



# OECD UPDATE ON TRANSFER PRICING IN JAMAICA

Mr. Diego GONZALEZ - OECD  
ICAJ Seminar on Taxation  
May 2019



# Agenda

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- Transfer Pricing Audit Trends
  - Where is TAJ heading
  - Support Programmes for Jamaica
- Relevant transactions in Jamaica
- Jamaica's efforts regarding Transparency
- Next steps



# Transfer Pricing in Jamaica

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- TP Regime introduced to protect Jamaican tax base
- TP Bill introduced Arm's Length Principle (terms and conditions)
  - Aligned with OECD standards and internationally accepted principles
- Facilitate compliance and demonstrate fairness with business
- Ensure taxpayers pay their fair share of tax... and avoid tax evasion!



## Supporting Jamaica

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BEPS and Transfer Pricing  
Capacity Building Programme

**Tax Inspectors Without Borders  
programme**

**Twinning programme**  
*Canada - Jamaica*



# Transfer Pricing Audit Trends in Jamaica

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- Technically strong TAJ that understands taxpayers businesses, industries and transactions.
- TAJ preparing itself to be in same level as taxpayers
- **Substance over form** / Economic interpretation

Impact:

- First completed audit



# Relevant Transfer Pricing Transactions in Jamaica

## Statistics:

- Filings

Item	2015	2016
Total taxpayers that filed	25	240
Total transactions disclosed	30	2,639

- Magnitude of transactions (2016)

Item	Q	JMD	EUR
Total expense transactions	1,440	195 billion	1,7 billion
Total revenue transactions	1,199	208 billion	1,8 billion
Total transactions	2,639	403 billion	3,5 billion



# Relevant Transfer Pricing Transactions in Jamaica

Statistics:

- Top 10 Countries with which transactions are carried out (2016)

Country of incorporation	Count
Jamaica	1,627
USA	140
St. Lucia	99
Barbados	68
Trinidad & Tobago	55
Panama	49
Bahamas	33
Mexico	26
Spain	27
Dominican Republic	22
<b>Total</b>	<b>2,146</b>



## Statistics:

- Magnitude of Expense

## Transactions (2016)

Connected Transactions - Item	JMD	EUR
Stock- In-Trade and Raw Materials	92 billion	797 million
All Other Goods & Services	58 billion	508 million
<b>Management Fees</b>	<b>12 billion</b>	<b>103 million</b>
Reimbursement	9 billion	78 million
<b>Technical Services/Commission</b>	<b>7 billion</b>	<b>62 million</b>
<b>Rent / Lease Payment</b>	<b>7 billion</b>	<b>62 million</b>
Finished Goods	2 billion	20 million
<b>Advertising &amp; Promotions</b>	<b>2 billion</b>	<b>19 million</b>
<b>Interest expenses</b>	<b>2 billion</b>	<b>18 million</b>
<b>Royalties related to Intellectual Propertie</b>	<b>2 billion</b>	<b>17 million</b>
<b>Insurance</b>	<b>1 billion</b>	<b>9 million</b>
<b>Professional / Consultancy Fees</b>	<b>390 million</b>	<b>3 million</b>
<b>TOTAL</b>	<b>195 billion</b>	<b>1,7 billion</b>





# Jamaica's Efforts regarding Transparency

- **Jamaica is a member of the** Global Forum on Transparency and Exchange of Information (**150** countries and jurisdictions members **on an equal footing**)
- **Exchange on information on request** in place (**Largely Compliant** )
- Currently working on implementing **automatic exchange of information**
- Access to information from and cooperation with 128 jurisdictions through MAC
- **Stronger audit capabilities and availability of information**





# Transfer Pricing in Jamaica – Next Steps

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- Legislative improvements in process
- Finalisation of CbCR and Transparency standards Implementation
- Increased audits, industry focus.
- TAJ open to discuss with taxpayers/stakeholders
- Strengthen enhanced relationship with taxpayers



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