TECHNICAL ADVISORY

Issued by:	Tax Administration Jamaica (TAJ)
Issue Date:	May 16, 2022
Advisory #:	051622/01/GCT-TA
Technical Paper:	***Reduction in Standard GCT Rate: Issues impacting time of supply when there is a change to the standard rate***

Table of Contents

TECHNICAL ADVISORY

Reduction in Standard GCT Rate: Issues impacting time of supply when there is a rate change
Revenue Measure 2020/2021

ABBREVIATIONS AND GLOSSARY OF TERMS

Contract of insurance	As referred to under Section 6 subsection (8) defines this to include a policy of insurance and renewal but does not include a policy of life assurance, health insurance or reinsurance.
Effective date	The date the amendment to the Act becomes law unless otherwise stated.
GCT	General Consumption Tax
House	House of Parliament
Insurer	A person or company that enters into an insurance contract to compensate the other party in the event of loss or damage.
MoFPS	Minister of Finance and the Public Service
Registered Taxpayer	A person engaged in a taxable activity, registered pursuant to section 27 of the GCT Act and is liable to charge, collect and remit tax under the GCT Act by filing a GCT Return. The standard criterion is gross sales or revenue of $10,000,000 per annum or on average $833,333.33 per month. However, persons who do not meet this criteria may apply to be voluntarily registered as a registered taxpayer by the Commissioner General.
Reinsurance	Reinsurance is the practice whereby insurers transfer portions of their risk portfolios to other parties by some form of agreement to reduce the likelihood of paying a large obligation resulting from an insurance claim.
Taxable supply	Section 2 of the GCT Act defines this as any supply of goods and services on which tax is imposed under section 3. A taxable supply is a supply of goods and services made in the course of, or furtherance of any business that is not exempt from GCT by law.
Time of supply	The precise time when a taxable supply becomes chargeable to GCT.

TECHNICAL ADVISORY

PURPOSE

The purpose of this Technical Advisory is to provide guidance on issues arising on the application of the reduction in the GCT rate from 16.5% to 15% as announced in the 2020-2021 Revenue Measures in relation to supplies made by registered taxpayers.
This Technical Advisory will address:

(i) How the reduced rate should be applied to the various time of supply rules as provided in Section 6 of the GCT Act.
(ii) Specific concerns raised by persons as to how to determine the rate of tax applicable when there is a rate change and contracts/agreements/billings are already negotiated/entered into/generated prior to the change.

OBJECTIVES OF THE 2020/2021 GCT REVENUE MEASURE

On Tuesday, March 10, 2020, the MoFPS, Dr. the Honourable Nigel Clarke asked the Honourable House, as part of the 2020-2021 Revenue Measures (see Ministry Paper #14/2020), to support a reduction in the GCT rate from 16.5% to 15%.

The measures seek to achieve the objectives of further supporting the reform of the tax system towards equity, efficiency and simplicity and encourage growth in the economy by:

- reducing the incentive for taxpayers to be non-compliant
- incentivizing all sectors through lower upfront costs and increased cash flow and
- assisting persons in managing their exposure to the tax type based on their own consumption efforts.

LEGISLATION

- All references are to the General Consumption Tax (GCT) Act and
- The GCT Regulations, 1991

EFFECTIVE DATE

The effective date for implementation of this measure is April 1, 2020.

TECHNICAL ADVISORY

AMENDMENTS TO THE GCT ACT AND REGULATIONS

The implementation of the reduction in the standard rate of the GCT is in accordance with the following amendments to the GCT Act and Regulations.

- Section 4 (1)(a) of the GCT Act
- GCT Regulation 14, Paragraph 5 (b) (i)-(iii).

BACKGROUND

The standard rate of GCT was last adjusted in June 2012 when it was reduced from 17.5% to 16.5%. Section 4(1)(a) of the GCT Act was amended with effect from April 1, 2020 to provide for a further reduction in the standard GCT rate from sixteen and one-half percent (16 .5 %) to fifteen percent (15%).

