

ABILL

ENTITLED

AN ACT to Amend the Income Tax Act.

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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 Income Tax (Amendment) Act, 2016, and shall be read and construed as one with the Income Tax Act (hereinafter referred to as the "principal Act") and all amendments thereto and shall be deemed to have come into operation on April 1, 2016.

Short title,
construction
and
commence-
ment.

Amendment
of section 93
of principal
Act.

2. Section 93 of the principal Act is amended by deleting subsections (2) and (3) and substituting therefor the following—

“ (2) The Minister may, by order published in the Gazette, amend, revoke or vary the provisions of the Fourth, Fifth, Sixth, Seventh or Eighth Schedule to this Act.

(3) All rules and orders made under this section shall be subject to affirmative resolution of the House of Representatives.”.

3. The Seventh Schedule to the principal Acts is repealed and replaced as follows—

Repeal and replacement of Seventh Schedule to principal Act.

“ SEVENTH SCHEDULE (Section 48B)
Junior Stock Market Companies

1. In this Schedule—

- “admission” means admission of the Participating Voting Shares or other securities of an eligible company to trade on the Junior Market;
- “eligible company” means a company that meets the requirements of the Junior Market Rules for the purposes of admission to the Junior Market and whose Participating Voting Shares are admitted for trading thereon;
- “existing eligible company” means a company that became an eligible company prior to April 1, 2016;
- “initial admission” means admission of the Participating Voting Shares of an eligible company to trading on the Junior Market;
- “Junior Market” means the Junior Market platform of the Jamaica Stock Exchange for the trading of the Participating Voting Shares or other securities of eligible companies;
- “Junior Market Rules” means the Rules of the Junior Market published by the Jamaica Stock Exchange as may be amended or supplemented from time to time;
- “Main Market” means the Main Market platform of the Jamaica Stock Exchange;
- “Main Market Rules” means the rules of the Main Market published by the Jamaica Stock Exchange as may be amended from time to time;
- “newly eligible company” means a company that became an eligible company on or after April 1, 2016;
- “other securities” means any security issued by an eligible company other than the Participating Voting Shares in respect of which it secured an initial admission to the Junior Market;
- “Participating Voting Shares” means—
- (a) ordinary shares or stock units;
 - (b) preference shares or stock units; or

(c) any other shares or stock units,

in respect of which, an eligible company secured initial admission to the Junior Market and which qualify for equity treatment under International Financial Reporting Standards (“IFRS”);

“Participating Voting Shareholder” means holders of the Participating Voting Shares of an eligible company.

2.—(1) Subject to the conditions specified in paragraph (3), a newly eligible company and an existing eligible company shall be entitled to the tax incentives specified in sub-paragraph (2).

(2) The tax incentives referred to in sub-paragraph (1) are as follows—

(a) in relation to a newly eligible company, an exemption from the payment of all income tax that the company would have otherwise been liable to pay under this Act in respect of income, profits and gains had it not been a newly eligible company, calculated as follows—

(i) in the first five year period after initial admission, a full exemption from the payment of such tax; and

(ii) in the subsequent five year period commencing on the date following the end of the period in sub-paragraph (i), an exemption from payment of 50 *percent* of such tax;

(b) in respect of an existing eligible company, the same relief from the payment of all income tax that the company would have otherwise been liable to pay under this Act in respect of income, profits and gains had it not been an existing eligible company, calculated in the same manner as set out in sub-paragraphs (a)(i) and (ii).

3.—(1) Subject to sub-paragraph (2), the conditions referred to in paragraph (2) are that—

(a) the eligible company shall remain listed on the Junior Market or Main Market for a combined continuous period of not less than 15 years from the date of initial admission;

(b) the subscribed Participating Voting Share capital of the eligible company shall not exceed five hundred million dollars or any

other amount set by the Minister in accordance with the provisions of this Act from time to time, in the ten year period following from the date of initial admission;

- (c) the eligible company shall not benefit in any way from any other income tax incentive, exemption, remission or other benefit granted under any other enactment, so that an eligible company may either elect to continue to receive such income tax incentives as it may have been granted prior to the date of commencement of this Act, or to receive the incentive referred to in paragraph 2 instead.

(2) Notwithstanding sub-paragraph (1)(a), if any time before the expiry of the fifteen year period specified thereunder, the eligible company is—

- (a) suspended from the Junior Market or Main Market for any breach of the Junior Market Rules or Main Market Rules (as the case may be); or
- (b) is otherwise de-listed from the Junior Market or the Main Market for any reason whatsoever,

the eligible company shall immediately become liable to pay all income tax it would have been liable to pay, from the time of initial admission, had it not been granted the incentive under paragraph 2.”.

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to amend the Income Tax Act—

- (a) in section 93 to provide *inter alia*, for the Minister to amend the Seventh and Eighth Schedule by order;
- (b) to provide that all rules and orders made pursuant to section 93 shall be subject to affirmative resolution; and
- (c) to repeal and replace the Seventh Schedule to further provide for income tax incentives to companies listed on the Junior Stock Market.

AUDLEY SHAW
Minister of Finance and the Public Service.

A BILL

ENTITLED

AN ACT to Amend the Income Tax Act.

As introduced by the Honourable Minister of Finance
and the Public Service.

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