



Jamaica

Summary

- Tax revenues in Jamaica increased by 0.9% of GDP between 2003 and 2008, but declined after the global financial crisis, by 1.6% of GDP between 2008 and 2011. The composition of revenue changed only slightly over the past decade, with a decrease in revenue from taxes on income and profits and international trade, and an increase in revenue from taxes on goods and services and other taxes.¹
- A recent study² found Jamaica's tax effort³ to be one of the highest in Latin America and the Caribbean (LAC). Jamaica's tax effort was 92.2% of tax capacity, whereas the average of the surveyed LAC countries was 61.1%. Jamaica's tax capacity, at 35.2% of GDP, was comparable to the average tax capacity of surveyed LAC countries, which was 33.5%.
- Jamaica's tax policy reforms during the past decade focused on simplifying the tax system and raising additional revenue. Far-reaching tax reforms, expected to further simplify the tax system and reduce distortions and discretion, were recently proposed and are expected to go into effect in fiscal year 2015.
- Until 2011, tax administration reforms were somewhat cautious, seeking to improve the collection of arrears and electronic payment and filing. Tax Administration Jamaica (TAJ) was established in 2011, consolidating three tax departments under one national administration. The administration's action plans include sweeping changes to audit and collections, electronic taxpayer services, and information technology. In 2013, the government passed legislation to grant TAJ semi-autonomous revenue authority status.
- Personal income tax effort and productivity figures in Jamaica are significantly below regional, income group, and world averages. The personal income tax rate is comparable to the regional, income group, and world averages.

¹ Other taxes includes primarily revenue from taxes levied on bases other than the ones described in other categories or revenues that cannot be attributed to a single tax category. According to IMF's Government Finance Statistics Manual 2001, examples include taxes on persons that are not based on income (e.g., "head" taxes) and stamp duties that do not apply primarily to a single class of transactions or activities covered by the other tax categories (<http://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>).

² Pessino, Carola and Ricardo Fenochietto (2010), "Determining countries' tax effort", *Hacienda Pública Española/Revista de Economía Pública*, 195-(4/2010): 65-87, Instituto de Estudios Fiscales. "Tax capacity" is the maximum tax revenue that can be generated given the country's economic, social, institutional, and demographic characteristics. "Tax effort" is the ratio of actual revenue to tax capacity.

³ The definition of "tax effort" employed in the aforementioned study differs than the definition of revenue effort employed further below in this paper.

- Corporate income tax effort and productivity figures are well above regional, income group, and world averages. Jamaica's corporate income tax rate is also well above the regional, income group, and world averages.
- Jamaica's value added tax (VAT) effort is above that of the regional, income group, and world averages. Productivity figures are in line with the world average, but slightly below other comparators. Jamaica's VAT rate is above the regional, income group, and world averages.
- Suggested areas for further investigation include:
 - The very low productivity of the personal income tax.
 - The impact of expected tax reforms to be implemented in fiscal year 2015.

Major Developments and Features of Current Tax System

Evolution of Revenue

Jamaica's total tax revenue increased by 0.9% of GDP between 2003 and 2008, but decreased steadily following the global financial crisis, by 1.6% between 2008 and 2011. The composition of revenue changed only slightly over the past decade. Taxes on income and profits and taxes on international trade declined by 0.9% and 0.5% of GDP respectively, while taxes on goods and services and other taxes each increased by 0.3% of GDP respectively.

Jamaica Government Current Revenue
(% of GDP)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Taxes on Income & Profits	10.5%	10.9%	10.3%	10.6%	11.3%	11.8%	12.0%	10.0%	9.6%
Taxes on Goods and Services	10.0%	8.8%	8.7%	9.0%	9.1%	9.3%	9.4%	10.6%	10.3%
Taxes on International Trade	2.5%	2.3%	2.4%	2.3%	2.3%	2.2%	1.9%	2.1%	2.0%
Other Taxes	0.4%	1.4%	1.2%	1.2%	1.2%	0.9%	0.7%	0.6%	0.7%
Total Tax Revenue	23.4%	23.5%	22.7%	23.2%	24.0%	24.3%	24.1%	23.4%	22.7%

Source: IMF GFS Database, Data for years after 2011 are not available

Summary of Reforms

During the past decade, Jamaica introduced incremental policy reforms to strengthen the collection of arrears and to facilitate voluntary compliance. The following are highlights.

