



TECHNICAL ADVISORY

Volume 2 Issue 8 May 2005

This Advisory relates to:

Amendments Regulation 14 of GCT Regulations 1991

This document may be cited as IROC 08-GCT

Type of Publication

IROC External

Date of Ruling

May 2, 2005-05-02



TAXPAYER AUDIT & ASSESSMENT

Values – PARTIES - Professional; Accountability; Respect; Teamwork; Integrity; Excellence;
Service oriented

1. General

Regulation 14 has been amended giving effect to the amount of tax credit a registered taxpayer can claim against output tax.

The following provisions were amended:

- ⌚ 14(3)(b);
- ⌚ 14(5)(b)(i), (ii), (iii);
- ⌚ 14(10)(a)(iii)

2. Summary of the amendments

⌚ Regulation 14(3)(b)

The allowable limit of \$48,000, Diminimis Rule, has been increased to \$100,000.

⌚ Regulation 14(5)(i), (ii), (iii)

This amendment relates to the amount of tax credit allowable on the purchase of motor vehicles. The allowable amount of 6.5% has been increased to 7% and 13% increase to 14%.

⌚ Regulation 14(10) (a) (iii)

The amount of US\$5M stated in the provision was an annual amount whilst the provision speaks to taxable period. The amendment seeks to rectify this situation by stating a monthly amount of US\$416,666.67

3. Extract form the Regulation 14

No.	Previous provisions	Amended provisions
14(3)(b)	<p>(3) Subject to paragraphs (4) and (5), where a registered taxpayer makes taxable supplies and exempt supplies, he shall be entitled to claim as a credit -</p> <p>(a) in respect of the taxable supplies, all of the input tax paid or payable in respect thereof;</p> <p>(b) in respect of the exempt supplies, all of the input tax paid or payable in respect thereof, if</p>	<p>(3) Subject to paragraphs (4) and (5), where a registered taxpayer makes taxable supplies and exempt supplies, he shall be entitled to claim as a credit -</p> <p>(a) in respect of the taxable supplies, all of the input tax paid or payable in respect thereof;</p> <p><i>(b) in respect of the exempt supplies, all of the input tax paid or payable in respect thereof, if and only if the</i></p>

	and only if the exempt supplies are not more than 5 per cent of the value of the total supplies or \$48,000, whichever is less.	<i>exempt supplies are not more than 5 per cent of the value of the total supplies or \$100,000, whichever is less.</i>
14(5)(b)(i), (ii), (iii);	<p>(i) <u>6.5%</u> of the cost inclusive of tax (not exceeding an amount in Jamaican dollars equivalent to US\$35,000 calculated at the rate of exchange that was applicable on the date that the customs duty was paid) of any motor vehicle used for the purposes of his taxable activity, being a motor vehicle described in section II (I) (c) of the Road Traffic Act, including any motor vehicle of the type sold under the brand name or description of Station Waggon, Estate Car, Range Rover, Jeep or Pathfinder or any other vehicle which, in the opinion of the Commissioner, is of a construction similar to such type, and buses which have less than ten seats including the driver's seat; or</p> <p>(ii) an amount equivalent to the tax paid in respect of any other motor vehicle not referred to in sub-paragraph (i), used for the purposes of his taxable activity, where the rate of tax in respect of that vehicle does not exceed <u>15%</u>; or</p> <p>(iii) <u>13%</u> of the cost, inclusive of tax, of any motor vehicle referred to in sub-paragraph (ii) where the rate of tax exceeds <u>15%</u>;</p>	<p>(i) <u>7%</u> of the cost inclusive of tax (not exceeding an amount in Jamaican dollars equivalent to US\$35,000 calculated at the rate of exchange that was applicable on the date that the customs duty was paid) of any motor vehicle used for the purposes of his taxable activity, being a motor vehicle described in section II (I) (c) of the Road Traffic Act, including any motor vehicle of the type sold under the brand name or description of Station Waggon, Estate Car, Range Rover, Jeep or Pathfinder or any other vehicle which, in the opinion of the Commissioner, is of a construction similar to such type, and buses which have less than ten seats including the driver's seat; or</p> <p>(ii) an amount equivalent to the tax paid in respect of any other motor vehicle not referred to in sub-paragraph (i), used for the purposes of his taxable activity, where the rate of tax in respect of that vehicle does not exceed <i>16.5%</i>; or</p> <p>(iii) <i>14%</i> of the cost, inclusive of tax, of any motor vehicle referred to in sub-paragraph (ii) where the rate of tax exceeds <i>16.5%</i>;</p>
14(10)(a)(iii)	(10) A registered taxpayer who acquires machinery or	(10) A registered taxpayer who acquires machinery or equipment for

	<p>equipment for use in his taxable activity shall be entitled to claim a credit -</p> <p>(a) at the end of the taxable period in which such input tax is charged all of the input tax if -</p> <p>(iii) the value of the goods that he exports is at least 25% of the value of the goods he manufactures or an amount equivalent in Jamaican dollars to US\$5,000,000, as the case may be; or</p>	<p>use in his taxable activity shall be entitled to claim a credit -</p> <p>(a) at the end of the taxable period in which such input tax is charged all of the input tax if -</p> <p>(iii) the value of the goods that he exports is at least 25% of the value of the goods he manufactures or an amount equivalent in Jamaican dollars to <u>US\$416,666.67</u>, as the case may be; or</p>
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