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SECTION I – GENERAL INFORMATION

Jamaica – A Profile

Jamaica is the third largest country in the Caribbean and the largest of the English-speaking islands. The capital city, Kingston, situated on the southern end of the island is Jamaica's major commercial centre. Kingston has the world's seventh largest natural harbour – the Kingston Harbour.

Geography

Jamaica, the most westerly English-speaking islands in the Caribbean, is 145 kilometres (90 miles) south of Cuba and 885 kilometres (550 miles) south of Miami, Florida. It is 325 km (146 miles) in length and 82 km (51 miles) wide, thus covering 10,990 square kilometres (4,243 square miles). With low coastal plains and its best beaches on the north and west coasts, Jamaica is mountainous in the interior. Its highest peak is in the Blue Mountains at 2,256 metres (7,402 feet).

Climate

The country enjoys a tropical climate with temperatures ranging from humid at sea level to very cool in the mountains. Jamaica has seasonal rainfall and average temperatures on the coast ranging from 24 degrees Celsius (81 degrees Fahrenheit) to a maximum of 32 degrees Celsius (90 degrees Fahrenheit).

Population

The population of Jamaica at the end of 2001 was estimated at 2.62 million.

Language

English is the official language.

Religion

Most religions are represented. The vast majority are Christians and the denominations include: Anglican, Baptist, Church of God, Jehovah's Witness, Methodist, Moravian, Pentecostal, Roman Catholic, Seventh day Adventist and United Church in Jamaica and the Grand Cayman. Other religions, however, are practised including Islam, Judaism, Hinduism and Rastafarianism.

Political Climate

Jamaica has a democratically elected government and has a long tradition of choosing its government (national and parochial) by constitutionally free elections – every three years for parochial and every five years for national. The system of government is based on the Westminster Parliamentary model, as is the constitution of the country. The judiciary exists as an independent arm of the government and there are constitutional provisions to protect the rights of citizens.

Economic Climate

Jamaica has a small, open economy, with present and past administrations committed to free enterprise. There is, presently, a major privatisation policy being exercised by the government and as such, government-owned enterprises are being rapidly divested. There is an increasingly assertive local financial sector that has been expanding overseas.

Currency

The official currency is the Jamaican dollar. Most major currencies are accepted at most financial institutions.

Economic Indicators (2001 estimates)

GDP (at current prices): US\$7.061 billion

Annual Rate of Growth of GDP: 1.7%

Per Capita GDP: US\$2,895

Annual Avg. Exchange Rate: US\$1.00 = J\$45.50

Minimum Wage: J\$1,800/week

Export of Goods: US\$1.224 billion
Primarily composed of alumina, bauxite, sugar, bananas, citrus fruits and fruit products, rum, cocoa, coffee and apparel.

Imports of Goods: US\$3.365 billion
Primarily composed of fuel, machinery, transportation and electrical equipment, food, consumer goods and construction materials.

Major Trading Partners:
Exports: USA, UK, Canada, CARICOM, Norway
Imports: USA, Latin America, UK, CARICOM, Japan, Canada

Major investments sectors: Tourism, Bauxite, Mining, Agriculture

Unemployment Rate: 15%

Average Annual Inflation Rate: 8.7%

Total Number of Visitors: 2.1 million

Tourism Foreign Exchange Earnings:
US\$1,235 million

Major Tourist Markets: US, Canada, Japan, UK

Business Environment

Why Jamaica?

- ✓ Stable Government
- ✓ Independent judiciary
- ✓ Strategic geographical position
- ✓ English speaking
- ✓ Tropical climate
- ✓ Extensive infrastructure, including efficient telecommunications
- ✓ The availability of both skilled and semiskilled labour force
- ✓ Stable industrial environment
- ✓ Diversified and well developed capital market
- ✓ Increased privatisation of public sector companies
- ✓ No exchange controls
- ✓ Liberal export incentives
- ✓ Liberal import policies

Additionally, a number of investment and export incentives are available.

Investment Incentives¹

- ✓ Tax holidays are available for investors who are located in free-trade zones and special development areas
- ✓ Tax holidays for industrial enterprises, tourism projects and agricultural activities are offered.
- ✓ Double taxation treaties are in force with major developed countries
- ✓ There are duty exemptions on capital goods, raw materials and building materials for approved investments

¹ For more on the incentives available, see Section 3

- ✓ Special tax treatment is provided to companies engaged in financial transactions
- ✓ Benefits arise from geographical location and potential markets due to membership in trade blocs and pacts.
- ✓ Debt/equity swap schemes provide extremely favourable conversion rates for hard-currency investments.

SECTION II – ESTABLISHING A BUSINESS IN JAMAICA

Introduction

Jamaica's offers the investor a wide range of advantages, which include:

- special tax policies;
- government programmes that support private enterprises;
- infrastructure that compares favourably with larger developed nations;
- low establishment, production and operational costs; Jamaica's strategic position on the major shipping lines to North and Central America, Europe and Asia; and
- a high level of productivity and preferential access to many of the world's markets.

When these advantages are combined with the business development services offered by the Jamaica Promotions Corporation (**JAMPRO**), the opportunity for a business venture is born. Therefore, for the local or foreign investor, the prospect of operating a business in Jamaica can be quite promising.

A range of business opportunities is open to the prospective investor seeking to conduct business in Jamaica. These options include:

- Sole proprietorships
- Partnerships
- Private companies limited by shares
- Private companies limited by guarantees (with or without share capital)
- Branches of foreign corporations

Most investors find it more appropriate and desirable to establish companies with limited liability. In certain sectors, specifically banking and insurance, where licences are required, majority shareholding is preferred. Foreign investors sometimes elect to operate as a branch

of an overseas parent company, in which case, the name of the operation must be registered with the Registrar of Companies as an 'overseas company' and a place of business must be designated.

Doing Business in Jamaica

There are a number of requirements that the prospective investor should know about establishing a business in Jamaica.

Legal Documentation

Prospective investors wishing to establish a business in Jamaica are required to complete a Memorandum of Association and Articles of Association (Corporation By-laws). These must be submitted, along with a Declaration of Compliance, to the Registrar of Companies in Jamaica for approval before the business may become registered

Registering a Company

Every firm which has a place of business and is not a limited liability company in Jamaica, yet operates under a business name which does not consist of the true surnames of all the partners (individuals and the corporate names, if corporations) is required to register with the registrar of Companies under the Registration of Business Names Act, Cap. 338.

Licence/Registration Fees

There are a number of licensing and registration fees which businesses and individuals are legally required to pay over to the Registrar of Companies. Those that are of particular interest to the potential investor are:

- (a) A fee ranging from J\$3.00 for ten employees and under to J\$150 for over 800 persons, to operate under the Factories Act (valid for three years)
- (b) A fee of \$1,500 for small businesses, whether sole proprietorship or partnership
- (c) A fee of J\$7000.00 for a limited company, regardless of the number of shares.
- (d) Stamp Duty is payable to the Stamp Commissioner at the rate of J\$2.00 for each J\$200 of the authorized share capital stated in the Memorandum of Association. There is an additional flat rate of J\$500.

Capital Structure

The capital structure may comprise both common and/or preferred stock. With respect to preferred shares, these are only redeemable by a court order.

Notice of Change in Capital Structure

Any decision taken towards either the consolidation of shares (the division into a larger number of shares or the conversion into stock) must be registered with the Registrar of Companies.

Publication of Name

Any company is required to paint, or otherwise affix, its name on the outside of every office or place in which the business of the company is being carried out.

Shareholding

At least two and a maximum of twenty

shareholders are required to form a limited liability company. A general meeting of the shareholders must be held at least once every year. On the fourteenth day following the general meeting, a list of shareholders must be prepared, setting out the names, addresses and occupation of every shareholder as well as the number of shares held.

Accounting System

In the operation of a company, it is necessary to maintain adequate accounts and records in accordance with prescribed regulations. It is recommended that a registered or certified accountant formulate such accounting records at the outset. Furthermore, if the company is registered on the Jamaica Stock Exchange, then their balance sheet must be published at the end of the financial year.

Tax Requirements²

Companies are required to file, with the Commissioner of Income Tax, a Balance Sheet and Profit and Loss Statement with an adjusting statement for income tax purposes. After assessment, the company has the right to appeal to the Commissioner of Income Tax and eventually to the Revenue Court. Furthermore, companies are required to make tax returns on profit as well as payroll to the Collector of Taxes in its locale.

Liquidation of a Company

Winding Up By Court

A company may be wound up whenever the shareholders resolve to do so, but the court may stipulate the terms and conditions, which it considers just with respect to creditors, contributories and other stakeholders.

² For further information see Section V or call the Inland Revenue Department at 876-922-7919

Any application to the Court for winding up of a company must be done through a petition. This petition may be presented to the company by the contributors, the creditors and/or by the company itself.

After any petition has been filed for winding up of a company, the court may appoint a liquidator to manage the winding up process of the particular company. If no liquidator is appointed, or if there is a vacancy in such an appointment, all the property of the company shall be in the custody of the court.

Voluntary Liquidation

A company may be wound up voluntarily on the basis of provisions, if any, in the Articles of Association or by extraordinary resolution that the company cannot by reason of its liabilities, continue to operate the business.

Acquiring Land and Commercial Space

Land

Land can be obtained in Jamaica at a range of prices and for a variety of uses. Areas located within the resort areas, mainly along Jamaica’s coastline, as well as those in Kingston’s major commercial centres attract premium rates. The south coast of Jamaica, with its unspoiled natural environment, is currently attracting much investment interest for the development of its tourism potential.

Factory and Office Space

Commercial space is generally available, although this also varies with location. In Downtown Kingston, commercial space attracts lower rates relative to locations further north (e.g. New Kingston, Half Way Tree). This reflects the settlement preferences of business entities and

availability. Some indicative rates are given below based on information received from real estate agents in November 2002.

Table 1: Indicative Rates for Office Space

Area typical of:	Rates (J\$) per ft² Rent/year
New Kingston	300 – 450
Half Way Tree	250 – 350
Downtown Montego Bay	250 – 350
Downtown Kingston	150 – 300

Source: Various Property Limited, November 2002

Factory space is widely available in Jamaica, especially in the government-owned free zones. There are three (3) export free zones in operation:

1. Kingston Free Zone – for break bulk and container cargo;
2. Garmex Free Zone – for apparel, electronic and pharmaceutical companies and
3. Montego Bay Free Zone – which houses Jamaica Digiport International that offer investors sophisticated imaging, voice, facsimile and data transmission services.

The Kingston and Montego Bay Free Zone are located close to the waterfront and enjoy the advantage of easy access to nearby port facilities. The Montego Bay Free Zone has powerful data transfer facilities for international exchanges. The free zones are located along main metropolitan bus lines and have property maintenance as well as management services including security, canteen, utility supplies to common areas, recruiting assistance and an in-house customs officer.

The European Investment Bank and the Caribbean Development Bank have approved loans to help finance the expansion of the Montego Bay Free Zone. Plans are also in place for an Informatics Free Zone to accommodate companies producing electronic and information technology products.

