

# TECHNICAL ADVISORY

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**Issued By:** Tax Administration Jamaica (TAJ)  
**Date:** September 2012  
**Advisory #:** 2012/02/GCT  
**Technical Paper:** *“Amendments to the Part 1 of the Third Schedule to the GCT Act”*

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This Advisory outlines the recommended treatment of the importation of raw foodstuff, agricultural produce and other food items for General Consumption Tax (GCT) purposes, and persons are to treat same accordingly.

## **BACKGROUND:**

Pursuant to *“The Provisional Collection of Tax (General Consumption Tax) (No. 2) Order 2012”*, GCT was imposed on the importation of some items previously exempted specifically, raw foodstuff and agricultural produce.

## **A. ISSUE:**

The issue for this publication is the GCT treatment on the importation of raw foodstuff, agricultural produce and other food items.

## **B. LEGISLATIVE REFERENCES:**

- All references are to the GCT Act, unless otherwise stated;

## **C. AMENDMENTS:**

**C.1: The following items, whether supplied locally by a registered taxpayer or imported into Jamaica are subject to GCT effective June 1 (15), 2012:**

- a) Condensed milk, powdered skimmed milk, flavoured milk, milk based products and milk substitutes;
- b) Corned beef (canned);
- c) Pickled mackerel, herring, shad and dried salted fish;
- d) buns, biscuits ( excluding crackers as defined by the Order);
- e) Eggs *excluding* fertile chicken eggs acquired for hatching;
- f) Patties;
- g) Rolled oats;
- h) Olive oil and oil sprays used for cooking;
- i) Poultry, excluding chicken.
- j) Syrup

## **C.2. The following items are subject to GCT *only on importation* into Jamaica:**

Raw foodstuff as follows –

- (a) fresh fruit and vegetables, *excluding imported apples, pears, quinces, apricots, cherries, peaches nectarines, plums, sloes, berries, grapes and kiwis;*
- (b) ground provision;
- (c) legumes;
- (d) onions and garlic;
- (e) meat (excluding poultry);
- (f) fish, crustacean or mullosc.

which contain no additive and which is not subject to any process other than -

- (i) freezing, chilling, salting or packaging,
- (ii) slicing, mincing, grinding, dicing or chopping; or
- (iii) natural drying;

so, however, that this does not include the juicing of fruits

## **C3. The following imported items are subject to GCT on importation or when supplied locally by a registered taxpayer:**

- apples, pears, quinces, apricots, cherries, peaches nectarines, plums, sloes, berries, grapes and kiwis;

### **C.3.1 Eggs and other products**

- Eggs whether imported or supplied in Jamaica are subject to GCT. For the purpose of the Act, it is not included in the group referred to as “**raw foodstuff**.” However, eggs imported or supplied locally for the purpose of hatching<sup>1</sup>, are exempt from the payment of GCT.
- Corned pork, corned (salted) beef, pickled mackerel, herring, shad, pigs tail, and dried salted fish are subject to GCT on importation and when supplied by a registered taxpayer.

### **C.4 Chicken:**

- Chicken remains exempt whether imported or supplied locally and which contain no additive and which is not subject to any process other than -

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<sup>1</sup> fertile chicken eggs acquired for hatching

- (i) freezing, chilling, salting or packaging,
- (ii) slicing, mincing, grinding, dicing or chopping; or
- (iii) natural drying

#### **C.5 Payment of Advance GCT<sup>2</sup>:**

Items listed in C.1, C.3 and C.3.1 above will be subjected to the payment of the 5% Adv. GCT:

- if imported by a GCT registered taxpayer; and
- if they are for use in his taxable activity.

#### **C.6. Payment of GCT Uplift<sup>3</sup>:**

Items listed in C.1, C.3 and C.3.1 above, are subjected to the GCT uplift if they are imported -

- by a registered taxpayer for use other than in his taxable activity; or
- by any other person; and where the Commissioner of Custom is of the view that the items are imported in commercial quantities. The Commissioner may increase the taxable value by such percentage having regard to the price which the items would fetch on a sale made by a retailer on the open market.

#### **C.7 Input tax Credit:**

Registered taxpayers who import goods as described under headings C.1, C.3 and C.3.1 would be entitled to claim an input tax credit for GCT paid on same, *if they were imported for the purpose of making taxable supplies.*

A registered taxpayer would not be entitled to claim a tax credit on items listed under C.2 if the said items were imported for sale or use in his taxable activity.

#### **C.8 – Goods imported from CARICOM Partners:**

Items listed in C.2 are not liable to GCT if they are:

- a) imported from a CARICOM Member Country; and
- b) produced by a CARICOM member Country.

#### **D: FROZEN VEGETABLES:**

- Frozen vegetables, *whether imported or supplied by registered taxpayers*, are subject to GCT at the standard rate;
- Frozen vegetables would be subject to the advanced GCT if they are imported by a registered taxpayer for use in his taxable activity;

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<sup>2</sup> See First Schedule, Part VII of the GCT Act.

<sup>3</sup> S 8(2)

- A registered taxpayer can claim a tax credit for GCT paid or payable if the vegetables are used or will be used for the purpose of making taxable supplies.
  - This includes the 5% advanced GCT.
- Packaged frozen vegetables are subject to GCT as they go through a process called *blanching*. Note that this is not one of the processes listed in Item 6, Part 1 of the Third Schedule.

### E. Other Agricultural Produce

The following items will remain exempt from the payment of GCT:

- Unprocessed agricultural produce, including produce from stock farming, fresh water fish farming, forestry cultivation and horticulture **supplied directly at the farm gate**.
- The **supply** of any live bird, fish, crustacean, mollusc or any other animal of a kind generally used as or yielding or producing food for human consumption and draught animals

**NOTE:** that honey is subject to GCT:

- on importation into Jamaica;
- when supplied other than from the farm gate<sup>4</sup>; or
- supplied at the farm gate but has gone through further processing

### F. Clarification

For the avoidance of doubt the following items are subject to GCT:

- Pickled mackerel, herring, shad, corned pork, corned (salted) beef and dried salted fish;
- Eggs;
- Turkey necks;
- Smoke pork chops;
- Hams, bacon, sausage
- Frozen vegetables
- Honey (other than unprocessed honey sold from a farm gate)
- All patties
- Biscuits

### G. The following items remain exempt and are not subject to GCT at the standard rate (16.5%)

- a) Cornmeal and cereal flour
- b) Soya meal, wheat, unprocessed corn
- c) Canned sardines, herrings and mackerel
- d) Infant formulae
- e) Bread, buns and crackers
- f) Rice
- g) Sugar (brown)
- h) Cooking oil, excluding Olive oil and oil sprays used for cooking;
- i) Salt.
- j) Baking flour packaged in quantities of not less than 45.359 kilograms;
- k) Fish, cock and noodle soups in aluminum sachets

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<sup>4</sup> Place of production and supplied by the producer