



**ST HELENA  
NO. OF 2015**

**A BILL**

**FOR**

**AN ORDINANCE**

**to amend the Income Tax Ordinance, 2012, to adjust the tax rates and to introduce tax on dividends; and for purposes connected therewith or incidental thereto.**

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Enacted by the Governor of St Helena with the advice and consent of the Legislative Council of St Helena.

**Citation, commencement and interpretation**

**1. (1)** This Ordinance may be cited as the Income Tax (Amendment) Ordinance, 2015, and shall come into force on 1 April 2015.

**(2)** In this Ordinance, “the principal Ordinance” means the Income Tax Ordinance, 2012.

**Interpretation**

**2.** Section 2 of the principal Ordinance is amended by inserting the following definition after the definition of “Court”:

“**dividend**” means—

*(a)* any distribution of profits by a company to a shareholder;

- (b) any amount returned to a shareholder in respect of a share on a partial reduction in capital to the extent that the amount returned exceeds the amount by which the paid up capital of the share was reduced;
- (c) any amount distributed to a shareholder on redemption or cancellation of a share (including in liquidation) to the extent the amount distributed exceeds the paid up capital of the share;
- (d) any expenditure that is not an allowable deduction under this Ordinance, the benefit of which is enjoyed by a shareholder or relative of a shareholder or spouse of a shareholder (the spouse not being a shareholder); or
- (e) any moneys lent or advanced by a company to or for the benefit of any of its shareholders, if in the opinion of the Commissioner the making of the loan or advance was not a bona fide loan or investment by the company, to the extent that such loan or advance has not been repaid on the last day of the tax year of the company in which such loan or advance was made; provided that where such loan or advance is deemed to be a dividend and in a subsequent tax year such loan or advance is reduced or set off by a dividend payable to such shareholder then such dividend to the extent that it reduces such loan or advance shall be deemed not to be a dividend;”.

### **Chargeable income**

3. Section 7 of the principal Ordinance is amended by repealing subsection (2) and substituting the following therefor:

- “(2) The amount of allowances to be deduct under subsection (1)(c) shall—
- (a) be deducted first from the taxable income of such person which constitutes income other than dividends and capital gains; and
  - (b) to the extent that such allowances exceed the amount of such income under paragraph (a), be deducted from the amount of any dividends; and
  - (c) to the extent that such allowances exceed the amount of such income under paragraphs (a) and (b), be deducted from the amount of any capital gains,

and the total amount of such allowances shall not exceed the amount of taxable income remaining after deducting the amounts under subsection (1)(a) and (b).”.

### **Taxable income**

4. Section 8 of the principal Ordinance is amended—
- (a) by deleting the word “and” at the end of paragraph (c);
  - (b) by inserting the following paragraph after paragraph (c):  
“(cA) in the form of dividends; and”.

### **Rates of income tax**

5. Schedule 1 to the principal Ordinance is repealed and the following is substituted therefor:

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**“SCHEDULE****Rates of income tax**

1. (1) The rates of tax payable by a taxpayer in each tax year shall be—
- (a) in respect of his chargeable income (to the extent it represents income other than dividends and capital gains)—
    - (i) in the case of a company, 25 per cent;
    - (i) in the case of a person other than a company—
      - (aa) 26 per cent on the first £18,000 of such chargeable income; and
      - (bb) 31 per cent on the remainder of such chargeable income;
  - (b) in respect of his chargeable income to the extent it represents dividends—
    - (i) in the case of a person other than a company, 8 per cent on the amount of such dividends as determined in accordance with paragraph (2); and
    - (ii) 0 per cent on any dividends to the extent that sub-item (i) does not apply;
  - (c) 10 per cent of his chargeable income to the extent it represents capital gains; and
  - (d) 10 per cent of the amount of his withholding income for such year.
- (2) Where the total chargeable income (excluding capital gains) of a person exceeds £18,000 in a tax year, the amount of any dividends received by or accrued to such person during such year to which paragraph (1)(b)(i) applies shall be determined in accordance with the formula

$$A = (B - C) - £18,000$$

where—

“A” represents the amount to be determined;

“B” represents the total chargeable income of such individual; and

“C” represents the amount of such chargeable income which represents capital gains.

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**EXPLANATORY NOTE**

*(This note is not part of the Ordinance)*

This Ordinance amends the Income Tax Ordinance, 2012, to adjust the tax rates and to introduce tax on dividends.