A GUIDE TO INVESTING IN JAMAICA

BOOK#3
# Table of Contents

Introduction ..........................................................................................................................................................2
Nine Step Flow Chart..........................................................................................................................................3
Step One- Determine the Viability of Your Business Idea................................................................................4
  SWOT Analysis..............................................................................................................................................4
Step Two - Develop Your Business Plan........................................................................................................5
Step Three - Financing the Plan......................................................................................................................8
  Loan.................................................................................................................................................................9
  Grant Funding............................................................................................................................................9
  Jamaica Stock Exchange Junior Market (JSE).............................................................................................10
  Angel Investors.......................................................................................................................................11
  Venture Capitalist....................................................................................................................................12
  Crowdfunding..........................................................................................................................................12
Step Four - Choose a suitable legal structure...............................................................................................14
Step Five - Choose a name for your business..............................................................................................18
Step Six - Register your business..................................................................................................................18
  The registration process...........................................................................................................................19
  Registering an Overseas Company..........................................................................................................20
Step Seven - Register Intellectual Property (IP)..........................................................................................21
Step Eight - Draft and executing the implementation plan........................................................................23
Step Nine - Operate According to the Business Plan................................................................................23
Appendix 1- Business Model Canvas..........................................................................................................24
Appendix 2 - Sample Budget.........................................................................................................................25
Appendix 3 - Checklist...................................................................................................................................26
Acronyms..............................................................................................................................................................27
Bibliography........................................................................................................................................................28
INTRODUCTION

Welcome to the Investment Toolkit for the Jamaican Diaspora which was collaboratively produced by the International Organization for Migration (IOM) Jamaica mission, and the Government of Jamaica (GoJ) to coincide with the Government’s efforts to effectively and sustainably engage its diaspora.

For two years (2013-2015), IOM and the GoJ vigorously engaged in a project called “Mapping Jamaica’s Diaspora” that aimed to, among other things, gather information regarding the needs, concerns, skills and interests of diaspora members in contributing to the development of the country. Following an assessment of the information obtained, the GoJ has tailored its engagement initiatives to address the expressed needs and interests of the diaspora, whilst aligning same with the development priorities of the country. Hence, the birth of this three-part Investment Toolkit.

As the name suggests, the Investment Toolkit for the Jamaican Diaspora is an easy to use, non-exhaustive guide for potential investors of the diaspora, seeking information regarding the investment climate in Jamaica and how to maneuver the business startup terrain.

In book one: Government Of Jamaica Priority Areas For Investment, you were apprised of investment opportunities and incentives in Jamaica. Following said checkpoint, you boarded our investment tour bus, Investment Support Services, whereon you also learnt of ways to avoid potential pitfalls and the various Government institutions that should be engaged during your business startup and investment initiative(s).

Now, you have successfully arrived at your final destination; starting your business. In this third book, A Guide To Investing In Jamaica, you will be given detailed gradational information regarding setting up your business or investing in Jamaica in line with government regulations. It is by following the steps presented herein, that you will be able to successfully open the doors to your business. Let’s get started.
9 Steps Business Development Process

Step 1: Determine the viability of your business idea
Step 2: Develop your business idea
Step 3: Finance the plan
Step 4: Choose a suitable legal structure
Step 5: Choose a name for your business
Step 6: Register your business
Step 7: Register Intellectual Property
Step 8: Draft and execute the implementation plan
Step 9: Operate according to the business plan
STEP ONE - DETERMINE THE VIABILITY OF YOUR BUSINESS IDEA

The very first step in the business development process is to determine the feasibility of your business idea. The best way to do this is by conducting a SWOT analysis; that is, an analysis of the strengths, weaknesses, opportunities and threats (SWOT) of the business venture.

A SWOT analysis approach includes a scoring system in which evaluators give 0 to 5 points each for strengths and opportunities, and deducts 0 to 5 points each for weaknesses and threats. This provides a SWOT metric which can be handy for comparing large numbers of ideas. See example of a SWOT matrix below.

Evaluators of your ideas can also suggest methods to overcome weaknesses and threats.

Table 1 Example of a SWOT matrix.

<table>
<thead>
<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
<th>Total Score</th>
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</thead>
<tbody>
<tr>
<td>IDEA 1</td>
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<tr>
<td>Score 0-5</td>
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<tr>
<td>IDEA 2</td>
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<td>Score 0-5</td>
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<td>IDEA 3</td>
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<td>Score 0-5</td>
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<tr>
<td>IDEA 4</td>
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<tr>
<td>Score 0-5</td>
<td></td>
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</tbody>
</table>

This mechanism should be employed to help you to fine-tune your business idea and or to decide whether the business venture is worthwhile. As such, when completing your SWOT analysis, it is important that you consider the following questions:

- Research Consultancy
- Do I have the skills/knowledge, the interest/passion, and resources needed?
- Is there a need/demand for my products/services?
- Am I solving a problem which will drive demand?
- Do I have a suitable location/facility for the customers I want to target?
- Do I have instant access to skilled, trainable workers for the business?
- How much growth potential does my idea offer?
STEP TWO - DEVELOP YOUR BUSINESS PLAN

Drafting a business plan is one of the most important steps to take when starting a business, but yet it is so often overlooked. A business plan will assist you in determining the relevant steps to be taken throughout the startup and life of the business. Simultaneously, a business plan will allow you to identify any challenges or potential pitfalls that may come along the way before it is too late. Your plan should therefore outline your entire strategy in a comprehensive and systematic manner. A classic business plan will include the following:

- **Executive summary** – usually the first section and is essentially a summary of the plan. This is therefore normally one of the last exercises when drafting a business plan.
- **Mission Statement** – This will highlight the goal/purpose of the business.
- **Industry Analysis and Trends** – This provides an overview of the market/industry trends that you are planning to enter and the general feasibility of your business idea. You should include the findings of your SWOT analysis here.
- **Target Market** – Clearly identify your target market. In order for your business to be successful, you must clearly understand your target market’s profile so that you may adequately market your product or service to them.
- **Competition** – This is just as important as knowing your customers. Knowing your competitors will allow you to better compete with them. Even if your product is new, it is likely that competitors exist who offer a similar product or service. It is therefore important that this step be conducted thoroughly.
- **Business Strategy** – This section deals with how you plan to position your business. What are you offering? Are you a low to middle financed mom and pop type establishment or are you a tech-savvy firm?
- **Marketing Strategy** – This section speaks to connecting with your target market. It involves shaping the image of your business and communicating this image along with the product or service being offered.
- **Operations** – How do you plan to run your business? While you are not encouraged to include step by step details of the general operations, it is important that you include general information such as staffing, purchasing, production etc.
- **Management Team** – This should clearly outline the members of the team and their specific skills, competencies and network. This is especially important if you will be seeking financing for your business plan.
- **Projected financial statements** – Here you will need to provide an estimate of your annual cash flow and your breakeven point. This is very important as it will indicate to potential investors and lenders if they will be able to recover their investments. When calculating your cash flow, you need to determine both inflow (cash coming in through sales) and outflows (cash leaving the business through expenses). It is also important that relevant taxes are taken into account when calculating one’s outflow. Please see below details on Jamaica’s tax regime.
APPLICABLE TAXES

The Government of Jamaica is in the process of refining and streamlining its tax system. In the absence of an incentive package, the following taxes may be levied:

<table>
<thead>
<tr>
<th>Border Taxes</th>
<th>Internal Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import Duty</td>
<td>Company Income Tax</td>
</tr>
<tr>
<td>General Consumption Tax (GCT)</td>
<td>Personal Income Tax</td>
</tr>
<tr>
<td>Customs Administration Fee (CAF)</td>
<td>General Consumption Tax (GCT)</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>Statutory Deduction -</td>
</tr>
<tr>
<td>Environmental Levy</td>
<td>HEART Trust/NTA</td>
</tr>
<tr>
<td></td>
<td>Education Tax</td>
</tr>
<tr>
<td></td>
<td>National Housing Trust</td>
</tr>
<tr>
<td></td>
<td>National Insurance Scheme</td>
</tr>
</tbody>
</table>

International Tax Agreements

Jamaica does not impose taxes on capital gains, and is a signatory to 26 Double Taxation Treaties. Jamaica has also signed 17 Bilateral Investment Treaties (BITs) with international partners.

- Internal Taxes

- Tax Registration Number (TRN)

All business entities are required to possess a Tax Registration Number (TRN), which is the means by which the company’s tax transactions are recorded and monitored. The TRN is obtained from any of the Tax Administration Jamaica (TAJ) collectorates island wide.

**Obtaining a Taxpayer Registration Number (TRN) from Overseas**

An individual may apply for a TRN even if said person resides overseas or is situated abroad at the time of application. In order to obtain your TRN from overseas, the following steps must be taken:

1. Complete and sign an ‘Application for Taxpayer Registration (Individuals) – FORM 1’ which can be accessed on TAJ’s website, [https://www.jamaicatax.gov.jm](https://www.jamaicatax.gov.jm). Please note that the signature on the application form must be identical to the one on the applicant’s identification (ID).
2. Mail the signed application with a valid, copy of the applicant’s ID (passport or driver’s license) which must include the applicant’s full name, date of birth, photograph, signature and an expiry date. The copy of the applicant’s ID must be notarized by a Notary Public, or certified by a Jamaican Consular Officer at the nearest Jamaican High Commission/Embassy or Jamaican Consulate General.

3. Following receipt and processing of the TRN application, if successful, an email will be sent to the applicant advising him/her of the TRN assigned. The TRN card will then be mailed to the applicant’s address as stated on the application form. If someone is being permitted to collect the TRN card on the behalf of the applicant however, an authorization letter from the applicant should be included in the mail bearing the completed application form and notarized ID. The authorization letter must state the name of the person, as declared on his/her ID, who is authorized to collect the card.

Further information regarding TAJ and the processes for obtaining a TRN can be found on TAJ’s website at https://www.jamaicatax.gov.jm/trn1/

- General Consumption Tax (GCT)

As the name suggests, Jamaica's General Consumption Tax (GCT) is a value added tax based on consumption that is applied at each transaction in the production through distribution process. Most businesses in Jamaica are required to register as a Registered Taxpayer with the TAJ under the General Consumption Tax (GCT) Act. However, if your business accumulates less than JMD 3 Million in total annual sales of goods and services, then you will be required to register your business as a Registered Person. This means that your entity will be exempt from remitting GCT, though you will still be required to pay GCT on purchases of taxable goods and services, but not be eligible for credit.

You will have twenty-one (21) days after starting your business to make an application to register. To apply for registration, you must complete a GCT application form, “Registration form - GCT- 1” which can be found on TAJ’s website at https://www.jamaicatax.gov.jm/web/guest/general-consumption-tax. Additionally, before you apply, you must have a valid Business TRN.