- In 2003, the General Consumption Tax (GCT) base was expanded to most goods and services.
- In 2005, Jamaica increased the GCT rate (from 15% to 16.5%) and threshold (from 300,000 JMD to 1,000,000 JMD), raised the basic personal exemption, simplified the estate tax and property tax regime, reformed the taxation of the gaming industry, and simplified the corporate income tax.
- In 2009, the GCT rate and threshold increased again (to 17.5% and 3,000,000 JMD). The income tax threshold was increased from 220,272 JMD to 320,736 JMD. Residential

electricity consumption above a threshold of 200 kilowatt hours was subjected to the standard GCT rate. An advance GCT payment of 5% on imports by commercial importers was imposed. Excise taxes on gasoline and cigarettes, GCT special rates on telephone services, and the departure tax were raised. A freeze was imposed on the discretionary waivers of duties and taxes.

- In 2012, in mid-year, the GCT rate returned to 16.5%.
- In May 2013, the government tabled the "Green Paper 1-2011 Tax Reform for Jamaica"⁴ proposing reforms to simplify the tax system, reduce economic distortions, and reduce the discretionary powers of the Ministry of Finance. A tax reform action plan was developed with support from donors. The new tax system will be effective in fiscal year 2015 and, according to the Ministry of Finance,⁵ will reduce tax expenditures by an estimated 3.5% of GDP. The proposed tax reform includes:
 - The simplification of the tariff structure;
 - The elimination of zero rating under the GCT for government purchases;
 - The streamlining of exemptions, including the potential imposition of the GCT on petroleum products;
 - The reduction in time required for GCT refund disbursements, especially for startup companies;
 - A reduction in tax rates, while maintaining revenue neutrality;
 - Convergence of the income tax rates over the medium term (selected sectors – regulated entities, building societies, and life insurance companies – are subject to different rates);
 - A limit on loss carry-forwards; and
 - A minimum income tax on business activity.
- In September 2013, the government announced plans to introduce a tax incentive act to impose rules that limit the imposition of incentives and discretionary waivers.⁶ A number of existing incentives will be grandfathered.

Measures to improve tax administration include:

- In 2004, the tax administration was reorganized along functions and an integrated tax administration IT system was introduced.
- A program for arrears clearance started in 2005 to strengthen return filing, audit, and assessment.
- In 2007, the tax administration took steps to improve electronic payment and filing.
- In 2008, a tax amnesty program was introduced to address arrears estimated at 6% of GDP.

⁴ Jamaica Ministry of Finance and the Public Service (2011), "Green Paper No. 1-2011. Tax Reform for Jamaica", <http://jis.gov.jm/media/tax-reform.pdf>.

⁵ Jamaica Ministry of Finance and Planning (2013), Supplementary Memorandum of Economic and Financial Policies, http://www.mof.gov.jm/sites/default/files/publications/Supp_mem_econ_fin_pol.pdf, p. 3.

⁶ Ibid.,

- Effective May 1, 2011, Tax Administration Jamaica (TAJ) was established, consolidating the Inland Revenue Department, the Taxpayer Audit and Assessment Department, and the Tax Administration Services Department.
- In 2013, TAJ expanded the staffing of its large taxpayer office (LTO).
- In March 2013, the Jamaica Parliament passed legislation establishing TAJ as a Semi-Autonomous Revenue Authority (SARA).⁷

Tax System Profile (2010-11)

The tables in Annex 1 provide a high-level description of Jamaica's tax system and comparisons with the Latin America and Caribbean (LAC) region, the Caribbean Community (CARICOM), upper-middle-income (UMI) countries,⁸ and the rest of the world. The data in this section are from the 2012-2013 release of USAID's Collecting Taxes database.⁹ **The most recent comparative data in this section are from fiscal year 2011 and do not reflect the most recent reforms or data discussed above.**

Revenue Effort

- 'Revenue Effort' is the amount of revenue as a share of GDP.
- Jamaica's overall tax revenue effort, at 22.6%, is above the Caribbean Community (CARICOM), LAC regional, income group, and world averages of 21.3%, 19.5%, 19.4%, and 17.9%, respectively.
- Jamaica's revenue effort from personal income tax, at 1.2%, is significantly below the CARICOM, LAC regional, income group, and world averages of 4.6%, 4.1%, 4.8%, and 5.5%, respectively.
- Jamaica's revenue effort from the corporate income tax is 7.3%. It is significantly above the corresponding averages of 4.9%, 3.7%, 3.7%, and 3.3%.
- The revenue effort from VAT, at 7.0%, is above the corresponding averages of 6.9%, 6.4%, 6.4%, and 6.1%.

