



Tax Administration Jamaica
Working together to serve you EVEN better

Self-Employed Individuals Taxes & Contributions

	RATES	Basis of Calculation
NIS *	5 %	Net Profit
NHT	3 %	Net Profit
ED TAX	2.25 %	** Statutory Income
INCOME TAX	25 %	Taxable Income

Revised May 2013

***NIS Ceiling for Self-Employed:** 5% of \$1,500,000 = \$75,000 per annum

****Statutory Income = Total Income Less Allowable Deductions.**

Allowable Deductions are NIS Contribution, Approved Retirement Scheme Contributions, Capital Allowances, Losses and Approved Donations.

FOR MORE INFORMATION: Call 1- 888 - TAX - HELP (829- 4357) or 1- 888 - GO-JA-TAX (465-2829)/
Website: www.jamaicatax.gov.jm or www.jamaicatax-online.gov.jm/ Facebook:www.facebook.com/jamaicatax
Twitter: @jamaicatax or visit the Tax Office nearest you.

May 2013

HOW TO CALCULATE A SELF-EMPLOYED PERSON'S INCOME TAX LIABILITY for 2012/13

A fashion boutique owner started her business in 2012/13 and earned \$1.5 million in gross receipts. She purchased a computer at the start of business for \$60,000. Below is an illustration of the calculation of the statutory and taxable income to arrive at tax payable.

	2012	2013
NON PENSIONER	\$	\$
Gross Receipts	1,500,000	1,500,000
Less: Cost of Sales/Operations	<u>(400,000)</u>	<u>400,000</u>
GROSS PROFIT (\$1,500,000 - \$400,000)	1,100,000	1,100,000
*Less: Business/Administrative Expenses	<u>(300,000)</u>	<u>(300,000)</u>
NET PROFIT (\$1,100,000 - \$300,000)	800,000	800,000
LESS: Allowable Deductions		
Capital Allowance (computer)	25,500	(25,500)
NIS Contribution (5% of \$800,000)	<u>\$40,000</u>	<u>(\$40,000)</u>
	<u>(\$65,500)</u>	<u>(\$65,500)</u>
STATUTORY INCOME (\$800,000 - \$65,500)	734,500	734,500
Less: Income Tax Threshold	441,168	507,312
TAXABLE INCOME (\$734,500 - \$441,168) (\$734,500 - \$507,312)	293,332	227,179
TAX PAYABLE (\$293,332 x 25%) (\$227,179 x 25%)	73,333	56,794.75

$$\begin{array}{l} \text{Cost of Operations} = \text{Opening Stock} + \text{Purchases} \quad - \text{Closing Stock} \\ \$400,000 \quad \quad = \$750,000 + \$250,000 \quad \quad - (\$600,000) \end{array}$$

***Administrative Expenses** consists of all **operational costs** of \$300,000 such as rent - \$200,000, wages - \$100,000 (complete on form **IT01 - Schedule 1**)

Capital Allowance on computer (complete on form **Schedule 2 - Capital Allowance Schedule**)

- **Initial Allowance** - \$60,000 x 20% = \$12,000

- **Annual Allowance** - \$60,000 x 22½% = \$13,500
\$25,500

Threshold means the **tax-free** portion of **your taxable** Income and this amount is only used to calculate Income Tax.