



## TECHNICAL ADVISORY

### Re: The Application of the New Income Tax Exemption for Pensioners Year of Assessment 2009 and 2010

Sections 12(z) and 12(ab) of the Income Tax Act will be amended to reflect an increase to \$80,000.00 each in the pension allowance and the golden age exemption/relief respectively.

The increase in the threshold for Pensioners and Golden Agers from \$45,000 to \$80,000 as of July 1, 2009 will have the following effect. The \$80,000.00 will be apportioned over six (6) months from July 1, to December 31, 2009 this will be added to the previous exemption of \$45,000.00 apportioned over six (6) months from January 1, to June 30, 2009; this will result in an effective rate of \$62,500.00 for the year.

#### YEAR OF ASSESSMENT 2009

#### PENSIONERS

Pensioners under 65 years are eligible for a total non taxable income of:

<b>Pension Exemption</b>			
January 1 to June 30, 2009	$\$45,000 \times 6 \div 12$	22,500.00	
July 1 to December 31, 2009	$\$80,000 \times 6 \div 12$	40,000.00	
<b>Total Pension Exemption</b>			<b>62,500.00</b>
<b>Tax Free Threshold</b>			
January 1 to June 30, 2009	$\$220,272 \times 6 \div 12$	110,136.00	
July 1 to December 31, 2009	$\$320,736 \times 6 \div 12$	160,368.00	
<b>Total Tax Free Threshold</b>			<b>270,504.00</b>
<b>Total Non Taxable Income</b>			<b>\$333,004.00</b>

Pensioners over age 65 years are eligible for a total non taxable income of:

<b>Pension Exemption</b>		
January 1 to June 30, 2009	$\$45,000 \times 6 \div 12$	22,500.00
July 1 to December 31, 2009	$\$80,000 \times 6 \div 12$	40,000.00
<b>Total Pension Exemption</b>		<b>62,500.00</b>
<b>Age Exemption</b>		
January 1 to June 30, 2009	$\$45,000 \times 6 \div 12$	22,500.00
July 1 to December 31, 2009	$\$80,000 \times 6 \div 12$	40,000.00
<b>Total Age Exemption</b>		<b>62,500.00</b>
<b>Tax Free Threshold</b>		
January 1 to June 30, 2009	$\$220,272 \times 6 \div 12$	110,136.00
July 1 to December 31, 2009	$\$320,736 \times 6 \div 12$	160,368.00
<b>Total Tax Free Threshold</b>		<b>270,504.00</b>
<b>Total Non Taxable Income</b>		<b>\$395,004.00</b>

Individuals aged 65 years and over (Golden Agers) are eligible for a total non taxable income of:

<b>Age Exemption</b>		
January 1 to June 30, 2009	$\$45,000 \times 6 \div 12$	22,500.00
July 1 to December 31, 2009	$\$80,000 \times 6 \div 12$	40,000.00
<b>Total Age Exemption</b>		<b>62,500.00</b>
<b>Tax Free Threshold</b>		
January 1 to June 30, 2009	$\$220,272 \times 6 \div 12$	110,136.00
July 1 to December 31, 2009	$\$320,736 \times 6 \div 12$	160,368.00
<b>Total Tax Free Threshold</b>		<b>270,504.00</b>
<b>Total Non taxable Income</b>		<b>\$333,004.00</b>

## YEAR OF ASSESSMENT 2010

**Effective January 1, 2010 the tax free threshold has been increased from \$320,736 to \$441,168, however the pension exemption and the Age exemption have not been increased. The increase will have the following effect.**

Pensioners under 65 years are eligible for a total non taxable income of:

January 1 to December 31, 2010 (Pension Exemption)	\$80,000.00
January 1 to December 31, 2010 (Tax Free Threshold)	\$441,168.00
<b>Total Non Taxable Income</b>	<b>\$521,168.00</b>

Pensioners over 65 years are eligible for a total non taxable income of:

January 1 to December 31, 2010 (Pension Exemption)	\$80,000.00
January 1 to December 31, 2010 (Age Exemption)	\$80,000.00
January 1 to December 31, 2010 (Tax Free Threshold)	\$441,168.00
<b>Total Non Taxable Income</b>	<b>\$601,168.00</b>

Individuals aged 65 years and over (Golden Agers) are eligible for a total non taxable income of:

January 1 to December 31, 2010 (Age Exemption)	\$80,000.00
January 1 to December 31, 2010 (Tax Free Threshold)	\$441,168.00
<b>Total Non Taxable Income</b>	<b>\$521,168.00</b>