

1. What is Dividend Income Tax?

Dividend income is any distribution of profits by a company to a shareholder or partnership to a partner. Dividend income tax is imposed on a taxpayer who has a taxable dividend income during a tax year. In other words, any dividend income received by a taxpayer is subject to dividend income tax.

2. Who is Liable to Pay Dividend Income Tax?

Any resident taxpayer who earns dividend income is liable to pay dividend income tax.

All resident companies or partnerships are liable to withheld dividend income tax on all dividend payments to resident and non-resident shareholders or partners.

3. What is the Dividend Income Tax Rate?

The dividend income tax rate is 15% of the gross amount of dividend paid.

4. How is the Dividend Income Tax Calculated?

The dividend income tax liability for any dividend income earner is 15% of the dividend paid. No deductions are allowable and the income cannot be reduced by any loss.

For example, if Mr. X receives dividend income of D50, 000 in a tax year, then his dividend income tax liability will be D7, 500. The company or partnership paying the dividend will deduct the D7, 500 from the D50, 000 and pay Mr. X D42, 500 and issue him a Dividend Income Withholding Tax Certificate. Mr X is to attach this Certificate to his annual return when filing for the tax year.

5. How Often Should a Taxpayer File Statements and Pay Dividend income Tax?

Companies or partnerships paying dividends are required to submit annual withholding tax statements in the prescribe form and pay the tax withheld to GRA. Dividend income earners are not required to file returns unless they have other sources of taxable income.

The closing date for filing withholding tax statement is 2 months after the end of the tax year. The closing date for payments of withheld dividend income tax is the 15th of the month following the dividend payment.

6. How and Where to File Dividend Withholding Statements and Pay Dividend Income Tax?

Dividend withholding statements are submitted and payments made at the nearest DTD Tax Office. Payments can also be made at the GRA's designated partner banks.

7. Objection & Appeal of Tax Decisions

Taxpayers not satisfied with any tax decision can, within 30 days, object to such a decision through the Objection and Appeal process. The process starts with the filing of an objection at the GRA through to an appeal to the Tax Tribunal and then to the Court of Appeal where necessary.

8. Who is Exempted from Dividend Income Tax?

- Taxpayers (shareholders or partners) earning dividend are **NOT** exempted from dividend income tax withholding.
- No company or partnership is exempted from filing dividend withholding statements or withholding dividend income tax.

9. Is Dividend Income Tax Payment a Final Tax?

YES. Dividend income tax is a final tax. The net dividend received will not be subjected to further taxation.

10. Offences

The following are offences punishable under the Income and Value Added Tax Act 2012.

- Failure to withhold and remit dividend income tax
- Failure to file dividend withholding statements
- Giving false or misleading information
- Improper use of TIN
- Obstructing Revenue Officers in the performance of their duty.

This brochure is not intended as an exhaustive explanation or replacement of the dividend income tax laws. If you require detail information about your dividend income tax obligations, you should contact the nearest GRA Office.



Gambia Revenue Authority

Dividend Income Tax Brochure

HEAD OFFICE:

Revenue House
78/79 Liberation Avenue
Banjul, The Gambia
Tel: (220)4223 128/129/132/159/366/371/432
Fax: (220) 4228 943 / 4226 803

BRANCHES:

Banjul
Barra
Basse
Brikama
Brikamaba
Brusubi
Farafenni
Kanifing
Serrekunda
Soma
Talinding
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