

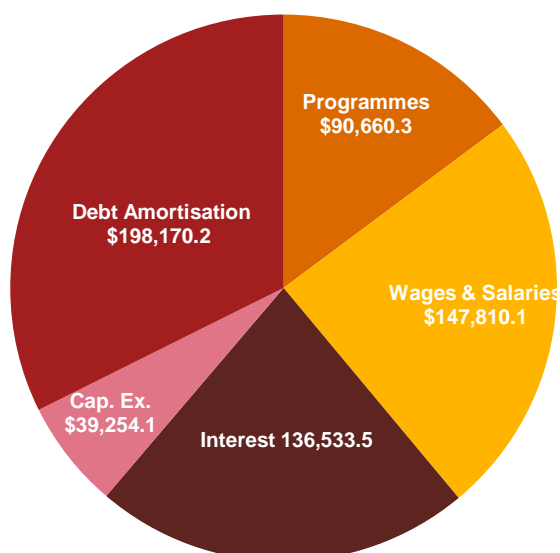
# **2012-13 Budget**

## ***Debt constrains reform options...***

*The Government of Jamaica announces the largest tax package in Jamaica's history in an effort to secure IMF support and maintain economic stability.*

Today, Dr. The Hon. Peter Phillips, Minister of Finance & Planning presented to Parliament his plan to fund the Government's 2012-13 Expenditure Budget of J\$612.4 billion which had been tabled last week:

### **2012-13 Expenditure Budget (J\$ millions)**



The 2012-13 Expenditure Budget represents an increase in expenditure of approximately 15% over last year, in nominal terms. Note however, that projected debt servicing costs consume over 54% of this budget (interest (22%) and principal repayments (32%) leaving only J\$ 277.7 billion for everything else.

The urgent need to reduce the incidence of Jamaica's national debt, measured as a percentage of Gross Domestic Product (GDP) appears to have been the focal point around which the Budget was constructed. In this context, the Minister tracked this metric from the 71% of GDP that it was in 1996/97, to 124% at the end of 2002/03, 131% of GDP at March 2011 and now standing at 128% at the end of March 2012. At the present level, the debt translates to over J\$ 1/2 million for every Jamaican. This, the Minister states is clearly not sustainable; hence the decision to curtail borrowing and impose what in nominal terms is the largest tax package in Jamaica's history.

Furthermore, Jamaica needs to conclude a new arrangement with the International Monetary Fund to replace the 2010 Stand-by Arrangement which terminated in 2011 following "mounting fiscal challenges during 2011/12..." This new arrangement is needed not only for the fiscal and balance of payments support that it provides, but also to access funding from other multi-lateral institutions as well as private capital markets, and it is widely acknowledged that such support cannot be accessed at reasonable rates unless the Government concludes a fresh agreement with the Fund.

## Budget Newsletter 24 May 2012

In the Minister's words *"The Inter-American Development Bank and the World Bank are reluctant to lend net new amounts until we have an agreement with the International Monetary Fund. And the inescapable precondition of the IMF's seal of approval is that Jamaica must embark on a programme that will steadily reduce our debt over the medium term. The EU is not prepared to allow drawdown of agreed grant funds until a new agreement with the IMF is secured..."*

In the context of the foregoing, the Government has programmed a primary surplus of at least 6% of Gross Domestic Product (GDP) for 2012/13 which should increase to 6.9% by 2015/16, by which time there should be a balanced budget. The Budget is projecting that there will be a revenue shortfall of J\$25.4 billion, \$19.4 billion of which will be financed by additional taxes, with the remaining \$6 billion coming from "administrative and legislative measures", details of which have not yet been disclosed.

### Key 2012/13 Macro-economic Benchmarks

Economic Growth as a % of GDP	1%	1.2% achieved for 2011/12
Fiscal Deficit as a % of GDP	3.8%	6.2% for 2011/12
Public Debt as a % of GDP	130.5%	128.0% at March 2012
Primary Surplus as a % of GDP	6.0%	3.1% for 2011/12

A summary of the tax raising measures and the anticipated yield from each is outlined in the table below.

