



April 2, 2019

NEWS RELEASE

FOR IMMEDIATE RELEASE

Increase in General Consumption Tax Threshold

Tax Administration Jamaica (TAJ) is advising that as part of the government's initiative to reduce costs for small and micro businesses and to encourage small business formation, among other objectives; Minister of Finance and the Public Service, Dr. the Honourable Nigel Clarke announced in his Budget presentation on Thursday, March 7, 2019, the following measure in relation to the General Consumption Tax (GCT).

Increase in the GCT Threshold

- Effective **April 1, 2019**, the GCT threshold will be increased from **\$3,000,000** to **\$10,000,000** per annum. The increase in the threshold is geared towards stimulating economic activity, particularly, in the micro and small business sectors while fostering economic growth.
- The increase in GCT threshold will not apply to
 - Taxpayers who are involved in the manufacturing of prescribed goods.

- Taxpayers who are engaged in the growing of agricultural produce who
 - a) export that produce either directly or through an organization established for the purpose of exporting that produce; or
 - b) sell that produce to a registered taxpayer for use in the production of finished goods; and
- Taxpayers who are provisionally registered under Section 26A of the GCT Act

Who is a Registered Taxpayer?

A person engaged in a taxable activity and registered in accordance with the Act.

The standard criteria is that in the month of application and in the eleven months immediately preceding it, the applicant's total supplies should be at least \$10,000,000 (10M) or where the period under consideration is less than 12 months, the person's average monthly supplies should be at least \$833,333.33.

Status of Taxpayers whose gross annual supplies are less than \$10M as at April 1, 2019

- ➔ Under the new Revenue Measures, a person whose gross annual supplies is less than \$10M per annum will:

- (i) no longer be obligated to register for GCT and
 - (ii) those already registered will no longer be required to charge and collect the tax and file a monthly GCT Return.
- Despite the requirement that a registered taxpayer should either attain the average monthly threshold or the annual gross threshold, as the case may be; the Honourable Minister has also sanctioned legislation to facilitate voluntary registration as a registered taxpayer for those persons that are engaged in a taxable activity and are below the aforementioned thresholds.
 - Depending on their situation, such persons will be required to write the Commissioner General and state the reasons why their status as a registered taxpayer status should not be changed or where they are not currently registered, why they should be granted permission to be a registered taxpayer.
 - If the Commissioner General is satisfied that the objector or applicant qualifies, the objector will be allowed to retain its status as a registered taxpayer and the applicant will be voluntarily registered as a registered taxpayer, as the case may be.

Procedure for change of status of the registered taxpayer:

- Taxpayers who are affected by the increase in the threshold will be notified of the Commissioner General's intent to deregister them. This notification will be sent by registered mail and a copy of it will be sent to their eservices account.

- Any person notified of a proposed deregistration may object within thirty (30) days of the date of service of the Notice of Intention. The objection must be in writing and it must state the precise reasons why the objector should remain a registered taxpayer.
- If the Commissioner General, after consideration of an objection decides to cancel registration, the CG must inform the taxpayer in writing of the decision and of the taxpayer's right to appeal against it.
- The Commissioner General will notify the taxpayer of the pending cancellation of GCT registration and its effective date.
- Prior to the completion of the deregistration process, taxpayers whose annual value of supplies fall below \$10M will still be required to continue charging and collecting the GCT and filing the GCT return by the required due date. During this transitional period the rights and obligations of the Commissioner General and the registered taxpayer will continue and the administrative procedures required to update the taxpayers' GCT Accounts will be carried out.
- A final GCT return should be filed, including the tax which is applicable to the goods forming part of the assets on hand at the time of deregistration. Please note the following:
 - 1) Any goods forming part of the assets on hand at the time of the change of status are deemed to be supplied.
 - 2) GCT is due and payable on value of those goods held at the time immediately before the change of status.

- 3) The taxable value shall be the cost incurred in purchasing those goods.
- The Certificate of Registration must be returned to the Commissioner General immediately when the taxpayer is notified of the decision to cancel the registration. Failure to do so can result in a fine of up to \$100,000, if convicted in a Resident Magistrates Court or to imprisonment if the fine is not paid.
- On the completion of the change of status/deregistration process, a Notice of Cancellation will be issued by Tax Administration Jamaica.

Effect of the Change in Status from a Registered Taxpayer

- Deregistration, means a change of status from registered taxpayer. When the deregistration process is completed the registered taxpayer will no longer:
 - Issue a Tax Invoice;
 - Charge and collect tax;
 - File GCT returns;
 - Display a GCT Certificate of Registration
- The change of status does not prevent TAJ from collecting tax which was owed by the deregistrant when he or it was a registered taxpayer nor does it mean that audits will not be conducted for prior periods i.e. periods before deregistration as a registered taxpayer.
- The taxpayer will be notified whether or not a final audit will be conducted prior to the completion of the deregistration process. However, if one is not done

before deregistration, the records of the business activity should still be kept for six (6) years.

Tax Administration of Jamaica is committed to the seamless deregistration and voluntary registration process for taxpayers and we are also open to continuously engaging our stakeholders.

For further information persons may call the Tax Administration Customer Care Centre at 888-Tax-Help (888-829-4357) or visit the website www.jamaicatax.gov.jm.

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