



Tax Administration Jamaica

Practice Note

Approval for the use of a Permitted Accounting Period

This Practice Note is intended only as a general guide and must be read in conjunction with the relevant legislation. It contains The Authority's interpretation of the law as it stood at the date of this publication along with any associated practices, procedures and instructions.

Under Section 12 (2) of the Tax Administration Jamaica Act, 2013 a Practice Note is binding on the Commissioner General and all officers of The Authority until it is revoked. However, taxpayers are reminded that the publication of a Practice Note does not affect their right of objection and appeal or their right of access to the Revenue Court on points concerning their own liability to Income Tax.

Comments and suggestions for the improvement of issued Practice Notes and suggestions for future Practice Notes are always welcome.

November 30, 2022

Ainsley Powell
Commissioner General

APPROVAL FOR THE USE OF A PERMITTED ACCOUNTING PERIOD

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This Practice Note provides guidance with respect to the application in accordance with Section 6 of the Income Tax Act of Jamaica for approval for a Permitted Accounting Period to end on some date other than December 31st.

The examples in this Practice Note are strictly for purposes of illustrating the issues and concerns identified by Tax Administration Jamaica in making decisions on such approvals.

All references herein are to the Income Tax Act unless otherwise indicated.

**This Practice Note modifies and supersedes previous publication dated
September 1, 2021.**

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I. Glossary of Terms and Abbreviations

The following list defines various terms used in this Practice Note.

Accounting Period	An accounting period, in bookkeeping, is the period with reference to which accounting books of any entity are prepared. It is the period for which books are balanced and the financial statements are prepared. Generally, the accounting period consists of 12 months.
Basis Period	According to the First Schedule of the Income Tax Act, basis period is, "for any year of assessment, ... subject to sub-paragraph (2), the period on the profits or gains of which income tax for that year falls to be finally computed in respect of the trade in question". That is, the accounting period in a particular Y/A for which a taxpayer is required to compute taxable profit and tax liability for Income Tax purposes.
Body corporate	A person, association, or group of persons legally incorporated
Chargeable Income	Section 2 of the Income Tax Act - "chargeable income" means the aggregate amount of income of any person from all sources remaining after allowing the appropriate deductions and exemptions under this Act.
Default period	The default period for tax purposes is the "year of assessment", i.e. the period of twelve months commencing on the 1 st day of January in each year.
Emoluments	Includes, in relation to any office or employment of profit, items as defined in Section 2 of the ITA.
First Effective Year	This is the first year of the newly requested accounting period. It is the first taxable year for which a change in annual accounting period is effective.
Financial Year	A financial year is a period of twelve months, used by business, and other organizations in order to calculate their budgets, profits, and losses. It is any annual period at the end of which a firm's accounts are closed and financial reports are prepared. Section 2 of the CA stipulates that, in relation to a body corporate, this is the period in respect of which any profit and loss account of the body corporate, laid before it in general meeting is made up, whether that period is a year or not.
Gains or profits of any trade, profession or business	Any compensation, payments or benefits due to or received by any person in the furtherance of a trade, business or profession. Section 2 of the Income Tax Act defines "trade" to include every trade, manufacture, adventure or concern in the nature of trade. The term "Profession has not been defined in

	the Act but its literal meaning as defined by many scholars and accountancy bodies identifies it as a vocation, or a job requiring some thought, skill and special knowledge like that of accountant, lawyer, doctor, engineer, architect etc. So profession refers to those activities where the livelihood is earned by the persons through their intellectual or manual skill. Section 5 of the Income Tax Act of Jamaica gives more meaning to “profits or gains” which are chargeable to income tax.
Interval	For the purposes of this PN, and in keeping with its use and context in Section 6 of the ITA, this is a period of time between two events or dates.
Modified PN	For the purposes of this PN, a modified PN refers to where the substance of a previously published PN is being changed. For e.g., if a previous PN held that a principle applied to ‘A’ but not to ‘B’, and the new PN holds that it applies to both ‘A’ and ‘B’ the previous PN is modified because it corrects a published position.
Newly registered business	For the purposes of the Practice Note a “newly registered business” is a person who has not previously filed an income tax return for any year of assessment and who will be filing the first return using a ending date other than the 31 st day of December.
Permitted Accounting Period	Permitted accounting period, in relation to any person, means the accounting period, other than a 12-month period ending December 31 st , in respect of which the gains or profits of any trade, profession or business carried on or exercised by that person are permitted or required to be computed pursuant to Sections 6 (2), 6 (3), 5, or 6 (4) of the ITA.
Permitted Accounting Terminal date	Section 6 of the ITA provides that “in relation to any permitted accounting period, means the terminal date of that period.”, i.e. ending date of that period.
Person	As stated in Section 2 of the ITA "person" means any individual and also any body of persons.
Required Submission Time	A period of not less than 60 working days prior to the start date of the new proposed accounting period or the transitional period for which an application for a permitted accounting period is being made. Where a taxpayer is requesting to revert to a default year end of December 31 then the request must be submitted not less than 60 working days prior to the start date of the transitional period.
Specified Period	A period of five years, from the date of the last application, within which a person to whom approval was granted for a permitted accounting period is not allowed to make a new application (with exceptions).

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Statutory income	Subject to section 6 of the ITA, the aggregate amount of income of any person from all sources remaining after allowing the appropriate deductions and exemptions...
Superseded PN	For the purposes of this PN this describes a situation where the new PN does nothing more than restate the substance and situation of a previously published PN.
Taxpayer	Section 2 of The Revenue Administration (Amendment) Act, 2013 defines a “taxpayer” to include a person who (a) Is liable to pay tax pursuant to a revenue law of Jamaica whether or not – (i) The person is resident of Jamaica; (i) The tax liability is in question; or (ii) In the event, any payment is waived or remitted or no amount is found to be payable; (b) Is of relevance to a treaty partner in respect of an international tax agreement.
Tax Year	The year for which an income tax return is being filed. It is <u>usually</u> a particular period of twelve months beginning on January 1 st and ending on December 31 st .
The Authority	means <i>Tax Administration Jamaica</i> as established by section 4 of the Tax Administration Jamaica Act, 2013;
Transitional period	This is the period after the end of one permitted accounting period/ default year of assessment and the end of another permitted accounting period or default year of assessment. It “bridges” the gap between the previous end date and the proposed new end date. This period will always begin from the first day of the month following the year end date of the previous accounting period which was in use and the end date of the new accounting period. This period may not necessarily cover a 12 month period for filing purposes.
Transitional Return	The changeover from one terminal date to another (whether from the default period to a PAP or from one PAP to another or PAP to the default period) requires a return to be lodged for the transitional period. The transitional period will more likely be for a period of other than 12 months.
Year of Assessment	Section 2 of the ITA defines this to mean “the period of twelve months commencing on the first day of January in each year”. For persons using a permitted accounting period it is implicitly expected that the period of twelve months will be retained ending on the date so approved.

II. List of Abbreviations

List of abbreviations used in this Practice Note.

CG	Commissioner General of Tax Administration Jamaica
ITA	Income Tax Act of Jamaica
NRB	Newly registered business.
P24	P24 is a certificate issued at the end of each calendar year which shows the total emoluments and statutory deductions for the period.
PAP	Permitted Accounting Period
PAP01	Application Form used to apply for a Permitted Accounting Period or to change from a PAP back to a default accounting period ending December 31 st .
PN	Practice Note
RAIS	Revenue Administration Information System
TAJ	Tax Administration Jamaica
TRN	Taxpayer Registration Number
UPN	Updated Practice Note
Y/A	Year of Assessment - Section 2, of the ITA provides that a "Year of Assessment", means the period of twelve months commencing on the first day of January in each year.

III. Purpose of the Practice Note

1. The purpose of this document is to provide guidance to the public in general on the interpretation of the provisions of Sections 6 (2), 6(3), & 6(4) of the Income Tax Act of Jamaica and more specifically, guidance on the application and approval for a permitted accounting period, i.e. an accounting date terminating on a date other than 31st day of December.
2. This PN sets out the factors to be taken into consideration when making a request to the CG to allow an alternative accounting period, other than one ending December 31st.
3. This PN seeks to ensure that the decision on whether to allow an entity to adopt a permitted accounting period involves balancing the interests of that entity with that of

the Revenue thereby ensuring an efficiently administered income tax system.

IV. Objectives

The objectives of this Practice Note is to:

4. To provide guidance to persons affected by the law and to the officers of TAJ. This is in accordance with Section 12 of the Tax Administration Jamaica Act, 2013 which states that the CG may issue Practice Notes setting out the interpretation and procedures for the application of the Law;
5. Promote and achieve consistency in the administration of the Laws relating to domestic tax. It is also to be used to streamline the processing of applications for approval of a permitted accounting period to improve efficiency and service to taxpayers;
6. Provide taxpayers with certainty regarding specific policies, guidelines and administrative procedures concerning the application and approval for a change of accounting year end to some date other than 31st day of December, i.e. a permitted accounting period;
7. Provide taxpayers with certainty regarding specific policies, guidelines and procedures **where approval was granted by the CG:**
 - (a) For a change in accounting year to some date other than 31st day of December and the taxpayer makes a subsequent request for another change.
 - (b) For a change in accounting year to some date other than 31st day of December and the taxpayer has now made a subsequent request to revert to the default year ending 31st day of December; and
8. Provide taxpayers with certainty regarding specific policies, guidelines and procedures **where no approval was granted by the CG:**
 - (a) For a change in accounting year to some date other than 31st day of December.
 - (b) For a change in accounting year to some date other than 31st day of December and the taxpayer has now made a subsequent request to revert to the default year ending 31st day of December.

V. Scope & Background

9. In administering the law relating to a permitted accounting period, this Practice Note sets out the interpretation and administrative rules of the CG in respect to Section 6 of the ITA governing the change in accounting period to a permitted accounting period. It also provides TAJ's position with respect to the submission of an application for approval of the change.
10. The requirement for the approval of any planned change in an entity's accounting period for income tax purposes has long been in existence and must be done in accordance with the law. However, there were no recommended rules and guidelines for instructing the taxpayer on how to secure this approval for a permitted accounting period.
11. Where a date other than the default period is being used and the CG is not aware of this, the taxpayer's income tax account on TAJ's database will not reflect this change. As such, the CG intends to ensure that the Revenue Administration Information System is properly configured to evaluate the expectations of each taxpayer who is required to file returns.
12. Therefore, if an existing taxpayer wishes to change their accounting period from the default period to any other 12-month period or a new taxpayer wishes to adopt an accounting period other than the default period, the net income shall, with the approval of the CG, be computed on the basis of such new proposed accounting period.
13. In considering a request to change to a permitted accounting period, the CG will look at relevant matters, consistent with the statutory responsibilities under Section 6 of the ITA so as to maintain the integrity of the tax system.
14. A permitted accounting period affects the deadlines/due dates for paying income tax and filing of an Income Tax Return.

VI. Need for a policy guideline

15. There was no fixed period within which to make the request to secure the approval of the CG. The ITA is silent on a required timeframe within which to make a request for securing the CG's approval for a permitted accounting period.
16. There was no clear instruction provided where a permitted accounting period is used and there is an underpinning expectation that the filing of income in respect of a year of

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assessment must cover a period of 12 months.

17. For taxpayers who have been using a permitted accounting period and request to revert to the default January to December filing period there are challenges which exist which may see a year of assessment with more than 12 months.
18. There was no clear instruction advising the taxpayer how to separate the income when a new business files its first account of the trade and the income must be apportioned at even rate between twelve months and the remaining months in the reporting period.
19. Section 6 did not expressly prescribe that the relevant income for a new business that is filing its first set of accounts may be accounted for on two separate returns. The section did not make provisions for a late penalty charges that would now be applicable under Section 71B and interest charges under Section 79 (2a). At the time Section 6 was written into law a late filing penalty provision was not yet brought into law.
20. Stakeholders are uncertain about the filing obligation in respect of their first return and its impact on their request for a PAP; when the date of incorporation does not coincide with the commencement date of trading.
21. Section 6 (2) of the ITA establishes that a person can make a request for permission for their accounting year to end on a date other than the 31st day of December. However, there is no provision for instances where an individual has multiple sources of income, inclusive of emoluments.

VII. Statutory requirements for a permitted accounting period

22. Sections 6(2), 6(3) & 6(4) of the ITA generally provides that a taxpayer who wishes to change its accounting period and use a permitted accounting period must obtain the approval of the CG. **(See Extracts)**
23. Section 6 (2) provides that, in conjunction with subsection (1), where the CG is satisfied that any person usually makes up the accounts of his trade, profession or business to some date other than the 31st day of December he may permit the gains or profits of that trade, profession or business to be computed upon the income for the period of twelve months terminating on that date in the year of assessment to which the accounts of that trade, profession or business are usually made up.
24. Section 6 (3) of the ITA provides that where a person commencing to carry on a trade, profession or business satisfies the CG that he/she intends to make up the accounts to a

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date other than the 31st day of December, the CG may grant permission under subsection (2).

25. Where permission is granted as per Section 6 (2) and under circumstances where
- (a) the first accounts of the trade, profession or business have not yet been drawn up; and
 - (b) the first accounts of a trade, profession or business covers a period which exceeds twelve months,

the income of the period shall be treated for this purpose as being apportioned at an even rate between the twelve months terminating on the date to which the accounts are made up and the remainder of the period.

26. Under Section 6 (4) of the ITA where a person departs from his permitted accounting terminal date, i.e. his ending date.

- (a) The new permitted accounting period will be determined by the CG identifying:
 - (i) The Y/A in which the departure occurs and
 - (ii) The Y/A immediately following the departure period
- (b) The permitted accounting period determined by the CG for the Y/A in which the departure occurred may include any interval between
 - (i) the end of the old accounting period and
 - (ii) the commencement date of the new permitted accounting period.
- (c) The terminal date of the new permitted accounting period as determined by the CG will be regarded as the permitted accounting terminal date of this person until another permitted accounting period has been requested in accordance with the provisions of the legislation and the guidelines of this PN.

