

FAQs about GCT on Government Purchases

Q1: Are schools required to withhold the GCT from payments made to suppliers?

Ans: No, the schools are not TWEs and therefore not required to withhold the GCT.

Q2: How are schools to be treated as it relates to paying GCT on the purchases of goods and services?

Ans: Schools and other educational institutions will continue to obtain their goods and services at a zero rate of tax (the legislation is being amended to support this position).

Q3: If a government entity receives a bill without GCT will they be required to have the bill showing same?

Ans: Yes

Q4: Will all Government MDAs and statutory bodies be required to submit the WTC along with the monthly return?

Ans: The TWEs will not be required to submit the WTC with the Form 4F. TWEs will be required to complete and submit the Form 4F online.

Q5: When the MDAs and Statutory Bodies have filed their returns will they be required to make the payment at the same time?

Ans: Yes. The GCT for payments from non-warrant funds will be made by the MDAs directly to TAJ when returns are filed. However, payments for MDAs that are fully funded by warrant funds will be made by the AGD.

Q6: How many WTC can any one entity issue monthly or should all purchases be placed on one WTC?

Ans: The entity may use as many certificates as is necessary.

Q7: For entities that are not designated as withholding entities, where and how do they pay the GCT?

Ans: If you are not designated as a TWE you would continue to operate as before the implementation of GCT on Government Purchases.

Q8: How do suppliers account for GCT withheld on the current GCT forms and their accounting/billing systems?

Ans: Forms Form 4A, 4D, 4E have been revised to account for the GCT withheld by the TWEs. The details of the withholding tax certificates will be available to automatically populate the Form 4A when the return is being filed.

Q9: How do entities know whether they are required to pay the GCT from their coffers or to request Accountant General to do so?

Ans: The Source of funds dictates same. Where the purchases are being made from warrant funds the associated GCT will be paid by the AGD to TAJ. The GCT associated with purchases from non- warrant funds will be paid directly to TAJ. However, where purchases are funded by multi-lateral agencies their purchase orders will continue to be zero-rated.

Q10: Is the Tax Withholding Certificate duplicated?

Ans: No

Q11: When is the WTC given to supplier before or after the payment is made?

Ans: The issuing of the WTC is not dependent on payment being made; it should be issued within 30 days of the date of the invoice.

Q12: How will Withholding Tax Certificates be made available to government entities?

Ans: TAJ is in the process of implementing an automated system to manage the operation of GCT on government purchases; in the interim a manual system is in place. TWEs will receive an electronic version of the form via the Ministry of Finance email distribution channel.

Q13: If an organization accounts for GCT on the cash basis and they do not receive the WTC in time to file their return, what are they to do? Can they account for it in the subsequent month?

Ans: Yes they will be allowed to account for it in a subsequent period.

Q14: When will the new GCT forms be available?

Ans: They will be available by the 1st week of July 2014

Q15: With the effect of the removal of the zero-rating for Government MDAs and Statutory Bodies, how is a lease agreement treated for GCT purposes?

Ans: The lease payments after June 1, 2014 are subject to GCT and will be accounted for by the lessor on the payments basis for the lease of commercial property. Other types of leases such as equipment and motor vehicles will account for the GCT on the invoice basis.

Q16: How do we treat with COD purchases?

Ans: The GCT is to be paid at the time of purchase or an arrangement made with the supplier to provide an invoice for payment.

Q17: Some suppliers will not issue an invoice until payment is made, should the WTC be issued at the same time?

Ans: that if a supplier delivers goods to the GoJ but refuses to issue an invoice until payment is received, then such is a breach of generally accepted business practice.

Q18: If a Purchase Order which was issued before June 1, and was not stamped zero- rated however the goods were supplied before June 1st, can the purchase order still be zero rated?

Ans: No

Q19: If the purchase order was zero-rated prior to June 1, 2014, however the goods/service and or the invoice was issued after May 31, 2014. Should the supplier charge GCT?

Ans: Yes

Q20: How soon will the interim WTC and the form 4F be available for use?

Ans: The manual/interim WTC and Form 4F have been available for use since June 3, 2014.

Q21: How soon will the system go on line?

Ans: The automated system for uploading WTC is expected to be available by July 7, 2014.

Q22: How will the interim manual process work?

Ans:

- **Issuing of Tax Withholding Certificates** – Each TWE will be provided with an electronic copy of the GCT Tax Withholding Certificate (Form 5) which they will use to manually issue to their suppliers. The form will be e-fillable so that the TWE may capture the information and print, sign and stamp for delivery to the supplier.
- **Withholding Certificate numbers issued manually** – each TWE will be advised to maintain a sequence of certificate numbers, starting at 1 and continuing sequentially for each certificate (no duplication) until the automated system is in place. It is not expected that this sequence will go beyond 100,000 and therefore, certificate number greater than 100,000 will be deemed invalid for use in the automated system when introduced.
- **Filing of GCT TWE Return (Form 4F)** – The Form 4F will not be accepted manually for processing and must therefore be held by the TWE until the automated system is implemented. The TWE must however make the payment – via the MoFP/AGD or directly to the TAJ on or before the date.

