



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.

Ainsley Powell
Commissioner General
September 1, 2021

APPROVAL FOR THE USE OF A PERMITTED ACCOUNTING PERIOD

DATE LAST MODIFIED:	July 1, 2019
LEGISLATIVE REFERENCE:	Income Tax Act
CODING SYSTEM FILE NUMBER:	UPN-PAP-02-2021
EFFECTIVE DATE:	September 13, 2021

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 supersedes previous publication dated July 1, 2019.

Table of Contents

I. Glossary of Terms and Abbreviations	1
II. List of Abbreviations	3
III. Purpose	4
IV. Objectives	4
V. Scope & Background	5
VI. Need for a policy guideline	6
VII. Statutory requirements for a permitted accounting period	6
VIII. Commissioner's Powers	8
IX. Taxpayers' Obligations	9
X. Who will be allowed a permitted accounting period?	10
XI. Reasons for requesting a permitted accounting period	10
XII. Procedures for granting approval for a permitted accounting period	11
XIII. When to file an application for a permitted accounting period	12
XIV. Applications submitted after the specified time	13
XV. Adoption of a permitted accounting period by new registrant	14
XVI. Changing a permitted accounting period to another permitted accounting period	14
XVII. How often can a person apply?	15
Permitted accounting period that was approved but not implemented by the taxpayer	16
XVIII. Taxpayer required to file returns in accordance with Sections 67, 69(2), 71A of the ITA	16
XIX. Processing time to respond to application	18
XX. How to treat an unauthorized permitted accounting period?	18
XXI. Retroactive change in permitted accounting period	19
XXII. Capital Allowance Treatment	20
XXIII. What is the treatment for prior approval letters?	20
XXIV. Illustrations	II
Illustration 1: Individual with multiple sources of income, including emoluments	II

UPN-PAP 02-2021

Illustration 2: Omission of Tax Year	III
Illustration 3: No prior approval & reverting to default period. Accounting Period >18 months	IV
Illustration 4: Applying earlier departure date	VI
Illustration 5: Applying earlier departure date (prevent missing tax year)	VII
Illustration 6: Date of incorporation and trading date differs.	VIII
Illustration 7: Date of incorporation and trading date same.	IX
Illustration 8: No prior approvals. Change requested to synchronize with parent	IX
Illustration 9: Individual with multiple sources, including emoluments, reverting to default period.....	X
XXV. Exhibits.....	XIII
Exhibit 1: How-to Request Permitted Accounting Period Approval via eServices”	XIII
Exhibit 2: Application Form - Permitted Accounting Period (PAP01)	XXI
Exhibit 3: Sample of Ratification Letter- Permitted Accounting Period	XXIV
Exhibit 4: Sample of Approval Letter - Permitted Accounting Period.....	XXVI

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	“Basis Period” is the accounting period in a particular Year of Assessment for which a taxpayer is required to compute his or its taxable profit for Income Tax purposes and tax liability. It is usually the accounting period that coincides with the Year of Assessment but it can also be a Permitted Accounting Period.
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.
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 date other than the 31st 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	"Permitted accounting terminal date", in relation to any permitted accounting period, means the ending date of the 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 for which an application for a permitted accounting period is being made.
Specified Period	A period of five years within which a person to whom approval was granted for a permitted accounting period is not allowed to make a new application (with exceptions).
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...
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; (ii) The tax liability is in question; or (iii) 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

UPN-PAP 02-2021

	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 .

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
P24	P24 is a certificate issued at the end of each calendar year which shows the total emoluments and statutory deductions for the period.
PAP01	Application Form for a Permitted Accounting Period
PN	Practice Note
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*

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*

This Practice Note is:

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. To 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. To provide taxpayers with a degree of certainty regarding specific policies, guidelines and procedures on 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. To provide taxpayers with a degree of certainty regarding specific policies, guidelines and procedures in instances **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.
- 8. To provide taxpayers with a degree of certainty regarding specific policies, guidelines and procedures in instances **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 is 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 RAIS 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.

VI. Need for a policy guideline

14. 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.
15. A permitted accounting period affects the deadlines/due dates for paying income tax and filing of an Income Tax Return.
16. 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.
17. There is no clear instruction advising the taxpayer how to separate the income when a new business files its first return and is required to file two separate returns.
18. Stakeholders are uncertain about their filing obligations as it relates to the 'Date of Incorporation' & 'Date of Trading' and the effects for persons requesting a permitted accounting period. This is on the premise that both dates may not always be the same.
19. Section 6, despite giving the instruction to separate into two returns, would not have contemplated the late penalty charges that would now be applicable under Section 71B. At the time Section 6 was written into law a late filing penalty provision was not yet brought into law.

