

DOING BUSINESS

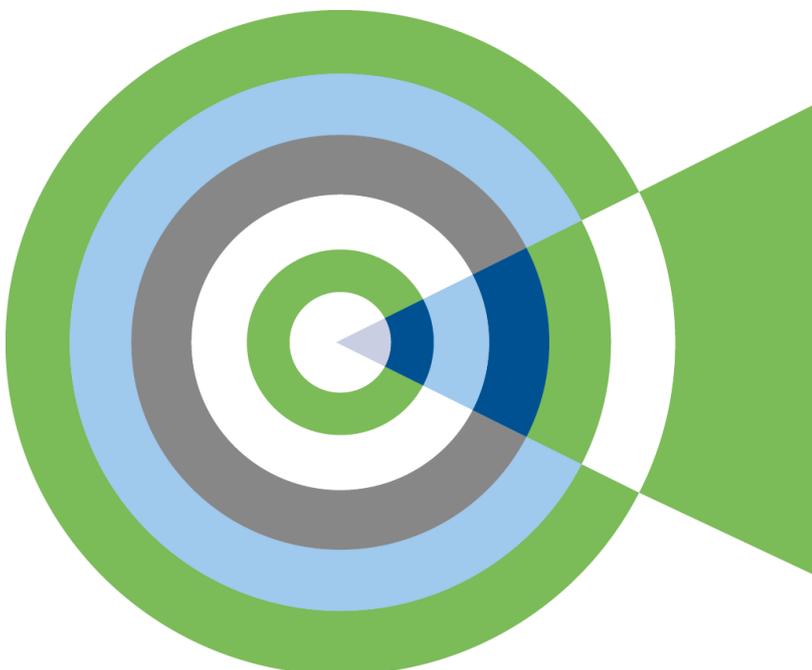
IN JAMAICA



The network
for doing
business

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1 – INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 80 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Jamaica has been provided by the office of UHY representatives:

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A detailed firm profile for UHY's representation in Jamaica can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at October 2013.

We look forward to helping you do business in Jamaica.

2 – BUSINESS ENVIRONMENT

Jamaica is a constitutional monarchy and a parliamentary democracy, which is based on the Westminster model with a functional two-party system.

Under this system of government, the prime minister and his/her cabinet are responsible to the legislature.

Although an independent member of the British Commonwealth of Nations since 1962, Jamaica has retained the British monarch as its chief of state. Executive power is vested nominally in the queen but exercised by the governor general, whom the queen appoints according to the recommendation of the prime minister.

POPULATION

Jamaica has a population of approximately 2.7 million, making it the second-largest market in the Caribbean Community.

The composition of the population is as follows – 91.6% black, 0.9% East Indian, 0.2% Chinese, 0.2% white and 6.2% mixed.

The country's distinct personality has been flavoured by Taino, African, Indian, Chinese, British and other cultural influences over the years as part of its rich historical background – a fact which makes its national motto "Out of Many One People" so representative.

Jamaicans are world-renowned for their strong business acumen and warm enterprising spirit. The world rocks to the vibration of our home-grown reggae music which is a medley of African and Caribbean music, rhythm and blues, and other international sounds and strains. With trailblazing athletes like the indomitable Usain Bolt and talented actors, models and artists who have charmed international audiences, Jamaica breathes charisma and the world cannot help but be magnetised.

Though the island has an educated and skilled English-speaking workforce, most of the population speaks an interesting dialect or patois (pronounced patwah), which is based on a mixture of African, Amerindian, English, Spanish and French languages.

LANGUAGE

English is the official language of Jamaica.

CURRENCY

The national currency is the Jamaican dollar (1JMD = USD 99.25).

GEOGRAPHY

The third largest Anglophone country in the Americas, Jamaica is 236km (146 miles) long and 82km (51 miles) wide.

Centrally located in the western Caribbean, Jamaica is an important gateway to established trade routes between North and South America, Africa and Europe, with connectivity to the eastern hemisphere.

The island's majestic Blue Mountain range rises to the misty heights of 7,402 feet. The cultivation of the country's world-acclaimed coffee is facilitated by the rich moist soil and cool mountain climate. Vast sweeping plains and verdant valleys populated with amazing varieties of colourful flora add rich variety to this island's amazing topography.

Beautiful stretches of sandy beaches are lapped by the blue Caribbean Sea. Cool clear rivers perfect for rafting, swimming and fishing, mysterious caves furnished with picturesque stalactites and stalagmites, and exhilarating cascading waterfalls are a few of the features that give Jamaica its unique appeal.

Jamaica boasts an inviting tropical climate, with an annual average temperature of 27°C (81°F), with cooler temperatures in its mountainous areas. Jamaica's rainy months are usually May, June, September and October, while tropical storms and hurricanes can occur any time between July and November.

THE ECONOMY

Jamaica operates as a mixed free-market economy, with state enterprises as well as private sector businesses.

Jamaica is a leading member of the Caribbean Community (CARICOM), which promotes the integration of the economies of member states through the Caribbean Single Market and Economy (CSME).

Jamaica's attractiveness as an investment location has been boosted by the recently signed Economic Partnership Agreement (EPA) between the European Union and the Forum of the Caribbean Group of African, Caribbean and Pacific States (CARIFORUM), which has the potential to accelerate trade in several areas between both regions.

UNEMPLOYMENT

Unemployment is a problem for the Jamaican economy. Currently, 12.4% of the population is unemployed.

INDUSTRY SECTORS

Sectors poised for rapid development include agriculture, mining, the creative industries, manufacturing, tourism and information communication technology (ICT).

Jamaica's traditional agricultural industries include sugar, banana and coffee production. Agricultural exports have generated around USD 100 million per annum for the island over the last five years. The agricultural sector contributes 5.6% to the Jamaican economy and employs over 18% of the workforce. Opportunities exist in the areas of biotechnology, aquaculture, nutraceutical production and ornamental horticulture.

