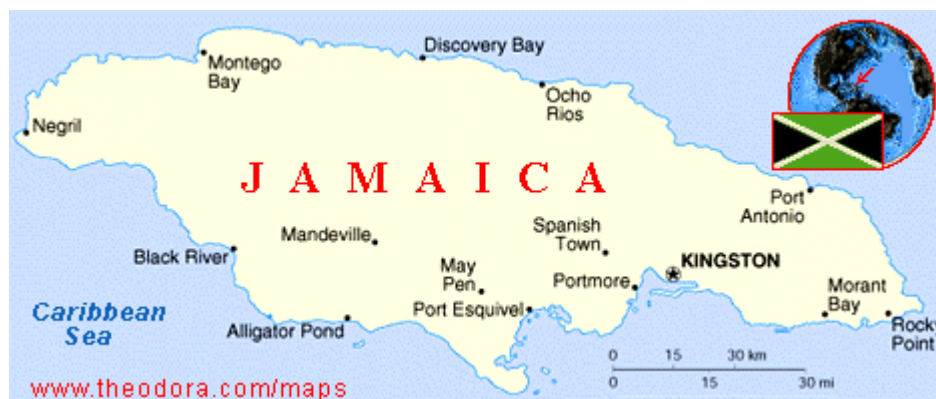


Investing or Doing Business in Jamaica?

- A brief overview.



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GEOGRAPHY

With a total land area of 4,442 square miles (10991 sq. km.) and a population of approximately 2.8 million, Jamaica is situated in the Caribbean Sea, only 890 km south south east of Miami. Jamaica is the largest English-speaking Island in the Caribbean and the third largest in the region. Because of its location the island is called on by over thirty major shipping lines, which provides transoceanic and other regional services including customs and cargo clearance services. Port Bustamante, in the capital city Kingston, is situated in the world's seventh largest Harbour in the World. The main seaports include Kingston, Montego Bay, Ocho Rios and Port Antonio.

RELIGION

Religion comprises of several denominations – Anglican, Baptist, Presbyterian, Methodist, Seventh Day Adventist, Jehovah's Witnesses, Roman Catholic, Jewish Evangelical and Rastafarian.

TIME

Jamaica is on Atlantic Standard Time, which means it is one-hour behind Eastern Standard Time and in winter it is on EST.

CLIMATE

Jamaica's climate is one of its greatest attributes, temperatures are warm throughout the year, which is the basis for economic development through tourism and provides a generally good living environment.

GOVERNMENT

A member of the British Commonwealth, the democratically appointed government of Jamaica is composed of a Governor General on the recommendation of the Prime Minister who acts as the representative of the Queen of England. The House consists of a majority party, which is the successful Government, and the minority, which is called 'the Opposition.'

TECHNOLOGY & SERVICES

Jamaica is technologically advanced in its communication, with amenities including: mobile service, high-speed Internet access, and operator assisted services worldwide. The quality of service regarding both coverage and quality offered by the various telephone companies is by world standards excellent. As a major tourist destination, Jamaica has a large volume of telephone traffic with North America and Europe. Both cable and satellite facilities provide alternative transmission modes to the rest of the world. Internally, digital exchanges as well as mobile and cellular services combine with the latest information technology applications to offer state of the art services to the corporate sector. Courier services for both internal and international freight are also available.

Island-wide, the electricity supply is ample for the population and the water is potable. Transportation is diverse, namely the numerous international airlines and [Air Jamaica](#); seaport, passenger and cargo transportation; the construction of two major highways ([Highway 2000](#)) will significantly reduce the time it takes to travel, increasing efficiency and productivity. There are two international airports – [Norman Manley International](#) in Kingston and [Sangster International](#) in Montego Bay. Additionally, the improvements being made by the Government on various roads leading into major cities and business districts make travel relatively easy. All vehicles must drive on the left-hand side of the road in Jamaica. There is a rail network now only used by the Mining and Agricultural sectors.

ECONOMY & BANKING

Jamaica is categorized as an emerging country and consists of a mixed, free-market economy combining both state-owned entities and private-sector organizations. Mining and agriculture are our two most important economic sectors with tourism and manufacturing contributing significantly to the economy.

The Banking Act of 1960, amended in 1992 established the [Bank of Jamaica](#) as the country's central bank. It issues and regulates our currency, the Jamaican dollar and administers exchange control policy (foreign currency trading and licensing of authorized foreign exchange traders). Companies wishing to carry on banking business are obligated to obtain a license from the Minister of Finance, fulfill certain minimum share capital requirements, maintain cash reserves at the Bank of Jamaica and also maintain a specific minimum ratio of liquid assets to deposit liabilities and also make certain information accessible to the Inspector of Banks.

