



April 3, 2019

NEWS RELEASE

FOR IMMEDIATE RELEASE

Stamp Duty Reform

Tax Administration Jamaica (TAJ) is advising that Cabinet has approved the proposal made for Stamp Duty Reform by the Minister of Finance and the Public Service, Dr. the Honourable Nigel Clarke, in the 2019/2020 Budget Debate.

Consequently, effective April 1, 2019 the ad valorem Stamp Duty rates payable on instruments pursuant to the Stamp Duty Act have been replaced with a specific (flat rate) Stamp Duty of:

- a. One Hundred Dollars (\$100.00) per document/parcel related to transactions valued below Five Hundred Thousand Dollars (\$500,000.00); and
- b. Five Thousand Dollars (\$5,000.00) per document/parcel related to transactions valued at Five Hundred Thousand Dollars (\$500,000.00) or more.

However, in accordance with his proposal, the ad valorem calculation for documents relating to Betting and Gaming tickets remains unchanged.

State of the law prior to April 1, 2019

The Stamp Duty Act provides for the stamping of a range of documents set out in alphabetical order in a schedule at either a flat rate, an ad valorem rate and in some cases, at both types of rates.

What is Ad Valorem Stamp Duty?

Ad valorem Stamp Duty can be defined as a tax which is calculated as a fraction or proportion of the amount payable for the transaction.

What is Flat Rate Stamp Duty?

A Flat Rate Stamp Duty is a fixed amount of stamp duty payable. It does not change regardless of the value of the transaction.

Pre April 1, 2019 Provisions

The Stamp Duty Act provides for a flat tax for some documents such as Marriage Licences, Powers of Attorney and Certificates of Naturalization; while other documents such as Conveyances, Land Leases for a year or more and Mortgages attract an ad valorem duty.

The changes to the Stamp Duty Rates which take effect on April 1 2019 as a result of the 2019/2020 Revenue Measures will not affect those documents which are already subject to a flat tax.

How will documents which are now subject to an ad valorem tax be affected?

The ad valorem Stamp Duty which was imposed on documents and documented transactions will be replaced by a flat rate of One Hundred Dollars (\$100.00) per document/parcel relating to transactions valued below Five Hundred Thousand Dollars (\$500,000.00) and Five Thousand Dollars (\$5,000.00), per document/parcel relating to transactions valued at Five Hundred Thousand Dollars (\$500,000) or more, effective April 1 2019.

The new Stamp Duty regime will affect all first assessments (except for certain documents being assessed for an exchange of stamps) and updates due to erroneous assessment. Documents that were previously assessed and need to be 'updated' because the due date for payment has passed, and documents on which a part payment has been made will be completed at the rate at which they were previously assessed.

The documents that will be affected include (but are not limited to):

- Agreements for the sale of land and shares

- Instruments creating a security
- Instruments of transfers
- Deeds of conveyances
- Applications to Bring Land under the Registration of Titles Act
- Mortgages including Debentures and Bills of Sale
- Bonds now subjected to an ad valorem tax, such as, Performance and Mobilization Bonds
- Promissory Notes

Documents falling under the head of Mortgage will continue to attract a surcharge of 25% of the tax imposed. As a result, documents such as Mortgage (land), Debenture, Bills of Sale, assignments and hypothecation will attract SD of \$100.00 plus a surcharge of \$25.00 or \$5000.00 plus a surcharge of \$1,250.00 depending on the value of the consideration therein.

How will the change from an ad valorem rate to a flat rate of \$100.00 or \$5,000.00 be made?

Affected documents which are submitted to Tax Administration Jamaica and are being assessed on or after April 1 2019 will each be assessed for \$100.00 or \$5,000.00. It is to be noted however, that where a document serves more than one purpose or

contains multiple transactions or parcels of property, it will be assessed for each purpose or parcel, as is currently the case.

Affected documents for which a Notice of Assessment was issued prior to April 1 2019 will maintain the charge at which they were assessed.

The Stamp Duty Act, however; does not prevent persons who need to cancel a document from re-executing and resubmitting it.

Persons can chose to cancel a document before or after assessment of the tax and before or after the Notice of Assessment has been issued. However, documents for which the tax has already been paid in part or in full, will retain the liability assessed and stamped, provided that the assessment is in keeping with the law as it existed at the time of assessment.

The change in tax from an ad valorem rate to a flat rate necessitated amendment to the penalty provision which will also extend to flat rate documents and will now grant thirty (30) days for submitting the document without attracting penalty. However, penalty on all documents (not specially provided for) will now be calculated at one hundred percent (100%) of the duty chargeable if the document is submitted late or paid late.

The treatment of true promissory notes remain unchanged and will not be stamped after 7 days without a request from the court.

Statements of Increase in Share Capital will continue to be subjected to a penalty of 10% per month if submitted or paid late.

The Stamp Duty affecting documents related to Betting and Gaming remains unchanged however, they will be subject to penalty as indicated above.

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.

-END-

Contact: Communications Unit
Tax Administration Jamaica
Phone: 876-922-8742 or 876-922-8750
E-mail: communications@taj.gov.jm