

TAX ADMINISTRATION JAMAICA (TAJ)

Changing the way we do business

National Compliance Programme
GCT on Govt Purchases
Know Your Taxpayers

From: Commissioner General
To: Our Valued Stakeholders

We are now in the 2nd quarter of the 2014-15 fiscal year. A year in which several changes are being implemented.

TAJ is currently implementing several new tax legislations, its new Integrated Tax Administration System, a new governance structure with a Board now in operation, and the task of filing posts created for the new Semi-autonomous Revenue Authority (SARA).

At the same time the TAJ is working towards improving its efficiency and effectiveness which will result in increased revenues. To that end we have began implementing a National Compliance Programme, with several initiatives which will be rolled out during 2014-15 and beyond. In fact the organization is already beginning to see some positive results.

We will ensure that you, our valued stakeholders are kept abreast of all developments and that we share the results of initiatives.

We urge you to continue working with us in the interest of the nation, as together we can do so much more. As always we will continue working together to serve your EVEN better.

*Ainsley Powell
Commissioner General (Acting)*

NATIONAL COMPLIANCE PROGRAMME

The National Compliance Programme outlines the strategic approach of the TAJ over the next three years, FY 2014 - 15 to FY 2016 - 17, to improving voluntary compliance.

During this period several initiatives are being implemented:

- ⇒ Tax Collection Act (Write-Off) Regulations- 2013
- ⇒ Mandatory e-filing on a phased basis
- ⇒ Accessing 3rd party data through the requirement to file Information Returns
- ⇒ A slate of new tax returns to harmonize with new legislation
- ⇒ Mechanism to monitor the Employment Tax Credits claimed and other aspects of the new Fiscal Incentive Regime
- ⇒ Data-mining of information received from 3rd parties
- ⇒ CaseWare case management system
- ⇒ Monitoring mechanisms for the new "Super Form" registrations

Focus will be placed on improving all areas of compliance - registration, filing, payment, reporting.

Improving Registration Compliance

This strategy seeks to widen the tax net by:

Continued utilization of Enhanced Access to Information.
Partnering with Business Associations.
Phased Introduction of Mandatory filing.
Enhancing public education campaigns

Improving Filing and Payment Compliance

Refining the risk management system.
Implementing the Tax Arrears Write Off Policy.
Aggressive promotion of our e-services.
To advocate for mandatory TCC [for] requirement for licensing with professional bodies.
Publicizing delinquent taxpayers.
Facilitating access to compliance status.



The Hon. Peter Phillips, Minister of Finance and Planning in discussion with Ainsley Powell, Commissioner General (acting).

Improving Reporting Compliance

The highest risk for revenue loss from inaccurate reporting is in the large taxpayer segment. To this end, the auditing capabilities of the LTO will be enhanced through the assignment of additional resources, human and otherwise, and the continued training of audit staff across all segments. This will be supported by improved access to information on taxpayers as outlined earlier.

Audits of SMEs which are conducted by the Revenue Service Centres (RSCs) will be complemented with an effective taxpayer education programme as it has been found that some non-compliance is due to poor record keeping and ignorance.

With the number of new things to be learnt by the taxpayers, much emphasis will be placed on our Taxpayer Education Programme during this Fiscal Year (FY) as a means of driving voluntary compliance. The enforcement programmes will also be strengthened with the increased access to information derived from the Information returns.

Other On-going Compliance Management Actions

*Demonstrate a highly visible and credible detection and enforcement capability
Provide targeted assistance
Encourage self-regulation
Reduce community tolerance of the shadow (underground) economy*

FY 2014-15 Audit Plan

This year's Annual Audit Plan was formulated taking into consideration recent revenue measures. The audits will seek to ensure compliance with the new

NATIONAL COMPLIANCE PLAN (cont'd)

provisions as it relates to the new incentives regime and other new legislations. The Hotel, Health, Telecommunications and Retail Sectors will be among those for focus.