27. After a determination of the taxpayer's permitted accounting period has been made by the CG in accordance with section 6 (4), if the taxpayer subsequently chooses to change his permitted accounting period, the taxpayer must first seek approval from the CG. Any further applications for change will be assessed in accordance with the criteria set out in section 6(2) & (3) of the Income Tax Act.

VIII. Commissioner's Powers

28. Under PART VID, Section 170 of the Revenue Administration (Amendment) Act, 2013 the CG

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- (i) “May establish an electronic communication system (in this section referred to as the "system") including provision for any or all of the following operations-
 - (a) filing of electronic documents with the Commissioner General;
 - (b) service or issue of electronic documents by the Commissioner
 - (c)
- (ii) For the purposes of subsection (1), the Commissioner General may make rules providing for any or all of the following
 - (a)
 - (b) the type of documents that may be sent through the system including the format and manner of sending them,
 - (c) the format for, and the content of, information that is to be included in documents sent through the system;
 - (d)
 - (f) the determination of when a document that is filed through use of the system is received by the Commissioner General;
 - (g)
 - (h) any other matter for the better administration or operation of the system.
- (iii) An electronic document that is communicated by means of the system is deemed to have been received by the person to whom it is communicated, unless the contrary is shown.”

29. Section 18A of the Revenue Administration (Amendment) Act, 2013 states that *“Without limiting the powers of the Minister under Section 19, the Commissioner General may, by order published in the Gazette prescribe forms of returns and other forms that the Commissioner General considers to be necessary for the various purposes of this Act, whether for general use or use in any particular case or for the use of any particular person or group of persons”*

30. Section 71B of the ITA - Penalty for late filing of return- *provides that the CG may waive or reduce a penalty that is incurred under subsection (1) if the CG is satisfied that the circumstances can be justified. Section 79(2)(b) provides that the CG may remit in whole or in part any interest applied under subsection (2) (a).*

31. *Section 11 of the TAJ Act, 2013 gives the CG, who has the responsibility for the day-to-day administration and management of TAJ.*

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- *“the powers to ensure proper and efficient collection of domestic tax and other revenue*
- *maintain systems to promote and support voluntary tax compliance with the revenue laws;*
- *ensure proper and efficient performance of all functions relating to taxpayer audit;*
- *ensure accurate, efficient and lawful assessment of domestic tax;”*

IX. Taxpayers’ Obligations

32. The taxpayer must submit a request for the use of a permitted accounting period using the eservices account. Step-by-step instructions can be found on TAJ’s website <https://www.jamaicatax.gov.im/web/guest/how-to..> **“How-to Request Permitted Accounting Period Approval via eservices” (Exhibit 1)**
33. For income tax purposes, any taxpayer who proposes to change his accounting year end shall, before using the new period, comply with the provisions of the ITA relating to a permitted accounting period by securing the approval of the CG to change the accounting year end to some date other than the 31st day of December.
34. For a newly registered business (NRB) the CG, in using his discretionary powers, will allow new registrants to identify and adopt the period so specified as its permitted accounting period when they file their first set of accounts of the trade. This permission will allow them to file their first accounts of the trade with a year-end other than 31st day of December on or before the due date for the relevant year of assessment (year in which the accounting year ends).
35. A NRB, filing of its first set of accounts, and intends to use a date other than December 31st, will not be required to complete an application (PAP01). Instead the NRB will be permitted by the CG to proceed in filing its first return using the date so identified, this filing will now become its de facto application, thereby granting permission to use such.
36. The NRB must be aware that where it is required to file an income tax return under Section 71A that this provision is adhered to. However, the NRB, in filing its first return as is required under Section 71A of the ITA, may have challenges in fully complying with subsequent provisions within. **(See Section XX).**
37. Further to paragraph 34, where upon commencement of trading, the first set of accounts of a NRB (who has been allowed to identify and adopt a PAP) exceeds twelve months

they will be required to apportion their income at an even rate between the twelve months ending on the terminal date of the accounts and the remainder of the period.

38. In the ITA it is implicitly interpreted that one return is to be filed for the twelve-month period and another return for the remainder of the period. Legislation has given the CG the powers to instruct the taxpayer on how to file the two separate returns. Both returns must be aligned to the permitted accounting period being requested. The CG has further instructed that:

- the 1st return should cover the apportioned income representing the shorter period (**See Section XIX- Transitional Return**) and
- the 2nd return will cover the apportioned income representing the remaining 12 months.

The relevant credits and capital allowances should be applied in each Y/A.

X. Who will be allowed a permitted accounting period?

39. Section 6(2) of the ITA provides for any person to request an approval for a permitted accounting period.

40. Section 2 of the ITA defines "person" as any individual and also as any body of persons. "Body of persons" means any body politic, corporate or collegiate, and any company, fraternity, fellowship and society of persons, whether corporate or not corporate.

41. Bodies corporate, regardless of business type may be permitted to change their accounting period to end on some date other than December 31st. Generally, individuals must adopt the calendar year as their default period; however, Section 6 of the ITA does not preclude them from requesting a change.

42. While partnerships are not 'persons' for tax purposes, there is nothing to prevent the CG from allowing such entities to adopt a PAP where they can demonstrate circumstances which makes it acceptable to make such a request. The net income of a partnership or a partnership loss is not attributable to a partner until the end of the partnership income tax year. Therefore, a partner with a different income tax year end from that of the partnership must include their share of the net income or loss of the partnership in their tax return for the year of assessment in which the partnership income year ends. This brings the reasoning why it may be relevant for a partnership and their partners to synchronize their accounting year end.

43. The CG has instructed that where one or more partners in a partnership are requesting to adopt a PAP for the partnership the following principles will apply:
- (i) all partners must first apply for a PAP which must coincide with the PAP requested for the partnership;
 - (ii) where all partners share the same PAP, the partnership will generally be allowed to adopt the same PAP, but the managing partner must seek approval to use a PAP for the partnership before they use this accounting period; and
 - (iii) where two or more partners do not share common accounting year end and there is no clear control by any partner, the partnership will be expected to retain a December 31st year end date. However, there can be exceptions to this if the CG is convinced that circumstances exist that would prevent all parties in the partnership agreement from adopting the same accounting year end.

XI. Reasons for requesting a permitted accounting period

44. Taxpayers will require a permitted accounting period based on sound business reasons. The CG's view is that the following non-exhaustive list of reasons could constitute "sound business reasons":
- (i) A person may change accounting year in order to consolidate the filings of their Income Tax return if they are operating in a group environment or have to make international filings;
 - (ii) A person may change its accounting period to end on the same date as that of its parent or associated company;
 - (iii) A person may change its accounting period to ease financial reporting requirements under various legislations and to various reporting entities;
 - (iv) A person may wish to adopt a change to its accounting period when they can demonstrate that the nature of their business makes a December 31st year end impractical; or that their circumstances have changed significantly and they should be permitted to change to some date other than December 31st;
 - (v) A person may wish change its accounting period to avoid busy trading periods. Entities might wish to avoid having to prepare accounts or conduct stocktakes during their busy periods; and
 - (vi) A person may wish to adopt a permitted accounting period for business entities

with a close working relationship, where they share a common business and/or management accounting system or central administration structure and one of those entities already has a permitted accounting period. This category includes joint ventures that want to adopt an accounting period common with that of its partner.

45. Persons who were granted a permitted accounting period or who had, without prior approval, used a period other than the default period, may subsequently want to revert to the default filing period. **(see Section XIV)**

However, neither the personal convenience of the taxpayer, nor the saving or deferment of income taxes will be considered a "sound business reason".

XII. Procedures for granting approval for a permitted accounting period

46. The CG, has exercised his powers under Sections 17O & 18A of the Revenue Administration (Amendment) Act, 2013, and has instructed that, effective **September 13, 2021** it became mandatory that the request for a permitted accounting period be made on-line via TAJ's Tax Portal using the prescribed form designed for that purpose.
47. The CG, has exercised his powers under Section 11 of the TAJ Act, 2013 and has prescribed administrative procedures under which a taxpayer may be permitted to adopt, change, or retain an annual accounting period. These administrative procedures will describe the business and systems requirements, the terms, conditions, and adjustments necessary to obtain approval for a permitted accounting period. Such terms, conditions, and adjustments may include giving instructions necessary to neutralize the tax effects of any distortion of income that would otherwise result from the use of the permitted accounting period being requested. These instructions will include a deferral and shifting of a substantial portion of the taxpayer's income from one taxable year to another while ensuring that the taxpayer is still compliant with filing requirement of the ITA.
48. When agreeing to a change to an accounting period, the CG will only agree to a permitted accounting period with a year-end that is the last calendar day of a month. No other permitted accounting period end date will be accommodated.
49. A permitted accounting period will remain in effect until the entity applies for, and is granted permission to adopt another permitted accounting period.

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50. Where a NRB is granted approval to use a permitted accounting period through the filing of its first annual return, which is its de facto application granting permission to use such date, any change for the use of some other accounting period must be applied for using a PAP01 application form. This taxpayer will not be allowed to amend the first return filed to effect a change in accounting period to some other date.
51. Where permission was previously granted for an entity to use an accounting period ending on some date other than December 31st and the entity now wishes to revert to a period ending December 31st it will be required to submit a PAP01 application form seeking permission to do so.
52. If the tax returns are already overdue at the date of application, the taxpayer will not be approved for the use of a permitted accounting period.
53. Where a decision was taken not to allow a permitted accounting period, the CG will provide the taxpayer with a full explanation of the reasons. While there are no objection rights against a decision not to allow a permitted accounting period, the taxpayer may seek to have the CG review his decision and provide the CG with the reasons why he believes this decision was incorrect.

XIII. When to file an application for a permitted accounting period

54. To minimize costs for both the taxpayer and TAJ the CG is instructing that an application for a PAP be made on a prospective basis as this allows the transition to occur in either a current or future year. The request for approval for a permitted accounting period must be done within the required submission time. The request must be submitted not less than 60 working days before the beginning of the proposed new accounting period or the transitional period.
- (a) A taxpayer that is already registered to file income tax returns must submit an application to TAJ no less than 60 working days before the start of the proposed new accounting period or the transitional period. However, TAJ recommends that the application be submitted as early as possible to provide TAJ with adequate time to respond to the request prior to the proposed new accounting period and the due date of the taxpayer's return for the first effective year. **(see Illustration 1, Questions 1A & 1C)**

- (b) Any taxpayer whose application is submitted less than 60 working days before the start of the proposed new accounting period or the transitional period may have their request denied. The taxpayer may be asked to continue using the existing accounting period and make a resubmission for a permitted accounting period in keeping with the required time frame given in this PN.
- (c) However, the CG may, but is not obligated to, consider an application that has been filed after the required submission time. **(See Illustrations 1, Question 1A)** If special circumstances exist, a taxpayer may also request an extension of time to submit their application giving reasonable cause for such delay. (see paragraphs 57- 59).

However, the taxpayer should bear in mind that should a late submission be accepted by the CG and this results in that taxpayer being asked to amend a return already filed. There may added penal charges associated with that return, should there be an increase in the income tax liability.

Exception to the general submission rule, as indicated in paragraph 55, will be granted to the NRB whose first set of accounts exceeds 12 months. Submission of their first set of accounts will be their default application for approval to use a permitted accounting period. Invariably, submission of the two returns will not meet the specified submission period.

XIV. When to file an application to revert to the default filing period

55. The request for approval to revert to the default filing period (i.e. January to December) from a previously approved permitted accounting period must be submitted not less than 60 working days before the start of the transitional period. Reverting to a default filing period will always result in a transitional period exceeding 12 months. **(See Illustration 1, Question 1B)**

XV. Applications submitted after the specified time

56. Any application submitted less than 60 working days before the start of the proposed new accounting period or the transitional period may be considered as a timely

submission if the taxpayer establishes that he/she acted reasonably and in good faith, giving a reasonable cause for the delay in submitting the application and that granting approval will not prejudice the interest of the Revenue.

57. The CG may consider unusual and compelling circumstances or any such occurrence which prevents a taxpayer from applying for a permitted accounting period within the specified time. These can include, but not limited to:

- Serious illness or accident; and serious emotional or mental distress, such as death in the immediate family;
- Natural disasters, such as a flood, fire, hurricane. earthquake;
- Civil disturbances or disruptions in services, such as a riot, incursion;

59. If a taxpayer's circumstances do not fall within the situations described above but the CG is satisfied with the explanation the taxpayer provides, the CG may consider such an application to be timely.

Notwithstanding, no extension will be given that will cause a return to be filed late.

XVI. Adoption of a permitted accounting period by new registrant

60. Given the powers under Section 6 (2) & (3) of the ITA, the CG will permit a NRB to adopt a permitted accounting period ending on a date other than 31st day of December by filing its first Income Tax Return using that period. This then becomes its default application for permission. After a NRB has adopted an accounting year, it must continue to use that accounting year when computing its taxable income.

61. A permitted accounting period will remain in effect until the taxpayer applies for, and is granted permission to adopt another permitted accounting period or returns to/uses a default accounting period of January – December.

XVII. Changing a permitted accounting period to another permitted accounting period

62. Section 6 (4)(a) states that where a taxpayer has departed from its permitted accounting terminal date the CG may require the taxpayer to use as the relevant accounting period for that Y/A in which the departure occurred, and the following year, such periods as the CG may determine. When there is a change in permitted accounting period there will be profits of a basis period of more or less than twenty-four (24) months to be assessed in two years of assessment. The period determined by the CG, in relation to the departure, may include any interval between the permitted accounting date of the old accounting period and the commencement of the new accounting period. The basis period determined may be necessary so as to prevent the omission of a tax year. **(see illustration 2)**
63. **Change is to a date later in the year than the original PAP:** If the change is to a date later in the year than the original permitted accounting date, there will be more than 24 months' profits to be assessed in the Y/As in which the departure took place and the succeeding year. The law provides that the excess may be included in the year in which the departure took place. The CG has determined that the year in which the departure took place is the Y/A in which falls the date to which the account of the old permitted accounting period should have been made up to or the date to which an account of the new permitted accounting date is made up, whichever is earlier. **(see Illustration 3 & 5)**
64. **Change is to a date earlier than the original PAP:** Where the change is to a date earlier than the original permitted accounting date then there will be less than 24 months' profits to be assessed in the Y/As in which the departure took place and the next succeeding year. The law provides that the permitted accounting period for the year in which the departure took place and the next succeeding year shall be such period as the CG may determine. This means the departure year is for a period of less than 12 months and that the accounting period for the succeeding year will be 12 months ending on the new permitted accounting date. **(see Illustrations 4, 6 & 7)**
65. Where a taxpayer had already filed a first return with a PAP then that taxpayer will have no recourse but to make an application for a change in PAP using the PAP01 application form. The first return submitted with an accounting year ending with a date other than December 31st would have been accepted as the de facto application for a PAP at that

time of filing. Any subsequent changes can only be accommodated through an application using the PAP01 form.