Tax Structure

- The maximum personal income tax rate in Jamaica is 25%. It is in line with the CARICOM, LAC regional, income group, and world averages, which are in the 24% to 28% range.
- Jamaica's corporate income tax rate, at 33.3%, is well above the CARICOM, LAC regional, income group, and world averages of 27.1%, 27.2%, 23.5%, and 24.1%, respectively.

⁷ "Tax Administration Jamaica Act Passed in the Senate", Jamaica Information Service, March 23, 2013.

⁸ Derived from the World Bank's Country and Lending Group classifications, <http://data.worldbank.org/about/country-classifications/country-and-lending-groups>.

⁹ USAID's Collecting Taxes Database, <http://egateg.usaid.gov/collecting-taxes>.

- The VAT rate, at 17.5% in 2011 and 16.5% since 2012, is above the corresponding averages, which are in the 11.5% to 14% range.
- The tax wedge on labor income, at 19.5%, is below the regional, income group, and world averages, which range between 20-24%, but well above the CARICOM average of 13.1%. Jamaica has a relatively low rate of mandatory social security contributions (5%).

Revenue Productivity

- “Revenue productivity” measures the revenue share of GDP mobilized for each point of the tax rate.
- Personal income tax productivity, at 0.05, is significantly below the CARICOM, LAC regional, income group, and world averages of 0.17, 0.15, 0.23, and 0.22, respectively.
- The productivity of the corporate income tax, at 0.22, is well above the CARICOM, LAC regional, income group, and world averages, which are 0.17, 0.15, 0.16, and 0.15.
- Jamaica’s VAT productivity, at 0.42, is below the CARICOM average of 0.54, slightly below the LAC regional and income group averages of 0.45 and 0.47, and in line with the world average of 0.42.

Tax Administration Structure

- *Tax Administration Jamaica* (TAJ) is responsible for the administration of all domestic taxes in Jamaica. *Jamaica Customs Agency* (JCA) is responsible for the administration of taxes on international trade.
- TAJ is organized along functional lines and includes a Large Taxpayer Office (LTO).
- TAJ’s ratio of active taxpayers to staff, at 32, is significantly lower than the LAC regional, income group, and world averages.¹⁰

Taxpayer Burden and Corruption Evidence

- The 2010 World Bank Enterprise Survey indicated that the percentage of Jamaican business taxpayers “expected to give gifts in meeting with tax officials” was 14.3%, which was well above the LAC regional average of 6.1%, and in line with the world average of 14.1%.
- The 2014 World Bank Doing Business survey estimates that the average time to pay taxes expended by a medium-sized company in Jamaica is 368 hours per year, which is in line with the LAC regional average of 369 hours, but above the world average of 285 hours per year. Since 2012, Jamaica has registered improvements in the number of tax payments (from 72 to 36) and in the hours expended on complying with the tax system (from 414 to 368). However, the number of payments, at 36, remains higher than the LAC and OECD averages, which are 30 and 12, respectively.

¹⁰ Jacobs, Arturo, James Wooster, Luis F. Paniagua and Ronald T. McMorran (2012), "Status of Recent Tax Reform in Jamaica & Benchmarking Tax System Performance", USAID.

ANNEX 1: Jamaica's Collecting Taxes Indicators

Total Tax Revenue	TAXY¹¹
	Tax Revenue as % of GDP (%)
Jamaica	22.6
Caribbean Community ¹	21.3
Latin America and the Caribbean ²	19.5
Upper-Middle-Income Economies ³	19.4
World	17.9

Company Income Tax	CITR	CITY	CITPROD
	Tax Rate (%)	Revenue as % GDP (%)	Revenue Productivity
Jamaica	33.3	7.3	0.22
Caribbean Community ¹	27.1	4.9	0.17
Latin America and the Caribbean ²	27.2	3.7	0.15
Upper-Middle-Income Economies ³	23.5	3.6	0.16
World	24.1	3.3	0.15

Income Taxes on People	PITMINR	PITMAXR	PITMINL	PITMAXL
	Minimum Tax Rate (%)	Maximum Tax Rate (%)	Minimum Income Level (Multiples of GDP per capita)	Maximum Income Level (Multiple of GDP per capita)
Jamaica	25.0	25.0	0.58	-
Caribbean Community ¹	15.9	25.9	0.25	3.18

¹¹ A glossary of terms for the selected indicators is found in Annex 2.

