



Jamaica Manufacturers' Association

Key concessions available to manufacturers

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Pieces of Legislation Governing Incentives for the Manufacturing Sector

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



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Definition of Manufacturing

The production of goods in Jamaica by means of a process of manufacture which the Commissioner of Customs determines are produced by a process which results from transformation of raw material or intermediate goods ('production inputs') used in the process into goods that are **new** or **distinct** having regard to their **name, use or character**.



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Manufacturing 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 Definition

- ❑ “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.



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Other Useful Definition

□ “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.

Other Useful Definition

- ❑ “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.



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Other Useful Definition

□ "Packaging Materials" - means materials used to contain, protect, identify, preserve or display primary products or manufactured goods"



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Other Useful Definitions

- **“Production of Primary Products”** – means the production (whether by means of cultivation, growth, breeding or rearing or otherwise) of:
 - a. Agriculture crops, livestock, poultry or dairy products
 - b. Products directly derived from apiculture
 - c. Timber and other tree products for forestry operations
 - d. Seeds, flowers, shrubs, herbs and other plants for horticulture operations
 - e. Fish and other freshwater and marine organisms for aquaculture

Concession 1

Duty Free
Relief for
Productive
Inputs



The duty/common external tariff is zero for the following:

- raw materials
- intermediary goods
- packaging materials
- consumables
- equipment (including parts)



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Concession 2

Stamp Duty
Free Relief
for
Productive
Inputs



Goods which are imported for use solely as raw materials for manufacturing qualify for the relief of stamp duty.



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Concession 1 & 2

Duty Free
Relief **NOT**
Allowed
Where...

- Goods listed in Part 1 of the Fourth Schedule of the Customs Act.
- Goods which the Commissioner is satisfied can be obtained in adequate supplies locally or regionally.



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Concession 1 & 2

How to Obtain Duty Free Relief Where...

- a) Goods listed in Part 1 of the Fourth Schedule of the Customs Act.
- b) Goods which the Commissioner is satisfied can be obtained in adequate supplies locally or regionally.

A.

APPLY FOR

A

SUSPENSION OF THE COMMON EXTERNAL
TARIFF

THROUGH THE

MINISTRY OF INDUSTRY, COMMERCE,
AGRICULTURE AND FISHERIES (MICAFA) (form can
be obtained from the JMAs website)

B.

APPEAL THROUGH

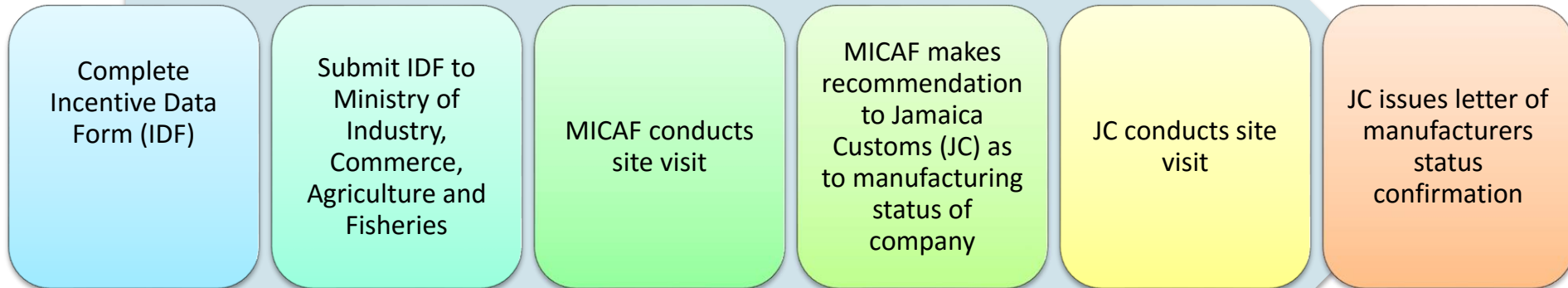
the

FISCAL INCENTIVES LINKAGES COUNCIL

Of the

MINISTRY OF FINANCE

Concessions 1 & 2 Application Process



- Manufacturers status for inputs except packaging materials is valid for three (3) years.
- Manufacturers status for packaging materials productive input relief is valid for one (1) year.
- Investors status for productive input relief is valid for six (6) months.
- The data form can be found on the JMAs website at http://jma.com.jm/jma/_home_.php?id=162&headingID=24&link=

Concessions 1 & 2 Documents Required

Copy of Certificate of Registration

Copy of Tax Compliance Certificate

Incentive Data Form

List and Description of Inputs being Imported

Annual Estimated Quantity of Imports

☐ Submit your documentation to the following representatives at MICA:

✓ **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



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Concession 3A

Discount on
Customs
Processing
Fee (CPF)



Manufacturers in respect
to **Authorized Economic
Operators (AEO)** benefit
from a 50% discount

Concession 3B

Discount on
Customs
Examination
Fee (CEF)




Manufacturers benefit from a 50% discount in respect of **container goods** comprising raw materials, intermediate and packaging goods. (Effective February 1, 2015)

Concessions 3A and 3B do not apply to bulk cargo or itemized imports.

Concession 4

General
Consumption
Tax (GCT)
Deferment
and Refund
for
Productive
Inputs



A. GCT is deferred/refunded on the following Inputs at the Port of Entry:

- raw materials
- intermediary goods
- packaging materials
- consumables
- Equipment (including parts)

B. GCT is deferred/refunded on the following Input Purchased Locally:

- Packaging materials



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Concession 4

A. GCT
Deferment



B. GCT
Refund



Who Benefits:

A. Manufacturers 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. 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).

B. Manufacturers involved exclusively in making exempt goods are required to pay GCT on their imports that are used in the manufacturing process. However, qualifies for a refund of the GCT paid on items.

Concession 4B

Advanced
General
Consumption
Tax (GCT)



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

Concession 4



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.

Concessions 4 Application Process

Submit application letter by email and or hard copy to
The Commissioner General
Tax Administration Jamaica
116 East Street, Kingston

Tel: 922-3470-9

Fax: 922-5563



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

*

Concession 5

Fiscal

Incentive:

Employee Tax
Credit (ETC)



The ETC is :

- 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%

Concession 5: Computing the ETC

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

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

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.



Jamaica Manufacturers' Association

- ❑ Established in 1947, 69 years ago
- ❑ Represents 416 companies
- ❑ Established its Export Division August 2015
- ❑ Assisted 140 potential and existing exporters in one year



CONTACT and FOLLOW US



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