Additional information regarding GCT can be found on TAJ’s website at https://www.jamaicatax.gov.jm/general-consumption-tax1/

- Tax Compliance Certificate (TCC)

Companies may be required to possess a Tax Compliance Certificate (TCC) as proof that payments of tax liabilities and wage-related statutory deductions are up-to-date. A TCC is required for entities seeking:
  - Customs Brokers Licence
  - Quarrying Licence
• Betting Gaming and Lotteries Licence
• Citizenship or Work Permit for workers
• Security firm registration
• Contracts from the Government
• Import entry to clear goods through Customs

The TCC is obtained from the Tax Administration Jamaica (TAJ) office (local tax office in any parish).

Sources of information and for further details; please visit JAMPRO’s website http://www.jamaicatradeandinvest.org/about-ja/doing-business and TAJ’s website https://www.jamaicatax.gov.jm/

Preparing a business plan is therefore quite time-consuming and requires key skills depending on the nature and size of your business. Should you not have the time to dedicate to this process you may also choose to develop a less complicated business model canvass (appendix 1), or acquire the services of a business consultant who is very familiar with the business landscape/environment. Please contact JAMPRO or the Jamaica Business Development Corporation (JBDC) for references to business management consultants. Should you decide to move forward and develop the plan yourself, the template provided by JBDC is a good place to start. You may download the template here - https://www.jbdc.net/index.php/38-for-single-articles/155-business-plan-template

**STEP THREE - Finance the Plan**

Financing your plan is often the most difficult step in business development. The first step in financing your plan however, is identifying how much capital you need to get your business up and running. You might consider using your own savings first before considering other options for financing. Detailed below are different options for financing available in Jamaica.
Loan

The Development Bank of Jamaica provides loans under the National Insurance Fund (NIF) SME Credit Facility for Micro, Small and Medium Enterprises (MSME’s) with annual revenues of up to JM $150 million and fewer than 50 employees.

- Loan Limit – JM $30 million per entity or individual;
- Interest rate is charged on the reducing balance at competitive rates;
- Repayment Terms – A maximum of 72 months including up to 6 months moratorium on principal;
- Funds are available through approved financial institutions and micro finance institutions;
- Funds can be used for working capital and or fixed asset purchases;
- Eligibility:
  a). The business must be concentrated in any of the following fields/sectors: agriculture/agro-processing, tourism, the creative industry, information technology, manufacturing, services, mining and quarrying and energy saving projects; and
  b.) The business must be a registered business in Jamaica, at minimum as a sole trader, possess a National Insurance Scheme (NIS) number and TRN, have a valid TCC and a Business Registration Number (BRN).

Loans are also available from all financial institutions in Jamaica for MSMEs. DO YOUR DUE DILIGENCE and select the best option that suits your needs.

Grant Funding

Grants are a type of ‘restricted’ monetary funding or the transfer of anything of value from grant-making bodies (such as Government entities, and charitable trusts and foundations) to private sector businesses for the purpose of delivering a specified service or product. In Jamaica, there are two primary grant funds available to MSMEs:

1. Grant Fund Voucher for Technical Assistance Programme which is offered through the Development Bank of Jamaica (DBJ) and Business Development Organizations (BDOs). This grant is typically given to successful applicants for:
   - Business Plan Preparation
   - Marketing Plan
   - Financial Software acquisition
   - Mentorship and Coaching
   - Financial Statements
   - Management Consulting Services
   - Training Courses

Source of information: DBJ brochures and DBJ’s website www.dbankjm.com
2. **Caribbean Export Development Agency’s Direct Assistance Grant Scheme (DAGS)**

   DAGS is a reimbursable grant funding facility designed to provide financial assistance to legally registered firms, individuals, and BDO’s in operation for at least 2 years with the potential to export their products, goods and/or services. This reimbursement facility does not advance monies to beneficiaries. Funds are therefore received at the end of the project.

   The DAGS offers two facilities of funding. Funding amounts available under the Regular Procedures facility equals a maximum of 30,000 Euros and for the Accelerated Procedures facility, a maximum of 5000 Euros. Each facility reimburses up to 70% of total project costs.

   Eligible projects include: equipment modernization; research, development and innovation; advisory services; product and services development; marketing services and activities; implementation of IT solutions; training seminar; market research and testing; intellectual properties; packaging and designs; product and service development; food safety standard, certification and regulations; and quality and environmental systems.


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**Jamaica Stock Exchange Junior Market (JSE)**

According to the Jamaica Stock Exchange, the JSE, a Junior Market is designed to encourage and promote investment in Jamaica’s entrepreneurship employment and economic development. The Junior Market allows investors to put capital into legitimate small and medium-sized enterprises (SMEs) that shares trade on a special JSE platform.

This provides a very critical opportunity for SMEs to raise capital for their company, and to contribute to the growth and development of the Jamaican economy. For businesses on the JSE, they will benefit from 50% less JSE fees as well as ten (10) years of tax incentives that includes:

- Full income tax holiday for the first five (5) years of the company’s life, and
- 50% corporate income tax for the next five (5) years.

**Companies that are eligible to join the JSE must fulfill the following criteria:**

- Public limited company incorporated in Jamaica or the CARICOM;
- No association with other listed companies or prior history of listing;
- Company must raise a minimum JM $50 million in new funds in an initial public offering that is made subject to a prospectus;
- Company must have stated capital of not less than JM $50 million and not more than JM $500 million following its initial public offer and during its life on the JSE;
• Company must have at least 25 shareholders holding at least 20% of issued equity share capital in its first five years and 50 shareholders holding that proportion in its second five (5) years on the JSE; and
• The company must appoint a suitable Board of Directors and sign a mentor agreement with a suitable experienced person who will act as an advisor to the Board of Directors

Once aforesaid criteria are realized, you may start the process of admission to the JSE:

• Company is incorporated;
• Company appoints advisers, auditors, mentor, broker, attorney;
• Company confirms compliance with tax legislation and financial reporting requirements;
• Company drafts prospectus (can be based on business plan with advisers);
• Company submits prospectus and other shelf documents to JSE for review at least 21 days before admission;
• Company registers prospectus with Registry of companies and Financial Services Commission of Jamaica (FSC);
• Company launches initial public offer with its broker; and
• Company raises JM $50 million and begins its life on the JSE.

