



ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE ADDRESSED TO THE  
**FINANCIAL SECRETARY** AND THE FOLLOWING REFERENCE NUMBER QUOTED:-

Telephone No. 92-28600-16  
Website: <http://www.mof.gov.jm>  
Email: [info@mof.gov.jm](mailto:info@mof.gov.jm)

**REF NO: 11300<sup>IV</sup>**

**MINISTRY OF FINANCE AND THE PUBLIC SERVICE  
30 NATIONAL HEROES CIRCLE  
P.O. BOX 512  
KINGSTON  
JAMAICA**

**October 6, 2023**

**Circular No. 27**

Cabinet Secretary  
Permanent Secretaries  
Heads of Departments

**Treatment of Temporary Allowances Under the New Compensation System**

Under the new compensation system which had an effective date of April 1, 2022, a provision termed Temporary Allowance was introduced.

A Temporary Allowance is utilized where upon conversion of an individual's compensation from the old system to the new system under the general conversion rules, the individual's new net compensation level falls below the guaranteed minimum net increase of 20% over the three-year period of implementation. The minimum net increase of 20% over the three-year period of implementation was apportioned as 10% in year one, 5% in year two and 5% in year three.

Where the individual's compensation is below the minimum net guaranteed increase in any of the three years, a Temporary Allowance is therefore added to the new substantive salary level of the individual identified under the general conversion rules to take the individual's compensation to the guaranteed minimum net increase for the particular year.

**With regard to Temporary Allowances, the Ministry of Finance and the Public Service hereby indicates the following:**

1. Where an individual who is in receipt of a Temporary Allowance is being appointed to a post above his substantive band, the temporary allowance must be taken into consideration in determining the point in the new band to which the individual is to be aligned. That is, upon appointment to a higher band, the individual must be placed on the new band to a point that is at least one increment (standard is 2.5%) above the value of his substantive compensation level which should be calculated as the sum of the value of his substantive point on the band from which he is moving plus the grossed-up value of his Temporary Allowance. For the avoidance of doubt, upon appointment, the individual will no longer be in receipt of a Temporary Allowance.
2. Where an individual is in receipt of a Temporary Allowance, that temporary Allowance although not taxed is pensionable. That is, the Temporary Allowance is to be utilized in the calculation of pension if the individual retires within a period where the years of compensation that are to be utilized to calculate pension include Temporary Allowances.

Ministries, Departments and Agencies are requested to apply the above going forward as relevant and a) to make the relevant adjustments where appointments have already occurred in respect of persons who subsequent to the compensation restructure were in receipt of Temporary Allowances or b) where persons have retired subsequent to April 1, 2022 and were in receipt of Temporary Allowances.

If further clarification is needed, or anomalies arise from application of the above, please contact either the Transformation Implementation Unit or the Compensation Unit of the Ministry of Finance and the Public Service.

Darlene Morrison, CD  
Financial Secretary