries, fees, pay, wages, overtime pay, leave pay, bonus, commission, perquisites, tips, gratuities, benefits in kind and expenses payments and allowances

Line 035 - Gross amount of pension income

Enter the value of your pension. You must complete this section if, during the tax year, you received or accrued any pension income. Please attach any document or receipt supporting this amount.

Line 050 – Total Income

Add the amount on line 020 and the amount on line 035 and record the amount on line 050. This is your total tincome.

Line 070 – Net income from self-employment or wholly-owned enterprise

You must complete this section if, during the tax year, you earned income from self-employment activities, you were the sole proprietor of an enterprise and/or a partner in a partnership.

Enter the total of net income generated from your activities of self-employment and from the enterprises for which you are the sole proprietor. Indicate the nature, name, gross sales and total expenses related to your activities in Appendix B Schedule 1, and attach it to your return.

If your gross sales are greater than \$50,000, you must attach financial statements to your return. The financial statements should be for the same financial period for each of the business/self-employment activity.

If you are engaged in a trade and if your gross sales are below \$50,000, the information contained in Appendix A is deemed sufficient for the annual personal income tax return.

Line 075 – Share of partnership taxable profit/loss

Use Appendix B Schedule 2 to calculate your share in taxable profits or losses from each partnership in which you are a partner, and attach to your return. Partnership financial statements should not be attached to this form but sent with the partnership return F52.

Line 080 – Total income from business

Add the line 070 to the line 075 and report the total on line 080. If this amount is negative, report it on line 200 (*Business loss for the tax year*) as a positive value.

Line 085 – Taxable income from business

If the line 080 is positive, print the amount on line 085. If the value of line 080 is negative, print 0 on line 085.

Line 090 – Net income from property rental

You must complete this section if you received or accrued income from the rental of any of your property. In that case, you must complete Appendix C and, for each property, indicate the value of the gross rental income, any costs incurred by the property owner to maintain or operate the property, such as repair costs, utilities, interest costs from a loan contracted to finance the property. In addition, a wear and tear (depreciation) allowance can be deducted from income. Attach Appendix C to your return

Enter the total net income obtained from property rentals during the tax year. If this amount is negative, report it on line 210 (*Property rental loss for the tax year*) as a positive value.

Line 100 – Taxable income from property rental

If the line 090 is positive, print the amount on line 100. If the value of line 090 is negative, print 0 on line 100.

Line 105 – Taxable income – Royalties etc.

Enter amounts received for royalties and other types of payments in respect of property such as amounts received for the use of a copyright of literary or artistic work; the use of intangible industrial property; for example, payments for the use or reproduction of industrial, commercial, or scientific experience (know how), or patents, designs, secret processes and formulas, trademarks, and similar property.

Line 110 – Income from interest (other than savings)

All interest received by you other than interest paid to you by a financial institution for money on deposit or in a financial instrument issued by that institution is taxable.

Line 115 – Income arising outside of Antigua & Barbuda

All income arising outside Antigua & Barbuda (world-wide income) is taxable regardless of whether it has been brought back into the country or not. The tax payable on this income may also subject to adjustment through the application of tax treaties.

Line 120 – Total net income from other sources

You must complete this section if you earned taxable income from any other sources. Please complete Appendix D and identify the source, the nature and the value of the income, and attach it to your return.

Enter the total net income earned from other sources as per Appendix D

Line 125 – Taxable income from other sources

If line 120 is positive, recopy amount shown on line 120 on line 125; if line 120 is negative or null, write zero on line 125.

Line 140 – Assessable income before deduction

Add the amounts in lines 50, 85, 100, 105, 110, 115, 125 and enter the total on line 140

Line 145 – Personal allowances

A standard personal allowance deduction of \$36,000

Line 150 – Pension deduction

Enter the amount on line 35, however if the amount on line 35 is greater than \$24,000 enter only \$24,000 on line 150.

Line 155 – Mortgage interest deduction

An allowance may be deducted the interest paid on the money borrowed through a mortgage for the purpose of acquiring, constructing, repairing or removing your principal residence during the income year Enter the lesser of:

- (a) 25% of the total amount of interest paid during the tax year; and
- (b) \$2000.

You must submit with your tax return a statement from the financial institution in support of the deduction for mortgage interest.

Line 160 – Pension contribution

An allowance may be deducted for amounts paid during the tax year into a pension fund that was approved by the Commissioner of Inland Revenue Enter the lesser of:

- (a) 20% of the amounts paid; and
- (b) \$2000.