Latin America and the Caribbean ²	13.4	27.5	0.52	3.58
Upper-Middle-Income Economies ³	11.5	24.2	0.29	2.63
World	10.9	27.8	0.40	6.38

Personal Income Tax	PITY	PITPROD	SSR	WEDGE
	Revenue as % GDP (%)	Revenue Productivity	Mandatory Combined Social Contribution Rates (%)	Combined Rate of Personal and Labor Taxation (%)
Jamaica	1.2	0.05	5.0	19.5
Caribbean Community ¹	4.6	0.17	10.3	13.1
Latin America and the Caribbean ²	4.1	0.15	17.1	20.1
Upper-Middle-Income Economies ³	4.8	0.23	22.2	24.1
World	5.5	0.22	20.8	22.4

Value Added Tax	VATR	VATY	VATGCR	VATPROD	THRESHOLD
	VAT rate (%)	Revenue as % GDP (%)	Gross Compliance Ratio (%)	Revenue Productivity	Mandatory registration/filing (annual turnover in USD)
Jamaica	16.5	7.0	46.5	0.42	35,600
Caribbean Community ¹	11.5	6.9	75.4	0.54	43,082
Latin America and the Caribbean ²	13.5	6.4	66.2	0.47	34,149
Upper-Middle-Income Economies ³	13.7	6.4	69.8	0.45	61,098
World	13.8	6.1	65.9	0.42	57,598

Tax Administration	Tax Staff	Payer to Staff	Function	LTU	Customs
	Tax staff per 1000 population	Number of tax payers per tax staff	Functional Organization (1 = Yes, 0 = No)	Large Taxpayer Unit (1 = Yes, 0 = No)	Customs and Tax Administration Combined (1 = Yes, 0 = No)
Jamaica	N/A	32	1.00	1.00	0.00
Caribbean Community ¹	N/A	N/A	0.44	0.33	0.14
Latin America and the Caribbean ²	0.33	982	0.80	0.78	0.30
Upper-Middle-Income Economies ³	0.57	589	0.88	0.82	0.37
World	0.65	677	0.88	0.81	0.30

Footnotes:

1. Caribbean Community (CARICOM) countries include: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
2. LAC countries include: Anguilla, Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bermuda, Bolivia, Brazil, Chile, Jamaica, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.
3. Upper-Middle-Income Countries include: Albania, Algeria, Angola, Azerbaijan, Belarus, Belize, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, China, Jamaica, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, Fiji, Gabon, Grenada, Hungary, Iran, Iraq, Jamaica, Jordan, Kazakhstan, Lebanon, Libya, Macedonia, Malaysia, Maldives, Marshall Islands, Mauritius, Mexico, Montenegro, Namibia, Palau, Panama, Peru, Romania, Serbia, Seychelles, South Africa, St. Lucia, St. Vincent and the Grenadines, Suriname, Thailand, Tunisia, Turkey, Turkmenistan, and Venezuela.

ANNEX 2: Collecting Taxes Indicators Glossary

CITR is the general rate applied for the corporate income tax. In most countries, only one corporate income tax is applied to corporate profits. In most countries, business enterprises that are owned by sole proprietors or unincorporated partnerships pay tax under the personal income tax system.

CITY is the level of corporate income tax collections as percentage of GDP.

CITPROD represents how well the corporate income tax does in terms of revenue collection, given the tax rate. CITPROD is the portion of GDP in revenue that is mobilized for each point of CIT rate.

PITMINR is the lowest non-zero positive tax rate applied to the lowest income group in the personal income tax system.

PITMINL is the lowest level of income at which the lowest marginal personal income tax rate (PITMINR) is imposed, expressed as a multiple of per capita GDP.

PITMAXR is the highest tax rate applied under the personal income tax system.

PITMAXL is the lowest level of income at which the top marginal personal income tax rate is imposed, expressed as a multiple of per capita GDP.

PITY is the level of personal income tax collections as percentage of GDP.

PITPROD provides an indication of how well the personal income tax in a country does in terms of producing revenue. PITPROD is the portion of GDP in revenue that is mobilized for each point of the average PIT rate.

SSR is the combined rate for employer and employee social security contributions.

WEDGE is an estimate of the overall taxation of labor income, represented as a percentage of gross salary. It combines social contributions with personal income tax. The tax wedge represents the ratio of total labor taxes to total labor costs to the employee.

VATR is the general rate at which most goods and services are taxed under the value added tax system. Most countries have a variety of reduced rates for certain basic goods, such as basic food stuffs. Also, all countries have a zero rate on exported goods.

