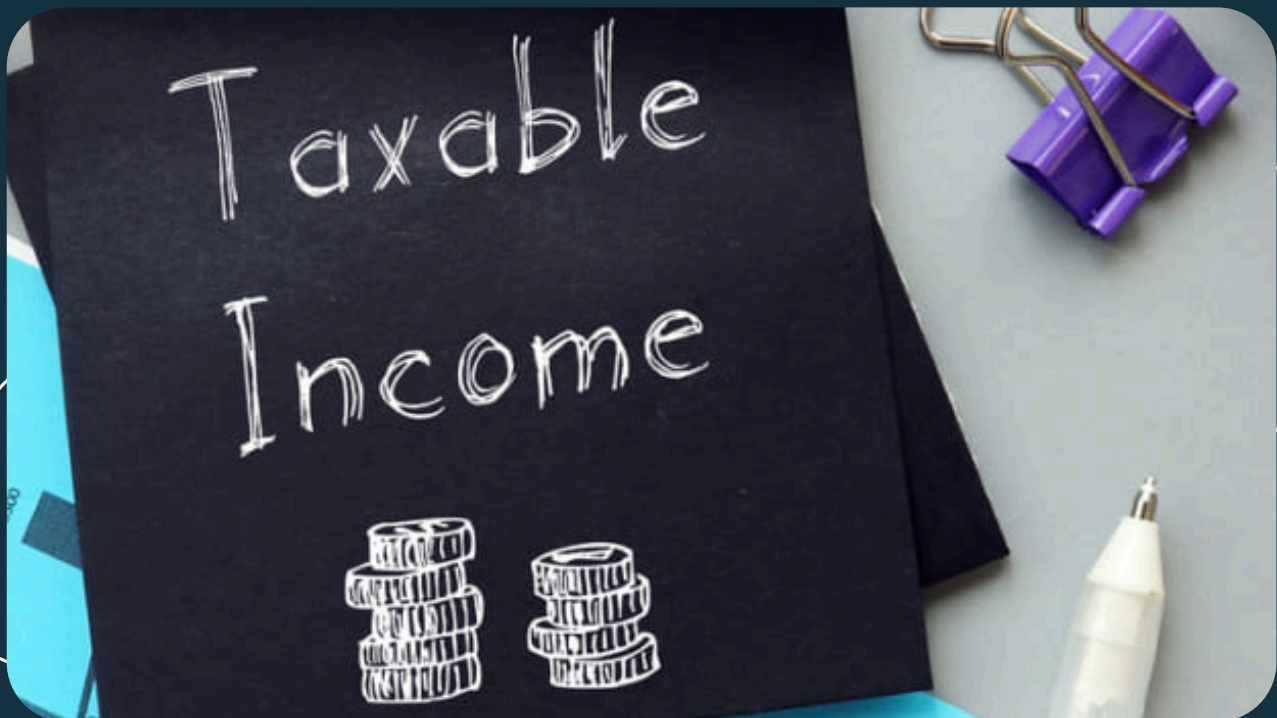


GUYANA REVENUE AUTHORITY

# ANNUAL INCOME TAX THRESHOLD & RATES



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# Changes to the Income Tax Threshold

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Effective **January 1, 2024**, the Income Tax (Amendment) Act No. 2 of 2024 brought changes to the personal allowance and deductions for employed and self-employed individuals. Here are the key updates:

## **ANNUAL STATUTORY DEDUCTION:**

The amendment to Section 20 of the Income Tax Act, Chapter 81:01 sets the annual statutory deduction at one million, two hundred thousand dollars (\$1,200,000).

## **CHARGEABLE INCOME:**

Chargeable income, taxable at a rate of twenty-eight percent (28%), is limited to two million, four hundred thousand dollars (\$2,400,000) annually. Any chargeable income exceeding this amount will be taxed at a rate of forty percent (40%), as per Sections 8, 16(1), 20, 36, 36A, and 60(1)(a) of the Income Tax Act, Chapter 81:01.

