

TECHNICAL ADVISORY

Issued By: Tax Administration Jamaica (TAJ)
Date: December 2014
Advisory #: 2014/13/IT
Technical Paper: *THE APPLICATION OF THE NEW THRESHOLD FOR INDIVIDUAL TAXPAYERS YEAR OF ASSESSMENT 2015*

LEGISLATIVE REFERENCE:

All reference is to the Income Tax Act.

YEAR OF ASSESSMENT 2015

The increase in the threshold from \$507,312 to **\$557,232 effective January 1, 2015** will result in the following tax free amounts being applied to income earned by an individual before the calculation of income tax:

\$ 10,716.00	Weekly
\$ 21,432.00	Fortnightly
\$ 46,436.00	Monthly
\$139,308.00	Quarterly

SELF EMPLOYED INDIVIDUALS

These persons are required to file estimated returns for the current year and make payments of their estimated tax liability in four equal installments.

The net tax effect per annum for each individual per annum will be a reduction of \$12,480.00 ($557,232 - 507,312 = \$49,920 \times 25\%$).

The net tax effect for each individual per quarter will be a reduction of \$3,120.00

PENSIONERS

Pensioners will benefit from the new tax measures only as far as the threshold is applicable. **There is no amendment to Sections 12(z) and 12(ab).**

The two exemptions of \$80,000 provided for by Section 12(z) and 12(ab) of the Income Tax Act along with the increase in threshold, will now allow pensioners the following entitlements:

Year of Assessment 2015

Pensioners under age 65 years

Exempt Income [Section 12(z)]	\$ 80,000
Income at Nil Rate of Tax	<u>\$557,232</u>
Total Tax Free Income	\$637,232

Pensioners age 65 years and over

Exempt Income [Section 12(z)]	\$ 80,000
Exempt Income [Section 12(ab)]	\$ 80,000
Income at Nil Rate of Tax	<u>\$557,232</u>
Total Tax Free income	\$717,232

Individuals age 65 and over not in receipt of pension

Exempt Income [Section 12(ab)]	\$ 80,000
Income at Nil Rate of Tax	<u>\$557,232</u>
Total Tax Free Income	\$637,232