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# ***The Charities Act - Jamaica***

## ***An Overview of Tax Benefits***

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# ***The Charities Act - Jamaica***

An Overview of Tax Benefits



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# ***The Charities Act - Jamaica***

## ***Introduction***

- Increased burden on NGO's to address societal needs
- IMF Extended Fund Facility
- Primary Surplus Target
- Conditions associated with the regulation and taxation of charities
- Passage of the new Charities Act
- Objects of the Act
- Charitable Purposes
- Let's examine the tax benefits available

# *The Charities Act - Jamaica*

## *Income Tax*

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# ***The Charities Act - Jamaica***

## ***Income Tax***

Income of a registered charitable organisation is exempt from tax

Donations made to a registered charitable organisation are tax-deductible by the donor up to the following limits:

- (a) in the case of monetary donations, up to 5% of the donor's statutory income;
- (b) in the case of other property, the lower of the written down value of the property or 5% of the donor's statutory income.

A registered charitable organization shall be ineligible for a remission of income tax by the Minister of Finance under the Income Tax Act.

# *The Charities Act - Jamaica*

## *Customs Duty*

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# ***The Charities Act - Jamaica***

## ***Customs Duty***

Relief from import duty on any article (except a motor vehicle) imported into Jamaica or taken out of bond in Jamaica by:

- a) registered charitable organisation and shown to the satisfaction of the Commissioner to be required for the charitable purposes of that organisation; or
- b) The University of the West Indies or the Council of Legal Education and shown to the satisfaction of the Commissioner to be required for the use of the University or the Council.

# *The Charities Act - Jamaica*

*GCT*



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# ***The Charities Act - Jamaica***

## ***General Consumption Tax***

Goods (except for motor vehicles) and services acquired by a registered charitable organisation for the charitable purposes of that organisation are **zero-rated** for GCT purposes.

To acquire supplies on a zero-rated basis, the charitable organisation shall submit a purchase order (or import entry as appropriate) **in triplicate** to the Commissioner for endorsement:

- a) a copy of the purchase order shall be retained by the Commissioner, the purchaser and, in the case of a supply purchased in Jamaica, the registered taxpayer who makes the supply;
- b) where the supply is imported, a copy of the import entry document as endorsed by the Commissioner shall be submitted to Jamaica Customs Agency.

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## ***The Charities Act - Jamaica***

### ***General Consumption Tax***

Where a registered charitable organisation acquires a taxable supply for use in connection with the work of the organisation and it:

- a) has paid tax in respect of the supply; and
- b) is not entitled to claim a credit of input tax in respect of that supply.

that organisation may **within two years of the date on which the tax was paid**, apply to the Commissioner General of TAJ for a refund of the tax.

GCT chargeable on supplies of goods and services to registered charitable organization shall not be eligible for remission by the Minister of Finance under the GCT Act.

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# ***The Charities Act - Jamaica***

## ***General Consumption Tax***

The following services are exempt from GCT:

- (a) Activities for which an admission is charged:
  - (i) carried out by any cultural organization approved by the Minister; and
  - (ii) in respect of which the Commissioner General is satisfied that the proceeds therefrom are for charitable purposes.
- (b) Charitable services rendered by a registered charitable organisation or by a service club or a home for the aged, approved by the Minister.

# *The Charities Act - Jamaica*

*SCT*

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## ***The Charities Act - Jamaica***

### ***Special Consumption Tax***

The following goods are relieved from SCT:

Any article imported into Jamaica or taken out of bond in Jamaica by a registered charitable organisation and shown to the satisfaction of the Commissioner to be required for the charitable purposes of that organisation

SCT chargeable on supplies of goods to registered charitable organization shall not be eligible for remission by the Minister of Finance under the GCT Act.

# *The Charities Act - Jamaica*

## *Property Tax*

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# ***The Charities Act - Jamaica***

## ***Property Tax***

All buildings and lands belonging to and used by a registered charitable organization is exempt from property tax.

# *The Charities Act - Jamaica*

# *Transfer Tax*



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# ***The Charities Act - Jamaica***

## ***Transfer Tax***

Relief from transfer tax may be granted by the Commissioner General of TAJ to any transferor of land where it is shown to the satisfaction of the Commissioner that use of any such land was principally for the purposes of a registered charitable organization until the land was transferred.

Exemption from transfer tax on any transfer by way of gift to a registered charitable organisation.

Any transfer tax chargeable on the transfer of property to or by any registered charitable organization shall not be eligible for remission by the Minister of Finance under the Transfer Tax Act.

# *The Charities Act - Jamaica*

## *Stamp Duty*

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## ***The Charities Act - Jamaica***

### ***Stamp Duty***

A registered charitable organisation is exempt from any portion of stamp duty payable by the organisation (not exceeding 50% of the stamp duty chargeable) in respect of any conveyance made by or to the organisation of land used or intended to be used by the organisation for its charitable purposes.

Every registered charitable organisation shall be exempt from liability to stamp duty in respect of any instrument executed by it or on its behalf.

# *The Charities Act - Jamaica*

# *Transitional*

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# *The Charities Act - Jamaica*

## *Transitional Provisions*

Where an organisation has been regarded as having been organised/operated for charitable purposes before the Charities Act came into force then the organisation:

- a) shall be treated as a **registered charitable organisation** under the Charities Act and for the purpose of the tax benefits highlighted;
- b) May apply **within six months of the date the Act came into force** for approval for registration as a registered charitable organisation. This application is made to the Department of Co-operatives & Friendly Societies (DCFS).

If this application is not made within this time-frame, the organisation shall cease to be regarded thereafter as a registered charitable organisation pending any future approval.

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*Questions?*

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