

I MINA'TRENTAI TRES NA LIHESLATURAN GUÁHAN
2015 (FIRST) Regular Session

Bill No. 221-33 (COR)

Introduced by:

FRANK B. AGUON, JR.

**AN ACT TO AMEND SUBSECTION (e) OF §26202,
CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED,
RELATIVE TO THE BUSINESS PRIVILEGE TAX ON
CONTRACTORS.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guáhan* finds
3 that the Business Privilege Tax (BPT) under 11 GCA Chapter 26 Articles 1 and 2
4 are responsible for approximately one-third (1/3) of tax revenue to the General
5 Fund.

6 *I Liheslatura* finds that the late Senator Vicente C. “Ben” Pangelinan
7 introduced Public Law 30-230, changed the structure of the BPT for prime
8 contractors and subcontractors, from levying BPT on subcontractors and allowing
9 primary contractors to deduct payments to said subcontractors from its gross
10 income for its own BPT obligations to levying BPT on prime contractors and
11 allowing subcontractors to deduct payments from said prime contractors from their
12 gross incomes for their own BPT obligations, which simplifies tax enforcement.

13 *I Liheslatura* further finds that the requirement of the contractor’s license
14 number or the registration number for a professional engineer, architect or land
15 surveyor or the Certificate of Authorization (COA) number for a business
16 authorized to provide engineering, architecture or land surveying services by the
17 Guam Board of Registration for Professional Engineers, Architects, Land
18 Surveyors of the person paying the tax on the amount deducted by the person is

2015 DEC 11 PM 4:30

1 problematic because some prime contractors may only need a business license for
2 the purpose of its business on Guam, thereby creating a class of double taxation not
3 intended by Public Law 30-230.

4 It is therefore the intent of *I Liheslaturan Guåhan* to provide that such
5 contractors may include the Guam business license number on their BPT return
6 and avert unintended double taxation, by amending subsection (e) of §26202,
7 Chapter 26, Title 11, Guam Code Annotated.

8 **Section 2. Tax on Contractors.** Subsection (e) of §26202, Chapter 26,
9 Title 11, Guam Code Annotated, is hereby *amended*, to read:

10 “(e) Tax on Contractors. There shall be levied, assessed and collected
11 a tax rate of four percent (4%) measured against the gross income of any
12 contractor; provided, that there shall be deducted from the gross income of
13 the taxpayer so much thereof as has been included in the gross income
14 earned from another taxpayer who is a contractor as defined in § 26101(b)
15 and who has already paid the tax levied under this Subsection for goods and
16 services that include the deductible gross income of the taxpayer who is a
17 contractor; provided, that any person claiming a deduction under this
18 Subsection *shall* be required to show in the person’s return either the name
19 and the contractor’s license number issued by the Guam Contractor’s
20 License Board or the Guam business license number or the registration
21 number for a professional engineer, architect or land surveyor or the
22 Certificate of Authorization (COA) number for a business authorized to
23 provide engineering, architecture or land surveying services by the Guam
24 Board of Registration for Professional Engineers, Architects, Land
25 Surveyors of the person paying the tax on the amount deducted by the
26 person.”