

General

Several tax measures were agreed in the Tripartite agreement of 24 November 2021. The parties to this agreement, namely the trade union, the business community, and the government, agreed to make changes to the Wage and Income Tax Act. This agreement also included that upon the introduction of Value Added Tax (VAT), the tax brackets in the Wage and the Income Tax Act would be adjusted definitively. On December 30th, 2022, the government therefore agreed to enforce the following changes in the Income Tax Act and the Wage Tax Act:

Specific

Changes to the Personal Income Tax and the Wage Tax, that will take effect on January 1, 2023:

1. Earlier Taxpayers were allowed to deduct the paid interest for mortgages with a maximum of SRD 125,000. The mortgage amount has now been increased to a maximum of **SRD 600,000**, paid for a property intended for private use as residence or for private household purposes;
2. The amount of one month's wage with a maximum SRD 6,516 was earlier exempted from taxation on a yearly basis **if that amount was paid as a holiday allowance**. The maximum amount of this exemption is now adjusted to **SRD 10,016**;
3. The amount of one month's wage with a maximum SRD 6,516 was earlier exempted from taxation on a yearly basis **if that amount was paid as a bonus or gratuities**. The maximum amount of this exemption is now adjusted to **SRD 10,016**;
4. The tax-free sum of SRD 48,000 per year will now increase to **SRD 90,000 per year**. This will result in a monthly tax-free sum of **SRD 7,500**;
5. The tax brackets in the Personal Income Tax Act are also adjusted as follows:

OLD tax brackets (annual)

SRD	SRD	Rate
-	48,000.00	0%
48,000.00	59,356.80	8%
59,356.80	67,273.80	18%
67,273.80	78,193.80	28%
Above	78,193.80	38%

NEW tax brackets (annual)

SRD	SRD	Rate
-	90,000.00	0%
90,000.00	101,356.80	8%
101,356.80	109,273.80	18%
109,273.80	120,193.80	28%
Above	120,193.80	38%

6. For convenience's sake we have also provided below a comparison of the impact the change in the tax-free sum will have on the payroll calculation of employees. We have compared two different gross wage scenarios with the old and the new tax-free sum changes there are now:

Scenario 1:

Gross wage is fixed at SRD 6,500 with no other payroll components:

Gross wage	6,500.00	
Deductible costs	100.00	
Tax-free sum	4,000.00	
Wage tax		416.75
Old age premium		256.00
Net wage		5,827.25

Gross wage	6,500.00	
Deductible costs	100.00	
Tax-free sum	7,500.00	
Wage tax		-
Old age premium		256.00
Net wage		6,244.00

Scenario 2:

Gross wage is fixed at SRD 20,000 with no other payroll components:

Gross wage	20,000.00	
Deductible costs	100.00	
Tax-free sum	4,000.00	
Wage tax		5,535.13
Old age premium		796.00
Net wage		12,668.87

Gross wage	20,000.00	
Deductible costs	100.00	
Tax-free sum	7,500.00	
Wage tax		4,205.13
Old age premium		796.00
Net wage		14,998.87

Disclaimer:

The wage tax calculation, presented above, is of a general nature and does not relate to the specific circumstances of a particular individual or entity. Based on this information, no action should be taken without adequate professional advice after a thorough investigation of the specific applicable situation.