Line 165 – Child care deduction

An allowance may be deducted for your support or your spouse's support of a child or adopted child, if each child supported is, at any time during the income year, either under the age of 18 or under the age of 25 and receiving full-time instruction at an educational establishment. The limits are:

- (a) for one child the lesser of \$1000 or \$1000 minus any scholarship or other financial assistance received in the case of a child between the ages of 18 and 25.
- (b) For more than one child the lesser of \$2000 or \$2000 minus any scholarship or other financial assistance received in the case of a child between the ages of 18 and 25.

Line 170 – Health insurance premium deduction

An allowance may be deducted for amounts paid by you to a health insurance scheme. Enter the lesser of either

- (a) 50% of the premiums paid ; and
- (b) \$2000.

You must submit with your tax return a supporting letter from the health insurance company or copies of receipts for amounts paid.

Line 175 – Total deductions

Add the amounts in lines 145, 150, 155, 160, 165, 170 and enter the total on line 175

Line 180 - Chargeable income

L140 minus L175 - This is your total taxable income before loss deductions for the tax year.

Deduction for losses

Line 200 – Business loss for the tax year

If the amount on line 080 (*Total income from business*) is negative, report it on line 200 as a positive.

Line 210 – Property rental loss for the tax year

If the amount on line 090 (*Total net income from property rental*) is negative, report it on line 210 as a positive.

Line 220 – Loss brought forward from previous year

Print on this line the total amount of losses from business, self-employment and property rental activities made in the last six (6) years.

Line 230 – Total loss available for deduction

Add the amounts from lines 200, 210 and 220 and print the result on line 230.

Line 250 – Loss authorized this year

This line will be used by the IRD to communicate to you the authorized amount of loss deductions for the year, which is the minimum amount of line 230

Line 255 – Loss deduction available for next year

Enter the difference L230 minus L250

Line 260 – Net chargeable income after loss deduction

Deduct the amount on line 180 from line 250, and print the result on line 260.

Line 325 – Total tax liability before tax deducted or paid by instalment

If the amount on line 260 is zero, print 0 on line 325. If the amount is greater than zero, use the schedule from Appendix A to determine your personal income tax liability for the tax year, and report the amount on line 325 of your return. Attach Appendix A to your return.

Tax Already Deducted

Line 330 – Income tax already deducted by employer(s) / partnership

Enter the total amount of tax that was deducted by your employer(s) or partnership from your earnings as reported on your F55 *Statement of remuneration paid and tax deducted*.

Calculate, in appendix B2, your share of the tax already paid for each partnership in which you are a partner and report the total on the line 330.

Line 335 – Income tax already paid by instalments (self-employed)

Enter the total amount of instalments paid as recorded on F50 Instalment forms filed for the tax periods .

Line 360 – Total of income tax already paid

Total the amounts on line 330, and 335 and record the amount on line 360. This is the amount that you already paid to cover your personal income tax liabilities.

Balance of Personal Income Tax

Line 370 – Balance of personal income tax

Deduct the amount on line 360 from the line 325. Report this amount on line 370.

Line 375 – Balance owing

If the amount on the line 370 is positive, report the amount on line 375. This represents the tax amount you owe to the IRD as the deducted amount during the year was insufficient to cover your tax liabilities. Your balance owing is due no later than March 31st, 2012. Please attach your payment to your return.

Line 380 – Tax credit

If the amount on the line 370 is negative, report the amount (as a positive) on line 380. This represents the tax amount you overpaid during the period and which should be credited to you.

20. Do you need more information

This guide explains the process for individuals and partners to complete and file their personal income tax returns according to the provisions of the Personal Income Tax Act, April 2005 and amendments. 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 or contact:

Inland Revenue Department
Newgate Street,
St. John's, Antigua

**Tel: 462-4142/3 462-0396 562-4877. 562-5605,
562-5606.**
Fax: 462-3175
E-mail: Revenue@antigua.gov.ag

Appendix A: Tax year 2011 Tax Liability Calculation

Use this schedule to calculate your total tax to pay. Attach this appendix to your return.

1) Enter your **net chargeable income** from line 260 of your return: _____

If your net chargeable income is \$144,000 or less, complete column A only.