AGENCIES	ADDRESS	TELEPHONE	FAX
Client Services Manager Factories Corporation of Jamaica	1 King Street Kingston	876 924 9600	876 924 9630
Estate Manager Urban Development Corporation	12 Ocean Boulevard Kingston	876 922 8310	876 922 9326
Property Manager Kingston Restoration Company	3 Duke Street Kingston	876 922 3126	876 922 0054
General Manager/Client Services Manager Montego Bay Free Zone	1 Mangrove Way Montego Free Port Montego Bay	876 979 8091	876 979 8579
General Manager Kingston Free Zone	27 Shannon Drive Kingston	876 923 5274	876 924 9437 (temp)
General Manager Garmex Free Zone	76 Marcus Garvey Drive Kingston	876 923 4008	876 937 2028

The softening of the real estate market over the past three years has resulted in a gradual decrease in the rates for factory and office space. The demand management policies of the government have contained property inflation as well as the demand for commercial property. As a result of the low utilisation of, and sluggish demand for, space, very competitive rates may be negotiated.

Further information on commercial space can be made from any of the agencies listed in the table above.

How can JAMPRO help you?

The Jamaica Promotions Corporation (JAMPRO) is Jamaica's investment and export promotion agency. It is a government body designed to encourage and facilitate increased investment and export; assist in the modernization of Jamaican industries and securing and offering technical and financial assistance for clients through international donor-agencies.

In so doing, **JAMPRO** provides business development services for all existing and prospective businesspersons. Information is readily available on doing business in Jamaica at any of the three **JAMPRO** locations worldwide as well as our regional offices in Jamaica.

Furthermore, **JAMPRO** will:

- ✓ Seek incentives, permits, approvals and joint venture partners on behalf of business persons
- ✓ Identify land and factory space for ventures
- ✓ Scout locations for films
- ✓ Arrange itineraries for business persons travelling abroad or coming to Jamaica
- ✓ Help qualified investors to take advantage of the legislative incentives available to them

- ✓ Help with plant design, layout and equipment selection under its Technical Assistance Programme
- ✓ Help with overseas marketing
- ✓ Carry out overseas credit checks on request
- ✓ Help exporters to safeguard their exports and to comply with international regulations.

SECTION III – INCENTIVES AVAILABLE IN JAMAICA

Manufacturing

Export Industry Encouragement Act (EIEA)

The Act provides for an approved export manufacturer to manufacture an approved export product exclusively for export to non-CARICOM markets in order to receive for ten years³ income tax relief and exemption from Customs duties and general consumption tax on imported raw materials and machinery.

An amendment to the Act also provides a qualifying manufacturer with an export allowance that is related to incremental export sales above the level of export sales attained in base year 1996 or fiscal year 1996/1997. A minimum of 5% export sales to non-CARICOM markets of total sales must be attained to receive the export allowance.

Bauxite and Alumina Industries Encouragement Act

Under this Act, a business is engaged in the mining of bauxite or the production of alumina in Jamaica automatically qualifies for import duty concessions on capital goods, lubricating oils, grease and other chemicals.

Petroleum Refinery Encouragement Act

This Act provides a registered oil refiner of petroleum products with relief from customs duties and general consumption tax on imported articles used in the construction, manufacture and operation of the refinery. In addition, the company is entitled to relief from income tax, including that on dividends paid to shareholders

³ This should be phased out by 2003, according to WTO's Subsidies and Counterveiling Duties Agreement

for a period of up to seven years. After this, the company has six years to carry forward net losses incurred during that period.

Agriculture

Approved Farmer Status

Farmers who engage in the production of certain crops qualify for 'approved farmer' status and the ensuing benefits. Most agricultural products grown and produced in Jamaica qualify under this provision. Companies involved in the hatching of eggs also qualify. The successful attainment of approved farmer status entitles the farmer to relief from income tax and Customs duty for up to ten years, after which the status may be renewed.

Film

Motion Picture Encouragement Act

A 'recognized film producer' is entitled to relief from income tax for a period not exceeding nine years beyond the date of the first release of the motion picture. An investment allowance of 70 per cent of the expenditure on the facilities is also granted for income tax purposes, and may be carried forward. In addition, there is provision for the exemption from the payment of import duties on equipment, machinery and materials for the building of studios or for use in motion picture production.

Music

The industry is provided with duty-free importation for musicians, "tools of trade" so long as certain conditions are met. This includes registration with the Jamaica federation of Musicians, registration of company with the

Registrar of Companies, submission of profile of the applicant, and current Tax Compliance Certificate.

Tourism

Hotel Incentives Act (HIA)

Hotels comprising a minimum of ten (10) bedrooms under the HIA are entitled to:

1. Income Tax relief for ten years
2. Duty free importation of capital items for construction and furnishing of hotel for ten years

Hotels with 350 rooms or more are entitled to:

1. Income Tax for fifteen years
2. Duty free importation of capital items for construction and furnishing of hotels for 15 years

Some Definitions under the HIA

Hotel: any building or groups of buildings within the same precinct containing or intended to contain when completed, an aggregate number of not less than ten (10) bedrooms and facilities for meals, accommodation of transient guests, including tourists, for reward.

Convention Type Hotel: a hotel containing an aggregate number of not less than three hundred and fifty (350) bedrooms and facilities for conferences.

Precinct: the area of land within which the buildings and structures comprising a hotel or an extension to a hotel are constructed or intended to be constructed.

Resort Cottages (Incentives) Act (RCIA)

Cottages/Villas under the RCIA are entitled to:

1. Income Tax relief for seven years

2. Duty free importation of capital items for construction and furnishing of villas for seven years

Some definitions under the RCIA

Recognised Resort Cottage: a resort cottage containing an aggregate number of less than ten rooms, situated in the same district, village or town and owned by the same person.

Resort Cottage: any building containing or intending to contain when completed, not less than two furnished bedrooms, a furnished living room, bathroom facilities for the preparation and consumption of meals and used or intended to be used for the accommodation of transient guests including tourists for reward.

Transient Guests: any person occupying a resort cottage for hire for a period not exceeding sixty days in a year.

Export Services

Export Industry Encouragement (Amendment) Act 2001

This Amendment provides approved export service providers for supplying designated services with income tax relief for a period of ten years. In addition, the approved export service provider receives relief from Customs duties and general consumption tax on articles listed on the Third Schedule of the Act.

Manufacturing / Information Technology

Jamaica Export Free Zone Act

The 'free-zone' status enables manufacturers and service providers (in the case of information processing free zones) to benefit from exemption from income tax on profits as well as import

duties and licensing. In addition, any approved activities involving international trading in products (including products originating in countries belonging to the Caribbean Common Market) shall be granted total relief from income tax in respect of profits or gains earned from such activities.

Before manufacturers can take advantage of the concessions made available by this act, factories must be located within the free zone area. However, firms located outside of the designated free zones may be allowed to benefit under the single entity free zone incentive. These firms enjoy similar benefits as those granted to firms located in the designated free zones. Manufacturing firms are permitted to sell up to 15% of their production on the domestic market as directed by the cabinet through a policy decision.

Accelerated Depreciation/Special Capital Allowance

Businesses must be certified by the Ministry of Commerce, Science and Technology in order to enjoy the benefit of this incentive. A certified business is allowed a special capital allowance of capital expenditure for 50 percent of the full cost of any new machinery in the year of purchase and a further 50 per cent in the following year. For data processing/system development businesses, at least 20 per cent of its gross income must be derived from exports.

All Industries

Foreign Sales Corporation (FSC) Act

This act provides a designated corporation with a certificate valid for fifteen years and may be re-issued for further periods of fifteen (15) years with the following benefits. The FSC Act provides for relief from the Common External

Tariff and the General Consumption Tax⁴ on equipment, machinery and materials. In addition it provides for up to five years income tax relief.

International Financial Companies Act

In an effort to promote offshore banking facilities, government has provided international financial companies with income tax relief on both profits and capital gains.

Shipping Act

The Act provides for an approved shipping entity to receive income tax relief and concessions on import duties for up to ten years.

Modernisation of Industry

To qualify under this incentive programme the investor must provide necessary support, service, or raw material, to export manufacturer(s); or, be involved in export trade or plan to enter the export market. This will guarantee them relief from the General Consumption Tax levied on capital goods.

Urban Renewal Act

This Act is targeted at persons or organizations that facilitate or carry out urban development in depressed areas. Relief from income tax, stamp duty and transfer tax is given to those persons who engage in transactions geared towards urban development.

Factory Construction Law

This law focuses on companies who construct factories and lease or sell them to manufacturers under the Export Industry Encouragement Act. It

⁴ For more on these two taxes, see Section V

grants relief from import duties (for items which are not available locally) and from income tax on income from factory leasing or gains made from sales.

Other Incentives ***807 Programme***

Under the provisions of the former tariff Item 807 of the United States of America now referred to as HTSUS 98.02, components assembled outside of the USA and re-imported into the USA do not attract import duty on the full value of the imported assembled product. Instead, in the USA the “duty levied is equal to the full value of the imported articles less the cost or value of such products in the United States.” This means that exporters of goods made up of USA component parts may gain duty free access to the American market under the US Caribbean basin Trade Partnership Act (CBTPA) of 2000.

The Exchange Control Act

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

Trade Agreements

Jamaica is a member of the World Trade Organisation (WTO) and is signatory to most of

its agreements, which are the legal ground rules for international commerce. Through these agreements, WTO members operate a non-discriminatory trading system that spells out their rights and their obligations.

In addition to this, Jamaica is party to a number of bilateral agreements with countries such as the USA, Canada, some members of the European Union, and a few countries in Latin America, Africa and Asia. As a member of the Caribbean Common market (CARICOM), Jamaica is actively participating along with the rest of the western hemisphere in negotiations for the establishment of the Free Trade Association of the Americas (FTAA).

Being a developed country, Jamaica also enjoys benefits under a number of preferential trade agreements. These include concessionary rates of duty or duty-free concessions on designated export products that meet the qualifying criteria of the following agreements:

- Generalised System of Preferences (GSP)
- Caribbean Common Market (CARICOM)
- Cotonou Agreement
- Caribbean Basin Trade Partnership Act
- CaribCan Agreement
- CARICOM/Venezuela Trade and Investment Agreement
- CARICOM/Columbia Trade and Investment Agreement
- CARICOM/Dominican Republic Free Trade Area Agreement

SECTION IV: INFRASTRUCTURE

Transportation: Sea, Land and Air

Port Facilities

Jamaica has nine (9) active ports, the largest and principal one being the Port of Kingston, which is the seventh largest natural harbour in the world with 21 square kilometres of navigable water. The port is located in a geographically strategic position as it lies on the north/south east/west axis through the Caribbean and approximately 32 miles from the trade routes passing through the Panama Canal heading east. It is a semi-enclosed body of water, with a clearly marked access channel that is 243 metres wide. Dredging in the basin and approach channel will increase maximum allowed draught from 11.5 metres to 12.6 metres.

The Port of Kingston handles approximately 80% of all imports into the island. The port includes a modern container terminal, a large break-bulk wharf with roll on/roll off facilities, an oil refinery and a dry bulk terminal. The present terminal consists of eleven berths, backed by over 40 hectares of container yard space.

The berthing length at Gordon Cay on the opposite side of the turning basin was expanded by 612 metres in 1996, while 17 more hectares will be provided for container storage with road

and railway link. The operations of the Kingston Container Terminal are fully computerised and its state-of-the-art stevedoring equipment includes seven rail-mounted 40-ton gantry cranes, 30 straddle carriers, yard chassis, yard hustlers, refer outlets and a freight station.

