

Are you the recipient of a housing allowance from your Employer to cover your rent, boarding or lodging expenses? Then this week's #TaxationSimplified is for you!

Is Income Tax charged on the housing allowances issued by my Employer?

Section 5 of the Income Tax Act provides for the charge of Income Tax at the rate or rates specified, on an annual assessment, on the income accumulated in or deriving from Guyana or elsewhere, and whether received in Guyana or not. Income Tax will be applied specifically to the gains or profits from the estimated value of any quarters, board or residence.

How is Income Tax applied to the value of the residential quarters?

Where housing, quarters, boarding or lodging is provided by an Employer, the estimation of the residential quarters is determined in accordance with the Income Tax Valuation of Quarters or Residents Regulations. (See our website for the full list)

How is the value of the residential quarters determined?

The estimated value of the residential quarters is based on three factors, inclusive of the square footage of the residence or quarters, the rate per month for unfurnished quarters or residence and the rate per month for furnished quarters or residence.

How is the chargeable value of the residents or quarters, established?

Once the estimated value of the residence or quarter has been established, sums paid by way of rent or contributions, will be allowed as deductions against the estimated value.

NOTE: The deduction is only allowed where the residence or quarter is not free. As such, where the residence, board or quarters is free, the full estimated value will be taxable.

NOTE! This document is not a substitute for the law. The law shall prevail in case of any inadvertent conflict.

Need more information as it relates to Housing Allowance?

You can refer to VAT Policy#65

http://www.gra.gov.gy/images/GRA_Docs/Tax_Policies/vat-policies2/VATPolicy65-HousingAllowance.pdf

Or

[The Value Added Tax Act, Chapter 81:05: http://www.gra.gov.gy/publications/tax-laws/109-value-added-tax-act-2005](http://www.gra.gov.gy/publications/tax-laws/109-value-added-tax-act-2005)