Once admitted to the JSE, membership is retained by complying with the following throughout the company’s life on the JSE:

• Timely financial reporting
• Timely disclosure of information to the market
• Payment of JSE fees

Source information: JSE brochures and for further information, please visit JSE’s website at https://www.jamstockex.com/

Angel Investors

FirstAngelsJA is a network of angel investors, or an angel investor group, focused on financing early stage companies in Jamaica and the wider Caribbean. An angel investor typically invests directly into early-stage, promising entrepreneurial businesses in return for equity in the companies.

The angel must be capable of taking a loss of the entire investment, and, as such, most angel investors are high net worth individuals. These individuals are nearly always “accredited investors” as defined by the Securities and Exchange Commission (SEC) in the USA. FirstAngelsJA members must meet certain net-worth and income requirements in order to qualify as “accredited investors”. 
Angels are not just investors, but also play key roles as advisors and mentors. They help to grow entrepreneurial companies by contributing their wisdom and expertise in nurturing entrepreneurs and their businesses. Their interest is not solely in making money, but in so doing, they fulfill their social responsibility by investing in and supporting entrepreneurial ventures, not just locally but also regionally.

Source of information and for further information visit FAJ's website: http://firstangelsja.com/

**Venture Capitalist**

Established by the Development Bank of Jamaica, the Jamaica Venture Capital Programme (JVCP) is a type of funding that is not for all entrepreneurs, as venture capitalists are mainly focused on technology-driven businesses and companies which may be high risk, but have very high growth potential. Some sectors of interest are information technology, communications and biotechnology.

As the owner of the business you would be required to give up equity or part ownership to a total stranger who would be expecting a healthy return on his/her investment. Notwithstanding this, the venture capitalist is invested for long term, that is, approximately seven (7) to ten (10) years, and expects the return on his/her investment when the company goes public, is merged or purchased by another company, or when you, the initial business owner, re-purchases the shares you sold to the venture capitalist. The venture capitalist also brings a wealth of knowledge and expertise to your business through mentorship, and sets strict management guideline for you to follow.

*Source of information and for further details visit DBJ’s Venture Capital website: https://www.venturecapitaljamaica.com/faq*

**Crowdfunding**

Crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals, primarily online via social media and crowdfunding platforms, and leverages their networks for greater reach and exposure.

Crowdfunding is essentially the opposite of the mainstream approach to business finance. Traditionally, if you want to raise capital to start a business or launch a new product, you would need to pack up your business plan, market research, and prototypes, and then shop your idea around to a limited pool of wealthy individuals or institutions (such as banks, angel investors, and venture capital firms). You can think of this traditional fundraising approach as a funnel, with you and your pitch at the wide end and your audience of investors at the closed end. Fail to point that funnel at the right investor or firm at the right time, and that’s time and money lost.
A crowdfunding platform, on the other hand, gives you, the entrepreneur, a single platform to build, showcase, and share your pitch resources. This approach dramatically streamlines the traditional model. Traditionally, you would spend months sifting through your personal network, vetting potential investors, and spending your own time and money to get in front of them.

With crowdfunding, it is much easier for you to get your opportunity in front of more parties and give them more ways to help grow your business – from investing thousands in exchange for equity, to contributing $20 in exchange for a first-run product or other reward.

From tapping into a wider investor pool to enjoying more flexible fundraising options, there are a number of benefits to crowdfunding:

• **Reach** – By using a crowdfunding platform, you have access to thousands of accredited investors (currently the US’s SEC mandates that only accredited investors are legally able to invest in private companies.), who can see, interact with, and share your fundraising campaign.

• **Presentation** – By creating a crowdfunding campaign, you go through the invaluable process of looking at your business from the top level – its history, traction, offerings, addressable market, value proposition, and more – and boiling it down into a polished, easily digestible package.

• **PR & Marketing** – From launch to close, you can share and promote your campaign through social media, email newsletters, and other online marketing tactics. As you and other media outlets cover the progress of your fundraising, you can double down by steering traffic to your website and other company resources.

• **Validation of Concept** – Presenting your concept or business to the masses affords an excellent opportunity to validate and refine your offering. As potential investors begin to express interest and ask questions, you’ll quickly see if there’s something missing that would make them more likely to buy in.

• **Efficiency** – One of the best things about online crowdfunding is its ability to centralize and streamline your fundraising efforts. By building a single, comprehensive profile to which you can funnel all your prospects and potential investors, you eliminate the need to pursue each of them individually. So instead of duplicating efforts by printing documents, compiling binders, and manually updating each one, when there’s an update, you can present everything online in a much more accessible format, leaving you with more time to run your business instead of fundraising.

There are many different types of crowdfunding. Which crowdfunding method you select depends on the type of product or service you offer and your goals for growth. The three (3) primary types are:

1. **Donation-based crowdfunding** – Any crowdfunding campaign in which there is no financial return to the investors or contributors. Common donation-based crowdfunding initiatives include fundraising for disaster relief, charities, nonprofits, and medical bills.
2. **Rewards-based crowdfunding** – Any crowdfunding campaign that involves individuals contributing to your business in exchange for a ‘reward’ that is typically a form of the product or service your business offers.