The other ports in the country are situated on along the North Coast as well as the South-East Coast. They are located in: Lucea, Montego Bay, Rio Bueno, Port Rhodes, Ocho Rios, Port Antonio, Port Morant, Port Esquivel and Rocky Point in Clarendon. The facilities of several of the outports are specialised for the shipment of traditional exports, e.g. bauxite, alumina, sugar and bananas.

Shipping Lines and Services

Jamaica is located in the centre of the main shipping lanes through the Panama Canal. This makes the efficient services of the Kingston Container Terminal attractive to international shipping companies. Over thirty (30) shipping lines with operations in the island. They cover all the major routes to the North and South American continents, Europe and the Far East. The main shipping lines include Zim, Evergreen, Maersk, Jamaica Producers and Kent Lines.⁵

Table 3: Shipping Rates to Selected Destinations (US\$), March 2001

PRODUCT	SIZE	MIAMI	NEW YORK	TORONTO	LONDON	TRINIDAD	MEXICO	HONG KONG
Apparel & Furniture	20'	700	800	1250	1400	750	1300	1500
Apparel & Furniture	40'	900	1100	1650	1900	1000	1800	2000
Fresh Fruits	Reefer	2700	2700	2900	2900	1900	2800	3000

Source: Sea freight Agencies, Evergreen Line, March 2001

Shipping rates presented in the table above serve as guides to prevailing costs, but with the increasing competition for business as the economy responds to stabilisation policies, rates are showing greater flexibility downwards.

Inland Haulage

Trucking services are among the most competitive services in Jamaica. There are some 200 truck heads that are available to move various vessels or equipment. Most trucking companies are members of the Port Trailer Haulage Association which works to maintain, among other things, the integrity of drivers in view of the security risks of the industry. The services offered by trucking companies have been all the more important since the partial closure of the railway service in the early 1990s. Haulage is provided for tankers, roll on/roll off, break bulk, bulk, containerised cargo, heavy lift of up to 100 tonnes on flat bed or lowboy trailers. There are also facilities available for the rental of containers, chassis, forklifts and cranes.

The trucking industry utilises some 18,200 km of roadways networking Jamaica, of which 12,600 km are paved. Jamaica has a journey time of less than half day to move between the port at Kingston and the furthest end point, Negril, at the western tip of Jamaica. Rates vary slightly between service providers, and contact can be made through the Port Trailer Haulage Association or other private persons for definitive and current prices⁶. Containerised cargo movement accounts for about 80 per cent of revenue generated through inland haulage. Table 4 provides an estimate of the rates charged according to destination and typical journey times.

Table 4: Container Haulage Rates From Kingston

From Kingston to:	Rates (US\$) with shipper's chassis	Time (hrs)
Spanish Town	129.00	¾
May Pen	252.50	1 ½
Port Antonio	543.00	3
Montego Bay	735.00	3 ½
Negril	881.50	4

Source: Local Trucking, November 2002.

Jamaica has two international airports, Norman Manley International Airport located in Kingston and the Donald Sangster International Airport in Montego Bay. Additionally, it facilitates domestic air travel through four aerodromes; namely, Tinson Pen (Kingston), Ken Jones (Portland), Boscobel (St. Mary), and Negril (Westmoreland).

The Norman Manley International Airport is located south of the Kingston Harbour and approximately twenty one kilometres outside of Jamaica's capital city, Kingston. It occupies 228 hectares (563 acres) of land, with a runway of 816 square metres (8,785 square feet) and is capable of accommodating aircrafts up to the size of the Boeing 747. The main users of this airport are Jamaican residents and business travellers. It has a design capacity of approximately 500 passengers per hour. Flights at the Norman Manley International Airport were estimated at 39,296 in 2001 down from 39,981 in 2000. The Airports Authority of Jamaica is currently co-ordinating several pre-privatisation studies on the airport.

The Donald Sangster International Airport is located along the northern strip of the country, 3.2 km from downtown Montego Bay. It is situated on approximately 235 hectares (580 acres) of land, with a runway of 809 square metres (8,700 square feet) and an associated parallel taxiway

⁶ Trucking companies can be contacted through local yellow page listings – www.yellowpagesjamaica.com

running the full length of the runway. Flights there were estimated at 68,535 in 2001, an increase of 12% over 2000. The airport caters primarily to tourists and the terminal, which underwent major refurbishing and expansion in 1997, is designed to handle 1,242 passengers per hour.

of Jamaica’s trading partners: the United States, Canada, the United Kingdom and Trinidad & Tobago, all of which account for over 70% of Jamaica’s merchandise trade.

Table 5: Air Freight Rates (US\$ per pound) to Select Destinations

PRODUCT	MIAMI	NEW YORK	TORONTO	LONDON	PORT-OF-SPAIN
1-100 lbs.	\$0.64	\$1.24	\$1.53	\$0.87	\$1.10
100-1099 lbs.	\$0.53	\$0.95	\$1.16	\$0.75	\$1.05

Source: Airfreight Agent, Amerijet International Airlines, November 2002
 N.B. – A fuel charge of US\$0.06 per pound must be added to each rate.

A number of airlines offer scheduled flights into the island. The national carrier, Air Jamaica, is which is responsible for approximately 40% of the total passenger arrivals and departures. Other international carriers include: American Airlines, Air Canada, British Airways, BWIA, Copa, ALM, Cubana, USAir, NorthWest Airlines, Cayman Airways and Condor Airlines. Additionally, there are several major international charter airlines operating non-scheduled flights into Jamaica as well as two airlines for private and military use.

The main provider of domestic air travel is Air Jamaica Express, with other small domestic carriers offering charter services.

Both international airports offer cargo facilities and air cargo services; air courier services and ground handling services are also available. In addition, helicopter services are offered out of Ocho Rios in St. Ann. In 2001, over 25 million kilograms of freight cargo was moved at both airports, which compares with 27 million kilograms in 2000. The rates in Table 5 for air cargo are approximations, as different international carriers may have different upper and lower weight limits on their prices. The destinations mentioned represent the major cities

Utilities

Electricity

The electrical generating capacity by the Jamaica Public Service Company Ltd. (JPSCo.) for 2001 was 3,360.8 MWh leading to a generation increase of 1.8 percent. Gas turbines have been the main source of generating capacity by JPSCo, increasing by 84.9 percent over 2000 while Steam, Slow Speed Diesel and Hydro declined by 4.1 percent, 0.6 percent and 22.9 percent respectively. The large increase in Gas generation was due to company switching to high cost gas generation during power failures.

The JPSCo rate per kWh of electricity for industrial users improved from 12.50 US cents in 1992 to the present tariff of 10.50 US cents – a rate that has characteristically been lower than that of Jamaica’s Caribbean neighbours. JPSCo has been steadily increasing the level of its customers base and currently has approximately 550,000 customers. With the privatization of JPSCo in 2001 to the Mirant Corporation, it is expected that the company’s operating standards

will soon be on par with that of other international providers.

Table 6: Electricity Rates (US Cents/kWh) For Selected Countries

COUNTRY	RES.	COM.	IND.	AVE.
Brazil	8.27	7.33	3.58	6.39
Costa Rica	4.95	8.14	6.3	6.46
Jamaica	13.59	12.13	10.63	12.11
Dominican Republic	9.26	12.38	11.42	11.02
Barbados	15.28	16.17	16.04	15.83
Panama	12.08	11.76	9.90	11.25
Trinidad & Tobago	2.76	3.04	2.33	2.71
Venezuela	0.88	2.74	2.33	1.98
Mexico	5.89	12.60	4.96	7.82
Chile	9.00	7.79	4.90	7.23

Source: Tourism & Industrial Development Company of Trinidad & Tobago (TIDCO).

Telecommunications

Cable & Wireless Jamaica Limited (CWJ), a member company of the UK-based Cable & Wireless Plc, operates a fully digital domestic and international telephone network with 420,000 lines in service representing 16 main lines per 100 persons. CWJ is the sole provider of fixed land services in Jamaica and with a staff complement of over 3,000 workers, CWJ is one of Jamaica's largest employers.

Jamaica is among the least cost providers of telecom services. In a study done by Siemens (Germany) in January 1995, Jamaica was second among the countries with the lowest for costs for a 3 minutes local call. The same study also found that the installation charges in Jamaica is among the lowest at US\$4, compared with US\$106 for the Dominican Republic, US\$56 in Trinidad, and US\$42 in Barbados.

Since November 2002, Cable & Wireless has started charging a flat rate of \$18 per minute for

international calls from its fixed lines and \$21 per minute for mobile customers. Digicel, the mobile telephone company, subsequently introduced \$20-a-minute flat rate for international telephone calls on its service.

Increased competition within the telecommunications sector particularly for fixed lines is expected to drive costs even lower as deregulation of the industry continues.

CWJ offers a number of services to its customers in addition to the conventional services of direct dialling both locally and internationally; it also provides services such as, cellular, electronic messaging (voicemail), pre-paid calling cards (World-Talk), PBX systems, pay telephones, data services, toll-free services, telegraph, facsimile, radio and television transmission, internet access (to include the provision of internet kiosks), telex and lease circuits.

The switching and transmission networks are completely digital, with 27 host exchanges and 160 remotes. Transmission is through PCM or twisted pairs, digital microwave radios, fibre optic systems, digital multiple access radio systems for rural telephones and digital automatic cross connect systems. The external plant consists of fixed count terminals, distribution cabinets, pressurised underground cables and unpressurised aerial cables. All new cables with capacities greater than 200 pairs are being placed in underground conduits.

Jamaica's international telecommunications traffic is carried by the Fairview Park earth station's links with the INTELSAT satellite network and by two fibre optic cable systems: the Trans-Caribbean Cable System (TCS-1), and the recently

commissioned, Cayman Jamaica Fibre System (CJFS).

Cable and Wireless Caribbean Cellular Jamaica Limited (formerly Jamaica BOATPHONE Limited) provides cellular phone service to visitors, who can register by calling 1 (800) BOATFON from the USA; 1 (800) 567 8366 from Canada, or 1 (876) 968 4000 from other destinations. Or, if they wish they can dial [*], 0 & SND, from their AMPS-compatible cellular telephone, and register with an Operator upon arrival in Jamaica. Cable and Wireless Caribbean Cellular Jamaica Limited works on the "B" cellular system. Along with Cable and Wireless there are two other companies that have recently been given licences to provide cellular services: Digicel Jamaica Ltd. and Centennial Digital Jamaica Ltd.

Water Supply

The National Water Commission (NWC) is the sole supplier of potable water and the main provider of sewerage services in Jamaica. The NWC produced a total of 278,082 mega-litres of potable water in 2001, a 3.1 per cent decline of that recorded during 2000. Both Kingston Metropolitan Region and other parishes experienced a decline. Total consumption figures for that period was 89,395 mega-litres.

The percentage of dwellings enjoying access to piped drinking water increased from 66.6 per cent in 2000 to 70.9 per cent in 2001. The Kingston Metropolitan Area continued to be the region with the highest number of households having access to piped water supply – 98.3 per cent with 85.9 per cent in Other Towns and 44.8 per cent in Rural Areas.

In advancement of its policy to provide every household with access to water by 2005, the Ministry of Water and its agencies; National Water

Commission and Carib Engineering Limited signed an agreement with two overseas companies for the setting up of a joint venture company called 'Jamaica Water 2000'. Under this joint venture, the foreign partners will channel US\$150 million over a three-year period in investments, into constructing new water supply systems as well as rehabilitating a number of existing facilities.