In the mining sector, opportunities exist in the areas of bauxite, limestone, marble, gravel, sand, gypsum, marl, dolomite, clay, whiting, silica and sand extraction, with bauxite being one of the most viable minerals for mining.

Jamaica's creative industries encompass the recording industry, music and theatre production, the motion picture industry, music publishing and fashion and design, among others, and the country's creative assets are recognised as generators for economic growth with potential for job creation and export earnings.

Jamaica's manufacturing sector is diverse and modern. Products in this sector include beverages, processed foods, chemicals, plastics, cosmetics, pharmaceuticals, nutraceuticals and apparel. The island also produces spices and condiments, canned ackee and callaloo, as well as natural juices, soft drinks, beer, wines, spirits and liqueurs. With large diaspora communities around the world, demand for local products is growing.

Tourism continues to be one of the fastest-growing and most profitable sectors. Jamaica is strategically located on shipping lanes to major trade and tourism destinations and the island reigns as one of the world's leading cruise destinations with its beautiful scenery and vibrant culture. There are many exciting opportunities in the areas of attraction development, five-star and boutique resort accommodation development and health and wellness tourism.

The ICT sector currently focuses on telecommunications, software development and enabled/shared services, which include contact centres and business process outsourcing (BPO). With excellent mobile telephony services, international voice and data services, and fibre optic capability, the sector is being expanded to include ICT parks and offshore educational facilities.

PORT INFRASTRUCTURE

The island is expanding its port facilities, chief of which is the port of Kingston. The port is just 32 miles from the trade routes that pass through the Panama Canal. In a short period of time, the port of Kingston has rapidly expanded to double its capacity to around 3.2 million twenty-foot equivalent units (TEUs) and is moving quickly up the ranks of the world's leading ports in time for the expansion and widening of the Panama Canal in a few years' time. The next phase of expansion will increase its capacity to 5 million TEUs, allowing it to reach the status of a world mega trans-shipment hub.

In the tourism capital, Montego Bay, the cruise ship pier is being expanded to handle three 'ultra voyager class' cruise ships, while simultaneously providing tendering for a fourth vessel and other commercial vessels.

TRANSPORTATION NETWORKS AND AIRPORTS

Highway 2000 is one of the newest and most efficient road and highway networks in the region. It facilitates safe, speedy and cost-effective ground transportation as well as the opening up of new areas for investment and development. The highway is a four to six lane controlled-access tolled motorway with fully grade-separated interchanges and intersections built according to modern international standards.

The North Coast Highway is now complete, giving all travellers a quick route along this most picturesque stretch of coastline. Construction is significantly advanced on the South Coast Highway, as well as on a North-South Highway that will dissect the island geographically, creating easier access to all areas of the island. This major road and highway network has been a catalyst for increased economic activity, providing direct and efficient links between the major economic centres of the island.

Jamaica has two international airports – the Norman Manley International Airport located in the bustling capital city of Kingston and the Sangster International Airport in the tourist centre and second island capital, Montego Bay. Both airports have undergone improvements through programmes aimed at facilitating increased passenger traffic and offering more competitive services and amenities.

Jamaica is in a position to take advantage of several opportunities for its development over the medium term, including:

- Increasing access to regional and world markets
- The growth of the working-age population
- Competitive advantages in creative industries and sport
- Expansion of the Panama Canal and regional cargo traffic
- Taking advantage of a large Jamaican diaspora and strong national brand
- Utilising strong relationships with international development partners.

KEY ECONOMIC DATA

TABLE 1

Gross domestic product (GDP) indicators – estimated data

	2010	2011	2012
GDP – purchasing power parity	USD 24.65 billion	USD 24.96 billion	USD 25.18 billion
GDP – official exchange rate	-	-	USD 15.26 billion
GDP – real growth rate	-1.5%	1.3%	0.9%
GDP – per capita (PPP)	USD 9,000	USD 9,100	USD 9,100

FINANCIAL INSTITUTIONS

Commercial banks, credit unions and building societies are involved in the great majority of financial transactions in all sectors of the economy. Building societies handle business transactions and are very similar in their operations to the commercial banks but tend to specialise in private savings, personal loans and the financing of house purchases.

STOCK MARKET

The Jamaican Stock Exchange (JSE) was incorporated as a private limited liability company in August 1968 and commenced trading in February 1969. Its primary objectives are to:

- Promote the development of the stock market in Jamaica
- Ensure the stock market and participants operate at the highest standard
- Develop and enforce rules designed to ensure public confidence in the market
- Provide facilities for the trade of stock
- Conduct research and provide information to and on the market.

In 2000 the JSE established the Jamaica Central Securities Depository. Arising from this development, share certificates have been dematerialised. The global attractiveness of the stock market has increased through the adoption of generally accepted international standards.

3 – FOREIGN INVESTMENT

Heavy foreign investment has been a feature of the Jamaican economic scene for a long time.

Since 1984, Jamaica has been a beneficiary of the Caribbean Basin Initiative, a US preferential trade program for imports from the region.

INCENTIVES APPLICABLE TO ALL INDUSTRIES

SHIPPING ACT

Under this Act, once a company is recognised as an ‘approved shipping corporation’, it may receive tax relief and concessions on import duties for up to ten years.

MODERNISATION OF INDUSTRY PROGRAMME

This incentive provides for the waiving of general consumption tax chargeable on the acquisition of machinery and equipment directly related to manufacturing processes.

URBAN RENEWAL ACT

This Act is targeted at persons or organisations that facilitate or carry out urban development. Relief from income tax, stamp duty and transfer tax is given to those persons/entities who engage in transactions geared towards urban development ie in the metropolitan centres of Kingston and Montego Bay.

FACTORY CONSTRUCTION LAW

This law targets companies which construct factories and lease or sell them to producers. It grants relief from:

- Import duties for items which are not available locally, and
- Income tax on factory leasing or sales.

