

*I*ncentives for *F*armers  
*A*nd  
*A*gro-*B*usiness



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## **REMISSION OF DUTIES ON AGRICULTURAL VEHICLES**

The Government of Jamaica offers twenty percent (20%) concessionary duty rates to farmers/farming enterprises that can prove to the Ministry of Agriculture that they are importing a vehicle which is complementary to their farming activities. The beneficiaries of the concession only pay twenty percent (20%) duty to import the vehicle.

Vehicles regarded as farm vehicles and eligible for the concessionary duty rate are:

- a. Panel vans and pick-ups (not exceeding two (2) tons
- b. Trucks (exceeding two (2) tons
- c. Tractor heads and trailers

## **THE PROCEDURE TO OBTAIN A TWENTY PERCENT (20%) DUTY CONCESSION ON FARM VEHICLES**

- 1) Applicants must complete an application form. This form can be obtained from the Rural Agricultural Development Authority (RADA) parish office, in the parish where the farm/farming enterprise is located.
- 2) There is a processing fee of \$5,000 that is refundable if the application is not approved.
- 3) Supporting documents such as land title, land property tax receipt, proof of sale of land, rent or lease papers should be attached to the application form. Where the land is leased, the lessor should show proof of ownership.
- 4) The Proforma Invoice for the vehicle which the applicant wishes to purchase should be attached to the application form.
- 5) The application form should be submitted to the RADA Parish office in the respective parish for verification. Subsequently, the Parish Manager sends it through the prescribed channel to the RADA Head Office for further checking before it is forwarded to the Marketing and Credit Division of the Ministry of Agriculture.
- 6) The Ministry of Agriculture does the final processing of these applications in conjunction with the Ministry of Finance and Planning. The Ministry of Agriculture will inform the applicant/RADA office of the final decision.

- 7) Applicants who receive the twenty percent (20%) duty concession to purchase farm vehicles cannot sell these vehicles within three (3) years of the date of importation of the vehicles and cannot utilize this privilege for non-farming activities.
- 8) If the concession is not utilized within six (6) months, that is, before the expired date, the applicant is required to re-apply.

### **REMISSION OF DUTIES ON AGRICULTURAL EQUIPMENT, MACHINERY AND PRODUCTS**

Farmers/farming enterprises are exempt from paying General Consumption Tax (GCT) on certain items which are listed as exempted or zero rated under the General Consumption Tax Act.

There is also an exemption or significant reduction of import duties on certain items that are listed under the Provisional Collector of Tax Act. This is applicable mainly to the livestock, poultry and dairy industries respectively.

### **PROCEDURE TO OBTAIN WAIVER OF DUTIES ON MACHINERY, EQUIPMENT AND OTHER FARM INPUTS**

- 1) The applicant should visit the Rural Agricultural Development Authority (RADA) office or contact the Area Extension Officer and make a request.
- 2) The Parish Manager should submit a letter of recommendation to the Ministry of Agriculture after he has completed investigations and he is satisfied that the items will be used for farming.
- 3) If the item is exempted under the General Consumption Tax Act (GCT) and the Provisional Collection of Tax Act, A letter will be prepared at the Ministry in the Marketing and Credit Division based on the recommendation of the Parish Manager. The letter is addressed to the Commissioner of Customs verifying that the item/items being imported will be used for agricultural purposes.

- 4) If the item is not exempted under the Act, a letter is prepared and sent to the Ministry of Finance and Planning for approval.

### **INCOME TAX RELIEF FOR APPROVED FARMERS**

Section 36(d) of the Income Tax Act 21 of 1982 was enacted for the purpose of encouraging agricultural production by granting income tax relief to any person engaging or proposing to engage in a prescribed agricultural activity. A “prescribed” agricultural activity is any activity which the Minister of Finance prescribes by Order in the Jamaica Gazette. To date, the following agricultural activities have been prescribed:

- The growing of food crops
- Seed growing
- The growing of trees for the purpose of producing timber
- The growing of tobacco
- Horticulture
- Fishing and fish farming
- The breeding of beef cattle, dairy cattle, sheep, goats and pigs
- The production of fertile eggs for hatching
- The production of table eggs
- Apiculture
- The breeding of horses

The cattle farmer and horse breeder have to assure the Tax Administration Services Department of their intent to increase their herd by at least ten percent (10%) over a five (5) year period before the relief can be granted.

### **PROCEDURE FOR OBTAINING INCOME TAX RELIEF/APPROVED FARMER STATUS**

- 1) An application form shall be obtained from the Rural Agricultural Development Authority (RADA) parish office which has jurisdiction over the parish in which the farming activity is located.
- 2) The application shall be completed in duplicate and submitted to the RADA office where it is processed.

The accuracy of the information is verified by the Parish Manager and the Chairman.

- 3) The form is subsequently sent to the Director, Marketing and Credit Division of the Ministry of Agriculture, located at Hope Gardens, Kingston 6, where further processing, verification and concurrence takes place.
- 4) The Ministry of Agriculture recommends to the Ministry of Finance and Planning through the Tax Administration Services Department those applications which qualify for income tax relief from profits derived from the prescribed agricultural activity in which these enterprises are engaged.
- 5) The Minister of Finance designates a person to be an “Approved Farmer” subject to such terms and conditions as the Minister sees fit.
- 6) The name of the farming enterprise or farmer is then gazetted in the Jamaica Gazette and as such the farmer officially becomes an “approved farmer” to be relieved from income tax for a period of ten (10) years, effective from the year of assessment stipulated in the said Jamaica Gazette.

## **RAW MATERIAL DUTY CONCESSION**

Agro industries are granted an exemption from payment of the Common External Tariff (CET) and also the additional stamp duty on their raw material imports. The raw material schedule is listed in the General Consumption Tax 1991 (Act 110). The clause governing this incentive is listed in section 39, sub-section (A) and (B).

Since late 1997 there has been an increase in the cost of imported refined sugar due to an imposition of additional stamp duty and the Common External Tariff (CET). As a result certain manufacturers are beneficiaries of stamp duty waivers under the raw material schedule.

The decision was also taken that if manufacturers use traders to import sugar on their behalf; these manufacturers should also be eligible for the waiver of additional stamp duty.

## **PROCEDURE TO OBTAIN WAIVER OF DUTY ON RAW MATERIAL**

- a. All Manufacturers must be registered by the Trade Board and subsequently obtain an import licence prior to a submission to the Ministry of Agriculture, Marketing and Credit Division.
- b. Traders must write a letter to the Ministry of Agriculture, marketing and Credit Division, Hope Gardens, Kingston 6
- c. The traders must state the name of the manufacturer on whose behalf they are importing;
- d. The item, specifically and clearly defined, must be stated, that is 'Refined Sugar',
- e. The quantity must be stated in either kilograms or metric tonnes, preferably the latter.
- f. A declaration must be made by the trader that the refined sugar is being imported for the named manufacturer.
- g. The trader must attach to the letter of request an original Purchase Order with a purchase order number.

Agro-industries must apply in writing to the Ministry of Agriculture, Marketing and Credit Division, Hope Gardens, Kingston 6 stating the following:

- (1) The name of the company making the request;
- (2) A clear definition of the item;
- (3) The quantity in exact weight either in kilograms or metric tonnes;
- (4) That the item is to be used as a raw material and also that the raw material duty rate is being requested.

*Additional information can be obtained from:*

**Ministry of Agriculture and Lands**

Head Office

Marketing and Credit Division

Hope Gardens, Kingston 6

Telephone: (876)927-1731-50, Ext. 2204, 2205