3. **Equity-based crowdfunding** – Any crowdfunding campaign that allows contributors to become part-owners of your company by trading capital for equity shares.

DO YOUR DUE DILIGENCE and select the best option that suits your needs.

*Source of information and for further details visit FUNDABLE's website: https://www.fundable.com/learn/resources/guides/crowdfunding-guide/what-is-crowdfunding*

**Step Four - Choose a Suitable Legal Structure**

Once you have completed steps one, two and three, you are now ready to register your business. Before you can do this however, you will need to decide on a legal structure for your commercial enterprise. That is, whether your business will operate as a sole trader or partnership, or as a limited liability company. To make this determination you should consider the following:

- The risk factors relating to the business – Where there is a greater risk of litigation, a limited liability company should be considered. For example, a home to take care of the elderly, a construction company or a medical practice would be more high risk than a small haberdashery store.
- Tax and statutory requirements – A limited liability company is required by law to file annual audited financial statements as opposed to having a business name and being required to file a profit and loss statement.
- Your personality - What works best for you?
- The purpose for which you want to set up the entity – If you want to start up a school which is to be operated as a non-profit entity, then a company without preference shares or a charity would be considered a suitable legal structure.
- The size of the entity – A hairdressing parlour with an anticipated turnover of less than JMD 2 million per year may want to consider establishing a business name instead of forming a company.

As such, there are two basic structures of an entity to choose between:

1. A Company - a commercial entity registered or incorporated under the Companies Act. A company can be either be Non Profit (Charity, Club, NGO etc.) or Profit Generating; and
2. A Business - a sole trader or partnership registered under the Business Names Act.

**Table 2 Differences between a company and business in Jamaica**
A company is a legal person, though artificial in nature, and is separate from its members. There is no separate legal identity from its members.

A company may be registered with the liability of the members limited by the amount of their unpaid share capital, by guarantee or both, whereas the personal property of the owners of the business may be used to set off against any claims made in a court of law. The owners of a business are liable for the contractual liabilities and obligations of the business.

A company has perpetual succession. This means that a change in the membership does not affect the existence of the company A business does not have perpetual succession. For example, in the case of a partnership, which is one form of business registration, a change in the membership affects the partnership.

The property owned by the company belongs to the company and not its members. The property of the business is either owned by one person where it is a sole proprietorship or jointly by the partners where it is a partnership.

A company, which has assets or liabilities, must be wound up in accordance with the Companies Act if it is solvent. If the company is insolvent, then said entity must be wound up in accordance with the Insolvency Act. Where a company has no assets or liabilities it must be removed in accordance with the Companies Act.

A business may be closed by notice in writing to the Companies Office of Jamaica.

A company can sue and be sued in its own name. A business cannot sue nor be sued in its own name.

All companies must register under the Companies Act. Not all persons operating a business need to register under the Registration of Business Names Act.

The directors of a company are responsible for the management of the company and the members of the company are not involved in the management of the business. The owners of a business are in most cases the managers of the business.

Notwithstanding these differences between a company and a business, both business structures share the following similarities:

- Both companies and businesses may create charges over assets such as land, vehicles and equipment.
- Both the Companies Act and the Registration of Business Names Act prohibit the registration of any two companies or businesses with the same name, thereby protecting the entity’s name

Therefore, based on your business idea, your business canvas and your review of the below table, you will need to determine whether you are you interested in forming a business as a sole trader or a partnership, or forming a limited liability company.
<table>
<thead>
<tr>
<th></th>
<th>Business-Sole Trader</th>
<th>Business-Partnership</th>
<th>Limited Liability Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure</strong></td>
<td>No complicated paperwork is required.</td>
<td>Similar to a sole trader but with more than one owner (2 to 20). Partners are contractually bound by partnership agreement which can be in writing or oral.</td>
<td>Companies must be formally registered and pay a 25% of corporation tax on profits.</td>
</tr>
<tr>
<td><strong>Liability</strong></td>
<td>Fully liable for all matters related to the business and there is no distinction between the business and your personal assets. Henceforth all business debts are your debts and your personal assets (e.g., home and car) are not protected. The owner therefore runs the risk of bankruptcy</td>
<td>Risks and responsibilities are shared between partners in line with the partnership agreement. Personal property may also be at risk. Partners therefore run the risk of bankruptcy.</td>
<td>A limited company is its own legal identity. Each shareholder’s liability is therefore limited to the number of shares owned. The company and not the shareholders are held accountable.</td>
</tr>
<tr>
<td><strong>Dissolution</strong></td>
<td>Dissolution is simple as the owner can make that decision at any time.</td>
<td>May have limited life: can end with death or withdrawal of a partner. Withdrawal may however be complicated.</td>
<td>Perpetual succession – if members die, the company can keep going.</td>
</tr>
<tr>
<td><strong>Decision Making</strong></td>
<td>Sole trader makes all the decisions.</td>
<td>Decisions are shared and can result in disagreements that can result in a stalemate and ultimately affect the business.</td>
<td>Group of owners (shareholders) make decisions together or based on rules that were determined when the company was formed.</td>
</tr>
<tr>
<td><strong>Takeovers</strong></td>
<td>This is not an issue with a company set up as a sole trader. The owner would choose to sell based on terms and conditions that he agrees to resulting in an acquisition.</td>
<td>Partners can choose to sell the company. This decision must be made by all partners.</td>
<td>One person can buy majority shares of a corporation and gain control of management decisions.</td>
</tr>
</tbody>
</table>
Should you decide that a company is the best legal structure for you and that you are willing to form a local company, you will need to submit two items directly to the Companies Office of Jamaica (COJ) at either its Kingston office or Montego Bay branch. These are:

1. The Business Registration Form (BRF1), otherwise called the “Super Form”:
   At incorporation, this form captures the required information on the directors, secretary, registered office and the relevant information for the National Insurance Scheme (NIS), Tax Office (TRN, TCC and GCT), Heart Trust and National Housing Trust. The form must be signed by all director(s) as well as the person declaring the accuracy of the information submitted on the form. An original valid government issued identification of the principal director and the person declaring the accuracy of the form must also be presented.

