



ANY REPLY OR SUBSEQUENT
REFERENCE SHOULD BE ADDRESSED
TO THE **FINANCIAL SECRETARY**
AND THE FOLLOWING REFERENCE
NUMBER QUOTED:-

MINISTRY OF FINANCE AND PLANNING
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

Telephone No. 92-28600-15

May 27, 2014

CIRCULAR 14
REFERENCE NO: 108/144
DIVISION: TAXATION POLICY DIVISION

Permanent Secretaries
Heads of Departments
Chief Executive Officers
Chairmen of Boards

**Re: Payment of General Consumption Tax on Taxable Supplies by Ministries
Departments, Agencies and Public Bodies**

The attention of Permanent Secretaries, Heads of Departments, Chief Executive Officers and Chairmen of Boards is invited to the introduction of a new regime whereby all public sector entities will be required to pay General Consumption Tax (GCT) on **imported goods** and **on domestic taxable supplies** with effect from **June 1, 2014**. This decision forms part of the Government's Broader Tax Reform which has been included in the Memorandum of Economic and Financial Policies dated April 17, 2013, as amended, and approved by Cabinet Decision No. 07/14 dated March 3, 2014.

The new regime will promote the broadening of the tax base, while significantly curtailing the incidence of exemptions and zero rates for GCT. Public sector entities will no longer be accorded the zero-rate status for GCT on their purchases of goods and services.

1. Amendment of the GCT Act

1.1 The GCT Act and Regulations will be amended to provide for the following:

- (a) Removal of GCT zero rate status on purchases made by public sector entities;

- (b) Public sector entities to be registered with the Tax Administration Jamaica (TAJ) as Tax Withholding Entities (TWE) and to deduct and withhold the GCT payable on goods & services from their suppliers;
- (c) Public sector entities will be required to file monthly Withholding Taxpayer Return.

2. GCT on Imported Goods

- 2.1 With effect from June 1, 2014, all public sector entities excluding those exempted by law, must pay the full amount of GCT charged on imported goods. The GCT must be paid to the Jamaica Customs Agency along with the customs duty and any other fees payable before the goods can be released.
- 2.2 In view of the fact that Ministries, Departments and Agencies have not been provided in the 2014-15 Estimates of Expenditure with funds for payment of GCT, the amounts paid at (2.1) will be reimbursed upon submission of Claim as per form shown at Appendix A. **(NB. Only MDAs and public bodies that are on the budget shall be eligible for reimbursement).**
- 2.3 The GCT Reimbursement Claim must be submitted electronically, monthly to the Ministry of Finance and Planning (MoF&P), Public Expenditure Division (PEX), no later than the 15th day of each month.
- 2.4 The MoF&P based on Warrant Allocation to Ministry of Finance Recurrent Head 2000, Contingencies Provision, shall direct the Accountant General's Department (AGD) to effect the reimbursement as follows:-

CTMS MDAs

- (a) In the case of MDAs on the Central Treasury Management System (CTMS), the AGD shall transfer the funds being reimbursed to the Virtual TSA account of the relevant Head and reduce the Virtual Treasury Single Account (TSA) account of the Ministry of Finance and Planning, Recurrent Head 2000.
- (b) MDAs upon advice by the AGD of (2.4)(a) shall make the following journal entry:

Warrant Balance Control Account (GL#3009)	Debit
Expenditure Control Account (GL #8001)	Credit

Non CTMS MDAs

- (c) In the case of non-CTMS MDAs, the AGD shall transfer the amount to be reimbursed from the TSA to the bank account of the relevant entity charging the Virtual TSA of the Ministry of Finance and Planning, Recurrent Head.
- 2.5 Any GCT paid on imported goods bought from funds not derived from the Consolidated Fund, shall not be reimbursable.

3. GCT on Local Goods and Services

- 3.1 MDAs, Public Bodies and other Government Agencies and Institutions must be registered as a TWE and shall be included in the group/class of taxpayers who are mandated to file and pay taxes online.

3.2 The MoF&P shall provide the TAJ with a master list of entities designated as TWEs, which will be used to activate the registration process and to create login on the TAJ's online Portal <https://www.jamaicatax-online.gov.jm>.

