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Tax Administration Jamaica
Working together to serve you EVEN better

General Consumption Tax

GCT ON GOVERNMENT PURCHASES

Con't - List Of Goods Exempt From GCT

19. Invalid Carriages
20. Medical and surgical prostheses including surgical implants and ileostomy, colostomy and similar abilities designed to be worn by human beings
21. Diagnostic reagents used for the testing of dextrose in the blood and glucose, protein, ketones and pH in the urine
22. Artificial breathing apparatus for individuals afflicted with respiratory disorder
23. Exercise books
24. **Printed matter**: when sold locally
    a. brochures, pamphlets and leaflets for religious purposes and books
    b. journals and periodicals, whether or not illustrated;
    c. children's picture books and painting books;
    d. maps and hydro-graphic charts and similar charts of all kinds, including atlases, wall maps and topographical plans, printed globes (terrestrial or celestial
    e. school books
    f. magazines

Appendix 4

List Of Goods Exempt From GCT

1. Basic food – flour, brown sugar, rice, cornmeal, bread, bulla, crackers
2. Baking flour (above 450kg)
3. Milk (excluding condensed and powdered skimmed)5
4. **Canned:** sardines, herrings and mackerel
5. Infant formulae
6. Cooking oil (excluding olive oil and oil spray).
7. Any live bird, fish, crustacean, mollusc or any other animal of a kind generally used as or yielding or producing food for human consumption and draught animals
8. Fish, cock and noodle soups in aluminium sachets
9. Eggs for hatching
10. Unprocessed agricultural produce (including meat) supplied locally (subject to GCT when imported from non CARICOM Countries)
11. School bags & school uniforms
12. List 4 drugs – Prescription
13. Compact fluorescent lamps and ballast, fluorescent tube fixtures and tubes
14. Solar water heating systems and energy savings devices
15. Sanitary towels and tampons
16. Contraceptive devices and substances
17. Disposable diapers for the incontinent
18. Orthopaedic appliances, surgical belts, trusses, splints and other fracture appliances, artificial limbs, eyes, teeth and other artificial parts of the body, hearing aids, other appliances which are worn or carried or implanted in the body to compensate for any bodily defect or disability, canes, and crutches designed for use by the handicapped and eye glasses and contact lens used for the treatment or correction of a defect in vision on the written prescription of an eye-care professional

Objective

As part of the on-going reform of the Jamaican tax system the decision has been taken to charge GCT on the goods and services supplied to public sector entities. This is expected to result in the broadening of the tax base, increased rate of compliance and ultimately improved revenue collections.

Legislative Reference

- The General Consumption Tax (GCT) Act
- First Schedule: Group 6 – Item 1 and Item 2, Group 8 – Part II
- Regulation 23

Background

GCT is imposed:

a) on the supply in Jamaica of goods and services by a registered taxpayer in the course or furtherance of a taxable activity carried on by that taxpayer; and

b) on the importation into Jamaica of goods and services, by reference to the value of those goods and services

Thus GCT is charged on the supply of goods and services ***and*** on the importation of goods or services

There are several GCT rates which are charged on the supply or importation of goods/services:

- Standard 16.5%
- Tourism accommodation and attractions 10%;
- Telephone services and instruments 25%
- Zero rate 0%
- Importation of printed material 2% (excluding newspaper)
- In addition to the standard rate an advanced GCT of 5% on goods imported by commercial importers

The GCT Act (the Act) provides for certain persons to acquire goods or services, which attract a positive rate of tax, at zero per cent. The process by which this is done is referred to as zero -rating. Ministries, Government Departments and Agencies (MDAs) fall within this group.

The zero-rating of goods and services remains in place (in force), consequently other entities such as approved charities, organisations that are exempt by virtue of their statute and items in Group 4, Part II of the 1st Schedule of the Act will continue to benefit from the zero-rate regime.

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. ☐ Revised Return

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

(a) Tax Withholding Certificate Number	(b) Tax Withholding Certificate Date	(c) TRN of Supplier	(d) Name of Supplier	(e) Number of Invoices	(f) Value of Supply ($)	(g) GCT Charged ($)	(h) 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 *(Total column (f), Section B)*	8	
Total GCT Withheld/Payable for period *(Total column (h), Section B)*.	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

Form No. 4F (Issued 2014/05)

Tax Administration Jamaica

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)

3. Address

Section B: DETAILS OF SUPPLIER

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

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

Legislative Amendment:

The GCT Act: Group 6 of Part 2 the First Schedule has been deleted.
The GCT Regulations: The insertion of 7A (1)(2) introduces the GCT withholding regime.

