

TAX ADMINISTRATION JAMAICA (TAJ)

Changing the way we do business

Revenue Administration Act 2013
Mandatory E-Filing
Tax Treatment of Charities
"Flat Tax" for Taxi Operators

From: Commissioner General TAJ
To: Our Valued Stakeholders

As you are aware, the GOJ has entered into an agreement with the IMF and the agenda of Tax Reform and Tax Administration is critical to this agreement.

Several legislative and administrative changes have been introduced in support of the reform. Tax Administration Jamaica (TAJ) has been mandated to implement these changes and to collect \$239B for 2013-14.

To achieve this, TAJ is using several strategies aimed at engaging our valued stakeholders. Our focus is on SERVICE, EDUCATION and ENFORCEMENT.

TAJ pledges its continued commitment to improving service. We are expanding our service options and promoting the use of e-services, which are more convenient and cost effective.

We have enhanced taxpayer education, to ensure that taxpayers are more aware of their rights and responsibilities.

On the matter of enforcement, our focus is on ALL areas of compliance - registration, filing, paying and reporting. We do understand that persons are faced with challenges during the current economic environment. It is for this reason that we encourage dialogue with all our stakeholders.

We implore you to work with us in the interest of the nation. Team TAJ is working together to serve your EVEN better.

Ainsley Powell
Commissioner General (Acting)

REVENUE ADMINISTRATION ACT, 2013

Recent amendments to the Revenue Administration Act (RAA) provide greater information gathering powers to Tax Administration Jamaica (TAJ), through the Commissioner General (CG) in several critical areas.

Exchange of Information

The RAA now provides for the removal of all practical obstacles to exchange of information between Revenue Departments, such as Jamaica Customs (JCD), Revenue Protection Division (RPD), Financial Investigative Division (FID).

Joint Audits

The Act now makes provisions for joint audits to be conducted with other revenue and enforcement agencies, such as FID.

Disclosure by Public Officers

Under the RAA, ALL public officers are required to provide *tax relevant information*, held by them, upon the request of the CG. TAJ will now have greater access to information held in any Government Ministry, Department or Agency.

Third Party Information

The law now requires all third parties to provide tax relevant information, held by them, upon the request of the CG. Such information may be required on a periodic basis. The details of this requirement are being finalised.

Prescribed Persons

In relation to third party information, special conditions apply to Prescribed Persons, such as:

- ⇒ Banks
- ⇒ Financial Institutions
- ⇒ Register Accountants
- ⇒ Building Societies
- ⇒ Cooperative Societies
- ⇒ Industrial & Provident Societies

Court Orders

Court orders will continue to be required for



access to information on individual taxpayers, when held by Prescribed Persons. However, before applying to the Court, the TAJ is first required to request the information from the taxpayer. The exception would be if TAJ determines that there is a risk of destruction or concealment of the record.

Periodic Returns

Prescribed Persons and other third parties, may be directed to make periodic returns, such as list of suppliers, list of contractors or dividend lists.

Based on the powers provided in the RAA, the CG will determine and advise the following:

- ⇒ who should make a return
- ⇒ form of return
- ⇒ frequency of return
- ⇒ manner of submission
- ⇒ content of return

The RAA also allows the CG to require returns from persons formerly exempted from filing a return and to make such returns compulsory.

Next Steps

In relation to the amendments to the RAA, the tax authority is currently finalising certain details and will be scheduling consultations with specific stakeholders, including the banks, with a view to implementing the legislative changes.

Technical advisories, bulletins and notices will be issued to keep you, our valued stakeholders, informed of the changes at each phase of the implementation.



Mandatory

Resulting from the recent amendments to the RAA, Tax Administration Jamaica (TAJ) will be introducing the phased implementation of **mandatory e-filing**. This is in an effort to serve you better and to develop a more efficient tax system.

In the first phase of the exercise the following groups/persons have been identified:

1. All taxpayers with annual turnover greater than or equal to five hundred million dollars (\$500,000,000) are to e-file:
 - GCT/SCT Returns
 - Income Tax Returns
 - Employers' Annual Returns (S02)
 - Employer's Monthly Statutory Declarations (S01)
2. All taxpayers with GCT refund returns are to e-file. We will eventually request that a schedule of purchase invoices to verify input tax credit be submitted. You will be advised of the schedule format.
3. All Employers with twenty (20) or more employees to e-file Employers' Annual Return (S02) and Monthly Statutory Declaration (S01)

As a result, effective **March 1, 2014** the category of taxpayers filing returns as identified above are required to file electronically via our Jamaica Tax Portal at www.jamaicatax-online.gov.jm.

This requirement is in accordance with the Revenue Administration (Amendment) Act, (RAA) 2013 Section 17GB which provides that the Commissioner General may require any person to furnish a return, as considered necessary, in such form and manner as directed.

While the requirement is to file electronically, large taxpayers are still encouraged to use our direct banking facility for payments.