XVIII. How often can a person apply?

66. A person will generally not be allowed to apply for more than one change within a specified period, with exceptions. The specified period is considered to be a period of five years, from the last date of application, within which a person to whom approval was granted for a permitted accounting period is not allowed to make a new application.
67. However, a request for permitted accounting period can be made more than once within the specified period but the taxpayer is obligated to ensure that the provisions as laid out in Section 6 of the ITA regarding the approval is adhered to.
68. In the CG's assessment of the application for another change within a specified period the CG will look at whether there are extenuating circumstances requiring the change, such as:
- Aligning the accounting period with that of a subsidiary or its parent company;
 - Where the companies are operating in a group environment; and
 - Where the business is in liquidation.

Take note, it is not possible to set out all the circumstances in which an approval may or may not be granted therefore each case will be considered on its merits, taking into account all the relevant facts.

69. Where a taxpayer has made more than one request for change in permitted accounting period within the specified period and there is evidence of misuse of the facility, the CG reserves the right to deny approval of the latest application.
70. Where a subsequent application is submitted for a change to another permitted accounting period, the taxpayer must ensure that the following information is attached to his new application:

Permitted accounting period that was approved but not implemented by the taxpayer

Where an entity failed to implement the period approved by the CG an explanation must be furnished stating why the permitted accounting period was not used. TAJ

will consider the explanation in determining whether the subsequent request for a change in the accounting period should be granted.

71. The CG's approval for a permitted accounting period will be provided in a letter from the office of the Technical Specialist Unit of TAJ. The letter will be generated within RAIS once the mandatory online application takes effect on **September 13, 2021**.

XIX. Transitional period & Transitional return

72. Section 2 of the Act defines "year of assessment" to mean "the period of twelve months commencing on the first day of January in each year. Where a permitted accounting period is used there is an underpinning expectation that the filing of income in respect of a year of assessment must cover a period of 12 months.
73. There is a distinction which is to be made between a transitional period and a year of assessment. The transitional period is the practical mechanism which is applied in order to facilitate the operation of the permitted accounting period (which is to constitute a year of assessment). Where an entity is allowed to adopt a PAP there is a change to the end date of its accounting period, which results in a transitional period of more or less than 12 months. Therefore, a transitional period is not a "year of assessment" as defined by the Act and therefore the 12-month limit should not to apply.
74. The transitional period is the period after the end of one permitted accounting period/ year of assessment and the end of another permitted accounting period or default year of assessment. This period will always begin from the first day of the month following the year end date of the pervious accounting period which was in use and the end date of the new accounting period.
75. The CG recognizes that in practical terms a transitional period of less than 3 months would be administratively inconvenient. However, there are instances when this cannot be avoided. Nonetheless, in order to give practical application to the operation of the statutory provisions of the permitted accounting period, the CG may, in the exercise of his discretion, make administrative decisions so as to give practical effect to those statutory provisions, so as to ensure that the law and the systems are in accord. In such instances, the CG has instructed that he will accept a transitional return with a basis period outside the 12-month criteria.
76. Section 6 (4) of the Income Tax Act sanctions the CG's approval of a request to depart from a previously approved permitted accounting period and return to the default filing

period of January to December. Therefore, in instances where the taxpayer request to be returned to the default filing period this will result in the number of months in the transitional return exceeding 12 months. **(see illustration 8a)**

77. Where the first return is 12 months or less than the CG will accept this return as a transitional return. **(see illustration 8b)**. The taxpayer will be required to meet the filing requirement of Section 71A and Section 67. Based on the rules of interpretation the critical date is the date of incorporation/ registration because it is at that date that the obligation to file begins. As such, even if they commence trading in a subsequent year they will be obliged to file for that permitted accounting period and continue filing for any subsequent years using the period so identified, even if they are not trading.

Both the taxpayer and the Authority would be at a disadvantage in trying to adhere to the provisions as laid out under Section 2 of the ITA (i.e. the 12-month criteria). In such a case, the CG has the authority to depart from the 12-month criteria and accept a transitional period with a declaration of more or less than 12 months.

XX. Taxpayer required to file returns in accordance with Sections 67, 69(2), 71A of the ITA

78. Persons so instructed under these sections **(See Extracts)**, especially section 71A, will be required to file their income tax return regardless of whether or not they are they are liable to pay income tax in respect of that year of assessment or has income from any source for that year of assessment. Where a partnership is requesting the use of a PAP the partners must conform to the requirements of Sections 69(2) & or 71A where applicable.
79. Section 71A of the Income Tax Act requires that a taxpayer should file its income tax return regardless of whether it is liable to pay income tax in respect of that year of assessment or has income from any source for that year of assessment. Where a NRB who intends to use a permitted accounting period falls under Section 71A and whose incorporation or registration date differs from the commencement of trading, in order to meet the requirements of Section 71A, the first return, and any outstanding return since coming under Section 71A, should be aligned to the permitted accounting period being requested. (i.e. both returns must conform to the PAP being requested). The NRB should file it first return in accordance with Section 67 of year ITA.

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80. For NRBs using a PAP, falling under these sections, and more specifically under Section 71A, where they are allowed to file their 1st set of accounts exceeding 12 months, there is always the likelihood that the NRBs filing of the 1st return will be late. However, they must comply with the filing requirements of these sections.
81. Some NRBs falling under Sections 67, 69 (2) and 71A, who will be using a PAP, and whose incorporation date and trading start date differs, may come into conflict with the requirements of these sections. Invariably, the provisions under Sections 67 and 71A of ITA will not be fully complied with and additionally that first return will attract late filing penalty charges imposed by Section 71B of the ITA and the interest charges under Section 79 (2)(a) of the ITA. The CG has agreed to use his discretionary powers to waive the charges for those NRB whose first set of accounts to be filed will be more than 12 months and who will be required to separate their into two separate returns. **(Illustration 8a)**
82. A NRB using a PAP, and who submits their first set of accounts for a period in excess of 12 months, will discover that the first of the two returns will be late. Invariably, the provision under this section of the law will not be fulfilled and additionally that first return will attract the late filing penalty charges imposed by Section 71B of the ITA and the interest charges under Section 79 (2)(b). **(Illustrations 8a & 9a)**
83. For a NRB using a PAP the challenges normally occur where:
- (i) the taxpayer was using a terminal date ending earlier in the year and now wants to use a December 31st year end; and
 - (ii) the taxpayer's date of incorporation and start date of trading differs and the taxpayer intends to file its first return with a period less than 12 months. **(see Illustrations 8b)**
84. The CG, under his discretionary powers has agreed to waive the late filing penalty charges which would be imposed under Section 71B and the interest charges as per Section 79 (2)(b) on a NRB, provided the second of the two returns is submitted on or before the due date. Bearing in mind that this is not the true due date for the first return, but a concessional arrangement where the penalty will be waived if the submission and payment are made by the due date of the second return. Should the returns now being filed, using a PAP, and specifically the second of these returns, be submitted late then none of the charges will be waived.
85. For a NRB falling within Section 71A, and who will be using a PAP, where the incorporation date and the trading start date is the same, there should be no conflict with this section.

The taxpayer requesting a PAP will be allowed to complete its first set of accounts and file its return which now becomes the de facto application for the PAP. (**Illustrations 9a & 9b**)

XXI. Processing time to respond to application

86. The approval for a permitted accounting period must be made by TAJ within **30 working days** from the date of receipt of all the documents required to process the application.
87. Where the CG has denied an application for a permitted accounting period, the taxpayer must be formally advised of the reason(s) for denial within **30 working days** from the date of receipt of all the documents required to process the application.

XXII. How to treat an unauthorized permitted accounting period?

88. Despite the strictness of the provisions in Section 6 of the ITA, the CG has taken the decision that any unauthorized change made by a taxpayer, to use some date other than December 31st, prior to the original publication date of this PN will be accepted as their permitted accounting period (**see Illustration 9**).
89. Therefore, all unauthorized changes made prior to the original publication date of this PN, i.e. July 1, 2019, will be ratified by the CG and the taxpayer will be formally advised of this decision. (**see Exhibit 2**). However, for any unauthorized change which occurs after the modification of this PN on September 13, 2021, the CG will enforce the provisions of Section 6 of the ITA as well as the procedures laid out in paragraphs 46–53 of this PN.

XXIII. Retroactive change in permitted accounting period

90. Retroactive changes in a permitted accounting period for the personal convenience of the taxpayer is not permitted.
91. No approval for a retroactive change in accounting period to a date other than December 31st will be approved wherein the change will prejudice the interest of the Revenue.

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92. The taxpayer's accounting period can only be changed when the request is prompted solely on sound business reasons, as indicated in paragraph 45 above.
93. Unless specifically authorized by the CG, a taxpayer may not make a retroactive change in an accounting period regardless of whether the change is to revert the taxpayer back to the default filing period.
94. The CG will use his discretionary powers under Section 6 (3) to allow the NRB to make a PAP request. In such an instance it might appear to be retroactive where the taxpayer is required to file two returns when the first set of accounts exceeds 12 months. The annual return for the shorter filing period will invariably have a retroactive period since it must be aligned to the PAP requested in the de facto application/return. Under such circumstances the CG will accept the first return which will bear a retroactive PAP.

xxiv. Individuals with multiple sources of income using a PAP

95. For individuals with business income and employment income, approval to use an accounting period ending with a date other than December 31st must include the full emoluments earned for the calendar year in which the permitted accounting period ends. The CG will not allow apportionment of emoluments when accounting for the profits and gains. In determining the liability, the income tax threshold relevant to that Y/A must be used. Take note that emoluments normally accrue on a monthly basis and must be accounted for in a Y/A. **(see Illustrations 11 & 12)**
96. Individuals with multiple sources of income inclusive of emoluments who have been using some date other than December 31st must now conform to the instructions in paragraph 95.
97. To the extent that an individual had apportioned his emoluments in keeping with the accounting period that was in use, that individual must now account for the remaining emoluments for that year of assessment on his next return. However, that individual will only be entitled to the unutilized PAYE credit, if any, from the prior calendar year, in addition to the PAYE credit from the emoluments earned in the next year of assessment. **(see Illustration 12).**

xxv. Capital Allowance Treatment

98. Where a permitted accounting period results in a period greater than or less than twelve (12) months, the capital allowance to be claimed is dependent on whether the asset is in use at the end of the basis period.
99. Therefore, the taxpayer is entitled to the full amount of capital allowance applicable for each Y/A, provided that the asset is in use at the end of the basis period.

xxvi. *What is the treatment for prior approval letters?*

100. Where a taxpayer previously received the necessary approval as outlined in Section 6 of the ITA, such approval will continue to be valid until the taxpayer makes another request to change to some other date. At that time, the procedures laid out in paragraphs 46– 53 of this PN and Section 6 (4) (b) of the ITA must be followed.

APPENDICES

EXTRACTS

XXVII. Extracts

Extracts from the Income Tax Act – Sections 6, 67, 69(2), 71A, 71B, 79 (2)

Statutory Incomes

Section 6

- (1) *“Subject to the provisions of this section the statutory, income of any person for any year of assessment shall be the income of that person for such year.*
- (2) *Notwithstanding the provisions of subsection (1), where the Commissioner is satisfied that any person usually makes up the accounts of his trade, profession or business to some date other than the 31st day of December in the year of assessment the Commissioner may permit the gains or profits of that trade, profession or business to be computed for the purposes of this Act upon the income for the period of twelve months terminating on that date in the year of assessment to which the accounts of that trade, profession or business are usually made up.*
- (3) *Where a person commencing to carry on a trade, profession or business satisfies the Commissioner that he intends to make up the accounts thereof to a date other than the 31st day of December, the Commissioner may grant permission under subsection (2) notwithstanding that the first accounts of the trade, profession or business have not yet been drawn up; and where the first accounts of a trade, profession or business cover a period which exceeds twelve months the income of the period shall be treated for the purposes of this section as apportioned at an even rate between the twelve months terminating on the date to which the accounts are made up and the remainder of the period.*
- (4) *If a person departs from his permitted accounting terminal date then-*
 - (a) *in respect of the year of assessment in which the departure occurred and the next succeeding year of assessment, the permitted accounting period of that person shall be such period as the Commissioner may determine, and (without prejudice to the generality of the foregoing) the period so determined by the Commissioner in respect of the year of assessment in which the departure occurred may include any interval between the permitted accounting terminal date of the old permitted accounting period and the commencement of the new permitted accounting period; and*
 - (b) *in respect of the years of assessment after the year next succeeding the year in which the departure occurred, the terminal date of the new permitted accounting period*

shall be regarded as that person's permitted accounting terminal date, unless and until a different accounting period is adopted in accordance with the provisions of this section.

- (5) *Subject to the provisions of section 7 where any person permanently ceases to carry on or exercise a trade, profession or business, his statutory income therefrom for the year of assessment in which the cessation occurs shall be the amount of the income of the period between the 31st day of December (or, as the case may be, the permitted accounting terminal date) in the immediately preceding year of assessment and the cessation.*
- (6) (a) *The profits and gains arising or accruing to a trustee from a trust estate or to a personal representative from the estate of a deceased person shall be liable to the payment of income tax on the statutory income at the rate of 25 cents in the dollar, and the trustee or the personal representative, as the case may be, may deduct any payments made under this subsection out of the trust estate or out of the assets and effects of the person deceased:*

Provided that the Commissioner may authorize any trustee or personal representative to pay or to sanction payment to or on behalf of a beneficiary without deducting the tax, where he is satisfied that such beneficiary is not liable to make a return in accordance with the provisions of this Act.

