



GUIDELINES FOR FORMALISING A BUSINESS IN JAMAICA

A. Overview

Going Into Business

Before going into business you must decide on the 'legal structure' best suited to your needs. This will define the legal relationships within the enterprise as well as its relationship to its environment. In choosing the best structure for your proposed enterprise the following should be considered:

- Your personality
- Purpose of the enterprise
- Enterprise's size
- Tax, management and statutory requirements.
- There are three (3) basic ways of organising your business:
- Two are offered through the Companies Office of Jamaica (COJ):
 - i. A Company - a commercial enterprise registered or incorporated under the Companies Act.
 - ii. A Business - a sole trader or partnership registered under the Business Names Act

Note: Business Names registration is much cheaper, simpler and a more appropriate form of registration for small businesses

- The third is offered by the Department of Cooperatives and Friendly Societies (DCFS).

- iii. A Co-operative an autonomous association of people

Benefits of Registration

Registration provides legal status and gives you a businesslike face making the following easier:

- Access to loans and grants
- Obtaining Government and other contracts
- Operation of bank accounts in the business' name
- Establishment of legal ownership of the business
- Greater support from customers
- Avoiding penalty for operating without registration
- Freedom to advertise
- Protection of the business name

B. Business Registration

Business Names

The following should register:

Individuals or firms buying or selling goods from an established address.

- Individuals or firms offering services from an established address in a name other than their own, for example:
 - Joe Black offering services in his name need not register.
 - Joe Black operating as Joe's Accounting or Joe Black & Associates must register.

Business Names are usually registered in one of two forms:

1. Sole Trader or Sole Proprietorship one owner.
2. A Partnership business jointly owned (2 to 20 persons)



B. Business Registration

Sole Proprietorship or Sole Trader

Advantages

Owner reaps all rewards
Freedom to make all decisions
Quick decision making

Disadvantages

Owner takes all risks
Unlimited responsibility - all personal assets at risk for any debts

Partnerships

Advantages

Sharing workload and time saving
Shared risks and responsibilities
A range of experience, knowledge
Cost sharing

Disadvantages

Limited freedom to make decisions
All partners are responsible for the mistakes of one and competence available
Decisions tend to take longer

Registering a Business Name

Business names may be registered at the COJ or partially online at www.orcjamaica.com/registerbusiness.asp

To register a business name you will need to:

1. Complete and submit one of the following forms:
 - Sole Traders BN1 form. \$2,000
 - Partnerships (individuals) BN2 form. \$2,000
 - Business with corporation BN2 form. \$2,500



B. Business Registration

2. The taxpayer registration number (TRN) for all partners must be correctly inserted in the form
3. All partners must provide proof of their residential address e.g. rent receipt, utility bill, official correspondence from NHT etc
4. Pay the prescribed registration fee

A business name certificate will be prepared and made available in two (2) working days. Express registration within 24 hours can also be facilitated at an additional cost of \$1,500.

Renewal

- Business Name Certificates
- Valid for 3 years
- Must be renewed 2 weeks before the expiration of 3 years or the date printed on the registration certificate.

New forms must be completed and signed by all partners

- Sole Traders BN1 form.	\$2,000
- Partnerships (individuals) BN2 form.	\$2,000
- Business with corporation BN2 form.	\$2,500
- Late renewal carries a charge of	\$1,000

Adjustments to any 2 of the following on the same date cost \$2,000:

- a. Name of Business
- b. Nature of Business
- c. Address of Business

A black and white photograph showing a person's hand holding a fountain pen, writing on a document. The document appears to be a form with various fields and text. The hand is wearing a white shirt cuff. The background is dark and out of focus.

B. Business Registration

- Form BN5 is to be used.
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- Changes to all three require a new Business Name registration.
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- Certificate confirming the change is issued by the COJ.

Closure

To close and remove a business from the Register notice in writing to the Registrar of Companies is required. The BN6 form should be submitted with a fee of \$600.

Know Your Forms

- BN 1 Registration of a Sole Trader
- BN 2 Registration of a Partnership
- BN 5 Changes to a Business
- BN 6 Closing a Business



C. Company Registration

When registering a company the following must be determined:

- Is the company to be private or public?
- Is the company to be Limited by Shares or by Guarantee without Share Capital?

Registration Steps

Name Search and Reservation

- Decide on a name
- Conduct name search at the COJ
- Request reservation of the name.

A name can be reserved for up to 90 days before it is actually registered. The advantages of name reservation include:

1. Establishing that the name is not already being used on the register and that it can be used
2. Protecting the name from use by others
3. Allowing company to use the name for pre-incorporation contracts with certainty



C. Company Registration

COMPANIES NAME SEARCH AND NAME RESERVATION FORM (form 6) is required.

Fees \$500 for official name search and \$2,000 for name reservation.

Consider the Following When Choosing a Name:

1. The COJ has the right to refuse any name, which may cause confusion with another name already on the Register of Companies.
2. Names containing obscene language or indicating an illegal activity will be refused
3. Names implying connection with Royalty or a Political Party must be justified
4. Certain names e.g. containing “Engineering”, “Pharmacy” “Medical” etc. must also be justified through the production of certification from the relevant professional or regulatory body.

Registration Procedure

The following documents must be submitted:

- a. Form 1A or 1B - The Articles of Incorporation which contains the following information:
 - i. The Name of the Company, which must include “Limited” as the last word of the name in the case of a Company limited by shares or by guarantee;
 - ii. The registered address of the company which must be situated in Jamaica;
 - iii. In the case of a Company having a share capital, the classes of shares, and the maximum number of shares the Company is authorized to issue;



C. Company Registration

- iv. Restrictions, if any, on share transfers;
- v. Minimum and/or maximum number of Directors;
- vi. Any restrictions on the business that the Company may carry on.

