



INSURANCE COMPANIES

INSTRUCTIONS

2014
FORM 600 INS

PLEASE READ THESE INSTRUCTIONS CAREFULLY WHERE INSTRUCTIONS INDICATE THAT SCHEDULES BE COMPLETED ALL INFORMATION REQUESTED THEREIN MUST BE FURNISHED. IF THE SPACE PROVIDED FOR ANY SCHEDULE IS INADEQUATE YOU MAY ATTACH A SCHEDULE IN THE FORMAT REQUIRED.

The Tax Return for 2014 is due on 30th April, 2015. A Penalty of \$1,000.00 is imposed if the return is filed after 31st October, 2015 and thereafter for every six months or part thereof that the tax return remains outstanding.

1. GENERAL

Please follow the instructions below regarding the Registration and Identification Section

(I) Registration Information Change

CHANGE OF COMPANY INFORMATION

If your Company's name/address is different from the pre-printed name/address on FORM 600 INS, please tick box and insert correct name/address in the boxes provided in the Identification Section.

(II) Identification Section

(a) **Do not** write name and address in the boxes if your Name and Address are the same as pre-printed.

(b) Complete the Identification Section on Page 1. Please Print in **BLOCK LETTERS**. Use **Black ink only**. Please stay within the box provided. Example:

NAME OF BUSINESS

Z O N A L I N S . C O M P A N Y L T D

ADDRESS OF BUSINESS (STREET NO. AND NAME)

2 5 F I T T I N G S T R E E T

CITY OR TOWN

A R I M A

(III) General

- Attach Financial Statements and copy of the company's Annual Report.
- If the company is operating through a branch or agency in Trinidad and Tobago, attach also final accounts of the branch or agency.
- Wherever the amounts entered in the Tax Computation differ from those in the accounts, reconciliation should be furnished.
- Cancellable Group Life Insurance is not to be included as Life Insurance Business. Include only Non-cancellable Group Life with Life Insurance Business and enter Cancellable Group Life with Other Than Long-Term Insurance Business.
- Where Schedule space is insufficient, prepare separate schedules in the formats indicated.
- Where expenses are apportioned between Long-Term Insurance Business and Insurance Business Other Than Long-Term, the basis of apportionment must be stated in each case.
- Any balance of Tax or Business Levy payable must be paid by 30th April, 2015. Tax unpaid at 30th April, 2015, will attract interest at 20% per annum.
- Enter Quarterly Installments of Corporation Tax, Business Levy and Green Fund Levy paid in 2014 in Schedule Q.

The Income Tax Act, Chap. 75:01 states:

Where the estimated chargeable income of a person exceeds the chargeable income of the preceding year and that person had paid quarterly installments which amount to less than the tax liability disclosed in the return of the year of income, such person shall pay interest on the difference between:

- the tax liability on the chargeable income of the previous year of income plus 80% of the increase in the tax liability of the current year on the previous year; and
- the total amount paid by the end of the fourth quarter. [Section 79 (3B) of the Income Tax Act, Chap. 75:01]

Deliver completed return to the Inland Revenue Division, Trinidad House, St. Vincent Street, Port-of- Spain, or the South Regional Office, Cipero Street, San Fernando or the East Regional Office, No. 6 Prince Street, Arima, or the Tobago Regional Office, Victor E Bruce Financial Complex, Wilson Road, Scarborough, Tobago, on or before April 30th, 2015. When payment accompanies your return, **remittance should be by crossed cheque made payable to the Chairman, Board of Inland Revenue. DO NOT INCLUDE CASH.**

