

**F51 Personal Income Tax
Monthly Instalment Guide (2006)
Partnerships**



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

Personal Income Tax – Monthly Instalment Guide for Partnerships (2006)

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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.

This guide contains information and guidelines on how to complete the form F51 PIT Partnership Instalments – Monthly Remittance for 2006.

Before you start

1. What is a Partnership?

A partnership is the relation that exists between two or more persons who join to carry on a trade or business in common to make a profit. If there is no business in common, there is no partnership. Each person contributes money, property, labour, or a skill, and each person expects to share in the profits (or the losses) of the business enterprise. The income tax has to be paid whether your income is derived from or received in Antigua and Barbuda or elsewhere.

If you need more help to decide whether an arrangement is a partnership, you can contact the Inland Revenue Department for advice or information.

2. What are the responsibilities of a partnership?

A partnership has to:

- register with the Inland Revenue Department and have a Tax Identification Number;

- prepare the financial statements and calculate its income (or losses) following generally accepted accounting principles;
- reconcile the partnership income (or losses) for income tax purposes according to the *Income Tax Act* and *Personal Income Tax Act*;
- create and maintain records that should determine the partnership liability to pay tax and the amount to pay;
- remit instalments payment on behalf of the partnership on a monthly basis to the Inland Revenue Department; and complete a F51 PIT Partnership Instalments – Monthly Remittance form.

3. What are partnership instalments?

Partnership instalments are periodic payments of income tax that partnerships are required to pay to the Inland Revenue Department to cover tax the individual partnerships would otherwise have to pay on March 31 of the following year.

All instalments paid throughout the year will be credited to the partnership account and will be split among the partners and taken into consideration once the individual personal income tax annual income tax return has been filed and processed by the Inland Revenue Department.

These instalments are not the partners ultimate tax liability but simply payments that are credited to the partnership account.

4. What are the types of income subject to monthly instalment payments?

The following types of income are subject to monthly instalment payments:

- gains or profits from any trade, business, profession or vocation;
- part of pension that exceeds \$60,000 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.

5. Paying your monthly instalments on behalf of the partnership

If the partnership is in existence prior to 1st April 2005 and has gains or profits, it has to remit to the Inland Revenue Department a tax equal to one percent (1%) of the gross income for each month.

If the partnership comes into existence after 1st April 2005, the Inland Revenue Department may determine the amount of the monthly instalment to be paid by the partnership.

6. Income of a partnership

Gross income

If the partnership derived income between January 1, 2006 and December 31, 2006 you are liable to tax at one percent (1%) of the gross income. In other words take the partnership's gross monthly income or turnover and multiply the balance by .01% to determine the amount to be remitted.

Net income (or loss)

The partnership's net income (or loss) is the gross income minus the expenses. You may have to adjust this amount to calculate the net income (or loss) for income tax purposes.

For further details on how to calculate your gross income, please contact the Inland Revenue Department.

7. Allocating the income (or loss) to partners

Partnerships usually allocate income, gains, losses, deductions, credits, and other amounts among the partners according to the terms of the formal partnership agreement.

8. When are your monthly instalment payments due on behalf of the partnership?

Your instalment payments for 2006 are due no later than the last day of each month with respect of the previous month and should be accompanied by the F51 PIT PARTNERSHIP INSTALMENTS – MONTHLY Remittance form.

The Inland Revenue Department will send you a 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 F51 PIT PARTNERSHIP INSTALMENTS – MONTHLY Remittance form.

When your instalment payment falls on a Saturday, Sunday, or statutory holiday, the payment due date is on the next business day.

The following table states the monthly deadlines for instalment payments.

Examples

Taxation month end		Filing deadline	
January	31	February	28
February	28	March	31
March	31	May	01
April	30	May	31
May	31	June	30
June	30	August	02
July	31	August	31
August	31	October	02
September	30	October	31
October	31	November	30
November	30	January	02
December	31	January	31

9. How to calculate your monthly instalment payments?

If you have derived income on or after April 1, 2005, you are liable to tax at one percent (1%) of the gross income for each month.

If you started your partnership after April 1, 2005, your monthly instalment payment may be determined by the Commissioner of the Inland Revenue Department.

10. Tax Identification Number

The Tax Identification Number 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 a partnership, 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 your correspondence with IRD.

11. Registration due dates

You should apply for registration:

- not later than **fifteen days after you become liable to tax** at any time after the commencement of the Act.

These provisions are stipulated in *Part II, Section 6, Subsection (b) of the Personal Income Tax Act*,

If you are already registered under *Section 75A of the Income Tax Act* you need not apply for registration and your Tax Identification Number under that Act will be regarded as your tax identification number for the purposes of the Personal Income Tax Act until you are notified of any change in the tax identification number.

For the purpose of the PIT Act, you are required to notify the IRD that you are in a business and operate a partnership.