VII. Statutory requirements for a permitted accounting period

20. 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
21. 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.

UPN-PAP 02-2021

22. 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 date other than the 31st day of December, the CG may grant permission under subsection (2).
23. 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.
24. 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 the end of the old accounting period and 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.
25. 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

26. Under PART VID, Section 17O of the Revenue Administration (Amendment) Act, 2013 the CG

(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."

27. 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"

28. Section 71B of the ITA - Penalty for late filing of return- states that *“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.”*

IX. Taxpayers’ Obligations

29. 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.jm/web/guest/how-to..> **“How-to Request Permitted Accounting Period Approval via eServices” (Exhibit 1)**
30. 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 on some date other than the 31st day of December.
31. For newly registered businesses the CG has used his discretionary powers to allow new registrants to identify and adopt the period so identified as its permitted accounting period when they file their first return. Therefore, they will be required to file their first Income Tax Return for that newly registered business with a year-end other than 31st day of December on or before the due date ascribed to that accounting year end,
32. Further to paragraph 31, where the newly registered businesses will be allowed to identify and adopt an accounting year end other than 31st day of December, and the first accounts of a trade, profession or business (i.e. first accounting period upon commencement of trading) covers a period which exceeds twelve months they will be required to apportion their income 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.
33. The taxpayer will be required to file two separate returns. Both returns must be aligned to the permitted accounting period being requested. The CG has instructed that the filing sequence for the returns will be the shorter period then the 12 month-period while applying the relevant credits and capital allowances associated with each Y/A.

X. Who will be allowed a permitted accounting period?

34. Section 6(2) of the ITA provides for any person to request an approval for a permitted accounting period.
35. 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.
36. 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.
37. For individuals, 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 Illustration 1)**

XI. Reasons for requesting a permitted accounting period

38. 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 changes its accounting period to end on the same date as that of its parent or associated company;
 - (iii) A person changes 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 their circumstances have changed significantly and they should be permitted to change to some date other than December 31st.

- (v) To avoid busy trading periods. Entities might wish to avoid having to prepare accounts or conduct stock takes during their busy periods;
- (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;
- (vii) 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.

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

- 39. The CG, has exercised his powers under Sections 170 & 18A of the Revenue Administration (Amendment) Act, 2013, and has instructed that, effective **September 13, 2021** it will be 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.
- 40. 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.
- 41. 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 terminal date will be accommodated.
- 42. A permitted accounting period will remain in effect until the entity applies for, and is granted permission to adopt another permitted accounting period.

UPN-PAP 02-2021

43. Where a newly registered business was granted approval to use a permitted accounting through the first annual return filed, which was his *de facto* application granting permission to use such date, any change for the use some other must be applied for using a PAP01 application form. This taxpayer will not be allowed to file an amended return to effect a change to some other date.
44. 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.
45. 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 reasons why it is felt that the decision so made was incorrect.

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

46. 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.
- (a) A taxpayer that is already registered to file income tax returns must submit such an application to TAJ no less than 60 working days before the start of the proposed new accounting 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.
 - (b) Any taxpayer whose application is submitted less than 60 working days before the start of the proposed new accounting 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 consider an application that has been filed after the required submission time. 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 47- 48).

Exception to the general submission rule, as indicated in paragraph 46, will be granted to a newly registered business whose first set of accounts exceed 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. Applications submitted after the specified time

47. Any application submitted less than 60 working days before the start of the proposed new accounting 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.
48. 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;
49. 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.

XV. Adoption of a permitted accounting period by new registrant

50. Given the powers under Section 6 (2) & (3) of the ITA the CG will permit a newly registered business, 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, which then becomes its default application for permission. After a newly registered business has adopted an accounting year, it must continue to use that accounting year when computing its taxable income.
51. A permitted accounting period will remain in effect until the taxpayer applies for, and is granted permission to adopt another permitted accounting period.

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

52. 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. 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. **(see Illustration 2)**
53. **Change is to a date later in the year than the original PAP:** 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. 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/A in which the departure took place and the next succeeding year. The law provides that the excess may be included in the year in which the departure took place. The year in which the departure took place is the Y/A in which falls the date to which an account of the old permitted accounting period should have been made up to or the date to which an account on the new permitted accounting date is made up, whichever is earlier. **(See Illustration 3 & 4)**
54. **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'

UPN-PAP 02-2021

profits to be assessed in the Y/A 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.