We also set out our preliminary review of each of the specific revenue measures for you in the section **Review of Measures**.



# Jamaica

www.pwc.com/jm

## Budget Newsletter 24 May 2012

*A record-breaking J\$19.4 billion tax package: tourism and telecoms take the biggest hits.*

2012/13 – Tax Measures	Est. Revenue (J\$ billions)
Reduction of standard GCT rate from 17.5% to 16.5%	(2.40)
Partially widen GCT Base	4.2
Increase in threshold on which GCT is applied to electricity bills and increase in rate to 16.5%	.43
Overhaul of GCT Regime on Tourism Activities	2.53
Imposition of specific rate of SCT on overproof rum of J\$960 per LPA	0.75
Widening of tax base on tobacco products	0.38
Imposition of SCT on denatured ethanol	0.54
10 percentage point increase in CET on certain consumer items	1.95
Corporate Income Tax (CIT): Reduction in rate from 33 1/3% to 25% - except for 'regulated' entities which will initially remain at 33.33%	(0.45)
Introduction of a Minimum Income Tax of \$60,000 per annum	0.66
Re-imposition of Dividend Tax at the rate of 5%	0.30
Personal Income Tax: Increase in annual personal income tax threshold to \$507, 312 from \$441, 168	(0.10)
Increase in Motor Vehicle Licenses & Fees	0.60
Modification of Asset Tax regime	1.95
Charges on termination cost of telephone calls	5.25
Modification of taxation of alcoholic beverages bought by the tourism sector	0.53
Increase in tax on winnings – Betting, Gaming, Horse Racing and Lotteries	0.38
Curtailment of Discretionary Waivers	<u>1.88</u>
<b>Total New Taxes</b>	<b>19.38</b>
Increment to come from administrative and legislative measures	<u>6.00</u>
<b>Grand Total</b>	<b>25.38</b>

## Budget Newsletter 24 May 2012

### Tax Reform: What next?

The Government has imposed what would normally be considered to be an impossibly large tax package and undoubtedly, there will be a significant amount of commentary on the measures, both positive and negative.

Whereas elements of the reform measures that were proposed in the 2011 Green Paper on Tax Reform (reduction in the corporate tax rate and increase in the personal income tax threshold for example), are discernible from this year's budget, some of the measures run counter to the principles enunciated by that Paper.

There has been a tentative move towards widening the tax base in terms of reducing the number of goods that are exempt from GCT (14 items), but a significant number have retained their tax exempt status. Undoubtedly, the Government does not see it as being feasible to impose the tax on many of the goods which are important components of the grocery baskets of the poor. Apparently, the alternative of taxing almost all supplies and compensating for the impact through increasing the resources available to the welfare agencies of Government has not resonated, at least not this time. In this vein too, the 1% reduction in the general rate of GCT is also less ambitious than was anticipated by that proposal, as well as some of the more vocal private sector groups who made representations on the tax reform programme.

Importantly, some of the measures that have been implemented are quite contrary to the principles enunciated as best practice in the design of a modern tax system. For example, the imposition of yet another tax on telephone services, this time on the termination of domestic and international calls goes counter to the goal of simplifying the tax system, and risks our reverting to what existed before the GCT system replaced a multiplicity of taxes when it was introduced in 1991. The same can be said of the imposition of GCT as a 'Hotel Occupancy Room Rate' on the Accommodation sector. Again, GCT was introduced to eliminate such multiple levies, but we are seeing these dysfunctional elements creeping back into the tax system, which will undoubtedly drive up compliance costs.

We expect that the digression from the best practice that these measures represent will be temporary and that we will revert to a logical and predictable tax reform programme once the relative short term debt reduction objective is achieved.

### Overhaul of Waivers & Incentives

The Minister stressed the need for rationalisation and reform of the existing regime pertaining to waivers and incentives, noting that the following changes, which are expected to yield \$1.88 billion, would be put in place during the current financial year.

