

New threshold and corporate income tax rate January 1

Tax Administration Jamaica (TAJ) wishes to advise that on Tuesday, January 1, 2013 an increase in the Income Tax Threshold and a decrease in the Corporate Income Tax rate become effective.

In respect of individuals, the Personal Income Tax (PIT) threshold or tax-free income increases to \$507,312.00 per annum, up from \$441,168.00 per annum. The increase in the threshold means that the corresponding tax-free portion to be used by employers in making periodic payments is as follows: \$9,756 weekly \$19,512 fortnightly \$42,276 monthly. Persons are reminded that income in excess of the threshold will continue to be taxed at 25%. Pensioners and persons sixty-five and over are further reminded that in addition to the threshold they are entitled to a pension exemption of \$80,000 and an age exemption of \$80,000, respectively. Also on January 1, 2013, unregulated companies will see a reduction in the rate of Corporate Income Tax (CIT) to 25%, down from 33 1/3%. This brings the CIT rate for unregulated companies in line with the Personal Income Tax (PIT) rate of 25%. However, the rate remains at 33S% for regulated companies, including those regulated by the: Financial Services Commission (FSC) Office of Utilities Regulation (OUR) Bank of Jamaica (BOJ) Ministry of Finance and Planning (MOFP). Individuals and unregulated companies are advised that the new threshold and reduced tax rate are not to be applied in computing their final income tax for assessment year 2012. However it should be used in computing the estimated income tax for assessment year 2013. Both the final income tax return for 2012 and the estimated income tax return for 2013 are due to be filed on or before March 15, 2013. The adjustments in the threshold and CIT rate form part of the Government's revenue measures tabled in parliament during the 2012/2013 budget presentation and further outlined in the recent White Paper on Tax Reform. For further information persons may contact Customer Care Centre at 1-888-Tax-Help (1-888-829-4357) toll-free or visit our website www.jamaicatax.gov.jm