JAMAICA EXPORT FREE ZONE ACT

Before a manufacturer can take advantage of the concessions made available by this Act, their company must be incorporated or registered under the Companies Act. A company can operate within the designated Free Zone area or outside as a single entity in the customs territory. In order for firms outside the Free Zone complex to benefit under the single entity ‘free-zone’ status, a company must:

- Be registered according to the provisions of the Companies Act
- Export at least 85% of its production.

The free-zone status enables manufacturers and service providers (in the case of informatics free zones) to benefit from the exemption of income tax on profits in perpetuity, as well as import duties and licensing. Furthermore, there exists a special provision under this Act, which permits the repatriation of foreign exchange by overseas investors to their parent companies without any form of recourse on the part of the government.

ACCELERATED DEPRECIATION/SPECIAL CAPITAL ALLOWANCE

Qualified businesses must be certified by the Ministry of Industry, Commerce and Technology. For data processing/system development businesses, at least 20% of their gross income must be derived from exports. Upon qualification, a certified business is granted a special allowance of capital expenditure for:

- 50% of the full cost of any new machinery in the year of purchase
- A further 50% in the second year.

INTERNATIONAL TECHNICAL ASSISTANCE PROGRAMME (ITAP)

This covers the various programmes that are funded by international agencies and administered by Jamaica's investment and export promotions agency (JAMPRO)/ITAP Department. These programmes are made available to persons wishing to make investments that are deemed to have the potential to contribute to Jamaica on a developmental level. The main organisation that presently funds these types of development programmes is the European Union through the European Development Fund (EDF).

THE EXCHANGE CONTROL ACT

The government of Jamaica has placed no restrictions on the movement of foreign currencies flowing either in or out of Jamaica. The Act facilitates the free movement of capital to other countries, whether for investment or repatriation purposes.

4 – SETTING UP A BUSINESS

Businesses entities can take on a number of legal forms in Jamaica.

The following are the forms through which a business can be conducted:

- Private companies limited by shares
- Public companies limited by shares
- Companies limited by guarantee (either with or without share capital)
- Companies having unlimited liability
- Branches of foreign corporations (overseas companies)
- Partnerships – general or limited
- Joint Ventures
- Sole proprietorships.

All companies registered in Jamaica are governed by the Companies Act, 2004.

Ministerial responsibility for the provisions of this Act is vested in the Ministry of Industry Investment and Commerce.

PRIVATE COMPANIES

A private company:

- May be registered and carry on business with one or more members
- Need only have one director and a secretary (as opposed to three directors and a secretary for a public company)
- May have a maximum of 20 members
- Can commence business as soon as it is incorporated
- Is exempt from filing a copy of its accounts with the Companies Office of Jamaica, subject to certain limitations.

FORMATION PROCEDURES FOR PRIVATE AND PUBLIC COMPANIES

1) REGISTRATION AND INCORPORATION

Incorporation of a company involves a filing with the Companies Office of Jamaica (COJ) and the following procedures:

- i) Company Name Registration – this ascertains whether a desired name is available and acceptable through the completion and submission of a company name search and name reservation form at the COJ
 - Different forms must be completed and submitted for business name registration according to the type of company:
 - Application for registration by a sole trader (BN1 Form)
 - Application for registration by a partnership (BN2 Form)
 - Application for registration by a corporation (BN3 Form)
 - Application forms are available online at <http://www.orcjamaica.com/docs/>
 - The COJ fee schedule is available at <http://www.orcjamaica.com/fees/>
- ii) Completion and submission of the following documents after which a certificate of incorporation is issued:

- The articles of incorporation (Form 1A) – the articles must be stamped at the Taxpayer Audit & Assessment Department (111 Harbour Street, Kingston Tel. 924-9934)
- A declaration of compliance (Form 2) – this declaration should be made by an attorney-at-law or chartered secretary engaged in the formation of the company or a director or secretary named in the articles of incorporation, stating that all the requirements of the Companies Act 2004 were adhered to when the articles of incorporation were being prepared. This document must be signed and sealed by a Justice of the Peace
- A registered office notice (Form 17) – this document records the registered or legal address of the company.

2) NATIONAL INSURANCE SCHEME (NIS) REGISTRATION

A national Insurance (NIS) reference number should be obtained from the Ministry of Labour and Social Security.

The required documents are as follows:

- Employer business registration application (Form R1)
- Certificate of incorporation along with the articles and memorandum of association
- Business name certificate
 - Additional information and the application form for the NIS can be accessed online at www.mlss.gov.jm.

3) TAXPAYER REGISTRATION

A taxpayer registration number (TRN) can be obtained from the Taxpayer Registration Centre at the Tax Administration Services Department (TASD) or at any of the Inland Revenue Offices (Collectorate) located island-wide.

The required documents for sole proprietor businesses are:

- 'Application for Taxpayer Registration (Individuals) – Form 1'
- Valid ID
- National Insurance Scheme (NIS) Card
- Business name registration certificate (BNRC) obtained from the COJ.

The required documents for partnerships are:

- 'Application for Taxpayer Registration (Organisations) – Form 2', signed by a partner
- BNRC issued by the COJ
- Verification of NIS registration (NIS Letter or payment card)
- Individual TRN and NIS for each partner
- Valid ID for signatory officer.

The required documents for local companies are:

- 'Application for Taxpayer Registration (Organisations) – Form 2', signed by a director or the company secretary
- Certificate of incorporation
- Articles and memorandum of association (for companies registered before 1 February 2005)
- Articles of incorporation (for companies registered after 1 February 2005)
- Verification of NIS registration (NIS letter or payment card)

- Individual TRN for each director
- Valid ID for signatory officer.

The required documents for overseas companies are:

- 'Application for Taxpayer Registration (Organisations) – Form 2', signed by an authorised officer or the local representative
- Notarised copies of registration or charter documents (if the company is not registered in Jamaica)
- Letter of registration from the COJ if the company is registered in Jamaica
- Verification of NIS registration (NIS letter or payment card) if the company has employees in Jamaica
- Form 19 or 31 (issued by the COJ) stating the local representative, if the company is registered locally
- TRN for the local representative or directors
- Valid ID for signatory officer.