Audit Case Selection

The taxpayers to be audited to fulfil the goals of this year's audit plan will be drawn primarily from the risk scored returns; however, cases may be assigned based on special projects developed based on available information from FDMU as well as local knowledge. Taxpayers who consistently file GCT credit returns and/or Income Tax loss returns will be included in cases examined.

FY 2014-15 Arrears Management & Filing Compliance Plan

TAJ will continue to focus on initiatives which began in the previous year, such as:

- ⇒ Identifying critical compliance leads that are necessary to improve filing and payment compliance within the TAJ.
- ⇒ Focusing on the taxpayer who has not filed S01 returns to confirm compliance for PAYE payments.
- ⇒ Revising the Tax Arrears Management (TAM) Plan based on existing risk management priorities.

FY 2014-15 Taxpayer Education and Customer Service Plan

The Taxpayer Education Programme will focus on delivery of seminars and workshops aimed at educating the SME sector in the basics of GCT, Income Tax and Payroll deductions. The aim is to ensure better quality of returns being filed and greater awareness of obligations and rights.

E-Services

The establishment of 'filing centres', with trained personnel to facilitate greater use of e-transactions. E-services will also be promoted, especially for high volume transactions such as Property Taxes and Traffic Ticket payments. Mandatory e-filing for the large taxpayers, GCT refund returns and employers with 20 or more employees will be supported by visits, Customer Care Centre (CCC) calls, reminders through the media and distribution of brochures.

General

TAJ will keep the public updated on the progress and development of the Compliance Plan.



FIREARM LICENCE FEES

Effective August 04, 2014, Firearm Licensing fees will be payable ONLY at Firearm Licensing Authority locations in Kingston and Montego Bay.

FILING DEADLINE FOR GCT JUNE RETURN EXTENDED

The due date for GCT returns for June has been extended to August 15th for the returns which were due July 31.

GCT DEFERMENT EXTENDED

The deferment facility offered to registered manufacturers for GCT payable on inputs and raw material used in manufacturing and packaging material, is to be continued until 15th September 2014.

TAJ WESTERN TRAINING CENTRE NEARS COMPLETION

Tax Administration Jamaica is in the process of completing its Multi-functional Training facility at the Bay West Shopping Centre in Montego Bay. The state-of-the-art facility will feature training rooms, a conference room and video conferencing capability.

TAJ SIGNS

Tax Administration Jamaica has now installed new signs at its locations across the island, reflecting the TAJ Brand. So next time you visit a tax office look out for the signs. Send your pic with sign to our Facebook Book or Twitter page.

SARA UPDATE

TAJ is working towards implementing a new governance structure, with a Board now in operation, and the task of filling posts created for the new Semi-Autonomous Revenue Authority (SARA).

THINGS TO NOTE

Electronic Funds Transfer

Tax Administration Jamaica (TAJ) is set to begin paying Income Tax refunds directly into bank accounts instead of making payments by cheques.

An **Electronic Funds Transfer (EFT) Project** is now being piloted to accommodate the change. Beginning August 2014, individuals claiming a pensioners or PAYE Income Tax refund will be required to submit their banking details in order to receive their refunds electronically.

During the first month of the pilot, the EFT project will focus on PAYE and pensioner's claims submitted at the TAJ Refunds Unit.

ITAS Project Update

What is ITAS? It is TAJ's new Integrated Tax Administration System and the project has officially started! The ITAS project marks the beginning of a partnership between the TAJ, eGov, and the firm Fast Enterprises.

The new software, GenTax, will replace a number of current systems, including ICTAS and TRN, in three rollouts throughout the two year lifespan of the project. The first rollout will be completed in Feb 2015 and will implement GCT/SCT, STCT, and GART tax types in GenTax.

The ITAS Project Team is made up of a combination of TAJ, eGov, and Fast Enterprises employees.