In addition, there are a number of projects on which work is currently being done. The Montego Bay Sewerage System Improvement project will see the construction of new pumping stations, new primary clarifiers and expand solid waste handling facilities at existing plants, and new secondary treatment facilities.

New water treatment works are also being built as part of the Darliston/South Westmoreland Water Supply project, where J\$116.2 million was spent on the Catchment Tank Rehabilitation Programme. This project is a part of a larger project, which involves the rehabilitation of 293 rainwater catchment tanks located in rural communities without pipe borne water supply, in an effort to ensure a potable and reliable supply.

The cost of acquiring water supply services is partially determined by the size of water meter required. Water meters range from 5/8 inch to 6 inches in width and accordingly, \$101.65 to \$3252.86 in service charge for installation. Industrial and commercial users would normally require a minimum one-inch meter. Industrial customers are billed a flat rate of \$47.81 per 1,000 litres (1m³) of potable water. The charge for sewerage is equal to the total amount charged for potable water. A price adjustment mechanism (PAM) is used to determine a surcharge added to the consumer's bill for a final charge. The surcharge reflects movement in the exchange rate, the consumer price index, and electricity rate from what is used as a base rate⁷. In a billing period

⁷ The sum of the percentage change in each variable multiplied by the weight of the variable gives the rate used

where there were no adjustments in variables used to determine the surcharge, an industrial customer with usage of 10,000 litres would incur a \$478.10 charge for water, \$478.10 for sewerage and the respective service charge.

for the surcharge. The weight of the CPI is 0.458, the exchange rate is 0.174, and electricity is 0.208. The base electricity rate is J\$3.54/kWh; for foreign exchange it is J\$38/US\$, and for the CPI, the base rate is 100. For industrial and commercial consumers, the charge for sewerage services is 100% of the consumer's total water bill.

SECTION IV – THE LABOUR MARKET

The labour force increased by 0.2 per cent between 2000 and 2001 to average 1,104,800 persons. The level of employment increased by 1.3 per cent to 939,400 persons while that of unemployment fell by 5.5 per cent to 1645, 400 persons, resulting in a decline in the average unemployment rate to 15.0 per cent.

Table 8: Labour Force (Average '000)

AGE GROUP BY SEX	2000	2001
EMPLOYED LABOUR FORCE	933.5	939.4
Male, All Ages	552.4	554.8
Men, 14 - 24 yrs	113.0	109.3
Men, 25 and over	439.5	445.5
Men, 25 - 34 yrs	168.7	169.9
Men, 35 - 44 yrs	106.9	109.1
Men, 45 and over	163.9	166.9
Female, All Ages	381.1	384.7
Women, 14 - 24 yrs	65.7	61.2
Women, 25 and over	315.4	323.5
Women, 25 - 34 yrs	126.5	126.7
Women, 35 - 44 yrs	83.9	84.9
Women, 45 and over	105.0	112.0
UNEMPLOYED LABOUR FORCE	171.8	165.4
Male, All Ages	62.5	63.4
Female, All Ages	109.2	102.1

Source: Economic and Social Survey of Jamaica - 2001, PIOJ

As at September 2001, The Ministry of Education reported that Jamaica had an adult literacy rate in excess of 70 per cent. This implies that most of the workforce has completed at least primary level education. Furthermore, available data show that in 2001, 8,557 persons (64.6 per cent of whom were females) received training for the occupational category – Professionals, Senior Officials and Technicians, an increase of 2.8 per cent over 2000. Those trained in the Skilled and Semi-skilled category totalled 17,885 an increase of 2.2 per cent.

Education and Training

Training for the manpower requirements of industry is provided by a number of public and privately operated institutions, beginning at the primary level and going through to the secondary and tertiary levels of the education system.

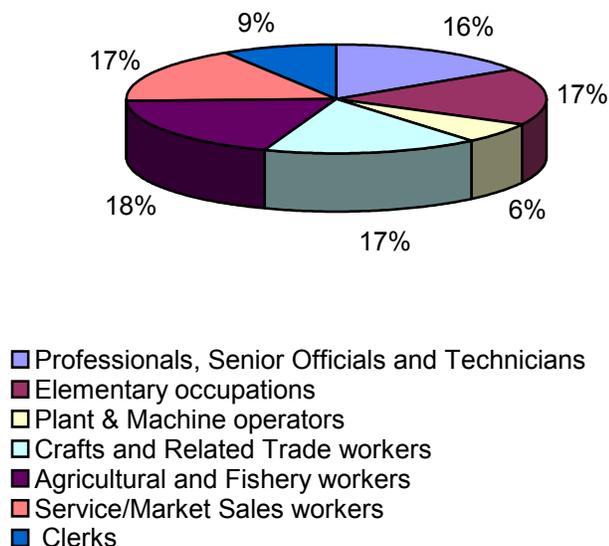
These institutions together cater to the various skills that are required in the workplace and fall under a network of co-ordinating bodies led by the Ministry of Education, with responsibility for matters including accreditation and development of curricula. These bodies all aim to sensitise their training to the manpower needs of the various industries and some may collaborate with private companies to provide training services, which are sector-specific.

There are three categories of secondary schools in Jamaica: traditional, vocational and technical. Whereas the more popular traditional high schools focus their curriculum around academics, the vocational and technical high schools (also known as comprehensive high schools) focus a bit more on the skills training aspect of their curriculum. This ensures that the work force in Jamaica has much to offer in the field of human resources whether it is in the capacity of professional services or skilled and semi-skilled labour.

Enrolment in secondary technical schools has increased by more than 400% from 3, 299 to 17,270 between 1990 and 2001 and accounts for 7% of the share of total secondary enrolment in 2001. The supply of scientific and technical skills has no doubt increased over the years, pointing to a mass of core personnel that can operate the production process and function as agents of technology transfers as the economy strives for

higher levels of industrialisation. The Human Employment And Resource Training agency (HEART Trust/NTA) co-ordinates the Technical and Vocational Education System that is operated throughout a number of training centres in an effort to provide practical skills to persons wishing to enter industrial sector.

Figure 1: Employment Distribution for 2001



Source: Economic and Social Survey of Jamaica, 2001, PIOJ

There are three established universities that offer degrees in a wide number of fields. They are the Northern Caribbean University (NCU), the University of the West Indies (UWI) and the University of Technology (UTECH) –formerly the College of Arts Science & Technology (CAST). In the 2001/2002 academic year, the total number of students enrolled in UWI and UTECH was 17,942.

The Northern Caribbean University offers Associate degrees as well as first degrees in Business Administration, Arts, Sciences, Pre-Law, Education and Religion as well as the MBA. The University of the West Indies (UWI), Mona Campus, offers courses from the first-degree to doctorate level as well as some diploma and certificate courses. Law, Management, Natural

and Social Sciences, Arts and Education are some of the fields covered by this institution that houses its own hospital where medical students are trained. The University of Technology (UTECH) offers first-degree programmes in electrical & mechanical engineering, pharmacology, building construction, commerce, banking and institutional management.

There are also a number of colleges that cater to specific fields such as teaching, agriculture, management studies and computing, to name a few.

There are also community colleges where students may attend and attain Associate Degrees, Certificates or Diplomas often in conjunction with one of the two universities mentioned. In addition, there have been an increasing number of schools from North America who have begun to offer programmes to students in Jamaica wishing to pursue a degree in certain fields. Some such schools are the University of New Orleans and the Florida International University.

For the twenty first century the emphasis of the education sector will be on its development. The emphasis will be on expansion of enrolment in advanced training in information technology and the restructuring of courses at the tertiary level in order to provide demand-driven training to equip graduates with the requisite skills for increased productivity.

Apprenticeship

Apprenticeship programmes are administered by the Ministry of Education, Youth and Culture in accordance with the Apprenticeship Act. The minimum age at which males and females can enter into apprenticeship is 15 years.

The period of apprenticeship varies according to the trade being practised. Some popular trades are welding, plumbing, pipefitting, carpentry and joinery. However, the widest scope exists in the automotive trade, including mechanical work, electricity, spray painting and upholstery. On the successful completion of training, an Apprenticeship Certificate of Completion is awarded.

Labour Legislation and Practices

Under the laws of Jamaica there are certain pieces of legislature that must be observed by an employer. Additionally, there are certain trends and practices that have become accepted by employers in general, due to its level of applicability. These laws and practices affect diverse aspects of a company especially as it relates to employees and conditions in the workplace. The following reflect some of these.

Juvenile Act

According to the Juvenile Act, no child under the age of 12 shall be employed except by his parents or guardians, and in this instance, for light domestic, agricultural or horticultural work and in any of the 'prescribed' occupations. In addition, a child under the age of 12 shall not be employed at night or in industrial undertaking. A juvenile shall not be employed, if under the age of 15, in any industrial undertakings or on any ship where members of his family are not employed. Further, if the child is under the age of 16, he may not be employed at nights.

Factories Act and Regulation

The Factories Act refers to a set of regulatory guidelines concerning the operation of a factory. It covers mainly the general operation of the

business but may also include building operations, engineering workers and dock operations.

Under the Act, the factory inspectorate should approve all factories and a Registration Certificate should be issued before commencement of any operations. The registration fees are for a three-year period. The fee ranges from J\$3.00 for businesses with 1-10 employees and J\$150.00 for over 800 persons.

Sanitary Conveniences

The Law requires that certain minimum standards be observed in the provision of sanitary facilities.

- 1) In cases where males are employed, there must be at least one suitable sanitary convenience (not merely a urinal) for every 25 males. There must be one sanitary convenience for every 25 up to the first 100, after which one additional convenience should be provided for every 50 employees.
- 2) There must be one for every 25 females.
- 3) Every sanitary convenience must be well ventilated and should not communicate directly with a workroom

Other requirements include rest room for women, separate changing rooms for males and females, first aid kits, fire alarm system and electrical fittings. Installation and new wiring must be under the supervision of a licensed electrician. Safeguarding of dangerous parts of machinery and every steam boiler must be provided with a means of attaching pressure gauge and fittings, as well as attachments, which must be properly maintained.

Appeals

If the factory owner or manager is aggrieved by any action taken by the only Factory Inspector especially concerning his refusal to register a

factory or refusal to approve plan or any other actions relating to machinery and plant, he has the opportunity of recourse through the Factories Appeal Board.

Work Permits⁸

The Foreign Nationals and Commonwealth Citizens (Employment) Act of 1964⁹, seeks to ensure that qualified Jamaicans are given first consideration in employment opportunities. At the same time, it is recognized that the expertise needed for economic development is not always available locally.

Non-Jamaicans seeking employment in Jamaica are required to obtain a work permit which is granted at the discretion of the Minister of Labour. Commonwealth citizens may apply for Work Permits after arrival in Jamaica. Any relatives over 18 years of age, with special skills, may also apply for work permits. Non-Commonwealth citizens must apply for a Work Permit prior to arrival in Jamaica.

If a person holding a work permit changes residence from one parish to another, they must inform Immigration in the parish from which they are leaving and report to the Superintendent of Police in the parish of their new residence.

Work Week

Most companies operate on a five-day workweek of 8 hours per day, Monday through Friday. However, others operate on a shift basis of two to three shifts per day for six days including Saturday. The work week may operate over six

days, provided the normal working hours do not exceed 40 hours per week or 8 hours in any one day, otherwise overtime would have to be paid.

