

Compliance Advisory – Withholding Tax on Specified Services (WTSS)

Dear **Applicant/Beneficiary**,

Our mission is to be the premier public sector organization in the provision of quality customer care to individuals, institutions and groups seeking to enhance the initiation, promotion and development of programmes and opportunities in the areas of Culture, Health, Arts, Sports and Early Childhood Education through effective collaboration, teamwork, innovation and motivated staff for the sustained viability of the Fund in the process of nation building.

As part of our commitment to providing quality customer service, we remind applicants and beneficiaries that the processing of funding activities is subjected to the applicable laws and regulations of the Government of Jamaica. One such regulation is the Withholding Tax on Specified Services (WTSS) implemented through Tax Administration Jamaica (TAJ) effective September 1, 2015, at a rate of 3%. These services include:

- Accounting
- Auditing
- Catering
- Consultancy
- Decorating
- Engineering (architectural, electrical, mechanical, and structural)
- Entertainment
- Information Technology
- Janitorial
- Laundry
- Legal
- Landscaping
- Management
- Repairs or maintenance
- Rental or leasing of motor vehicles or equipment
- Transportation, haulage, or tours
- *Any other service specified by the Ministry by order published in the Gazette.*

Therefore, the CHASE Fund as a public sector organization is required to withhold the 3% tax. Our obligations include:

- Deducting 3% from each payment for specified services costing \$50,000 and over before General Consumption Tax (GCT). Deducting 3% of the aggregate amount before GCT from the final invoice, where there is a series of invoices of less than \$50,000 each but aggregating to \$100,000 or more within a 30-day period. Deducting 3% from each instalment where an invoice over \$50,000 is paid in instalments.

- Filing and paying the tax withheld to the TAJ by the 14th day of the month following the month in which the tax deducted from the payment. Issuance of a Withholding Tax Certificate to the service provider that will convey the following information:
 - Name of Service Provider
 - Taxpayer Registration Number (TRN)
 - Address
 - Nature of Service(s) provided.
 - Date of Invoice
 - Invoice Number
 - Value of Service
 - Payment Amount
 - Income Tax Withheld

It should be noted that notwithstanding the withholding of the 3% income tax, persons from whom the tax is withheld are still obligated to file annual and estimated income tax returns and meet their quarterly obligations. They will however be able to claim as an income tax credit, amounts certified as being withheld against their quarterly and final obligations. Any excess credit is refundable on the final return.

Exemption

Tax Withholding Agencies (TWAs) will not be required to withhold from suppliers of services in respect of income which is exempt from the payment of income tax under section 12 of the Income Tax Act (see Act for complete listing).

WTSS will not be applicable to suppliers of service who are subject to withholding tax under other sections of the Act namely (including):

- Emoluments subject to deduction at source in accordance with Section 5(1)(c) of The Act, and the Income Tax (Employments) Regulations including deemed employees.
- Deductions from payments to non-residents - section 40
- Representative may retain the amount payable for income tax - section 56

Exemption Certificate:

The TAJ has advised that specified service providers may make a request in writing to TAJ for the EC. It is advisable that the letter of request indicates the specified service provided by the applicant. TAJ will issue the certificate after performing the relevant compliance checks. The certificates are available as of September 1, 2015. Once received, the EC should be presented to the relevant Tax Withholding Agents to facilitate payment of fees without the tax being withheld.

Kindly refer to the Tax Administration Jamaica Client Representatives for additional information.

Please be guided accordingly.