The effects of these amendments are:

- Suppliers who are registered taxpayers will charge GCT at the applicable rates to Government entities (MDAs);
- There will be no zero rating of invoices, however, there are some exceptions referred to in the section labelled "Contract Payments and Other Payments"
- MDAs will not pay the invoiced GCT amount to the supplier instead they will withhold the GCT charged on the purchase of goods and services.
- MDAs will issue a Tax Withholding Certificate (TWC) specified in Appendix 2 to the supplier within 30 days of receipt of the invoice.
- The TWC entitles the supplier/registered taxpayer to claim the amount of GCT withheld as a tax credit.

Payments

Warrant Funded

Payment of the GCT withheld by the MDAs and designated/selected public bodies from warrant funds will be made by the Accountant General's Department (AGD). The AGD will make the payment to TAJ and inform the MDAs and the relevant public bodies.

Non– Warrant Funded

The GCT withheld in respect of purchases made from non-warrant or non-budgetary funds must be paid by the MDAs and other public bodies directly to TAJ by the end of the month following the tax period for which the TWC was issued.

Public Bodies

Other public bodies designated as Tax Withholding Entities (TWEs) whose GCT is not paid by the AGD will pay the GCT withheld by them directly to TAJ by the end of the month following the tax period for which the withholding tax certificate was issued.

It should be noted that a registered taxpayer whose invoiced GCT has been withheld will be required to file a GCT Return and account for the output tax, irrespective of whether the tax has been or will be withheld. In similar manner the taxpayer is expected to file his return whether or not he has been paid.
The Registered Taxpayer **must** file his GCT return electronically in order to claim the tax credit from the Tax Withholding Certificate.

Appendix 1A

Legislative Reference Narratives

- The General Consumption Tax (GCT) Act (the Act)

The First Schedule provided for the zero rating of goods and services acquired by various organisations and individuals.
Group 6 - Government

1. Goods purchased locally or imported or taken out of bond by or on behalf of, and services rendered to -

a) a Ministry or department of Government;
b) a statutory body or authority other than those mentioned in paragraph-2;
c) any Parish Council;
d) the Kingston and St. Andrew Corporation.

2. Item 1 does not apply to the following organizations or their subsidiaries specified in Appendix 2

Group 8 of Part 11 of the First Schedule provides for the zero–rating of goods purchased by schools as follows;

- Goods including computers but excluding motor vehicles,
- alcoholic beverages,
- motor spirit,
- kerosene and diesel oils
- and goods purchased for fund raising events purchased by an educational institution approved by the Minister of Education

Regulation 23 gives the procedure for goods and services to be zero-rated.

- The Provisional Collection of Tax (General Consumption Tax) Order, 2014

Appendix 1

The following entities that were not previously eligible for Zero-Rating will now be designated Tax Withholding Entities for the purposes of the GCT Act:

1. Air Jamaica Limited
2. Airports Authority of Jamaica
3. Bank of Jamaica
4. Betting, Gaming and Lotteries Commission
5. Development Bank of Jamaica Limited
6. H.E.A.R.T. Trust
7. Jamaica Deposit Insurance Corporation
8. Jamaica Mortgage Bank
9. Jamaica Racing Commission
10. Jamaica Sugar Holdings Limited
11. National Housing Development Corporation
12. National Housing Trust
13. National Insurance Fund
14. National Investment Bank of Jamaica
15. National Water Commission
16. PetroJam Limited
17. Petroleum Corporation of Jamaica
18. Port Authority of Jamaica
19. Sugar Industry Authority
20. Transport Authority
21. Urban Development Corporation

Tax Withholding Entity (TWE)

The MDAs authorized to withhold GCT will be designated Tax Withholding Entities (TWE) and will be registered as such.

The tax withholding entities (TWEs) are:

- a Ministry, an Executive Agency, an agency or department of Government;
- a statutory body or authority including those specified in the Third Schedule the GCT Regulations
- Any Parish Council or Municipality; and
- The Kingston and St. Andrew Corporation
- Public Bodies as specified in Appendix 1
- Other public bodies

Registration of TWEs will be done by TAJ from a Master List of MDAs that the Ministry of Finance provides.

Please note that the process does not require an application from the TWEs.

Supplies Liable To Withholding GCT

The Withholding GCT will only be applicable to goods and services supplied at a positive rate of tax. GCT withholding tax will not be applicable to exempt.

Importation Of Goods By The TWE's

With effect from **June 1, 2014**, goods imported by MDAs and public bodies will generally be subject to the payment of the full amount of GCT. This must be paid to the Jamaica Customs Agency along with the customs duty and any other fees charged before the goods can be released. The 5% advance GCT will not apply if the TWE is the final user of the imported goods. However, where a government agency is a registered taxpayer and imported taxable goods for resale, the 5% GCT is applicable.

Contract Payments & Other Payments

General Rule: All invoices dated June 1, 2014 and after are subject to withholding of the GCT.

Contractual arrangement that commenced prior to June 1, 2014 will continue to be zero-rated for purposes of the GCT Act until the contract expires. All contracts for goods and ser

Educational Institutions

Under Group 8 of the First Schedule of the Act, educational institutions approved by the Minister of Education will continue to have their invoices zero-rated for **goods** purchased.