2. Profits of Long-Term Insurance Business

- (a) Profits of Long-Term Insurance Business include the profits from ordinary life assurance business, general annuity business, industrial life insurance business, approved annuity business, non-cancellable sickness and accident insurance and bond investment business.
- (b) If a resident company, the profits to be reported are those derived from the investment of its Statutory Fund as well as from the investment of any foreign Long-Term Insurance Fund. [Fourth Schedule, paragraph 3 (1) of the Corporation Tax Act, Chap. 75:02].
- (c) If a non-resident company, the profits to be reported are those derived from the investment of its Statutory Fund only [Fourth Schedule, paragraph 3(1) of the Corporation Tax Act, Chap. 75:02].
- (d) Where a separate Statutory Fund is not maintained for Approved Annuity Business the profits of Approved Annuity Business may be determined on an equitable basis. Attach a calculation showing the basis used for such determination.
- (e) Profits of any Long-Term Insurance Business transferred to the Shareholder's account, shall be liable to Corporation Tax at the higher rate of 25%.
- (f) Where profits of any Long-Term Insurance Business are transferred to the Shareholder's account, any amount of such profits transferred, even if it exceeds the chargeable profits of that Business, shall be charged to Corporation Tax at 25% less any tax previously paid on such profits.
- (g) Where profits of any Long-Term Insurance Business of a non-resident company are transferred to its Shareholder's account, the amount of such profits to be charged to Corporation Tax at the higher rate shall be the amount produced by multiplying the total amount transferred by the ratio of the Trinidad and Tobago actuarial reserves, over the Company's world actuarial reserves. (Fourth Schedule, paragraph 4 of the Corporation Tax Act, Chap. 75:02).

3. Other Net Income (Page 2, Line 5)

Please attach Schedule showing Gross Income other than Insurance Income (e.g. Bank Interest), expenses related to such income and Net Income.

4. Tax Relief for Losses brought forward

- (a) Set-off in respect of Ordinary Life and General Annuity losses is restricted to profits of Ordinary Life and General Annuity Business Schedule A (Page 3, Line 13).
- (b) Set-off in respect of Industrial Life Insurance losses is restricted to profits of Industrial Life Insurance Business Schedule A (Page 4, Line 26).
- (c) Set-off in respect of Bond Investment losses is restricted to profits of Bond Investment Business Schedule A (Page 4, Line 39).
- (d) Set-off in respect of Non-cancellable Sickness and Accident losses is restricted to profits of Non-cancellable Sickness and Accident Insurance Business Schedule A (Page 5, Line 52).
- (e) Set-off in respect of Insurance Business Other Than Long-term Insurance Business is restricted to profits of Insurance Business Other Than Long-term Insurance Business Schedule C (Page 9, Line 17).
- (f) Supply details of claims for losses brought forward and any losses to be carried forward.

5. Schedule B - Long-Term Insurance Business

The basis of allocation of general investment expenses should be shown in Column (3), e.g. whether direct expense or percentage allocation.

6. Schedule D - Remuneration of Directors

To determine allowable deductions [Column (9)] See section 12 and Third Schedule of the Corporation Tax Act, Chap. 75:02.

7. Schedule E - Double Tax Relief

Long-Term Insurance Business and Insurance Business Other Than Long-Term -

- (a) Where different types of incomes are subject to different rates of tax in any foreign country, show separately under Columns 2,4,5 and different amounts applicable.
- (b) For Long-term Insurance Business, enter the total of Column (7) on Page 5, Schedule A, Line 64.
- (c) For Insurance Business Other Than Long-Term, enter the total of Column (8) on Page 9, Line 18.
- (d) Certificates of Assessment must be supplied.

8. Schedule F- Child Care or Homework Facility

Where a person has incurred expenditure in constructing or setting up a facility which is dedicated for use as a childcare or homework facility for dependants of employees, who are minors, an amount equivalent to the expenditure actually incurred in that year in constructing or setting up the facility up to a maximum of five hundred thousand dollars in respect of each facility but not exceeding in the aggregate in a year of income, the sum of three million dollars, is allowed as a deduction.

9. Schedule G - Wear and Tear Allowances

An allowance for Wear and Tear is granted on the aggregate expenditure on –

1. Plant and Machinery and Building housing Plant and Machinery (Section 11A of the Income Tax Act);
2. Construction of or capital improvement made to other buildings or structures, completed on or after January 1, 1995, (Section 11B of the Income Tax Act);
3. The construction or setting up of a facility which is dedicated for use as a childcare or homework facility for dependants of employees who are minors, in excess of \$500,000.

Assets in (1) and (3) above are placed in their appropriate classes in accordance with the Seventh Schedule to the ITA. Buildings and Structures in (2) and (3) above are placed in Class A.

Wear and Tear Allowance will not be granted unless Lands and Buildings Taxes are paid for the Income year, (if applicable).

Submit a list of all properties and copies of the Lands and Buildings Taxes receipts, (if applicable).

