ADVANCED GCT

Introduction

Advanced GCT Payment was implemented on January 1, 2010. It is the additional 5% GCT payable in excess of the standard rate of 15% by commercial importers on the importation of goods into the Island. Essentially, it represents a prepayment of a portion of the GCT payable on the imported goods at the point of sale in the local market.

COMMERCIAL IMPORTER

A commercial importer for the purpose of advanced GCT is a registered taxpayer who in relation to a taxable supply imports into Jamaica goods that the Commissioner of Customs is satisfied is imported for resale or use in carrying out the taxable activity and not imported for personal use.

IMPORTED GOODS TO WHICH ADVANCED GCT DOES NOT APPLY

- Petroleum products
- Capital goods
- Goods for which approval has been granted for the deferment of the payment of GCT
- Goods that are zero rated
- Telephone instruments
- Goods that are exempt
- Goods imported by a person not registered for GCT
- Imported raw food stuff
- Goods for which customs duty relief is available under the Productive Input Relief

Advanced GCT is therefore the additional portion of GCT payable at the ports by a registered taxpayer, on taxable goods which are imported for resale or use in his taxable activity. The rate of GCT that is reflected on the Import Entry (C87) in respect of the goods to which Advanced GCT applies is 20%. That figure comprises the standard rate of 15% plus the Advanced GCT ***payment*** of 5**%. It must be emphasized that the 20% is not a rate of tax stipulated by the GCT Legislation but rather a combination of the two separate charges:**

1. **The standard GCT rate of 15%; and**
2. **A 5% Advanced GCT payment** of a portion of the output tax

This merging is done by the Customs Department for convenience on the Import Entry.

In light of that, the rate of GCT to be charged in the local market on goods which attract Advanced GCT is the standard rate of 15%. ***The Advanced GCT is not to be passed on to the consumer as the GCT Legislation makes provision for its recovery as input tax when the importer files his GCT return***.

NB: *The standard GCT rate of 15% came into effect on April 1, 2020. Prior to that it was 16.5%.*

RECOVERY OF ADVANCED GCT

The Advanced GCT paid is to be claimed as input tax credit on the taxpayer's (importer) GCT return for the period in which it was paid. Where the full amount of the credit is not utilized in any period, the taxpayer may carry forward the unused portion to a subsequent period or request a refund.

Example Demonstrating the Application and Effect of Advanced GCT.

CASE

Fancy Shoes Ltd, a wholesale distributor and a registered taxpayer, imported a shipment of shoes on May 21, 2020 for resale. The value of the goods for GCT purposes at the port was $3,000,000. Standard GCT payable @ 15% is $450,000 and Advanced GCT payable is $150,000. Total GCT paid on imports is $600,000. The shoes were subsequently sold in the local market for $6,000,000 plus 15% GCT.

The salient points in the scenario that were used to determine that Advanced GCT is applicable are:

- The importer is a registered taxpayer, and
- The item being imported is for resale, is taxable and is not listed among items that do not attract Advanced GCT.

The effect on amount to be reported on return where Advanced GCT was paid

	Rate	**Value of Goods**	**GCT as Per Transactions**	**GCT Reported on Return**
Output Tax *(GCT Charged on goods sold)*	15% (Standard rate)	$6,000,000	$900,000	$900,000.0
Input Tax *(GCT paid at the ports)*	15% (Standard rate)	$3,000,000	$450,000.0	
	5% (Advanced GCT)	$3,000,000	$150,000	$600,000.0
GCT Payable on Return				**$300,000.0**

Scenario demonstrating what would have been reported had there NOT been Advanced GCT

	Rate	**Value of**	**GCT as Per**	**GCT Reported**
		goods	**transactions**	**on return**
Output Tax *(GCT Charged on goods sold)*	15% (Standard rate)	$6,000,000	900,000	$900,000.0
Input Tax *(GCT paid at the ports)*	15% (Standard rate)	$3,000,000	$450,000.0	$450,000.0
GCT Payable on Return				**$450,000.0**

The computations in the tables above demonstrate that the Advanced GCT paid at the ports reduces the amount of tax payable by the taxpayer at the point where he files his GCT return. Therefore it is truly a prepayment of GCT.

Distinction between Uplift and Advanced GCT

The Uplift is a percentage increase in the value of goods imported by a commercial importer who is **NOT REGISTERED** for GCT. Advanced GCT on the other hand, is an additional amount of GCT payable on goods imported by a commercial importer who **IS REGISTERED** for GCT. This therefore means that no importer will suffer both charges.

Legislative reference: GCT Act, First Schedule PART VII – *Advanced GCT Payment*

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