3.3 A registered TWE shall execute the following functions:

- (a) Deduct and withhold the GCT payable at the rates specified according to the relevant schedule shown at Appendix B.
- (b) Generate from TAJ's Online Portal (Tax Portal) the Withholding Tax Certificate for the GCT payable based on the supplier's invoice, duly checked and certified. (See specimen Withholding Tax Certificate at Appendix C).
- (c) Issue the Withholding Tax Certificate to the supplier within thirty (30) days following the receipt of the invoice. (NB: The Withholding Tax Certificate must be revoked on the Tax Portal by MDAs for any circumstances where the supplier becomes ineligible for the certificate either partially or in full).
- (d) A replaced Certificate must be generated from the Tax Portal for Certificates revoked at (3.3) (c), if necessary.
- (e) Generate from the Tax Portal monthly GCT returns. (See specimen GCT Remittance Return Form at Appendix D). The Returns must be filed electronically to TAJ by the end of the following month and the GCT amount paid as follows:-

Warrant MDAs

In the case of all MDAs and selected public bodies that are on the budget, the payment of GCT will be made by the AGD based on the following procedures:-

- i. MDAs and designated public bodies must electronically submit the GCT Payment Advice Form shown at Appendix E to the Public Expenditure Division (PEX), Ministry of Finance and Planning. The Form shall state the amount of GCT withheld in the previous month which is now due for payment to the TAJ. The Payment Advice Form must be received by the PEX Division no later than the 15th day of each month.
- ii. The MoF&P must submit to the AGD, a schedule of the total GCT payments to be made for MDAs and relevant public bodies. The AGD shall be directed by the MoF&P to pay GCT in respect of that portion that is payable from warrant funds.
- iii. The AGD shall effect payment to TAJ as per schedule at (3.3) (e) (iii), advising MDAs and relevant public bodies accordingly.

Non-Warrant MDAs

GCT payments withheld in respect of purchases made from non-warrant or off-budget funds must be paid by MDAs and public bodies directly to TAJ.

4. Goods & Services Purchased from Entities Not Registered to Collect GCT

- 4.1 MDAs must ensure that invoices for goods and services purchased from suppliers and vendors who are registered taxpayers and entitled to collect GCT, have the correct amount of the GCT payable.
- 4.2 Invoices from suppliers and vendors not registered to collect GCT must not include GCT charges and shall therefore not be affected by this Circular.

5. Budgetary Provision

- 5.1 The Estimates of Expenditure for fiscal year 2014/15 does not provide funds under each Head of Estimate for GCT payments. The GCT funds have been included under the Ministry of Finance and Planning Recurrent Head 2000 as a part of the Contingencies Provision. These funds will be reallocated in the 2014/15 Supplementary Estimates to various Heads of Estimates.
- 5.2 Monthly warrant allocations will be made under Head 2000 to facilitate GCT payments for Government entities that are on the budget. Therefore, no advance will be made to any Head to meet GCT payments.
- 5.3 Notwithstanding the increased costs arising from the GCT charges, MDAs must ensure that they continue to spend in accordance with their approved budget and their warrant limits.

6. Tax Compliance Certificate

- 6.1 The submission of monthly GCT Returns within the stipulated deadline and the actual payment of GCT, constitute a critical component in the issue of Tax Compliance Certificates.
- 6.2 MDAs must ensure that GCT returns, all other returns and payment of all taxes and statutory deductions are kept current and up-to-date.

7. Contract Payments

- 7.1 Payment of contracts for goods and services shall continue to be zero-rated, provided that these contracts were signed before June 1, 2014. All contracts signed on June 1, 2014 and after, shall be subject to GCT at the applicable rates.
- 7.2 Invoices that are presented for goods/services supplied after June 1, 2014 but are covered under a contract that was signed between December 15, 2012 and June 1, 2014 will continue to benefit from exemption until that contract expires.

8. Zero-rated Purchase Orders

- 8.1 Purchase Orders issued prior to June 1, 2014 for goods or services will be subject to GCT upon submission of invoice on June 1 or after, even if the purchase order was previously zero rated.

9. Government Schools, Colleges & Universities

9.1 Government schools, colleges and universities shall be required to pay GCT on domestic taxable supplies with effect from June 1, 2014 and shall execute the functions at (3.3) above where applicable.

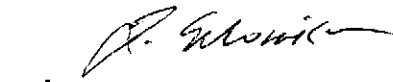
10. Projects funded by Multilateral/Bilateral Agencies

10.1 Where there is a condition in a project/donor agreement stipulating that no part of the lender/donor or foreign government funds may be used for payment of taxes, invoices for purchases using these funds must continue to be zero-rated.

Conclusion

Ministry of Finance & Planning Circular No 3 dated February 25, 1992 and Circular No. 7 dated October 31, 1991 have been rescinded and are superseded by this Circular. Tax Administration Jamaica (TAJ), through its Revenue Service Centres/Tax Offices, with effect from June 1, 2014 will no longer stamp invoices and requisitions as zero-rated for GCT purposes in respect of Government purchases.