3rd party information in use

TAJ has begun to review data submitted by select entities, under provisions of the Revenue Administration Act (RAA), giving access to third party information.

Following consultations, several entities were requested, in writing, to file returns detailing information relating sales and their business done with service providers, such as contractors.

The information will be used to determine the compliance status of persons, individuals and companies listed in the reports.

This strategy is a major part of the TAJ revenue enhancement programme.

Now In Operation

GCT ON GOVERNMENT PURCHASES

The new policy of charging GCT on government purchases came into operation on June 1, 2014. As a result Ministries, Departments, Agencies (MDAs) and some Public Bodies are now required to pay GCT at the applicable rates on purchases from suppliers.

Several sensitization sessions have been held with MDAs and Public Bodies to brief them on the changes, as the new policy also requires them to be registered as Tax Withholding Entities (TWEs). The MDAs will now withhold the invoiced GCT on local purchases and issue the supplier with a Withholding Tax Certificate (WTC), within 30 days. Amounts withheld are to be paid over to the Tax Administration Jamaica (TAJ). The WTC entitles the taxpayer to claim the amount of GCT withheld as a tax credit.

Role of the Tax Withholding Entity (TWE)

The Accounting Officer or delegate within a TWE is responsible for the following:

- ⇒ Withholding the GCT as indicated on tax invoice (advising the MOF of the amounts withheld, where source of funds is from warranted amount)
- ⇒ Issue a WTC to the registered taxpayer within thirty (30) days of receipt of the invoice.
- ⇒ Upload the WTC data into the Jamaica Tax Portal (interim measure)
- ⇒ Prepare and file the GCT Remittance Return for TWEs (Form 4F), stating the names and taxpayer registration numbers of the taxpayers from whom the tax was withheld and the amount of tax withheld in respect of each taxpayer.
- ⇒ Remit the tax payable on Form 4F by the end of the month following the taxable period for which a withholding tax certificate is issued.
- ⇒ Make payment of the GCT on goods imported

to the Commissioner of Customs

- ⇒ Make payment of the GCT on taxable supplies acquired locally from non-warrant/non budgetary funds to the Commissioner General, TAJ.

Role of the Supplier

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

- ⇒ Charge GCT on taxable supplies;
- ⇒ Issue a tax invoice;
- ⇒ Account for the GCT charged, as output tax, on the return for the period in which the supply was made (invoice basis); or
- ⇒ Account for GCT as output tax, when payments are received (payment basis);
- ⇒ Use the tax withholding certificate to claim the amount of GCT withheld [isn't this to be automatic (see Q & A 3) as a tax credit in the taxable period in which the withholding tax certificate was issued or in another period.
- ⇒ E-file the monthly GCT return if claiming credit for tax withheld by a TWE

Note: There are circumstances in which a MDA will still produce a zero-rated purchase order. These are to be honoured.

Role of TWE who is also a Supplier

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

General Information

A hub containing details of GCT on Government Purchases is available on the TAJ corporate website www.jamaicatax.gov.jm

Q & A

GCT ON GOVT PURCHASES

Q. How can a supplier confirm if an entity is a TWE

- A. Contact the TAJ Customer Care Centre or check the list posted in the hub on the TAJ website.

Q. Can I file my GCT return manually?

- A. Once WTC is being claimed the return must be filed online.

Q. How do suppliers account for GCT withheld on the GCT forms and their accounting/billing systems?

- A. Forms Form 4A, 4D, 4E have been revised to account for the GCT withheld by the TWEs. The details of the withholding tax certificates will be automatically populated on the Form 4A when the return is being filed.

Q. Is the WTC to be given to supplier before or after the payment is made?

- A. The issuing of the WTC is not dependent on payment being made; it should be issued within 30 days of the date of the invoice.