The idea of a flexible workweek is presently under active consideration by the government.

Public Holidays

There are ten public holidays in Jamaica: New Year's Day (January 1), Ash Wednesday, Good Friday and Easter Monday (all three are variable), Labour Day (May 23), Emancipation Day (August 1) Independence Day (August 6), National Heroes Day (third Monday in October), Christmas Day (December 25) and Boxing Day (December 26).

Wage Rates

National Wage Rates

There is a statutory minimum wage of **J\$45.00 per hour** or **J\$1800.00 per week** for all categories of workers. Overtime work is rated at a minimum of 100 per cent of the hourly rate on weekdays and at a minimum of 150 per cent of the hourly rate on rest days and public holidays. National minimum wages are guides; employers are free to settle wages above this level.

Jamaica's national minimum wage of **US\$0.99 per hour** (using the annual average market exchange rates in 2000: J\$47.40 = US\$1) compares with the following minimum rates in these countries:

- **Dominican Republic:** US\$0.68/ hour without fringe benefits,
- **Trinidad and Tobago:** an average of US\$0.83 per hour for unskilled labour in the restaurant & hotel sector, and US\$6.97 for skilled/semi-skilled labour in the industrial sector.
- **Barbados:** there is no legislated minimum wage; the average wage is US\$1.88 per hour, or US\$75 - 225 per week.

⁸ Information on how to obtain a work permit is readily available at the Ministry of Labour. Telephone: 876-922-9500

⁹ Under a related regulation of 1973, non-Jamaican spouses of Jamaican nationals, may receive a waiver for a work permit once the required documents are in place.

- **Costa Rica:** from US\$0.91 per hour for farm workers to \$1.24 in manufacturing without fringe benefits

Executive Salary Packages

At the executive level in most companies the salary package includes the basic taxable pay plus taxable and non-taxable allowances. In most cases, fringe benefits are guaranteed by law and are not calculated as part of salary. They include health, insurance and pension schemes, vacation and sick leave. Allowances vary by category of executive and industry but, in general, include such items as housing, transportation, utilities, clothing, laundry

Table 10: Basic Executive Salary Packages Sample

Occupation	Average Salary	Nominal Change (%) ^a	Real Change (%)
CEO/Managing Director	3,900,616	26.3	8.5
Financial Controller	2,620,635	20.9	5.7
Marketing Manager	2,042,198	9.5	-5.7
Human Resources Manager	1,759,426	5.9	-9.3
Sales Manager	1,746,546	5.9	-9.3
Production Manager	1,824,444	3.1	-12
Public Relations Manager	1,759,426	0.2	-15
Chief Accountant	1,617,387	23.2	8
Information Services Manager	1,985,965	26.1	10.9

Source: Jamaica Employers Federation, November 2002

a – the percentage changes shown are between 2000 – 2002

and entertainment which are usually paid monthly, as well as incentives, bonus and profit sharing which are usually paid at least once per year.

Rates of Hourly-Rated Wage Earners

The average basic hourly rate varies across industries for wage earners. Table 5 below gives these rates, which are based on a survey of employment in establishments with a minimum of 10 employees, excluding government agencies, agriculture and the free zones.

The average annual increase in basic hourly rate over the two years within these sectors was almost 11%. The wage adjustments were wide ranging, starting from a low of 0% in the Construction category to a high of almost 27%, occurring in the category of Transport, Storage and Communications.

Termination of Employment

Where a worker's employment is terminated for a specific reason, he or she may be dismissed after being given appropriate notice, or alternatively, given pay in lieu of notice.

Statutory notice is:

- Two weeks for employment under five years
- Four weeks for employment five years and over but under 10 years
- Six weeks for employment 10 years and over but under 15 years
- Eight weeks for employment 15 years and over but under 20 years
- Twelve weeks for employment 20 years and over.

Where the employment is terminated through redundancy, in addition to the notice requirement, there is a further statutory provision of two weeks severance pay for each year of service in excess of two years, and three weeks severance pay in excess of ten years.

Fringe Benefits

Most employees receive fringe benefits as a part of their salary/wage packages. These benefits are separable into two categories: those that all employees are entitled to by law (statutory fringe benefits) and those that may be negotiated as a part of an employee's terms of employment (negotiated fringe benefits).

The Statutory fringe benefits¹⁰ are:

- (a) Workmen's Compensation for injury on the job;
- (b) National Insurance Scheme;
- (c) National Housing Trust;
- (d) Sick leave;
- (e) Vacation leave;
- (f) Maternity leave for female workers.

Negotiated fringe benefits may include:

- (a) Accident Insurance;
- (b) Health Insurance;
- (c) Uniform;
- (d) Laundry expenses;
- (e) Retiring benefits contributory or non-contributory;
- (f) Additional sick, vacation and maternity leave

Workmen's Compensation

Under the provisions of the Employment Injury Benefit Act, employers are required to make regular contributions to the government towards settlement of any claims that may arise with respect to injuries sustained by a worker while engaging in the activities of his job. However, in addition to this many employers provide additional coverage in order to provide protection for employees whilst on the job. Benefits are paid over to a named beneficiary in case of fatal accidents on the job.

For temporary disablement, the benefit is seventy-five (75%) percent of the employee's weekly income, up to a minimum of J\$345.00 per week for a minimum period of fifty-two (52) weeks.

National Insurance Scheme (NIS) Contributions

¹⁰ Categories (d), (e) and (f) under statutory fringe benefits are classified under 'Leave with Pay' in the following section.

The National Insurance Scheme is a Government programme, which provides benefits to employees over 18 years of age, including domestic helpers. Both employers and employees are required to make contributions.

Benefits are payable at the retirement age of 65 for men and 60 for women, if they are retired and not engaged in any substantial employment. At age 65 for women and 70 for men, pension becomes payable whether the person is working or not. The employer is required to collect the employee's contribution, and remit the total amount (employer's and employee's) to the NIS Department.

National Housing Trust (NHT) Contributions

The National Housing Trust provides loans on concessionary terms to contributors for the purpose of housing projects. Benefactors need to be in good standing with the NHT with respect to payments. Employees are refunded their contribution after 7 years if they have not taken up a loan, or in the case of foreigners, on the expiration of their work permit. Employer's contributions are not refundable, but are deductible for tax purposes.

Leave with Pay

Statutory provision for leave with pay to workers covers vacation leave, public holidays with pay, sick leave and maternity leave. The qualifying period for leave with pay is 110 days employment.

Vacation Leave

For the first 220 days employment, the worker's vacation leave entitlement is one day's leave with pay for every 22 days work, that is, ten days. For

220 days and over, an employee is entitled to 2 weeks vacation leave with pay. Workers with a minimum of ten (10) years service are entitled to three (3) weeks vacation leave with pay. Some companies allow workers limited extra leave in special circumstances such as serious illness or death in the family.

Sick Leave

Employers grant ten (10) days or eighty hours sick leave with pay each year. Where the employee has already work a full year and falls ill in the second year, his sick leave entitlement in the second year becomes effective from his first illness of the year. A medical certificate is usually required for sick leave in excess of three (3) consecutive days.

Maternity Leave

A female employee over 18 years old who has worked for a minimum of twelve months is entitled to maternity leave, with eight weeks full pay. Furthermore, up to twelve (12) weeks (eight paid) may be taken by a female employee for her first three (3) pregnancies if she has been employed for at least one year.

Labour/Management Relations

Under the Jamaican Constitution, a Jamaican citizen enjoys "freedom of association", a guarantee which allows the worker the right to join a trade union. No worker, however, is compelled to join a union as a prerequisite for getting a particular job nor, having found employment, is the worker compelled to join the union, which represents the bargaining unit.

In practice, union representation is granted at any site of employment when a representational rights

poll is conducted by a division of the Ministry of Labour, and it is determined that a registered union represents a majority of the workers in the bargaining unit.

An estimated thirty percent of the employed labour force of Jamaica is unionised. The two major trade unions, the National Workers Union (NWU) and the Bustamante Industrial Trade Union (BITU) are affiliated with the two (2) major political parties, the People's National Party (PNP) and the Jamaica Labour Party (JLP), respectively. There are several other unions that are not politically affiliated.

Eleven of the active labour unions in Jamaica have come together to form the Joint Confederation of Trade Unions (JCTU). Additionally, there are approximately 10 or less other active unions that are not members of the JCTU as well as another unknown quantity of staff and professional associations operating in the public and private sectors, only some of which are affiliated with the established trade unions.

Labour and employer unions in the island are recognised institutions in industrial legislation. The history of their development can be traced to the mid-1930s, coinciding with the birth of Jamaica's modern political era. Labour legislation provides for protection of employer and employee rights, as well as conflict resolution mechanisms. One of the key instruments of the legal and institutional ambit within which Jamaica's industrial relations system operates is the ***Labour Relations and Industrial Disputes Act (LRIDA)***. The procedure for dispute resolution is outlined in the Act as:

- i) Negotiation among the parties to the dispute
- ii) Where (i) has failed, conciliation by the Ministry of Labour and Social Security (MLSS), at the request of the parties

iii) Where (ii) has been exhausted, referral of cases by the MLSS to the Industrial Disputes Tribunal (IDT)

The IDT is an arbitration panel, which is made up of representatives from the various labour unions, employer unions and government. The industrial relations climate was relatively calm in 2001, the number of industrial disputes reported to the MLSS has declined moving to 120 in 2001, down 22.6 per cent from 155 in 2000. Work stoppages also declined in 2001 to 14, falling 50 per cent from 28 in 2000. Furthermore, 12 per cent of reported disputes resulted in work stoppages, a downward shift of 6 percentage points compared with 18 for 2000. As in the past however, the cause of most disputed was “Wages and Conditions of Employment”, which though the number fell to 40 from 62, still accounted for 33.3 per cent of the total number of disputes in 2001.

The focus of efforts to reform the labour market was two-fold in 2000. First, amendments to legislation, namely LRIDA and the Trade Unions Act, were at the forefront of reform activities as well as directly related proposed amendments tabled in Parliament.

Employers’ Organizations

There are a number of Employer’s Organisations that are vibrant in Jamaica’s economy and at times, take part in negotiations on behalf of their members. Some of these are:

- The Jamaica Employers Federation concerns itself mainly with labour

relations. It is usually vocal on labour legislation.

- The Chamber of Commerce, as the name implies, has the successful promotion of business as its main objective. It has been a powerful lobby over the past years and uses its meetings as a forum to ventilate civic affairs, the state of the economy and Government policy as it affects business.
- There are several chapters of Junior Chamber of Commerce including the Jaycees – a leadership training organization.
- The Jamaica Manufacturers Association is an umbrella Organization for factor production.
- The Jamaica Exporters Association is a lobby concentrating on development of non-traditional exports and maintains excellent liaison with the Government.
- The Private Sector Organization of Jamaica has been a very forceful agency to resist public sector control and competition with the free enterprise system.
- Farmers have their interest protected by the Jamaica Agricultural Society and Jamaica Livestock Association.
- The Small Business Association of Jamaica was established to deal mainly with the problems of relatively small-scale operations.

SECTION V – TAXATION AND GENERAL DUTIES

There are various categories of taxation in Jamaica. There exists: taxes on personal as well as company income and gains, taxes related to a persons wage/salary package which are usually in aid of pension and insurance schemes, levies charged on official documents which are used when conducting business with the government and lastly, there are taxes which are levied when conducting everyday monetary transactions usually in regards to some form of commodity.

