

TECHNICAL ADVISORY

Issued By: Tax Administration Jamaica (TAJ)

Date: February 9, 2021

Advisory #: 022021/01/TBL

*Issue: **Liability and Refunds Policy**
 for Trade and Business Licence Duty*

Table of Contents

<i>Abbreviations and Glossary of Terms.....</i>	<i>2</i>
<i>Purpose.....</i>	<i>3</i>
<i>Background.....</i>	<i>3</i>
<i>Legislative Intent.....</i>	<i>3</i>
<i>Refunds Policy.....</i>	<i>3</i>

TECHNICAL ADVISORY

Liability and Refunds Policy for Trade and Business Licence

Effective Fiscal Year 2021/22

Abbreviations and Glossary of terms

Collector of Taxes	<i>The Assistant General Manager of Compliance for the parish</i>
Commissioner	<i>Commissioner General, Tax Administration Jamaica</i>
To duly inform the Collector	<i>To inform the Collector of Taxes (within the parish) nearest to the closed business location by the time (October 1st) stipulated in section 32 of The Licences on Trade and Business Act ; the notice is to be accompanied by the receipt for the duty paid which should be signed, dated and properly endorsed with the date of closure. The submission may be done either by email or in person.</i>
T&BL	Trade and Business Licence
The Act	The Licences on Trades and Business Act
TAJ	Tax Administration Jamaica

TECHNICAL ADVISORY

Liability and Refunds Policy for Trade and Business Licence

Effective Fiscal Year 2021/22

Purpose

The purpose of this Technical Advisory is to outline the refund policy of Tax Administration Jamaica for the Trade and Business Licence duty when a licensee ceases operations at a particular location during the fiscal year.

Background

There is uncertainty whether the Trade and Business Licence Duty can be refunded in circumstances other than the one described in section 32 of the Act. This uncertainty has caused refunds to be inequitably administered for licensees whose circumstances do not fall squarely within the aforementioned section. Consequently, where the duty is paid in full at the commencement of the fiscal year, a licensee may have been denied a refund of all the duty that was prepaid in respect of those quarters after the business ceased operations. This revision of the refund policy seeks to balance the interests of the Revenue and the taxpayer by aligning the refund policy with the intent of the legislation.

The Legislative Intent for Refunds

It is the view of the Commissioner General that the legislative intent with regards to refunds is embodied in Section 32 of the Act.

Section 32 of the Act addresses the specific circumstance where a licensee pays the annual duty in two parts on April 1 and October 1, respectively; and it says that the licensee will not owe any duty for the remaining two quarters if the business closes before the second part of the Duty is due on October 1 and the Collector of Taxes duly informed in accordance with the provisions of the said section. That is, the licensee returns the receipt for the first payment and endorses it with the specific date that the business was closed before October 1.

TECHNICAL ADVISORY

*Refunds Policy for Trade and Business Licence
Effective Fiscal Year 2021/22*

Liability and Refunds Policy

Consequently, the refunds policy for Trade and Business Licence Duty shall be as follows:

1. Where the Annual Duty is Paid in Full by the Due Date

- 1.1 Where the licensee pays the annual duty in full by the due date and is in operation for the first quarter (April to June) but closes the business before October 1 and duly informs the Collector of Taxes in the parish where the business operates; the taxpayer shall be refunded the duty that was prepaid for Quarters 3 and 4.
- 1.2 A licensee shall be held liable for the duty in respect of the second quarter even if the business ceased in the first quarter.

2. Where the Duty is Paid Quarterly

- 2.1 Where the licensee pays the duty quarterly and is in operation for the first quarter (April to June) but closes before October 1; then provided the Collector of Taxes is duly informed in accordance with the Act, the taxpayer shall only be relieved of the duty that was payable in respect of Quarters 3 and 4.

TECHNICAL ADVISORY

Refund Policy for Trade and Business Licence

Effective Fiscal Year 2021/22

- 2.2 A licensee shall still be liable for the duty in respect of the second quarter even if the business ceased operations in the first quarter.

- 2.3 Where the business commences in the second or a subsequent quarter, the licensee shall be liable to pay the duty for the remaining quarters of the fiscal year unless the trade or business commenced and ceased in the second quarter and the Collector duly informed before October 1 of the third quarter.