

**Income Tax (In Aid of Industry) A4[1998]**



**GUYANA**

ACT No. 18 of 1998

**INCOME TAX (IN AID OF INDUSTRY) (AMENDMENT) ACT 1998**

I assent

**JANET JAGAN,**  
President.

31st December, 1998

**ARRANGEMENT OF SECTIONS**

**SECTION**

1. Short title.
2. Insertion of new Part 1 in the Principal Act.

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AN ACT to amend the Income Tax (In Aid of Industry) Act.

A.D. 1998

Enacted by the Parliament of Guyana:—

Short title  
Cap. 81:02

1. This Act, which amends the Income Tax (In Aid of Industry) Act, may be cited as the Income Tax (In Aid of Industry) (Amendment) Act 1998.

Insertion  
of new  
Part I in  
the Prin-  
cipal Act.

2. The Principal Act is hereby amended by the insertion of the following Part immediately after section 1 as Part 1

#### “PART I

#### TAX HOLIDAY PERIOD

Relief from  
income  
tax  
Cap. 81:01  
Cap. 81:03

2. (1) Notwithstanding anything to the contrary contained in the Income Tax Act or the Corporation Tax Act, it is hereby provided that—

(a) where, in the opinion of the Minister, the trade or business carried on by a company save a gold or diamond mining company or a company carrying on petroleum operations, is wholly of a developmental and risk-bearing nature and is likely to be instrumental to the development of the resources of, and beneficial to Guyana, the Minister may issue a direction to that effect and thereupon the income of such company shall be exempt from taxation for a period not exceeding ten years of assessment as the Minister may determine (hereinafter called the tax holiday period) commencing with the year of assessment in which such direction is issued

(b) the Minister may issue a direction extending the tax holiday period granted to a company to take effect immediately after the expiration of the previous tax holiday period and the tax holiday periods so granted shall for the purposes of this Act be deemed to be one tax holiday period and the income of such company for the tax holiday period shall be exempt from taxation:

Provided that —

- (i) the total tax holiday period under this subsection shall not exceed ten years; and
- (ii) the tax holiday under this subsection shall apply to part of a trade or business carried on by a company as it would apply to a whole trade or business carried on by a company.

(2) Parts II to VIII (inclusive), where applicable to a company to which subsection 1 applies, shall commence to apply in the first year of assessment following the year of assessment during the basis period of which the tax holiday period ends:

Provided that —

- (a) in computing the income for the tax holiday period and for the whole of the accounting period in which the last day of the tax holiday period falls no allowances shall be made for wear and tear of plant, machinery or buildings;
- (b) for the purposes of Parts II to VIII (inclusive) the allowances which fall to be made shall be computed as if the capital expenditure incurred at any time up to the end of the accounting period in which the last day of the tax holiday period falls, less any realization of capital assets effected up to the end of the said accounting period, were incurred on the first day following the end of the said accounting period, and as if the expenditure incurred at any time up to the end of the said accounting period on any scientific research contemplated by section 38 were incurred on the first day following the end of the said accounting period; and
- (c) any loss incurred by a company to which subsection (1) applies during the tax

Cap. 81:01

holiday period shall be set-off, without the limitations imposed by section 19 of the Income Tax Act, against the income arising to such a company during the period or periods immediately following the tax holiday period.

No. 29 of  
1991

(3) A company to which subsection (1) applies being a company limited by shares within the meaning of the Companies Act 1991, shall be entitled during the tax holiday period and within two years thereafter to distribute a sum equal to the income arising during the tax holiday period from trade or business to which subsection (1) applies to the members of the company and every such sum shall be exempt from the payment of income tax in the hands of such members.

(4) Every company aforesaid shall upon payment of a dividend to which subsection (3) applies furnish to each shareholder a certificate setting forth the amount of the dividend paid, the period of profits out of which it is paid, and that it is exempt from income tax as provided for by subsection (3).

Cap. 81:01

(5) Every company to which subsection (1) applies shall keep separate accounts relating to the **gains or profits** of every trade or business to which this section applies, and in all accounts and statements submitted to the Commissioner of Inland Revenue the gains or profits of every such trade or business shall be separately set out, and notwithstanding the exemption from taxation in the tax holiday period; section 60 of the Income Tax Act (which relates to returns and particulars of income) shall, mutatis mutandis, apply to every such company.

(6) The Minister may from time to time make regulations generally for carrying out the provisions of this section.

(7) Where the Minister is satisfied that a company to which subsection (1) applies has contravened any provisions of this Act or of any regulations made under this section and that having regard to all the circumstances of the case it is expedient so to do, he may revoke the direction issued under subsection (1) and thereupon this section shall cease to apply to such company."

*Passed by the National Assembly on 28th December, 1998*

(BILL No. 21/1998)

*F. A. Narain,*  
Clerk of the National Assembly,