



Hurricane Melissa tax-free relief for employees



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On Tuesday December 9, 2025, the Honourable Minister of Finance and the Public Service made a well-received announcement about new tax measures aimed at providing direct tax benefits to employees impacted by Hurricane Melissa. She stated that the Government of Jamaica has approved amendments to the Income Tax Act to allow employers to provide direct tax-free financial support to their employees affected by Hurricane Melissa.

Once the amendments to the Income Tax Act change the definition of emoluments subject to income tax to exclude such payments, then the attendant payroll statutory contributions laws which rely on this definition of emoluments will also provide the intended tax-free relief.

This Employee Support and Relief Programme (ESRP) will operate outside of the existing fiscal tools such as discretionary waivers, write-offs and ministerial remission. The ESRP permits employers to pay a tax-free disaster relief honorarium to employees who are impacted by Hurricane Melissa. Under the ESRP, employers are allowed to pay a special type of honorarium to employees without any income tax liability for the employee, and without any liability for statutory contributions for both the employee and the employer.

The honorarium can be up to J\$200,000 for each employee. Payments may be made in one lump sum payment or in multiple installment payments, and such payments may be made up to March 31, 2026.

There are conditions and these are summarized below:

- The tax-free disaster relief is an interim or a temporary measure and is available for the period November 1, 2025 to March 31, 2026.
- The tax-free disaster relief has a clear end date for payments to employees, i.e., March 31, 2026.
- Payment may be a one-off payment, or a limited series of payments.
- The maximum amount an employee can receive is J\$200,000.

- The disaster relief payments will be recognized as non-taxable only where they are provided by employers strictly for personal recovery and the welfare or household needs of employees. It must be financial assistance required to safeguard the welfare of employees facing an abrupt loss of income, housing or essential goods.
- The disaster relief payments should not be connected in any form to employment services, performance, compensation arrangements or ongoing remuneration.
- This tax-free relief is limited to cash payments only. Therefore, non-cash assistance including benefits in-kind and fringe benefits, or the usual allowances that are paid as part of the employee's normal compensation package will not benefit from this tax relief.
- Employers are required to report the tax-free amounts paid as part of the normal monthly payroll tax filing of the Employers' Monthly Statutory Remittance - Payroll Deductions (Form S01) with Tax Administration Jamaica.
- Employers are required to create and to maintain contemporaneous documentation that support each payment, showing the purpose, the amount, the timing, and the justification for each payment made.

It is expected that payments already made by employers before the Minister's announcement on December 9, 2025 will be covered under the ESRP. The Minister stated that the tax-free relief will be available during periods in which a declaration of disaster has been issued pursuant to Section 20 of the Constitution of Jamaica and or Section 26 of the Disaster Risk Management Act. Therefore, the benefits of the ESRP should extend to situations where employers were early responders to the needs of their employees in the days immediately following the passage of Hurricane Melissa.

It is also expected that for any qualifying payments already made which were treated as taxable emoluments, necessary adjustments will be reported by the employers and accommodated by Tax Administration Jamaica on the filing of the Employer's Annual Return (Form S02) due on March 31, 2026.

If you require any additional information or clarification feel free to reach out to us at CaricomMarketsTeam@kpmg.com.



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