(b) The income of a beneficiary in the estate or trust for the purposes of this Act shall be the share of the statutory income of the estate or trust to which he is entitled.

- (7) *In this section-*

"permitted accounting period", in relation to any person, means the accounting period in respect of which the gains or profits of any trade, profession or business carried on or exercised by that person are permitted or required to be computed pursuant to subsection (2), (3), (4) or (5);

"permitted accounting terminal date", in relation to any permitted accounting period, means the terminal date of that period."

Section 67

"..... every person liable to pay income tax in respect of any year of assessment shall deliver, or cause to be delivered by his agent, to the Commissioner of Inland Revenue, or to the Collector or Assistant Collector of Taxes for the parish in which he resides, a true and correct return of the whole of his income from every source whatsoever for that year

of assessment and

Section 69

(2) “.....shall make and deliver a return of the income of the partnership for any year of assessment, such income being ascertained in accordance with the provisions of this Act,

Section 71A

(1) “Notwithstanding any other provision of this Act, every person to whom this section applies shall, in respect of each year of assessment, file a return in such form, and containing such particulars, as may be prescribed, regardless of whether that person –

(a) is liable to pay income tax in respect of that year of assessment; or

(b) has income from any source for that year of assessment

(2) This section applies to the following persons –

(a) a body corporate that is incorporated, registered or constituted under any enactment;

(b) a trust or other institution (whether incorporated or not) that is registered as a charitable organization under the Charities Act; and

(c) any person (including an individual) who carries on, or has carried on, a trade, profession, vocation or business and who is prescribed for the purposes of this section by order of the Minister, subject to negative resolution of the House of Representatives.”

71B. Penalty for late filing of return

(1) “Notwithstanding any other provision of this Act, every person who fails to file a return under this Act within the time required shall be liable to pay a penalty of five thousand dollars for each month, or part of a month, during which the failure to file the return continues, up to a maximum of one million dollars, in addition to any other penalty that may be imposed on the person in respect of failure to file a return.

(2) A penalty that is incurred under subsection (1) shall be considered to be tax payable by the person who has incurred the penalty, in addition to any other tax that is payable by that person.

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(3) The Commissioner General may waive or reduce a penalty that is incurred under subsection (1) if the Commissioner General is satisfied that there are circumstances that justify doing so.”

79. Enforcing payment of taxes.

(2) “Interest payable on any income tax pursuant to this section -

(a) may be added to the amount payable as income tax and may be collected and recovered as if it were income tax; and

(b) may be remitted in whole or in part by the Commissioner for reasons which appear to him sufficient.”

Extracts from the Tax Administration Jamaica Act, 2013 – Section 11

In carrying out the administration and management of the Functions of the Authority, the Commissioner General shall -

- (a) plan, direct, supervise and coordinate the activities of the Authority;*
- (b)*
- (c)*
- (d) maintain systems to promote and support voluntary tax compliance with the revenue laws;*
- (e) ensure proper and efficient performance of all functions relating to taxpayer audit;*
- (f) ensure accurate, efficient and lawful assessment of domestic tax;*
- (g) ensure proper and efficient collection of domestic tax and other revenue;*
- (h) ensure that adequate legal services for the administration and enforcement of the revenue laws are maintained;*
- (i)*
- (j)*
- (r) perform such other functions as may be assigned to him by the Minister or the Board under this Act or any other enactment.*

ILLUSTRATIONS

XXVIII. Illustrations

Illustration 1: When to apply for a change in PAP?

Question: 1A: When to apply for a change from one PAP to another PAP?

AB Limited was purchased outright by CDE Group Limited on September 1, 2021 and wishes to align their income tax accounting date with that of the consolidated group's reporting requirements. The CDE Group took over all assets and liabilities of AB Limited as at the date of purchase. AB Limited uses an accounting period of December to November and the CDE Group Limited uses an accounting period of October to September. There is no change in the management structure of AB Limited which also continues to operate as a stand-alone company. The CDE Group Limited in its application dated January 15, 2022 advised the Commissioner General that it is the practice of the controlling entity that all its subsidiaries must align their balance sheet date with that of the parent company.

In the application to TAJ the Group Financial Controller from CDE Group informed the Commissioner General that he advised the Finance Director of AB Limited to prepare the accounts and the tax return to cover the period December 1, 2020 to August 31, 2021. The accounting period covered in the return was necessary so as to provide existing shareholders with a financial picture of the business up to the time of its acquisition. The tax return was submitted to TAJ on February 15, 2022.

Did the Group Financial Controller make the application to TAJ for the change of AB Limited's accounting year end within the specified time? What instructions did the CG give in response to their request?

TAJ's response:

A taxpayer that is already registered to file income tax returns and is currently using a permitted accounting period must submit a PAP01 application to TAJ no less than 60 working days before the start of the proposed new accounting period. In this case the proposed start date was September 1, 2021.

Counting 60 working days (i.e. excluding all weekend and public holidays) but excluding Friday, would fall on **Monday, June 7, 2021.***

September 2021 - No days included

August 2021 - 20 days included

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July 2021 - 22 days included

June 2021 - 18 days included

[*86 Calendar days' minus 12 Saturdays, 12 Sundays, 2 Public Holidays.]

Therefore, AB Limited should have made an application to change to a new PAP on or before **Monday, June 7, 2021** to meet the specified time for submission. AB Limited's application has missed the PAP submission deadline.

The Commissioner General has instructed that, despite the late submission of the PAP01 application, which should have been submitted on or before June 7, 2021 and not on January 15, 2022, he has accepted the reasons and circumstances provided and in the interest of the Revenue and the taxpayer, will allow the request for the change to proceed. The Commissioner General also accepted the reason provided to file the return prior to the September 1, 2021 merger to reflect the nine (9) months ending August 31, 2021.

The basis period and all subsequent returns for AB Limited must be filed as indicated below.

Last return filed	December 1, 2020 - August 31, 2021 (9 months)	Y/A 2021	Due date March 15, 2022
Transitional return with proposed accounting year end (transitional period)	September 1, 2021 – September 30, 2022 (13 months)	Y/A 2022	Due date March 15, 2023
Succeeding return with proposed accounting year end	October 1, 2022 – September 30, 2023 (12 months)	Y/A 2023	Due date March 15, 2024
Next succeeding return with proposed accounting year end	October 1, 2023 – September 30, 2024 (12 months)	Y/A 2024	Due date March 15, 2025

Question 1B: When to apply for a change from a PAP back to a default period?

- (i) Bulk Syrup Limited wishes to revert to a year-end date of December on December 31, 2021 after using a previous permitted end date of July. They submitted their PAP01 application to the TAJ on October 1, 2021. Their last return for the period August 1, 2020 - July 31, 2021 becomes due on March 15, 2022.

Did Bulk Syrup Limited make an application to TAJ to revert to the default filing year end of December 31, within the specified time? What instructions did the CG give in response to their request?

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TAJ's response:

(i) *Start of transitional period is January 1, 2022*

Counting 60 working days (i.e. excluding all weekend and public holidays) back from the start of the proposed accounting period of Saturday, January 1, 2022 would fall on **Thursday, October 7, 2021**.*

January 2022 - No days included

December 2021 - 22 days included

November 2021 - 22 days included

October 2021 - 16 days included

*[*86 Calendar days' minus 12 Saturdays, 12 Sundays, 2 Public Holidays.]*

*In moving from a previously approved PAP to December 31st year end Bulk Syrup Limited must submit its application not less than 60 working days before the start of the proposed accounting period, i.e. January 1, 2022. Therefore, Bulk Syrup Limited must make an application to revert to a December 31st year end on or before **Thursday, October 7, 2021** to meet the specified time for submission. Their application dated October 1, 2021 would be submitted within the required submission time.*

Bulk Syrup Limited will be instructed by the CG, upon any such approval, to file a return for Y/A 2021 for the 12 months ending July 31, 2021 and also include the period of five (5) months for the transitional period August 1, 2021 – December 31, 2021. Therefore, the transitional return must then cover the period August 1, 2020 – December 2021 (17 months) and will be due on or before March 15, 2022. (In reverting to default year end of December 31st the taxpayer will always have a transitional return which includes more than 12 months.)

<i>Last return filed</i>	<i>August 1, 2019 - July 31, 2020</i>	<i>Y/A 2020</i>	<i>Due date March 15, 2021</i>
<i>Transitional Return with proposed accounting year end (i.e. transitional period)</i>	<i>August 1, 2020– December 31, 2021 (17 months)</i>	<i>Y/A 2021</i>	<i>Due date March 15, 2022</i>
<i>Succeeding return with proposed accounting year end</i>	<i>January 1, 2022– December 31, 2022 (12 months)</i>	<i>Y/A 2022</i>	<i>Due date March 15, 2023</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>January 1, 2023 – December 31, 2023 (12 months)</i>	<i>Y/A 2023</i>	<i>Due date March 15, 2024</i>

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- (ii) *Alpha Omega Limited wishes to revert to a year-end date of December after using a previous permitted accounting period ending on January 31. The PAP01 application for the change was filed on October 7, 2021. The company, by their actions, having come to the conclusion that the Commissioner General had not responded, proceeded in filing their return on March 15, 2022 for the Y/A 2021 covering the period February 1, 2020 – January 31, 2021.*

When should Alpha Omega Limited make an application to TAJ for a change to revert to the default filing year end of December 31st in 2021? Did they take the correct action in filing their tax returns for Y/A 2021? What instructions did the CG give in response to their request?

TAJ's response:

In moving from a previously approved PAP to a December 31st year end Alpha Omega Limited must submit its application not less than 60 working days before the start of the proposed accounting period. Counting 60 working days (i.e. excluding all weekend and public holidays) back from the proposed start of the transitional period of Monday, January 1, 2021 would fall on **Thursday, October 7, 2021***

January 2022 - No days included

December 2021 - 22 days included

November 2021 - 22 days included

October 2021 - 16 days included

*[*86 Calendar days' minus 12 Saturdays, 12 Sundays, 2 Public Holidays.]*

*Therefore, Alpha Omega Limited must have made an application to revert to a December 31st year end on or before **Thursday, October 7, 2021** to meet the specified time for submission.*

*Having not read their web messages in its TAJ eservices account Alpha Omega Limited was not aware that the CG had granted their approval to revert to a December 31st effective in Y/A 2021. **(All such requests are processed and the taxpayers are advised of the outcome through their eservices account.)** Alpha Omega Limited went ahead and filed their last return ending January 31, 2021.*

Despite the application being submitted within the specified time, and the company had already filed its return for the Y/A 2021 using the previous PAP, the CG will revise its original instruction to Alpha Omega Limited and have them make the transition a year later. Therefore, they will be required to file a transitional return for the Y/A 2022 to include the eleven (11) months for the transitional period February 1, 2021 – December 31, 2021 and the 12 months for the period January 1 2022 – December 31, 2022. Therefore, the transitional return would cover the entire period from February 1, 2021 – December 31, 2022 (23 months) and would have been due on or before March 15, 2024.

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<i>Last return filed</i>	<i>February 1, 2020 – January 31, 2021</i>	<i>Y/A 2021</i>	<i>Due date: March 15, 2022</i>
<i>Transitional Return with proposed accounting year end (i.e. transitional period) (Amended)</i>	<i>February 1, 2021 – December 31, 2022 (23 months)</i>	<i>Y/A 2022</i>	<i>Due date: March 15, 2023</i>
<i>Succeeding return with proposed accounting year end</i>	<i>January 1, 2023– December 31, 2023 (12 months)</i>	<i>Y/A 2023</i>	<i>Due date: March 15, 2024</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>January 1, 2024 – December 31, 2024 (12 months)</i>	<i>Y/A 2024</i>	<i>Due date: March 15, 2025</i>

Question 1C: When to apply for a change from a default period to a PAP?

RST Limited who has been using a January – December year end decides to change its accounting year to a March - February period. They filed their last return for the year of assessment 2021 covering the period January 1, 2021 – December 31, 2021 on March 15 2022.

When should they make an application for the change? What instructions should the CG give in response to their request?

TAJ's response:

In moving from a December 31st year end to a date other than December 31st RST Limited should make an application to the Commissioner General no less than 60 working days from the start of the proposed accounting period, i.e. from March 1, 2022.

Counting 60 working days (i.e. excluding all weekend and public holidays) but including Tuesday, March 1, 2022 would fall on **Monday, December 6, 2021**.*

*March 2022 – No days included
February 2022 - 20 days included
January 2022 - 21 days included
December 2021 - 19 days included*

*[*85 Calendar days' minus 12 Saturdays, 12 Sundays, 1 Public Holiday.]*

*Therefore, RST Limited must make an application to move from a December 31st year end to a March 31st year end on or before **Monday, December 6, 2021** to meet the specified time for submission.*

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RST Limited is currently using a default year-end and is requesting the use of a year-end that falls early in the next tax year. In this instance, there will be a transitional period of January 1, 2022 to February 28, 2022 which the CG will instruct the company to make a return to cover to ensure continuity in the filing requirement. The taxpayer would be required to file a return with less than three (3) months in the transitional period and then resume filing a 12-month period thereafter ending on the new accounting year end. The CG will instruct them to file their returns as is indicated below.

Last return filed	January 1, 2021 – December 31, 2021 (12 months)	Y/A 2021	Due date: March 15, 2022
Next return with proposed accounting year end (transitional period)	January 1, 2022 – February 28, 2022 (2 months)	Y/A 2022	Due date: March 15, 2023
Succeeding return with proposed accounting year end	March 1, 2022 – February 28, 2023 (12 months)	Y/A 2023	Due date: March 15, 2024
Next succeeding return with proposed accounting year end	March 1, 2023– February 29, 2024 (12 months)	Y/A 2024	Due date: March 15, 2025

Illustration 2: Omission of Tax Year

If a taxpayer has been using January – December up to 2019, then decides to change to March to February. His next set of accounts would be January 2020 – February 2021, a fourteen-month period. Notice that his accounting year would end in 2021 and therefore the Y/A would be 2021 due March 15th 2022.

There would be an omission in the filing dates as the change would result in no return being filed for Y/A 2020.