Through the commercial and merchant banks throughout the island you can utilize online and telephone banking to check balances, view account activity, transfer money, pay bills and download account information. The banks through their network of branches across Jamaica, offer competitive and attractive interest rates for loans, asset management and securities. Business is also done in foreign currency throughout Jamaica and the rate of exchange is J\$64 to US\$1 (February 2006). The Money Transfers island-wide provide an outlet for buying and selling foreign exchange for possible investments.

Despite financial problems and the economic fluctuations the country faces, there is potential for growth. The Government of Jamaica is endeavouring to encourage economic action by providing a wide range of incentives to investors including duty free access for imported materials and machinery.

The major commercial banks in Jamaica are the [National Commercial Bank Jamaica Limited](#), [Bank of Nova Scotia](#), Citibank, [RBTT Bank Jamaica Limited](#), & [FirstCaribbean International Bank Jamaica Limited](#).

Government and other lending institutions include:

- **The Development Bank of Jamaica** – The merger of the Agricultural Credit Bank of Jamaica Limited and the National Development Bank of Jamaica Limited created the Development Bank of Jamaica Limited. Established to provide medium and long term funds to business enterprises through commercial banks, its primary objectives are: to foster economic development in Jamaica, increase employment by assisting in the establishment, expansion, diversification and modernization of business enterprises and to facilitate the widening of Jamaica's entrepreneurial base. The Bank's mission is to assist in the development and modernization of all viable enterprises in the agriculture, agro-industrial, services, manufacturing and tourism sectors of the economy. These are provided principally through the Bank's network of Approved Financial Institutions, which include Commercial and Merchant Banks, Peoples Co-operative Banks and Credit Unions.
- [Jamaica Mortgage Bank \(JMB\)](#) - This institution deals in primary and secondary mortgage markets.
- **Small Business Loan Board** – This is a statutory body, which encourages the production of specific commodities by extending credit and financing generally or through grants and subsidies to industry, commerce and agriculture.
- **Credit Unions**
- **Building Societies** – Financial institutions that mobilize savings and extend medium and long term financing mainly through mortgages.

- [National Export – Import Bank of Jamaica Limited \(Ex-Im Bank\)](#) - Trade is encouraged between Jamaica and other countries through the provision of insurance and financing services to exporters, manufacturers and the construction industry. The Ex-Im Bank operates three facilities, which allow exporters to obtain capital financing. The Pre-Shipment Financing Facility, The Bankers Export Guarantee Facility and the Export Credit Facility.

THE JAMAICA STOCK EXCHANGE

The types of securities traded by the Exchange are Securities, ordinary/common, preference and corporate bonds. Government Bonds are traded in Bank of Jamaica regulated over the counter market, principally by stockbroker members and are not listed on the Exchange. Stock broking is restricted to broker members who trade both as agents and as principals. Under the Companies Act, the broker members make up the members of the Exchange with the right to exercise all powers of directors. Currently, over fifty companies are listed on the [Jamaica Stock Exchange](#). The listing of securities on the Exchange is in the absolute discretion of the Council of the Exchange, which may delegate such powers to a duly appointed committee. Listed companies are required to conform to provisions of the Companies Act of Jamaica and to provide the Exchange with annual audited financial statements with certain minimum information and within specific time periods. Additionally, listed companies are required to submit quarterly unaudited financial returns.

FINANCIAL SERVICES COMMISSION (FSC)

The [FSC](#) supervises and regulates the securities industry, the insurance industry and soon, the private pensions industry. As such it may be properly described as an integrated financial services regulator. In doing so the FSC oversees the registration, solvency and conduct of approximately 114 firms and over 1,200 individuals doing business in the securities and insurance (life and General) industries. It will also be responsible for the registration and oversight of over 800 private pension plans and as yet an unknown number of pensions administrators and investment managers.

SECURITY

The [Jamaica Constabulary Force](#) provides security for the Island, the national police force reinforced by [The Jamaica Defense Force](#) (Army). A number of commercial organizations also provide security, services, guards, guard dogs, cash and payroll transportation. Arms should be carried only with the permission of the police, through a license.

LABOUR AND EMPLOYMENT

WORKING CONDITIONS

Non- residents of Jamaica are required to obtain the permission of the Ministry of Labour prior to engaging in any gainful venture or form of employment. The prospective employer submits the application to the [Ministry of Labour](#) on the basis of non-availability of local skills. [JAMPRO](#), a government agency issues permits to independent foreign investors upon approval of application and submission of necessary paperwork. Permits are usually granted for a period of two years.

