Responsibilities of the Tax Withholding Entity

1. The Accounting Officer of the TWE shall be responsible for withholding the GCT and advising the Ministry of Finance of the amounts withheld
2. The Accounting Officer will delegate the following functions:

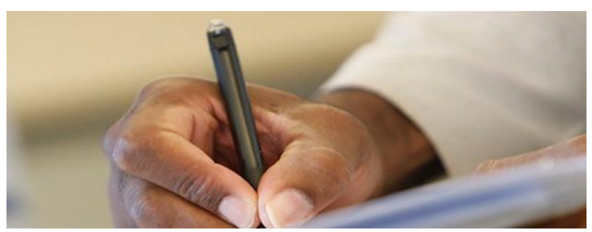
- Deduct and withhold the tax due at the applicable rate
- Issue a WTC to the registered taxpayer within fifteen (15) days of receipt of the invoice
- Prepare and file the GCT Remittance Return for TWEs (Form 4F) (stating the names and taxpayer registration numbers of the taxpayers from whom the tax was withheld and the amount of tax withheld in respect of each taxpayer)
- Remit the tax payable on Form 4F by the last working day of the month following the taxable period in which the withholding tax certificate is issued.
- Payment of the GCT on goods imported to the Commissioner of Customs
- Payment of the GCT on taxable supplies acquired locally using non-warrant/non budgetary funds to Tax Administration Jamaica (TAJ).

Responsibilities of TWEs Who Are Also Registered Taxpayers

The MDAs and public bodies in this category are charged with the responsibilities listed for the TWEs 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).

The withholding tax certificate shall contain the following particulars –

1. The name of the tax withholding entity;
2. The name of the registered tax payer supplying the goods or rendering the services to the tax withholding entity;
3. The taxpayer registration number of the tax withholding entity;
4. The taxpayer 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. Public bodies 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 from them.
3. The GCT withheld is to be remitted to TAJ by the last working day of the month following the month in which the WTC certificate was issued.
4. The GCT on invoices dated prior to June 1, 2014 and received after June 1, 2014 should be paid to the suppliers.
5. Where a public body is also a registered taxpayer, in addition to filing their monthly Form 4A they will now also file the Form 4F.

Educational Institutions

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

In addition, Group 8, Item 5 of the First Schedule to 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 goods & services for own use at a zero rate of tax.

FOR MORE INFORMATION:

Call **1- 888 - TAX - HELP (829- 4357)** or **1- 888 - GO-JA-TAX (465-2829)**

Website:

www.jamaicatax.gov.jm

Facebook:**www.facebook.com/jamaicatax** Twitter:

Tax Administration Jamaica

Working together to serve you EVEN better

@jamaicatax

visit the Tax Office nearest you.

JULY 2020

GCT
On
GOVERNMENT
PURCHASES

- IMPORTATION
- CONTRACT & OTHER PAYMENTS
- RESPONSIBILITIES

Importation of Goods by Tax Withholding Entities

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% Advanced 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 imports 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 services signed on or 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 Tax Administration Jamaica (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 multilateral agencies will continue to be zero rated by TAJ in accordance with Group 4, Part II of the First Schedule to 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 services
- Insurance,

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

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:

1. Charge GCT on all taxable supplies;
2. Issue a tax invoice;
3. Account for the GCT as output tax on the return when the withholding TAX certificate (WTC) is issued;
4. Use the WTC to claim the amount of GCT withheld as a tax credit in the taxable period in which the certificate was issued or in another period;
5. E-file the monthly GCT return.