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Technical Paper: “**Amendments to the Assets Tax (Specified Bodies) Act (ATA)**”

Purpose

The purpose of this Technical Advisory is to provide a review of the amendments to the Assets Tax (Specified Bodies) Act (ATA). It also advances guidance on the application of the amendment to the ATA which was announced in the 2019-2020 Revenue Measures tabled in the House on March 7, 2019 by the MOFPS, The Honourable Dr. Nigel Clarke.

Legislation

- The Assets Tax (Specified Bodies) Act

Amendment to the Act

- Sections 2 and the First Schedule, Part II of the Assets Tax (Specified Bodies) Act have been amended.

Background

The Assets Tax (Specified Bodies) Act was amended in 2012 whereby the GOJ in a Revenue Enhancement Measure overhauled the Asset Tax Regime. There was a general modification of the rates and the bases on which they were calculated in addition to the establishment of a specific regime for certain specified bodies regulated by the Bank of Jamaica (BOJ) and the Financial Services Commission (FSC).

The new regime essentially separated the persons who are required to file a declaration of the asset tax under the Act into:

- (i) Specified Regulated Entities which are limited to :
 - a. Deposit-taking institutions regulated by the Bank of Jamaica (BOJ) and
 - b. Securities Dealers and insurance companies regulated by the Financial Services Commission (FSC);and

- (ii) Other specified bodies – Unregulated entities (i.e.) other persons falling within the provisions of the Act (non-financial institutions).

With the announcement of the revenue measures for the FY 2019/2020, the law has been amended so that the tax is no longer applicable to certain specified bodies with effect from Y/A 2019. The potential revenue loss is JA\$1.840 billion.

Implications of the Revenue Measure

- With the amendment to the ATA, the assets tax is no longer payable by non-financial institutions for Y/A 2019 and onwards.
- Specified Regulated bodies will continue to be liable for the Assets Tax at their existing rates and the specific prohibition on the claim of the tax paid as an income tax deduction still remains.
- While the Assets Tax is no longer payable by non-financial specified bodies; outstanding declarations (AT01) and amounts payable for prior years, along with the relevant charges are still collectible.

Who will benefit from a refund?

Non-financial entities that have already submitted their AT01 declaration for Y/A 2019, and paid the relevant amount; will be entitled to a refund of the tax so paid, once it is determined that there are no outstanding Assets Tax for previous years.

How will the refund be made?

- Non-financial entities may write to TAJ to request that the amounts be used to offset other tax liabilities or
- Non-financial entities may request a cash refund.