Tax on Income and Gains

Income Tax

Income tax in Jamaica is 25 percent on personal income and 33 1/3 per cent on company income, except in the case of life insurers and building societies, which pay 7.5 percent and 30% percent respectively.

Taxpayers

All persons resident in Jamaica as well as non-residents with income arising in Jamaica are subject to income tax unless otherwise exempted by legislation. The term 'all persons' refers to all corporations, individuals, trusts, foreign entities, and nationals. In the case of partnerships, while they are not required to file returns showing distribution of profits, their profits are taxed when in the hands of the individual partners.

Tax Year

The normal fiscal year for corporations and individuals is January to December. The Commissioner of Income Tax will usually grant permission, on application from a corporation, for

adoption of a fiscal year ending other than December 31.

A taxpayer should submit tax returns by March 15 in the year following the year of assessment. At the same time, a declaration of expected income and tax due for the current year is submitted, and the person pays this provisional tax in four quarterly instalments: March 15, June 15, September 15, and December 15.

Tax Threshold

There exists a tax threshold for Jamaican residents where no tax is payable on the first J\$120,432 of total emoluments paid to an employee. However, non-resident individuals are not eligible for the J\$120,432 exemption available to residents. Individuals receiving a pension from a super-annuity or from a pension scheme approved by the tax commissioner may be exempt from tax for up to J\$ 45, 000 of income. If the pensioner is over 65 years of age, a further J\$45,000 is also exempt from income tax. Thereafter, however, tax becomes payable on any level of income received.

Tax Rate

The employer deducts personal Income Tax for employed persons, and the amounts are remitted

to the Commissioner of Income Tax on a monthly basis. Individuals pay a flat rate of 25% on every dollar of income that surpasses the tax threshold. However, this tax is not applicable to emoluments made with regards to meal allowances, and uniform/laundry

Income	Tax	Rates
<i>Individual:</i>	25%	on the income level of residents which exceeds J\$120,432
<i>Companies:</i>	33 ¹ / ₃ %	except for life insurers – 7.5% & building societies – 30%.

allowances as well as allowances reserved for the payment of telephone services made available to an employee for the purpose of work. Income Tax is also applicable to interest paid or credited to individuals by financial institutions at a rate of 25%.

Companies, whether incorporated or registered in Jamaica, are subject to the Jamaica Income Tax Act and accordingly an income tax, or profits tax, is applicable to companies at a rate of 33 1/3% on profits. There are some companies that represent exceptions to this rule, given that they have a special tax regime. They are: building societies, which are taxed at a rate of 30% and life assurance companies, which are taxed 7.5% of their investment income minus management fees incurred for that income. If they are incorporated and have a home base within a CARICOM member state, they pay a further 1.5% on income from premiums, or 2% where their home base is not located in a CARICOM member-state.

However, Government grants some exemptions with respect to the corporate profit tax. These exemptions include: the profits of companies with “approved status” due to their objective of investment promoters in Jamaica as well as the profits earned by companies involved in agricultural activities, such as, horticulture, fruit growing, livestock keeping and so on. However, with respect to the latter, in order to qualify for these exemptions separate accounts must be maintained for these agricultural activities.

Dividends paid out of after-tax profits are taxed in the hands of shareholders at a rate of 33 1/3%. Where a Jamaican resident company receives the unfranked income, they may be paid to that company’s shareholders without further deduction of tax. When those dividends are passed on to their own shareholders by subsequent corporate

recipients, there is similarly no further withholding.

Depreciation

In the calculation of taxable income, provision is made for the deduction of:

- a) An initial allowance of 20% of the cost of industrial buildings and machinery for the year in which the asset was purchased; however, for a motor vehicle used in relation to a business, the initial allowance is 12.5%,
- b) An investment allowance, in lieu of the initial allowance, at the following rates in respect to specified categories of operations (that is, selected manufacturing operations, construction, electricity and steam for power sources, independent warehousing and cold storage as well as operation of docking facilities). This allowance is not deducted when account is being taken of the written-down value of particular assets,
- c) Normal annual depreciation rates are generally 10% on non-agricultural machinery and equipment, 20% on agricultural and construction equipment. Non-residential buildings are permitted rates between 2.25% and 5%, while the depreciation rate on motor vehicle is 10%.

Capital Gains

Income tax is not charged on capital gains. However, when land or securities other than those traded on the Jamaican stock exchange are transferred, or a company distributes capital gains, a transfer tax is levied. The maximum transfer rate is 15%.

Payroll-Related Taxes

National Insurance Scheme (NIS) Contributions

This is a compulsory state-administered social security system, which covers retired persons, disability payments and maternity benefits for some categories of workers.

With respect to employed persons, both employer and employee are required to each make contributions amounting to 2.5% of the employee's income for incomes up to J\$20,800 per month, or J\$580.00 otherwise, to the scheme. The contribution is a deductible percentage of weekly or monthly salary, and is remitted monthly to the Collector of Taxes, or the NIS Department. Contributions are deductible for purposes of income tax liability.

Self-employed individuals will first be required to obtain a card at the NIS Department, and purchase a NIS stamp for J\$20 at any Post Office; then pay an assessment to the NIS Department of 5% of statutory income up to a maximum income of J\$249,960.00 per year.

Domestic workers pay J\$20 per NIS stamp per week to the card obtained from the NIS department. For each stamp, the employer and employee pays J\$10 each. Foreign nationals who are on work permits receive a full refund of their contributions upon leaving the island permanently.

National Housing Trust (NHT) Contributions

The National Housing Trust collects funding from the compulsory deductions of employed persons. Contributions made by employees and self-employed individuals are refundable to the contributor on an annual basis after seven years of

contribution, together with a bonus. However, in the case of foreign nationals the contributions are paid over upon expiration of their work permit, if this occurs prior to the seventh year. Employers do not receive a refund on payments, but may deduct their contributions for tax purposes.

Employers are required to make a contribution of 3% of their gross payroll and employees 2% of gross pay. Self-employed persons contribute at a rate of 3% of taxable income.

Education Tax

This is charged on the same basis as the contributions to the NHT and is calculated on the net taxable earnings and benefits after deducting approved pension and NIS contributions. Like NHT contributions, employers pay a rate of 3% of the gross payroll and employees pay at the rate of 2% of their gross pay, while self-employed persons pay a rate of 3% on net earnings.

RATES:

NIS: 2.5% from employee & employer each up to J\$20,800 per month; otherwise, J\$580 per month for both employee and employer

NHT: 3% of payroll for employer, 2% of gross pay for employee

Education: 3% of payroll for employer, 2% of gross pay for employee

Human Employment and Resource Training (HEART) Contributions

These contributions are payable monthly by employers only at the rate of 3% of the total emoluments paid to employees, but is only made if the gross annual payroll exceeds J\$173,328. Where an employee in the company is a trainee under the scheme, an employer is relieved of these contributions up to a maximum of J\$150 per week.

Tax on Fringe Benefits

Statutory fringe benefits do not attract tax. However, there are some negotiable fringe

benefits that may attract some form of tax or which may represent some form of benefit.

Housing

There is a significant tax advantage to an employee if his employer rather than he, pays for accommodation. For housing accommodation, the basis of taxation is either:

- 15% of total taxable emoluments (excluding the rental paid), but inclusive of any motor vehicle benefits or,
- 15% of the actual rental paid, whichever of the two is lower.

Uniform and Laundry Allowances

These items are taxed at a rate of 25%.

Transportation

When a motor vehicle is provided for the private use of an employee, a tax benefit is allowed where the value of the benefit is determined as illustrated in the table below. The benefit will vary according to the cost and age of the car and the extent/use of the car for private purposes.

Taxation on Transactions

Excise Duty

Excise Duty is only applicable to a selected number of locally produced commodities. A copy of the Excise Act, which lists the products and the relevant rates of duty, may be obtained from the Jamaica Printing Services Limited. Excise Duty is not applicable to imported commodities.

General Consumption Tax (Including Special Consumption Tax)

The General Consumption Tax (GCT) is the tax on the value added to goods and services. Except in the case of

General Consumption Tax: This is 15% on merchandise/ transactions where gross annual income of vendor is greater than or equal to \$144,000. Some goods are zero rated or exempted

zero-rated commodities and certain goods and services that are specifically exempted, a uniform rate of 15% is applicable to all other goods and services. All suppliers of taxable goods and services with a gross annual value of not less than J\$144,000 are required to pay over GCT collected from consumers to the authorities.

A business supplying exempt and zero rated items is not eligible to claim credit for the input tax that thus becomes a cost to the business. GCT paid on the purchase of approved capital goods is recoverable over a twenty- four-month period.

The GCT Act also provides for a Special Consumption Tax applicable to petroleum products, cigarettes, spirits and beer, wines and alcoholic beverages produced by fermentation as well as cigars, cheroots, cigarillos, smoking and other manufactured tobacco and snuff. The Special Consumption Tax is generally a combination of "specific" (i.e. value rates) and "ad valorem" rates.

Transfer Tax

Transfer Tax is payable on the transfer of certain specified classes of property as well as the securities of companies other than those represented on the Jamaica Stock Market. The transfer tax chargeable is a flat rate of 7 1/2% of the value of the property in question.

Import Duty

This refers to the rates charged on merchandise coming into the country. Some approved manufacturers may receive 0% – 5% import duty on their imported material and capital goods. The rates of Import Duty are contained in the Customs Act and Amendments; copies are available from the Jamaica Printing Services Limited.

Extra regional (non-CARICOM) imported goods are defined, under the CET, as **competing** in cases where the level of regional production of similar goods can meet 75% of the region’s demand. Examples of this include limestone as a raw material, cartons and boxes of paper or paper-board as an intermediate good, trash plates for sugar manufacture as a capital good, or garments as a final good. A levy of 10% - 15% and 20% - 25% is charged on competing inputs and final goods respectively.

Table 12: Tax Benefit on Motor Vehicles (May 1996 through 1998)

ORIGINAL COST OF MOTOR VEHICLE (J\$)	TAX BENEFIT (J\$)			
	AGE OF CAR			
	≤ 5 YEARS OLD		> 5 YEARS OLD	
	up to 50% private use during the year	over 50% private use during the year	up to 50% private use during the year	over 50% private use during the year
≤300,000	40,000	48,000	30,000	36,000
> 300,000 - ≤700,000	50,000	60,000	40,000	48,000
>700,000 - ≤1,000,000	75,000	80,000	60,000	65,000
>1,000,000 - ≤1,500,000	90,000	100,000	72,000	80,000
>1,500,000	120,000	140,000	98,000	100,000

Source: The Revenue Board; 1999 Worldwide Executive Tax Guide, Ernst & Young (1998)

Common External Tariff (CET)

The Common External Tariff (CET) is a government tax charged on goods coming into the country from outside of the CARICOM region and will attract a prescribed rate of duty on different categories of imports. The rate structure that has been applied is on a reducing balance, starting with a range from 5 to 30% in 1993, which was lowered to 5 to 20% applicable for 1998 and onwards.

CET: 10 - 15%, and 20 - 25% on competing inputs and final goods, respectively. Approved manufacturers get 0 - 5% on imported materials & capital goods

Where regional production meets less than 75% of regional demand, an extra-regional import is defined as **non-competing**. Examples include gum resins as raw material, certain iron and steel products as intermediate goods, machinery & mechanical appliances as capital goods, or table glassware as final goods.