- All blanket, discretionary waivers will be cancelled;
- GCT waivers to public entities that are liable for the payment of GCT will be abolished;

**Budget Newsletter  
24 May 2012**

- Omnibus legislation to govern waivers and incentives will be introduced. The legislation will, amongst other directives, state the criteria for the operation of the incentive system;
- Any incentive that is not used within twenty four (24) months after the date of issue will be repealed; No further waivers will be granted relating to the importation of horses;
- The 2011 decision to remove the Modernisation of Industry Programme from the waiver system will be formalised;
- A number of administrative procedures are to be adopted/implemented to streamline the waiver approval process, enhance transparency and accountability and relieve the day to day administration of the system from the office of the Minister;
- A reform and coordinating unit is to be established to deal with incentives and concessions and will have the specific responsibility to rationalise the assessment, approval and monitoring process.
- A Waiver Committee comprised of representatives from the Tax Policy Division of the MoF, Tax Administration Jamaica and Civil Society, will be responsible for considering and approving waivers based on the criteria established by the legislation. However, the Minister will be responsible for addressing any appeals. All waivers above a certain threshold, (to be decided by the Waiver Committee), will be gazetted.
- A waiver policy and procedure system is to be developed, which will include a standardised but comprehensive, application form, electronic tracking of the application from start to finish with the ability to generate reports for analytical purposes and the introduction of standard form responses in keeping with waiver procedures.

The above-mentioned improvements, if implemented appropriately, will be welcomed by the public who have long viewed the system of awarding waivers with suspicion, given the often discretionary manner in which approvals were being granted. A structure that sets out specific rules for accessing/obtaining tax relief and which will be available for examination by taxpayers should engender credibility in the system, whilst reducing the scope for abuse and tax leakage.

The implementation of a unified incentive regime is intended to replace incentives that are currently available for a wide range of activities under separate and specific incentive programmes. Amongst these are incentives for the hotels sector, the manufacturing and export sector (covering goods and services) and construction activities in special development areas etc. The rules and benefits under each programme were not consistent and the legislation had not been updated to recognise developments over time in related legislation and in the business sector. An overhaul at this time should therefore provide the opportunity to incorporate such considerations.



## Jamaica

[www.pwc.com/jm](http://www.pwc.com/jm)

### Budget Newsletter 24 May 2012

If you have any further questions in connection with the above or would like to explore further how these Budget pronouncements may impact your business or personal arrangements, please feel free to contact any member of our specialist tax team listed below or your usual PricewaterhouseCoopers Jamaica contact.

#### Office Locations:

##### Kingston:

Scotiabank Centre  
Corner of Port Royal & Duke  
Street  
Kingston  
Tel: 1 876 922 6230  
Fax: 1 876 922 7581

##### Montego Bay:

Fairview Office Park, Unit 10  
Alice Eldemire Drive  
Montego Bay  
St. James  
Tel: 1 876 952 5065  
Fax: 1 876 952 1273

#### Your PwC Jamaica Tax Team

##### Eric A. Crawford, Head of Tax Services

**Direct Line:** 1 876 932 8323  
**Email:** [eric.crawford@jm.pwc.com](mailto:eric.crawford@jm.pwc.com)

##### Brian J. Denning, Partner

**Direct Line:** 1 876 932 8423  
**Email:** [brian.denning@jm.pwc.com](mailto:brian.denning@jm.pwc.com)

##### Viveen A. Morrison, Director

**Direct Line:** 1 876 932 8336  
**Email:** [viveen.morrison@jm.pwc.com](mailto:viveen.morrison@jm.pwc.com)

##### Paul A. Cobourne, Senior Manager

**Direct Line:** 1 876 932 8350  
**Email:** [paul.cobourne@jm.pwc.com](mailto:paul.cobourne@jm.pwc.com)

##### Venneshia Sinanan-Forde, Manager

**Direct Line:** 1 876 932 8377  
**Email:** [venneshia.sinanan.forde@jm.pwc.com](mailto:venneshia.sinanan.forde@jm.pwc.com)

##### Kimblian T. Batson, Manager

**Direct Line:** 1 876 932 8378  
**Email:** [kimblian.t.batson@jm.pwc.com](mailto:kimblian.t.batson@jm.pwc.com)

**Important Notice:** PricewaterhouseCoopers Jamaica has prepared this Budget Newsletter to alert clients on the principal changes announced in the 2012/13 Budget. The changes are outlined in general terms and for information purposes only and therefore should not be acted upon without securing professional advice.

