

CONTRIBUTION

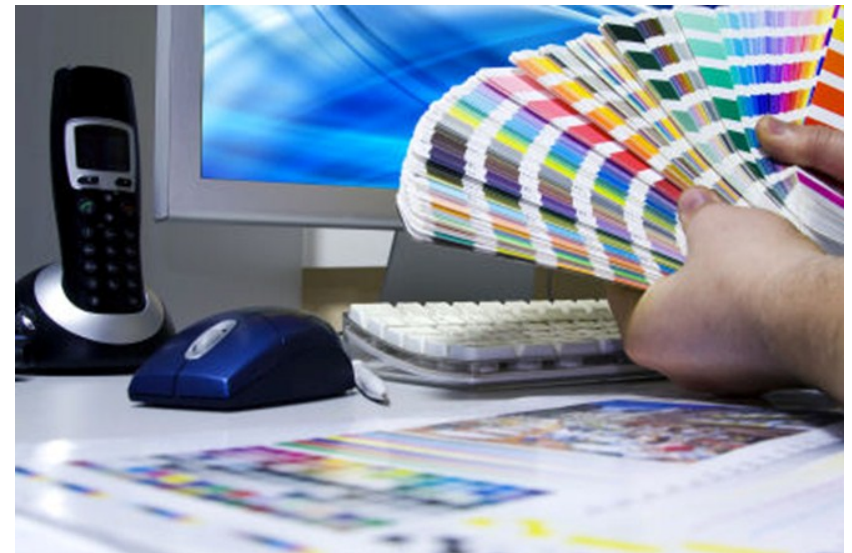
	Marie	Steve
NIS		
Restricted 5% of \$15,00,000	\$75,000	\$75,000
NHT		
3% of \$4,000,000	\$120,000	
3% of \$8,000,000		\$240,000
Education Tax		
2.25 x \$3,525,000	\$79,312.5	
(2.25 x \$7,125,000)		\$160,312.5
	\$274,312.5	\$475,312.5



Tax Administration Jamaica
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Self-Employed Individuals

Taxes & Contributions



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**Revised
July 2016**

HOW TO CALCULATE A SELF-EMPLOYED PERSON'S INCOME TAX LIABILITY for 2016

Marie & Steve are self-employed Graphic Artists with gross receipts for 2016 of \$16,400,000, and \$26,000,000 respectively. The tax liability for 2016 is calculated as follows.

	Marie	Steve
	2016	2016
NON PENSIONER	\$	\$
Gross Receipts	16,400,000	26,000,000
Less: Cost of Sales	<u>6,000,000</u>	14,000,000
GROSS PROFIT (\$16,400,000 - \$6,00,000) (\$26,000,000 - \$14,000,000)	10,400,000	12,000,000
*Less: Business/Administrative Expenses	<u>(6,400,000)</u>	<u>4,400,000</u>
NET PROFIT (\$10,400,000 - \$6,400,000) (\$12,000,000 - \$4,400,000)	4,000,000	8,000,000
LESS: Allowable Deductions		
Capital Allowance (computers)	(400,000)	800,000.00
NIS Contribution (5% of \$1,500,000)	<u>(75,000)</u>	75,000.00
	<u>(475,000)</u>	<u>875,000</u>
STATUTORY INCOME (\$4000,000 – \$475,000) (\$8,000,000 - \$875,000)	\$3,525,000	7,125,000
Less: Income Tax Threshold	796,536	796,536
TAXABLE INCOME (\$3,525,000 - \$796,536) (\$7,125,000 – \$796,536)	2,728,464	6,328,464
TAX PAYABLE (\$2,728,464@25%) (6,328,464 @25%)	682,116	1,582,116

The information in the scenario above is used to show the calculation for the Year of Assessment 2017.

2017	Period January to December			
	\$	\$		\$
Income		32000000		
Purchased	9000000			
Wages & Salaries	5000000			
General Expenses	2000000	16,000,000		
		16,000,000		
Interest Income		1,000,000		
		17,000,000		
Losses b/f	2,000,000			
Capital Allowances	1,000,000			
Age Allowance	80,000	3,080,000		
Statutory Income		13,920,000		
Less Nil Rate		1,375,140	at "0"	
		4,624,860	*25%	1,156,215
		7,920,000	*30%	2,376,000
Tax Liability				3,532,215
ETC				240,000
MBT				60,000
TOTAL Tax Liability Due				3,232,215

	RATES	BASIC OF CALCULATION
*NIS	5%	Net Profit
NHT	3%	Net Profit
ED TAX	2.25%	** Statutory
INCOME TAX	25% & *** 30%	Taxable

Revised June 2016

*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.

*** 30% is applied to Income earned (for the period July to December 2016 and for the Year of Assessment 2017 onwards) in excess of \$6,000,000 .

Mr. John, a 65 years old business man declared income and expenses for Year of Assessment 2016 as follows :

* Gross Income \$32,000,000

* Wages and Salaries \$5,000,000

* Losses brought forward \$2,000,000

* Capital Allowance \$1,000,000

* Purchases \$9,000,000

* General Expenses \$2,000,000

In addition he had interest income of \$1,000,000 .

Mr John will be required to claim the expenses in the period in which they were incurred and account for his income when earned for the periods January to June and July to December as follows.

2016	Period January to June			
	\$	\$		\$
Income		15,000,000		
Purchased	4,000,000			
Wages & Salaries	2,000,000			
General Expenses	1,500,000	7,500,000		
		7,500,000		
Interest Income		500,000		
		8,000,000		
Losses b/f	1,000,000			
Capital Allowances	500,000			
Age Allowance	40,000	1,540,000		
Statutory Income		6,460,000		
Less Nil Rate		296,400	at "0"	
		6,163,600	*25%	1,540,900
Tax Liability				1,540,900
TOTAL Tax Liability				
ETC				
MBT				
TOTAL Tax Liability Due				

2016	Period July to December			
	\$	\$		\$
Income		17,000,000		
Purchased	5,000,000			
Wages & Salaries	3,000,000			
General Expenses	2000000	8,500,000		
		8,500,000		
Interest Income		500,000		
		8,000,000		
Losses b/f	1,000,000			
Capital Allowances	500,000			
Age Allowance	40,000	1,080,000		
Statutory Income		6,920,000		
Less Nil Rate		500,136	at "0"	
		5,499,864	at *25%	1,374,966
		920,000	at *30%	276,000
Tax Liability				1,650,966
				3,191,866
				240,000
				60,000
				2,891,866