12. How to register for a Tax Identification Number?

To obtain a Tax Identification Number, you must complete Form F15 "**Non-Individual Enterprise Registration**" and submit it to the Inland Revenue Department.

13. In what format can you file your monthly instalment remittance on behalf of the partnership (F51)?

Partnerships use form F51 PIT Partnership Instalments – Monthly Remittance to file monthly instalment payments (F51). This form is a customised pre-printed form generated by the IRD and sent to you at the end of each month.

14. Where do you have to file your monthly instalment remittance?

You file your F51 PIT PARTNERSHIP INSTALMENTS – MONTHLY REMITTANCE with the Inland Revenue Department, and 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. Assessing your monthly instalment tax liability

In case of non-filing, incomplete filing or underpayment of the tax, the Inland Revenue Department can assess and determine the amount of tax to be paid by the partnership and send a *Notice of Assessment* requiring the partnership to remit the amount of tax due within 30 days after the date of the assessment notice.

16. What happens once you have filed your monthly instalment remittance?

Once the IRD receives your F51 PIT PARTNERSHIP INSTALMENTS – MONTHLY remittance form, it is reviewed for accuracy and captured into the automated system at the IRD and it will undergo further processing

17. Instalment Reminders

If you do not send in your F51 PIT Partnership Instalment – Monthly Remittance form by the due date the Inland Revenue Department will be in a position to assess the amount of the instalment that should have been remitted along with a penalty of 10% of the amount deemed not to have been remitted and interest at a rate of 1% per month.

18. Filing an annual partnership income tax return

Partnerships with self-employed and/or other income are required to file an annual partnership income tax return not later than March 31st of each year. The partnership income tax return will determine the net profit or loss from the partnership.

19. Filing an annual personal income tax return

Each partner in a partnership is required to file a Personal Income Tax Return form F49 not later than March 31st of each year, to determine the tax liability and remit any outstanding amount of tax in respect of the preceding income year. Each partner’s share of the profit or loss as calculated from the partnership income tax

return shall be pro rated in accordance with the partnership agreement and reported on the Personal Income Tax Return.

In addition to instalments credited to individual account as the result of the processing of monthly remittance forms for individuals, each partner will be credited with a portion of the instalments credited to the partnership account.

If it happens that the amount of the monthly instalments (individual and partnership portion) exceeds the amount of tax that ought to have been paid, the Inland Revenue Department may, subject to audit and on reasonable grounds reimburse tax that has been overpaid to the partner.

The details regarding the completion of the annual personal income tax return along with an explanation of what elements are considered income as well as what elements are considered legitimate expenses to be deducted from income are included Personal Income Tax Return-Annual Return Preparation Guide which has been sent to you and is also available on the Government of Antigua and Barbuda’s web site (www.ab.gov.ag) an at the Inland Revenue Department.

20. Enforcement and Recovery of Tax

As per *Part III, Section 45 of the Personal Income Tax Act*, the Inland Revenue Department may sue for and recover tax as a civil debt due to the Government in a court of competent jurisdiction.

The Inland Revenue Department may require any individual liable to remit tax to provide a return to enable the IRD to compute or to determine the amount of tax to be remitted by that individual.

21. Books and records

Operating books

The partnership has to keep sufficient records and books of account to allow the IRD to verify income (or losses) and other amounts that the partnership will allocate to partners. These books and record 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 partnership 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; 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 we need to see them to support a claim, or in case we select the return for further review or audit.

22. Completion of F51 PIT Partnership Instalment – Monthly Remittance

Taxpayer's Receipt

The top part of the form is entitled "Taxpayer's Receipt" and will be completed by the Inland Revenue Department when your F51

PIT Partnership Instalment – Monthly Remittance form is processed. You will be given the receipt.

Part 1: Partnership and Tax Identification - (F51)

Identification

Be sure to validate Part 1 of your remittance form, so that the IRD can properly identify the partnership, keep up-to-date information in the system about the partnership and process the remittance quickly and accurately.

Do not write in the identification section except in case the information is not correct. If any of the information is incorrect, cross it out and print the correct information next to it. Please ensure that that the new information is legible and accurate.

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.

Part 2: Tax Declaration and Calculation – (F51)

Line 10 – Gross Income for the remitting period

On line 10, enter the partnership's gross income for the remitting period.

Line 15 – Instalment tax rate of 1%

On line 015, the tax rate is determined by the PIT Act and is set to one percent (1%) of the gross income for 2006. Therefore, you do not have to enter any figure in this line.

Line 20 – Total instalment to be paid for the remitting period (line 10 x 15)

On line 20, multiply line 10 by 1% and enter total instalment amount that you have to pay for the remitting period.

23. Do you need more information?

This guide explains the most common instalment tax situations for partnerships 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 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