2. The Articles of Incorporation, which sets out among other things, the core business of the company and the internal rules governing the company.

If these documents are found to be in order, are fully and accurately completed, and the requisite fees are paid, then a Certificate of Incorporation will be issued within four working days. Where applicable, arrival documents for TCC applicants (eg. Bill of Lading) and proof of certification of certain professionals must also be submitted. Additionally, at least one responsible officer of all companies must possess a TRN.

For the formation of a business or business name, three items must be submitted directly to the COJ by an authorized agent or in person, at either its Kingston office or Montego Bay branch. These are:

1. The Business Registration Form (BRF1) otherwise known as the “Super Form”. The “Super form” replaces the BN1 /BN2/BN3 for new applications only;
2. An original government issued identification of the principal proprietor;
3. A document verifying his/her current place of address. Verification can be made by way of driver’s license, passport, Bank Statement or utility bill.

A valid certification is required to be submitted with applications for certain professionals such as Engineers, Medical Doctors, Pharmacists, Dentists, Lawyers, and so forth. Additionally, all proprietors must possess a TRN and all non-CARICOM Nationals must submit a work permit if there is no proof of Jamaican Citizenship.

Any company operating without registering with the Companies Office of Jamaica will be in violation of the Companies Act of 2004 and may be liable to legal scrutiny.

Source of information and for further details please visit the Companies Office of Jamaica’s website at https://www.orcjamaica.com/Default.aspx
Step Five – Choose a business or company name

Before registering your business, you need to select a name. Keep in mind that this will essentially be the first marketing tool utilized. Think about the impression the name conjures, as well as the culture of industry and that of your target market. The name should be unique but memorable. Do a name search to ensure that this name has not been previously registered and reserve a domain name for your business’ website.

A search must be conducted through application at the COJ to ensure that the proposed name is available. It is possible for a company to reserve a name for up 90 days before it is actually registered. The advantages of name reservation include:

1. Establishing that the name is appropriate and available for use
2. Protecting the name from use by others for the reservation period
3. Allowing the company to use the name for pre-incorporation contracts with certainty

Step Six – Register your business

Now that you have determined which legal structure is best for your business and you have selected a business name, the next step is to register the name of your business or company with the COJ. It should be noted that unless you fall within a specific category (see ‘business registration processes’ below) it is illegal to operate a business in Jamaica without completing the business registration process. This means that if your company/business is not registered, it is unlawful for you to advertise, you are subject to lawsuits, the business can be forcibly closed and the business may be unable to obtain legal remedy.

Registering your business therefore comes with specific benefits. Firstly, it provides a mantle and legal status that makes conducting business in Jamaica easier as you are able to access loans, grants, contracts from Governments and the private sector, as well as operating bank accounts in the business’ name. Business registration also establishes ownership and allows individuals and companies to verify that you are operating legally, thereby offering you credit and or inspiring customer confidence. Please see below for detailed information on the business registration process in Jamaica.
The Business Registration Process in Jamaica

- You should register a Business Name if you are:
  - An individual or firm buying or selling goods from an established address.
  - An individual or firm offering services from an established address in a name other than its/their own. For example, John Brown operating as John’s Accounting or John Brown & Associates must register.

- You need not register a Business Name if you are
  - An individual who buys and sells livestock.
  - An individual occupying public market stalls and paying market fees.
  - John Brown operating his business using his name
  - A firm established for social or welfare purposes, public service, religion, charity, education, art, science etc. whose income and profits are used solely for that purpose.

- A part of the entity registration process involves applying for a suitable name for your entity. The Business Name will not be registered if:
  - It is identical or too close to the name of an existing trader, individual or firm registered under the Business Names or Companies Act 2004.
  - The words are phonetically identical e.g. “ice cream” vs. “I scream”
  - It infringes on a registered trademark (e.g. Blue Mountain Coffee, Red Stripe)
  - It is undesirable, offensive, profane or contains obscene words
  - It contains words that suggest a connection to the ‘Crown or members of the Royal Family’. Use of such words must be justified in writing prior to registration. Some other words that must be justified by the submission of relevant practicing certificate include: Medical, Dental, Pharmacy, Engineer, University, Cambio, Bank, Land Survey and Real Estate.

- Based on the proprietorship, the appropriate application form must be duly completed and properly executed.
- Business Name certificates must be registered every three years as they are only valid for this period. Late renewal of registration comes with a fee of JM $1,000. Applicants are required to complete the relevant documents at each renewal period.

Please see below the link to the Companies Office of Jamaica’s new electronic business registration form. https://www.orcjamaica.com/CompForms/Form%201%20BRF%20Schedule%20v2F7.pdf
Registration Process for Overseas Investors

The process of registration for overseas investors is similar to that of resident investors. The applicant must also submit a document verifying the applicant’s place of residence. This may be provided in the form of a driver’s license, a utility bill or a Statutory Declaration signed by the applicant and witnessed by a Justice of the Peace or Notary public (BN8). TRN’s for all applicants/proprietors must also be submitted along with valid photo identification (Driver’s license, National I.D., Passport).