MINIMUM WAGE

The National Minimum Wage Law provides for a general minimum of \$2,800, \$70 per hour over an eight hour day, 40 – hour week, with increases for overtime and public holidays.

Other Minimum Benefits

All workers are entitled to vacation leave, sick leave with pay , one rest day per week. On termination or dismissal workers are entitled to pay in lieu of notice after working for 4 weeks and the pay scale increases with the duration of time with the organization. The law also provides for maternity leave and discrimination between sexes is prohibited.

Statutory Contributions

- National Insurance Services (NIS) – All employees over the age of 18 must contribute 2.5% of their wages with the employer up to a maximum salary level of \$15,080 per annum.
- [National Housing Trust](#) (NHT) – The contribution for NHT is employee 2% and employer 3%.

Other Contributions

Pensions – The Pension and Superannuation provision, requires the employer to pay 5% of wages and the employees can make contributions of up to 10%.

Education Tax – A contribution of 2% of the employee’s gross salary is deducted on a monthly basis.

P.A.Y.E. (Pay As You Earn)– Employees are required to deduct 25% income tax from the wages of their employees less the threshold. Monthly payments must be made to the Collector of Taxes.

HEART – The employer contributes 3% of the employee’s salary.

TAXATION

Income Tax

All residents and non-residents of Jamaica with income arising in Jamaica are subject to income tax unless otherwise stipulated under legislation.

Other Taxes

- Stamp Duty
- Property Tax
- Transfer Tax
- Import Duty
- Excise Duty
- General Consumption Tax (GCT)

Double Taxation Treaties

Jamaica has Double Taxation Treaties with over 25 Countries including The United States of America, Canada, The United Kingdom, China, France, Germany and all Caricom nations. These treaties deal with relief from double taxation on income tax and relief on tax on interest. For example, under the Double Taxation Treaty payment for interest rates to non-residents are Canada 15%, USA 12 ½%; U.K. 12 ½%; The Federal Republic of Germany 12 ½%, with the exception of recipient bank 10%; Sweden 12 ½%; Israel 15%; Norway 12 ½%; Denmark 12 ½%. If the rate is not relieved by double taxation non-residents are subject to pay a withholding tax at 25% for individuals and 33 1/3% for other persons. This rate may be subject to reduction depending on the type of income and the country of residence.

LEGALLY RECOGNISED FORMS OF BUSINESSES

- Limited Liability Company
- Branch of foreign company
- General or limited Partnership
- Sole Proprietorship

As a result of the concessions under the incentives provided by the legislation outlined below, which are in most cases restricted to bodies incorporated, the limited liability company has found the most favour with investors.

The branch of a foreign company that wishes to open business in Jamaica must be registered under the Companies Act and is regulated under Jamaican laws. Annual audited financial statements of companies incorporated in Jamaica are also required under the [Companies Act](#).

Company Name & Registration

Businesses operating without registering at the Companies Office of Jamaica (formerly the [Registrar of Companies](#)) are operating illegally. Once registered, businesses are uploaded to the Companies Office of Jamaica website. This allows, individuals and firms to check company documents or business names online.

To register business names, the following is necessary:

- Sole Traders must submit a BN1 form.
- Partnerships must submit a BN2 form.
- If the business sells goods each applicant must submit three photographs certified by a Justice of the Peace or an Attorney-at-Law. In the case of a partnership, all partners must supply photographs.
- Registration fee is \$1,500

JAMAICAN PREFERENTIAL TRADE AGREEMENTS

Jamaica is a member of the Caribbean Single Market (CSM), which encourages the free movement of goods and services with twelve other countries, through measures such as eliminating barriers to intra-regional movement and harmonizing standards to ensure acceptability of goods and services traded. The [CARICOM](#) Single Market (CSM) co-ordinates and harmonizes economic policies, interest rates, laws and tax regimes in order to create more even development across member states and enter effectively into trading arrangements and economic links with other countries and regional groups. The Island is one of the few countries that receives preferential tariff treatment on its products entering industrialized countries.

Generalized System of Preference (GSP)

An emerging country, Jamaica falls under the group of Third World countries, called the Group of 77 which is eligible for GSP, designed to afford emerging countries preferential access to a wide range of their exports to the developed countries to increase the export earnings of the emerging countries. Agricultural and agro-industrial products benefit particularly from this arrangement.

807 Programme

Under the provisions of the United States, U.S. components assembled outside the United States and re-imported into the United States do not attract import duty on the full value of the fully assembled product. Exporters of goods made up of U.S. components may gain access to the American market, duty free.

