



# The SEZ Model

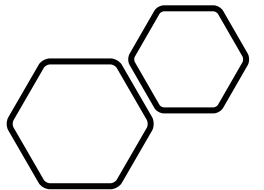
---

Eligibility Criteria | Tax Incentives



## Who can benefit

- Under the SEZ Act, there are 4 main stakeholders:
  - Developer
  - Occupant and/or Single-Entity Developer;
  - MSME Occupant
  - Zone User





# Developer Eligibility Criteria

(\*This is not the comprehensive list of applicable requirements)

- A developer must make investments in an SEZ sufficient to accommodate at least three occupants, unless the SEZ is designated as “single-entity” or “specialized”;
- a developer is required to have issued and paid-up share capital of a minimum of USD1,500,000.00;
- The application process involves\*
  - the completion and submission of a “written proposal”,
  - together with supporting documents, including the developer’s corporate documents,
  - a preliminary business plan,
  - A master plan,
  - a description and map of the relevant land, and
  - evidence of payment of the application fee of USD3,000.00.
- Annual Developers Fees:
  - US\$0.20c per square feet/per annum for building space
  - US\$0.05c per square feet/per annum for non-building space





## Developer Incentives

- No corporate income tax on rental income\*;
  - \*for 50 years (renewable)
- Exemption from Duties and Taxes on all imports and exports;
- Zero rating from Value-Add Taxes (General Consumption Taxes);
- Stamp duty relief on contracts for the purchase or lease of land for use as an SEZ;
- Transfer tax exemption on sale of land for use in a SEZ;
- Capital and profits may be repatriated; and
- No currency restrictions.

# Occupant Eligibility Criteria



- An occupant will be required to first submit a written application to the developer and to enter a sub-concession agreement with a developer;
  - have issued and paid-up share capital of at least US\$25,000.00, and
  - make investments in the SEZ of at least USD50,000 within the first year of operation.
- An application fee of USD1,500;
- Proposed activities carried out by the applicant at the SEZ;
- Proof that the proposed activities constitutes a new investment and consistent with the overall plans for the development of the SEZ;
- Business plan including financials;
- Proof of the minimum required issued and paid-up share capital; and
- Certificate of incorporation under the Companies Act and additional company documents.
- Once the developer and occupant enter into a sub-concession agreement, the developer will apply to the Authority for authorization of said sub-concession.





# Single-Entity Developers Eligibility Criteria

(\*This is not the comprehensive list of applicable requirements)

- Satisfies the Minister that the Zone is in public interest and meets the requirements under the Law;
- Required to have issued and paid-up share capital of a minimum of USD1,500,000.00;
- The application process involves\*
  - the completion and submission of a “written proposal”,
  - together with supporting documents, including the developer’s corporate documents,
  - a preliminary business plan,
  - a master plan,
  - a description and map of the relevant land, and
  - evidence of payment of the application fee of USD3,000.00
- Annual Developers Fees:
  - US\$0.20c per square feet/per annum for building space
  - US\$0.05c per square feet/per annum for non-building space



# Occupant and/or Single-Entity Developer Incentives

- 12.5% Headline Corporate Rate;
- 7.75% effective rate with the approval of additional tax credits – Employment Tax Credit and Promotional Tax Credit;
- Exemption from Duties and Taxes on all imports and exports;
- Zero rating from Value-Add Taxes (General Consumption Taxes) on locally purchased goods and services entering the SEZ;
- Stamp duty relief on contracts for the purchase or lease of land for use as an SEZ;
- Relief from income tax on dividends;
- Asset tax exemption;
- Capital and profits may be repatriated; and
- No currency restrictions.





## MSME Occupant

An MSME occupant is an occupant with no more than fifty (50) employees and an annual turnover of no more than USD150,000.00

- 12.5% Headline Corporate Rate;
- 7.75% effective rate with the approval of additional tax credits – Employment Tax Credit and Promotional Tax Credit;
- Exemption from Duties and Taxes on all imports and exports;
- Zero rating from Value-Add Taxes (General Consumption Taxes) on locally purchased goods and services entering the SEZ;
- Stamp duty relief on contracts for the purchase or lease of land for use as an SEZ;
- Asset tax exemption;



# SME





# Zone Users

- Zone User means a person, not a Developer or an Occupant, who performs activities or services in a Zone on the basis of an authorisation from the Authority;
- The Zone User is not eligible to any tax incentives under the SEZ Regime, but may benefit from other GOJ incentives;
- A Zone User is such as
  - Food and Beverage Concessionaires
  - Financial institutions
  - Hotels
  - Company conducting any of the excluded activities, etc.



## Excluded Activities

- A developer or occupant is prohibited from engaging in a list of excluded activities described in the SEZ Act. These excluded activities include:
  - Extractive industries such as mining and quarrying;
  - Tourism services;
  - Telecommunication services;
  - Public utilities;
  - Financial services regulated by the Bank of Jamaica or the Financial Services Commission;
  - Construction services;
  - Real estate;
  - Health services excluding research and development;
  - Catering services; and
  - Retail services.







**JAMAICA**CONNECTS