

CERTIFICATE

In accordance with section 56(2) of the Jamaica (Constitution) Order in Council 1962, I hereby certify that this Bill shortly entitled "The Transfer Tax (Amendment) Act, 2017 is a Money Bill.

PEARNEL CHARLES, CD, MP, JP
Speaker

A BILL

ENTITLED

AN ACT to Amend the Transfer 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 Transfer Tax (Amendment) Act, 2017, and shall be read and construed as one with the Transfer Tax Act, (hereinafter referred to as the "principal Act") and all amendments thereto.

Short title
and construction.

Amendment
of section 17
of principal
Act.

2. Section 17(1) of the principal Act is amended by inserting next after paragraph (f) the following as paragraph (g)—

“(g) any transfer of shares where a company redeems, purchases or otherwise acquires shares issued by it, if—

- (i) the shares are listed on the Jamaica Stock Exchange or any other stock exchange signified by order of the Minister to be recognized for the purposes of this paragraph; and
- (ii) the shares are redeemed, purchased or otherwise acquired pursuant to the rules of the stock exchange on which the shares are listed as required under sub-paragraph (i), and where applicable, in accordance with any terms and conditions upon which the shares were issued by the company.”.

Amendment
of sections
19 and 19A
of principal
Act.

3.—(1) Sections 19(2A) and 19A(1) of the principal Act are amended by deleting the word and numerals “subsection (1)(e)” and substituting therefor, in each case, the words and numerals “subsection (1)(e) and (g)”.

(2) Section 19(2A) of the principal Act is amended by deleting the words “the 22nd day of April 1994” and substituting therefor the words “the date of commencement of the Transfer Tax (Amendment) Act, 2017”.

Amendment
of section 33
of principal
Act.

4. Section 33(2A) of the principal Act is amended by—

- (a) deleting the words “the 22nd day of April 1994” and substituting therefor the words “the date of commencement of the Transfer Tax (Amendment) Act, 2017”; and
- (b) deleting the word and numerals “subsection (1)(e)” and substituting therefor the words and numerals “subsection (1)(e) and (g)”.

5. Paragraph 3(2) of Part I of the First Schedule to the principal Act is amended by—

Amendment
of First
Schedule to
principal Act.

- (a) deleting the word “or” at the end of sub-paragraphs (a) and (b);
- (b) deleting the full-stop at the end of sub-paragraph (c) and substituting therefor a semicolon and the word “or”; and
- (c) inserting next after sub-paragraph (c) the following as sub-paragraph (d)—

“(d) relates to the redemption, purchase or other acquisition of the shares of a company, by the company which issued the shares, if—

- (i) the shares are listed on the Jamaica Stock Exchange or any other stock exchange signified by order of the Minister to be recognized for the purposes of section 17(1)(g); and
- (ii) the shares are redeemed, purchased or otherwise acquired pursuant to the rules of the stock exchange on which the shares are listed as required under sub-paragraph (i) and, where applicable, in accordance with any terms and conditions upon which the shares were issued by the company.”

Passed in the House of Representatives this 25th day of July, 2017.

PEARNEL CHARLES, CD, MP, JP
Speaker.

MEMORANDUM OF OBJECTS AND REASONS

In 2004 the Government made significant amendments to the *Companies Act* which included an amendment to section 58 to authorize a company to redeem, purchase or otherwise acquire shares issued by the company, as long as the company's Articles provided for such a transaction.

This amendment did not provide for the necessary consequential amendments to the *Income Tax Act*, the *Stamp Duty Act* and the Transfer Tax Act which has resulted in some anomalies in the law regarding the application of taxation in relation to transactions involving shares.

Under the Transfer Tax Act, it is not clear that a transaction for the repurchase of shares pursuant to section 58 of the *Companies Act* would be exempt from the payment of transfer tax. This anomaly has resulted in a disincentive to many companies from availing themselves of the share buy-back option provided by section 58 of the *Companies Act*.

Therefore, this Bill seeks to make the requisite amendments to the Transfer Tax Act, in order to exempt from the payment of stamp duty, a share buy-back transaction.

AUDLEY SHAW

Minister of Finance and the Public Service.

A BILL

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As passed in the Honourable House of Representatives.

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