

The Application Process and Policy Guidelines for the Tax Incentive Programme (TIP) For Urban Renewal



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The Urban Renewal (Tax Relief) Act, 1995 was created 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.

In considering an application the following factors will be taken into account:

- job creation
- enhancement of visual cityscape - e.g. urban design, landscape etc.
- regeneration of property
- creation or restoration of housing accommodation
- enhancement of the environment for existing and new businesses
- improvement of architectural facade
- conformity to existing building structures

Eligibility will be subject to:

- Proof of payment of all tax returns (presentation of a valid Tax Compliance Certificate)
- Approval from local planning authority

The Process

Applicants will be required to submit an application form completed in duplicate along with the requisite support information (listed below). Please note that application forms are available at the UDC's offices at 12 Ocean Boulevard, Kingston.

Types of Applications:

There are two types of applications. Approved Developer and Approved Organization.

“Approved Developer” means any individual or company approved by the Minister by order to carry out any improvement works in a Special development Area. The Minister may, by order, declare an individual or company who proposes to carry out improvement works in a Special Development Area to be an approved

developer for the purposes of this Act (The Urban Renewal (Tax Relief) Act, 1995)

"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. **Please note that an application for Approved Organization can only be submitted after an application for Approved Developer is made.**

Documents to be submitted:

Approved Developer:-

- I. A certified copy of Memorandum and Articles of Association, Certificate of Incorporation as well as any instrument constituting the body or partnership
- II. The name and address of the secretary and of each director, partner or senior official thereof
- III. The audited accounts of the body corporate or partnership in respect of the immediately preceding financial year of the organization as certified by a practicing public accountant registered under the Public Accountancy Act
- IV. Two (2) sets of the relevant architectural, engineering or electrical designs , plans or drawings for each development
- V. Two copies of the Quantity Surveyor's Estimates associated with the total Capital Expenditure of the development
- VI. A copy of the duplicate certificate of title or other proof of ownership or a properly executed agreement for the lease or other letting of the property proposed to be developed
- VII. Evidence of planning permission and building approval from the relevant authorities
- VIII. A valid Tax Compliance Certificate
- IX. Proof of payment of application fee of 0.25% of the Estimated Cost of the work or \$10,000, whichever is greater

Approved Organization:-

- I. A certified copy of Memorandum and Articles of Association, Certificate of Incorporation as well as any instrument constituting the body or partnership

- II. The name and address of the secretary and of each director, partner or senior official thereof
- III. The audited accounts of the body corporate or partnership in respect of the immediately preceding financial year of the organization as certified by a practicing public accountant registered under the Public Accountancy Act.
- IV. Approval or comments under the Securities Act and Regulations must be obtained from the Financial Securities Commission prior to submission of application to the UDC.
- V. The Proposed Bond Issue Document should also be submitted.

Approval Procedures

Applications will be made by completing the prescribed application form and submitting it along with the relevant documents and the prescribed application fee of 0.25% or \$10,000 whichever is greater, to the Programme Executing Unit.

The applicant will be provided with an official statement verifying receipt of full application, application fees and supporting documents.

The authenticity of the documents will be verified by the secretariat before the applications are submitted to the Incentive Recommendation Committee (IRC).

The IRC will do an overall assessment of each application to ensure that it meets the requirements and intent of the Act and make a recommendation to the Minister of Finance.

The application along with the IRC's recommendations will then be forwarded to the Ministry of Finance for approval.

Applications will be accepted under the following categories of development:

- Parking
- Facade Improvement
- Refurbishing of existing buildings
- Vacant Lot Cleaning
- Landscaping
- New Development

- Reconstruction of Abandoned Property
- Other (to be specified by the applicant)

Application Policy Guidelines

Please note the following Approval Guidelines for Capital Expenditure Associated with the TIP application.

Approved Developer:

- 1. Cost Estimates must be directly attributed to the Capital Expenditure for the development**
- 2. Costs for purchasing the property will not be considered**
- 3. Items which are deemed to be intangible will not be considered. However, a contingency cost may be included if the purpose for which it is intended is clearly defined. For example, if it is foreseen that labour costs will increase during the course of the project please state that the contingency is being attributed to labour costs.**
- 4. Only items which form a permanent part of the development will be considered. Items which can be easily removed and taken to another site will not be considered. For example telephones, monitors, forklifts, desks, light equipment and tools will not be considered**

Approved Organization

- 1. The total sum to be raised by the Urban Renewal Bond must not exceed the Total Capital Expenditure approved by the Minister of Finance and Planning**
- 2. The Bond Issue document must definitively state:**
 - a. the sum of money the applicant intends to raise with the issue of the bonds**
 - b. the rate of interest payable**
 - c. the terms and conditions under which the bonds are to be issued**
 - d. A general description of the improvement work to which the sum raised by the bonds is to be applied**

- 3. The comments/approval of the Financial Securities Commission must be sought before submitting the application.**

All requisite information, documents and fees are to be submitted to The Economic Development Department, The Urban Development Corporation, 12 Ocean Boulevard, Kingston.

Please note that the processing time is six to eight weeks, however if the applications are incomplete there will be additional delays in processing.