## **MEDICAL AND LIFE INSURANCE PREMIUM DEDUCTIONS**

Section 16(l) of the Income Tax Act, Chapter 81:01, introduced in 2022, allows for the deduction of medical and life insurance premiums from individual income. The deduction is subject to premiums paid, ten percent (10%) of the individual's gross income or three hundred and sixty thousand dollars (\$360,000) annually whichever is less. However, effective January 1, 2024, the ceiling increased to six hundred thousand dollars (\$600,000) annually.

# Statutory Deductions for Employed Individuals

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Individuals earning an Income in excess of three hundred thousand dollars (\$300,000) per month or a total of three million, six hundred thousand dollars (\$3,600,000) at the end of the year 2024, are required to file an Income Tax Return and pay Income Tax at the stipulated rates.

Taxpayers are further reminded that their completed Income Tax Return, along with the 7B Slip (emolument slip, issued by your Employer (s)) are correctly/accurately completed.

## **For Employed Individuals Earning UP TO Three Hundred Thousand:**

- Monthly Personal Allowance (Free Pay) for those earning up to three hundred thousand dollars (\$300,000): One hundred thousand dollars (\$100,000).
- National Insurance Scheme (NIS) Contribution: 5.6% of gross salary up to \$280,000.
- Medical and Life Insurance Premium Deductions: Applicable on the amount of premiums paid by the employee, ten percent (10%) of gross salary or fifty thousand dollars (\$50,000) monthly, whichever is less.

## **For Employed Individuals Earning ABOVE Three Hundred Thousand Dollars (\$300,000):**

- Monthly Personal Allowance (Free Pay): one-third (1/3) of their gross income.
- National Insurance Scheme (NIS) Contribution: 5.6% of gross salary up to \$280,000..
- Medical and Life Insurance Premium Deductions: Applicable on the amount of premium paid by the employee, ten percent (10%) of gross salary or fifty thousand dollars (\$50,000) monthly, whichever is less.

## **NIS Deduction For Employed Persons:**

- All employed persons are allowed a deduction of 5.6% of gross salary up to \$280,000 monthly and 5.6% of gross salary up to \$3,360,000 annually.

# Statutory Deductions for Self-Employed Individuals

Self-employed individuals with a net income (after expenses and allowances) of **three million, six hundred thousand dollars (\$3,600,000) and below** are allowed a personal allowance (free pay) of **one million, two hundred thousand dollars (\$1,200,000) annually**.

## Medical and Life Insurance Premium Deductions

Applicable on the amount of premiums paid for medical and life insurance, ten percent (10%) of gross income or six hundred thousand dollars (\$600,000) annually, whichever is less.

## Self-Employed Individuals With A Net Income (After Expenses And Allowances) Of Three Million, Six Hundred Thousand Dollars (\$3,600,000) and ABOVE

- Personal Allowance (Free Pay): one-third (1/3) of net profit.
- Medical and Life Insurance Premium Deductions: Applicable on the amount of premiums paid for medical and life insurance, ten percent (10%) of gross salary or six hundred thousand dollars (\$600,000) annually, whichever is less.

# National Insurance Scheme Contribution Ceiling

- The ceiling (that is, the amount allowed as a deduction) for the National Insurance Scheme Contribution is based on gross income up to two hundred and eighty thousand dollars (\$280,000) per month or three million, three hundred and sixty thousand dollars (\$3,360,000) annually.
- The employee's contribution is 5.6% of their salary.

