

CONNECTING THE DOTS

A JSEZA Newsletter

November 2017

The SEZ Regime

The Special Economic Zone (SEZ) regime ushers in a new era of economic growth and industry development in Jamaica. SEZ refers to designated geographical areas with special economic regulations that differ from the general trade, tax and investment rules of a country. The passing of the SEZ Regulations in Jamaica on September 2017 gives the Jamaica Special Economic Zone Authority (JSEZA) a clear structure within which to operate, to facilitate existing Free Zone businesses and those seeking to set-up under the SEZ regime.



The SEZ Act was enacted on February 15, 2016, and came into force on August 1, 2016 effectively repealing the Jamaica Export Free Zone Act. Under the SEZ Act the Jamaica Special Economic Zone Authority (JSEZA) was established to carry out the following;

- ☑ Foster the development and expansion of the Zones
- ☑ Increasing investment and create job opportunities;
- ☑ Promote measures, actions and investments aimed at improving the logistics chains of which zones are a part;
- ☑ Protect the environment in the course of the development and operation of Zones;
- ☑ Enable persons conducting business in the Zones to compete effectively in the conduct of their businesses;
- ☑ Promote technical and operational education and training in the fields of Zone development, promotion, operation and management.

In order to achieve the objective of sustainable economic growth, the Authority ensures that a cohesive approach is taken to transitioning of existing free zone entities and the expansion of special economic zones.

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SEZ Regime

How does it work?

Quick facts

JLHI Master Plan



How does the SEZ work?

1. Why introduce the SEZ regime?

The upgrading of the Free Zone regime to the SEZ regime is to promote competitive trade globally and to ensure conformity with Jamaica's obligations under the World Trade Organization's (WTO) Agreement on Subsidies and Countervailing Measures. This new framework creates new opportunities for companies to integrate into complex networks of services, design, production, distribution and sales across multiple jurisdictions. The SEZ regime provides enormous potential to stimulate wide-scale economic activities, by attracting investments especially new and emerging sectors and stimulating linkages within the domestic economy.

2. What is expected under the SEZ Regime

Based on the trends seen in trade the new SEZ regime for Jamaica is established within a framework to attract investment from local investors, traditional partners in the Americas and new partners from emerging markets. As such the SEZ Authority will adopt international standards and growing trends for zone development that will protect investments and create sustainable economic benefits for all stakeholders.

3. How will existing Free Zone companies be affected?

Within SEZ law there is a transitional mechanism in place designed to facilitate existing Free Zone companies (Part IX SEZ Act 2016). The major feature of this mechanism is that existing Free Zone companies will have a transitional period in which to regularize and transition to full SEZ status, in compliance with the SEZ law. Benefits to current Free Zone holders will automatically continue till the end of the transition period, December 31, 2019.

4. What is the application process for existing Free Zone entities (promoters and authorized enterprises) and first time SEZ Applicants?

All interested parties are invited to complete the registration form which is available online at www.jseza.com.

QUICK FACTS



Application processing time for new SEZ Developers is 120 days(maximum) from the submission of completed forms and all supporting documentation



SEZs will pay a fee of US\$0.20 per sq. ft. for revenue generating space - payable by the Developer



SEZ designation is applied to both the company and the physical location



All FZ companies are required to register with the SEZ Authority. This is in keeping with SEZ regulations and will not affect the Grandfathered FZ status



Montego Bay Free Zone is now an SEZ!

Montego Bay Free Zone is now Montego Bay Technology Park and Special Economic Zone. The company received their Operating Certificate officially granting them SEZ status. As a SEZ company, Montego Bay SEZ will continue to ramp up operations with the entrant of new players in the Jamaican BPO space, CNX Services.