## Review of New Measures

We set out below our preliminary review of the specific revenue-raising measures announced by the Minister of Finance today which the GoJ proposes to implement to meet its funding shortfall of J\$28 billion:

### Reduction in the standard GCT Rate from 17.5% to 16.5%

The GoJ proposes to reduce the standard rate of GCT from 17.5% to 16.5% with effect from **1 June 2012**. This measure is estimated by the Ministry of Finance (MoF) to cost J\$2.4 billion for 2012-13.

The proposed reduction will not impact the 10% rate of GCT which will continue to apply to the provision of hotel accommodation and other tourism-related activities.

### Removal of certain GCT exemptions

It is proposed that the following GCT-exempt goods shall become liable to GCT at the standard rate with effect from **1 June 2012**:

---

Raw foodstuff including fresh fruit and vegetables, ground provisions, legumes, onions, garlic, meat, poultry (excluding unprocessed chicken), fish, crustacean or mollusk

---

Corned beef (canned) , Eggs

---

Buns, Biscuits (Salted & Unsalted), Crackers (except water crackers)

---

Pickled mackerel, herring, shad and dried salted fish

---

Beef and Vegetable Patties (i.e. all patties are now taxable)

---

Syrup (ex. Tariff Heading 21.06)

---

Any live bird, fish, crustacean, mollusc or any other animal of a kind generally used as or yielding or producing food for human consumption and draught animals

---

Rolled Oats

---

Condensed Milk

---

Olive oil, all cooking oil sprays

---

Animal feeds

---

Planting material including cereal and seeds in their natural state, dormant flower bulbs, corns, roots and tubers and nursery stock, vegetable plants and live trees.

---

Surgical gloves, including disposable, sterile and those made of latex rubber

---

Printed matter, articles and materials classified under Tariff Heading Nos. 49.01 to 49.05

---

MoF estimates that this measure will yield an additional J\$4.2 billion in tax revenues for 2012-13.

Goods which will remain zero-rated or exempt from GCT are listed in the attached Appendix.

## Budget Newsletter 24 May 2012

### Increase in the GCT rate on electricity to 16.5%

The GoJ proposes the following amendments to the GCT regime on electricity with effect from **1 June 2012**:

- (a) Increase the monthly limit on which supplies of electricity to residential customers are zero-rated from 200KwH to 300KwH per month.
- (b) Increase the GCT rate from 10% to 16.5% on the supply of electricity to residential customers (in excess of the above increased limit)
- (c) Increase the GCT rate from 10% to 16.5% on the supply of electricity to industrial and commercial customers.

MoF estimates that this measure will relieve a further 80,000 residential customers from the burden of GCT on their electricity bills and will yield an additional J\$0.43 billion in tax revenues for 2012-13.

### Overhaul of GCT Regime for Tourism

The Minister announced his intention to make two significant modifications to the current tourism GCT regime.

#### ***Introduction of a Specific GCT Rate:***

A specific rate of GCT on tourism accommodation is proposed with effect from **1 September 2012** in addition to the 10% *ad valorem* GCT rate already chargeable. This specific rate of GCT will be tiered based on the size of the hotel or other tourism accommodation facility:

#### ***Proposed Specific GCT Rates***

Accommodation Category	Tax per Occupied Room
Up to 50 rooms	US\$2.00 per night
51-100 rooms	US\$6.00 per night
101 – 200 rooms	US\$10.00 per night
201+ rooms	US\$12.00 per night

#### ***Withdrawal of Overseas Commission and Transfers Deductions***

Historically persons engaged in tourism activities have been permitted to exclude from their revenues chargeable to GCT any amounts incurred in respect of (i) commissions to overseas tour operators, (ii) airport transfers and (iii) employees gratuities (i.e. service charge). The Minister announced that with effect from **1 September 2012** commissions and transfer may no longer be excluded from revenues (i.e. only employee gratuities may continue to be excluded from tourism revenues chargeable to GCT).