Q. If a WTC is not available to be claimed in a month can it be claimed subsequently?

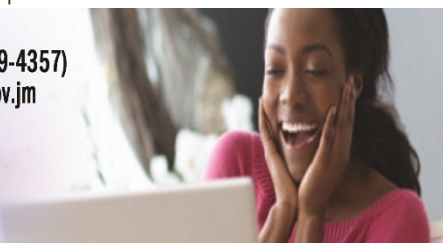
- A. Yes once a WTC has not been used it may be claimed in a subsequent month.



POINT, CLICK, IT'S THAT QUICK!

Tax Administration Jamaica

Contact our Customer Care Centre 1-888-TAX-HELP (829-4357)
www.jamaicatax.gov.jm / www.jamaicatax-online.gov.jm



Fiscal Incentives
Election Date Deadline

HOTELS & COTTAGES

As you may be aware the Hotels (incentive) Act (HIA) and the Resort Cottages (Incentive) Act (RCIA) were repealed effective January 1, 2014. Beneficiaries were given the option to remain under the provisions of the repealed Acts or to elect to terminate those provisions and benefit from the new regime under the Fiscal Incentives (Miscellaneous Provisions) Act, (FIA) 2013.

Extension of Election Date

The election date had been set at June 30, 2014. However, following consultations with stakeholders, Cabinet has approved an amendment to allow for the date of election to terminate to be extended to **December 31, 2014**.

In light of the extension, the following treatment will apply:

1. A continuing beneficiary, who did not elect to terminate his incentives

granted by the repealed HIA and the RCIA, will continue to pay the GCT rate of 10% and will not be liable for the standard rate of 16.5% until January 1, 2015.

2. A continuing beneficiary who elected to terminate before June 30, 2014 may request a reversal of that termination unless he has accessed the following:

- (a) Productive Incentive Relief (PIR) under the Customs Act
- (b) Employment Tax Credit (ETC)
- (c) Amendments to the capital allowances schedule of the Income Tax Act

Where a continuing beneficiary has accessed any of the above, his election may not be reversed.

3. Until the FIA is amended to reflect the new date of election to terminate, a continuing beneficiary

may elect in accordance with the current provisions of the Act.

Procedure to Elect to Terminate Provisions Under Repealed Acts

Persons operating under the repealed Hotel Incentives Act or Resort Cottages (Incentives) Act **MUST** make an election, in writing to the Commissioner General TAJ, by December 31, 2014.

General Information

Over the next few months, TAJ will continue to meet with stakeholders to provide them with information, which will allow them to determine whether they elect to terminate provisions under the Hotel Incentives Act or the Resort Cottages (Incentive) Act or to opt for provisions under the new Fiscal Incentives Act.



STEP

into the new
School Year

In September 2014 TAJ will resume its **Schools Tax Education Programme (STEP)**. This outreach programme, which runs from September to March each year, is used to introduce students at the primary, high and tertiary levels to relevant tax issues such as:

- ⇒ Jamaica's Tax System
- ⇒ Tax Types - GCT, Income Tax, Property Tax, Payroll Taxes
- ⇒ Why Pay Taxes
- ⇒ Starting A Business
- ⇒ TRN

The aim of the **STEP** is to build an awareness of taxes and to engender a positive tax culture among our nation's youth.

The **STEP**, which was first introduced in high schools several years ago, has been expanded over the years to include students at the tertiary level, including vocational training schools. Most recently, in collaboration with Junior Achievers Jamaica, the programme was further expanded to include students at the primary level.

During the 2013-14 fiscal year, thanks to the work of the TAJ Taxpayer Education Teams, over 100 schools across the island were visited. The team also participated in career days and the annual Junior Achievers Conference for high schools.

This year the **STEP** will redouble its efforts to reach our youths.



CALL OUR TAX-CHEAT HOTLINE

1-888-TAX-CHEAT (829-2432)

no ifs, no buts, paying your taxes is a **MUST!** For more info call 1-888-TAX-HELP (829-4357)/www.jamaicatax.gov.jm

Know Your Taxpayer



TAJ Taxpayer Education Team getting to know taxpayers at a recent business expo.

