

TAXES & CONTRIBUTIONS -

TYPES OF DEDUCTIONS & CONTRIBUTIONS

DEDUCTIONS

(Taxes on Income)

PAY AS YOU EARN (PAYE)

The PAYE System allows employers to deduct Income Tax and Education Tax from employees' income on behalf of the Government and make payment to the relevant Tax Collectorate.

INCOME TAX

Income Tax is a tax on an individual's statutory (chargeable) income. It is payable by all employed persons. The tax on income is to be deducted and paid over by the employer.

EDUCATION TAX (ED TAX)

Employers must deduct Education Tax from emoluments paid to employees. All taxpayers who are gainfully employed are liable to this tax.

The following employers are exempt from paying employers' Education Tax:

- Ministries or Departments of Government
- Parish Councils
- Kingston and St. Andrew Corporations
- The University of the West Indies

CONTRIBUTIONS

HUMAN EMPLOYMENT & RESOURCE TRAINING (HEART)

Some of the objective of the HEART fund are to:

1. Develop, encourage, monitor and provide finance for training scheme for employment of trainees
2. Provide employment opportunities for trainees
3. Assist in the placement of persons seeking employment in Jamaica
4. Promote employment projects

HEART contributions are only paid by employers whose total gross taxable monthly emoluments exceed \$14,444 monthly

NATIONAL INSURANCE SCHEME (NIS)

National Insurance Scheme (NIS) is a compulsory contribution funded social security to which both employer or employee contributes. It offers some financial protection to the worker and his/her family against loss of income arising from injury on the job, sickness, old age and death of the breadwinner. Self-employed persons are also required to contribute.

Contributions may be paid at any Collectorate.

The NIS is administered by the Ministry of Labour and Social Security.

NATIONAL HOUSING TRUST (NHT)

Contributors to the NHT include:

- employed persons
- self - employed persons
- voluntary contributors and
- employers

Contributions are pooled and are used to fund loans to beneficiaries, housing construction and short term investments. Employee contributions are refundable after eight(8) years if no benefit is accessed by the contributor.