



### Changes in the rate of Income Tax for 2016

As of 1<sup>st</sup> April 2016, employees including those casual or part-time earning a total salary up to SCR 5,050 are not liable to income tax on their total salary. A reduced rate is also applicable for employees earning above SR 5,050 up to SR 5,941.17, using the new formula prescribed. Further changes to the income tax regime will take effect in July 2016 whereby employees earning a total salary up to SR 8555.50 will not be liable to income tax on their salary.

The following examples are provided to better understand the implications of the changes in the income tax rates.

#### **Implications of the changes in Income Tax as of 1<sup>st</sup> April – 31<sup>st</sup> December 2016**

<b>Total Salary Range (SCR)</b>	<b>Income tax payable before 1<sup>st</sup> April 2016 (SCR)</b>	<b>Income tax payable after 1<sup>st</sup> April to 30<sup>th</sup> June 2016 (SCR)</b>	<b>Reduction in Income Tax from 1<sup>st</sup> April to 30<sup>th</sup> June 2016 (SCR)</b>	<b>Income tax payable after 1<sup>st</sup> July to 31<sup>st</sup> December 2016 (SCR)</b>	<b>Further reduction in Income Tax from 1<sup>st</sup> July to 31<sup>st</sup> December 2016 (SCR)</b>
<b>Changes in Income Tax as from April</b>					
Up to 5050	757.50	0.00	757.50	0.00	0.00
5,250.00	787.50	200.03	587.48	0.00	200.03
5,450.00	817.50	400.03	417.47	0.00	400.03
5,650.00	847.50	600.03	247.47	0.00	600.03
5,850.00	877.50	800.28	77.22	0.00	800.28
<b>Increase in Tax-Free Threshold to SCR 8555.50 in July</b>					
5,941.18	891.18	891.18	No Change	0.00	891.18
6,450.00	967.50	967.50	No Change	0.00	967.50
6,850.00	1,027.50	1,027.50	No Change	0.00	1,027.50
7,250.00	1,087.50	1,087.50	No Change	0.00	1,087.50
8,555.50	1,283.33	1,283.33	No Change	0.00	1,283.33

For employees earning a total monthly salary of SCR 5050 before April 2016, the tax payable was SCR 757.50. From April 2016 no tax is applicable on the total monthly salary of SCR 5050. Therefore these

employees' take home pay, after deduction of pension contribution, will increase by SCR 757.50 due to the reduced tax liability.

For employees earning a total monthly salary of SCR 5,650, before April 2016 the tax payable was SCR 847.50. From April 2016, using the prescribed formula, they will have a monthly tax payable of SCR 600.03. Therefore these employees' take home pay, after deduction of pension contribution and tax, will increase by SCR 247.47 due to the reduced tax liability.

For employees earning a total monthly salary of SCR 8555.50, before April 2016 the tax payable was SCR 1283.33. From April to June 2016 there will be no changes to their monthly tax payable.

As from July 2016, the tax free threshold will be increased to SCR 8,555.50

For employees earning a total monthly salary of SCR 5,650 there will be no tax payable and these employees' take home pay, after deduction of pension contribution, will increase further by SCR 600.03 due to the reduced tax liability.

For employees earning a total monthly salary of SCR 8555.50 there will be no tax payable on their total monthly salary and these employees' take home pay, after deduction of pension contribution, will increase further by SCR 1, 283.33 due to the reduced tax liability.

For more information please contact SRC on 4294937 or visit the SRC website at [www.src.gov.sc](http://www.src.gov.sc)