55. Normally such determination will be that the permitted accounting period for the year in which the departure took place will be the period between the permitted accounting terminal date of the old permitted accounting period and the commencement of the new permitted accounting period. This means the departure year is for a period of less than 12 months and that the accounting period for the next succeeding year will be 12 months ending on the new permitted accounting date. **(See Illustration 5)**
56. 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.

XVII. How often can a person apply?

57. A person will generally not be allowed to apply for more than one change within a specified period, with exceptions. (see paragraph 59). The specified period is considered to be a period of five years within which a person to whom approval was granted for a permitted accounting period is not allowed to make a new application.
58. 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.
59. In the CG's assessment of the application for another change within a specified period the CG will look at whether or not 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;
 - Where the business is in liquidation.

UPN-PAP 02-2021

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.

60. 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.

61. 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.

62. 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**.

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

63. Section 67 states that *"..... 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"*

64. Section 69 (2) states that *".....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,"*

65. Section 71A of the ITA requires that

“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 –

(e) a body corporate that is incorporated, registered or constituted under any enactment; (f) a trust or other institution (whether incorporated or not) that is registered as a charitable organization under the Charities Act; and (g) 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.”

66. Persons so instructed under these sections, especially section 71A, will be required to file their 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 partnership is requesting the use of a PAP the partners must conform to the requirements of Sections 69(2) & Section 71A.

67. Newly registered business, falling under Sections 67, 69 (2) and 71A, who are using a permitted accounting period, and whose incorporation date and trading date differs may come into conflict with the requirements of these sections.

68. For a newly registered business falling under these sections, and more specifically under Section 71A, where the incorporation date and the trading date differs there is always the likelihood that a conflict with this section will occur. The taxpayer requesting a PAP will be allowed to complete the first set of accounts and file this return which now becomes the *de facto* application for the PAP. However, the persons 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 late filing penalty charges as imposed by Section 71B of the ITA and interest charges as per Section 79 (2)(b).

UPN-PAP 02-2021

69. 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 also be aligned to the PAP being requested. (i.e. both returns must conform to the PAP being requested) (**Illustration 6**).
70. For a newly registered business falling within Section 71A, where the incorporation date and the trading 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. (**see Illustration 7**)
71. The CG, under his discretionary powers is willing to waive the late filing penalty charges which would be imposed under Section 71B and interest charges as per Section 79 (2)(b), provided the second of the two returns is submitted on or before the due date. Should the returns now being filed using a PAP be submitted late then none of the charges will be waived.

XIX. Processing time to respond to application

72. 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.
73. 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.

XX. How to treat an unauthorized permitted accounting period?

74. 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 publication of this PN will be accepted as their permitted accounting period (**see Illustration 8**).

UPN-PAP 02-2021

75. Therefore, all unauthorized changes 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 September 13, 2021 the CG will enforce the provisions of Section 6 of the ITA as well as the procedures laid out in paragraphs 39– 45 of this PN.
76. 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 37.
77. 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 9)**.

XXI. Retroactive change in permitted accounting period

78. Retroactive changes in a permitted accounting period for the personal convenience of the taxpayer is not permitted.
79. 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.
80. The taxpayer's accounting period can only be changed when the request is prompted solely on sound business reasons, as indicated in paragraph 38 above.
81. 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.
82. The CG will use his discretionary powers under Section 6 (3) to allow the newly registered business to make a PAP request. In such an instance it might appear to be retroactive where the taxpayer is required by law 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.

XXII. Capital Allowance Treatment

83. 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.

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

84. 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 39– 45 of this PN and Section 6 (4) (b) of the ITA must be followed.

APPENDICES

XXIV. Illustrations

Illustration 1: Individual with multiple sources of income, including emoluments

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. However, on January 15, 2019 the taxpayer had applied for a permitted accounting year end of June, effective for Y/A 2019. His return for Y/A 2018 was duly filed on March 15, 2019.

Taxpayer would therefore be permitted to account for tax on profits for the 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 December 2019 as evidenced by 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.