Registration Process for an Overseas Company

An overseas company is considered to be a company that was incorporated outside of Jamaica, but which establishes a place of business within the island. Overseas companies may operate in Jamaica, but must be registered with the COJ. The registration fee, as at the time of publishing, equals JM $25,000.00.

Once registered, an overseas company must file a balance sheet, profit and loss account in accordance with the Companies Act 2004. Additionally, within a month of establishment within the island, the company must deliver to the COJ, in person or via an authorized agent, the following for registration:

1. A signed and completed “Form 31 – Particulars of Overseas Company”, and
2. A certified copy of the Charter, Statute or Articles of the company or other instrument constituting or defining the constitution and name of the company. The copy of the Charter, Statutes or Articles aforesaid is to be certified to be a true copy of the original by an official of the Government body responsible for custody of the original.

Similar to registering your overseas company, any changes in the particulars of the registered company must be made known to the COJ in writing within fourteen (14) days of the change.

Table 4 Forms required to start your business or company.

<table>
<thead>
<tr>
<th>Form Number</th>
<th>Description</th>
</tr>
</thead>
</table>
| BRF1        | The Business Registration Form (new registrations only)  
• Registration of a Sole Trader  
• Registration of a Partnership  
• A corporation registering a Business Name  
• A corporation registering a business name to act as an agent for a foreign firm or to act as a trustee for an individual or another corporation. |
| BN 4        | Registration of an individual on the behalf of another individual, or a corporation as an agent for a foreign firm. The BRF1, in the case of a new application, must also be submitted. |
| BN 5        | Changes to a business |
| BN 6        | Closing a Business |
| BN 7        | Appealing a decision made by the Registrar under the Act |
| BN 8        | Statutory declaration form to be used where a partner signs on behalf of other partners or a director or secretary signs on behalf of a corporation. |
NB: The Companies Office of Jamaica has not yet implemented an online registration platform. As such, all company or business registrations must be submitted to:
The Companies Office of Jamaica
1 Grenada Way
Kingston 5
Tel: +1876 908 4419-26
E-mail: custsupport@orcjamaica.com

For more information and to access the different forms, kindly visit the Companies Office of Jamaica’s webpage: https://www.orcjamaica.com/Default.aspx or visit their office in Kingston or Montego Bay.

STEP SEVEN – Register Intellectual Property (IP)

After registering your business with the Companies Office of Jamaica, depending on the nature of your business, you need to register your Intellectual Property soon after. Under Jamaica’s Copyright Act 1993, copyright applies to original literary, dramatic, musical or artistic works, sound recordings, films, broadcasts, cable programmes and typographical arrangements of published editions. Copyright is an automatic right which arises upon creation of the work and expires 95 years after the death of the author (in the case of literary dramatic, musical and artistic works).

Source of information: http://www.jipo.gov.jm/node/73

- **A Trade Mark** is a sign that is graphically represented and capable of distinguishing the goods or services of a person, company or legal entity from those of another. A trademark can be comprised of words, letters, numbers, designs, names, slogans, symbols, colours, images, packaging, etc., or a combination of the foregoing. If you take the time to register your logo, no one will be able to use it unless you authorize them to. Trademark protection also prevents anyone from copying your design and from using a logo that is similar to yours which may result in consumers mistakenly identifying their products as a part of your brand.

Source of information: http://www.jipo.gov.jm/node/75

- **A Patent** is a set of exclusive rights granted by a state (national government) to an inventor or their assignee for a limited period of time in exchange for a public disclosure of an invention

Source of information: http://www.jipo.gov.jm/node/76
• **A Registered Design** can be a valuable commercial asset. Registration of a design gives the owner protection for the visual appearance of the product, but not how the product works.

*Source of information: http://www.jipo.gov.jm/node/97*

• **A Geographical Indication** is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that place of origin. Most commonly, a geographical indication includes the name of the place of origin of the goods.

• **Traditional Knowledge** typically distinguishes one community from another. For some communities, traditional knowledge takes on a personal and spiritual meaning. Traditional knowledge can also reflect a community’s interests. Some communities depend on their traditional knowledge for survival.

*Source of information: http://www.jipo.gov.jm/node/115*

**Benefits of Registering your Intellectual Property (IP)**

There are several benefits that you can realize, should you decide to register your IP. By way of registration:

• There is grounds for legal action in the event of infringement of IP rights;
• There is protection for IP rights which is essential to maximize profit;
• The promotion and protection of IP spurs economic growth
• New jobs and industries are created;
• It is an intangible asset that is separate from physical assets;
• It forms part of the business’ value; and
• It can be licensed, sold, and or willed.
Step Eight – Draft and execute the Implementation Plan

The next step is to develop a detailed implementation plan, in accordance with your business plan that should be used as a blueprint for business operations, as well as to get your business up and running. You will need to identify all the tasks to be completed in order to begin the implementation of the plan and assign timelines, as well as personnel responsible for each task’s completion. The lists of tasks should include identifying and securing a relevant location for operating the business, employing staff as well as obtaining relevant permits. Below, is a table of the different permits that might be required depending on the type of business that you want to operate.