In order to support you in meeting this legal obligation, TAJ is available to assist with registration, if necessary, at your convenience. You may also arrange for us to train your staff/clients/members on the process, as well as for one-on-one sessions, at your business location, to assist with the electronic filing of the returns.

Please contact your Client Relationship Manager or our Customer Care Centre at 1-888-TAX-HELP (829-4357) for further information and/or to set up an appointment.



STAMP ONLINE

TAJ is expanding its e-Services by enhancing the Jamaica Tax Portal jamaicatax-online.gov.jm to facilitate Stamp Duty and Transfer Tax transactions on a phased basis.

Phase 1

In this first phase, customers transacting business with the Stamp Duty and Transfer Tax Unit or "Stamp Office" now have the added online option to:

- ⇒ make payments of Stamp Duty and Transfer Tax assessed for Intervivos transactions.
- ⇒ query the status of documents being processed by the Stamp Office .

Transactions Which May Be Paid Online Include

- Application to register land
- Instruments of Transfer
- Agreement for sale

Benefits

- The anticipated benefits of the online facility include:
- ⇒ The elimination of at least one visit to the Stamp Office.
 - ⇒ The ability for customers to view the status of their transactions and the assessed values.
 - ⇒ The convenience of making the payment online at anytime, from anywhere, using a credit card.

Accessing the System

Once documents have been lodged at the Stamp Office a *Document Receipt Number* will be issued, which may be used to track the status of transactions and/or make payments online.

1. Log on to jamaicatax-online.gov.jm
2. Create/enter log in (username and password)
3. Select Tax - Stamp Duty and Transfer Tax
4. Enter the Document Receipt Number
5. Select Retrieve to display the document status

The information about the document will be displayed and/or a request for payment.

Coming Soon... Amalgamated returns for self-employed persons (S03 & S04)

File & pay your
TAXES ONLINE
jamaicatax-online.gov.jm

The **EASY** way
to E-FILE

For more information
Customer Care Centre
1-888-TAXHELP (829-4357)

Tax Administration Jamaica
jamaicatax.gov.jm

Tax Treatment for Charities



Cecile Walker Clarke (2nd left) - Manager, Superannuation and Exemption Unit - TAJ was a presenter at a recent Forum for Non Governmental Organisations on the Harmonization of Tax Treatment for Charitable Organisations. (EHF photo)

The Government of Jamaica as part of its tax reform programme and as a requirement of the IMF has moved to:

1. Legislate the registration and governance of Approved Charitable Organizations through the Charities Act (soon to be enacted).
2. Make exemptions available to Approved Charitable Organizations more accessible through harmonizing the tax treatment relating to these organizations under various Revenue Acts.

To this end The Charitable Organizations (Tax Harmonization) (Miscellaneous Provisions) Act, 2013, referred to as the Harmonization Act enacted June 2013 was implemented by TAJ on **July 15, 2013**.

What is the Harmonization Act

The Harmonization Act is a single piece of legislation amending Sections to the

Revenue Acts to clearly define an Approved Charitable Organization as that approved under Section 12(h) of the Income Tax Act.

All Approved Charitable Organizations now automatically benefit from certain exemptions. Additionally there is no longer the need to apply to the Minister of Finance for any approval or waivers relating to these charities.

The Way Forward

Existing Approved Charitable Organization

With the introduction of the Harmonization Act, organizations previously approved as charities by TAJ, as well as those approved by the Minister of Finance as having a charitable purpose, are asked to apply to TAJ for an Approved Charitable Organization Certificate. This is the "passport" to access exemptions across the various revenue acts.

Other Organization

All organizations applying for charitable status subsequent to July 15, 2013 shall either:

- ⇒ Be a registered company under the Companies Act, established as a company without share capital and limited by guarantee or
- ⇒ Be established by an Act of Parliament
- ⇒ Be established by Trust Deed
- ⇒ Be established by Constitution

Documents to be Submitted

1. Duplicate of Executed Constitutive document
 - Articles of Incorporation
 - Memorandum and Articles of Association
 - Trust Deed
 - Constitution
 - Act of Parliament.

Organization registered as Companies are also required to submit duplicates of the Certificate of Incorporation and Schedule of the Objects and Powers of the Organization.

2. Letter addressed to the Commissioner General requesting Approval under Section 12(h) of the Income Tax Act.
3. TRN of the organization

Successful Applicants will receive a *Letter of Approval* and a *Certificate of Approved Charitable Organization* status.

BENEFITS OF APPROVED CHARITABLE ORGANIZATIONS



- ⇒ Exemption of its income under Section 12 (h) of the Income Tax Act
- ⇒ Zero-rating of goods and services acquired for the charitable purposes under Group 9, Part 11 of the First Schedule of the GCT Act.
- ⇒ Refund of GCT paid under Section 43 of the GCT Act (to be claimed within two years of purchase).
- ⇒ Exemption under Section 10 (1)(b) of the Property Tax Act
- ⇒ Exemption under the Stamp Duty Act - Conveyances
- ⇒ Exemption under Section 17 (1) of the Transfer Tax Act
- ⇒ Exemption under Section 5(2) of the Customs Act
- ⇒ The amounts or value of donation made to the Approved Charity is to be an allowable expense in the books of the donor under Section 13(1)(q) of the Income Tax Act (subject to statutory limit).

