



# Jamaica

## Tax Alert

Tax Administration  
Jamaica (TAJ)  
announces Special  
Arrears Settlement  
Programme

February 2025



# Special Arrears Settlement Programme

## Introduction:

Tax Administration Jamaica (TAJ) recently announced the launch of a Special Arrears Settlement Programme (SASP). TAJ hopes to raise JMD 10 billion from the SASP while enabling settlement of tax balances to reduce debt stock, encourage compliance and lower tax administrative costs for taxpayers.

The SASP applies to outstanding tax principal amounts owed up to the 2024 Year of Assessment (for income tax) and periods to February 2025 (for other tax types), including balances under objection or appeal. In return for taxpayers settling same **by 31 March 2025**, the SASP will remit associated interest, penalties and surcharge (IPS) accrued.

***To be eligible to avail of SASP, taxpayers must have filed all tax returns and have no arrears pertaining to the current year of assessment or periods of assessment.***

## Taxes covered



The SASP applies to the following tax types:

Corporate Income Tax	Individual Income Tax	Partnership Income Tax
Pay-As-You-Earn (PAYE)	Education Tax	Asset Tax
Special Consumption Tax (SCT)	General Consumption Tax (GCT)	Withholding Tax (Specified Services, Interest, Miscellaneous, Contractors Levy, Dividends)

***TAJ has clarified that the SASP shall not extend to National Insurance Scheme (NIS), National Housing Trust (NHT) or HEART Contributions.***

# Key aspects of the SASP

## Who qualifies?

Individuals, businesses (both corporate/non-corporate) and non-governmental bodies who have:

- filed all required tax returns (including income tax returns) due by 17 March 2025 and are compliant;
- paid all arrears and tax principal associated with the current periods of assessments and the period of assessment for which the IPS is sought to be remitted.

## Applicable period?

The SASP covers the years of assessment from 2019 to 2024 (for income tax) and for periods of assessment up to February 2025 (for other tax types).

## Cases under Objection/Appeal

Where a taxpayer has a case under objection/appeal, they may also benefit from SASP to pay the tax principal under dispute. Payment does not equate to settling the matter. If the taxpayer's objection/appeal is successful, taxes paid under the SASP will be creditable against future taxes.

## How can taxpayers access the SASP?

As a first step, it is important that taxpayers check their ledger accounts for all tax types for which they are registered on TAJ's online RAiS portal. In our experience, taxpayers can be unaware of liabilities accumulating penalties and interest for a variety of reasons and not always as a result of taxpayer error.

Where appropriate, taxpayers should seek professional advice before engaging with TAJ. Once it is determined what tax types should be applied for, TAJ should be requested to flag the tax types on the taxpayer's ledger accounts to apply the SASP. A written submission is required for GCT & SCT.

TAJ has indicated that it intends to target specific taxpayers as part of a collection program to negotiate the settlement of tax arrears by 31 March 2025 and benefit from the SASP.

*Once payment of the principal tax is made, the IPS waiver will be automatically applied to the tax types selected.*

*Partial settlements are facilitated; the IPS will be waived by the same percentage with which the outstanding principal has been settled.*

*Taxpayers may request a temporary Tax Compliance Certificate "TCC" to apply for a loan needed for the settlement of the principal tax arrears.*



# Our commentary

## Special Arrears Settlement Programme (SASP)

- The SASP is a welcome initiative to provide a path for generally tax compliant taxpayers to regularize outstanding tax matters with TAJ.
- The programme enables such taxpayers to settle outstanding liabilities and clear their account with TAJ without the additional burden of penalties and interest. This also relieves the ongoing administrative burden and stress of having to manage accumulating tax exposures.
- The 31 March deadline for settling liabilities under the SASP reflects the objective of TAJ to increase collections before the Government's financial year end. This is likely to place significant challenges for some taxpayers to evaluate their position properly and settle outstanding liabilities by 31 March 2025.
- The exclusion of NIS, NHT and HEART from the SASP represents a missed opportunity for taxpayers to regularize payroll tax matters as they may be more reluctant to bring forward matters that can only be partially settled under the SASP (i.e. in respect of PAYE / Education Tax).

- TAJ has confirmed that it will facilitate the settlement of undeclared liabilities under the SASP provided that the tax liability is settled by 31 March 2025. This will require engagement and negotiation with TAJ.

## Cases under Objection/Appeal

- TAJ's decision to include settlement of taxes under Objection/Appeal in the SASP is not surprising given the large number of open objection cases, particularly for income tax.
- The SASP can help to protect taxpayers from penalties and interest in relation to taxes under dispute but taxpayers will not want the objection/appeal process to be protracted after paying these taxes under the SASP. We recommend that TAJ commits to responding to objections with a view to settling same on a timely basis.
- Taxpayers are encouraged to review the basis for the assessment, ratio of taxes to penalties/interest, the cost of finance that may be needed to fund settlement under the SASP.

Although the payment of principal taxes may impact the taxpayer's cash flow, it is important to weigh the potential costs against the benefit of the IPS waiver.

# Let's talk



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We believe that in order to maximise client satisfaction, a broad understanding of the tax laws and our client's needs is required.

We offer a range of tax services and employ extensive tax and corporate expertise to cater to a variety of clients and their unique needs across multiple industries.

This allows our clients the opportunity to focus on their core competencies in growing their sustainable businesses.

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