Old Period	New Period	Y/A	Due date
Jan 2019 – Dec 2019		2019	March 15, 2020
	Jan 2020 – Feb 2021	2021	March 15, 2022

Missing
tax year -
2020

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Therefore, ideally the taxpayer must pro rate his earnings and file returns for 2020 and 2021.

In accordance with Section 6(4) of the ITA the departure year as determined by the CG will include any interval between the end of the old accounting period and the commencement date of the new permitted accounting period. In this case the year of departure is Y/A 2020 and the return for 2020 would consist of the pro-rata share of profit of 2/14th of the profits for the period January 2020 to February 2020.

<i>Last return filed</i>	<i>January 1, 2019 – December 31, 2019</i>	<i>Y/A 2019</i>	<i>Due date March 15, 2020</i>
<i>Next return with proposed accounting year end (transitional period)</i>	<i>January 1, 2020– February 28, 2020 (2 months)</i>	<i>Y/A 2020</i>	<i>Due date March 15, 2021</i>
<i>Succeeding return with proposed accounting year end</i>	<i>March 1, 2020– February 28, 2021(12 months)</i>	<i>Y/A 2021</i>	<i>Due date March 15, 2022</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>March 1, 2021– February 28, 2022 (12 months)</i>	<i>Y/A 2022</i>	<i>Due date March 15, 2023</i>

Illustration 3: Previous PAP ending later in the year now reverting to default period.

The taxpayer was granted approval to its filing returns outside the statutory filing period ending 31st December. The taxpayer's most recent return was filed for Y/A 2020 covering the period December 2019 to November 2020 and which was due on or before March 15th 2021. The taxpayer has now made a request to the CG to revert to the statutory filing period ending 31st December.

What will be the basis periods and what ruling will the CG apply in determining the date of departure?

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TAJ's response:

	<i>Basis Period</i>	<i>Year of Assessment</i>	<i>Due date</i>
<i>Last return filed (Original Permitted Accounting Period)</i>	<i>December 1, 2019 – November 30, 2020</i>	<i>Y/A 2020</i>	<i>March 15, 2021</i>
<i>Next return with proposed accounting year end (transitional period)</i>	<i>December 1, 2020– December 31, 2021 (13 months):</i>	<i>Y/A 2021</i>	<i>March 15, 2022</i>
<i>Succeeding return with proposed accounting year end</i>	<i>January 1, 2022– December 31, 2022 (12 months)]</i>	<i>Y/A 2022</i>	<i>March 15, 2023</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>January 1, 2023– December 31, 2023 (12 months)]</i>	<i>Y/A 2023</i>	<i>March 15, 2024</i>

To determine where the excess profits should be included you need to determine the year of departure. The following rule will be applied in determining the year in which the departure took place: This is the earlier of the Y/A in which falls:

- (i) The date to which the old permitted accounting period should have been made up to (i.e. the end of the old accounting period - November 30, 2020 – Y/A 2020)
- (ii) the commencement date to which the new permitted accounting (i.e. December 1, 2021- Y/A 2021)

The old permitted accounting period would have ended November 30, 2020 falling within Y/A 2020 and the commencement date of the new permitted accounting date is December 1, 2020, falling within Y/A 2021.

In identifying the year of departure the Commissioner General determined that this occurred in the year 2021 and is viewed as a transitional period. The transitional period is the practical mechanism which is applied in order to facilitate the operation of the permitted accounting period. In this case, the Commissioner General determined that amending the 2020 return to include the transitional period of one (1) month (i.e. December 1, 2020– December 31, 2020) will not be in the best interest of the taxpayer and the Revenue.

Therefore, the CG's has determined that the Y/A 2021 is the year of departure with a basis period of thirteen (13) months. This will include the transitional period of December 1, 2020– December 31, 2020 in addition to the 12 months ending December 31, 2021. The succeeding Y/A is 2022 where the taxpayer will return to a 12-month interval commencing its next accounting period on

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January 2022 and ending December 2022 and continue thereafter to make up accounts for the 12 months ending 31st day of December.

Where the change in permitted accounting date is to revert to a default date of December 31st then the profits will be a basis period exceeding 24 months in total for the Y/As of year of departure and the succeeding Y/A.

Illustration 4: Previous PAP ending earlier in the year, now reverting to default period.

The taxpayer had been filing returns outside the statutory filing period ending 31st December. The taxpayer's most recent return was filed for Y/A 2021 covering the period February 2020 to January 2021 and which was due on or before March 15th 2022. The taxpayer has now made a request to the CG to revert to the statutory filing period ending 31st December.

What will be the basis periods and what ruling will the CG apply in determining the date of departure?

TAJ's response:

	Basis Period	Year of Assessment	Due date
Last return filed (Original Permitted Accounting Period)	February 1, 2020 – January 31, 2021	Y/A 2021	March 15, 2022
Next return with proposed accounting year end (transitional period)	February 1, 2021– December 31, 2022 (23 months): [February 1, 2021– December 31, 2021 (11 months) January 1, 2022– December 31, 2022 (12 months)]	Y/A 2022	March 15, 2023
Succeeding return with proposed accounting year end	January 1, 2023– December 31, 2023 (12 months)]	Y/A 2023	March 15, 2024
Next succeeding return with proposed accounting year end	January 1, 2024– December 31, 2024 (12 months)]	Y/A 2024	March 15, 2025

To determine where the excess profits should be included you need to determine the year of departure (transitional period). The following rule will be applied in determining the year in which the departure took place: This is an interval between:

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- (i) *The date to which the old permitted accounting period should have been made up to (i.e. the end of the old accounting period - January 31, 2021- Y/A 2021)*
- (ii) *the commencement date to which the new permitted accounting (i.e. January 1, 2022- Y/A 2022)*

The old permitted accounting period would have been made up to January 31, 2021 and the commencement date of the new permitted accounting date is January 1, 2022 falling within Y/A 2022. In identifying the year of departure the Commissioner General determined that this occurred in the year 2022 and is viewed as a transitional period. The transitional period is the practical mechanism which is applied in order to facilitate the operation of the permitted accounting period. In this case, the Commissioner General determined that amending the 2021 return to include the transitional period of February 1, 2021– December 31, 2021 will not be in the best interest of the taxpayer.

Therefore, the CG's has determined that the Y/A 2022 is the year of departure with a basis period of twenty-three (23) months. This will include the transitional period of February 1, 2021– December 31, 2021 in addition to the 12 months ending December 31, 2022. The succeeding Y/A is 2023 where the taxpayer will return to a 12-month interval commencing its next accounting period on January 1, 2023 and ending December 31, 2023, the next succeeding year January 1, 2024 and ending December 31, 2024 and thereafter continue to make up accounts for the 12 months ending 31st day of December.

Where the change in permitted accounting date is to revert to a default date of December 31st then the profits will always cover a basis period exceeding 24 months in total for the Y/As of year of departure and the succeeding Y/A.

Illustration 5: Changing to another permitted accounting period and applying a later departure date

Under One Roof Limited has submitted an application on May 8, 2020 to change its permitted accounting year end from 31st July to 30th September. The Commissioner General accepted their request and approval was granted on June 1, 2020 for them to change to a new permitted accounting period. Under One Roof Limited went ahead and filed their 2020 return covering the basis period August 1 2019 to July 31, 2020. The next return to be filed will cover the Y/A 2021.

What ruling did the CG apply in determining the date of departure and what was the basis period for the departure year, succeeding year and next succeeding year?

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TAJ's response:

	<i>Basis Period</i>	<i>Year of Assessment</i>	<i>Due date</i>
<i>Last return filed (Original Permitted Accounting Period)</i>	<i>August 1, 2019 – July 31, 2020</i>	<i>Y/A 2020</i>	<i>March 15, 2021</i>
<i>Next return with proposed accounting year end (transitional period)</i>	<i>August 1, 2020– September 30, 2021 (14 months):</i> [August 1, 2020– September 30, 2020 (2 months) October 1, 2020– September 30, 2021 (12 months)]	<i>Y/A 2021</i>	<i>March 15, 2022</i>
<i>Succeeding return with proposed accounting year end</i>	<i>October 1, 2021– September 30, 2022(12 months)</i>	<i>Y/A 2022</i>	<i>March 15, 2023</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>October 1, 2022– September 30, 2023 (12 months)</i>	<i>Y/A 2023</i>	<i>March 15, 2024</i>

To determine where the excess profits should be included you need to determine the year of departure. The following rule will be applied in determining the year in which the departure took place: This is the earlier of the Y/A in which falls:

- (i) The date to which the old permitted accounting period should have been made up to (i.e. the end of the old accounting period – July 31, 2020 – Y/A 2020)
- (ii) the commencement date to which the new permitted accounting (i.e. August 1, 2020- Y/A 2021)

Therefore, in accordance with Section 6(4) of the ITA the departure year as determined by the CG will include any interval between the end of the old accounting period and the commencement date of the new permitted accounting period.

In identifying the year of departure the Commissioner General determined that this occurred in the year 2021 and is viewed as a transitional period. The transitional period is the practical mechanism which is applied in order to facilitate the operation of the permitted accounting period. In this case, the Commissioner General determined that amending the 2020 return to include the transitional period of two (2) months (i.e. August 1, 2020– September 30, 2020) will not be in the best interest of the taxpayer and the Revenue.

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Therefore, the CG's has determined that the Y/A 2021 is the year of departure with a basis period of fourteen (14) months. This will include the transitional period of August 1, 2020– September 30, 2020 in addition to the 12 months covering the period October 1, 2020– September 30, 2021. The succeeding Y/A is 2022 where the taxpayer will adopt the approved permitted accounting period commencing its next accounting period on October 1, 2021 and ending September 30, 2022 and continue thereafter to make up accounts for the 12 months ending 30th day of September.

Illustration 6: Changing to another permitted accounting period and applying earlier departure date (prevents a missing tax year)

The taxpayer has submitted an application on May 8 2019 to change its permitted accounting period from 31st July to 31st March to commence filing his return as such from the year of assessment 2021. The last return filed covered the period August 1, 2018 – July 31, 2019

What would be the basis period for the year of departure, the succeeding year and the next succeeding year and what ruling would the CG apply in determining the date of departure?

TAJ's response:

Old Period	New Period	Y/A	Due date
August 1, 2018 – July 31, 2019		2019	March 15, 2020
	August 1, 2019 – March 31, 2021 (20 months)	2021	March 15, 2021

Missing tax year - 2020

If the Commissioner General yielded to the taxpayer's request to include 20 months on his 2021 return and then determined that the year of departure was 2021 then there would be an omission in the filing sequence for the Y/A 2020. The CG has the option to determine the accounting periods as he deems appropriate so that the 20 months' profits are assessed in 2020 and 2021 in any proportion.

The basis set out in the table below is the normal basis and will only be departed from in exceptional circumstances. Therefore, in accordance with Section 6(4) of the ITA the year of departure is Y/A 2020 so as not to miss a tax year. Therefore, in this case the year of departure determined will be Y/A 2020 and the transitional period will be assessed in 2020 covering the 8-month period from August 1 2019 – March 31, 2020. Therefore, in the Y/A 2020 profits covering less than 12 months will be assessed. **(see below)**

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	<i>Basis Period</i>	<i>Year of Assessment</i>	<i>Due date</i>
<i>Last return filed (Original Permitted Accounting Period)</i>	<i>August 1, 2018 – July 31, 2019</i>	<i>Y/A 2019</i>	<i>March 15, 2020</i>
<i>Next return with proposed accounting year end (transitional period)</i>	<i>August 1, 2019 – March 31, 2020 (8 months):</i>	<i>Y/A 2020</i>	<i>March 15, 2021</i>
<i>Succeeding return with proposed accounting year end</i>	<i>April 1, 2020 – March 31, 2021 (12 months)</i>	<i>Y/A 2021</i>	<i>March 15, 2022</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>April 1, 2021– March 31, 2022 (12 months)</i>	<i>Y/A 2022</i>	<i>March 15, 2023</i>

Illustration 7: Changing to another permitted accounting period and applying earlier departure date (prevents a missing tax year)

The taxpayer has submitted an application on May 1, 2020 to change its permitted accounting year end from 31st July to 28th February. The last return filed covered the basis period August 1 2019 to July 31, 2020. The taxpayer is proposing that the first return with the new proposed date will cover the period ending on February 28, 2022.

What ruling will the CG apply in determining the date of departure and what will be the basis period for the departure year, succeeding year and next succeeding year?

TAJ's response:

<i>Old Period</i>	<i>New Period</i>	<i>Y/A</i>	<i>Due date</i>
<i>August 1, 2019 – July 31, 2020</i>		<i>2020</i>	<i>March 15, 2021</i>
	<i>August 1, 2020 – February 28, 2022 (19 months)</i>	<i>2022</i>	<i>March 15, 2021</i>

Missing
tax year -
2021

If the Commissioner General yielded to the taxpayer's request and determined that the year of departure was 2022 then there would be an omission in the filing sequence for the Y/A 2021. The Commissioner General will instruct the taxpayer to transition earlier, that is in the Y/A 2021 so as to ensure that there are no missing tax returns. The taxpayer will be advised of the basis period

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to be used and the due date of the returns associated with each year of assessment as indicated in the table below.

	<i>Basis Period</i>	<i>Year of Assessment</i>	<i>Due date</i>
<i>Last return filed (Original Permitted Accounting Period)</i>	<i>August 1, 2019 – July 31, 2020</i>	<i>Y/A 2020</i>	<i>March 15, 2021</i>
<i>Next return with proposed accounting year end (transitional period)</i>	<i>August 1, 2020 – February 28, 2021 (7 months):</i>	<i>Y/A 2021</i>	<i>March 15, 2022</i>
<i>Succeeding return with proposed accounting year end</i>	<i>March 1, 2021 – February 28, 2022 (12 months)</i>	<i>Y/A 2022</i>	<i>March 15, 2023</i>
<i>Next succeeding return with proposed accounting year end</i>	<i>March 1, 2022 – February 28, 2023 (12 months)</i>	<i>Y/A 2023</i>	<i>March 15, 2024</i>

Where the change is to a date earlier in the year to 31st December than the original permitted accounting period then there will be less than 24 months' profits to be assessed in the year of assessment in which the departure took place and the succeeding year. The CG has an option to determine the accounting periods as he deems appropriate so that the 19 months are assessed in 2021 and 2022 in any proportion.