MoF estimates these measures will yield an additional J\$2.53 billion in 2012-13.



## Budget Newsletter 24 May 2012

### Levy on calls terminated on a mobile network

With effect from **1 June 2012** the GoJ intends to impose the following levy on calls terminated on a specified network in Jamaica:

#### *Proposed Termination Levy*

Call Category (Origination)	Terminated on Local Network	Termination Levy
Local	Fixed & Mobile	J\$0.30 per minute
International	Mobile	US\$0.075 per minute

The Minister indicated that the introduction of this levy coincides with a readjustment of the termination fee structure by the Office of Utilities Regulation (OUR) and as such he submitted that the imposition of this levy should not adversely impact the cost of calls to the consumer.

MoF estimates this measure will yield an additional J\$5.25 billion for 2012-13.

### Revision of SCT Regime on Alcohol

With effect from **1 June 2012** the GoJ intends to overhaul the special consumption tax (SCT) regime on alcohol by:

- (i) Increasing the specific rate of SCT on Overproof Rum from J\$450 to J\$960 per litre of pure alcohol (LPA) content; and
- (ii) Replacing the concessional regime afforded to alcohol purchased by the tourism sector with a single rate of SCT of J\$700 per litre of pure alcohol (LPA) content.

The following table summarises the current and proposed rates of SCT:

#### *Special Consumption Tax (SCT) Rates on Alcohol (per PLA)*

Alcohol Type	Current	Proposed
Beers & Stouts	J\$1,120	J\$1,120
Wines, Sparkling Wines, Vermouth and Other Fermented Beverages	J\$960	J\$960
Brandy, Whiskey, Vodka, Rum( < 57.1% by vol.), Other Spirits & Liqueurs	J\$960	J\$960
Over-proof Rum (>57.1% by vol.)	J\$450	J\$960
Tourism	Various	J\$700

MoF estimates that these measures will yield an additional J\$0.75 billion (in the case of the revision to the overproof rum SCT rate) and J\$0.53 billion (tourism regime modification) for 2012-13.

## Budget Newsletter 24 May 2012

### Imposition of SCT on wider range of tobacco products

In light of perceived loopholes in the current taxation regime for tobacco products, the Minister announced that with effect from **1 June 2012** the GoJ intends to impose a specific special consumption tax (SCT) at the rate of J\$10.50 per 0.7 gram of unprocessed tobacco product (e.g. bundled tobacco leaves). The SCT legislation had not previously encompassed more informal tobacco-based products now available in the local market so the proposed amendment attempts to address this. It should not impact the price of tobacco products already within the customs and excise net.

MoF estimates this measure will yield an additional J\$0.38 billion for 2012-13.

### Imposition of SCT on denatured ethanol

Denatured ethanol is primarily used within Jamaica for the purpose of producing ethanol-blended automotive fuels (e.g. E10 unleaded 87 octane/90 octane). Denatured ethanol itself is not a petroleum product and therefore it is not subject to SCT on importation or manufacture within Jamaica (it is however subject to GCT). The MoF perceives that the current SCT regime affords a competitive advantage to persons who import or purchase ethanol locally for the purpose of blending with purchased finished petroleum fuels when compared to a person who both manufactures the petroleum fuel locally and blends same.

With effect from **1 June 2012**, the GoJ therefore intends to classify denatured ethanol as a '*prescribed product*' and to impose SCT at the rate of J\$16.32 per litre on ethanol imported or sourced locally. We also understand that it will continue to be subject to GCT in addition to the SCT proposed. MoF estimates this measure will yield an additional J\$0.54 billion for 2012-13.

### Increase in CET on certain consumer products

As a member of the CARICOM Common Market, Jamaica is bound to apply a Common External Tariff (CET) which specifies minimum (and maximum) rates of duty which may be imposed on specific products as well as the extent to which conditional duty exemptions may be granted.

