



**The Jamaica Manufacturers'
Association Limited**

“ Step by Step Guide to Exporting” Workshop

KEY CONCESSIONS AVAILABLE TO MANUFACTURERS

Imega Breese McNab, Executive Director,
Jamaica Manufacturers' Association (JMA)





Contribution of the Manufacturing Sector

- **Contribution of the sector in 2013:**
 - ❑ **8.4% to Gross Domestic Product (GDP).**
 - ❑ **71,875 jobs:** The sector employed 6.5% of the labour force and supported approximately 300,000 dependents.
 - ❑ **US\$772.5 million in foreign exchange earnings.** Jamaica exports to 103 countries under 882 tariff headings.
 - ❑ **Contributes J\$30 billion in taxes** or J\$120 million per working day.
- **Jamaica's top four (4) export markets are:**
 - ❑ United States (49%)
 - ❑ Canada (14.3%)
 - ❑ Netherlands (6.9%)
 - ❑ United Kingdom (5.2%)



The Jamaica Manufacturers'
Association Limited

New Pieces of Legislation Governing the Manufacturing Sector

- The Customs Tariff Amendment Act (January 1, 2014)
- The Fiscal Incentives (Miscellaneous Provisions) Act (January 1, 2014)
- General Consumption Tax Amendment Act (October 1, 2014)
- The Stamp Duty (Amendment of Schedule) Order (January 1, 2014)



Definition of Manufacturing

The production of goods in Jamaica by means of a process of manufacture, but DOES NOT include the production of goods which results from a process that consists primarily of any one or more of the following –

- Dividing (including cutting), purifying, drying, mixing, sorting, packaging, branding, testing or applying any other similar process to a product, produce or material that is acquired in bulk.
- Improving or altering any articles or materials without making a change in their character; or
- Repairing, refurbishing, reconditioning, restoring or other similar processing of any articles or materials, or any combination of such processes.



Other Useful Definitions

- ❑ “Raw Materials” means natural or primary goods which have not been worked or processed but the preservation of which is ensured during transportation or storage that their original characteristics are unaltered and remain substantially unaltered.
- ❑ “Intermediary Goods” – means goods which have been transformed from their natural state by being worked or processed, but which have to undergo further working or be incorporated along with some other goods or material in the production of primary products or the manufacture of goods.
- ❑ “Consumables” – means materials (excluding lubricating oils or fuel oil for use in internal combustion engines) and articles consumed or expended by a taxpayer directly in the process of the production of primary products or the manufacture of goods.
- ❑ "Packaging Materials" - means materials used to contain, protect, identify, preserve or display primary products or manufactured goods"



List of Key Concessions

- Relief of Common External Tariff and Additional Stamp Duty
- Discount on Customs Administrative Fee
- Deferment of General Consumption Tax (GCT)
- Employment Tax Credit (ETC)
- Free Zone



Key Concessions:

Common External Tariff and Additional Stamp Duty

- Manufacturers which are certified for productive input relief are qualified for the relief of Customs Duty on raw materials or intermediary goods, packaging materials, consumables and equipment (including parts). Goods which are not eligible for relief are:
 - Goods listed in Part 1 of the Fourth Schedule of the Customs Act, The Customs Tariff Amendment No. 2 and 3 Resolution, 2013 (can be obtained from the Printing Office of Jamaica)
 - Goods which the Commissioner is satisfied can be obtained in adequate supplies locally or regionally.
- Goods which are imported for use solely as raw materials for manufacturing qualify for the relief of stamp duty. The Ministry of Agriculture is to be contacted to ascertain the items that do not qualify.



Key Concessions: Customs Administrative Fee (CAF)

- ❑ Manufacturers qualify for a 50% discount on the processing fees in relation to an Authorized Economic Operator (AEO) entry and customs examination fees on containers of goods on raw materials, intermediate and packaging goods. (Effective February 1, 2015)

NOTE:

- ❑ This concession does not apply to bulk cargo or itemized imports.



Applying to Benefit from Key Concessions

- To be registered as a legitimate manufacturer, *companies are required to complete an Incentive Data Form and return to the Ministry of Industry, Investment and Commerce.*
- This registration is valid for three (3) years.
- The data form can be found at <http://jma.com.jm/jma/home.php?id=162&headingID=24&link=>



Applying to Benefit from Key Concessions Cont'd

RELIEF OF DUTIES ON PACKAGING MATERIAL:

- Complete and submit the [Incentive Data Form](#);
- Provide a listing and description of packaging items being imported;
- Provide estimated quantity of imports for the year;
- Provide a copy of Tax Compliant Certificate; and
- Provide a copy of Certificate of Registration

NOTE

- A site visit of the Production Facility will be conducted by the Ministry of Industry, Investment and Commerce (MIIC).
- Submit your documentation to the following representatives at MIIC:
 - ✓ **Team Leader:** Marcus Edwards contact number- 968-8599;
Email: medwards@miic.gov.jm
 - ✓ Mrs. Avis Matthias contact number- 968-8610; Email: amatthias@miic.gov.jm
 - ✓ Mr. Derick Wellington contact number- 968-8534; Email: dwellington@miic.gov.jm
 - ✓ Mr. Clarence Frater contact number- 968-8624; Email: cfrater@miic.gov.jm



Key Concessions: General Consumption Tax (GCT)

- Deferment of General Consumption Tax (GCT) on raw materials, intermediate and packaging goods, consumables and machinery (including spare parts) at the point of importation.