- **Filing the GCT Returns with claim for GCT withheld (Form 4A, 4D and 4E)** – where credits are being claimed for GCT withheld by TWEs, these returns must be filed online. However, where the claims are for certificates issued during the start-up (certificate numbers below 100,000) these returns can be process manually or via the online facility.

Q23: GCT is charged at 16.5% and 25% by Digicel, what is the value placed in the WTC Report for Upload to JTP SA, (the excel sheet provided to TWEs contains formula).

Ans: Please ignore the formulae in the template and record the actual amount of GCT charged and withheld.

Q24: On the Tax Withholding Certificate what is the amount placed in 'Value of Supply' where the invoice includes items which are non-taxable.

Ans: The amount should be the total supply on the invoice (excluding the GCT).

Q25: How will the credits be claimed on the GCT return?

Ans: Place the total value of the TWCs in box 23A.

Q26: How soon are withholding tax certificate to be issued by the TWEs?

Ans: Within 30 days of the receipt of the tax invoice.

Q27: For contracts that were initiated before June 1 2014, where some of the goods have already been delivered should GCT be charged for the balance or the entire supply?

Ans: Goods supplied under a contract which commenced prior to June 1, 2014 will continue to be zero-rated until the expiration of the contract. Therefore in this instance no GCT is applicable. However, where under a contract signed prior to June 1, 2014 good and services are supplied progressively or periodically these are taxable effective June 1, 2014.

Q28: When will the revised GCT forms be available?

Ans: The form 4A, 4D and 4E will be available by the first week of July 2014. TWEs will begin to upload the WTCs issued in June as of July 7, 2014. Suppliers will be able to submit their returns (Form 4A, 4D, 4E) as of July 21, 2014.

Q29: How is GCT paid on call credit purchased to be treated?

Ans: Prior to June 1, 2014 there was no zero rating for these transactions and the GCT was absorbed by the Public Body. This will continue. On the other hand if call credit is being purchased using a purchase order the GCT withholding regime is applicable.

Q30: How is GCT paid on small purchases from petty cash to be treated?

Ans: The GCT is to be paid at the point of purchase.

Q31: How is GCT deducted by banks at source to be treated?

Ans: Prior to June 1, 2014 there was no zero rating for these transactions and the GCT could have been claimed as a refund by the MDAs. As of June 1, 2014 there will be no refund of the GCT.

Q32: How will TAJ staff know which Purchase Orders can still be zero rated (charities, contracts signed prior to June 1, 2014, activities funded by external partners, legislations that specifically exempt some entities etc.)?

*Ans: TAJ will inform staff that zero-rating is to continue in particular circumstances - for charities, organizations that are exempt from the payment of GCT by their law, certain contracts that commenced prior to June 1, 2014 and will end after.
A list of the requirements needed by TAJ will be circulated.*

Q33: Suppliers have been advised that invoices for government purchases will no longer be zero rated. How will they be informed that there are circumstances in which invoices will continue to be zero rated and how will they be able to identify these?

Ans: The suppliers are being advised at the various sensitization sessions that are being conducted island wide. Also, they are being advised by press releases and technical bulletins from TAJ. In addition, information may be obtained from our Customer Care Center 1-888-TAX-HELP (829-4357) and the Technical Specialist Unit (967-0000).

Q34: If Accountant General does not pay over the GCT on time will that affect the supplier receiving a TCC?

Ans: While the expectation is that AGD will be making timely payments; the suppliers' ability to obtain TCCs should not be affected by these payments if everything else is up to date.

Q35: If the Account General Department does not pay over the GCT on time will the supplier's GCT Account attract IPS and if so who will be responsible for paying this?

Ans: No, their accounts will not be affected.

Q36: If the TWE does not file the Form 4F by the due date will IPS be incurred by the TWE?

Ans: This matter is currently being discussed/reviewed.

Q37: Is GCT withheld by Public Bodies who are registered taxpayers to be reflected as Input Tax on the monthly GCT Return (Form 4A)?

Ans: Yes, the input tax in relation to the taxable activity in accordance with Regulation 14 of the GCT Act.

Q38: Why not have electronic system where persons can complete invoices?

Ans: An automated system is being developed; it was not ready for the June 1, 2014 implementation

Q39: If TWE's does not supply the Withholding Tax Certificate in 30 days, can the input tax be claimed in the following month?

Ans: Yes

Q40: Who should receive the form 4F after completion?

Ans: They should be submitted to TAJ

Q41: How to treat GCT on Bank Charges and services?

Ans: The GCT on these charges maybe recovered as input tax in accordance with Regulation 14 of the GCT Act.