There are special provisions for sensitive goods and lists of goods eligible and ineligible for duty exemptions. A customs broker is able to provide professional advice on the exact rate(s) applicable in individual case.

Additional Stamp Duty

Final Inward Customs Warrants on certain goods are subject to Additional Stamp Duty at varying percentages on the aggregate of the value of the goods, that is, Cost-Insurance-Freight (CIF) value plus the related import duty and general consumption tax.

Capital Inputs

Non-competing capital inputs are not subjected to import duties. However, most finished goods that are not manufactured in the CARICOM Region attract a Common External Tariff (CET) at the rate of 20%. The General Consumption Tax (GCT) of 15% is applicable unless companies have been approved for exemption under the Modernisation of Industry Programme.

It is important to note that bona-fide manufacturers, involved in exports or in import substitution, approved under the Industry Modernization programme are eligible to claim the full amount of GCT paid at the end of the taxable period. Most raw materials are exempt from Import Duty although the GCT of 15% is applicable.

Motor Vehicles

Government controls the importation of motor vehicles and as such an appropriate import licence is required before vehicles are shipped to Jamaica. Unless specifically exempted, the following aggregate rates apply.

Motor Cars	Aggregate Duty Rates
Bottom-end i.e. not exceeding 1000 cc	67%
Above 1000 cc not exceeding 1500 cc	83%

Above 1500 cc and not exceeding 2000 cc (Diesel 2200 cc)	94%
Above 2000 cc and not exceeding 3000 cc (Diesel 3200 cc)	121%
Exceeding 3000 cc (Diesel 3200 cc)	288%

Commercial Vehicles	Aggregate Duty Rates
Panel Vans and pick-ups (with laden weight not exceeding 2032 kg)	55%
Trucks (with laden weight exceeding 2032 kg)	35%
Tractor-heads and Trailers/Motor Chassis with engine	23.89%
Jeeps, Range Rovers, Troopers and Similar Type vehicles and not exceeding 2000 cc (Diesel 2200 cc)	94%
Exceeding 2000 cc but not exceeding 3000 cc	121%
Exceeding 3000 cc (Diesel 3200 cc)	288%

Concessionary rates for buses acquired for public transportation, tourism tours or other approved activities:

Buses	Aggregate Duty Rates
Buses with 15-24 seats	35%
Buses with 25 or more seats	10%
Other buses	105%
Other vehicles including special purpose vehicles	33.33%

Used cars should not be over four (4) years old, and should be accompanied by a current Certificate of Fitness from the relevant foreign authorities.

Taxation on Documents

Legal documents are subject to Stamp Duty in Jamaica. Documents that are not stamped are, according to Law, not admissible in evidence as valid in any Jamaican court. Although the scope is broad, the amounts involved for individual documents are nominal. Examples of the rates applicable to certain documents are as follows:

Conveyance of Sale

If the purchase price exceeds J\$1,000 but not exceeding J\$2,000, the cost is J\$100. For every additional J\$1,000 or part thereof, the cost is J\$55.

Customs Warrants (Outwards and Inwards)

- a. On custom warrants outwards, per set, the cost is \$5.00
- b. On customs warrants inwards:
 - i. Where the value of any goods imported is J\$5,500 or less, the cost, per set, is J\$5.00, and
 - ii. Where the value of any goods imported exceeds J\$5,500, the cost, per set, is J\$100.00

Leases (Yearly Rental)

Where the lease does not exceed J\$1,000 per annum, the cost is J\$20 and for every additional J\$1,000 or fraction of J\$1,000, the cost is J\$10.

Power of Attorney

For the recovery on debts of sale of property, the cost is J\$50. For the management of specified premises, the cost is J\$100.

Mortgages

For every J\$200 or part thereof, the cost is J\$1.25. A surcharge of 25% is applicable.

Receipts

Of J\$2.00 but less than J\$100, the cost is J\$1.00. Of J\$100 and above, the cost is J\$2.00.

Share Certificate

For nominal value of less than J\$100, the cost is J\$1.00. Of J\$100 and above, the cost is J\$5.00

Taxation On Real Estate (Property Tax)

All land in Jamaica is valued for the assessment of the Property Tax on the unimproved value principle as defined in the Land Valuation Act. These valuations are based on market value and the rates for Property Tax will be applied to the specific property's valuation as indicated by the Commissioner of Land Valuations.

next \$40,000,000 of value:	
Unimproved property value exceeds \$50,000,000 but does not exceed \$200,000,000 – For every \$1.00 of the next \$150,000,000 of value:	1.75 cents

Property Value (J\$)	Tax Rate
On property for which the unimproved value does not exceed 200,000:	J\$600
Unimproved property value exceeds \$200,000 but does not exceed \$300,000 – For every \$1.00 of the next \$100,000 of value:	0.3 cents
Unimproved property value exceeds \$300,000 but does not exceed \$400,000 – For every \$1.00 of the next \$100,000 of value:	0.3 cents
Unimproved property value exceeds \$400,000 but does not exceed \$500,000 – For every \$1.00 of the next \$100,000 of value:	0.3 cents
Unimproved property value exceeds \$500,000 but does not exceed \$1,000,000 – For every \$1.00 of the next \$500,000 of value:	0.3 cents
Unimproved property value exceeds \$1,000,000 but does not exceed \$2,500,000 – For every \$1.00 of the next \$1,500,000 of value:	0.5 cents
Unimproved property value exceeds \$2,500,000 but does not exceed \$5,000,000 – For every \$1.00 of the next \$2,500,000 of value:	1.75 cents
Unimproved property value exceeds \$5,000,000 but does not exceed \$10,000,000 – For every \$1.00 of the next \$5,000,000 of value:	1.75 cents
Unimproved property value exceeds \$10,000,000 but does not exceed \$50,000,000 – For every \$1.00 of the	1.75 cents

The Government has put in place mechanisms by which persons may seek relief from Property Tax where special circumstances apply. There are three types of relief, namely:

- ❑ Statutory Relief,
- ❑ Agricultural Derating and
- ❑ Special Discretionary Relief.

Applications for relief are to be submitted to the Land Taxation Relief Board, c/o The Commissioner of Inland Revenue, 1-3 King Street, Kingston.

Double Taxation Treaties

Where a company hosted/doing business in Jamaica is based/incorporated in any of the countries with whom Jamaica has an avoidance of double taxation treaty, then certain tax benefits apply. It therefore means that, for example, if expenses incurred by a citizen or resident of U.S.A. in connection with a "convention, seminar or similar meeting held in Jamaica" are deductible for taxation purposes in the U.S.A.

Jamaica has Double Taxation Treaties with at least nine countries and CARICOM as part of its efforts to encourage foreign investments.

Collection of Duties and Taxation by Government

The Collection of Duties and Taxes is carried out by a number of Government Departments. Plans are underway for the phased centralization of the system of collection in a single agency within the Collector General's Department. The existing arrangement for collection of Government revenue is as follows:

- a) **Collector General** - Additional Stamp Duty, Education Tax, Excise Duty, General Consumption Tax, H.E.A.R.T. Contributions, Import Duty, Income Tax (excluding the Corporate Area), various Licence Fees,

Table 14: Double Taxation Treaties for 1999 Giving Applicable Rates of Income

PARTICIPATING COUNTRIES	INTEREST INCOME	MANAGEMENT FEES	ROYALTIES	DIVIDENDS
CARICOM (only B'dos, Belize, Dominica, Grenada, J'ca, St. Lucia & T&T are contributors to this treaty)	15%	15%	15%	0%
United States	12 ½%	0% ¹	10%	10% or 15% ²
Canada	15%	12 ½%	10%	22 ½% or 15% ³
United Kingdom	12 ½%	12 ½%	10%	22 ½% or 15%
Germany	10% or 12 ½% ⁴	33 ⅓%	10%	10% or 15%
Sweden	12 ½%	10%	10%	10% or 22 ½%
Norway	12 ½%	10%	10%	15%
Denmark	12 ½%	10%	10%	10% or 15%
Israel	15%	33 ⅓%	10%	15% or 22 ½%
Switzerland	10 or 15%	10%	10%	10% or 15%

Source: Revenue Board; the Ministry of Foreign Affairs & Foreign Trade; *Doing Business in Jamaica*, Price Waterhouse (1989); *1999 Worldwide Executive Tax Guide*, Ernst & Young (1998); *1999 Worldwide Corporate Tax Guide*, Ernst & Young (1998).

1. Management fees are not subject to withholding tax, but they are included in business profits. Consequently, net management fees are subject to tax in Jamaica only if the recipient has a permanent establishment there.
2. Where recipient company owns at least 10% of company paying dividend, a rate of 10% applies; otherwise 15%. For treaties with UK and Germany, if the recipient company owns at least 10% of the paying company, a rate of 22.5% applies, else 15%. Treaties where lower rates apply on ordinary dividends for the receiving company with ownership of at least 10% (e.g., US, Sweden Denmark or Israel) seem to encourage greater foreign ownership in local economy.
3. Higher rate applies if receiving company owns 10% or more of the voting stock of the payer. For eligibility for 22½%, receiving company must qualify under Canadian law as an affiliate of the paying company.
4. Recipient banks attract a rate of 10%; all others attract a rate of 12 1/2%.

National Insurance Scheme Contributions and
Property Tax,
b) **Commissioner of Tax** - Income Tax
(Corporate Area), and

c) **Commercial Banks** - Contributions for the
National Housing Trust.

SECTION VI – MOVING TO JAMAICA

The Jamaican Lifestyle

Clothing

Jamaica has a tropical climate and as such, 'summer clothing' may be worn in Jamaica throughout the year. Generally, there is no such thing as 'winter' clothes are required in Jamaica. Cardigans may be worn occasionally on a cool evening and lightweight raincoats are recommended. Swimsuits are a necessity and for leisurewear shorts, sport shirts and light, easily washable play-clothes are recommended.

For men, suits of lightweight fabrics and ties are favoured while women usually select lightweight printed cotton dresses as well as skirt- or pants-suits for everyday wear to work. For more formal settings, men usually wear dinner jackets while women will wear equally formal attire. Ordinary lounge suits for men and cocktail dresses for women are popular for parties.

Climate

Jamaica is well positioned in the forefront of the world's tourist resorts due to its tropical climate. Mean annual temperature ranges from 25.9 degrees centigrade at sea level to 13.6 degrees centigrade at 21,135 metres above sea level.

There are no sharp temperature fluctuations throughout the day or night, nor is their much difference between the temperatures of spring, summer, autumn and winter. Elevations between 610 and 1,525 metres enjoy remarkably equable climate throughout the island, with the range being no more than approximately 11 to 13 degrees centigrade.

Jamaica has several quite distinct rainfall zones. Generally speaking, on the southern side, the climate is dry. The capital city, Kingston, has an annual rainfall of only about 75-87.5 cm, whilst rainfall levels in other regions range between 100 and 250 cm.

Currency & Banking

Jamaica issues its own currency, which is based on the monetary system of dollars and cents. Paper denominations are in one thousand dollars, five hundred dollars, one hundred dollars and fifty dollars. Coins are twenty dollars, ten dollars, five dollars, one dollar, twenty-five cents and ten cents.

