

TECHNICAL ADVISORY

Issued By: Tax Administration Jamaica (TAJ)
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Technical Paper: *“INTRODUCTION OF GUEST ACCOMMODATION ROOM TAX (GART)”*

Background

The Minister of Finance announced to the House on the 24th of May 2012 proposed a Hotel Occupancy Room Tax. After consultations between the Tourism Industry, Ministry of Tourism & Entertainment, and The Ministry of Finance and Planning (MoFP), The Minister announced on the 6th of June 2012 a revised Special Room Tax (now referred to as Guest Accommodation Room Tax).

Guest Accommodation Room Tax (GART)

GART is charged for each night or period of shorter duration (less than a night) for which a room is occupied. GART rates vary by size of property, as follows:

- 1 to 50 rooms US\$1
- 51 to 100 rooms US\$2
- 101 rooms and over US\$4

NOTE that complimentary rooms attract the GART.

Definitions

For the purpose of this document:

- “Period of shorter duration” means any period of time less than a night for which a room is occupied by a particular guest or guests.
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- “Guest accommodation” means a facility providing sleeping accommodation by itself or together with facilities for meals, and other amenities for the accommodation of transient guests, including tourists (within the meaning of the Tourist Board Act) and whether or not provided for reward; but shall not include:
 - Any letting for residential purposes (i.e. over sixty (60) days of unbroken occupancy);
 - Any accommodation provided for persons under a contract of service with the operator;
 - A house use room

- “Guest accommodation room” means a room or other distinct unit of accommodation in a guest accommodation for transient guests
- “Operator” means the person who owns the business concerned with the operation of any guest accommodation and includes the manager or other principal officer of that business or any person deemed by the Commissioner General as the person responsible for the operation of the guest accommodation; whether or not that accommodation or operator is registered under the Tourist Board Act or General Consumption Tax Act
- “Taxable period” in relation to an operator means the period of one calendar month or such other period as the Commissioner General may specify in writing as the period in respect of which a return of tax is to be made.
- “House Use Room” means sleeping accommodation in a guest accommodation, which would normally be available for occupancy by transient guests as a guest accommodation room, but has been assigned to facilitate short stay accommodation for persons employed, contracted to or otherwise working within or for the guest accommodation such as:
 - Permanent staff of the guest accommodation who are required to remain on property to facilitate overnight assignments
 - Staff employed to an entity connected to or who are on assignment in relation to the guest accommodation who are staying for the purpose of accomplishing assignments for the operator
 - Staff of the guest accommodation who are accommodated in-house as temporary measure awaiting their permanent accommodation becoming available
 - Entertainers engaged to perform on property who remain on property overnight to facilitate their entertainment assignments
 - Staff of the guest accommodation or board members of the guest accommodation operating company who are on short term company related assignments

Compliance Mechanism

A new piece of legislation has been drafted to administer GART.

NOTE that operators are allowed to claim refund for overpayment of tax

Persons Liable to Tax

GART is imposed on operators providing guest accommodation:

- Hotels
- Bed & Breakfast
- Villas & Apartment
- Resort /cottage
- Motels
- Guest House
- Time-shares

Once accommodation is booked

All operators of any guest accommodation, whether or not licensed under the Tourist Board Act are liable to pay the GART

Note that once the accommodation is offered as a guest accommodation the GART is applicable. The GART is applicable whether or not the operator is a registered taxpayer for the purposes of the GCT Act.

Exemptions

GART does not apply to:

- Letting for residential purposes
- Persons under a contract of service with the operator
- House Use Rooms
- Rental to diplomats where payment is made by Embassy.
- Letting by educational institutions approved by the Ministry of Education
- Campsites

Return

The GART return will be used to account for the tax.

A separate return will be required for each property owned / managed by the same operator.

When filing & paying the tax a separate TRN /Branch number must be used for each property.

Implementation date

Effective September 1, 2012 all occupied guest accommodation rooms will attract the Guest Accommodation Room Tax.

Payment of the Tax

Conversion of GART payments:

- The rate of exchange to be used for payment of tax is the BOJ Weighted Average Buying Rate for the month in which the accommodation was provided.

The OPERATOR will charge any person who occupies a “guest accommodation” the GART and File and pay over the GART to the Commissioner General no later than the **last day of following month** using the prescribed form.

Operation of the Tax

Registration

Registration is implicit, that is registration takes place when:

- A return is filed
- Payment is made
- A Commissioner General’s assessment is raised
- A TRN Branch Number is approved

Reporting the Tax

Tax due and payable is calculated as follows:

- Rooms occupied “per night” hotel standard:
 - Total number of occupied sleeping rooms per night for the period times the applicable GART rate. *[Sum of occupied rooms per night per period x GART rate]*
- Rooms occupied “per occasion” or “frequent lettings”:
 - Total number of lettings for the period times the applicable GART rate
[Total number of lettings for the period x GART rate]

Interest & Penalty

- Failure to file attracts a penalty of:
 - 15% of the tax payable, or
 - J\$ 2,000Whichever is greater
- Failure to pay attracts a penalty of 15% of the unpaid tax which is due and payable (with effect from Sept 1, 2012)
- Every operator who fails to pay the full amount of tax due and payable in respect of a taxable period shall be liable to interest at the Bank of Jamaica average lending rate at the beginning of the calendar year on the amount of unpaid tax due

An operator who fails to keep and produce proper records commits an offence against the Act and is liable on summary conviction in a Resident Magistrate’s Court to a fine.