FILING IMPLICATIONS

Under Section 4 of the GCT ACT

(1) *"General consumption tax shall-*
   (a) *subject to paragraph (b), be at the rate of fifteen per centum;*
   (b) *in relation to taxable supplies specified in the First Schedule, be at the rate specified in that Schedule.*

(2) *The Minister may, by order subject to affirmative resolution of the House of Representatives, amend the rates of general consumption tax referred to in subsection (1)."*

Section 5 states that:

"General consumption tax shall be due and payable-

   (a) *at the time when goods are entered for home consumption under the Customs Act; and*
   (b) *in any other case, at the time of supply."*

In the initial stage of implementation, the change in the GCT rate may impact the appropriate rate to be charged on some supplies made by registered taxpayers. The **"time of supply"** rules are important in determining the return period in which GCT on any supply will be accounted for, both from the point of view of the supplier and the recipient (where the recipient is using the supply in furtherance of a taxable activity).

In this regard, the determination of the time of supply is crucial, as this will dictate if the new rate can be applied to a transaction that commenced before the date (April 1, 2020) when the new rate came into effect.

The 1st return with this reduced rate will be due on the last working day in the month of May 2020 (i.e. May 29th) and will cover taxable activity for the period April 1 to April 30, 2020.

TIME OF SUPPLY

Tax points are the rules in place for GCT purposes for determining when a supply takes place. This is referenced in the GCT Act as the "time of supply". The time of supply enables a registered taxpayer to determine the rate of tax, value, and due dates for payment of taxes.

I. General Rule

Under Section 6 (1) of the GCT Act, "*a taxable supply takes place for the purposes of this Part when-*

- *an invoice for the supply is issued by the supplier; or*
- *payment is made for the supply; or*
- *the goods are made available, or the services are rendered, as the case may be, to the recipient,*

whichever first occurs."

When a registered taxpayer knows the time of supply it helps to identify the due date for payment of GCT. Under the general rule, a tax point is identified when any one of the three conditions as outlined in Section 6 (1) occurs first. A registered taxpayer who was granted permission to account for GCT on a payment basis his time of supply is still determined by Section 6 (1) for the purposes of determining the application rate. However, such a taxpayer does not account for that sale on the GCT return until payments are received. Similarly, the registered taxpayer who sells to Government, his time of supply and applicable rate is governed by Section 6 (1) but he does not include the sale on the GCT return form until when he receives the tax withholding certificate.

As indicated earlier, the general rule for determining the time of supply and consequently, when to charge GCT is stated above in section 6 (1). Therefore, standard rated supplies with tax points created by GCT invoices issued, payments received or goods made available on or after April 1, 2020 will be liable to the fifteen (15) per cent rate. Notwithstanding, the applicable rate to charge will be the rate in existence on the date when the earliest of these transactions in relation to the supply of the good or service takes place.

In the initial stage of the implementation of the rate change the following applies:

(i) For invoices issued prior to April 1, 2020, the rate of tax to be applied is 16.5% even if payment is received or the goods delivered/service rendered on or after April 1, 2020.

(ii) Where the payment is received prior to April 1, 2020, the rate of tax to be applied is 16.5% and should an invoice be issued on or after to April 1, 2020 in respect of that supply, that invoice must reflect the rate of 16.5%.

(iii) Where the goods are supplied to the customer or services are rendered prior to April 1, 2020 the rate of tax to be applied is 16.5% even if the invoice is issued on or after April 1, 2020.

There is one general time of supply and a number of special rules for certain types of supply (See subheadings II –VII of this document).

Note that, in the instance where partial payment was made, and the goods have not been received, no invoice has been issued and the transaction does not fall within the scope of subheadings II-VII of this document, that payment translates to a deposit and is not a taxable supply for the purposes of the GCT Act. For example, layaway arrangements.

II. Hire Purchase Contract & Option to Return

Section 6 (2) gives guidance on the determination of time of supply where goods are supplied under a hire-purchase agreement.

"Where goods are supplied-

(a) under an agreement for hire-purchase; or
(b) under an arrangement whereby the recipient has an option to return the goods to the supplier, the supply takes place, for the purposes of this Act, when the goods are made available to the recipient. "

Therefore, in such instance where a hire purchase contract is entered into prior to April 1, 2020 and an invoice was issued, time of supply would not be at the invoiced date if the delivery occurred on a date on or after April 1, 2020. Instead, time of supply is determined when the goods become available to the recipient. A similar position is held for arrangements where the recipient has an option to return the goods to the supplier. Therefore, in these instances the new rate of GCT (i.e. 15%) would apply.