# GENERAL THRESHOLD & DEDUCTIONS FOR ALL INDIVIDUALS

Particulars	Daily	Weekly	Fortnightly	Monthly	Yearly
Personal Allowance (Free Pay)	\$3,288	\$23,077	\$46,154	\$100,000	\$1,200,000
National Insurance Scheme (NIS) (up to \$280,000)	5.6% of Gross Salary	5.6% of Gross Salary	5.6% of Gross Salary	5.6% of Gross Salary	5.6% of Gross Salary
Medical & Life Insurance Premium Deduction (on the amount of premium paid by individuals for (medical and life insurance premiums), ten percent (10%) of Gross Salary; or \$600,000 annually whichever is less)					
Rate of Tax of 28% on Chargeable Income of \$2,400,000	28%	28%	28%	28%	28%
Rate of Tax of 40% on Balance of Chargeable Income in Excess of \$2,400,000	Balance @40%	Balance @40%	Balance @40%	Balance @40%	Balance @40%
Salary/Net: Profit/Income Base per period	\$9,863	\$69,231	\$138,462	\$300,000	\$3,600,000

**EMPLOYED****Weekly Income Tax Computation without Medical & Life Insurance Premium Deductions**

(A) Weekly Gross (Inclusive of All Taxable Allowances) \$	Personal Allowance (\$23,077) A1 \$	N.I.S Deduction (5.6% of A) (A2) \$	(B) Total Deduction (A1+A2) \$	(C) Chargeable Income (CI) (A -B) \$	(D) Chargeable Income (CI) @ 28% (C*28%) \$	(E) Remainder @40% \$	Total Tax Payable \$
35,000	23,077	1,960	25,037	9,963	2,790		2,790
Calculation		$(35,000 \times 0.056)$			$(9,963 \times 0.28)$		
75,000	25,000	3,618	28,618	46,382	12,923	91	13,014
Calculation	$(A \times 1/3)$	$(64,615 * 0.056)$			$(46,154 \times 0.28)$	$(228 \times 0.40)$	$(D + E)$
180,000	60,000	3,618	63,618	116,382	12,923	28,091	41,014
Calculation	$(A * 1/3)$	$(64,615 \times 0.056)$			$(46,154 \times 0.28)$	$116,382 - 46,154 = 70,228$	$(D + E)$
						$(70,228 \times 0.40)$	



# Monthly Income Tax Computation on Income \$300,000 and Under with Medical & Life Insurance Premium Deduction

(A) Monthly Gross Salary (Inclusive of All Taxable Allowance) \$	Personal Allowance (\$100,000) A1 \$	N.I.S Deduction (5.6% of A) (A2) \$	Medical and Life Insurance Premium Paid Monthly \$	Medical and Life Insurance Premium Deduction Allowed (A3) \$	(B) Total Deduction A1+A2+A3) \$	(C) Chargeable Income (C) (A -B) \$	(D) FIRST \$200,000 @ 28% \$	Total Tax Payable \$
180,000	100,000	10,080	9,850	9,850	119,930	60,070	16,820	16,820
Calculation							(60,070x0.28 = 16,820)	
			(up to 10% of Gross Salary \$18,000/\$50,000 whichever is less)					
290,000	100,000	15,680	40,000	29,000	144,680	145,320	40,690	40,690
Calculation							(145,320 x 0.28 = 40,690)	
			(up to 10% of Gross Salary \$29,000/\$50,000 whichever is less)					

# Monthly Income Tax Computation on Income \$300,001 and ABOVE

(A) Monthly Gross Salary (Inclusive of All Taxable Allowances) \$	Personal Allowance (1/3 of A) A1 \$	N.I.S Deduction (5.6% of A) A2 \$	Medical and Life Insurance Premium Paid Monthly \$	Medical and Life Insurance Premium Deduction Allowed A3 \$	(B) Total Deduction (A1+A2+A3) \$	(C) Chargeable Income (CI) (A - B) \$	(D) FIRST \$200,000 @ 28% \$	(E) Remainder @ 40% \$	Total Tax Payable (D + E) \$
325,000	108,333	15,680	9,850	9,850	133,863	191,137	53,518	-	53,518
Calculation			(up to 10% of Gross Salary \$32,500 /\$50,000 whichever is less)				(191,137 x 0.28 = 53,518)		
400,000	133,333	15,680	30,000	30,000	179,013	220,987	56,000	8,395	64,395
Calculation			(up to 10% of Gross Salary \$40,000/\$50,000 whichever is less)				(200,000 x.28 = 56,000)	220,987- 200,000 =20,987	(56,000 + 8,395 = 64,395)
								(20,987 x 0.40 = 8,395)	
750,000	250,000	15,680	40,000	40,000	305,680	444,320	56,000	97,728	153,728
Calculation			(up to 10% of Gross Salary \$75,000/\$50,000 whichever is less)				(200,000 x.28 = 56,000)	444,320- 200,000 = 244,320.	(56,000 + 97,728)
								(244,320*.40 = 97,728)	

