

## ABILL

### ENTITLED

AN ACT to Amend the Urban Renewal (Tax Relief) Act.

[ ]

BE IT ENACTED by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and House of Representatives of Jamaica, and by the authority of the same, as follows:—

**1.** This Act may be cited as the Urban Renewal (Tax Relief) (Amendment) Act, 2010 and shall be read and construed as one with the Urban Renewal (Tax Relief) Act (hereinafter referred to as the principal Act) and all amendments thereto.

Short title  
and  
construction.

**2.** Section 2 of the principal Act is amended by inserting next after the definition of "capital expenditure" the following "Commissioner" means the Commissioner of Taxpayer Audit and Assessment.

Amendment  
of section 2  
of principal  
Act.

Amendment  
of section 13  
of principal  
Act.

3. Section 13 (1) of the principal Act is amended by deleting the word “twenty-five” and substituting therefor the words “thirty-three and one-third”.

Insertion of  
new sections  
14A and 14B  
in principal  
Act.

4. The principal Act is amended by inserting next after section 14 the following as sections 14A and 14B—

“ Relief re  
rental  
expense.

14A.—(1) The lessee of improved property owned by an approved developer shall be entitled to claim as a deduction from gross income in arriving at the statutory income of the lessee for any year of assessment, an amount equivalent to two hundred per cent of the rent paid by the lessee in respect of the property.

(2) The provisions of subsection (1) shall not apply—

- (a) where the lessee of the property is a connected person to the approved developer; or
- (b) in relation to so much of the rent paid by the lessee as appears to the Commissioner to be higher than a reasonable commercial rate on the date on which payment is due.

(3) In subsection (2) “connected person” shall be construed in accordance with section 2 of the *Income Tax Act*.

Exclusion of  
relief granted  
under other  
enactment.

14B.—(1) Subject to subsection (2), no relief shall be allowed under this Act in respect of the portion of a person’s statutory income for any year of assessment in relation to which relief from income tax is given by virtue of any other enactment.

(2) Subsection (1) does not apply in respect of the income of—

- (a) an insurance company that is taxed in accordance with section 48(4) of the *Income Tax Act*;

- (b) a building society that is taxed in accordance with section 30 (2) of the *Income Tax Act*;
- (c) an approved enterprise that is entitled to relief in accordance with section 11 or 12 of the *Industrial Incentives Act*;
- (d) a company that is entitled to relief in accordance with section 12 of the *Industrial Incentives (Factory Construction) Act*;
- (e) a company that is entitled to relief in accordance with section 9 of the *Hotels (Incentives) Act*; or
- (f) a company that is entitled to relief in accordance with section 7 of the *Resort Cottages (Incentives) Act*.”.

(3) In this section “relief” means a statutory benefit whereby the whole or any portion of the statutory income of a body corporate is relieved of tax or is taxed at a lower rate than specified in section 30(1)(b) of the *Income Tax Act*”.

5. The principal Act is amended by inserting next after section 17 the following as section 17A—

“ Exemption from transfer tax and stamp duty on acquisition of land.

17A.—(1) Subject to subsection (3), during the incentive period, no transfer tax and stamp duty shall be payable on the transfer of any land in a special development area, where the condition specified in subsection (2) is satisfied.

(2) The condition is, that the parties to the agreement for the transfer of the land have demonstrated to the Commissioner that the purpose of the transfer is to facilitate the carrying out of improvement works on the land, before the expiration of a period of three years after the date of transfer, or such longer period as the Minister may, by order, specify.

Insertion of new section 17A in principal Act.

(3) Where the improvement works are not carried out before the expiration of the period specified in subsection (2), then the transferee, or such other person who is the registered proprietor of the land at the expiration of the period, shall be liable to pay to the Commissioner an amount equivalent to the transfer tax and stamp duty that, but for subsection (1), would have been payable.

(4) In subsection (1) “land” has the same meaning as in the *Transfer Tax Act*.”.

Passed in the House of Representatives this 23rd day of November, 2010 with one (1) amendment.

M. DALRYMPLE PHILIBERT,  
*Deputy Speaker.*

Passed in the Senate this 17th day of December, 2010 with seven (7) amendments.

OSWALD G. HARDING, OJ, CD, QC  
*President.*

SECTION 13(1) OF THE PRINCIPAL ACT WHICH IT IS  
PROPOSED TO AMEND

13.—(1) Where in any year of assessment during the incentive period, an approved developer carries out improvement works in a special development area, there shall, subject to subsection (2), be allowed a tax credit equivalent to twenty-five per cent or such other rate as the Minister may by order prescribe, of the capital expenditure made by him during that year of assessment in respect of the improvement works.

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## MEMORANDUM OF OBJECTS AND REASONS

The Government has decided to amend the Urban Renewal (Tax Relief) Act to enhance and encourage redevelopment in the downtown Kingston area and other blighted urban areas across Jamaica.

This Bill seeks to amend the Act to allow for—

- (a) exemption from stamp duty and transfer tax on the transfer of land for use by approved developers (being persons approved under the Act to carry out works in a special development area);
- (b) double rental deduction for lessees, that is, lessees of properties owned by approved developers in a special development area would be allowed to claim double the rent as a deduction in arriving at statutory income;
- (c) an increase from 25% to 33 1/3% tax credit of the capital expenditure in respect of improvement works carried out in the special development area.

Provision is also made, with some exceptions, to ensure that entities benefiting from income tax relief under the Act will be disentitled from claiming similar benefits under other Acts.

AUDLEY SHAW  
Minister of Finance and the Public Service.

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As passed in the Honourable House of Representatives

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As passed in the Honourable Senate.