III. Progressive or Periodical Supplies

Section 6 (3) gives guidance on the determination of time of supply where the services are provided progressively over time. Under Section 6 (3) of the GCT Act, "*where goods or services are supplied progressively or periodically under an agreement that provides for the consideration to be paid from time to time upon the supplier giving invoices, the goods or services shall be regarded as being supplied at the time when-*

- *an invoice for the supply is given by the supplier; or*
- *payment is made for the supply; or*
- *payment for the supply becomes due,*

whichever first occurs."

For a supply to fall into this category, there must be an agreement in existence prior to the supply of the goods and/or services and they must be supplied in accordance with the agreement. The type of agreements involves services which in itself must be supplied progressively, i.e. delivered in instalments. In these agreements, it is necessary to establish that not only is the payment periodic but the supply of the goods or services as well.

In specific industries such as telecommunication and electricity providers, such goods or services within themselves must be supplied progressively. The customer is billed in one month for services consumed in the previous month. Section 6(3) of the GCT Act would apply in this instance and the GCT to be charged will be the prevailing rate at the date and time when the first of any of the three actions outlined above occurs.

Electricity Providers

Services provided by an electricity supplier are supplied progressively and billed based on a cycle period. The invoice is generated and issued at the end of the cycle. Therefore, in respect of cycle periods for goods or services progressively or periodically supplied, Section 6(3) of the GCT Act would apply in this instance, which is the prevailing rate at the date and time when the first of any of the three actions outlined above occurs.

For an electricity supplier who supplies energy saving devices and equipment to its customers which is not provided progressively and is not mutually inclusive in the services provided progressively, the general rules of Section 6 (1) will apply to that supply. That is to say, the applicable rate of tax for the one-off independent supply of goods, is the prevailing rate at the date and time when the first of any of the three actions outlined above for taxable supply occurs.

Telecommunication Providers

For internet and cable services it is our understanding that the services provided by the company, are supplied progressively and billed based on a cycle period. Also, the invoice is generated and issued at the end of the cycle. Therefore, section 6(3) of the GCT ACT would apply in this instance.

Note that, where a rate of tax, other than the standard rate, applicable to goods or services supplied by a provider, distributor of telephone cards or a carrier, all of whom are defined in section 2 of the Telecommunications Act, and such goods or services includes text messaging, telephone services (including telephone cards, prepaid vouchers or prepaid air time) and telephone instruments, which suffers tax at a rate of 25%, the amendment to the standard rate will not have an impact. The rate of tax for these goods and services are impacted by the provisions of the First Schedule Part IV-Supply of Telephone Service and Part IVA-Telephone Instruments.

Example of Time of supply for periodic supplies

Alfa Cement Manufactures contracts with Alfasure Gypsum for the supply of 30, 000 tons of gypsum to be delivered in three (3) 10,000 ton lots. The contract provides for the payment to become due on the day of delivery. However, all payments are made the day after delivery. What is the time of supply on each instalment?

Date of Supply	Invoice Date	Payment date	Time of Supply
10,000 delivered on 30.03.2020	31.03.2020	31.03.2020	Delivery date - 30.03.2020
10, 000 delivered on 31.03.2020	01.04.2020	01.04.2020	Delivery date - 31.03.2020
10, 000 delivered on 02.04.2020	01.04.2020	03.04.2020	Invoice date - 01.04.2020

For the first two consignments the delivery date becomes the time of supply as it is the earliest of all three relevant dates. Hence the rate of tax applicable is 16.5%. For the last consignment the date of invoicing is the earliest date and so it becomes the time of supply and the rate of tax to be charged is 15%.

Billing period straddles a date before April 1, 2020 and a date afterwards

Where a customer is billed on or after April 1, 2020 for services consumed during a billing period straddling a date prior to April 1, 2020 and after (e.g. March 14, 2020 to April 14, 2020) the charge to GCT will depend on when any of the three actions above occurs first. Therefore, using the billing period identified before, an invoice is generated on April 15, 2020 (invoice occurring first) and delivered to the customer; the prevailing rate of 15% will be applicable despite the fact that part of the services was consumed prior to the rate change.

To the extent that payment has not been received in respect of a billing cycle period which commenced prior to April 1, 2020 and the payment in respect of the service provided in that cycle period did not become due prior to April 1, 2020, the applicable rate of tax will be 15% for all invoices generated on or after April 1, 2020.

No prorating is necessary as the rules under section 6(3) takes precedent.

