

REVISED REVENUE MEASURES FOR MEDIUM TERM FISCAL PROGRAMME

These revised revenue measures reflect changes made to the measures presented in Parliament on Thursday December 17, 2009 vide Ministry Paper 128/09.

The main feature of this revision is the withdrawal of the proposal to widen the GCT base for a yield of \$6.2Billion and to substitute general new measures. Accordingly, a revised summary is hereby provided.

1. Increase in the Standard Rate of General Consumption Tax

It is being proposed that the standard rate of General Consumption Tax (GCT) be increased from the current 16.5% to 17.5%.

The revenue yield from this measure is estimated at \$3.6 billion annually.

2. Re-introduction of the Ad Valorem component of the to the SCT on Fuel

Currently under the GCT Act fuel attracts both a specific and an advalorem rate of Special Consumption Tax. It is now proposed that an advalorem rate of 15% be applied as follows:

- (a) Where the fuel is manufactured in Jamaica, the 15% will be applied to the ex refinery price inclusive of the Specific component of the SCT.
- (b) Where the fuel is imported into Jamaica the Advalorem rate will be applied to the value as prescribed in the GCT Act.

The items to be affected include:

- Motor Spirits including E10/87, E10/90
- Automotive Diesel Oil
- Kerosene (Excluding Turbo Jet A1 Fuel)
- Marine Diesel Oil and

The estimated yield for the measure is \$9.4 billion annually.

3. Increase in the Special Consumption Tax (SCT) on Cigarettes.

It is being proposed that cigarettes of tariff #2402.20 and 2402.9010 be increased from the current \$8,500 per 1,000 sticks to \$10,500 per 1,000 sticks.

The expected revenue yield from this measure will be \$1.41 billion with 20% of this amount to be remitted to the National Health Fund.

4. Increase in the rate of GCT Applicable to the Tourism Sector

It is being proposed that the special GCT rate which is now applicable to the Tourism Sector be increased to 10% up from the current 8.25%.

The effective date for this measure is April 1, 2010.

The revenue yield from this measure is estimated at \$1.231 billion annually.

5. Imposition of GCT on the Supply of Electricity to Residential and Commercial/Industrial Premises

In addition to the earlier Ministry Paper's proposal to impose GCT on residential premises, the following changes are being made:

- a) application of 10% rate of GCT to the supply of electricity to residential premises above 200 kilowatt hours per month, and
- b) application of 10% rate of GCT to the supply of electricity to commercial and industrial premises.

The effective date for this measure is January 1, 2010.

The additional revenue yield from this measure is estimated at \$0.253 billion annually.

6. Increased GCT rate on commercial imports.

It is being proposed that commercial importers be required to pay GCT at the rate of 22.5% except for the following:

- Petroleum products as outlined in the second schedule to the GCT Act.
- Capital goods as designated under the Customs Act.
- Goods imported under the Deferment Scheme pursuant to Section 42 of the GCT Act.
- Goods that are zero rated or exempt under the GCT Act.
- Goods imported by persons who are not registered to collect GCT and already have the uplift GCT value applied for calculation.

The effective date for this measure is January 1, 2010.

The revenue yield from this measure is estimated at \$2.9 billion annually.

7. Additional Income Tax on Higher Income Earners

It is being proposed that, as a temporary measure, individuals earning above \$5 million annually will be charged an increased rate of income tax as indicated below:

<u>Taxable Income</u>	<u>Marginal Rate</u>
\$0 - \$441,168.00	nil
\$441,169.00 - \$5,000,000.00	25%
\$5,000,001.00 - \$10,000,000.00	27.5%
\$10,000,001 and above	35%

It is to be noted that all income levels will benefit from the general threshold of \$441,168.00 and/or the additional \$80,000.00/\$160,000.00 in the case of pensioners.

The effective date for this measure is January 1, 2010 and will expire at the end of Fiscal Year 2010/11.

The revenue yield from this measure is estimated at \$1.317 billion annually.

8. Increase in Licence Fees on Motor Cars/SUV ≥ 2999 cc

It is being proposed that motor cars/SUVs equal to or greater than 2999 cc be charged an additional licence fee of \$4,000 annually, bringing the total to a minimum \$16,000 or the appropriate amount.

The effective date for this measure is January 1, 2010.

The revenue yield from this measure is \$0.032M.

9. The Removal of certain organizations from the Third Schedule Part Three Item 8 to the Customs Act.

It is proposed to delete Rifle Associations from the Third Schedule to the Customs Act thereby making them subject to tax.

The effective date for this measure is January 1, 2010.

The revenue yield from this measure is estimated at \$25 Million annually

10. The application of an increased CET rate on certain items.

It is proposed that the Common External Tariff (CET) on the following items be increased to the new rates as indicated:

	Current <u>CET Rate (%)</u>	New <u>CET Rate (%)</u>
Plasma/LED, LCD televisions equal to or greater than 30 inches	20	40
All terrain vehicles (ATV) and motor cycles equal to or greater than 299 ccs	40	50
All guns including shot guns and cartridges and ammunitions and parts thereof	30	50
Yachts and other pleasure boats including jet skis	20	40
Non petroleum synthetic engine oil	0	25
Jewellery	30	50

The effective date for this measure is January 1, 2010.

Revenue yield is estimated as \$0.485M annually.

OVERALL SUMMARY OF ENHANCED REVENUE MEASURES

1.	Increase in the Standard Rate of GCT	-	3.600
2.	Re-introduction of the Ad Valorem Component of the SCT	-	9.400
3.	Increase in SCT on Cigarettes	-	1.400
4.	Increase in the rate of GCT Applicable to the Tourism Sector		1.200
5.	Electricity for Commercial and Industrial Customers		1.453
6.	Pre-payment of GCT on value added merchandise at Customs		2.900
7.	Increase in Income Tax for High Income Earners		1.317
8.	Increase in Licence Fees for Luxury Vehicles		0.032
9.	The Removal of certain organization from the Third Schedule Part Three, Item 8 to the Customs Act.		0.025
10.	Increase in CET rate on certain items.		<u>0.485</u>
	Total Revenue Measures		<u>\$21. 812</u>



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December , 2009