Conditions:

- Manufacturers/Producers involved in making taxable goods or involved in mixed activities (producers of both exempt and taxable goods) are allowed to import without the payment of GCT on items that would normally qualify under the Productive Input Relief (PIR) of the Fiscal Incentives Act. You are, however, required to account for the GCT when you file your GCT returns by the last working day of the month following the importation of the item (s).



Key Concessions: General Consumption Tax (GCT) Cont'd

- Manufacturers/Producers involved exclusively in making exempt goods are required to pay GCT on their imports that are used in the manufacturing process. However, you will be allowed a refund of the GCT paid on items that would qualify under the PIR when you file your GCT returns.

NOTE:

- Registered Taxpayers must gross \$3,000,000 and over in total supplies to benefit.
- The GCT Return Form 4A has been amended to facilitate the process.
- Certificates are valid for one year.
- This Concession applies only to imports.



The Jamaica Manufacturers'
Association Limited

Applying for GCT Deferment

The Commissioner General
Tax Administration Jamaica
116 East Street
KINGSTON, JAMAICA
Tel: 922-3470-9
Fax: 922-5563



The Jamaica Manufacturers' Association Limited

Applying for GCT Deferment Cont'd

Dear Sirs:

**RE: Application for Approval under the Deferred Payment Scheme
(Section 42) General Consumption Tax Act**

TRN: _____

I/We _____

(Business Name)

Am/are a manufacturer(s) of: * _____

(list products)

In accordance with Section 42 of the General Consumption Tax Act, I/we hereby apply for approval to defer the payment of tax on the importation of the following raw materials, consumables, intermediate goods , Machinery/Equipment, spare parts and Packaging materials*

* _____ *

Name Position

Signature Date

*



Advanced GCT

- ❑ Goods imported under Part 5 of the Third Schedule to the Custom Tariff (Revision) Resolution, 1972 will not attract the advance 5% GCT.



Key Concessions: Fiscal Incentives

Employment Tax Credit (ETC)

- Allowed to employers who pay and file SO1s on time
- Restricted to 30% of income tax liability from trade
- Reduces the Income Tax rate to an effective rate of 17.5%



Computing the ETC

Step 1:

- Total payroll statutory contributions for NIS, Ed Tax, NHT and HEART (employee and employer's portion) filed/paid on time.

Step 2:

- Compute tax chargeable (i.e. at 25%) on profits from trade (exclude non-trade income /passive investment income).

Step 3:

- Claim ETC as computed at Step 1 or a maximum **30%** of the amount computed at Step 2, whichever is lower.

NOTE:

- ETC is not refundable and cannot be carried forward (or back) for use in other years of assessment.*



The Jamaica Manufacturers'
Association Limited

Key Concession: Export Free Zone/Single Entity Free Zone

- Under the Free Zone Act, companies can operate within the designated freezone or outside as a Single Entity (SE) in the Customs territory. To benefit as a SE, the Company must export at least 85% of its production. The incentives are:
 - exemption from Income Tax on profits.
 - Duty and GCT relief on raw materials, capital goods, components, articles for construction, alteration or equipping of premises.

Note:

- The Export Free Zone incentive will be phased out by December 2015 and will be replaced by the Special Economic Zone (SEZ).



Role of the JMA

The JMA was established in 1947 to promote the development of the manufacturing sector.

Services:

- Representing the members on all matters affecting the sector.
- Guidance in starting and operating a manufacturing business.
- Assistance in sourcing financing and factory space.
- Assistance in securing markets through the preparation of market briefs.



Role of the JMA Cont'd

- Promotion of products locally and overseas.
- Providing networking and business opportunities.
- Business development training.
- Capacity building and technical assistance.
- Assistance in adopting Good Manufacturing Practices (GMP) as well as local and international standards.
- Providing information on industry events, opportunities and trends, through email, newsletters, membership meetings and research papers.



**The Jamaica Manufacturers'
Association Limited**

85A Duke Street, Kingston

Tel: 922-8880-3; Fax: 922-9205

email: jma@cwjamaica.com / website: www.jma.com.jm

Facebook: www.facebook.com/JMALimited

Twitter: <https://twitter.com/manufacturersja>

Thank You