



Fact Sheet for Sole Traders & Partners

Changes to personal Exemption

What are the changes?

From January 2020, the personal exemption threshold is to be increased from \$15,080 to \$30,080. **This change will become legal and effective from January 2020 only when the bill is passed through parliament. If the proposed increase is passed this means that you do not need to take out PAYE tax from any employee emolument that is less than:**

\$ 578.51	A Week
\$1,157.00	Fortnightly
\$1,253.45	Bi-Monthly
\$2,506.72	Monthly or
\$30,080.10	Per year

For someone earning \$31,000 tax payable in 2019 was \$1,861.60. From 1st January the tax payable will be \$101.20 – a saving of \$1,760.40 a year.

When do the changes take effect?

The changes are to apply to any payment made on or after 1st January 2020.

Will my provisional tax payments be decreased?

Yes RMS will calculate your provisional tax payments for 2020 to take into account the new personal exemption rate so you will get the benefit of the reduction straight away.

What rates of tax apply above the personal exemption?

The First \$30,080 is exempt from tax. The balance of income is then subject to tax at the following rates:

\$1 - \$15000	11%
\$15001-\$30000	\$1650 + 23% of excess
\$30 001 -\$60000	\$5100 + 35% of excess
\$60 000 and over	\$15600 + 40% of excess

A PAYE taxpayer who earns \$50,000 annually will be taxed as follow:

Gross Annual Salary	\$65,000
Less personal exemption	<u>\$30,080</u>
Income chargeable to tax	<u>\$34,920</u>

The first \$15,000 is taxed at 11% \$1,650

The second \$15,000 is taxed at 23% \$3,450

The balance of \$4,920 is taxed at 35% \$1,722

Total payable \$6,822

Gross income \$65,000

Less tax payable \$ 6,822

Net Annual Pay \$58,178

What do I need to do at the end of the income year?

If you are in business you will need to lodge an income tax return (generally by 31st March following the income year). The new personal exemption rate will be taken into account in assessing your income tax for the year.

Need more information?

If you need more information you can contact us by visiting our office at finance building, visit our website: www.ird.gov.sb , or by telephoning us on 21493.

Annual Salary	Total Tax 2019 \$	Total tax 2020 \$	Annual Saving \$
\$30,080	1,650.00	-	1,650.00
\$35,000	2,781.60	541.20	2,240.40
\$40,000	3,931.60	1,091.20	2,840.40
\$45,000	5,081.60	1,641.20	3,440.40
\$50,000	6,822.00	2,781.60	4,040.40
\$55,000	8,572.00	3,931.60	4,640.40
\$60,000	10,322.00	5,081.60	5,240.40
\$70,000	13,822.00	8,572.00	5,250.00
\$80,000	17,568.00	12,072.00	5,496.00
\$90,000	21,568.00	15,572.00	5,996.00
\$100,000	25,568.00	19,568.00	6,000.00