Therefore, in accordance with Section 6(4) of the ITA the departure year as determined by the CG will include any interval between the end of the old accounting period and the date the commencement of the new permitted accounting period. In this case the year of departure is Y/A 2021 and the departure period will be assessed in 2021. The basis period for that year will be apportioned 7 months and the next 12 months in Y/A 2022 and the next succeeding year is Y/A 2023.

Illustration 8a: Date of incorporation and trading date differs & 1st set of accounts >12 mths

Taxpayer 1 is body corporate incorporated under the Companies Act of Jamaica on May 1, 2018.

They did not file a return from the date of incorporation on May 1, 2018. Taxpayer 1 was of the opinion that it was not necessary since no trading activities had begun until March 1, 2019 and also intends to use an accounting year ending June 30. Taxpayer 1 attempted to file its first return electronically on March 15, 2021 starting from the commencement of trading with financial data

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covering a 14-month accounting period (i.e. May 1, 2018 to June 30, 2019). However, the on-screen instruction shown in the filing portal advised them that a return should be filed for Y/A 2018.

The taxpayer is uncertain as to its requirement to file a return from the date of incorporation. How should the CG respond?

TAJ's response:

Section 71A of the ITA requires that Taxpayer 1 file its income tax return regardless of whether or not it is liable to pay income tax in respect of that year of assessment or has income from any source for that year of assessment. Where a person intending to use a permitted accounting period falls under Section 71A commenced trading activities in a subsequent year of assessment after its year of incorporation/registration, in order to meet the requirements of Section 71A, the first return, and any outstanding return since coming under Section 71A, should be aligned to the permitted accounting period being requested.

Therefore, since Taxpayer 1 is requesting a permitted accounting period it would be required to file its 2018 return from the date of incorporation, aligning it to the June 30 year-end proposed. The first set of accounts for a 14-month period as at commencement must be realigned to a June 30th year end which would cover the period of trading as well as the periods of non-trading. Therefore, Taxpayer 1 will need to file its first set of accounts and separate the 14-month period into two separate returns. The first return will cover a two-month period from May 1, 2018 to June 30, 2018 (Nil return -no trading) and the remaining 12 months for the period July 1, 2018 to June 30, 2019. (including months of no trading). Thereafter the normal 12-month period ending on June 30th. **(see below)**

01.05.2018 to 30.06.2018	2 months	NIL RETURN (No trading)	Y/A 2018	Due date March 15,2019
01.07.2018 to 28.02.2019 <u>01.03.2019 to 30.06.2019</u> (01.07.2018 to 30.06.2019)	8 months <u>4 months</u> <u>12 months</u>	No trading Trading	Y/A 2019	Due date March 15,2020
01.07.2019 to 30.06.2020	12 months	Trading	Y/A 2020	Due date March 15,2021

Illustration 8b: Date of incorporation and trading date differs & 1st set of accounts <12 mths.

XYZ company was incorporated on October 7, 2021. The company's representative has submitted a PAP01 application on May 10, 2022 requesting the use of a permitted accounting year end of August 31. TAJ was advised via an email on May 17, 2022 that there was no trading activity during the period October 7, 2021 to December 31, 2021. The actual start date for trading activity was January 1, 2022. The representative is of the opinion that it is not necessary to file a return for 2021 since no trading activities commenced since its incorporation.

How should the CG respond to such a request for the use of a permitted accounting period?

TAJ's response:

*XYZ Company's application for approval to use a year end date of August 31 will be denied and the taxpayer will be advised to proceed in filing its first return and adopt the year end it intends to use (**see table overleaf**). The CG has issued his instructions that a newly registered business (NRB) who has not yet filed its first return and intends to use a date other than the 31st December that such entities need not complete the PAP01 application. In accordance with Paragraph 35 of this PN, the company will be required to file its first return which then becomes the de facto application.*

Section 71A of the ITA requires that XYZ Company should file its income tax return regardless of whether or not it is liable to pay income tax in respect of that year of assessment or has income from any source for that year of assessment. The company, despite being a NRB, still falls under Section 71A of the ITA and would be required to file its first return from the date incorporation. All the applicable provisions (Section 67) regarding the filing of the return will be enforced. Where a person falls under Section 71A in a year of assessment and commenced trading activities in a subsequent year of assessment, in order to meet the requirements of Section 71A, the first return, and any outstanding return since coming under Section 71A, must be aligned to the permitted accounting period being requested. The first set of accounts will cover the 11-month period ²October 1, 2021 to August 31, 2022.

Based on the rules of interpretation, the critical date is the date of incorporation/ registration because it is at that date that the obligation to file begins. As such, even though XYZ Company commenced trading in the following year they will be obliged to file for the year of assessment of

² Notwithstanding the incorporation date of October 7 for the purposes of establishing a basis period for reporting income the first day of the month will be used. i.e. October 1.

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their incorporation and continue filing for any subsequent years, using the permitted accounting period identified, even if trading has still not commenced.

Therefore, XYZ Company must file its first return with an accounting period of 11 months ending on August 31, 2022. This first return must also include the periods of non-trading activity (October 1, 2021 to December 31, 2021). Thereafter, XYZ Company will continue to file a 12 month return ending on 31st August of each year.

Y/A 2022	01.10.2021 to 31.12.2021 01.01.2022 to 31.08.2022	3 months 8 months	No trading Trading	Due date 15.03.2023
Y/A 2023	01-09-2022 to 31.08.2023	12 months	Trading	Due date 15.03.2024
Y/A 2024	01-09-2023 to 31.08.2024	12 months	Trading	Due date 15.03.2025

Illustration 9a: Date of incorporation and trading date same & 1st set of accounts >12 mths.

Cul-de-sac Company Limited was incorporated on March 1, 2019 and started trading activities on the same date. The taxpayer intends to use an accounting year ending June 30 and its first set of accounts to cover 16 months. The taxpayer attempted to file its first return electronically on March 10, 2021 starting from the commencement of trading with a 16-month accounting period but the instruction shown on the screen in the filing portal advised that it must apportion the first set of accounts into two separate returns.

The taxpayer is still uncertain about the apportionment and separation into 2 separate returns. The taxpayer telephoned the Technical Specialists Unit to get advise on how this should be done.

TAJ's response:

Cul-de-sac Company would be required to apportion its first set of accounts of 16-month period as at commencement into two separate returns as is required under Section 6 (3) ITA.

Section 71A of the ITA requires that Cul-de-sac Company should file its income tax return regardless of whether or not it is liable to pay income tax in respect of that year of assessment or has income from any source for that year of assessment. The company, despite being a NRB, still falls under Section 71A of the ITA and would be required to file its first return from the date

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incorporation. All the applicable provisions (Section 67) regarding the filing of the return will be enforced. Where a person falls under Section 71A in a year of assessment and commenced trading activities in a subsequent year of assessment, in order to meet the requirements of Section 71A, the first return, and any outstanding return since coming under Section 71A, must be aligned to the permitted accounting period being requested. The first set of accounts will cover the 16-month period March 1, 2019 to June 30, 2020.

*Section 6 provides that the return for a NRB should be split and the CG has agreed that in adhering to the filing requirement under Section 71A of ITA the 1st return should be the shorter months and the 2nd return the 12 month-period. **(see table below)** The first return will late and the CG has also agreed that, providing the 2nd of the two returns is filed on time the charges under Section 71B will be waived.*

Paragraph 73 of the Practice Note provides that “... an entity is allowed to adopt a PAP which results in a transitional period of more or less than 12 months. In such instances in order to ensure that the law and the administrative systems are in accord the CG will allow and accept a transitional return with a basis period outside the 12-month criteria.

The CG will allow and accept a transitional return with a basis period outside the normal 12-month criteria and any outstanding return since coming under Section 71A, should be aligned to the permitted accounting period being requested.

Y/A 2019	01.03.2019 to 30.06.2019	4 months	Due date 15.03.2020	1 st return
Y/A 2020	01.07.2019 to 30.06.2020	12 months	Due date 15.03.2021	2 nd Return

Illustration 9b: Date of incorporation and trading date same & 1st set of accounts <12 mths.

Jack Sprat Company Limited was incorporated on September 1, 2021 and started trading activities on the same date. The taxpayer intends to use an accounting year ending June 30 and on April 5, 2022 submitted a PAP01 application seeking permission to use such date.

What advice would TAJ provide to this taxpayer?

TAJ's response:

Jack Sprat Company application for approval to use a year end date of June 30 will be denied and the taxpayer will be advised to proceed in filing its first return and adopt the year end he intends to use. The CG has issued his instructions that a newly registered business (NRB) who has not yet filed its first return and intends to use a date other than the 31st December that such entities need not complete the PAP01 application. In accordance with Paragraph 35 of this PN, the company will be required to file its first return which then becomes the de facto application.

Section 71A of the ITA requires that Jack Sprat Company should file its income tax return regardless of whether or not it is liable to pay income tax in respect of that year of assessment or has income from any source for that year of assessment. The company, despite being a NRB, still falls under Section 71A of the ITA and would be required to file its first return from the date of incorporation. All the applicable provisions (Section 67) regarding the filing of the return will be enforced. Where a person falls under Section 71A in a year of assessment and commenced trading activities in a subsequent year of assessment, in order to meet the requirements of Section 71A, the first return, and any outstanding return since coming under Section 71A, must be aligned to the permitted accounting period being requested.

The company will be faced with a transitional period of less than 12 months as the first set of accounts will cover the 10-month period September 1, 2021 to June 30, 2022. To ensure that the law and the administrative systems are in accord the CG will allow and accept a transitional return with a basis period outside the normal 12-month criteria and any outstanding return since coming under Section 71A, should be aligned to the permitted accounting period being requested.

Therefore, the company would be required to file its first set of accounts of 10-month covering the period of commencement to the year-end indicated. Thereafter, a return covering a 12-month period ending in the permitted accounting period adopted.

01.09.2021 to 30.06.2022	10 months	Y/A 2022	Due date March 15, 2023
01.07.2022 to 30.06.2023	12 months	Y/A 2023	Due date March 15, 2024
01.07.2023 to 30.06.2024	12 months	Y/A 2024	Due date March 15, 2025

Illustration 10: No prior approvals. Change requested to synchronize with parent

A parent company has been using an unapproved permitted accounting period ending September, which they have been using more than 10 years ago. At the time of the publication of the original Practice Note on July 1, 2019 the parent company revealed to the Commissioner General that they have been using a permitted accounting period without prior approval. It has now acquired controlling shares in another company. The new subsidiary has been using an unauthorized accounting period ending March. The parent company has made a formal request to change the accounting period of the subsidiary company to synchronize with the year-end being used by them and it PAP01 application has met the conditions for consideration.

TAJ's response:

Both companies made unauthorized changes and have been using accounting year-ends other than 31st day of December. The parent company's request to change the subsidiary's accounting period to synchronize with theirs was carefully considered by the CG. The decision was taken that at this time the change was necessary. The CG will ratify the unauthorised change made by the parent when it used a September year-end and also approve the request for a permitted accounting period for the subsidiary given the following circumstances:

- The parent is synchronizing the year-end of its subsidiary to correspond with its own*
- The Revenue is not disadvantaged by the change requested. The change to September by the subsidiary has not affected the due date of the return.*

Given the length of time in which the unauthorized changes have been continuing without early detection by TAJ, in good faith, the CG has enforced the provision of Section 6(2) of the ITA and will ratify the change made by the parent 10 years ago. Any further changes by either of the two companies must follow the procedures as laid out in paragraphs 46-53 of the Practice Note.

Illustration 11: Individual with multiple sources of income, including emoluments requesting a PAP

An individual in receipt of emoluments and self-employment income from a trade, business, or profession, has been using January – December up to Y/A 2018, to account for taxes on all sources of income. On October 1, 2018 the taxpayer applied for the use of a permitted accounting year end of June 30th, effective for Y/A 2019. His return for Y/A 2018 was duly filed on March 15, 2019.

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Was the application submitted within the required submission time? What instructions should TAJ provide to the taxpayer in receipt of emoluments and self-employment?

TAJ's response:

A taxpayer that is already registered to file income tax returns and is currently using a permitted accounting period must submit a PAP01 application to TAJ no less than 60 working days before the start of the proposed new accounting period or the transitional period. In this case the transitional period will begin on January 1, 2019.

Counting 60 working days (i.e. excluding all weekend and public holidays) but excluding Friday, would fall on **Thursday, October 4, 2018**.*

January 2019 - No days included

December 2018 - 19 days included

November 2018 - 22 days included

October 2018 - 19 days included

*[*89 Calendar days' minus 13 Saturdays, 13 Sundays, 3 Public Holidays.]*

*Therefore, taxpayer must make his application to change to a PAP on or before **Thursday, October 4, 2018** to meet the specified time for submission. The application submitted on October 1, 2018 met the required submission period. The returns filed must include his emoluments for the calendar year in which the permitted accounting period ends.*

Last return filed	January 1, 2018 - December 1, 2018 (12 months)	Y/A 2018	Due date March 15, 2019
Next return (Transitional return) with proposed accounting year end (transitional period)	January 1, 2019– June 30, 2019 (6 months)	Y/A 2019	Due date March 15, 2020
Succeeding return with proposed accounting year end	July 1, 2019 – June 30, 2020 (12 months)	Y/A 2020	Due date March 15, 2021
Next succeeding return with proposed accounting year end	July 1, 2020 – June 30, 2021 (12 months)	Y/A 2021	Due date March 15, 2022

The individual taxpayer would therefore be permitted to account for tax on profits of the business for the transitional period January 2019 to June 2019, however the emoluments would continue to be accounted for the period January 2019 to December 2019, with return due on or before March 15, 2020. The applicable threshold for Y/A 2019 for all sources of income will be \$1,500,096. Taxpayer would be entitled to PAYE tax credit deducted by employer for January to

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December 2019 as evidenced by a P24 which is always prepared on a calendar year basis. The next permitted accounting period would be July 2019 to June 2020 where the emoluments for the period January to December 2020 would be accounted for with the corresponding Y/A 2020 threshold of \$1,500,096. (See table below)

Transitional Period (to include annual emoluments)		Y/A	Due date
Self-employment income	Emoluments (& PAYE Credit)	2019	March 15, 2020
Jan 1, 2019 to June 30, 2019 (6 months)	January 2019 to December 2019 (12 months)		
Succeeding Year of Assessment (to include annual emoluments)		2020	March 15, 2021
July 1, 2019 to June 30, 2020 (12 months)	January 2020 to December 2020 (12 months)		
Next Succeeding Year of Assessment (to include annual emoluments)		2021	March 15, 2022
July 1, 2020 to June 30, 2021 (12 months)	January 2021 to December 2021 (12 months)		

For individuals with business income and employment income, requesting the use of a permitted accounting period they must include the **full emoluments earned for the calendar year in which the permitted accounting period ends**. The CG **will not allow apportionment of emoluments and associated PAYE credits** when accounting for the profits and gains³. In determining the liability, the income tax threshold relevant to that Y/A must be used. Take note that emoluments normally accrue on a monthly basis and must be accounted for in a Y/A.

