



## Ministry of Finance and Planning Circular

February 29, 1996

File No.: 310/176

DIVISION: FINANCIAL MANAGEMENT

Permanent Secretaries  
Heads of Departments

### No.5 Contractor's Levy Act

The attention of Permanent Secretaries, Heads of Departments and Para-Statals is again invited to the provisions of the Contractor's Levy Act, which came into operation on December 23, 1985.

Section 3 of the Act imposes a levy of two percent (2%) on the gross amount paid to contractors and sub-contractors in respect of contracts relating to construction, tillage and haulage operations.

One of the conditions precedent to the obtaining or awarding of government contracts is the production/presentation of Valid Tax Compliance Certificates by the contractor or sub-contractor.

Section 4 of the Act also states that persons who deduct the levy from the payment is deemed to be collecting the levy on behalf of the Collector of Taxes for the parish in which the levy is deducted and the amounts so deducted must be paid over to the Collector of Taxes within fourteen (14) days after the end of the month in which the amount was deducted.

However, reports reaching this Ministry indicate that there has been a high level of non-compliance, as levies are not being withheld in accordance with the Law resulting in a shortfall of anticipated revenues when compared with Government contracts awarded.

Consequently, Permanent Secretaries, Heads of Departments and Para-statals are reminded of their responsibility to do the following:

- (a) ensure that:
  - (i) before execution of the contract, contractors/sub-contractors produce a Valid Tax Compliance Certificate;
  - (ii) the 2% Contractor's Levy is withheld from each contract payment or part thereof of any contract sum exceeding One Thousand Dollars (\$1,000.00);
- (b) remit within the specified time-frame to the Commissioner – Inland Revenue, all sums withheld as Contractor's Levy; and
- (c) complete and submit to this Ministry by the 15<sup>th</sup> day of the following month information requested at Appendix I.

---

**Ministry of Finance and Planning**

**Telephone: (876) 922-8600 (switchboard) (876) 932 4656 (direct)**

**Fax: (876) 922-7097**

**Contact: Mr. Cordell B. Braham or send mail to [info@mof.gov.jm](mailto:info@mof.gov.jm)**

**Ministry of Finance and Planning Circular  
No.5 Contractor's Levy Act  
February 29, 1996**

Permanent Secretaries, Heads of Departments and Para-statal are also reminded that in an effort not to cause undue delay in the implementation of programmes relating to construction, haulage and maintenance works, approval was granted for the withholding of twenty percent (20%) of each payment to the contractor /sub-contractor to cover statutory deductions pending the production/presentation of the Valid Tax Compliance Certificate.

These amounts when held are to be placed on Deposit and only released on the presentation of the Certificate, however, the two percent (2%) representing the levy must be retained.

Permanent Secretaries, Heads of Departments and Para-statal are reminded to bring this circular to the attention of all persons concerned.

Shirley Tyndall (Ms)  
Financial Secretary