Though US currency is widely accepted in most resort towns, it should be noted that payment of hotel bills must be made in Jamaican dollars – which are available at Exchange Bureaux and commercial banks. Excellent and complete banking facilities are available through a number of commercial banks and financial institutions licensed under the Financial Institutions Act, and insured by the Jamaica Deposit Insurance Corporation.

Education

Education is based on the British system. Schooling is divided into primary, secondary levels and tertiary levels of education. Education is relatively free at the primary and secondary levels within the state schools, which are widely dispersed throughout the island. The educational system, at both primary and secondary levels, also accommodates a range of private schools.

Electrical Appliances

In general, the main supply is 110- and 220-volts on a standard frequency of 50 cycles per second. Generally, all electrical equipment made to foreign specifications can be adjusted to Jamaica supply-conditions quite economically. However, other voltage may be provided depending on the magnitude and characteristics of the load required.

Entertainment

Jamaica has a very rich, vibrant and varied culture, and as a result, our entertainment scene caters to all backgrounds and tastes. There are theatres and concert halls where local plays, concerts and dance productions are performed year round. There are also nightclubs, cinemas and sports bars, which are popular with the younger crowd. Jamaica also hosts a number of annual events such as the Jamaica Jazz Festival, the Jamaica Carnival and a number of Reggae Festivals.

Recreational activities such as hiking, playing football, cricket or mini-golf as well as horseback riding and so on are readily available in Kingston as well as the North Coast. There are several clubs in both the rural and urban areas, which offer popular forms recreation. Some of these are:

- Caymanas Country Club: Golf, Swimming, Squash
- Constant Spring Golf Club: Golf, Squash
- Jamaica Club: Billiards
- Liguanea Club: Tennis, Badminton, Swimming, Squash, Billiards
- Manchester Club: Tennis, Badminton, Swimming

➤ Montego Bay Yacht Club: Yachting, Swimming

➤ Royal Jamaica Yacht Club: Yachting, Swimming

In addition, there are service clubs which offer interesting contact with the Jamaican business community through their regular meetings and projects: Rotary, Kiwanis, Lions and Jaycees.

Residential Housing¹¹

The cost of house rentals vary according to size, location and facilities offered. House may be rented furnished or unfurnished, as well as they might be rented with the utility bills already included or not. Generally, homes in the rural area are cheaper to rent than those in the metropolitan regions, and furthermore, a distinction is made in the prices paid for rent in Upper St. Andrew area as opposed to the middle class or lower class regions in the metropolis.

Local Vacation Facilities¹²

Villas, beach cottages and hill cottages are available for rent throughout the year. In the summer months, they are usually rented at lower prices than those charged during the tourist season. The prices for staying at these cottages vary according to size, location and the amenities that are included. However, they can start as low as US\$700 per week for a two-bedroom cottage to over US\$2000 for a three-bedroom cottage per week. However, this cost usually includes cook, maids and gardeners. Usually for these types of

¹¹ Contact may be made with Real Estate agents through the Realtors Association of Jamaica: 960-8831-2 or in the local yellow page listings – www.yellowpagesjamaica.com

¹² Further information on most vacation facilities in Jamaica can be received from the Jamaica Tourist Board (JTB): 876-929-9200 or the Jamaica Hotel and Tourist Association (JHTA): 876-926-3635 or in the local yellow page listings – www.yellowpagesjamaica.com

resorts, guests are required to supply their own food, but often this becomes unnecessary, as Jamaican household helpers will purchase food for guests at local markets, upon request.

As far as hotels are concerned, Jamaica prides itself with the fact that the facilities offered by its hotels, whether designed for business or recreational purposes, are of international standards. The major tourist areas are on the north coast of the island (that is, Montego Bay, Ocho Rios, Negril, Discovery Bay and Port Antonio). However, there are an increasing number of hotels and guesthouses along the entire south coast.

Hotel rates vary according to the tourist season (winter or summer), the locale and the type of 'plan' that is taken. Most hotels offer what is called a 'European plan', that is, where the rate does not include food, as well as an 'all inclusive plan' which means that rate quoted covers all expenses. With a few exceptions, the daily rates for most hotels vary from US\$60 to US\$145 per night for single occupancy, and US\$65 to US\$200 per person for double occupancy nightly, with the rates of most of these hotels generally falling around the mid-point of the ranges.

Health

Jamaica does not require any type of vaccination or medical requirements to obtain entry into the country. It has a low occurrence of communicable diseases such as cholera, malaria and typhoid. Highly qualified doctors in the form of general practitioners, dentists, gynaecologists, optometrists, paediatricians, physician-specialists and surgeon specialists are readily available. Each parish is fully equipped with at least one public hospital and several health centres to deal with any type of medical needs. In addition, the

Kingston area has a number of private hospitals, which cater to their patients' specific needs.

Telecommunications

Cable and Wireless Jamaica Ltd. (CWJ) are the sole providers of land telephone services in Jamaica, although there are two additional mobile telephone service providers, Digicel Jamaica Ltd. and Centennial Digital Jamaica Ltd. CWJ local rates have been named to be one of the cheapest in the world. In addition, there are a number of ISPs throughout the country that enable the provision of internet services to persons who own computers, while CWJ has provided the use of internet kiosks for public use at most of their commercial offices as well as post offices island-wide.

Transportation

All vehicles driving in Jamaica must drive on the left hand side of the roads. Public passenger transportation is provided by various groupings or individually, the main company being the Jamaica Urban Transit Company (JUTC), a government owned entity that operates within the metropolitan region. Car rental companies are widely available, but in lieu of these buses as well as taxis are readily available for transport between any two points.

Entry Requirements

A valid passport is required for entry into Jamaica. If the foreign national will be gainfully employed in Jamaica, a Jamaican visa must be presented at the port of entry. On arrival, a Customs and Finance declaration form must be completed.

- 1) Any personal or household effects which the Customs Authority is satisfied have been in

bona-fide use for a reasonable period and are not imported for sale or commercial exchange, are permitted free of duty. Motor cars are not considered as either personal or household effects and whether new or second-hand, they are subject to import duties.

- 2) The entry of firearms is prohibited by Law, except where prior permission has been obtained from the Superintendent of Police.
- 3) All shipments of unaccompanied baggage should be declared to Customs upon arrival, giving total CIF values. All Customs duties are collected on a CIF basis.

Residential Permits

Residential and works permits are needed for persons who will be working in Jamaica. Such persons must be in possession of a valid Jamaican visa issued in his country of residence. **JAMPRO** will be glad to advise on the requirements and procedures for obtaining permits.

Embassies, Consulates and High Commissions¹³

A large number of foreign Governments maintain diplomatic and trade representation in Jamaica whether as Embassies or as High Commissions. These offices are located in the capital of Kingston.

Other Miscellaneous Facts

Firearms

The cost of a licence is J\$10,000 per gun. Current holders of firearm permits from foreign countries are advised to present them with applications for

firearms permit in Jamaica in order to be issued the permit. Where the weapon itself is being taken into the country, a police record will be required.

Dogs

Only dogs and cats, which have been born and bred in the United Kingdom, may be imported into Jamaica. Certification to this effect must be obtained from the relevant authority in the United Kingdom. Owners are also required to obtain a permit from the Veterinary Services Division of the Ministry of Agriculture prior to importation.

Motor Cars

Restrictions exist for the importation of motor vehicles that are shipped to Jamaica. The annual license fee (registration) on motorcars varies according to the size of the vehicle:

Under 1199 cc	J\$2,750
1199 to 2999 cc	J\$4,000
2999 to 3999 cc	J\$8,000

Vehicles have to be examined annually for road worthiness (fitness) and cannot be licensed until the Certificate of Fitness is produced. Vehicles are not allowed on the road without minimum liability insurance.

Driver's licenses may be issued to persons holding current drivers licenses from Great Britain or the United States. The fee for a private driver's license is J\$1,550, for a period of five years. Traffic follows the British system of driving on the left.

¹³ A list of these may be obtained from the Ministry of Foreign Affairs and Foreign Trade: 926-4220-8

APPENDIX

Selected Economic Indicators for Jamaica, 1996 - 2000

<i>Indicators</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Production					
GDP at current prices (US\$ billion)	6.200	6.320	6.585	6.565	7.061
GDP at constant prices (US\$ billion)	0.422	0.420	0.418	0.422	0.421
Real GDP Growth	-1.8	-0.4	-0.4	0.8	1.7
External Trade					
Total Imports (US\$ billion)	3.107	2.961	2.896	3.2	3.365
Imports of Raw Materials (US\$ million)	1,536	1.487	1,468	1,713	1.810
Total Exports (US\$ billion)	1.388	1.290	1.202	1.293	1.224
Non traditional (US\$ million)	407.0	399.9	333.9	344.2	301.5
Apparel exports (US\$ million)	226.8	200.5	159.8	143.5	88.5
Traditional	948.1	840.4	868.4	909.2	897.2
Alumina/bauxite exports (US\$ million)	726.2	666.3	682.4	729.8	736.4
Sugar exports (US\$ million)	101.9	94.6	95.8	83.3	70.5
Banana exports (US\$ million)	46.1	33.3	29.8	22.9	18.3
Services (Net) (US\$ million)	308.0 ^r	261.0 ^r	565.0 ^r	642	546.4
Merchandise trade deficit (US\$ billion)	1.774	1.675	(1.659)	(1.906)	(2.140)
Balance on Goods & Services	(813.2)	(841)	(569.0)	(704)	(1.033)
Exports as %age of GDP	21.4 ^r	19.5 ^r	18.4	18.5	17
Net International Reserves (NIR) (US\$ million)	540.5	582	450.2	969.5	1.840
Sectoral Performance					
Agriculture: Share of GDP	8.0 ^r	8.0 ^r	8.1 ^r	7.1	7.3
Manufacturing: Share of GDP	16.6 ^r	15.9 ^r	15.9 ^r	15.9	15.5
Services: Share of GDP	76.4 ^r	77.3 ^r	81.1 ^r	84	84.2
Tourism Foreign Exchange Earnings (US\$ million)	1,140	1,196	1,233	1,332.6	1.235
Visitor arrivals (in millions)	1.9	1.9	2.0	2.2	2.1
Stop over visitors (in millions)	1.2	1.2	1.2	1.3	1.3
Prices					
Annual Average Exchange Rate	35.58	37.2	41.4	45.5	47.4
Average Annual Inflation (%)	9.7	8.7	6.0	8.2	7.0
Treasury Bill rate (%)	28.1	23.5	20.6	20.2	n/a
Stock Market Index	19,847.	20,593	21,892	28,893	33,835.6
Fiscal Accounts and National Debt					
Fiscal Deficit as % of GDP	(7.8) ^r	(7.0) ^r	(4.3) ^r	1.4	(7.4) ^p
Debt servicing (J\$ million)	55.9 ^r	69.1 ^r	96.7	104.7	98.7
as a % of GDP	21.7 ^r	25.3 ^r	32.7 ^r	32.9	29.49
Manpower					
Population (thousands)	2550	2570	2590	2605	2,621.1
Population growth rate (%)	1.0	0.7	0.7	0.6	0.6
Unemployment Rate (%)	16.5	15.5	15.7	15.5	15
Employed Labor Force (thousands)	946.9	953.6	943.9	933.5	939.4

Sources: Publications by STATIN, BOJ, & PIOJ.

Note: Apparel exports exclude free zone; r – revised figure; p – preliminary figures