Old Period	New Period Year of Departure		Y/A	Due date
	Self-employment income	Emoluments (& PAYE Credit)		
Jan 2018 – Dec 2018	Jan 2019 to June 2019	January 2019 to December 2019	2019	March 15, 2020
	Next Succeeding Year of Assessment			
	July 2019 to June 2020	January 2020 to December 2020	2020	March 15, 2021

When using use an accounting period ending with a date other than December 31st the individual must include the total emoluments earned for the calendar year in which the permitted accounting period ends. No apportionment of emoluments is allowed.

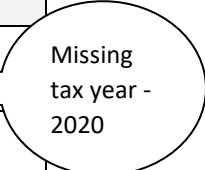
UPN-PAP 02-2021

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



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

Suggested Period	Approved Period	# of Mths	Y/A	Due date
Jan 2020 – Feb 2021	Jan 2020 – Feb 2020	2	2020	March 15, 2021
	March 2020 – Feb 2021	12	2021	March 15, 2022

Illustration 3: No prior approval & reverting to default period. Accounting Period >18 months

The taxpayer had been filing returns outside the statutory filing period ending 31st December. No prior approval was granted by the CG to permit the taxpayer to use a permitted accounting period ending on someday other than 31st December. The taxpayer's most recent return was filed for Y/A 2019 covering the period February 2018 to January 2019 and which was due on or before March 15th 2020. 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?

	Option 1	Option 2
Original Accounts	12 mths to Jan 2019	12 mths to Jan 2019
Proposed Accounts	11 mths to 31.12.2019 12 mths to 31.12.2020 12 mths to 31.12.2021	23 mths to 31.12.2020 12 mths to 31.12.2021
Year of Departure	2019	2020
Succeeding Y/A	2020	2021
Next Succeeding Y/A	2021	2022
Assessments	Basis Period	
Year of Departure (Option 1)	2019: 12 mths to Jan 2019 11 mths to 31.12.2019 ¹ Due Date: March 15, 2020	
		2019: 12 mths to Jan 2019 Due Date: March 15, 2020
Year of Departure (Option 2)		2020: 11 mths to 31.12.2019 12 mths to 31.12.2020 Due Date: March 15, 2021
Succeeding Y/A	2020: 12 mths to 31.12.2020 Due Date: March 15, 2021	2021: 12 mths to 31.12.2021 Due Date: March 15, 2022

¹ If option 1 Y/A 2019 was used as the departure year then the taxpayer would be required to amend his 2019 Return.

UPN-PAP 02-2021

	Option 1	Option 2
Next Succeeding Y/A	2021: 12 mths to 31.12.2021 Due Date: March 15, 2022	2022 12 mths to 31.12.2022 Due Date: March 15, 2023

The change would cover twenty-three (23) months commencing February 2019 and ending December 2020. The change may result in profits of a basis period of more or less than 24 months. Where the change in permitted accounting date is to a date later than December 31st (here the date is December 31, 2020, which would be later than December 31, 2019) then the profits will be a basis period exceeding 24 months in the Y/A of year of departure and the next succeeding Y/A.

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 OR
- (ii) The date to which the new permitted accounting date is made up.

The old permitted accounting period would have ended January 2019 and the new permitted accounting date would now end December 2020. Therefore, the year of departure is 2020. The succeeding Y/A is 2021 where the taxpayer will return to a 12-month interval commencing its next accounting period on January 2021 and ending December 2021 and continue thereafter to make up accounts for the 12 months ending 31st day of December.

UPN-PAP 02-2021

Illustration 4: Applying earlier departure date

The taxpayer has submitted an application on May 1, 2020 to change its permitted accounting year end from 31st July to 30th September.

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

	Option 1	Option 2
Original Accounts	12 mths to July 2020	12 mths to July 2020
Proposed Accounts	2 mths to 30.09.2020 12 mths to 30.09.2021 12 mths to 30.09.2022	14 mths to 30.09.2021 12 mths to 30.09. 2022 12 mths to 30.09. 2023
Year of Departure	2020	2021
Succeeding Y/A	2021	2022
Next Succeeding Y/A	2022	2023
Assessments	Basis Period	
Year of Departure (Option 1)	2020: 12 mths to 31.07 2020 2 mths to 30.09.2020 <i>Due Date: March 15, 2021</i>	
		2020: 12 mths to 31.07 20 <i>Due Date: March 15, 2021</i>
Year of Departure (Option 2)		2021: 2 mths to 30.09.2020 12 mths to 30.09.2021 <i>Due Date: March 15, 2022</i>
Succeeding Y/A	2021: 12 mths to 30.09.2021 <i>Due Date: March 15, 2022</i>	2022: 12 mths to 30.09.2022 <i>Due Date: March 15, 2023</i>
Next Succeeding Y/A	2022: 12 mths to 30.09.2022 <i>Due Date: March 15, 2023</i>	2023 12 mths to 30.09.2023 <i>Due Date: March 15, 2024</i>

UPN-PAP 02-2021

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 this case the year of departure is Y/A 2020 as shown in Option 1 and the departure period will be assessed in 2020 as this is the earlier date for filing and payment.