Illustration 12: Individual with multiple sources, including emoluments, reverting to default period

Peter Rabbitson is in receipt of emoluments and self-employment income from a trade has been using a July – June permitted accounting period, to account for taxes on all sources including emoluments. Last return filed for the period July 2018 to June 2019. On September 15, 2019 Peter

³ As of the original publication date of this PN on July 1, 2019 the CG no longer allows individuals to apportion emoluments and PAYE credits.

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applied to revert to a December year end, effective for Y/A 2020.

What instructions would the CG provide to Peter Rabbitson?

TAJ's response:

Last return filed	July 1, 2018 June 30, 2019 (12 months)	Y/A 2019	Due date March 15, 2020
Next return (Transitional return) with proposed accounting year end (transitional period)	July 1, 2019– December 31, 2020 (18 months): [July 1, 2019– June 30, 2020 (12 months) July 1, 2020 – December 31, 2020 6 months]]	Y/A 2020	Due date March 15, 2021
Succeeding return with proposed accounting year end	January 1, 2021– December 31, 2021 (12 months)	Y/A 2021	Due date March 15, 2022
Next succeeding return with proposed accounting year end	January 1, 2022– December 31, 2022 (12 months)	Y/A 2022	Due date March 15, 2023

Peter would therefore be permitted to account for tax on profits for the 18-month period July 2019 to December 2020, with return due on or before March 15, 2021. If the emolument was prorated over a July – June permitted accounting period, Peter would account for emoluments and PAYE credit for July 2019 to December 2020 in the year of change (i.e. 2020). Emoluments & PAYE credit for the period July 2019 to December 2019 would be prorated using the information from the P24 for 2019. Emoluments & PAYE credit for January 2020 to December 2020 from the P24 for 2020. Peter will be permitted to account for unutilized PAYE credit for July to December 2019 against Y/A 2020 profits along with the PAYE credit for the twelve months ending December 2020. Thereafter taxpayer accounts for all sources of income on a calendar year basis. Applicable threshold against all sources is the Y/A 2020 threshold of \$1,500,096.

Transitional Period (to include annual emoluments)		Y/A	Due date
Self-employment income	Emoluments (& PAYE Credit)	2020	March 15, 2021
July 1, 2019– December 31, 2020 (18 months)	July 1, 2019 to December 31, 2019 January 1, 2020 to December		

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	31, 2020		
Succeeding Year of Assessment (to include annual emoluments)		2021	March 15, 2021
<i>January 1, 2021– December 31, 2021 (12 months)</i>	<i>January 2021 to December 2021 (12 months)</i>		
Next Succeeding Year of Assessment (to include annual emoluments)		2022	March 15, 2022
<i>January 1, 2022– December 31, 2022 (12 months)</i>	<i>January 2022 to December 2022 (12 months)</i>		

Where, under the old accounting period, Peter had apportioned his emoluments he must now account for the remaining emoluments in his 2020 return. This is in addition to emoluments earned during the period January to December 2020. The unutilized PAYE credit for the period July 2019 to December 2019, in addition to the PAYE credit from the emoluments earned for January to December 2020 will be credited to his 2020 return.⁴ Thereafter, Peter will no longer apportion his emoluments and PAYE credits and must return the full amount in the year it was earned.

⁴ This action is only available for individuals who had apportioned emoluments and PAYE credits prior to the original publication of this PN on July 1, 2019. Subsequent to the publication apportionment is no longer acceptable.

EXHIBITS

XXIX. Exhibits

Exhibit 1: How-to Request Permitted Accounting Period Approval via eservices

How-to Request Permitted Accounting Period Approval via eServices

A request for approval for a Permitted Accounting Period can be made on eServices by any taxpayer who desires to have his accounting period altered to another day other than December 31st (or to revert to the original filing date of December 31st if period was changed previously). **The request must be made at least 60 working days prior to the start of the proposed accounting period.**

Following submission of the request(s), an advisory will be sent via Letter of Approval / Rejection to the applicant after the request(s) has been processed by a TAJ Officer.

The following guides the process of requesting approval for Permitted Accounting Period (PAP) on eServices.

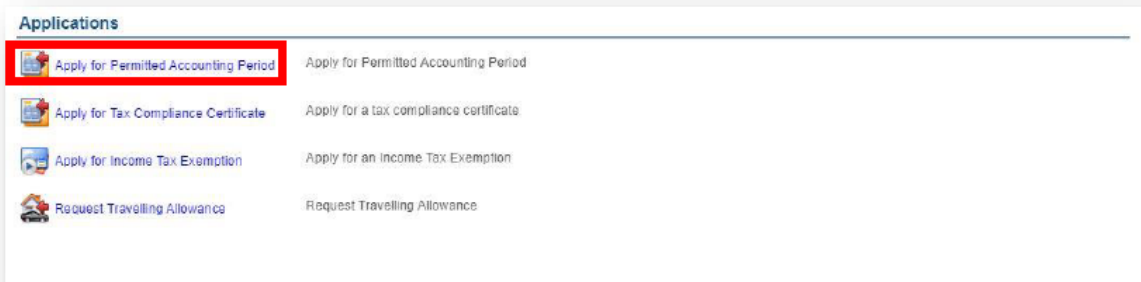
STEP 1 (Navigate to the 'Request Permitted Accounting Period Approval' Option)

SELECT [More Options](#) from eServices Home screen



STEP 2 (Initiate Permitted Accounting Period Request)

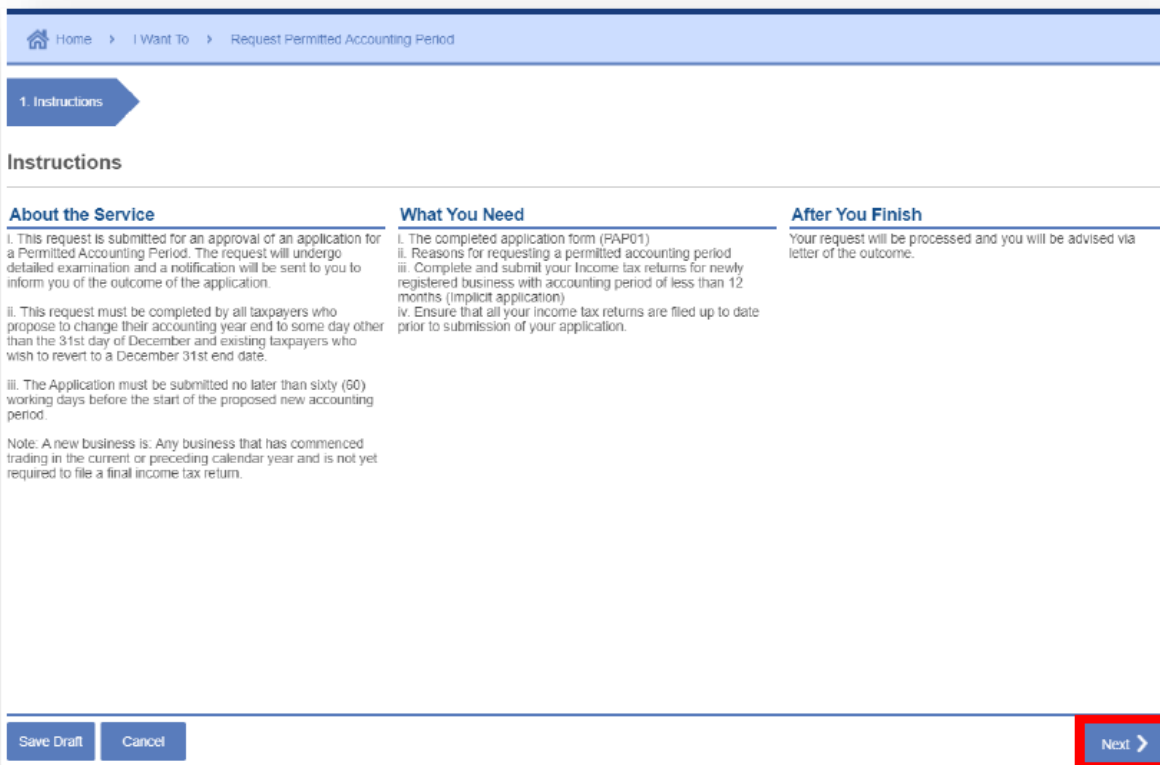
From the Applications header, SELECT  [Apply for Permitted Accounting Period](#)



Applications	
 Apply for Permitted Accounting Period	Apply for Permitted Accounting Period
 Apply for Tax Compliance Certificate	Apply for a tax compliance certificate
 Apply for Income Tax Exemption	Apply for an Income Tax Exemption
 Request Travelling Allowance	Request Travelling Allowance

STEP 3 (Review the Information Screen)

Read the instructions then CLICK  to proceed.



[Home](#) > [I Want To](#) > [Request Permitted Accounting Period](#)

1. Instructions

Instructions

About the Service

i. This request is submitted for an approval of an application for a Permitted Accounting Period. The request will undergo detailed examination and a notification will be sent to you to inform you of the outcome of the application.

ii. This request must be completed by all taxpayers who propose to change their accounting year end to some day other than the 31st day of December and existing taxpayers who wish to revert to a December 31st end date.

iii. The Application must be submitted no later than sixty (60) working days before the start of the proposed new accounting period.

Note: A new business is: Any business that has commenced trading in the current or preceding calendar year and is not yet required to file a final income tax return.

What You Need

i. The completed application form (PAP01)

ii. Reasons for requesting a permitted accounting period

iii. Complete and submit your Income tax returns for newly registered business with accounting period of less than 12 months (implicit application)

iv. Ensure that all your income tax returns are filed up to date prior to submission of your application.

After You Finish

Your request will be processed and you will be advised via letter of the outcome.

[Save Draft](#)
[Cancel](#)
[Next >](#)

STEP 4 (Enter General Information)

ENTER information, fill all 'required' fields. Then CLICK

Next >

Home > I Want To > Request Permitted Accounting Period

1. Instructions 2. SECTION A – GENERAL INFORMATION

SECTION A – GENERAL INFORMATION

Section A - General Information

Date of Application
06-May-2020

TRN
001-737-848

TaxPayer Name
TOP OF THE WORLD CARRY LTD

Branch
0

Telephone
876-369-9522

Email Address
lol@yahoo.com

Business Address
4 ARLINGTON AVE., KINGSTON
POST OFFICE, KINGSTON,
JAMAICA

Mailing Address same as Business Address
☐

Mailing Address
5 Tumeric Avenue, Kingston 12

Business Start Date
01-Jan-2009

State the Nature of the Business
Kingston

Type of Applicant
Un-Regulated Company

Is the Business New?
☐ Yes
☒ No

First Application?
☒ Yes
☐ No

Current Business Accounting Period Start Date
01-Jan-2020

Current Business Accounting Period End Date
31-Dec-2020

Year of Assessment for the last Annual Income Tax Return that was Filed
2019

Save Draft Cancel

< Previous Next >

N.B: Existing businesses will proceed to STEP 5A while new businesses will advance to Step 5B.

STEP 5A (Substantiate Request- For Existing Business)

INDICATE the reason for the request (Select at least one), then proceed to fill all required fields. Then, SELECT to  continue.

 Home > I Want To > Request Permitted Accounting Period

1. Instructions 2. SECTION A – GENERAL INFORMATION 3. SECTION B – REQUESTING APPROVAL FOR EXISTING BUSINESS

SECTION B – REQUESTING APPROVAL FOR EXISTING BUSINESS

Section B - Requesting Approval for Existing Business

Approval is Being Requested to

☒ Change to an Accounting Year End other than December 31st
 ☐ Revert to Statutory Filing Date ending December 31st

Proposed Accounting Period: Start Date End Date

01-Jun-2020 31-May-2021

Reason for Late Application

Change of owner

Business Accounting Period End Date for the Last Annual Income Tax Return that was Filed

31-Dec-2019

Indicate the Reason(s) for the request (select at least one)

☐ Synchronizing with local related company	TRN (Related Company)	Name of the local related company
☐ Synchronizing with overseas related company	State the name of the overseas related company	State the country of residence of the overseas company
☒ Business has a new owner and the Year End is being adjusted to reflect that of the other related Entity		Name of related Business
☐ To fulfil international filing requirement		Joyful Enterprise LTD
☐ Other Specify		






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STEP 5B (Substantiate Request- For NEW Business)

INDICATE the reason for the request (Select at least one), then proceed to fill all required fields. Then, SELECT  to continue.

 Home > I Want To > Request Permitted Accounting Period

1. Instructions
 2. SECTION A – GENERAL INFORMATION
 3. SECTION C – REQUEST FOR NEW BUSINESS

SECTION C – REQUEST FOR NEW BUSINESS

Section C - Requesting approval for New Businesses that intend to use a date other than 31st December

(This approval is applicable to Businesses for who First Accounts cover a period in excess of twelve (12) months and for whom these Accounts have not been prepared)

The Accounting Period Commenced on: 01-Apr-2020 

End date of the first account which will be filed: 30-Apr-2021 

Proposed Accounting Period: Start Date: 01-Jul-2021 

End Date: 30-Jun-2022 

Indicate the Reason(s) for the request (select at least one)

Reason for Late Application

☒ Synchronizing with local related company

TRN (Related Company): 000-000-000
 Name of the local related company: Jus Nut Enterprize LTD

☐ Synchronizing with an overseas related company

State the name of the overseas related company: 
 country of residence for the overseas related company: 

☐ Business has a new owner and the Year End is being adjusted to reflect that of the other related Entity

State the name of the related company: 

☐ To fulfil international requirements

☐ Other

Specify: 







STEP 6 (Affirm Declaration)

SELECT the checkbox to declare accuracy of information enter. Then **CLICK**  to continue.