4) GENERAL CONSUMPTION TAX (GCT) REGISTRATION

Companies should apply for a for GCT registration at any of the Inland Revenue Offices (Collectorate) located island-wide, as well as at the Tax Administration & Assessment Department (TAAD).

The required documents are as follows:

- 'Application for General Consumption Tax Registration – Form 1'
- BNRC or certificate of incorporation
- Business or company TRN.

5) TAX COMPLIANCE CERTIFICATE (TCC)

For a tax compliance certificate, companies should submit an application to the Tax Administration Services Department (TASD).

The required documents are as follows:

- Application for tax compliance certificate form
- Certificate of incorporation
- TRN
- Tax Receipts for corporate income tax, PAYE, NHT, HEART, education tax, general consumption tax, NIS, GCT and SCT
- Clearance Letters from the GCT, HEART Trust, inland revenue department, NIS and NHT
- TCC applications may be submitted to the office, online, via email or fax.

6) REGISTRATION FOR STATUTORY DEDUCTIONS

Contributions payable by businesses/companies under various legislations are:

- Income tax
- Education tax
- National insurance (NIS)
- National housing trust (NHT) contributions
- Human employment & resource training (HEART) fund contributions.

All deductions/contributions should be paid over to the different collecting agencies usually by the 14th of the month following the month of payment.

ADDITIONAL INFORMATION ON COMPANIES

PUBLIC ACCESS TO DOCUMENTS

All documents relating to formation filed with the COJ are available for public inspection on request.

RAISING CAPITAL

The Companies Act allows companies to raise capital by the creation of redeemable shares.

TRANSFERABILITY OF SHARES

Unless the company articles provide otherwise, shares in a corporation are freely transferable.

LIABILITY OF SHAREHOLDERS

If the shares are fully paid, shareholders are not liable for any claims made against the company.

DIVIDENDS

No dividends can be paid except out of profits. A prerequisite for the payment of dividends is that the company must meet a solvency and liquidity test under the Companies Act.

LIQUIDATION, RECEIVERSHIP

A company may be liquidated as follows:

- Voluntarily
- By the court, or
- Under the supervision of the court.

BRANCHES OF FOREIGN COMPANIES

REGISTRATION PROCEDURES

Within one month after establishing business in Jamaica, a foreign company (branch of a foreign company) must register with the COJ.

Where the company is incorporated in a country in which English is the official language, a certified copy of the charter, statutes or articles of a company or any other instrument is required.

Where the company is incorporated in a country in which English is not the first language, the following is required:

- A certified copy of the original incorporation documents in the language of origin
- A certified translation of the charter, statutes or articles of the company.

RESIDENT AGENT

A foreign company is required to appoint a person resident in Jamaica.

This person/agent is authorised to accept service of process and notices served on the company.

FILING REQUIREMENTS

An overseas company is required to file in every calendar year.

The company must file the following:

- A copy of its balance sheet and profit and loss account and, if the company is a holding company, its group financial statements prepared in the form required under the Act for Companies incorporated in Jamaica, or
- A copy of its balance sheet and profit and loss account or, if the company is a subsidiary company, a copy of the balance sheet of its holding company, prepared in the form required under the law of the place of the company's incorporation, together with the following:
 - Profit and loss account of the company's operations in Jamaica
 - Statement showing the company's assets situated in Jamaica
 - Auditor's report on both the statement of operations and statement of assets.

The declaration of assets tax, which is based on the total assets of the company, must be filed on or before 1 September in every year.

5 – LABOUR

WORKING CONDITIONS

Non-residents of Jamaica are required to obtain the permission of the Ministry of Labour prior to engaging in any gainful venture or form of employment.

A prospective employer should submit an application to the Ministry of Labour on the basis of non-availability of local skills. JAMPRO issues permits to independent foreign investors upon submission of the necessary paperwork and approval of an application. Permits are usually granted for a period of two years.

MINIMUM WAGE

The National Minimum Wage Law provides for a general minimum wage – from September 2012, JMD 5000 (approximately USD 50) for a 40-hour week.

OTHER MINIMUM BENEFITS

All workers are entitled to vacation leave, sick leave with pay and one rest day per week. On termination of employment or dismissal, workers are entitled to pay in lieu of notice after working for a specified period of time and the pay scale increases with the duration of time with the organisation. The law also provides for maternity leave and discrimination between the sexes is prohibited.

STATUTORY CONTRIBUTIONS

NATIONAL INSURANCE SERVICES (NIS)

All employees between the ages of 18–65 (women) and 18–70 (men), whether full or part-time, must make statutory national insurance contributions at a rate of 2.5% of gross salary, while the employer pays a matching 2.5%.

The wage ceiling for the deduction of NIS contributions is JMD 1,500,000 per year with effect from 7 January 2013. No additional NIS deduction is made on any amount above this figure, other than the 2.5% of an employee's wages.

NATIONAL HOUSING TRUST (NHT)

The contribution for NHT is 2% for an employee and 3% for an employer.

OTHER CONTRIBUTIONS

PENSIONS

Pension contributions are discretionary. Certain private sector employees have pension plans for their employees.

EDUCATION TAX

Effective from 1 April 2013, education tax rates are as follows:

- Employers' contribution increased to 3.5% (from 3%)
- Employees' contribution increased to 2.25% (from 2%)
- Self-employed contribution increased to 2.25% (from 2%).

PAY AS YOU EARN (PAYE)

Employers are required to deduct 25% income tax from the wages of their employees under the stated threshold. Monthly payments must be made to the Collector of Taxes.

HUMAN EMPLOYMENT AND RESOURCE TRAINING (HEART)

The employer contributes 3% of the employee's salary.