In addition, Group 8 Item 5 of the First Schedule of the Act provides for :

- the University of the West Indies,
- University of Technology, Jamaica,
- the Northern Caribbean University and
- the Council of Legal Education to acquire services at a zero rate of tax.

The Withholding Tax Certificate shall contain the following particulars -

1. The name of the tax withholding entity;
2. The name of the registered taxpayer supplying the goods or rendering the services to the tax withholding entity;
3. The taxpayer registration number of the tax withholding entity;
4. The tax registration number of the registered taxpayer supplying the goods or rendering the services to the tax withholding entity;
5. The value of the supply;
6. The number of the invoice issued by the registered taxpayer;
7. The date of the invoice;

Responsibilities Of Public Bodies

1. TWEs who prior to June 1, 2014 were paying GCT for their goods and service will continue to do so; however, effective June 1, 2014 they will pay the GCT directly to TAJ and not to their suppliers.
2. Provide their suppliers with a WTC for the GCT withheld on their behalf
3. The GCT withheld is to be remitted to TAJ by the end of the month following the tax period for which the withholding tax certificate was issued.
4. The GCT on invoices dated prior to June 1, 2014and received after June 1, 2014 should be paid to the suppliers.
5. In addition to filing their monthly Form 4A they will now also file the Form 4F

-vices signed on and after June 1, 2014 shall be subject to payment of GCT at the applicable rate.

Invoices for goods and services supplied on or after June 1, 2014 that are in relation to a contract signed before June 1, 2104 will continue to be zero - rated until the expiration of the contract.

Public bodies that were already paying GCT to their suppliers will now withhold and make the payments to TAJ.

Purchase Orders that were zero-rated prior to June 1, 2014 but not yet invoiced will be incorporated in the new withholding regime and therefore subject to GCT at the applicable rate.
The tax invoice must reflect the GCT.

Contracts funded by foreign governments and multi-lateral agencies will continue to be zero rated by TAJ in accordance with Group 4 of the First Schedule Part II of the GCT Act.

Cash Purchases

There are circumstances where a supplier does not issue a tax invoice until payment is received. In these cases where the purchase order was done prior to June 1, 2014 and payment is made on or after June 1, 2014 the GCT is to be withheld as per the new regime.

Ongoing Supplies

Where goods are supplied progressively or periodically under an agreement signed prior to June 1, 2014 for services that provide for the consideration to be paid from time to time, such as;

- The supply of electricity and telephone
- Rental of premises
- Security
- Insurance,

the payments are subject to withholding of GCT under the new regime, notwithstanding that the purchase order/agreement was zero-rated prior to June 1, 2014.

Refund Of Excess Credit

A registered taxpayer is authorized to claim the GCT withheld on his GCT returns provided he is in possession of withholding GCT certificate (s). By having the100% GCT payment withheld, the taxpayer may have excess credit and thus in a refund position. The taxpayer may request a refund to be paid directly to him or he can indicate that the excess credit should remain to pay future liability.

Responsibilities Of The Registered Taxpayer (Suppliers)

Under the new regime a registered taxpayer who supplies goods or renders services to a TWE is required to:

- Charge GCT on all taxable supplies;
- Issue a tax invoice;
- Account for the GCT charged, as output tax, on the return for the period in which the supply was made (invoice basis); or
- Account for GCT as output tax, when payments are received (payment basis);
- Use the tax withholding certificate to claim the amount of GCT withheld as a tax credit in the taxable period in which the withholding tax certificate was issued or in another period.
- E-file the monthly GCT return if claiming credit for tax withheld by a TWE

Responsibilities Of The TWE:

- The Accounting Officer of the TWE shall be responsible for withholding the GCT and advising the Ministry of Finance of the amounts withheld
- The Accounting Officer will delegate the following functions;
- Deduct and withhold the tax due at the applicable rate: Issue a WTC to the registered taxpayer within thirty (30) days of receipt of the invoice:
- Prepare and file the GCT Remittance Return for TWEs (Form 4F) specified in Appendix 3 (stating the names and taxpayer registration numbers of the taxpayers from whom the tax was withheld and the amount of tax withheld in respect of each taxpayer)
- Remit the tax payable on Form 4F by the end of the month following the taxable period for which a withholding tax certificate is issued.
- The payment of the GCT on goods imported to the Commissioner of Customs
- The payment of the GCT on taxable supplies acquired locally from non-warrant/non budgetary funds to the Commissioner General

Responsibilities Of The TWEs Who Are Also Registered Taxpayers:

The MDAs and public bodies in this category are charged with the responsibilities listed above for the TWEs and the registered taxpayer and are required to file two (2) returns; the GCT Remittance Return for Tax Withholding Entities (Form 4F) and the GCT Standard Return (Form 4A).