Illustration 5: Applying earlier departure date (prevent missing tax year)

The taxpayer has submitted an application on November 1, 2019 to change its permitted accounting period from 31st July to 31st March.

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

	Option 1	Option 2
Original Accounts	12 mths to July 2019	12 mths to July 2019
Proposed Accounts	8 mths to 31.03.2020 12 mths to 31.03.2021 12 mths to 31.03.2022	20 mths to 31.03.2021 12 mths to 31.03.2022
Year of Departure	2020	2021
Succeeding Y/A	2021	2022
Next Succeeding Y/A	2022	2023
Assessments	Basis Period	
	2019: 12 mths to July 2019 <i>Due Date: March 15, 2020</i>	2019: 12 mths to July 2019 <i>Due Date: March 15, 2020</i>
Year of Departure (Option 1)	2020: 8 mths to 31.03.2020 <i>Due Date: March 15, 2021</i>	
Year of Departure (Option 2)		2021: 20 mths to 31.03.2021 <i>Due Date: March 15, 2022</i>
Succeeding Y/A	2021: 12 mths to 31.03.2021 <i>Due Date: March 15, 2022</i>	2022: 12 mths to 31.03.2022 <i>Due Date: March 15, 2023</i>

Missing
tax year -
2020

UPN-PAP 02-2021

Next Succeeding Y/A	2022: 12 mths to 31.03.2022 Due Date: March 15, 2023	2023: 12 mths to 31.03.2023 Due Date: March 15, 2024
----------------------------	---	---

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. The CG has the option to determine the accounting periods as he wishes so that the 20 months' profits are assessed in 2020 and 2021 in any proportion. The basis set out in the illustration is the normal basis and will only be departed from in exceptional circumstances. In this case the year of departure is Y/A 2020 as shown in Option 1 and the departure period will be assessed in 2020 as this is the earlier date for filing and payment.

Illustration 6: Date of incorporation and trading date differs.

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 starting from the commencement of trading with financial data covering a 16-month accounting period but is advised that returns are needed from the period of incorporation, i.e. 2018.

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 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, 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 16-month period as at commencement must be realigned to a June 30 which would cover the period of trading as well as the periods of non-trading.

Therefore, Taxpayer 1 will need to adjust its first set of accounts at the commencement of trade to 24 months so that there is no gap in the accounting period on the returns being filed.

Y/A 2018	01-05-2018 to 30-06-2018	2 months	Due 15-03-2019	NIL RETURN (No trading)
----------	--------------------------	----------	----------------	--------------------------

UPN-PAP 02-2021

	01-07-2018 to 28-02-2019	8 months	Due 15-03-2020	No trading
	01-03-2019 to 30-06-2019	4 months	Due 15-03-2020	Trading
Y/A 2019	01-07-2018 to 30-06-2019	12 months	Due 15-03-2020	
Y/A 2020	01-07-2019 to 30-06-2020	12 months	Due 15-03-2021	

Illustration 7: Date of incorporation and trading date same.

Taxpayer 2 was incorporated on March 1, 2019 and started trading activities on the same date. Taxpayer intends to use an accounting year ending June 30. Taxpayer attempts to file his first return electronically starting from the commencement of trading with a 16-month accounting period but is advised to apportion his first set of accounts of 16-month period as at commencement into two separate returns.

Taxpayer 2 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.

Y/A 2019	01-03-2019 to 30-06-2019	4 months	Due 15-03-2020	1 st return
Y/A 2020	01-07-2019 to 30-06-2020	12 months	Due 15-03-2021	2 nd Return

Illustration 8: 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. It has 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.

UPN-PAP 02-2021

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 to a new accounting period for the subsidiary 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.

Illustration 9: 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 applied to revert to a December year end, effective for Y/A 2020.

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.