- (a) Enter in Line 2, Columns (2-6), the balance of expenditure on Plant and Machinery at the beginning of the Accounting Period.
- (b) Enter in Line 3, Column (2), the balance of expenditure on Buildings at the beginning of the Accounting Period.
- (c) Enter in Line 4, Columns (2-6), the aggregate expenditure incurred on Buildings and Plant and Machinery acquired during the year.
- (d) Enter in Line 6, Columns (2-6), the proceeds derived from the sale or other disposal of Buildings and Plant and Machinery during the year.
- (e) Enter in Line 8, Columns (2-6), the Wear and Tear Allowance for each class. This is computed by applying the appropriate Wear and Tear rate in Line 1 to the figure.

Note: Buildings Structures and Improvements thereon completed on or after 1st January, 1995. (Section 11B of the Income Tax Act)

A Wear and Tear Allowance is granted at the rate of 10% on a declining balance on the expenditure on the construction of or improvement to a building or structure, subject to the following:

- (a) Where a building is used partly for business and partly otherwise and the cost of that part which is utilized otherwise does not exceed 10% of the total cost, Wear and Tear is to be granted on the total expenditure.
- (b) Where the cost of the part not used for the business exceeds 10% of the total cost but does not exceed 50%, Wear and Tear is to be granted on the cost of that part used in the production of the income.
- (c) Where the cost of the part not used for business exceeds 50% of the total cost of the building, no Wear and Tear is applicable.
- (d) Where the building or structure is used in the production of income for part only of the year of income, the allowance is reduced by the proportion of the period it was not so used.

Where an asset is to be used for both business and private purposes the allowance is to be reduced to take account of private usage. Where the value of the expenditure has not already been reduced for non-business use enter in the Summary of Allowances any Wear and Tear Allowance relating to such non-qualifying use.

Wear & Tear Allowance on CNG Kit and Cylinder

A person who incurred expenditure for Income Year 2014 on:

- (i) the acquisition of plant, machinery and equipment, excluding installation costs, for the purpose of providing a Compressed Natural Gas (CNG) Kit and Cylinder installation service or
- (ii) the acquisition and installation, in a motor vehicle, of a CNG Kit and Cylinder is granted a Wear and Tear Allowance on 130% of that expenditure in accordance with Section 11(1)(b) and Sections 11A and 11B of the Income Tax Act.

Wear & Tear Allowance on Wind Turbines/Solar Photovoltaic Systems/ Solar Water Heaters

A person who incurred expenditure for Income Year 2014, on the acquisition of plant, machinery, parts and materials for use in the manufacture of solar water heaters, or the acquisition of:

- (a) Wind turbines and supporting equipment;
- (b) Solar photovoltaic systems and supporting equipment; or
- (c) Solar water heaters;

a Wear and Tear Allowance is granted on 150% of that expenditure in accordance with Section (1)(b) and Sections 11A and 11B of the Income Tax Act.

Wear & Tear Allowance for Certified Energy Service Company on Energy Audits

For Income Year 2014:

- (1) Where a certified Energy Service Company acquired plant and machinery for the purpose of conducting energy audits there shall be allowed an amount of seventy-five (75%) of the cost incurred in the year of acquisition, and this amount shall be the only allowance on this expenditure for that year.
- (2) The amount of expenditure not yet allowed under the above mentioned (1) may be claimed as a Wear and Tear Allowance in accordance with Section 11(1)(b) and Sections 11A and 11B of the Income Tax Act from the following year.

10. Schedule H - Balancing Allowances and Charges.

Where an asset on which Wear and Tear has been allowed is sold or otherwise disposed of, a Balancing Allowance or Balancing Charge may arise.

Balancing Allowance will arise if the Disposal Proceeds are less than Written Down Value of the class only where there are no more assets in the class.

A Balancing Charge will arise if Disposal Proceeds are greater than the Written Down Value of the class.

On disposal of a private motor car purchased prior to 1st January 2006 for more than \$100,000 but whose value was deemed to be \$100,000 the proceeds from disposal shall be deemed to be as follows:

$$\frac{\text{Proceeds from Disposal}}{\text{Actual Value or Cost}} \times \$100,000$$

11. Schedule I - Venture Capital Credit

A company which invests in shares in a Venture Capital Company will be entitled to a tax credit for the year of income in which the shares were purchased, equivalent to the marginal rate of tax of the amount received by the Venture Capital Company for those shares. The credit is allowed only to the original purchaser of the shares. Where the amount of the tax credit cannot be wholly set off in the year of income the amount of the unclaimed tax credit may be carried forward and set off against the tax assessed for succeeding years of income.

