



POWER OF THE COMMISSIONER GENERAL

The Commissioner General is empowered by the Income Tax Act :

- To make RAIS assessments in the respect of years where no returns are filed. This can be done at any time within six (6) years after the end of the chargeable year of assessment.
- To verify tax liabilities.
- To randomly select cases for audit.
- Require person/s liable (or not) for income tax to deliver a return.

CALCULATION OF TAX LIABILITY

	2016	2017
Total Income	\$2,200,000	\$2,200,000
Less Business Expenses	\$650,000	\$650,000
* Statutory income	\$1,550,000	\$1,550,000
Less nil rate	\$796,536	\$1,375,140
Taxable income	\$753,464	\$174,860
Tax (\$753464.00 x 25%)	\$188,366	-
Tax (\$174860.00 x 25%)	-	43715.00

* Deductions may also include NIS & Superannuation/Approved Retirement Schemes

Responsibility of an individual carrying out a business or engaged in Private Practice (professionals)

Keep complete records of all:

- Sales, fees received
- Purchases
- Stock
- Drawings (cash/goods for personal use)
- Other business expenses



Five (5) Reasons Why Keeping Proper Records Can Benefit You

1. Well-kept records may shorten the length of time an income tax audit takes to be completed.
2. Can help you get loans from banks and other creditors.
- 3 Keeps you better informed about the financial position of your business.
4. Help to avoid charges and penalties.
5. Can help to verify all your business expenses for tax audit purposes.

Note: 1. In filing your Annual Return, income from all sources must be included. If you are also employed, any tax deducted by your employer is allowable as a credit against your liability.

Note: 2. Penalty for late Filing - \$5,000 per month or part of a month for the period the Return (s) remain outstanding up to a maximum of \$1,000,000.

FOR MORE INFORMATION

Call: **888-TAX-HELP (829-4357)**

888-GO-JA-TAX (465-2829)

Email: taxhelp@taj.gov.jm

Website: www.jamaicatax.gov.jm

FB: www.facebook.com/jamaicatax

Twitter: [@jamaicatax](https://twitter.com/jamaicatax)

or

Visit any tax office

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INCOME TAX FOR INDIVIDUALS & BUSINESSES



INTRODUCTION

Jamaica's Economic growth is impacted by the success of self-employed persons' businesses. At Tax Administration Jamaica, it is our goal to provide all the support we can to help entrepreneurs to meet their tax obligations.



RETURNS

- Individuals and Self-employed persons are required to file *Income Tax Return; ITO1* prior to 2014 and *SO4* for Year of Assessment 2014 and subsequent years.

WHO SHOULD FILE:

- All individuals engaged in a trade, profession, vocation or business.
- Employed persons (including pensioners) with other sources of income
- Partners (showing share of partnership profits).

NB. A partnership is not taxable, but a partnership return (IT03) should be filed showing the partnership income and its distribution.

Each partner's return **must** include their share of the partnership profit.

All returns filed for each partner should have a Taxpayer Registration Number (TRN).

FILING OF RETURNS

Tax Returns are due on or before March 15th in the year following the Year of Assessment.

Estimated Tax Returns are due March 15th and the payments are **due March 15th, June 15th, September 15th and December 15th.**

All Returns should be filed online. Please see our e-filing Bulletin.

INCOME SOURCES

EXAMPLES OF SOURCES OF INCOME

- Sale of goods
- Fees received from rendering services/subcontracts
- Farming
- Mini-bus/taxi service
- Rent

DEDUCTIONS ALLOWED INCLUDE:

- Wages and salaries for staff.
- Rental paid for business premises.
- Interest paid on bank loans/overdrafts used for business purposes.
- Insurance-fire/theft.
- Transportation expense.
- Other expenses incurred in the earning of business income.

DEDUCTIONS NOT ALLOWED INCLUDE:

- Private/domestic expenses
- Capital expenses
- Depreciation

CAPITAL ALLOWANCES

Capital allowances is deducted from business income in lieu of depreciation. The rate of the capital allowances depends upon the type of asset.

BUSINESS LOSSES

Losses from a business can be set off against the total income from all sources received in the current year. The maximum loss that can be set off is 50% of the taxable income, for each year of Assessment. Unused Losses may be carried forward indefinitely.

EXAMPLES OF PROFESSIONALS (OPERATING IN PRIVATE PRACTICE)

• Doctors	• Accountants
• Lawyers	• Engineers

RATES & EXEMPTIONS -	2016	2017
Tax Rate	25% & 30%	25% & 30%
Age Exemptions	\$80,000	\$80,000
Pension Exemp-	\$80,000	\$80,000

Income Tax Threshold

YEAR	THRESHOLD AMOUNTS PER ANNUM
2007	\$193,440
2008	January 1– June 30 \$96,720 July 1- December 31 <u>\$100,152</u> Effective Rate Total \$196, 872
2009	January 1– June 30 \$110,136 July 1- December 31 <u>\$160,368</u> Effective Rate Total \$ 270,504
2010 - 2012	\$441,168
2013 – 2014	\$507,312
2015	\$557,232
2016	\$796,536
January – June	\$296,400
July - December	<u>\$500,136</u>
Effective Rate Total	\$796,536
2017	January – March April - December \$250,068 <u>\$1,125,072</u> Effective Rate Total \$1,375,140
2018	January – December \$1,500,096