

January 31, 2013
2013-023

**Jamaica – New Taxation
for Head Office Staff, NIS
Wage Ceiling Modified**

by KPMG, Jamaica (a KPMG
International member firm)

flash International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

In this *Flash International Executive Alert* we briefly describe some recent developments in Jamaica potentially affecting individuals and their employers. (All dollar figures noted are Jamaica dollars.)

Income Tax Relief for Foreign National Staff of Approved Group Head Office

The Income Tax (Amendment) Act, 2012¹ was enacted on November 7, 2012, and exempts from income tax the emoluments of certain foreign nationals employed at or holding an office in an "approved group head office company" (hereafter called "AGHOC").

An AGHOC is a company that satisfies the following conditions:

- is incorporated/registered under Jamaican law;
- is engaged in, or proposes to engage in, group head office activities; and
- proposes to employ or has employed 30 percent or more of its staff to perform group head office activities from among Jamaican citizens resident in Jamaica.

Under this regime, and subject to the certificate received by the AGHOC on approval under the regime, emoluments are tax free if they are:

- earned by an employee/officer who is not a Jamaican citizen; and
- paid in respect of the performance of the company's activities during the relevant period of the approval.

To qualify for the approval, the AGHOC must be engaged in any of the following group head office activities:

- the supervision, management, and monitoring of the operations of the AGHOC;
- the provision of accounting, data processing, engineering, and other technical support;
- centralized treasury management and other similar funding activities;
- business planning and coordination;
- the making of loans and the provision of corporate finance advisory services;
- the holding of shares and the receipt of dividends and management fees;
- the holding and granting of rights over trademark, patents, and other intellectual property;
- the provision of staff; and
- such other activities specified by the Minister of Finance and Planning.

Regulations are being prepared to govern the administration of the regime including those addressing:

- the terms and conditions under which the relevant certificate is issued to the AGHOC;
- fees or charges in respect of the relevant certificate;
- the keeping of records; and
- the making of reports by holders of the relevant certificate.

KPMG Note

Expatriate staff who qualify for the income tax relief under this regime can also expect relief from other payroll taxes (i.e., statutory contributions to the National Insurance Scheme, National Housing Trust and Education Tax).

Increase in National Insurance Scheme (NIS) Contributions

The National Insurance (Amendment) Act, 2012, which was enacted on December 24, 2012, increased the wage ceiling for contributions to the National Insurance Scheme (NIS) payable by employers, employees, and self-employed persons.² The NIS is a social security facility that provides pension and other benefits to contributors.

The maximum wage ceiling for the contributions has increased from \$1,000,000 to \$1,500,000 effective January 7, 2013. The relevant rates for each contributor remain as follows:

- Employers – 2.5% of emoluments up to the wage ceiling;
- Employees – 2.5% of emoluments up to the wage ceiling;
- Self-employed persons – 5% of earnings up to the wage ceiling.

Footnotes:

1 See:

[http://www.japarliament.gov.jm/attachments/341_The%20Income%20Tax%20\(Amendment\)%20Act,%202012.pdf](http://www.japarliament.gov.jm/attachments/341_The%20Income%20Tax%20(Amendment)%20Act,%202012.pdf) .

2 See:

[http://www.japarliament.gov.jm/attachments/341_The%20National%20Insurance%20\(Amendment\)%20Act,%202012.pdf](http://www.japarliament.gov.jm/attachments/341_The%20National%20Insurance%20(Amendment)%20Act,%202012.pdf) .

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J\$1 = US\$0.0108

J\$1 = £0.00687

J\$1 = C\$0.01087

This article is adapted, with permission, from “IES Country Developments Since December 1, 2012” in *Bulletin*, a publication of the KPMG International member firm in Jamaica.

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The information contained in this newsletter was submitted by the KPMG International member firm in Jamaica. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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