OBTAINING A WORK PERMIT IN JAMAICA

Foreigners who wish to work in Jamaica will need to provide the following:

- Completed application form (all sections must be properly completed)
- Two photographs (to be certified by a Justice of the Peace or notary public with a valid Commission)
- Processing fee of JMD 14,400 to be paid at any branch of National Commercial Bank (NCB). Copies of the bank vouchers titled 'Accounts copy and Work Permit copy' should be attached to the application
- Proof of qualification (eg diplomas, certificates etc. to be certified by a Justice of the Peace or notary public with a valid Commission)
- Resume of the applicant
- Police record – to be issued by the appropriate Security Authority in the country of the applicant's domicile
- Proof of business registration (certificate of incorporation and memorandum of association)
- A tax registration number (TRN)
- A tax compliance certificate if an enterprise is in operation for at least a year
- For certain positions, the original newspaper advertisement (entire page on which the advertisement appears), showing the name of the publication and date.
- Certified copy of pages from the passport showing:
 - Proof of identity
 - Passport number
 - Date of issue and expiry
 - Landing status in Jamaica
- Covering letter from the local employer requesting a work permit for the potential employee. The letter should be addressed to:
 - The Permanent Secretary, The Ministry of Labour and Social Security, 1F North Street, Kingston, Jamaica.

Work permit fees will be applicable according to the duration for which the work permit is granted. The work permit fees start from JMD 27,000 for any period up to three months or part thereof (eg one year is JMD 108,000). This is payable at any branch of the NCB after notice of approval has been received.

Application forms and a covering letter must be submitted in triplicate with two sets of supporting documents.

The covering letter should detail the efforts to recruit a Jamaican national to undertake the work contemplated and the expected duration of the work to be undertaken by the applicant.

6 – TAXATION

PRINCIPAL TAXES

The principal taxes in Jamaica are as follows:

- Taxes on income and gains
 - Income tax
- Transaction taxes
 - General consumption tax (GCT or value added tax – VAT)
 - Transfer tax
 - Customs duties
 - Stamp duties
- Taxes on property
 - Land /property tax
 - Asset tax
- Payroll taxes
 - Pay as you earn –PAYE (income tax)
 - National insurance contributions (NIS or social security)
 - National housing trust (NHT)
 - Education tax
 - Human employment and resource training (HEART) contributions
- Other Taxes
 - Annual company registration fees
 - Stamp duties
 - Motor vehicle licence tax
 - Travel tax.

INDIVIDUALS

Every individual with a taxable income exceeding JMD 507,312 (2013) is required to file an income tax return.

For employees, income tax is deducted under the PAYE system and paid monthly to the tax authorities. Taxpayers whose income consists solely of employment earnings are not normally required to file regular annual returns.

CAPITAL TAXATION

There are no taxes on capital or wealth in Jamaica.

However, a transfer tax of 7.5% is payable on the transfer of certain assets eg land and buildings.

CORPORATIONS

A corporation resident in Jamaica is subject to income tax on its worldwide income.

A non-resident corporation is subject to income tax if it carries out trade in Jamaica, or has an office or place of business in Jamaica, or derives income from any source in Jamaica.

The income of certain organisations is specifically exempted from income tax. These include pension and superannuation funds approved by the Commissioner and charitable organisations.

INCOME TAX RATE FOR CORPORATIONS

Corporations pay income tax on their net income. However, non-trading income (eg interest) is generally taxed on a receipts basis.

Effective 1 January 2013, the corporate rate of income tax was reduced from 33.33% to 25% for unregulated companies but remained at 33.33% for regulated companies, which include companies regulated by the Financial Services Commission (FSC), Office of Utilities Regulation (OUR), Bank of Jamaica (BOJ) and the Ministry of Finance. There was no change to the corporate rate of income tax for building societies or life assurance companies.

Also effective from 1 April 2013, there is an additional tax or surtax of 5% on the taxable income of large unregulated companies. 'Large companies' means those with a gross income equal to or greater than JMD 500,000,000.

It should be noted that companies which are currently covered by income tax incentives are exempt from this additional tax or surtax. A summary of the tax rates applicable to companies as at 1 April 2013 is shown below:

- Unregulated companies – 25%
- Large unregulated companies – 30%
- Regulated companies – 33.33%
- Building societies – 30%
- Life assurance companies – 15%.

It should also be noted that for the 2013 tax year, large unregulated companies would be subject to tax on any assessable profits for tax purposes, at the rate of 25% for the period January to March 2013 and 30% for the period April to December 2013.

DIVIDENDS AND CAPITAL GAINS

Dividends paid out of profits by a Jamaican corporation whose shares are quoted on the Jamaica Stock Exchange are not taxed. Dividends paid by an unlisted company are taxed. Where payment of the dividend is made to a foreign investor and there is a treaty in effect between Jamaica and the payee country, the lower treaty rates may apply.

The rate of income tax chargeable on dividends payable to resident shareholders by resident companies will be increased to 15% with effect from 1 April 2013.

Jamaican resident shareholders, who receive dividends paid by non-resident companies, should account for and pay income tax at the following rates:

- 25% for individuals and unregulated companies
- 30% for unregulated companies which fall under the definition/designation of a 'large company' (ie those whose gross income is equal to JMD 500,000,000 or more)
- 33.33% for regulated companies.

It should be noted however that where there are double taxation treaties, the rate of income tax charged by the non-resident companies will be subject to the double tax treaty (DTT). The 15% rate is not applicable to preference dividend payments.

Non-resident shareholders who receive dividends from resident companies should account for and pay income tax at the following rates (subject to the double tax treaty rates):

- 25% for individuals and unregulated companies
- 30% for unregulated companies which fall under the definition/designation of large companies, that is, companies whose gross income is equal to JMD 500,000,000 or more
- 33.33% for regulated companies.

INTERCOMPANY CHARGES

Payments to foreign affiliates for management fees, research and development, and general and administrative expenses, are deductible for income tax purposes, provided they are made at arm's length rates in consideration of the services rendered.

LOSSES

Net operating losses incurred for a particular year of assessment may be carried forward indefinitely until fully utilised. Losses cannot be carried back. There is no provision for the utilisation of group losses.

