



Let's talk about how the  
Jamaica Special Economic  
Zone Authority can help  
take your business to  
the world.



**JAMAICA** SPECIAL ECONOMIC  
ZONE AUTHORITY





## **What is a Special Economic Zone (SEZ)?**

A Special Economic Zone (SEZ) refers to designated geographical areas with special economic regulations that differ from general trade, tax and investment rules.

## **Why introduce the SEZ regime?**

The upgrading of the Free Zone regime to a modern SEZ regime is to promote competitive trade globally and to encourage Jamaican businesses to be responsive to changes in global production and market conditions. This new framework creates new opportunities for companies to integrate into complex networks of design, production, distribution and sales across multiple jurisdictions. The SEZ regime provides enormous potential to stimulate wide-scale economic activities, especially in new and emerging sectors. The SEZ regime also ensures conformity with Jamaica's obligations under the World Trade Organization's (WTO) Agreement on Subsidies and Countervailing Measures.

## **Who governs the SEZ?**

The Special Economic Zone Act governs the Jamaica Special Economic Zone Authority (JSEZA) which oversees the SEZ. The Authority shall assist in implementing the policies and programmes of the Government for SEZs and is responsible for:

- Regulating and supervising SEZs
- Ensuring the development and sustainability of Jamaica's economy through SEZs
- Attracting new and diverse investments in SEZs
- Establishing efficient investor and business facilitation one stop service
- Promoting and marketing SEZs.

## Are there any activities that are not allowed in the SEZs?

Activities in the following industries are not allowed:

- Extractive industries
- Tourism services
- Telecommunication services
- Public utilities
- Financial services (regulated by the BOJ/FCS)
- Construction services
- Real estate and property management services
- Health services (excluding R&D)
- Catering services
- Retail trade

## Can Jamaican investors participate in the SEZ?

Definitely! One of the major aims of the SEZ is to promote the growth of Jamaica's economy. All companies conducting business in the SEZ as a Developer, Occupant, Zone User or Micro, Small and Medium-sized Enterprise (MSME) Occupant must be incorporated in Jamaica.

The Authority has a mandate to develop and foster backward linkages to the domestic economy and to encourage MSMEs seeking to enter the SEZ regime.

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	✓	✗



### **How can MSMEs benefit from SEZs?**

There are several direct and indirect ways that Jamaica's MSMEs may benefit from SEZs. A number of Jamaican businesses fall within the MSME category and as part of the SEZ Authority's backward linkages mandate under the SEZ law and under the MSME and Entrepreneurship Policy, the SEZ Authority will target MSMEs to facilitate business with SEZ companies and to operate within the Zones.

### **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. The major feature of this mechanism is that existing Free Zone companies will have a transitional period in which to regularize themselves and transition to full SEZ status, in compliance with the SEZ law. A current Free Zone holder's benefits automatically continue till the end of the transition period, December 31, 2019. All existing Free Zone entities will be required to register with the Authority.

### **Will SEZ companies have access to the domestic market?**

Yes. This is one of the distinguishing features of the SEZ regime. Goods produced may access the domestic market provided companies pay the requisite import duties and are in possession of the necessary permits/licenses.

## What is the minimum eligibility requirement for being granted status in an SEZ?

Developer	Occupant	Zone User	MSME Occupant
Company incorporated under the Companies Act of Jamaica	Conducts business in the SEZ under a sub-concession agreement with a developer and approved by the SEZ Authority	No benefits from SEZ fiscal incentives	Conducts business in the SEZ under a sub-concession agreement with a developer and approved by the SEZ Authority
Established to develop and or operate an SEZ under a master-concession or licence-agreement as approved by the SEZ Authority	Approved to operate from an approved SEZ with a Developers' Sub Concession Agreement	Approved to operate from an approved SEZ with a Developers' Sub Concession Agreement	Approved by the SEZ Authority based on evidence that the MSME conducts at least 50% of its business with an SEZ Developer or Occupant or has the capabilities to provide services or goods to an international market
Benefits from fiscal incentives	Benefits from fiscal incentives		Benefits from fiscal incentives with year on year proof of business
Issued or paid up share capital at the effective date of either a master-concession or licence-agreement must not be less than US\$1,500,000	Issued or paid up share capital at the effective date of either a master-concession or licence-agreement must not be less than US\$25,000. Also, investments by the Occupant in the Zone related activities I,e. equipment, machines, facilities improvement etc. must be greater than US\$50,000 within the first year of operation	Investments by the Zone User in the Zone related activities I,e. equipment, machines, facilities improvement etc. must be greater than US\$50,000 within the first year of operation	Investments by the Zone User in the Zone related activities i,e. equipment, machines, facilities improvement etc. must be greater than US\$25,000 within the first year of operation for a valid period of not more than four (4) years from date of issuance.

### **Is there a list of preferred locations for the development of SEZs?**

No. Developers are encouraged to identify areas suitable for the construction of SEZs that meet the commercial and regulatory requirements for establishing a SEZ. The decision to grant SEZ status to a developer who has identified his own site for establishment will not be influenced by any existing opportunities identified by the SEZ, but by the merits of the submission and will be based solely on the developer's ability to meet the eligibility criteria. The Jamaica Special Economic Zone Authority, in partnership with various Ministries, Departments and Agencies will also seek to package SEZ opportunities based on sites that are available for development and promote Public Private Partnerships (PPP) agreements for development and management.

### **Are there fees associated with entering the regime?**

There is a non-refundable one time registration fee and a renewable annual fee. Please contact the Jamaica Special Economic Zone Authority for more information.

### **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](http://www.jseza.com).

### **How will backward and forward linkages be fostered between the SEZs and the local economy?**

It is important to note that the SEZ Authority has the responsibility to develop and foster linkages between companies operating within the SEZ and those within the domestic economy. There are several mechanisms within the SEZ law that facilitate this, for example the Zone User designation. In exercising its mandate the SEZ Authority will work with agencies such as the Jamaica Business Development Corporation (JBDC), JAMPRO, and Jamaica National Agency for Accreditation (JANAAC) who already have programmes in place to foster Jamaican business development, global supply chain participation and the implementation of global standards by Jamaican businesses.



**What responsibilities will the entities within the SEZs have with respect to environmental protection?**

The JSEZA will seek to ensure that all SEZ developments adhere to local environmental legislation and promote a clean and safe environment in keeping with best practice.

**Can existing businesses migrate to the SEZs?**

No. There is a restriction on such movement to mitigate against the erosion of Jamaica’s tax base for a period known as the Zone-establishment period. The Zone-establishment period is currently set at 10 years from the date the SEZ Act comes into force.



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