VATY is the level of VAT collections as a percentage of GDP.

VATGCR is the VAT gross compliance ratio, which is the ratio of potential VAT collections—if all final household consumption had been taxed at the standard rate—to actual VAT collections.

VATPROD is a measure of how well the VAT produces revenue for the government, given the VAT rate. It is the portion of GDP in revenue that is mobilized for each point of VAT rate.

Threshold indicates the amount of annual turnover, in US \$ terms above which taxpayers must register for VAT and file regular VAT returns.

Functional Organization is a binary indicator where 1 indicates that the tax administration is organized along functional lines.

Large Taxpayer Unit is a binary indicator where 1 indicates that there is a large taxpayers unit.

Customs and Tax Administration Combined is a binary indicator where 1 indicates that revenue is administered jointly by a single customs and tax administration.

Jamaica Highlights



Currency: Jamaican Dollar (JMD)

Foreign exchange control: No, and there are no restrictions on the import or export of capital. Both residents and nonresidents can hold bank accounts in the major currencies, e.g. U.S. dollar, Euro, pounds sterling and Canadian dollar.

Accounting principles/financial statements: IAS/IFRS. Financial statements must be prepared annually.

Principal business entities: These are the public and private limited liability company, partnership, sole proprietorship and branch of a foreign corporation.

Corporate taxation:

Residence – A corporation established under the Companies Act of Jamaica is normally deemed to be resident in Jamaica. This also applies to branch operations of foreign corporations.

Basis – Residents are taxed on worldwide income. Nonresidents are taxed on their Jamaican-source income. Branches are taxed on the same basis as subsidiaries.

Taxable income – Corporation tax is imposed on a company's profits, which consist of business/trading income and interest, but excluding capital gains. Normal business expenses may be deducted in computing income.

Taxation of dividends – Dividends paid by a company are generally subject to withholding tax at 33 $\frac{1}{3}$ % if paid to a corporate body. Subsidiaries of resident companies that are incorporated in overseas territories are taxed on dividends, received in Jamaica. No income tax is levied on dividends paid by resident companies (whether or not listed on the stock exchange); the exemption does not apply to preference dividends or dividends paid to a nonresident, however.

Capital gains – Capital gains are generally exempt. However, where circumstances indicate that the gain should be treated as business income, the exemption will not apply.

Losses – Losses may be carried forward indefinitely. The carryback of losses is not permitted.

Rate – The general rate is 33 $\frac{1}{3}$ %, which applies to both subsidiaries and branches. Building societies are taxed at 30% and life insurance companies pay tax at 15% of net investment income. Life insurance companies also pay 1.5% on premium income.

Surtax – No

Alternative minimum tax – No

Foreign tax credit – A foreign tax credit for Commonwealth taxes paid is granted at 50% of the applicable Jamaican income tax rate for residents and at 50% of the Commonwealth rate for nonresidents or 50% of the Jamaican income tax rate where the Commonwealth rate is higher. (Special rules apply for tax paid to the U.K.) The credit is available only for taxes paid to Commonwealth jurisdictions with which Jamaica does not have a tax treaty.

Participation exemption – No

Holding company regime – No

Incentives – Special tax regimes apply for insurance, venture capital and international finance companies, and there are incentives for taxpayers operating in free zones or investing in the manufacturing, tourism, petroleum refining and agricultural industries.

Withholding tax:

Dividends – Dividends are taxed at 25% if received by individuals and 33 $\frac{1}{3}$ % if received by a corporate body. Exemptions apply to dividends paid by a company listed on the Jamaican stock exchange to an individual

recipient and on franked (i.e. redistributed) dividends received by a company and its shareholders. Rates on payments to nonresidents may be reduced under a tax treaty.

Interest – Interest paid to an individual is subject to a 25% withholding tax and that paid to a company is 33 $\frac{1}{3}$ %. The rate may be reduced under a tax treaty.

Royalties – Although the rates are 25% (individuals) and 33 $\frac{1}{3}$ % (companies) on the gross amount before any applicable tax treaty reduction, a nonresident may file a return of net income, claiming related deductions and receive a refund on excess tax paid.

Branch remittance tax – No

Other taxes on corporations:

Capital duty – No

Payroll tax – Compulsory statutory contributions based on salary include social security (see below under "Social security"), the National Housing Trust (3%), an education tax (3%) and the Human Employment and Resource Trust contribution (3%).