Permanent Secretaries, Heads of Departments and Chief Executive Officers, must ensure that this Circular is brought to the attention of all relevant officers in their ministry/department/agency and public body.


for Devon Rowe
Financial Secretary

**GENERAL CONSUMPTION TAX- CUSTOMS
REIMBURSEMENT CLAIM**

Month _____

MINISTRY/DEPARTMENT/AGENCY	
HEAD NUMBER	
CLAIM AMOUNT - RECURRENT	J\$
CLAIM AMOUNT - CAPITAL A	J\$
CLAIM AMOUNT - CAPITAL B	J\$
TOTAL CLAIM	J\$

I hereby request reimbursement of the above amount(s) paid by the Ministry/Department during the month of _____ to the Jamaica Customs Agency for GCT on imported goods which was paid from budgetary funds in respect of the above Head(s).

Name :-
Signature
<i>Accounting Officer/Principal Finance Officer/Director of Finance /Financial Controller</i>

.I hereby certify that this claim correctly represents the total GCT payments paid directly to the Jamaica Customs Agency from the Head(s) shown above for the month of _____.

Name	Signature
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Principal Finance Officer/Head of The Accounts Unit

APPENDIX 1 - RATES

(i)	First Sch. Part 1 – motor vehicle (including second sale)- Group 1 & 2 deleted
(ii)	First Sch. Part 2 – Zero rate – 0%
(iii)	First Sch. Part 3 – Construction material – deleted
(iv)	First Sch. Part 4 – Telephone services – 25%
(v)	First Sch. Part 4A – Telephone instrument – 25%
(vi)	First Sch. Part 5 – Tourism services – 10%
(vii)	First Sch. Part 6 – Electricity services – 10% (deleted)
(viii)	First Sch. Part 7 – Advanced Payment – 5% - payment on importation by commercial registered taxpayers
(ix)	First Sch. Part 8 – importation of printed matters (excluding
(x)	newspapers2) - 2%



THE GENERAL CONSUMPTION TAX ACT
CERTIFICATE FOR GENERAL CONSUMPTION TAX WITHHELD

FORM 5

Certificate Number

Section A: DETAILS OF TAX WITHHOLDING ENTITY

1. Name of Tax Withholding Entity	2. Taxpayer Registration Number (TRN)
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3. Address

Section B: DETAILS OF SUPPLIER

4. Name of Supplier	5. Taxpayer Registration Number (TRN)
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6. Address

Section C: DETAILS OF GCT CHARGED & WITHHELD

Date of Invoice (dd-mmm-yyyy)	Invoice Number	Value of Supply (\$)	GCT Charged (\$)	GCT Withheld (\$)
Total				

Section D: CERTIFICATION

I hereby certify that the particulars given above are true.

Name of Authorized Officer

Title

Signature

Date



THE GENERAL CONSUMPTION TAX ACT
**GENERAL CONSUMPTION TAX REMITTANCE RETURN
 FOR TAX WITHHOLDING ENTITIES**

FORM 4F

Section A: GENERAL INFORMATION

1. Name of Tax Withholding Entity (TWE)	2. Taxpayer Registration Number (TRN)
3. Return Period	
Year Month Day	to Year Month Day
4. Address	5. Tick if appropriate. <input type="checkbox"/> Revised Return

Section B: DETAILS OF GCT WITHHOLDING CERTIFICATES ISSUED *(Table continues overleaf)*

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Tax Withholding Certificate Number	Tax Withholding Certificate Date	TRN of Supplier	Name of Supplier	Number of Invoices	Value of Supply (\$)	GCT Charged (\$)	GCT Withheld (\$)

Section C: SUMMARY OF GCT WITHHELD

Total number of GCT Withholding Certificates issued for period	7	
Total value of goods and services supplied to TWE for period <i>(Total column (f), Section B)</i>	8	
Total GCT Withheld/Payable for period <i>(Total column (h), Section B)</i>	9	

Section D: DECLARATION

I declare that to the best of my knowledge and belief this is a true and correct statement of the information and particulars given on this form.

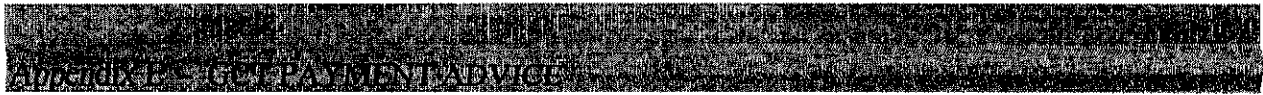
 Name of Responsible Officer

 Title

 Signature

 Date

OFFICIAL USE



GENERAL CONSUMPTION TAX PAYABLE

Ministry/Department/Agency _____

MONTH _____

Head No.	TRN	NIS	Ministry/Department/Agency	GCT Payable
			Ministry X - Recurrent	
			Agency 1	
			Agency 2	
			Agency 3	
			Ministry X - Capital A	
			Ministry X - Capital B	
			Total	

Principal Finance Officer/
Director of Finance/
Financial Controller

Date