

COMPTROLLER OF ACCOUNTS CIRCULAR NO. 14 DATED 2010 NOVEMBER 01

TO:

ALL PERMANENT SECRETARIES AND HEADS OF DEPARTMENTS

SUBJECT:

Generation and Distribution of TD4 Certificates

The attention of Accounting Officers is drawn to Regulations 12 (1) and (2) of the Income Tax Act, Chapter 75:01 as amended by the Income Tax (Employment) Regulations 1989 which states:

“12 (1) **On or before the last day of the month of February of each year** next following a year in which tax was deducted from the emoluments of an employee or the holder of an office the employer by whom the tax was deducted or withheld shall unless he has previously delivered or sent to the employee or office holder a certificate provided for by Regulations 13, 14, or 15, deliver personally or send by post to the employee or office holder a certificate made out on the appropriate form and containing the following particulars:

- (a) the name and address of the employee or office holder;
- (b) any number used to identify the employee or office holder;
- (c) the total amount of all emoluments paid by him to the employee or office holder during the year immediately preceding that in which the certificate is by this regulation required to be sent or delivered;
- (d) the total amount, if any, deducted by him for or in respect of any amount contributed by the employee or office holder under any Act or written law, or to any scheme or fund within the meaning of section 27(1)(c) of the Act or to an approved pension fund plan within the meaning of section 28 of the Act on the making of any payment of those emoluments to the employee or office holder;
- (e) the total amount of tax deducted in accordance with these Regulations from the emoluments of the employee or office holder;
- (f) the date when the employment or the holding of the office commenced if such date is a date subsequent to the first day of January in the year to which the certificate relates;

12 (2) When an employer is required by this regulation to deliver or send a certificate to an employee or the holder of an office, he shall make on the appropriate forms two copies of the said certificate which he shall deliver personally or send by post to the employee on or before the **last day of February in each year**”.

2. It has been noted from the records of the IhRIS/IGP system, that Ministries/Departments have not been in compliance with the above mentioned Regulations, to the extent that requests were received by the IGP Office as late as June, that is four months after the stipulated deadline. You would certainly appreciate that this situation is unacceptable to the taxpayer.
3. Further investigations have revealed:
 - a. That a significant number of manual payments are still being made and are not promptly recorded on the computerised payroll system resulting in reconciliation issues between the records on the IhRIS/IGP system and those on the Pay Record Cards in the payroll units of Ministries/Departments.
 - b. Quarterly reconciliations between the Pay Record Cards and the Vote Book to verify gross salaries and between the Pay Record Cards and the monthly Board of Inland Revenue's (BIR) Receipt to verify tax deductions, are not performed.
 - c. TD4 certificates are not delivered personally to employees as required by law. Instead they are stacked together in the Accounting Unit to be collected by the employees which means that employees can view other employees' information.
4. Accounting Officers:
 - a. should ensure that the reconciliation exercise is executed in a timely manner.
 - b. are reminded that a TD4 certificate is a confidential document and should be delivered personally to each employee in a sealed envelope.
5. The Treasury Division in order to assist Accounting Officers of Ministries/Departments in meeting their statutory deadline has provided the following:
 - a. Automation of the tedious manual process of affixing signatures and enveloping TD4 certificates.
 - b. The attached specimen at Appendix 1 to record the relevant information for reconciliation. Quarterly total of column 4 must be reconciled with quarterly total of column 3 and quarterly total of column 5 must be reconciled with quarterly totals of columns 8 and 11. A soft copy can be emailed to the Ministry/Department upon request.

Guidelines for the Preparation and Issuance of TD4s - 2010

Preparation

Persons paid through the IhRIS/IGP

6. Reproduced below are the procedures to be followed where employees/pensioners have been paid through the IhRIS/IGP system:-

- a. Update the employee's **Year to Date record** with any manual payments made;
- b. Run Dummy TD4 Reports in order to reconcile with each employee's Pay Record Card, the Personnel Emolument Statement, and the respective votes. **It is to be noted that Garnishee payments are not to be included as 'Income Tax deducted';**
- c. Make relevant adjustments and verify results;
- d. Complete the attached memorandum at Appendix 2 to inform the IhRIS/IGP office that the Ministry/Department has balanced its records and is ready to print;
- e. IhRIS/IGP will upload the file containing the Ministry's/Department's information to the Treasury's site where the TD4s will be printed;
- f. The Treasury Division will print, append the relevant signature, automatically enclose the TD4 certificates in envelopes and advise Ministries/Departments of the time to collect these documents;
- g. Distribute certificates in accordance with paragraph 11 below.

7. Please note that, the request for certificates **should not be made before** the reconciliation process is completed. Where difficulties are encountered, the IhRIS/IGP Office should be contacted for guidance. Instructions for printing of certificates must reach the IhRIS/IGP Office no **later than 2011 January 31**. This is to facilitate the generation of Certificates as well as the collection, validation and distribution of these Certificates to employees and government pensioners before 2011 February 28.

Persons not paid through the IhRIS/IGP

8. Where an employee has not been paid through the IhRIS/IGP system, the agency should follow these procedures:

- a. Reconcile the employee's pay record with the PE Statement and the relevant vote/s;
- b. Obtain TD4 – 2010 forms from the Inland Revenue Division, PAYE Section;
- c. Prepare a TD4 Certificate for the employee, ensure all data is correct, insert agency's stamp and have the designated officer affix initials; and
- d. Distribute Certificates in accordance with paragraph 11 below.

9. You are reminded for persons **not paid** on IhRIS/IGP all certificates must be legible; bear the employer's official stamp and initials of the designated officer. Certificates are to be either delivered personally or sent by post to employees and government pensioners on or before 2011 February 28.

TD4 Summary

10. An “Annual Return of Remuneration Paid and Income Tax and Health Surcharge Deducted and Remitted for the Year 2010” (TD4 Summary) must be prepared using the format approved by the Board of Inland Revenue (BIR) no later than 2011 February 28. The TD4 Summary must be prepared in triplicate, two copies together with the third copy of the TD4 certificates are to be submitted to the BIR and one copy is to be retained by the employer. Further, this return must be reconciled with the agency’s records to ensure that the:

- a. Total Income Tax and Health Surcharge shown as deducted on TD4 Certificates of all employees agree with the total amounts remitted to the Board of Inland Revenue by the employer for the year of income;
- b. Total Emoluments shown on the TD4 Summary agree with the total of Gross Earnings on all the TD4 Certificates;

Issuance

11. Four printouts of the TD4 Certificates are to be prepared. They are to be distributed as follows:

- i. Two copies – Employee
- ii. One copy - BIR
- iii. One copy – Employer

General

16. Copies of this Circular is available on the Ministry of Finance website www.finance.gov.tt/Services/Treasury/Documents/Circulars

17. Accounting Officers are asked to note the contents of this circular and to ensure that they are brought to the attention of all relevant personnel in their Ministries/Departments.

ROLAND SHEPHERD
COMPTROLLER OF ACCOUNTS