All functional areas of the TAJ Operations Division, and especially the Revenue Services Centres and Tax Offices are mandated to *"Know Your Taxpayer"*.

As a result, selected taxpayers assigned to each location will be under the radar constantly for compliance monitoring. The compliance team in utilising the *"Know Your Taxpayer"* concept will ensure that these taxpayers are filing and paying on time. Checks will also be made, using

available data, to determine if these taxpayers are reporting the correct amounts.

The *"Know Your Taxpayer"* strategy will also be used in providing taxpayer education support to the identified taxpayers. Tax Advisory Visits, seminars, workshops, developing publications and other activities will be undertaken.

The *"Know Your Taxpayer"* concept also extends to businesses not on our register but which

ought to be. Strategies to identify all businesses within the geographical boundaries assigned are to be developed.

The use of the *"Know Your Taxpayer"* strategy across all tax office is based on its successful use in identifying and focusing on large taxpayers, within the operations of the Large Taxpayer Office (LTO).

The *"Know Your Taxpayer"* concept is aimed at ensuring that compliance is kept in focus.



EMPLOYERS
Remember to File and Pay your monthly payroll deductions (S01) each month by the 14th

File and Pay Ontime and you will Benefit from Employment Tax Credit (ETC)

COTA ESSAY COMPETITION



Justin-Timothy Frater of Cornwall College reads from his winning essay (local leg) at the COTA Awards Ceremony, held recently.

TAJ recently hosted the local leg of the biennial Caribbean Organisation of Tax Administrators (COTA) Essay Competition for 14 - 16 year old high school students. The topic of the competition, won by Justin-Timothy Frater of Cornwall College, was *"The tax code is a road map for law-abiding citizens and businesses to pay what they legally owe, not an obstacle course to be gamed and gotten around"*



2nd place winner, Abigail Heslop from Wolmer's High School for Girls' is flanked by 1st and 3rd place winners Justin-Timothy Frater (right) and Mikail Clarke (left) both from Cornwall College.

The top three students in the local leg of COTA Essay Competition received prizes at an awards ceremony which took place on July 3, 2014 at TAJ's Head Office, located on the 4th floor of the PCJ Building in New Kingston.

In addition to the TAJ trophies, prizes were awarded courtesy of the Book Industry Organisation of Jamaica.

The top three local essays were submitted for the regional competition, where Justin-Timothy Frater was named as the 3rd place winner.

2nd payment of Minimum Business Tax due September 15



Tax Administration Jamaica



Our Guiding Principles

Vision Statement

A World-Class Tax Administration

Mission Statement

To collect the revenues due in an equitable and cost effective manner, foster voluntary compliance, provide excellent service to our customers through an engaged and empowered staff

Core Values

Integrity: be honest and ethical in dealing with staff, customers and other stakeholders.

Mutual Respect: Treat our customers, stakeholders and each other with respect regardless of race, religion, politics, sex, etc.

Professionalism: exercise high level of professionalism in our actions through personal commitment, knowledge and skills.

Accountability: take responsibility for actions, results, commitments and quality to staff, customers and stakeholders.

Customer Centric: value customers, putting their needs and interests at the centre of our actions.

Team Work: create an environment of support and trust to promote a "can do" attitude in sharing a commitment.

FOR MORE INFO:-
Call 1-888-TAX-HELP (829-4357) / www.jamaicatax.gov.jm

FOR MORE INFORMATION

Tax Administration Jamaica (TAJ) would be pleased to provide you with more information about our programmes, projects, time lines, plans and contract opportunities. If you are interested, please contact:

Communications Unit
PCJ Building (4th Floor), 36 Trafalgar Road,
Kingston 10, Jamaica, W.I.,

CUG: 839-9417, Tel.: 922-8742, Fax: 754-9593, email: communications@taj.gov.jm

We will continue to engage our stakeholders in discussions and provide regular updates.