Real property tax – An annual property tax (payable by the "person in possession") is levied at a flat rate of JMD 1,000 on the unimproved value up to JMD 300,000 and at 0.75% over JMD 300,000.

Social security – The employer and employee each contribute 2.5% (5% for the self-employed) based on the first JMD 1 million annually of the employee's earnings.

Stamp duty – The stamp duty is 3% on the transfer of real property and 1% on the transfer of shares, based on the sales value.

Transfer tax – A 4% tax is imposed on the sales value of real property and shares. The sale of shares on the local stock exchange is exempt from transfer tax.

Other – A flat tax ranging from JMD 1,000 to JMD 35,000 is levied annually on companies and certain other listed entities on the basis of the aggregate value of their assets.

Anti-avoidance rules:

Transfer pricing – Limited transfer pricing concepts apply where there is a close connection between a resident and a nonresident. The Commissioner is authorised to assess profits in “connected” party transactions (i.e. treating the resident as an agent of the nonresident). Nonresidents may also be subject to tax on a percentage of turnover if the actual profits of the nonresident cannot be determined.

Thin capitalisation – No

Controlled foreign companies – No

Other – Residents continue to be subject to tax on income generated from assets transferred abroad if the resident has the right (even if shared) to enjoy such income.

Disclosure requirements – No

Administration and compliance:

Tax year – The tax year is either the calendar year or is based on the annual financial statements (which fall on any date in the calendar year).

Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.

Filing requirements – Returns are due by 15 March following the year of assessment.

Penalties – In addition to interest for late payments, penalties may include fines or imprisonment.

Rulings – No

Personal taxation:

Basis – Jamaican residents are taxed on their worldwide income in excess of JMD 441,168. Nonresidents are taxed only on Jamaican-source income.

Residence – An individual is resident if he/she spends more than 183 days in

Jamaica in any year of assessment.

Filing status – Married couples may elect to be assessed in the husband’s name.

Taxable income – Income arising from profits and gains from a trade, business, profession, employment or vocation is subject to tax, with employment income taxed under a Pay-As-You-Earn system.

Capital gains – Capital gains are generally exempt. However, the exemption will not apply where circumstances indicate that the gain should be treated as business income.

Deductions and allowances – Deductions and allowances include contributions to an approved pension fund (limited to 10% of salary), National Insurance Scheme, and donations to an approved charitable organization (limited to 5% of statutory income).

Rates – A flat rate of 25% applies (for Jamaican residents, the rate is imposed on income in excess of JMD 441,168).

Other taxes on individuals:

Capital duty – No

Stamp duty – The stamp duty is 3% on the transfer of real property and 1% on the transfer of shares, based, in both cases, on the sales value.

Capital acquisitions tax – No, but a transfer tax may apply in certain instances.

Real property tax – An annual property tax (payable by the “person in possession”) is levied at a flat rate of JMD 1,000 for unimproved value up to JMD 300,000 and at 0.75% over JMD 300,000.

Inheritance/estate tax – No

Net wealth/net worth tax – No

Social security – The employer and employee each contribute 2.5% (5% for the self-employed) based on the first JMD 1 million annually of the employee’s earnings, plus a nominal flat weekly contribution. A prorated monthly amount may also be paid.

Administration and compliance:

Tax year – Calendar year

Filing and payment – Jamaica operates a PAYE system; however, persons on the PAYE system normally are not required to file an income tax return even if the income exceeds the tax threshold of JMD 441,168.

Penalties – In addition to interest for late payments, penalties may include fines or imprisonment.

Value added tax:

Taxable transactions – General Consumption Tax (GCT) is levied on certain goods, services and imports.

Rates – The standard rate is 17.5%, with some items (generally basic foods) exempt or zero-rated.

Registration – Registration is mandatory where annual turnover exceeds JMD 3 million.

Filing and payment – For imports, GCT is due when the goods “enter” into Jamaica under the Customs Act. Otherwise, GCT generally is due at the earlier of the supplier’s invoice being issued, payment or upon the rendering of services or availability of goods.

Source of tax law: Income Tax Act, General Consumption Tax Act, Contractors’ Levy Act, Stamp Duty Act and Transfer Tax Act

Tax treaties: Jamaica has concluded 12 tax treaties in addition to the Caricom income tax treaty.

Tax authorities: Taxpayer Audit and Assessment Department

International organisations: IMF, WTO, Caricom, World Bank

SOURCE: Deloitte International Tax Source: Tax Highlights, <http://www.deloitte.com/taxguides>.