IV. Retention monies under a contract

Under 6 (4) of the GCT Act, *"Where a contract for a taxable supply provides for the retention by the recipient of part of the purchase price pending satisfactory completion of the contract or part thereof, tax shall become payable on the part of the purchase price so retained when such payment becomes due to or is received by the supplier, whichever is earlier."*

A retention clause is normally written into a construction contract and this allows the client to hold certain percentage of the billed amount, until after the obligations under the contract are fulfilled according such terms of the contract. This is a common feature of construction contracts and contracts for the supply and installation of plant and machinery. Where the services are contractually complete, there is no tax point until an invoice is issued or payment is received, whichever comes first.

Therefore, the GCT applicable on the retention money would not be accounted for by the supplier until the time the retention payment is received by the supplier or an invoice in respect of the retention payment is issued, whichever is earlier.

V. Agreements other than Hire purchase agreement

Under 6 (5) of the GCT Act

"Where a taxable supply is made under an agreement other than a hire-purchase agreement, and the taxable supply is appropriated for the use of some person other than the purchaser under the terms of the agreement in circumstances where the total consideration is not determined at the

time of appropriation, the supply shall be deemed to have taken place when payment of the consideration or part thereof becomes payable or is received or a tax invoice is issued, whichever first occurs."

This provision looks at situations where two parties enters into a contract for one to supply goods or services for the benefit of another person (a third party) who is not directly involved in the agreement. This time of supply rule addresses a situation where party A (the supplier) makes a supply to party B (the purchaser) wherein party B is not the ultimate beneficiary of the supply, rather a third party, party C. Also for this section to apply the total consideration must not be determined as at the time of appropriation. This means that at the time that the goods or services are put aside and/or designated for purchase by party B, the final cost for the goods or services has not yet been determined.

The time of supply is deemed to be when

(i) full payment or partial payment is due or
(ii) full payment or partial payment is received or
(iii) if a tax invoice is issued by the supplier,
whichever occurs first.

If more than one of these three (3) events has occurred, then the date on which the first one occurs is the period in which the GCT must be accounted for. Full payment or partial payment may be made on a series of pro-forma invoices issued over a period of time and supply occurs at this instant. Therefore, if this occurs first, the tax point will be when full or partial payment is made. It should be noted that the periodic invoices used to effect these payments is not necessarily a tax invoice.

The New Zealand Goods and Sales Tax (GST) Act of 1985 had a similar provision, Section 9(6), which read –

Section 9(6) – 'Consideration not determined at time of removal'

> *"for goods supplied where part or all of the consideration (e.g. selling price) is not determined at the time the goods are taken, the supply occurs only to the extent of, and at the time that, payment is due or is received or an invoice is issued, whichever is the earlier."*

This has since been replaced, on 30 March 2017, with ***Section 350(1) & Section 350(2)) of the Taxation (Annual Rates for 2016–17, Closely Held Companies, and Remedial Matters) Act 2017 (2017 No 14).***

(1) *Subject to subsections (2)(a) and (3), where the whole of the consideration (the price) for a supply under an agreement is not determined at the time of the agreement, and a supply is made under the agreement before the price is determined, the supply is deemed to take place, to the extent of a part of the price, at the earlier of when—*
   (a) *a payment of the part of the price becomes due or is received:*
   (b) *the supplier or recipient issues an invoice for the part of the price.*

(2) *Subsection (1) applies for a person and a supply and a taxable period beginning before the date on which this Act receives the Royal assent if the person includes the supply in a return for the taxable period consistently with section 9(6) of the Goods and Services Tax Act 1985, as inserted by subsection (1).*

This provision applied to "pool marketing schemes", such as those operated by the New Zealand Meat Producers Board and New Zealand Milk Board". In New Zealand this provision was specifically introduced to provide for circumstances where farmers would make milk supplies to dairy companies and where notional payments are made for butter fat sales that are made monthly. Since the final consideration for the supply is not known until a later date, usually at the end of a season the time of supply is deemed to be the earlier of when payment is due, when payment is received or when an invoice relating to the supply is issued by the supplier. Also, the use of the words, *"to the extent of, and at the time that*", have the effect of fixing the value of the supply to be taxed. Therefore, a series of invoices may be issued over a period of time. As each is issued a supply occurs to the extent covered by that invoice. It was explained that periodic invoices in this context is not necessarily a tax invoice.

