
Personal income tax deduction: life and private medical insurance premiums, and contributions to social insurance, pension and provident funds, and GHS

Issue N-15-2019, 17 December 2019

On 6 December 2019, the House of Parliament approved an increase in the maximum annual tax deduction for life and private medical insurance premiums, and contributions to social insurance, pension and provident funds, and the General Health System (GHS) from an amount equal to one-sixth (1/6th) to an amount equal to one-fifth (1/5th) of an individual's taxable income as calculated prior to this deduction.

We note that a tax deduction for these amounts is, in certain cases, subject to further conditions (for example life insurance premiums are subject to a maximum of 7% of the insured amount) which remain unaffected by this increase in the overall maximum.

The above amendment will enter into law once it is published in the Government Gazette and will be applicable for tax year 2019 onwards.

In view of the fact that the above amendment applies from tax year 2019 onwards, employers are urged to consider this in their December payroll calculations to safeguard the correct calculation of their employees' tax liability for the year. Individuals should also take this amendment into consideration for any necessary revision of their second instalment of tax liability under the 2019 provisional tax declaration process (where the individual is subject to such process).

Let's talk

For a deeper discussion of how this development might affect you or your business, please contact:

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