Form 1A Companies limited by Shares

Form 1B Companies limited by guarantee without Share Capital

The Articles must be stamped at:

The Stamp Duty and Transfer Tax Department
111 Harbour Street,
Kingston.

b. Form 2 A Declaration of Compliance

This is a Declaration by an Attorney-at-law or Chartered Secretary engaged in the formation of the company or a Director or Secretary named in the Articles of Incorporation, stating that all the requirements of the Companies Act 2004 were adhered to when the Articles of Incorporation were being prepared.

It may be signed by the declarant, and witnessed by a Justice of the Peace

c. Form 17 A Registered Office Notice

This document records the Registered or Legal Address of the Company. Once documents are in order, a Certificate of Incorporation is issued within five working days.



C. Company Registration

Forms 1A/1B, 2, & 17 constitute the Incorporation Package. The cost to file these documents is \$ 12,000.00

d. Form 23 Notice of Appointment of the Company Directors

Directors named in the Articles of Incorporation must be appointed on Form 23, which can be submitted at registration or within 14 days of registration. Fee \$ 2,000.00

e. Form 20 Notice of Appointment of the Company Secretary

Form 20 is used to appoint the secretary named in the Articles of Incorporation, which can be submitted at registration or within 15 days of registration. Fee \$ 2,000.00

The total cost to file all these documents is \$ 16,000.00

Removal of a Company

A company may be removed from the register where:

- Registrar has reasonable cause to believe that the Company is not operating.
- The directors' request that the company be removed from the Company's Register as the company has ceased to operate and has no assets or liabilities. This must be confirmed in writing by the auditors of the Company

In the event that a company is removed while it is still in business or owns property, it may seek restoration to the register within twenty (20) years of being removed.

D. Co-operatives

What is a Co-operative?

A Co-operative is an autonomous association of people, usually of limited means, who voluntarily join together to achieve a common objective such as:

- To market products,
- To purchase supplies
- To provide services such as housing, credit union, and thrift

To achieve this objective the people form a business organization, which is democratically controlled through which they pool their skills and resources.

The main purpose of a Co-operative is to provide goods and services to its members/users at a minimum cost; while maximising the net and real income of the members/users.

Forming a Co-operative

1. The minimum number of persons required to form a Co-operative is ten (10).
2. Election of a Steering Committee of an odd number of persons from group members.
3. The following documents should then be submitted to the DCFS:
 - Three (3) error-free copies of proposed Rules. Model Rules are available (\$2500 diskette, \$3,000 hard copy)



D. Co-operatives

- Two (2) completed Application Forms along with a registration fee of \$2000.00
- Two (2) completed copies of Registration Agreement duly signed by the relevant officers

A project proposal including a business plan or feasibility study, showing cash flow projections over a five (5) year period monthly in the first year and thereafter annualized; demonstrating economic viability of the Co-operative

Written proof of proposed location for registered office (e.g. lease or rent agreement)

Additionally, the Steering Committee should avail itself for training in Co-operative Management at a cost of \$900.00 per hour, minimum 10 hours. At the end of the prescribed training, an evaluation will be undertaken to determine the group's knowledge on Co-operative Management and Principles.

Returns to be submitted to the Department Annually

- Members share listing,
- Quarterly financial reports and
- Records for audit/independent Auditor's report



E. Intellectual Property

Intellectual property refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

Intellectual property is divided into two categories:

1. Industrial property inventions (patents), trademarks, industrial designs, and geographic indications of source.
2. Copyright literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs.

Rights related to copyright also include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs.

Protecting your ideas

Generally these rights can be grouped as follows:

- Patents Protecting how something works
- Trademarks Protects what something is called
- Designs Protects how something looks
- Copyright Protects artistic works (E.g. written works, Film, Performance, Recordings, Music, etc.)

E. Intellectual Property

The Jamaica Intellectual Property Office administers the laws relating to:

- Trademarks
- Industrial Designs
- Patents
- Geographical Indications
- Lay-out Designs
- New Plant Varieties
- Copyright and related Rights

Protection of Intellectual Property Rights (IPRs) is enshrined in the Copyright Act of 1993.

Individuals and entities that intend to operate in this environment must ensure compliance, not only under the Companies Act, but also the Copyright Act of 1993, especially where creative effort is the basis of their operations.

F. Government Agencies

After registration of the enterprise you will need to make contact with the following government agencies:

- National Insurance Scheme (NIS)
- The Taxpayers Registration Centre (TRN)
- National Housing Trust (NHT)
- The Income Tax Department
- General Consumption Tax (GCT)

Registration with these agencies will allow your enterprise to become compliant with its statutory obligations which will in turn enable you to seek grants, loans and contracts with the Government of Jamaica.





Some Information for this document was taken from publications from the Companies Office of Jamaica, the Department of Co-operative and Friendly Societies, and the Jamaica Intellectual Property Office.

For further information, please contact:

Export Centre/Business Information

c/o Jamaica Trade & Invest
18 Trafalgar Road
Kingston 10
Tel: (876) 9787755/978-3337
Email: ecbip@jti.org.jm

Jamaica Business Development Corporation (JBDC)

14 Camp Road
Kingston 4
Tel: (876) 928-5161-5
Email info@jbdc.net

Jamaica Exporters' Association (JEA)

1 Winchester Road
Kingston 10
Tel: (876) 960-4908
Email: jea@exportja.org



*This project is co-funded by the
European Union and the
Government of Jamaica*