If your net chargeable income is more than \$144,000, complete column B only

No	If the amount on line 1 is:	(A) \$144,000 or less	(B) More than \$144,000		
2	Enter the amount from line 1 above:				
3	Base amount:	0	-144,000		
4	Line 2 minus line 3 (cannot be negative)				
5	Rate	10% (0.10)	25% (0.25)		
6	Multiply the amount on line 4 by the rate on line 5				
7	Tax on base amount	0	14,400		
8	Add lines 6 and 7				

2) Report the amount on line 8 of the column corresponding to your chargeable income on the line 325 of your return.

Example : net chargeable income is \$138,000.

1) Enter your **net chargeable income** from line 260 of your return: \$138,000.00

If your net chargeable income is \$144,000 or less, complete column A only.

If your net chargeable income is more than \$144,000, complete column B only.

No	If the amount on line 1 is:	(A) \$144,000 or less	(B) More than \$144,000		
2	Enter the amount from line 1 above:	138,000			
3	Base amount:	0	-144,000		
4	Line 2 minus line 3 (cannot be negative)	138,000			
5	Rate	10% (0.10)	25% (0.25)		
6	Multiply the amount on line 4 by the rate on line 5	13,800			
7	Tax on base amount	0	14,400		
8	Add lines 6 and 7	13,800			

The amount on line 8, or \$13,800 ,would be reported on line 325 of the return.

Appendix B: Income from Partnership

Use this schedule to record the list of partnerships in which you are a partner and to calculate your share of profit and of tax already paid by the partnership. Attach this appendix to your return. Please refer to the F52 Partnership personal income tax return to complete columns A and D.

Report the total amount of column A on line 075 of your return.

Report the total amount of column E on line 335 of your return.

Taxpayer Identification Number of the partnership	Name of the Partnership	(A) Taxable profit/losses	(B) Share percentage (%)	(C) Share of the profit/losses (A x B)	(D) Tax already paid by the Partnership	(E) Share of the tax already paid by the partnership (B x D)
	Total:					

Appendix C: Income from Property Rental

Use schedule 1 to record the list of properties from which you received or accrued rental income. Attach this appendix to your return. You must maintain records, including all claimed expense receipts, in a proper manner for each of your properties.

Schedule 1: Net Rental Income Calculation

To determine the depreciation (wear and tear), please complete the schedule 2. Report the total amount from column H to line 090 of your tax return. You cannot take a depreciation charge for a property that would exceed the difference between Revenue (gross rent) and total of expenses, e.g. you cannot create a loss with a wear and tear charge, and you cannot take it if you already have a loss.

No	Property address	(A) Revenue (Gross Rent)	Expenses				(F) Total of expenses (B+C+D+E)	(G) Wear & Tear (depreciation)	(H) Net Rental Income (A-F-G)
			(B) Repairs	(C) Utilities	(D) Loan Interest	(E) Other allowed expenses			
1									
2									
3									
4									
5									
Total:									

Schedule 2: Wear and tear (depreciation) calculation

Report the wear and tear charge calculated in column E below on the line corresponding to your asset in the schedule 1. The maximum depreciation rate on buildings is 5% and must be applied against last year fiscal value. You can take any depreciation charge as long as it is equal or below the maximum amount (5% of last year fiscal value). For the first and last year, you must prorate the wear and tear charge on the number of months you owned the asset.

No	Asset description	(A) Date acquired	(B) Initial Cost	(C) Last year fiscal Value	(D) Rate of Depreciation	(E) Wear and tear charge	(F) Final fiscal value
1							
2							
3							
4							
5							
Total:							

Appendix D Income from other sources

Use this schedule to record the list of other sources from which you obtain revenues. Attach this appendix to your return.

Source name	Nature of the revenue	Revenue Amount
Total:		

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 ó 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 ó Annual Return. Appendix B and all completed schedules must be attached to your F49 Personal Income Tax ó 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 ó 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 ó Annual Return. You must attach Appendix B along with Schedules B2 and B3 to your completed F49 Personal Income Tax ó 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 ó should be added to line (75) Share of partnership taxable profit/loss on F49 Personal Income Tax ó Annual Return
- (2) Total Column E ó should be added to line (335) Income tax already paid by instalments (self-employed and partnerships) on line F49 Personal Income Tax ó 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 Non-Taxable Income (5)

(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: _____ (Given)	Signature: _____ (Surname)	Date: _____ 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 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 (charge) of Schedule B3.

Column I: Final value of the asset. Equals Column B + D ó E ó 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
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
Total:									