UPN-PAP 02-2021

Old Period	New Period Year of Departure		Y/A	Due date
	Self-employment income	Emoluments (& PAYE Credit)		
July 2018 – June 2019	July 2019 to December 2020	- July 2019 to December 2019 - January 2020 to December 2020	2020	March 15, 2021
	Next Succeeding Year of Assessment			
	January 2021 to December 2021	January 2021 to December 2021	2021	March 15, 2022

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. Thereafter, Peter will no longer apportion his emoluments and PAYE credits and must return the full amount in the year it was earned.

EXHIBITS

XXV. Exhibits

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

How-to Request Permitted Accounting Period Approval via eServices

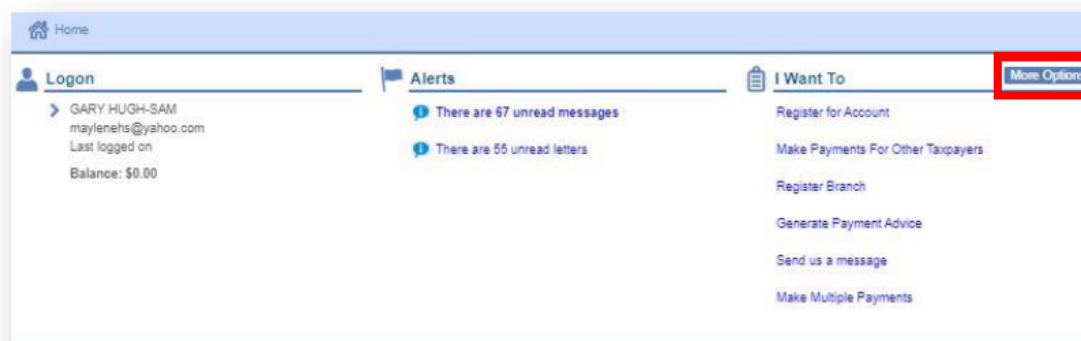
A request for approval for a Permitted Accounting Period can be made on eServices by any taxpayer who desires to have his accounting period altered to another day other than December 31st (or to revert to the original filing date of December 31st if period was changed previously). **The request must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

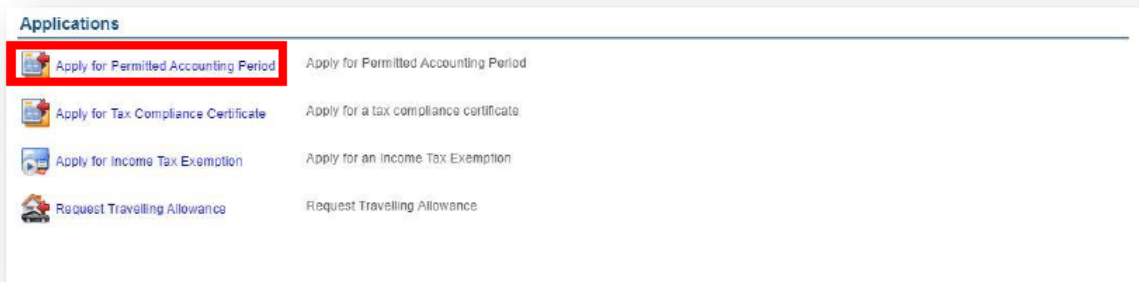
STEP 1 (Navigate to the 'Request Permitted Accounting Period Approval' Option)

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



STEP 2 (Initiate Permitted Accounting Period Request)