Lome Convention

This is a combined trade, industrial, financial and technical cooperation agreement between the twelve countries of the European Union (EU) and 66 African, Pacific and Caribbean (ACP) nations. This allows free access to the EU market for goods exported from the ACP and provides financial aid.

Trade Agreements

- Asia: China, Republic of Korea
- Caribbean and Latin America: Caricom, Costa Rica, Dominican Republic, Mexico
- Africa: Nigeria
- Europe: Czech Republic, Hungary, Norway, and the Russian Federation
- World Trade Organization ([WTO](#)).

INCENTIVES (LEGISLATION) FOR INTERNATIONAL INVESTORS

Jamaica welcomes foreign investment.

The Government agency, Jamaica Promotions Corporation (JAMPRO) exists to facilitate the establishment of businesses and the expediting of proposals through the various Ministries where applications have been made for licenses or concessions under the incentive legislation.

Export Industry Encouragement Act

The Act stipulates that in order to qualify for incentives the manufacturer must be an exporter of manufactured products exclusively for sale outside of Jamaica and other CARICOM countries. Upon fulfillment of these requirements the manufacturer may receive concessions on income tax for up to ten years and well as exemption from import duties on raw materials and machinery.

The Jamaica Export Free Zones Act

The Act empowers the Minister to designate certain areas in Jamaica as Export Free Zones. There are two such designated areas, the Kingston Export Free Zone and the Montego Bay Free Zone. Activities such as warehousing and storing, manufacturing, trans-shipment, exporting, importing, service operations, packaging and shipping, assembling and merchandising can be undertaken in the Free Zone areas.

The Industrial Incentives Act

This Act applies to companies that will produce primarily for sale on the Jamaican market. If the business is a producer with an 'approved product' in an 'approved enterprise', then they may stand to benefit from this Act. This exempts them from the payment of income tax for a period of time, depending on the product.

Shipping Act

When a company is recognized as an 'approved shipping corporation' they may receive tax relief and concessions on import duties for up to ten (10) years.

Moratorium on Duties

A company that does not qualify under existing incentives laws, but is able to prove that it holds the potential to significantly contribute to foreign exchange earnings may be granted relief from export duties by the Finance Minister for up to three years.

Exchange Control Act

The Government has no restrictions on foreign currency flowing into or out of Jamaica.

Bauxite and Alumina Industries Encouragement Act

A business engaged in the mining of bauxite or the production of alumina in Jamaica receives concessions on capital goods, lubricating oils, grease and other chemicals under this Act.

Hotel Incentives Act

A hotel must have 10 or more bedrooms to benefit from this Act, in addition to providing meals and accommodation for transient guests, including tourist. The Act offers upwards of 10 years income tax relief and duty concessions.

Factory Construction Law

Companies that construct factories and lease or sell them to manufacturers under the export industry Act are granted relief from import duties for items which are unavailable locally and income tax on income from factory leasing or gains made from sales.

International Financial Companies Act (Income Tax Relief Act)

This Act provides for partial relief from income tax for the benefit of bodies corporate considered to be international finance companies and are approved and recognized under the Act.

PUBLIC HOLIDAYS

New Year's Day – January 1

Ash Wednesday -)

Good Friday – Varies

Easter Monday -)

Labour day – May 23

Emancipation Day – August 1

Independence day – First Monday in August

National Heroes Day – Third Monday in October

Christmas Day – December 25

Boxing Day – December 26

We invite you to visit the following links for more in-depth legal information to aid in investing and doing business in Jamaica or visit us **Downtown, Kingston** at 48 Duke Street and speak to one of our Attorneys.

www.dunncox.com/pages/faqs.htm

www.dunncox.com/library/articles.php

www.dunncox.com/pages/library/lawnotes.php

For general information on investing in Jamaica, please visit the following pages:

<http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=97>

www.investjamaica.com/faqs/answers/incentives.php

www.jrs.gov.jm/

www.iprcommission.org/graphic/views_articles/legal_times.htm

www.investjamaica.com/faqs/answers/work.html

www.nla.gov.jm/land_titles.html

www.orcjamaica.com

1. Administrator General's Department

<http://www.mnsj.gov.jm/agd>

2. Bank of Jamaica

<http://www.boj.org.jm>

3. JAMPRO

<http://www.investjamaica.com>

<http://www.thetimes.co.uk>

4. Jamaica Real Estate Listings

<http://www.jarealty.com>

5. Registrar General's Department

<http://www.rgd.gov.jm>

6. Registrar of Companies

<http://www.orcjamaica.com>

7. Statistical Institute of Jamaica

<http://www.statinja.com>

8. Titles Office

<http://www.nla.gov.jm>



Kingston, Jamaica