Tax Administration Jamaica
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Self-Employed Individuals
- PENSIONER -

Taxes & Contributions

FOR MORE INFORMATION: Call 1- 888 - TAX - HELP (829- 4357) or **1- 888 - GO-JA-TAX (465-2829)**
Website: **www.jamaicatax.gov.jm** | Facebook:**www.facebook.com/jamaicatax** | Twitter: **@jamaicatax** or visit the Tax Office nearest you.

Revised
July 2016

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

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.**

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

A 65 year old pensioner started his business in 2016 and earned $1.5 million in gross receipts from operations and $96,000 as NIS Pension Income. For 2016 he will receive the Pension's Relief of $80,000 and Age Relief of $80,000 totaling $160,000. He purchased a computer at the start of business for $60,000. Below is an illustration of the calculation of the statutory and taxable income to arrive at tax payable. In addition he receives $150,000 as net rental income.

	$	$
Gross Receipts		1,500,000
Less: Cost of Sales/Operations		(400,000)
GROSS PROFIT (1,500,000 - 400,000)		1,100,000
***Less:** Business/Administrative Expenses		(300,000)
NET PROFIT (1,100,000 - 300,000)		**800,000**
Add: NIS Pension Income	96,000	
Net Rental Income	150,000	
		246,000
TOTAL INCOME (800,000 + 246,000)		1,046,000
LESS: Allowable Deductions		
Capital Allowance (computer) $27,000	27,000	
Exemptions (Pension and Age Reliefs)	160,000	
		(187,000
STATUTORY INCOME (1,046,000 - 187,000)		**859,000**
Less: Income Tax Threshold		**(796,536)**
TAXABLE INCOME (859,000 – 796,536)		**62,464**
TAX PAYABLE (62,464 x 25%)		**15,616**

Cost of Operations = **Opening Stock** + **Purchases** - **Closing Stock**.
$400,000.00 = **$750,000** + **$250,000** - **($600,000)**

***Administrative Expenses** consists of all **operational costs** of $300,000 such as rent - $200,000 , wages - $100,000*(complete on form **IT01 - Schedule 1**)*
Capital Allowance on computer *(complete on form **Schedule 2 - Capital Allowance Schedule**)*

- **Initial Allowance** - $60,000 x 25% = $15,000
- **Annual Allowance** - $60,000 x 20% = $12,000

$27,000

Threshold means the **tax-free** portion of **your taxable** Income and this amount is only used to calculate Income Tax.