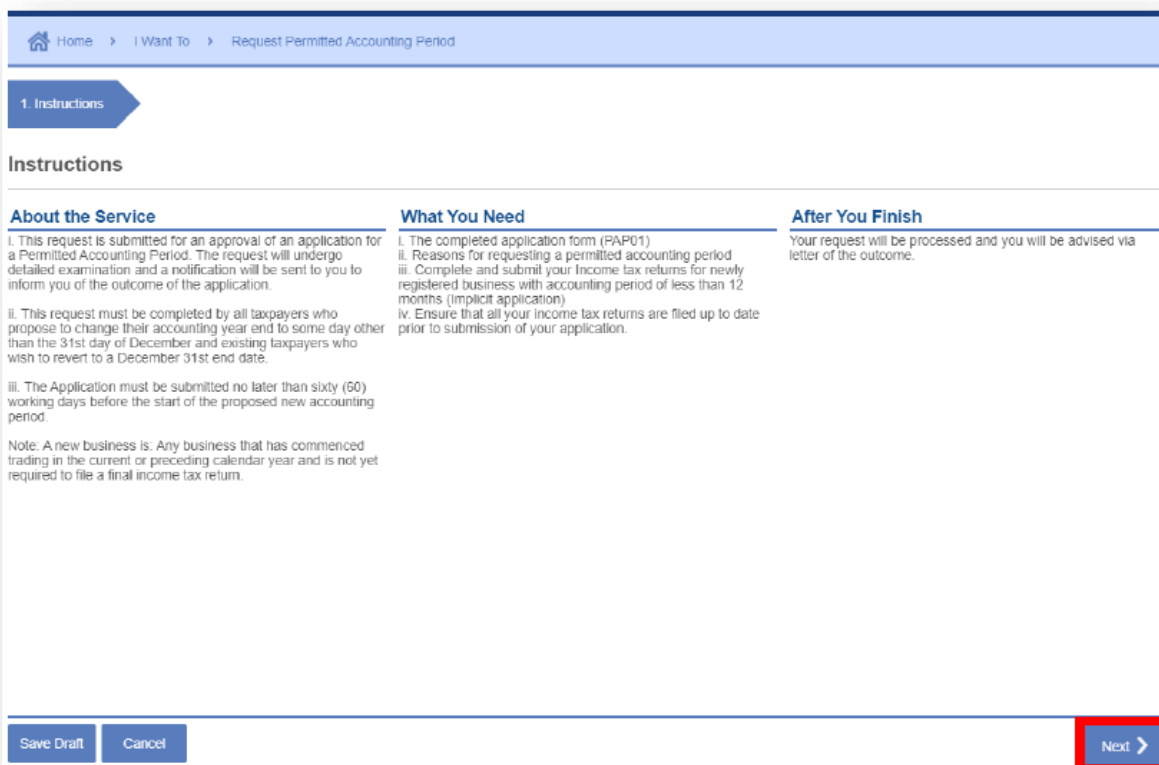
From the Applications header, SELECT  [Apply for Permitted Accounting Period](#)