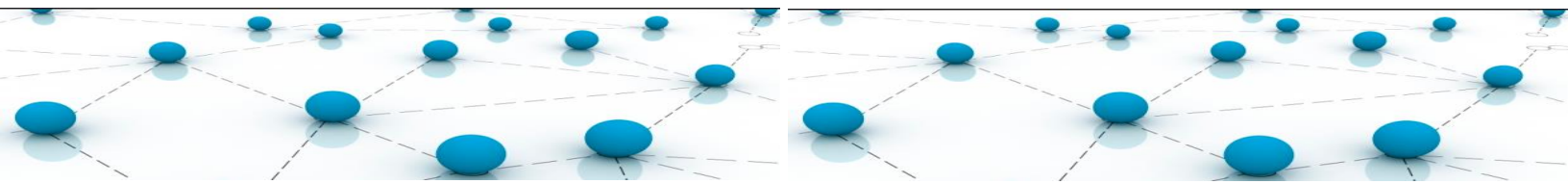


Gloria Henry (left), Assistant Vice President - Operations and Customer Relations, Port Authority of Jamaica receives the SEZ Operating Certificate from Dr Eric Deans, Chief Executive Officer of the Jamaica Special Economic Zone Authority.

| BENEFITS | | |
|---|---|----------|
| Tax Measures | Developer | Occupant |
| Corporate Income Tax Headline Rate of 12.5% (possible effective rate of 7.5% with the approval of additional tax credits) | ✓ (A developer will pay no taxes on rental income) | ✓ |
| Customs Duty Relief | | ✓ |
| Relief from Income Tax on Rental Income | ✓ | ✗ |
| GCT relief - on all goods & services entering the Zone | ✓ | ✓ |
| Employment Tax Credit | ✓ | ✓ |
| Promotional Tax Credit (R&D and training) | ✓ | ✓ |
| Capital Allowance | ✓ | ✓ |
| Stamp Duty Payable | 50% | 50% |
| Relief from Transfer Tax | ✓ | ✗ |

JSEZA - Key Activities

- Provide a Business Acceleration Unit
- Promote your SEZ to investors
- Work closely with your organisation
- Advocate on your behalf
- Champion of SEZs
- Business partner



Logistics Market Analysis & Master Plan Launched!

The Government of Jamaica has placed Jamaica's transformation into a logistics centred economy as a national priority through the Global Logistics Hub Initiative (GLHI). As a result, international economics consulting firm Nathan Associates Inc., supported by global planning and engineering firm Berger ABAM, was enlisted to assist in the development of a master plan and development strategy to dramatically enhance Jamaica's Logistics Hub Initiative (LHI) value proposition.

The Master Plan, which was presented on November 16, outlines the market access potential for industries as significant as the vessels plying the trade lanes of the Latin America and Caribbean region serve a consumer market of approximately 800 million people.

At full build-out the LHI will comprise just over 3,800 hectares of development across the island and, with a total order-of-magnitude cost of over US\$28 billion creating 87,400 direct jobs. The Market Analysis includes a look at surface and air cargo flows and a report on the dynamics of regional and global cargo markets (air and sea).“ It also includes a Land Use Master Plan considers requirements for both demand and supply-driven development in implementing the JLHI.



The panel addresses questions from attendees. From left: Scott Keillor, Senior Project Manager at Berger ABAM; John Bardi, Project Manager at Berger ABAM; Alejandro Schwedhelm, Urban Planner at Nathan Associates Inc.; Dr. Paul Kent, Global Advisor for Ports and Infrastructure at Nathan Associates Inc.; Dr. Eric Deans, Chief Executive Officer at the Jamaica Special Economic Zone Authority.

UPCOMING ACTIVITES

VERIFICATION EXERCISE

In an effort to serve our stakeholders better, JSEZA is currently undertaking an island-wide verification exercise. This activity is aimed at updating Free Zone and SEZ records and also to ensure that grandfathered Free Zone companies have continued access to the fiscal incentives. This initiative will also facilitate the geo-spatial tagging of companies. As a part of our marketing thrust, JSEZA will also be sharing information on existing Free Zone and SEZ companies on our website – www.jseza.com .

SENSITISATION SESSIONS

The SEZ will be on the road to meet with you, our key stakeholders, to share information on the new SEZ regime and also to get your feedback. Watch this space for session dates.



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