L.N. 311 of 2022

INCOME TAX ACT
(CAP. 123)

Exemption from Tax on Property Transfers (Set-off of Tax Arrears) (Amendment) Rules, 2022

IN EXERCISE of the powers conferred by article 96 of the Income Tax Act, the Minister responsible for finance has made the following rules:-

Citation.

1. The title of these rules is the Exemption from Tax on Property Transfers (Set-off of Tax Arrears) (Amendment) Rules, 2022 and these rules shall be read and construed as one with the Exemption from Tax on Property Transfers (Set-off of Tax Arrears) Rules, hereinafter referred to as "the principal rules".

S.L. 123. 202.

Amends rule 4 of the principal rules.

2. Sub-rule (2) of rule 4 of the principal rules shall be substituted by the following new sub-rule:

"(2) Notwithstanding the provisions of sub-rule (1):

(a) when a person, hereinafter in this paragraph referred to also as "the transferor", makes a transfer to which these rules apply, relevant tax arrears of another person, hereinafter in this rule referred to also as "the other party" may, at the option made jointly by the transferor and the other party, be treated for the purpose of these rules as if they were relevant tax arrears of the transferor in the case that:

(i) the transferor is a company, and the other party is an individual who, throughout the period from the 31st March 2021 to the date of the transfer, has owned, directly or indirectly, at least ninety-nine per cent (99%) of the issued share capital and voting rights of that company;

(ii) the other party is a company, and the transferor is an individual who, throughout the period from the 31st March 2021 to the date of the transfer, has owned, directly or indirectly, at least ninety-nine per cent (99%) of the issued share capital and voting rights of that company; or

(iii) the transferor and the other party are both companies and, throughout the period from the 31st March 2021 to the date of the transfer, the individual direct or indirect beneficial owners of the two companies were the same and each such individual held, directly or indirectly, the same percentage interest in the nominal share capital and voting rights in each of the said companies;

(b) relevant tax arrears incurred by a deceased person shall be treated as relevant tax arrears of the heirs proportionate to their respective share of the inheritance.".

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