The screenshot shows a web application interface for 'Request Permitted Accounting Period'. The breadcrumb trail is 'Home > I Want To > Request Permitted Accounting Period'. A progress bar at the top indicates four steps: 'Instructions', '2. SECTION A - GENERAL INFORMATION', '3. SECTION B - REQUESTING APPROVAL FOR EXISTING BUSINESS', and '4. Section E - DECLARATION'. The current step, 'Section E - DECLARATION', is highlighted. Below the progress bar, the text reads: 'I hereby declare that the responses provided on this application, to the best of my knowledge and belief, are true and correct.' A checkbox with a checkmark is visible. At the bottom, there are three buttons: 'Save Draft', 'Cancel', and 'Next >'. The 'Next >' button is highlighted with a red border.

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STEP 7 (Review Request)

Verify that all fields are filled with the correct information. Then  the application.

2. SECTION A – GENERAL INFORMATION

3. SECTION B – REQUESTING APPROVAL FOR EXISTING BUSINESS

4. Section E - DECLARATION

5. App Summary

App Summary

Section A - General Information

Date of Application
08-May-2020

TRN
001-737-848

TaxPayer Name
TOP OF THE WORLD CARRY LTD

Branch
0

Telephone
876-369-9522

Email Address
lol@yahoo.com

Business Address
4 ARLINGTON AVE., KINGSTON
POST OFFICE, KINGSTON,
JAMAICA

Mailing Address same as Business Address
☐

Mailing Address
5 Turneric Avenue, Kingtson 12

Business Start Date
01-Jan-2009

State the Nature of the Business
Kingston

Type of Applicant
Un-Regulated Company

Is the Business New?
☐ Yes
☒ No

First Application?
☒ Yes
☐ No

Current Business Accounting Period Start Date
01-Jan-2020

Current Business Accounting Period End Date
31-Dec-2020

Year of Assessment for the last Annual Income Tax Return that was Filed
2019

Section B - Requesting Approval for Existing Business

Approval is Being Requested to
☒ Change to an Accounting Year End other than December 31st
☐ Revert to Statutory Filing Date ending December 31st

Proposed Accounting Period: Start Date
01-Jun-2020

End Date
31-May-2021

Reason for Late Application
Change of owner

Business Accounting Period End Date for the Last Annual Income Tax Return that was Filed
31-Dec-2019

Indicate the Reason(s) for the request (select at least one)

☐ Synchronizing with local related company

TRN (Related Company)

Name of the local related company

☐ Synchronizing with overseas related company

State the name of the overseas related company

State the country of residence of the overseas company

☒ Business has a new owner and the Year End is being adjusted to reflect that of the other related Entity

Name of related Business
Joyful Enterprise LTD

☐ To fulfil international filing requirement

☐ Other Specify

Save Draft

Cancel

Previous

Submit

STEP 8 (Confirm Submission)

SELECT  on message pop-up to confirm submission.

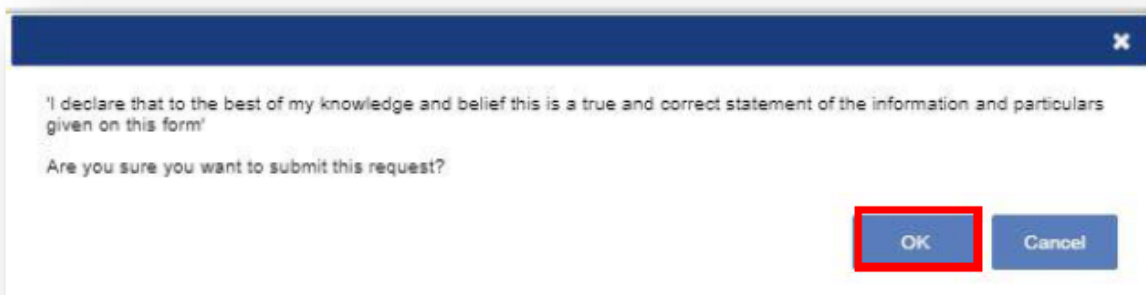


Exhibit 2: Application Form - Permitted Accounting Period (PAP01)

INCOME TAX ACT

APPLICATION FOR PERMITTED ACCOUNTING PERIOD**PAP01**

Date of Application

Year	Month	Day

General Instructions:

1. This Form **must** be completed by existing taxpayers who propose to change their accounting Year End to some day other than the 31st day of December **or** who wish to revert to the 31st day of December end date.
2. Application **must** be submitted no later than sixty (60) working days before the start of the proposed new accounting period.

Section A - General Information	
1. Taxpayer Name	2. Taxpayer's Registration Number
3. Business Address	4. Telephone Number
5. Mailing Address (if different from Business Address)	6. E-mail Address
7. Type of Applicant ☐ Regulated Company ☐ Building Society ☐ SEZ Developer-Occupant ☐ Un-Regulated Company ☐ Registered Charitable Organization ☐ Partner ☐ Life Assurance ☐ SEZ Developer ☐ General Partnership ☐ Industrial and Provident Society ☐ SEZ Occupant ☐ Trust Estate ☐ Self-Employed Person (Please note that employment income must be reported on a calendar year basis regardless of the accounting year end) ☐ Other (Specify) _____	
8. State the nature of the Business	
9. Business Start Date	
10. Current Business Accounting Period (see note 1 on page 3)	
Start Date	End Date
11. Year of Assessment for the last Annual Income Tax Return that was filed	12. First Application? ☐ Yes ☐ No
Section B - Request for Approval	
1. Approval is being requested to : ☐ Change to an Accounting Year End other than December 31st ☐ Revert to Statutory Filing Date ending December 31st	
2. Proposed Accounting Period : Start Date End Date	
3. Reason for late application (see note 2 on page 3):	
4. Business's Accounting Period's end date for the last Annual Income Tax Return that was filed :	
5. Indicate the reason(s) for the request (select at least one)	
☐ Synchronizing with local related company (see note 3 on page 3) Taxpayer Registration Number (related company) _____ State the name of the local related company	
☐ Synchronizing with an overseas related company _____ State the name of the overseas related company State the country of residence of the overseas related company	
☐ Business has a new owner and the Year End is being adjusted to reflect the Year End used by the other related Entity _____ State the name of the related business	

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Section B - Request for Approval "Continued".								
☐ To fulfill international filing requirements ☐ Other : (Specify) _____								
6. When was the last Application requesting a Permitted Accounting Period made? <table style="float: right; border-collapse: collapse;"> <tr> <td style="text-align: center; font-size: small;">Year</td> <td style="text-align: center; font-size: small;">Month</td> <td style="text-align: center; font-size: small;">Day</td> </tr> <tr> <td style="border: 1px solid black; width: 20px; text-align: center;"> </td> <td style="border: 1px solid black; width: 20px; text-align: center;"> </td> <td style="border: 1px solid black; width: 20px; text-align: center;"> </td> </tr> </table>			Year	Month	Day			
Year	Month	Day						
7. Did you apply for a Permitted Accounting Period within the last five (5) years? ☐ Yes ☐ No								
8. If the answered to question 7 is "yes", please state the reason(s) for the previous application _____ _____								
9. Was the request for a Permitted Accounting Period: ☐ Approved and Implemented ☐ Approved but not Implemented ☐ Withdrawn by the Applicant ☐ Denied by Tax Administration Jamaica								
10. If the requested Permitted Accounting Period was withdrawn, denied, or not implemented, please state the reason(s) _____ _____ _____ _____ _____ _____ _____ _____								
Section C - Preparer's Details - To be completed if prepared by a person other than the taxpayer								
Preparer's Name	Preparer's Signature	Taxpayer Registration Number _____-____-____-____-____-____						
Address	Preparer's Title / Position	Date						
Section D - Declaration								
I hereby declare that the responses provided on this Application, to the best of my knowledge and belief, are true and correct.								
_____ Name (Please print) _____ Title / Position _____ Taxpayer's Signature _____ Date								

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FOR OFFICIAL USE ONLY			
Date Application was received Year Month Day		Confirmation Number 	
☐ Application approved			
Accounting Period for Last Year of Assessment:	Start Date	Year Month Day 	End Date Year Month Day
New Permitted Accounting Period:	Start Date	Year Month Day 	End Date Year Month Day
Period(s) for which next Return(s) is(are) to be filed:	Start Date	Year Month Day 	End Date Year Month Day
	Start Date	Year Month Day 	End Date Year Month Day
	Start Date	Year Month Day 	End Date Year Month Day
☐ Application not approved			
Reason for non-approval:			
Comments (Optional):			
Officer's Name	Officer's Signature	Date	

Notes

1. **Section A:** line 10 "Business Start Date"
This is the date the business started receiving income from trade, business, profession or vocation, rental of property, investment or any other source.
2. **Section B:** line 3 "Reason for late Application"
State the reason for the application being submitted less than sixty (60) working days before the start of the proposed new accounting period.
3. **Section B:** line 5, Synchronization with local or overseas related company
This may be the parent, subsidiary, associated, or affiliated company located in Jamaica or Overseas.

Exhibit 3: Sample of Ratification Letter- Permitted Accounting Period



**Tax
Administration
Jamaica**

Reply To: The Commissioner General
Executive Office
DSB, 6th Floor
116 East Street
Kingston
Tel: (876) 922-3470-9

JOHN BROWN LTD.
1249 MOLYNES ROAD
KINGSTON 10, ST. ANDREW

Reference No:
TRN: 000-000-000
Date: 02-June-2020

Dear Sirs:

Re: Permitted Accounting Period: XXX Limited

Our records show that you have been using an accounting period other than the year of assessment as provided for under Section 2 of the Income Tax Act i.e. January to December.

Sections 6 (1), 6(2), 6(3) and 6(4) a & b of the Income Tax Act provides that a taxpayer who wishes to file their income tax returns using an accounting period ending on a date other than 31st December with a year of assessment other than January to December must first obtain the approval of the Commissioner General, Tax Administration Jamaica.

Therefore, in an effort to regularize your account, the Commissioner General has granted approval for you to continue using the current accounting period _____ to _____ as indicated on your Income Tax returns.

Based on the above you may take one of the following actions to regularize your accounting period for tax purposes:

- 1. If the current accounting period indicated above does not conform to your current records, kindly apply to be regularized by submitting a Permitted Accounting Period Application (PAP 01) via your TAJ's eServices account.*
- 2. For those entities who received prior approval from the Commissioner General to use a permitted accounting period and this period conforms with the period stated above, then no reapplication is necessary.*
- 3. Should you wish to change this period at a later date you must apply online submitting a Permitted Accounting Period Application (PAP 01) via your TAJ's eServices account.*

For an individual, with multiple sources of incomes, including employment income, and who had apportioned their emoluments in keeping with the accounting period being used, that individual must now account for the remaining period on his next return. However, that individual will only be entitled to the unutilized PAYE credit from the prior calendar year.

For further guidance on submitting an application please consult the Practice Note- on Permitted Accounting Period which is available on TAJ's website.

All enquiries regarding this matter should be directed to: Tax Administration Jamaica, Technical Specialist Unit, 10th Floor, Office Centre Building, 12 Ocean Boulevard, Kingston, Telephone: (876) 967-0000, Fax: (876) 922-7110.

Yours sincerely,

For Commissioner General

For general queries and information you may contact TAJ at (876) 902-9463 or toll-free at 1-888-TAX-HELP (1-888-829-4357) / 1-888-GO-JATAX (1-888-465-2829) (USA).

Fax: (876) 902-9494 Email: taxhelp@taj.gov.jm Website: www.jamaicatax.gov.jm  /jamaicatax  T @jamaicatax

SAMPLE

Exhibit 4: Sample of Approval Letter - Permitted Accounting Period
**TAX
ADMINISTRATION
JAMAICA**

Reply To: Commissioner General
 Mandeville RSC
 3 1/2 Caledonia Road
 Mandeville P.O.
 Manchester
 Jamaica, W.I.
 Tel: 962-3920-2/962-3925-6
 Fax: 962-6147

Reference No: L0004500002
 TRN: 000-000-000-0000
 Date: 06-Mar-2020

PreAccounting Services Limited
 1411 Duke Street,
 Junction P.O.
 St. Elizabeth
 Jamaica, W.I.

Re: Permitted Accounting Period: **PREACCOUNTING SERVICES LIMIT**

Reference is made to the captioned matter and to your application submitted on 03-Jan-2020 in which you requested permission to change your accounting year end from 31 December to 30 September.

Please be advised that approval has been granted, pursuant to Section 6(2) of the Income Tax Act, for the use of 30 September as the accounting year end.

Therefore, your Income Tax Returns immediately following the change will be filed as shown in the table below:

Previous Accounting Period	Permitted Accounting Period	Basis Period	Year of Assessment	Due Date
1/1/2019 to 12/31/2019	10/1/2020 to 9/30/2021	1/1/2020 – 9/30/2020	2020	March 15 2021
		10/1/2020 – 9/30/2021	2021	March 15 2022

The approved permitted accounting period granted in this letter is directed only to the taxpayer who requested it and may not be cited as precedent.

Enquiries regarding this decision should be directed to: Tax Administration Jamaica, Technical Specialist Unit, 10th Floor, Office Center Building, 12 Ocean Boulevard, Kingston, Telephone: (876) 967-0000, Fax (876) 922-7110.

Yours truly,

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 Jonathan Rakes
 For Commissioner General

For general queries and information, you may contact TAJ at (876) 902-9463 or toll-free at 1-888-TAX-HELP (1-888-829-4357) / 1-888-GO-JATAX (1-888-465-2829) (USA).

Fax: (876) 902-9494 Email: taxhelp@taj.gov.jm Website: www.jamaicatax.gov.jm  jamaicatax  @jamaicatax

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