Experience our compelling passion called

CUSTOMER SERVICE

For more info call 1-888-TAX-HELP (829-4357)
/ taxhelp@taj.gov.jm / visit www.jamaicatax.gov.jm

“FLAT TAX” FOR TAXI OPERATORS

Following several months of consultations between government stakeholders and various transport sector associations, an agreement has been reached to introduce a “Flat Tax” on individuals and companies providing public transportation services.

What is the “Flat Tax”?

The “Flat Tax” is a single tax (see table below) which includes Income Tax, Education Tax, as well as statutory deductions for National Insurance Scheme (NIS) and National Housing Trust (NHT). It covers the years 2012 and 2013. It is based on the seating capacity of the vehicle being used for public transportation, as well as the number of motor vehicles being operated.

Who Should Pay This “Flat Tax”?

The tax is applicable to all operators of Public Passenger Vehicles excluding those with “Contract Carriage and Express Carriage Licenses”. Operators may elect to file their Income Tax Returns in accordance with the Act.

What are the Benefits of the “Flat Tax”?

- ⇒ The Operator gets to regularize his business in an industry where record keeping may prove challenging.
- ⇒ The Operator gets to avail himself of the benefits available from NHT & NIS.
- ⇒ The Operator avoids the cost of hiring accountants etc. to prepare his books and records, or to file returns.
- ⇒ The Operator will not be required to file/pay for years prior to 2012.

Where is the “Flat Tax” to be paid?

Payments for Income Tax, Education Tax, NIS, as well as NHT may be made at any of the twenty-nine (29) Tax Offices island-wide. Additionally

Income Tax, Education Tax, NIS and shortly NHT amounts may be paid online via the Jamaica Tax Portal at

www.jamaicatax-online.gov.jm

When is the Tax to be paid?

The payment for **2012 is due by December 20, 2013**. The payment for **2013 becomes due by March 15, 2014**. Payments made after the due dates will attract penalties at the applicable rates.

Please note, payments for NIS and NHT will require the Taxpayer to obtain a NIS number and be registered with the National Housing Trust and the National Insurance Scheme. A NIS number can be obtained at any NIS Office island wide.

How will an Operator with multiple sources of income be treated?

Transport Operators with other sources of income are expected to file an Income Tax Return each year disclosing all sources of income including that from transportation. It should be noted, however, that the Commissioner General (TAJ) reserves the right to make further assessment as it relates to the other sources of income where the information becomes available.

Can the amounts assessed be objected to?

Yes. If an individual fails to file an Income Tax Return and is assessed he is entitled to object if he believes the assessment to be incorrect. However, he must be able to provide records to substantiate his “Chargeable Income”.

**NB. The amounts for NHT and NIS are computed based on the agreed statutory income and NIS is computed up to the ceiling.*

AMOUNT PAYABLE PER VEHICLE

Seating Capacity (per vehicle)	INCOME TAX	ED TAX	NHT *	NIS *	TOTAL
1-5 Persons	12,000.00	9,783.36	15,600.00	18,000.00	55,383.36
6-20 Persons	24,000.00	10,743.36	17,400.00	24,000.00	76,143.36
> 20 Persons	36,000.00	11,703.36	19,500.00	30,000.00	97,203.36



- ⇒ If you pay GCT online, remember you **MUST** also file the return.
- ⇒ You may contact the TAJ Customer Care Centre at **1-888-TAX-HELP (829-4357)** for information and assistance with online registration and filing.
- ⇒ A **TRN is necessary** to transfer property, even for persons residing overseas.
- ⇒ File and pay **on or before** a due date to avoid interest and penalty.
- ⇒ **Do NOT ignore** a notice or a court summons.
- ⇒ Persons having challenges meeting their obligations should contact the Tax Office to enter into an **arrangement to pay**.
- ⇒ You should contact the **relevant TAJ Manager** regarding a particular tax case.
- ⇒ The **Portmore Tax Office** operates on **Saturdays from 10:00 am to 4:00 pm**.
- ⇒ Don't wait until the **busy mid or end of the month** to visit the Tax Office. The wait time will be much less.

FOR MORE INFORMATION

Tax Administration Jamaica (TAJ) would be pleased to provide you with more information about our programmes, projects, time lines, plans and contract opportunities. If you are interested, please contact:

Communications Unit
PCJ Building (4th Floor), 36 Trafalgar Road,
Kingston 10, Jamaica, W.I.,

CUG: 577-9417, Tel.: 754-6700 or 922-8742, Fax: 754-9593, email: communications@taj.gov.jm

We will continue to engage our stakeholders in discussions and provide regular updates.