

## GUIDANCE ON THE NEW BONUS SCHEME EFFECTIVE JANUARY, 2024

The tax payable by an employed person in respect of bonuses received in a tax year shall be as follows:

BONUSES	TAX PAYABLE
Not exceeding 1/12th of annual salary	NIL
Exceeding 1/12th but not exceeding 15% of annual salary	15% of the amount in excess
Exceeding 15% of annual salary	20% of the amount in excess of the 15%

The tax payable by an employed person whose salary is less than or equal to SCR8555.50, in respect of bonuses received in a tax year shall be as follows:

BONUSES	TAX PAYABLE
Not exceeding SCR 8555.50	NIL
Exceeding SCR 8555.50 but not exceeding 15% of annual salary	15% of the amount in excess
Exceeding 15% of annual salary	20% of the amount in excess of the 15%

### EXAMPLE OF TAXABLE BONUS CALCULATIONS

A person receiving a salary of SCR10,000 is paid a bonus of SCR30,000 (based on 3 months salary) by his employer.

The bonus will be taxed under the new scheme as follows:

- Bonus Paid - SCR30,000
- Exempted Amount - SCR 10,000
- Amount Liable to Taxes - SCR 20,000

As the law exempts 1/12 or equivalent to 1 month salary from payment of taxes SCR 20,000 is therefore the excess amount to be taxed.

### THE CALCULATIONS AS PER THE TAX RATES

- Step 1: Calculate the persons' annual salary.  
 $SCR\ 10,000 \times 12 = SCR120,000$
- Step 2: Calculate 15% of the annual salary to know the amount to be taxed.  
 $SCR120,000 \times 15\% = SCR18,000$
- Step 3: Calculate 15% tax on SCR18,000 (excess amount).  
 $SCR18,000 \times 15\% = SCR2,700$
- Step 4: Calculate the difference between the total taxable bonus of SCR20,000 and the portion of 15% of the annual salary of SCR18,000  
 $SCR20,000 - SCR18,000 = SCR2,000$
- Step 5: Calculate the tax payable on the difference of SCR2,000 at the 20% tax rate.  
 $SCR2,000 \times 20\% = SCR400$
- Step 6: Calculate the total tax payable by adding the amount from step 3 and step 5 together.  
 $SCR2,700 + SCR400 = SCR3,100$

**Important information:** All businesses paying their employees bonuses in January 2024 must apply this new bonus scheme and submit their payroll on or before 21 February, 2024. For bonuses paid in December the previous scheme will remain applicable. The new bonus scheme will form part of the Income and Non-Monetary Benefits Tax Act to be gazetted soon.