<table>
<thead>
<tr>
<th>Permit Category</th>
<th>Agency Information</th>
</tr>
</thead>
</table>
| Environmental   | • Required under the Natural Resources Conservation Authority Act  
                    • Applications submitted to National Environment & Planning Agency (NEPA)  
                    • Approving entity - Natural Resources Conservation Authority (NRCA) |
| Planning        | • Required under Town & Country Planning Act  
                    • Applications submitted to the Local Planning Authority in the respective Municipal Corporations and the Kingston & St. Andrew Corporation (KSAC)  
                    • Approving entities - Town and Country Planning Authority and Local Planning Authorities |
| Subdivision     | • Required under the Local Improvements Act  
                    • Applications submitted to the Local Authority  
                    • Approving entities - Local authorities (Municipal Corporations & KSAC); Recommendation from NEPA |
| Building        | These are handled by the respective local authority in each parish under the relevant Building Acts. |

Sources of information and for further details; please visit JAMPRO’s website  
http://www.jamaicatradeandinvest.org/about-ja/doing-business

Step Nine - Operate According to the Business Plan

Your implementation plan and business plan should act as a road map for general operations. Ensure that you also develop a detailed budget based on the projected profit and loss taking into account cash inflows and outflows. This budget should be utilized as a monitoring tool for business operation as it relates to your projected income and expenses. See Appendix 2 for a sample budget.
# Business Model Canvas

<table>
<thead>
<tr>
<th><strong>Key Partners</strong></th>
<th><strong>Key Activities</strong></th>
<th><strong>Value Propositions</strong></th>
<th><strong>Customer Relationship</strong></th>
<th><strong>Customer SEGMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are our key partners?</td>
<td>What key activities do our value propositions require?</td>
<td>What value do we deliver to the customer?</td>
<td>How do we get, keep, and grow customers?</td>
<td>For whom are we creating value?</td>
</tr>
<tr>
<td>Who are our key suppliers?</td>
<td>Our distribution channels?</td>
<td>Which one of our customers’ problems are we helping to solve?</td>
<td>Which customer relationships have we established?</td>
<td>Who are our most important customers?</td>
</tr>
<tr>
<td>Which key resources are we acquiring from our partners?</td>
<td>Customer relationships?</td>
<td>What bundles of products and services are we offering to each segment?</td>
<td>How are they integrated with the rest of our business model?</td>
<td>What are the customer archetypes?</td>
</tr>
<tr>
<td>Which key activities do partners perform?</td>
<td>Revenue streams?</td>
<td>Which customer needs are we satisfying?</td>
<td>How costly are they?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Key Resources</strong></th>
<th><strong>Channels</strong></th>
<th><strong>Cost structure</strong></th>
<th><strong>Revenue streams</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>What key resources do our value propositions require?</td>
<td>Though which channels do our customer segments want to be reached?</td>
<td>What are the most important costs inherent to our business model?</td>
<td>For what value are our customers really willing to pay?</td>
</tr>
<tr>
<td>Our distribution channels?</td>
<td>How do other companies reach them now?</td>
<td>Which key resources are most expensive?</td>
<td>For what do they currently pay?</td>
</tr>
<tr>
<td>Customer relationships?</td>
<td>Which ones work best?</td>
<td>Which key activities are most expensive?</td>
<td>What is the revenue model?</td>
</tr>
<tr>
<td>Revenue streams?</td>
<td>Which ones are most cost-efficient?</td>
<td>For what do they currently pay?</td>
<td>What are the pricing tactics?</td>
</tr>
</tbody>
</table>

![Image of a coffee shop]
# APPENDIX 2 – Sample Budget

<table>
<thead>
<tr>
<th>Income</th>
<th>Jan Budget</th>
<th>Feb Budget</th>
<th>Mar Budget</th>
<th>Apr Budget</th>
<th>May Budget</th>
<th>Jun Budget</th>
<th>Jul Budget</th>
<th>Aug Budget</th>
<th>Sep Budget</th>
<th>Oct Budget</th>
<th>Nov Budget</th>
<th>Dec Budget</th>
<th>Total Actual Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastry</td>
<td>350</td>
<td>250</td>
<td>350</td>
<td>250</td>
<td>200</td>
<td>250</td>
<td>350</td>
<td>250</td>
<td>350</td>
<td>250</td>
<td>350</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Cost of Sales (direct costs)</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
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</tr>
<tr>
<td>Gross Profit</td>
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<td>300</td>
<td>400</td>
<td>300</td>
<td>400</td>
<td>300</td>
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<td>400</td>
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<tr>
<td>Expenses</td>
<td></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Owner’s drawings</td>
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<tr>
<td>Light</td>
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<tr>
<td>Rent</td>
<td>50</td>
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<td>50</td>
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<td>50</td>
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</tr>
<tr>
<td>Stationery Supplies</td>
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</tr>
<tr>
<td>Traveling</td>
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</tr>
<tr>
<td>Total</td>
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</tr>
<tr>
<td>Profit or Loss</td>
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<td>75</td>
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<td>75</td>
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</tr>
</tbody>
</table>
Determine the viability of your business idea
Develop your business idea
Finance the plan
Choose a suitable legal structure
Choose a name for your business
Register your business
Register Intellectual Property
Draft and execute the implementation plan
Operate according to the business plan


**Acronyms**

**BDO** – Business Development Organization  
**BITS** – Bilateral Investment Treaties  
**COJ** – Companies Office of Jamaica  
**DBJ** – Development Bank of Jamaica  
**GCT** – General Consumption Tax  
**IP** – Intellectual Property  
**JAMPRO** – Jamaica Promotions Corporations  
**JBDC** – Jamaica Business Development Corporation  
**JSE** – Jamaica Stock Exchange  
**MSME** – Medium Small and Micro Enterprises  
**NGO** – Non-Governmental Organization  
**NIS** – National Insurance Scheme  
**SEC** – Securities and Exchange Commission  
**SME** – Small and Medium-sized Enterprises  
**SWOT** – Strengths, Weaknesses, Opportunities and Threat  
**TAJ** – Tax Administration Jamaica  
**TCC** – Tax Compliance Certificate  
**TRN** – Taxpayer Registration Number
Bibliography


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https://www.fundable.com