# SELF-EMPLOYED

## YEARLY NET PROFIT/INCOME \$3,600,000 and below

(A) Yearly Net Income (After Expense & Allowance) \$	Personal Allowance (\$1,200,000) A1 \$	Medical and Life Insurance Premium Paid Annually \$	Medical and Life Insurance Premium Deduction Allowed A2 \$	(B) Total Deduction A1+A2 \$	(C) Chargeable Income (CI) (A - B) \$	(D) First \$2,400,000 @ 28% \$	Total Tax Payable \$
2,100,000	1,200,000	200,000	200,000	1,400,000	700,000	196,000	196,000
		(up to 10% of Gross Salary \$210,000/\$600,000 whichever is less)				(700,000*0.28 = 196,000)	
1,500,000	1,200,000	250,000	150,000	1,350,000	150,000	42,000	42,000
		(up to 10% of Gross Salary \$150,000/\$600,000 whichever is less)				(150,000*0.28 = 42,000)	
3,500,000	1,200,000	400,000	350,000	1,550,000	1,950,000	546,000	546,000
		(up to 10% of Gross Salary \$350,000/\$600,000 whichever is less)				(1,950,000*0.28 = 546,000)	

# SELF-EMPLOYED INDIVIDUALS - YEARLY NET PROFIT/INCOME 3,600,000 AND BELOW

(A) Yearly Net Income (After Expense & Allowance) \$	(A1) Personal Allowance (\$1,020,000) \$	Medical and Life Insurance Premium Paid Annually \$	(A2) Medical and Life Insurance Premium Deduction Allowed \$	(B) Total Deduction A1+A2 \$	(C) Chargeable Income (CI) (A - B) \$	(D) First \$2,400,000 @ 28% \$	Total Tax Payable \$
2,100,000	1,200,000	200,000	200,000	1,400,000	700,000	196,000	196,000
		(up to 10% of Gross Salary \$210,000/\$600,000 whichever is less)				(700,000*0.28 = 196,000)	
1,500,000	1,200,000	250,000	150,000	1,350,000	150,000	42,000	42,000
		(up to 10% of Gross Salary \$150,000/\$600,000 whichever is less)				(150,000*0.28 = 42,000)	
3,500,000	1,200,000	400,000	350,000	1,550,000	1,950,000	546,000	546,000
		(up to 10% of Gross Salary \$306,000/\$360,000 whichever is less)				(1,950,000*0.28 = 546,000)	

# SELF-EMPLOYED INDIVIDUALS - YEARLY NET PROFIT/INCOME 3,600,001 AND ABOVE

(A) Yearly Net Income (After Expense & Allowance) \$	(A1) Personal Allowance (\$1,020,000) \$	Medical and Life Insurance Premium Paid Annually \$	(A2) Medical and Life Insurance Premium Deduction Allowed \$	(B) Total Deduction A1+A2 \$	(C) Chargeable Income (C) (A - B) \$	(D) First \$2,400,000 @ 28% \$	(E) Remainder @40% (C-\$2,400,000)*40% \$	Total Tax Payable \$
3,800,000	1,266,667	95,220	95,220	1,361,887	2,438,113	672,000	15,245	687,245
		(up to 10% of Gross Salary \$380,000/\$600,000 whichever is less)				(2,400,000 *0.28 = 672,000)	2,438,113-2,400,000 = 38,113 (38,113*0.40 = 15,245)	(D+E)
6,500,000	2,166,667	700,000	600,000	2,766,667	3,733,333	672,000		42,000
		(up to 10% of Gross Salary \$650,00/\$600,000 whichever is less)				(2,400,000 *0.28 = 672,000)	533,333	1,205,333
							3,733,333-2,400,000 = 1,333,333 (1,333,333*0.40 = 533,333)	(D+E)

