



ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE ADDRESSED TO THE
FINANCIAL SECRETARY AND THE FOLLOWING REFERENCE NUMBER QUOTED: -
Telephone No. 922-8600-16
Website: <http://www.mof.gov.jm>
Email: info@of.gov.jm

MINISTRY OF FINANCE AND THE PUBLIC SERVICE
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

November 24, 2022

Circular No: 21
File No: 107/022

Permanent Secretaries
Chief Executive Officers
Heads of Departments

Re: Payment of Income Tax (PAYE)

Permanent Secretaries, Chief Executive Officers and Heads of Departments are being reminded that income tax is to be applied cumulatively on salary at each pay cycle (weekly, fortnightly monthly etc.) pursuant to Regulation 14 of the Second Schedule, Part I (*The Income Tax (Employments) Regulations*) of the Income Tax Act:.

14. (1) *On the occasion of any payment of emoluments to the employee, the employer, except where these Regulations otherwise provide, shall ascertain the cumulative emoluments of the employee at the date of the payment, the cumulative gross tax thereon, the cumulative tax free emoluments and the corresponding cumulative net tax.*
14. (6) *The employer shall record either on the tax deduction card or in such other form as may be authorized by the Commissioner, the following particulars regarding every payment of emoluments which he makes to the employee, namely –*
- (a) the date of the payment;*
 - (b) the gross amount of the emoluments;*
 - (c) the amount of his gross emoluments in respect of which the Commissioner has agreed he qualifies for relief from income tax;*
 - (d) the taxable emoluments to that date;*
 - (e) the cumulative taxable emoluments in relation to the said date;*
 - (f) the cumulative gross tax in relation to that date;*
 - (g) the cumulative tax-free emoluments appropriate to that date;*

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- (h) the cumulative net tax to the said date
- (i) the amount of tax, if any, deducted or repaid on making the payment;
- (j) any benefits, perquisites or facilities provided for the employee (whether in money or otherwise).

Further, you are reminded that the income tax rate of 30% is applicable to employees earning in excess of \$6 million per annum. The income tax deducted shall be paid over to the Commissioner General at Tax Administration Jamaica, **by the fourteenth day of the month** succeeding the month in which the employer paid the emoluments. Where the fourteenth day falls on the weekend or public holiday, the payment is due immediately on the next business day. Kindly note that this requirement is applicable to all categories or tiers of taxable emoluments.

Arising from the above, with effect from January 1, 2023, the following shall be applicable when deducting and paying over income taxes for employees earning more than \$6 million per annum:

Income tax shall be computed cumulatively on an individual's statutory income on a monthly basis, from January through to December, based on The Income Tax (Employments) Regulations. An employee earning an annual salary of \$8,000,000.00 (net of NIS contribution and superannuation) shall pay:

1. nil (0%) on the aggregate income of \$1,500,096.00 earned which is spread over 12 months;
2. 25% on \$4,499,904.00; and 30% on the additional \$2,000,000.00 respectively spread over 12 months.

(Statutory income is salary net of NIS and approved Superannuation)

Salary of - \$8M (employee earns \$666,666.67 mthly)	Monthly Chargeable Income	Tax Rate	Tax Computed	Application
Threshold Taxable @ 0% - \$1,500,096.00 Ann	\$125,008.00 Monthly	0%	\$0.00	The annual figures are to be divided and monthly, weekly or fortnightly salary determined. In this case a monthly pay cycle is applied. In January the maximum tax-free pay is \$125,008.00. (Rate of tax 0%)
Taxable @ 25% - \$4,499,904.00 Ann	\$374,992.00 Monthly	25%	\$93,748.00	The monthly taxable income being \$666,666.67 reduced by the monthly threshold amount is taxable at positive tax rate. The starting point for rate of tax of 30% to apply monthly is on the first dollar in excess of \$500,000 (\$6M/12). Therefore, \$374,992.00 (\$500,000-\$125,008) is taxable at 25%.

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Taxable @ 30% - \$2,000,000.00 Ann	\$166,666.67 Monthly	30%	\$50,000.00	The highest tax rate is applied to income in excess of \$500,000 monthly. Therefore \$166,666.67 (\$666,666.67-\$500,000) of the monthly income is subject to tax at 30%.
TOTAL INCOME TAX PAYABLE MONTHLY			\$143,748.00	If the salary is fixed, these figures will be consistent monthly. However, if there is overtime, incentive or other ad-hoc payments, the tax liability at the third tier will increase. If there is a decrease in the monthly payment which reduces the amount to \$500,000 or less, the necessary adjustments will be made based on the cumulative salary, threshold and tax deducted to date.

Permanent Secretaries, Chief Executive Officers and Heads of Departments must ensure that this Circular is brought to the attention of all relevant officers within their portfolio entities.

For further information and or clarification please contact TAJ's **Customer Care Centre:**
Email: taxhelp@taj.gov.jm or **Tele (Local):** **1-888-TAX-HELP 876-902-9463.**

Yours sincerely,



Darlene Morrison CD
Financial Secretary