



TECHNICAL ADVISORY
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Amendment to the GCT Threshold

Issue:

Several changes were made to the GCT Act in December 2003. One such change relates to the GCT registration threshold. The threshold was increased from \$144,000 to **\$300,000** per annum or from \$12,000 to **\$25,000** per month.

Threshold:

The threshold is that benchmark which indicates whether or not a person, who is engaged in a taxable activity, should register as a registered taxpayer. The threshold value is **\$300,000** per annum or an average **\$25,000** per month. This amount represents the gross supplies, including exempt supplies, made during a specified time.

Who Is Required To Register?

All persons engaged in a taxable activity are required to apply for registration under the GCT Act.

What Is A Taxable Activity?

A taxable activity is any activity carried on in the form of a business, trade, profession, vocation, association or club, which is carried on continuously or regularly by any person whether or not for a pecuniary profit, and involves,

or is intended to involve, the sale/supply of goods and services **in Jamaica**, to any other person for a consideration.

NOTE: For GCT purposes it is not the business activity, which is registered, but the person who conducts it. The registration covers all the business activities of that person.

Who Is A Registered Taxpayer?

A person, whose gross value of supplies in the month of application and the eleven months immediately preceding the making of an application is not less than \$300,000 or whose average monthly value of supplies in respect of a period less than 12 months is not less than \$25,000, will be registered as a Registered Taxpayer.

Who Is A Registered Person?

A person, whose gross value of supplies in the month of application and the eleven months immediately preceding the making of the application is less than \$300,000 or whose average monthly value of supplies in respect of a period of less than 12 months is less than \$25,000, will be registered as a Registered Person.

Status of Registered Taxpayers who are above \$144,000 but less than \$300,000.

Taxpayers who are currently register as a registered taxpayer and whose gross supplies, for the twelve month period ending December 2003, are less than \$300,000 may apply to deregister.

Any goods forming part of the assets on hand at the time of deregistration are deemed to be supplied. Tax is due and payable on value of those goods held at the time immediately before deregistration. The taxable value shall be the cost incurred in purchasing those goods.

Procedure for Deregistration:

- ✓ An application should be made pursuant to section 32 of the GCT Act;
- ✓ The Commissioner will notify the taxpayer whether or not a final audit will be conducted;
- ✓ If a final audit will not be done immediately after the closure, the taxpayer will be notified that the records of the activity should be kept for a specified period;
- ✓ a final return should be filed, including the tax which is applicable to the goods on hand at the time of deregistration;
- ✓ the Certificate of Registration must be submitted before the person can be deregistered;
- ✓ The penalty for not returning the certificate is \$5,000.
- ✓ Deregistration of the activity does not preclude the collection of tax which is owed by the taxpayer.