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

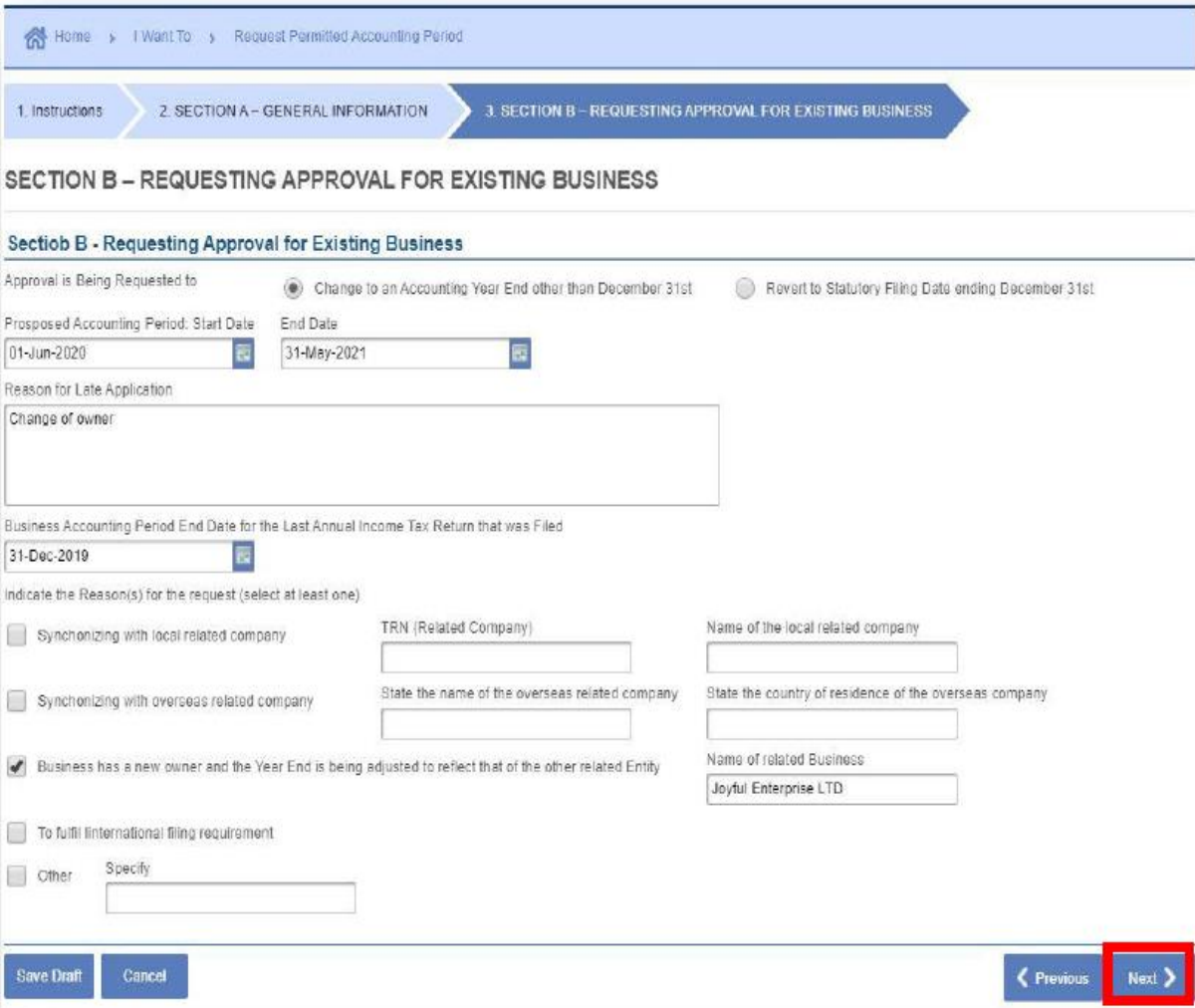
Save Draft Cancel

< 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

Reason for Late Application

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

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  

UPN-PAP 02-2021

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

Required
Format: 999-999-999

 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:

Save Draft
Cancel

< Previous
Next >

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.

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
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 Turner Avenue, Kingstons 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

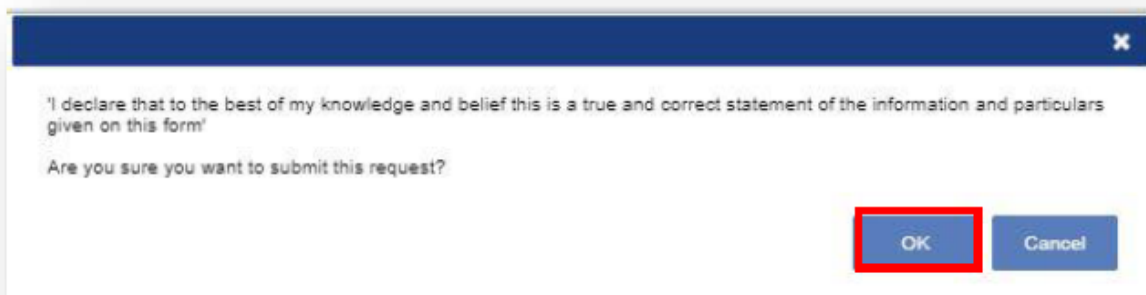
☐ To fulfil international filing requirement

☐ Other Specify

Save Draft Cancel < Previous **Submit**

STEP 8 (Confirm Submission)

SELECT  on message pop-up to confirm submission.



A screenshot of a confirmation dialog box. The dialog has a dark blue header bar with a close button (X) on the right. The main content area is white and contains the following text: "I declare that to the best of my knowledge and belief this is a true and correct statement of the information and particulars given on this form". Below this is the question "Are you sure you want to submit this request?". At the bottom right, there are two buttons: "OK" and "Cancel". The "OK" button is highlighted with a red rectangular border.

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 Year Month Day	
10. Current Business Accounting Period (see note 1 on page 3)	
Start Date Year Month Day	End Date Year Month Day
11. Year of Assessment for the last Annual Income Tax Return that was filed Year	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 Year Month Day End Date Year Month Day	
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 : Year Month Day	
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 _____	

PAP01 (Revised October 30, 2020)

PLEASE SEE OVERLEAF FOR CONTINUATION OF FORM

Tax Administration Jamaica

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?

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

☐ Withdrawn by the Applicant

☐ Approved but not Implemented

☐ 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

UPN-PAP 02-2021

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
New Permitted Accounting Period:	Start Date	Year Month Day 	End Date
Period(s) for which next Return(s) is(are) to be filed:	Start Date	Year Month Day 	End Date
	Start Date	Year Month Day 	End Date
	Start Date	Year Month Day 	End Date
☐ 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

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

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

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 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	1/1/2020 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,

.....
 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](https://www.facebook.com/jamaicatax)  [@jamaicatax](https://twitter.com/jamaicatax)

BLANK
PAGE