URBAN RENEWAL (TAX RELIEF)

THE URBAN RENEWAL (TAX RELIEF) ACT

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THE URBAN RENEWAL (TAX RELIEF) ACT

1. This Act may be cited as the Urban Renewal (Tax Relief) Act.

2. In this Act—

   "approved developer" means any person approved by the Minister by order to carry out any improvement works in a special development area;

   "approved organization" means any organization declared as such by the Minister for the purpose of the issue or underwriting by that organization of urban renewal bonds;

   "capital expenditure" means expenditure directly incurred in the carrying out of improvement works in a special development area;

   "Commissioner" means the Commissioner of Taxpayer Audit and Assessment;

   "improved property" means property in a special development area, being property on which improvement works have been carried out;

   "improvement works" means the construction or improvement of a building or structure in a special development area or the purchase of a building or structure in a special development area for the purpose of improving such building or structure;

   "incentive period" means a period of not less than ten years which the Minister may determine by order, commencing on the date specified in that order;

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"investor" means any person who, by means of loans, the purchase of urban renewal bonds or otherwise, provides funding for the carrying out of improvement works in a special development area;

"special development area" means an area which is declared by the Minister responsible for urban development by order to be a special development area for the purposes of urban renewal;

"urban renewal bonds" means bonds issued by an approved organization for the sole purpose of providing funds for the carrying out of improvement works in a special development area.

3.—(1) The Minister may, by order, declare any area suffering from blight or urban decay to be a special development area for the purposes of this Act.

(2) An order made under subsection (1) shall contain a description of the area to which it applies.

4.—(1) The Minister may, by order, declare a person who proposes to carry out improvement works in a special development area to be an approved developer for the purposes of this Act.

(2) An application for such approval may be made in such form and manner as may be prescribed.

(3) The Minister may, in his discretion—

(a) approve an application under this section, subject to such terms and conditions as he thinks fit; or

(b) refuse such application.

5.—(1) If the Minister is satisfied that an approved developer has failed to comply with any term or condition subject to which the approval of the developer has been

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made, then, subject to subsection (2), the Minister may by order, published in the Gazette revoke an order made under section 4 with effect from such date as he may determine.

(2) Before revoking an order pursuant to subsection (1), the Minister shall give the approved developer an opportunity to explain the circumstances of his failure to comply with the term or condition.

(3) The revocation of an order pursuant to subsection (1) shall not affect any entitlement to income tax relief under this Act which may have accrued in relation to the approved developer prior to the revocation.

6. For the avoidance of doubt, it is hereby declared that the approval of a person as an approved developer under section 4 does not dispense with the necessity for that person to obtain such permission to develop or subdivide land as may be required under the Town and Country Planning Act, the Natural Resources Conservation Authority Act or the Local Improvements Act.

Urban Renewal Bonds

7.—(1) An organization which intends to issue or underwrite urban renewal bonds shall apply in writing to the Minister to be declared an approved organization.

(2) An Application under subsection (1) shall state—

(a) the sum of money which the applicant intends to raise by the issue of urban renewal bonds;

(b) the rate of interest payable in respect of such bonds;

(c) the terms and conditions under which the bonds are to be issued;

(d) a general description of the improvement works to which the sum raised by the bonds is to be applied.

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(3) The Minister may require an applicant to furnish him with such additional information as he may specify.

(4) The Minister may, in his discretion—

(a) approve an application under this section, subject to such terms and conditions as he thinks fit; or

(b) refuse such application.

8. Where the Minister approves an application made under section 7, notice of such approval shall be published in the Gazette and shall contain the matters referred to in subsection (2) of that section.

9. Each series of urban renewal bonds shall bear such rate of interest and shall be subjected to such terms and conditions as the Minister may approve before the issue thereof.

10. The sum of money raised by the issue of each series of bonds under this Act shall be applied for the purposes approved for that series by the Minister pursuant to section 7.

Income Tax Relief

11. Any interest payable or other sum accruing in respect of an urban renewal bond to the investor shall, in the hands of the investor or in the hands of the person entitled to receive it on his behalf, be exempt from income tax.

12. Where an approved organization makes a loan to an approved developer of any sums of money raised by the issue or underwriting of a series of bonds under this Act, for the purpose of financing the carrying out by that developer of any improvement works with respect to which those bonds were issued, then
the amount of interest payments received by the approved organization in respect of that loan shall, in the hands of the approved organization, be exempt from income tax.

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 thirty three and one-third 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.

(2) The tax credit allowed to an approved developer pursuant to subsection (1) is subject to the following conditions—

(a) the amount of the tax credit may be applied to reduce the income tax liability of the developer for the year of assessment referred to in that subsection but not more than fifty per cent of that liability may be so reduced;

(b) any amount of tax credit not utilized under paragraph (a)—

(i) may be carried forward and applied in a subsequent year of assessment so, however, that not more than fifty per cent of the tax liability may be so reduced in any such subsequent year of assessment;

(ii) shall not be refundable or be allowable as a credit against any unpaid income tax in respect of any year of assessment prior to the year to which subsection (1) applies.

(3) An approved developer shall keep separate books of account relating to improvement works carried out by him in a special development area.

14. An approved developer shall, in respect of income obtained from the lease or other letting of any improved property in a special development area, be entitled in each year during the incentive period to relief from income tax.

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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.

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.

15.—(1) This section applies to capital expenditure incurred by an approved developer in respect of improvement works which comprise a national monument, which expenditure would, but for subsection (2), also be eligible for income tax relief under the Jamaica National Heritage Trust Act.

(2) Capital expenditure to which this section applies shall not be available for relief both under this Act and the Jamaica National Heritage Trust Act, and notwithstanding anything to the contrary, the approved developer may elect under which of the aforesaid enactments he will claim relief.

(3) An election under this section shall be by notice in writing to the Commissioner of Taxpayer Audit and Assessment at any time not later than the 15th day of March in the year next following the year of assessment to which the election relates.

(4) In this section “national monument” has the same meaning as under the Jamaican National Heritage Trust Act.

Exemption from Transfer Tax, Stamp Duty and Fees

16.—(1) Urban renewal bonds shall be exempt from stamp duty.

(2) Any instrument necessary for the transfer of title to an urban renewal bond, upon which or in respect of which stamp duties, transfer tax, registration or recording fees are payable, shall be exempt from the payment of such stamp duties, transfer tax, registration or recording fees.

(3) In this section and section 17 “transfer” has the same meaning as under the Transfer Tax Act.

17. During the incentive period every transfer of title to any improved property by an approved developer shall be exempt from taxation under the Transfer Tax Act.
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.

(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.

18. The Minister may make regulations generally for giving effect to the provisions of this Act and, without prejudice to the generality of the foregoing, such regulations may—

(a) contain provisions for the processing of applications for approval under this Act;

(b) prescribe the form and manner in which applications for approval under section 4 are to be made.