PERMANENT ESTABLISHMENTS

Foreign companies which are deemed to have a 'permanent establishment' (a term normally defined by the relevant treaty) in Jamaica may be subject to income or withholding tax. If the permanent establishment is a place of business in Jamaica, that is, an office or other location from which it carries on business activities, local law requires the registration of a branch. A separate legal entity may, instead, be registered. Various other registrations may also be required.

BRANCH OPERATIONS

A branch operation, irrespective of the nature of its business activities, is subject to Jamaican tax on income derived from the island and elsewhere to the extent remitted to the island. Transactions between the branch, its head office and affiliates should be at arm's length values.

DIVIDENDS, INTEREST, ROYALTIES

Dividends, interest and royalties from Jamaican sources to a foreign corporation are subject to income tax at the rate of 33.33% or a lower treaty rate.

SERVICE/MANAGEMENT FEES AND RENTALS

Service fees/management fees and rentals from Jamaican sources to a foreign corporation are subject to income tax at the rate of 33.33% or a lower treaty rate.

GENERAL CONSUMPTION TAX (GCT OR VAT)

GCT is a tax on added value, which is essentially borne by the final consumer.

Effectively, the tax is collected in stages throughout the production and distribution cycle.

In computing the tax, which is payable to the Revenue, the taxpayer deducts the tax paid by him/herself on the purchase of goods and services (input tax) from the tax which he/she charges his/her customers on the sale of goods and services (output tax).

GCT is charged on the supply in Jamaica of goods and services by a registered taxpayer and on the importation of goods and services into the country.

The standard rate of GCT is 16.5%. Some goods and services are not subject to GCT by virtue of their exempt status. Others, though taxable, are taxed at a rate of 0% (zero-rated).

GCT can be charged only by registered taxpayers. A registered taxpayer is one that is engaged in a taxable activity and has a total annual turnover exceeding a threshold of JMD 3,000,000.

TRANSFER TAX

The Transfer Tax Act 1971 provides for tax at the rate of 7.5% of the consideration of each transfer, limited to 37.5% of the capital gain.

The tax is payable on certain classes of property situated in Jamaica. Such property comprises land and buildings, leases of land, securities of a company and beneficial interests under any settlement on these types of property. The tax is imposed on the transferor and is paid by the purchaser, who deducts it from the consideration for the transfer. Transactions on the Jamaica Stock Exchange are exempt from the tax.

PAYROLL TAXES

NATIONAL INSURANCE CONTRIBUTIONS

Employees are required to be insured under a state-administered program of social security insurance.

NATIONAL HOUSING TRUST CONTRIBUTIONS

Contributions are made by employers and employees on all salaries and wages, including bonuses and commissions paid for employment in Jamaica. Expatriate employees are, on application, entitled to a refund of their contributions when they leave the island permanently.

EDUCATION TAX

Effective from 1 April 2013, education tax rates have been increased as follows:

- Employers' contribution increased to 3.5% (from 3%)
- Employees' contribution increased to 2.25% (from 2%)
- Self-employed contribution increased to 2.25% (from 2%).

It should be noted that the education tax contribution should be based on the gross taxable pay net of NIS and approved pension contributions. Self-employed individuals are assessable on chargeable income for income tax purposes. However, when computing their education tax contributions, unearned and pension income as well as any NIS and approved pension contributions are to be deducted from chargeable income. Only employer's contributions are tax deductible.

HUMAN EMPLOYMENT AND RESOURCE TRAINING CONTRIBUTIONS

Human employment and resource training (HEART) contributions are payable monthly by employers only on the wage bill at the rate of 3%. The contributions are tax deductible.

OTHER INDIRECT TAXES

There are several other indirect taxes that are levied on certain activities or are applicable to certain industries.

Other indirect taxes include:

- Hotel accommodation tax
- Construction operations levy
- Import duty
- Stamp taxes
- Document tax
- Stamp tax on authorised share capital.

COMPANIES

PARTNERSHIPS AND JOINT VENTURES

A partnership is treated as a conduit and as such is not subject to income tax. Partners, corporate or individual, are taxed on their own share of the partnership income.

TAXATION OF FOREIGN PARTNERS

Non-resident partners, including corporate partners, are subject to Jamaican tax on their share of the partnership profits that accrue in or are derived from Jamaica. In the absence of a definition provided by a relevant double tax convention, income is usually deemed to be derived from Jamaica if the activity is carried out within the island or if the partnership is managed and controlled from the island. Non-resident foreign corporations pay tax on their share of profits at the same rates as resident corporations. Non-resident individual partners are taxed at the same rates as non-resident individuals. Double taxation relief may be available under the relevant treaty.

JOINT VENTURES

A Joint venture is an association of persons established for a specific task (usually of limited duration) is generally treated as a partnership and taxed in the way discussed above.

DOUBLE TAXATION AGREEMENTS (TREATIES)

The government's policy is to negotiate treaties with those countries that carry out significant trade with Jamaica and are also likely to provide significant investment in the island.

The government uses tax treaties primarily to promote capital inflow and expand foreign trade. By the treaty mechanism, it seeks to ensure as far as possible that the tax burden in Jamaica will be no greater than in the foreign investor's country of residence. It also tries to ensure that tax-sparing provisions are used to recognise special tax incentives granted to promote investment in the island.

Jamaica has treaties with 12 countries including the United States.

7 – ACCOUNTING & REPORTING

All businesses and professionals, local and foreign, operating in Jamaica must adhere to the laws and regulations.

The Companies Act (2004) is the primary source of legal requirements regarding the operation of a company, including corporate disclosures. The Companies Act (2004) is an act of parliament and became effective 1 February 2005. It succeeded its predecessor, the Companies Act (1965), which was broadly based on the UK Companies Act of 1948.

The Act prescribes the basis of incorporation, regulation and winding up of companies and other associations registered there-under and makes provisions for other matters relating thereto. There are approximately 40,000 active companies registered under the Companies Act. Forty-two of these companies are publicly listed on the Jamaica Stock Exchange.