Another example where this provision was applicable is where, a farmer delivers sheep to the freezing works (Frozen Meat Company) in April. The price the sheep would fetch when the carcasses were sold was unknown. The carcasses were sold in July and an invoice and cheque for $1,100, being the final sale price was sent to the farmer in August. The farmer accounts for the $1,100 in the taxable period that covers August with $100 of this being GST." In Jamaica our milk and meat supplies do not attract GCT so the treatment highlighted could not be applied to these local industries. However, the scenarios provide an understanding on what possibly types of transactions would qualify under such agreements.

Jamaican example of Time of supply for Agreements, other than Hire Purchase Agreements

Supplier: DC Hotel

Purchaser: Jamaica Cricket Association ("JCA")

Ultimate Beneficiaries: Cricketers competing in the International Cricket Competition ("ICC")

The DC Hotel has entered into an agreement with the Jamaica Cricket Association to be the provider of rooms for the ICC at a special discounted rate of US$95 per night for a single room. However, for the JCA to get this special rate they must satisfy certain conditions including having no outstanding charges booked to any of the rooms and no damage to the hotel's property as at check-out by all guests booked by JCA. If these conditions are not met the standard room rates of US$105 per night for a single room will apply and outstanding charges and damage fees will be added to the amount billed to JCA. The final determination of the cost to JCA will therefore be calculated when the last guest booked by the JCA checks out of the hotel on March 31, 2020.

The agreement also states that the DC Hotel can guarantee a maximum of 100 single rooms once these rooms are booked no later than fourteen (14) days before the event which starts on February 29, 2020, that is, booked on or before February 15, 2020. After that period bookings are subject to availability. The agreement also provides for a deposit equivalent to 50% of the special discounted rate to be paid on all rooms booked as at February 15, 2020 if the JCA wants to secure the reservation of these rooms.

Although this agreement is made between the DC Hotel and the JCA the DC Hotel knows that the persons staying in the rooms will be cricketers competing in the ICC. Teams of cricketers from all over the world book their rooms through the JCA and payment to the DC Hotel for these rooms will be made by the Association from the funds received from the various cricket teams.

Response

This illustration shows that at the time that service was designated for purchase, the final cost for the service had not yet been determined. It also provides an option for illustrating how section 6 (5) of the GCT Act can operate to deem the time of supply and also offers the opportunity to show the interplay between various time of supply scenarios.

Some possible scenarios are listed below:

1. If 50 rooms are booked by the JCA as at February 15, 2020 then the deposit for those rooms becomes due on February 15, 2020. Therefore, February 15, 2020 is deemed to be the time of supply for the purposes of GCT, when a pro-forma invoice is sent for the deposit payment. The GCT rate applicable will be 16.5% on the cost of the deposit equivalent to 50% of the special discounted rate for the 50 rooms booked on February 15, 2020. After the last cricket departs the hotel the JCA will be sent a final tax invoice by DC Hotel on or after April 1, 2020. The final balance on the bill will attract the new GCT rate of 15%.

2. if as at February 28, 2020, the JCA booked 75 rooms and the last cricketer checked out of the hotel on March 31, 2020, and on April 1, 2020 the DC Hotel sends a tax invoice for the 75 rooms, then April 1, 2020 is deemed to be the time of supply for the purposes of GCT. The GCT rate applicable will be 15% on the cost of the 75 rooms booked and charged as per the invoice created on April 1, 2020; but
3. If on the day the last cricketer checked out, i.e. March 31, 2020, the DC Hotel was paid for 25 of the 75 rooms booked on the February 28, 2020, then March 31, 2020 is deemed to be the time of supply for the purposes of GCT. This is so even if the monies for the 25 rooms were paid by means which result in a delay in the receipt of payment due to bank processing, such as payment by credit card, interbank bank transfer etc. In such circumstances the determining deeming date is the date the payment was made to DC Hotel and not the date of the receipt of monies by the DC Hotel.

VI. Meters and Machines or Other Device operated by coin or token

Under 6 (6) of the GCT Act

"Where a registered taxpayer, by means of a machine, meter or other device operated by coin or token, makes a taxable supply for a consideration in money, the time of such supply shall be regarded as the time when such coin or token is removed from the machine, meter or other device by or on behalf of the registered taxpayer."

A registered taxpayer, by means of a machine meter or other device operated by a coin or token, makes a taxable supply for a consideration in money. The time of supply is when the coins or tokens are physically removed from the machine by or on behalf of the supplier. A purchase of a token that is to be used in a token operated machine will not trigger the time of supply rules until the token is used and is removed from the machine. Meter reading would not suffice if it did not include a physical removal of the coins or token.

