



ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE ADDRESSED TO THE
FINANCIAL SECRETARY AND THE FOLLOWING REFERENCE NUMBER
QUOTED:-

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MINISTRY OF FINANCE AND THE PUBLIC SERVICE
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Circular No. 2

File No. 256/130

Division : Public Expenditure Policy Coordination Division

Permanent Secretaries
Heads of Departments
Chief Executive Officer

Re: Guidelines for Payment of NHT Employers' Contributions

Permanent Secretaries, Heads of Departments, and Chief Executive Officers are hereby advised that effective **April 1, 2008** all ministries, departments, and agencies (MDAs) are required to remit to the National Housing Trust (NHT) the full amount of their NHT Employers' Contributions. This Circular supersedes Circular No. 10 dated April 7, 1976 and Circular No. 20 dated August 24, 1976 dealing with monthly returns for the NHT Employers' Contributions.

1 Annual Expenditure Budgets

- (1.1) The annual budgets of (MDAs) must include the NHT employers' contributions payable for the financial year.
- (1.2) Object code 21- 'Compensation of Employees' and Sub-object 1800 - 'NHT Contribution' must be used to reflect the expense at (1.1) above. Please be reminded that the NHT employees' contributions must continue to be reflected in the gross emoluments under the relevant employment category, i.e. permanent pensionable or permanent non-pensionable etc.

2 Calculation of Employer's NHT Contribution

- (2.1) The employer's contribution to NHT is calculated as follows:

3% x gross emoluments of the employee

- (2.2) Section 2 of the National Housing Trust Act (hereinafter called the 'Act') defines emoluments as:

"any emoluments assessable to income tax pursuant to paragraph (c) of section 5 of the Income Tax Act (other than annuities, pensions, superannuation or other allowances payable in respect of past services in any office or employment of profit and such other categories of emoluments as may be prescribed) being emoluments from which income tax is deductible pursuant to the Income Tax (Employments) Regulations, whether or not tax in fact falls to be deducted therefrom"

Therefore emoluments refer to all the employee's earnings including commissions, bonuses and fees.

- (2.3) Ministries, departments and agencies must ensure that their payroll software package is properly configured to compute both the NHT employees' and employers' contributions in accordance with the NHT Act.

3 Payment

- (3.1) The Ministry of Finance and the Public Service will as of **April 1, 2008** no longer be responsible for the payment of the NHT employer's contributions in respect of the public sector.
- (3.2) Each MDA is required to pay over on a monthly basis all contributions due to the NHT – both the employees' as well as the employer's portion.
- (3.3) MDAs must utilize the methods of payment accepted by the NHT.
- (3.4) The payment of NHT employers' contributions will not be done by the Accountant General through utilization of MDA's warrant funds as is done in case of income tax and education tax.
- (3.5) MDAs whose 2008-9 budget did not include the requisite funds to meet the NHT employers' contribution must make the payment from their existing budget pending its inclusion vide the 2008-9 First Supplementary Estimates.
- (3.6) To facilitate (3.5) above, warrants will be issued to include the requisite funds needed to make the payment to the NHT.

- (3.7) For financial year 2009-10 and subsequent financial years, funds will be provided under the respective budgets of each MDA to meet the payments of NHT employers' contributions.

4 Payment and Returns Timeline

Payment

- (4.1) The NHT's monthly contribution payments are due at the end of the payroll month. However, MDAs are allowed until the 14th day of the following month to submit payments.

Return

- (4.2) MDAs are required to submit Returns monthly or annually.

(4.2.1) Monthly Return

The monthly Return gives an account of the contributions paid by employees and employers for the particular month.

The NHT monthly Return must be made by the 14th day of the month following the month of the payroll.

(4.2.3) Annual Return

The annual Return gives an account of the contribution paid by employees and employers for the particular calendar year. The annual Return is due for submission by the 1st working day of the following calendar year, for which the Return is being made. However, MDAs are allowed until the 31st of March to submit this Return.

5 Accounting for Employer's NHT Contribution – Ministries Using the Accrual Basis of Accounting

- (5.1) MDAs must accrue the NHT contributions at the end of each month once these contributions are due and payable.
- (5.2) The accrued liability must be cleared by payment within the statutory deadline.

6 Accounting for Employer's NHT Contribution – Ministries Using the Cash Basis of Accounting

- (6.1) NHT employer's contribution payments must be accounted for when the sums are actually paid however, a memorandum register should be maintained to record the amount payable and the amount actually paid.

7 Record Keeping

- (7.1) MDAs must ensure that accurate and proper NHT records are kept in order to complete the monthly and annual returns.
- (7.2) These records must be made available for examination by NHT Inspectors and/or by their authorized agent.

8 Penalties for Non-compliance

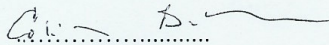
- (8.1) MDAs must adhere to the NHT payment/submission timelines, as failure to do so will result in the following penalties being levied:
- Section 37, sub-section (1) of the NHT Act states that employers who fail or neglect to pay any contributions that they are liable to pay or fail to comply with the requirements of the Act or its regulations regarding the payment and collection of such contributions and the furnishing of information, are liable **to be fined** an amount of \$30,000.00 or three times the amount of any unpaid contribution, whichever is greater, or in default of such payment, imprisonment for a period not exceeding 12 months.
 - Section 37, sub-section (4) of the NHT Act states that where an employer fails to pay contributions he is liable to pay under the Act, he shall be liable **to pay** to the Trust a sum equal to the total of all the contributions he failed to pay along with a penalty indexed to the weighted average of the rate of interest payable on GOJ treasury bills. Where failure to pay over contributions continues for longer than one contribution year, the employer is also liable to pay an additional surcharge of 10% of the sum due.

- (8.2) Accounting and Accountable Officers must ensure that adequate measures are put in place to prevent breaches of the NHT Act. Where any breach occurs and the MDA becomes liable for penalties or fines, the officer(s) deemed responsible will be subject to disciplinary procedures and surcharge.

Conclusion

Each Permanent Secretary, Head of Department and Chief Executive Officer is asked to ensure that this circular is brought to the attention of all relevant officers in his/her organization.

In the event that there is a need for further clarification on the contents of this circular, please contact the Public Expenditure Policy Coordination (PXP) Division of this ministry.



Colin Bullock
Financial Secretary