

Jamaica Snapshot

Basic facts

Population	2.6m	Inflation	13.6% (2004)*
Main languages	English, patois English	GDP per head	US\$3,330*
Currency	Jamaican dollar (JMD)	GDP growth	1.2% (2004)*
Economic communities	WTO		
GDP sources	5.6% agriculture, 32.9% industry, 61.5% services		
*Economist Intelligence Unit estimate.			

Political environment

Jamaica is a parliamentary democracy. The legislature is bicameral, with an elected House of Representatives and a nominated upper body, the Senate.

The government is headed by the prime minister, P J Patterson, the leader of the People's National Party (PNP). The PNP gained its fourth consecutive victory in the general election of October 2002. The next general election is due by 2007.

Foreign trade and investment

Exports	US\$1.6bn (2004)*	Imports	US\$3.5bn (2004)*
*Economist Intelligence Unit estimate.			

Major exports: Alumina, sugar, bauxite and bananas.

Leading export markets: the US (largest), the EU, Canada and the Caricom countries (Caribbean Community).

The tourism industry is the largest earner of foreign exchange.

Stability and a democratic government draw investors, along with proximity to North America, good telecoms services and English-speaking workers. The government actively promotes foreign investment and a range of incentives is available.

Business and financing

Business forms	Limited-liability companies
-----------------------	-----------------------------

Foreign investors generally prefer to operate through limited-liability companies, although a wide range of other forms are available. In certain sectors, including banking and insurance, where licences are required, majority shareholding is preferred. Investors may operate as a branch of a foreign parent company, but the operation must be registered as an "overseas company" and a place of business must be designated.

Labour environment

Unemployment rate	13.0% (2004)*	Minimum wage	JMD 2,400 (weekly)
*Economist Intelligence unit estimate.			

The national minimum wage rose by JMD 400 to JMD 2,400 per week, effective January 31st 2005.

About 30% of the employed labour force is unionised.

Both employers and employees are required to make contributions to the National Insurance Scheme (NIS), a government benefits programme.

The employment of non-Jamaicans is governed by the Foreign Nationals and Commonwealth Citizens (Employment) Act, which seeks to ensure that jobs are offered to qualified Jamaicans where possible. The hiring of foreign specialists is allowed where local skills fall short. Foreigners seeking employment need a work permit.

Taxation

Corporate tax

Main rate	33.3%
------------------	-------

Resident companies are taxed on their worldwide income; non-resident entities are taxable on Jamaican-source income only. A company is resident if the central management and control are exercised in Jamaica. The corporate tax rate is 33.3%, but a 7.5% rate applies to life insurance companies and a 30% rate to building societies.

Individual tax

Tax rate	25%
-----------------	-----

Resident individuals are taxed on worldwide income; non-residents are taxed on Jamaican-source income only. An individual is regarded as resident if present in Jamaica for six months or more in the tax year. "Ordinary residence" status involves a more permanent residence in Jamaica. A person who is "ordinarily resident" in Jamaica will continue to be regarded as resident even if leaving Jamaica for occasional residence abroad. Tax is charged at a flat rate of 25%.

Capital gains

Only certain types of gain are taxed

Capital gains generally do not form part of taxable income; gains on the disposal of patents and gains on certain stock exchange gains are, however, taxed. Gains on commercial transactions that may form a pattern of trade may be taxed as commercial income.

Indirect tax

Standard rate	16.5%
----------------------	-------

The general consumption tax (GCT) is a VAT on certain goods and services, including imports. Businesses with annual turnover above JMD 1m must register. The GCT is charged at 16.5%, and a zero rate applies to exports of goods and related services, a number of foodstuffs, printed matter and agricultural equipment. Exempt items include rental of residential property, certain financial services, provision of insurance contract and certain raw foodstuffs. The special consumption tax (SCT) is an excise tax on petroleum and certain other products.

Tax administration and compliance

Tax year	Corporations: accounting year; Individuals: calendar year
-----------------	---

Advance payments of tax are due from all taxpayers except individuals whose only income is employment income subject to deduction at source. Four quarterly advance payments are due in March, June, September and December of the tax year, based on the income for the previous year. A self-assessment tax return is due by March 15th after the year-end, but the time limit can be extended provided that a certain level of tax has been paid. Final tax is payable at the same time as the return and any outstanding amount is collected by assessment.

Additional tax information

Withholding taxes	Dividends, Interest and Royalties, 33.33% (25% for individuals).
Tax treaties	Jamaica has treaties with Caricom and more than ten countries.
Dividends	Taxable, with credit for tax withheld.
Revenue protection	An arm's-length rule applies.
Groups	There is no provision for group taxation.
Incentives	Manufacturing; export; tourism; agriculture; free-trade zones.
Other taxes	Contractors levy, Education tax, Excise duty, Import duties, Land development duty, Land improvement tax, Parochial property tax, Production levies, Property tax, Stamp duties, Transfer tax, Travel tax

About the Economist Intelligence Unit

The Economist Intelligence Unit (www.eiu.com) is a specialist publisher serving companies establishing and managing operations across national borders. For over 50 years it has been a source of information on business developments, economic and political trends, government regulations, and corporate practice worldwide. The Economist Intelligence Unit delivers its information in four ways: through its digital portfolio, where the latest analysis is updated daily; through printed subscription products ranging from newsletters to annual reference works; through research reports; and by organising seminars and presentations. The firm is a member of The Economist Group. While every effort has been taken to verify the accuracy of this information, the Economist Intelligence Unit Ltd cannot accept any responsibility or liability for reliance by any person on this information.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, its member firms, and their respective subsidiaries and affiliates. As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," or other related names. Services are provided by the member firms or their subsidiaries or affiliates and not by the Deloitte Touche Tohmatsu Verein.