Therefore, the tax is payable when the coin or token is physically removed from the machine, meter or device.

VII. Taxable Supplies made by an Insurer pursuant to a Contract of Insurance

Section 23A (1A) of the GCT Act states that *"where a taxable activity consists of a supply made by an insurer pursuant to a contract of insurance made through a broker, the broker and the* *insurer shall be jointly and severally liable to collect the tax chargeable in respect of the taxable activity and pay the tax to the Commissioner in accordance with section 33(1)."*

Under the GCT Regulations, Regulation 8 (10) *"where a taxable supply is made by an insurer pursuant to a contract of insurance, the receipt for payment of such supply issued by a broker or insurer, as the case may be, shall be deemed to be the tax invoice and the particulars specified in paragraph (1) shall be shown on the receipt". (Paragraph 8(1) stipulates the information that shall be contained on a tax invoice).*

Under Section 6 (7) of the GCT Act *"where a taxable supply is made by an insurer pursuant to a contract of insurance, a supply takes place for the purposes of this Act at the time when payment is made to a broker or insurer for that supply."*

Policies renewed prior to April 1, 2020 with the first payment becoming due after

For insurance contracts, where policies are renewed prior to April 1 with the first payment becoming due after that date, will attract the prevailing rate of tax at the time of supply in accordance with Section 6 (7) (i.e. the payment date). Such contracts will attract the new rate of tax of 15% when payment is made. Therefore, the necessary adjustment is to be made to the rate previously quoted and the rate of 15% applied to the premium amount being paid on or after April 1, 2020. Any payment made prior to April 1,2020, whether it had fallen due or not will attract the rate of 16.5%

Part payment of premiums made prior to April 1, 2020 balance paid after April 1, 2020

Where part payment on premiums was made prior to April 1, 2020 and the balance will be made thereafter the portion paid prior to April 1, 2020, will attract the prevailing rate at that time which was 16.5%. Premiums irrespective of due date, paid on or after April 1, 2020, will attract the reduced rate of 15%. This is consistent with the taxpayer being on the payment basis.

Reversal or corrections to policies that existed prior to April 1, 2020

Any payment remaining unpaid after the correction to the policy which is subsequently paid on or after April 1, 2020 will attract the 15% rate of tax. Therefore, where the premium is revised downward, the amount previously paid is to be deducted from the revised sum and the balance due calculated with an applicable rate of 15%. Should a refund be applicable, the tax is to be refunded at the rate initially charged and paid prior to April 1, 2020.

Funds collected before April 1, 2020 prior to the new contract date

In accordance with Section 6 (7), time of supply is when payment is made, as such the rate of 16.5% is applicable to the premium portion received prior to April 1, 2020. This is consistent with the payment basis.

Other insurance contracts

- Life Insurance, or Reinsurance of a life contract, and Health Insurance premiums remains exempt from GCT in accordance with the Third Schedule.
- For Group Health Insurance Contract, the time of supply is also determined in accordance with section 6 (7).
- Reinsurance contracts other than reinsurance of a life contract comes within the scope of section 6(1).

Point to note carefully is that

a) Where the first step in the transaction is the raising of an invoice and that invoice has been issued prior to April 1, 2020 the rate tax to be applied is 16.5% even if payment is received subsequent to April 1, 2020.
b) Where the payment is received prior to April 1, 2020 the rate of tax to be applied is 16.5% and should an invoice be issued subsequent to April 1, 2020 in respect of that supply, that invoice must reflect the rate of 16.5%.

Impact on Credit Notes

Registered taxpayers who issues any credit note on or after April 1, 2020 in respect of supplies of goods or services provided or supplied prior to this date (i.e. on or before March 31, 2020) must show the GCT rate in force at the time the original invoice was issued. Therefore, GCT rate applicable in this instant is 16.5%.

Impact on motor vehicle tax credit

The reduction in the rate will also impact the rates applicable to motor vehicle tax credits as outlined in the GCT Regulation 14, paragraph 5 (b) (i)-(iii)

Paragraph		OLD RATE	NEW RATE
5 (b) (i)		7%	6.5%
5 (b) (ii)		16.5%	15%
5 (b) (iii)	(A)	14%	13%
	(B)	16.5%	15%