

**THE URBAN RENEWAL (TAX RELIEF)
ACT, 1995**

(Act 14 of 1995)

ARRANGEMENT OF SECTIONS

1. Short title.
2. Interpretation.
3. Declaration of special development area.
4. Declaration of approved developer.
5. Revocation of approval.
6. Requirement for planning permission unaffected.


Urban Renewal Bonds

7. Declaration of approved organization.
8. Publication of approval.
9. Terms and conditions of bonds.
10. Application of sums raised by issue of bonds.

Income Tax Relief

11. Interest on bonds exempt from income tax.
12. Exemption from income tax re loans to developer.
13. Tax credit to developer.
14. Relief from tax re rental income.
15. Election for relief for national monument.

Exemption from Transfer Tax, Stamp Duty and Fees

16. Exemption from transfer tax and stamp duty on issue and transfer.
 17. Exemption from transfer tax on transfer of improved property.
 18. Regulations.
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JAMAICA

No. 14—1995

I assent,

[L.S.]

H. F. COOKE,
Governor-General

24th day of April, 1995.

AN ACT to Provide relief from income tax, stamp duty and transfer tax in aid of organizations or persons who carry out development in areas suffering from blight or urban decay with a view to the improvement or restoration of those areas, and to provide incentives by way of tax relief to persons who purchase bonds issued for the funding of such development, and for connected matters.

[25th April, 1995]

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

1. This Act may be cited as the Urban Renewal (Tax Short title.
Relief) Act, 1995.

Interpre-
tation.

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;

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

“improvement works” means 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;

“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.

Declaration
of special
develop-
ment area.

(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.

Declaration
of approved
developer.

(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 had been 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.

Revocation
of approval.

(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

Require-
ment for
planning
permission
unaffected

may be required under the Town and Country Planning Act, the Natural Resources Conservation Authority Act or the Local Improvements Act.

Urban Renewal Bonds

Declaration
of approved
organiza-
tion.

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)~~ (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.

(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.

Publication
of approval.

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.

Terms and
conditions
of bonds.

9. Each series of urban renewal bonds shall bear such rate of interest and shall be subject 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.

Application of sums raised by issue of bonds.

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.

Interest on bonds 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.

Exemption from income tax re loans to developer.

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.

Tax credit to developer.

(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.

Relief from
tax re rental
income.

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.

Election for
relief for
national
monument.

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 Income Tax 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 Jamaica National Heritage Trust Act.

Exemption from transfer Tax, Stamp Duty and Fees

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

Exemption from transfer tax, stamp duty and fees on issue and transfer of bond.

(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.

Exemption from transfer tax on transfer of improved property.

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—

Regulations.

- (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.