12. Schedule J - Group Loss Relief

The Corporation Tax Act, Chap. 75:02 provides for Group Relief for trading losses which may be claimed by a company in accordance with the provision of Sections 18A to 18L.

Group relief is available when the surrendering company and the claimant company are resident in Trinidad and Tobago and one company is 100% subsidiary of the other company or both companies are 100% subsidiaries of a third company of the respective accounting periods of each company.

Group relief shall not reduce the tax payable by the claimant company by more than 25% of the tax that would have been payable had the relief not been granted.

13. Schedule K - Art and Culture, Sportsmen, Sporting Activity, Audio, Visual or Video Production, Fashion Industry Allowance

Art and Culture

An Art and Culture Allowance, is to be granted in computing the Chargeable Profits of a company for a year of income. The Allowance is equal to the actual expenses incurred. The Allowance must not exceed \$3,000,000.

Sportsmen/ Sporting Activity

An allowance is to be granted in computing the Chargeable Profits of a company for a year of income. The Allowance is equal to actual expenses incurred in promoting or sponsoring sportsmen, sporting activities or events. The Allowance shall not exceed \$3,000,000.

N.B.- The deduction shall only be granted in respect of Nationals of Trinidad and Tobago.

Audio, Visual or Video Production

An allowance of 150% of the actual expenses incurred is to be granted to companies sponsoring audio, visual or video productions for the purpose of local education or local entertainment or reflecting local culture for radio or television. This Allowance shall not exceed \$3,000,000. In accordance with Section 10N of the CTA this Allowance shall not be granted in the absence of certification from the Minister.

Fashion Industry Allowance

An allowance is to be granted in computing the Chargeable profits of a company for a year of income. This allowance shall be 150% of the actual expenses incurred in promoting the Fashion Industry and shall not exceed \$3,000,000.

14. Schedule L - Catastrophe Reserve Fund (see Section 10D of the Corporation Tax Act, Chap. 75:02)

No deduction will be allowed for a contribution to the Catastrophe Reserve Fund -

- (a) where the Catastrophe Reserve Fund is equal to or exceeds the Net Written Premium Income of the company in a year of income; or
- (b) for that portion of the contribution which will cause the fund to exceed the Net Written Premium Income of the company in the year of income.

Restrictions

Where the amount of the Catastrophe Reserve Fund exceeds the Net Written Premium in a year of income, the amount received as income derived from the investment of the Catastrophe Reserve Fund shall be included in computing the Chargeable Profits of the company.

Where deductions in respect of amounts contributed by a company to its Catastrophe Reserve Fund have been allowed and the company ceases to carry on the property insurance business, the amounts comprising the fund in the year in which the company ceases to carry on the property insurance business shall be taken into account in determining the chargeable profits of the company for that year. Submit a copy of the accounts in respect of the Catastrophe Reserve Fund as prepared by the Trustee, and evidence of payments made in respect of cessation of property insurance business.

15. Schedule M - Assets held in the Statutory Fund

Assets should be categorized by the type of asset, e.g. Mortgages, Shares, Bonds, etc. and the total value of each type shown in Column (5), Columns (2), (3) and (4) should only be filled where applicable.

16. Schedule N - Net Claims (Other Than Long-Term Business)

The basis used to determine the reserve for outstanding claims should be shown separately.

17. Schedule O - Business Levy Computation (THIS SCHEDULE MUST BE COMPLETED)

Business Levy is payable on Gross Sales/Receipts excluding Sales/Receipts which gives rise to income exempt from tax under any Act. Insurance Business on which Business Levy is payable includes –

Long-Term Insurance

- (i) Investment Income;
- (ii) Other Gross Receipts.

Other Than Long-Term Insurance

- (i) Net Written Premiums;
- (ii) Commissions and Fees;
- (iii) Investment Income;
- (iv) Other Gross Receipts.

The rate of Business Levy is 0.2%. For the purpose of the Levy, premiums received on Life Insurance Contracts should be excluded from Gross Receipts.

18. Schedule P - Green Fund Levy Computation (THIS SCHEDULE MUST BE COMPLETED)

Green Fund Levy is payable at the rate of 0.1% on the Gross Sales or Receipts of a company carrying on business in Trinidad and Tobago whether or not such business is exempt from the Business Levy.