



Circular No. 9 of 2022

Date: 11th October 2022

Exemptions of emoluments – Overtime Payments for International Trade Zone (ITZ) Sector

The Financial Services Authority (FSA) would like to draw the attention of all International Trade Zone (ITZ) licensees on the recent amendments made in relation to the above-mentioned subject.

Section 6 of the International Trade Zone (Conditions of Employment) Order, 1997 provides for overtime hours of work for employees in the ITZ sector, whereby an employee may agree to work for more than 60 hours per week or 12 hours per day. The provision is as per below:

“6. (1) Notwithstanding paragraph 3, a worker, other than a watchman –

- a) may agree;*
- b) may, in exceptional circumstances, be required by his employer,*

*to work **for more than** 60 hours per week or 12 hours per day.”*

The amendment made under regulation 1(n) of the Second Schedule of the Income and Non-Monetary Benefit Tax Act (S.I. 5 of 2022) provides an exemption of tax on emoluments pertaining to overtime under the ITZ regime as follows:

“(n) an emolument being an overtime payment for work exceeding the limit prescribed under regulation 6 of the Employment (Conditions of Employment) Regulations, 1991 (S.I. 34 of 1991) and sanctioned by an order under section 4(2) of the Employment Act (Cap 69) and regulation 6 of the International Trade Zone (Conditions of Employment) Order 1997, (S.I.14 of 1997);”

Therefore, S.I. 5 of 2022 grants exemption as provided for under item 6(1) of the International Trade Zone (Conditions of Employment), Order 1997, where a worker may agree to or required to work for more than 60 hours per week and 12 hours per day for the emolument to be tax exempt.

Consequently, emolument for employees who works overtime for an ITZ licensee are exempted from Income and Non-Monetary Benefit Tax Act on hours of overtime exceeding 60 hours per week or 12 hours per day.



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FINANCIAL SERVICES AUTHORITY