## **POINTS TO NOTE:**

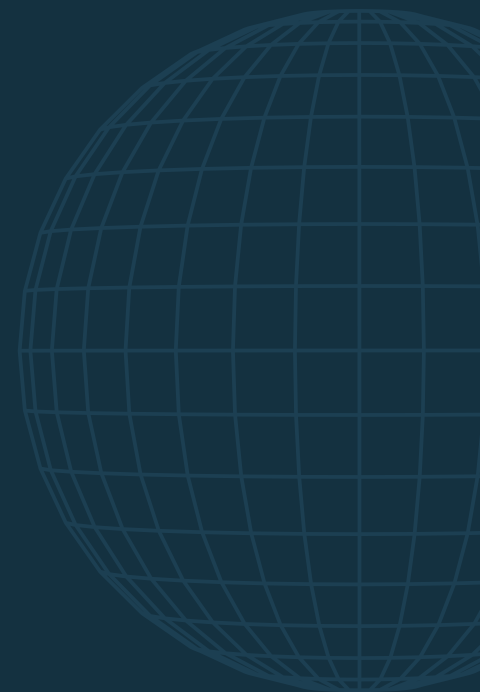
- Self-employed individuals should be aware that medical and life insurance premiums must be deducted after calculating the net income, which is determined by subtracting expenses and other allowances. These premiums should **not** be included as an expense when calculating the chargeable income.
- Employees who have private medical and life insurance must obtain a statement from their approved insurance company showing the premiums paid. This statement should be submitted by **April 30, 2025**, along with their Statement of Earnings or Form 7B when filing their Income Tax Return. This will allow them to benefit from the deduction.
- Self-employed individuals with private medical and life insurance must obtain a statement from their approved insurance company showing the premiums paid. This statement should be submitted by April 30, 2025, along with their Financial Statements when filing their Income Tax Return. This will enable them to benefit from the deduction.
- Commencing **February 2024 (but no later than March 2024)**, employers will be required to adjust their employees' tax payable using the provided schedule. Employers should use the revised personal allowance to recalculate the employees' tax payable and refund any over-deducted tax until the employee is fully reimbursed.
- The Schedule below must accompany the Form 5 for the month of February 2024 to reflect taxes over-deducted. **(Please check GRA's Website for the new form: <https://www.gra.gov.gy/forms/>)**

No.	Name of Employee	Actual Deductions for the Month of January or February (Separately)	Over-Deductions (January) or (February) (Payable to the employee)	Amount to be Remitted as PAYE (Payable to the GRA)
1	Mary White	\$10,480	\$5,000	\$5,480

For example, if the sum of \$5,000 was over-deducted from an employee in January or February and the employee's tax in the month of March is \$10,480; then the employer must deduct the \$5,000 from the \$10,480; refund it to the employee and remit \$5,480 to the Guyana Revenue Authority.

## **POINTS TO NOTE:**

- In cases where the refund amount exceeds the monthly tax, the remaining balance will be carried forward to the next month or until it is fully refunded to the employee.
- Employers must submit an amended Form 5 for January to update the threshold and deduct Medical and Life Insurance Premiums, if applicable.
- If an employee or self-employed person pays their own Medical and Life Insurance Premiums, they must submit their Income Tax Return by April 30 and include a Statement from the Insurance company showing the premiums paid, along with their Form 7B2 or Financial Statements.
- The deduction for Medical and Life Insurance Premiums will be applicable starting from January 1, 2024.
- Employers are legally required to issue their employees' earnings statement for the employed period in FORM 7A or 7B.
- It is mandatory for all employers to promptly implement the new Income Tax Thresholds and deductions.





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