The Companies Act requires considerable disclosure and compliance requirements as well as providing for increased penalties for compliance failure. The Act addresses disclosure and other regulatory requirements in relation to:

- Incorporation and registration
- Disclosures to be made in a prospectus
- Capitalisation minimums
- Management and administration
- Duties and responsibilities of directors and other officers
- Matters relating to winding-up
- Registration and inspections
- Accounts and audit
- Annual reports
- Meetings and statutory filings.

The Companies Act specifically requires all registered companies to present financial statements in accordance with generally accepted accounting principles (GAAP) promulgated by the Institute of Chartered Accountants of Jamaica. The Institute has promulgated international financial reporting standards (IFRS) as the national accounting standards since 2002.

The Act defines the content and form of financial statements and requires companies to maintain proper accounting records and documents to show a true and fair view of the company's affairs and explain its transactions. In the case of group companies, the Act provides that consolidated financial statements must be presented, except where the company is a wholly-owned subsidiary of another company incorporated in Jamaica. The contents of a set of financial statements are defined as:

- Balance sheet
- Statement of changes in equity
- A profit and loss account
- Statement of changes in financial position
- Notes to the financial statements.

The legal requirement for companies to prepare IFRS-compliant financial statements facilitates an effective financial reporting system, since all companies are required to be in compliance. The Institute has the regulatory mandate to set accounting and auditing standards. It has, however, no jurisdiction to ensure compliance by non-members.

The organisations discussed below are key agents in support of the regulatory framework and entities regulated by them are therefore required to comply.

PUBLIC ACCOUNTANCY BOARD

The Public Accountancy Act 1968 established a regulatory framework for the accounting profession. The Act created the Public Accountancy Board (PAB), a statutory body to issue licences to registered public accountants and promote the acceptance of standards of professional conduct by registered public accountants. Decisions by this regulatory agency are subject to approval by the Minister of Finance, who has the authority to issue regulations relating to the profession. The Minister's authority includes making complaints against registered public accountants, and overseeing regulations governing the disciplinary investigations undertaken by the Board and the procedure for approving applications for registration as a registered public accountant.

The PAB exercises its mandate by being the legal authority that issues licences to registered public accountants who must also hold a practising certificate from the PAB. Only registered public accountants have the legal authority to sign audit reports on financial statements. Practising certificates may be issued to:

- Members of the Institute of Chartered Accountants of Jamaica who hold practising certificates from the Institute
- Jamaican citizens who are entitled to practise in another country by virtue of another professional qualification appraised by the Minister of Finance, and
- A few persons who are qualified by experience and who practised as public accountants prior to 1968.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA (THE INSTITUTE)

The Institute was established in 1965 to regulate chartered accountants in Jamaica. It has responsibility for setting accounting and auditing standards. Some of the broad objectives of the Institute are to:

- Promote and increase professional knowledge through training
- Regulate the discipline and professional conduct of Jamaican accountants
- Develop and set standards to ensure the integrity and soundness of the accountancy profession.

The Institute has approximately 800 members of which 200 are practising members authorised to carry out audits. Members authorised by the Institute to practise are entitled to practising certificates from the Public Accounting Board (PAB). There is no requirement for all registered public accountants or accountants in general to become members of the Institute.

The four major international professional services firms are represented in Jamaica. Three of the four are the auditors of virtually all listed companies operating in the country.

The PAB and the Institute entered into an agreement to share responsibilities to ensure unified standards for the control, monitoring and discipline of all registered public accountants in Jamaica and to improve the effectiveness of the PAB as the legal authority for the oversight of registered practising accountants in Jamaica. The financial services regulators rely significantly on external auditors of the regulated entities to ensure compliance with accounting and financial reporting requirements and to report compliance failures. These firms are the primary source of knowledge on IFRS and ISA issues and share this knowledge routinely with the regulators. This is attributable to the fact that these regulators are still in the process of strengthening the standards and procedures and building capacity to monitor and enforce compliance.

Currently, financial reporting compliance is monitored by reviewing published financial statements of all publicly listed companies and regulated entities. With the support of the Inter-American Development Bank under a cooperation agreement, the Institute is in the process of establishing a more comprehensive monitoring and compliance programme. This programme will include peer reviews of auditing firms, practice management reviews and identifying resource gaps.

The Institute is also collaborating with The Institute of Chartered Accountants of the Caribbean (ICAC) to establish a regional monitoring unit with responsibility for the evaluation and assessment of the quality of audit and other public practice work in member countries. The implementation of this unit will ensure transparency of the quality of audits and other public practice work. The arrangement with the ICAC is intended to facilitate independence in the practice monitoring process.

The Institute is a member of the International Federation of Accountants (IFAC) and requires its members to comply with IFAC's ethical and professional standards. The standards issued by the Institute include the standards issued by the IFAC, in addition to those promulgated by the Institute. Professional education requirements for becoming a member of the Institute are consistent with international standards and members must meet continuing professional development requirements of at least 35 hours of qualifying professional education annually, over three years. In response to this requirement, the Institute hosts a number of educational training programmes, which are also promoted to the wider community.

COMPANIES OFFICE OF JAMAICA (FORMERLY, OFFICE OF THE REGISTRAR OF COMPANIES)

The Companies Office of Jamaica (COJ) falls under the Ministry of Industry, Commerce and Technology with responsibility for the day-to-day administration of companies, trademarks, industrial designs, industrial and provident societies, business names and the recording of patents.

The organisation registers local and overseas companies, industrial and provident societies and individuals carrying out business in Jamaica. Its mandate is to ensure that there is compliance with the Companies Act, the Registration of Business Names Act and the Industrial and Provident Societies Act. It also maintains up-to-date records of all companies and businesses registered.

All companies registered under the Companies Act must file prescribed returns including annual returns with the COJ. This agency is empowered to take legal action against entities to enforce compliance.

JAMAICA STOCK EXCHANGE

The Jamaican Stock Exchange (JSE) was incorporated as a private limited liability company in August 1968 and commenced trading in February 1969. Its primary objectives are to:

- Promote the development of the stock market in Jamaica
- Ensure the stock market and participants operate at the highest standard
- Develop and enforce rules designed to ensure public confidence in the market
- Provide facilities for the trade of stock
- Conduct research and provide information to and on the market.

The company has a board of directors consisting of 18 members and facilitates trade in securities, shares, ordinary and preference and corporate bonds. Government bonds are not listed on the JSE but by the Bank of Jamaica in an over-the-counter market. Listing of securities on the JSE is at the absolute discretion of the Council of the JSE. The minimum requirements for listing of a company's securities are:

- Total issued share and loan capital of JMD 500,000 or more,
- Minimum number of 100 shareholders for companies with ordinary shares.

Companies incorporated in Jamaica may be listed by a prospectus issue, an offer for sale, an offer by tender, a placing or an introduction. In 2000, the JSE established the Jamaica Central Securities Depository. Arising from this development, share certificates are dematerialised. There has been increased global attractiveness of the stock market through adoption of generally accepted international standards.

FINANCIAL REPORTING AND DISCLOSURE

Jamaica has a differential disclosure regime for financial reporting purposes.

Types of companies may be classified as:

- Publicly listed and regulated companies
- Private companies
- Small companies.

All companies are required to prepare annual financial statements, except for small companies which may claim exemption under the Companies Act. Financial statements must be audited and circulated to the members. Companies are also required to file annually with the COJ a true copy of the balance sheet and profit and loss account together with a copy of the auditors' report.

In addition to meeting the disclosure requirements, publicly listed companies are required to file with the Jamaica Stock Exchange and publish in the media quarterly abridged financial statements. These must be accompanied by a directors' report and signed by at least two directors.

Companies file their annual financial statements within 90 days of their financial year end and quarterly financial statements within 45 days of the end of the quarter.

Qualifying small companies may seek exemption under the Companies Act from audit of financial statements and from preparing financial statements to comply with IFRS.

There are three important areas of the Jamaican financial reporting framework that must be observed:

- IFRS must be used by entities in their preparation of financial statements
 - Qualifying small companies that elect exemption to prepare financial statements and accordingly may omit to do so, must apply the standards issued by the Institute of Chartered Accountants of Jamaica that are applicable to their nature and complexity to show a true and fair view of their state of affairs and results of operations
- International Standards on Auditing (ISA) must be used for the purpose of auditing financial statements
- Monitoring of the system is in place to ensure there is compliance with the Companies Act and IFRS in the preparation of financial statements and that the financial statements are audited in accordance with ISA.

8 – UHY REPRESENTATION IN JAMAICA



UHY DAWGEN CHARTERED ACCOUNTANTS JAMAICA



CONTACT DETAILS

UHY Dawgen Chartered Accountants
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15 Hope Road
Kingston
Jamaica
Tel: +1 876 908 4007
Fax: +1 876 754 0380
www.uhy-ja.com

Year established: 2002
Number of partners: 4
Total staff: 60

CONTACTS

Liaison contact: Dawkins Brown
Position: Partner
Email: dbrown@uhy-ja.com

OTHER IN-COUNTRY OFFICE LOCATIONS AND CONTACTS

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Shop L1 & K1 Grove Court Plaza
16 Park Crescent
Mandeville, Manchester
Tel: (876) 962-6369

Ocho Rios
Shop C1
101B Main Street Ocho Rios
St. Ann
Tel: (876) 974-5373 / 974-8772/ 618-2806 (Digi)

Montego Bay
Shop EU6
Whitter Village, Ironshore
Montego Bay, St. James
Tel: (876) 953-3793 / 953-8486 / 618-2808 (Digi)

Kingston Oxford
Oxford House, 2nd Floor
6 Oxford Road
Kingston
Jamaica

BRIEF DESCRIPTION OF FIRM

We are a firm of chartered accountants whose concept of service is to solve problems, exploit opportunities and turn advice into action. Our style is personal and our outlook progressive. We continually strive to create value for our clients.

UHY Dawgen Chartered Accountants is a professional service firm offering a full range of Audit, Assurance, Accounting and Taxation services.

Our primary goal as a trusted advisor is to be available to provide insightful advice to enable our



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clients to make informed financial decisions. We do not accept anything less from ourselves and this is what we deliver to you.

SERVICE AREAS

- Audit & Assurance
- Business Services
- Prevention of Money Laundering
- Business Advisory
- Accounting & outsourcing
- Transfer pricing
- Mergers & acquisitions
- Business Valuation
- HR Solutions Services

SPECIALIST SERVICE AREAS

- Advice on starting a business in Jamaica
- Due diligence
- Corporate Restructuring
- Business Plan preparations
- Accounting Software

PRINCIPAL OPERATING SECTORS

- Distribution
- Restaurants
- Entertainment
- Professional Services
- Education
- Construction
- Manufacturing
- Travel Service

LANGUAGES

English.

CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure in this document.

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

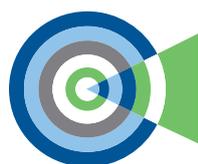
Our firm's recent admittance to UHY membership has not yet provided an opportunity for international work.

BRIEF HISTORY OF FIRM

In 2002, Dawkins Brown established Dawgen Chartered Accountants, which has gone on to become one of Jamaica's leading accountancy practices and leads the field in the provision of advice to private clients and business owners.

Over the past 10 years Dawgen has expanded across Jamaica and now has a network of offices (Kingston, Mandeville, Montego Bay, Ocho Rios).

Our firm provides outstanding service to our clients because of our dedication to the three underlying principles of





UHY DAWGEN CHARTERED ACCOUNTANTS JAMAICA

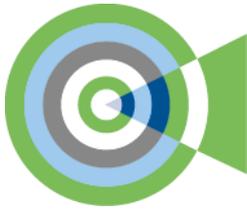


professionalism, responsiveness and quality.

The firm joined UHY in 2011, adopting the network brand at the same time.



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