The MoF reviewed the current customs tariff and identified a list of consumer goods on which customs duty was being imposed below the level permitted by the CET. The Minister therefore announced that with effect from **1 June 2012** he intends to increase by ten percentage points the customs duty rates chargeable on certain products listed in List C of the Harmonised Tariff. These include (but are not limited to) motor vehicles in excess of 2,000 cc (not including agricultural vehicles), motor vehicle spare parts, jewellery, glass, alcohol (e.g. gin vodka, liqueurs, cordials etc.)

MoF estimates this measure will yield an additional J\$1.95 billion for 2012-13.

## Budget Newsletter 24 May 2012

### Reduction in Corporate Income Tax (CIT) to 25%

The rate of corporate income tax (CIT) in Jamaica (currently 33<sup>1/3</sup>%) is the highest amongst our key regional counterparts. It has been widely acknowledged that Jamaica needs to reduce its CIT rate in an effort to be more competitive. The challenge in doing so however has always been that the nation's fiscal predicament offers little room for the GoJ to forgo revenues in the name of tax reform.

Notwithstanding this, the GoJ has made a first important step towards CIT rate reform by announcing that it proposes to reduce the general rate of CIT from 33<sup>1/3</sup>% to 25% with effect from **1 January 2013**. This rate reduction will apply to all companies other than:

- (i) 'regulated' companies - this term has yet to be comprehensively defined but will include entities which are regulated by the Bank of Jamaica (BoJ), the Financial Services Commission (the FSC), the Office of Utilities Regulation (OUR) and the Ministry of Finance.
- (ii) building societies – these will continue to be subject to CIT at a rate of 30%.
- (iii) life assurance companies – these will continue to be subject to income tax under the special life assurance tax regime.

MoF estimates this measure will cost J\$0.45 billion for 2012-13.

### Imposition of a Minimum Income Tax:

In light of the significant numbers of registered companies and businesses which are either not registered for income tax or are not otherwise paying tax, the GoJ proposes to introduce a minimum income tax payable of J\$60,000 per annum with effect from **1 January 2013**. This will be payable by:

- (a) all companies registered at the Companies Office of Jamaica;

This includes local branches of foreign companies as well as companies whose income may otherwise be relieved from income tax under an incentive but shall exclude:

- (i) Companies in their first year of incorporation;
  - (ii) Charities
  - (iii) Companies whose income is exempt from income tax under Section 12 of the Income Tax Act.
- (b) all self-employed individuals (i.e. conducting a trade, business or profession including doctors, lawyers and consultants).

Where a taxpayer's liability to income tax under general income tax rules exceeds this amount, he shall be liable to pay this higher amount in lieu of the minimum income

## Budget Newsletter 24 May 2012

tax payable. MoF estimates this measure will yield an additional J\$0.66 billion for 2012-13.

### **Imposition of Dividend Withholding Tax:**

Under current tax law dividends paid by Jamaican tax resident companies to Jamaican tax resident shareholders are liable to income tax at the rate of 0%.

In light of the announced CIT rate reduction, the GoJ has indicated that it intends with effect from **1 June 2012** to impose dividend withholding tax at the rate of 5% and that this shall represent a final tax on these dividends. MoF estimates this measure will yield an additional J\$0.30 billion for 2012-13.

Dividends paid to non-Jamaican resident shareholders shall continue to be liable to withholding tax at rates of up to 33<sup>1/3</sup>% subject to any tax treaty protection which may be available.

### **Increase in Personal Income Tax (PIT) Threshold**

Under current income tax law individuals are liable to income tax at the rate of 25% in excess of an annual tax-free threshold of J\$441,168.

With effect from **1 January 2013**, the GoJ proposes to increase the annual tax-free threshold by J\$66,144 to J\$507,312 per annum (i.e. an additional J\$5,512 per month or J1,272 per week). As the threshold increase exceeds the J\$29,104 tax-free gratuity currently enjoyed by tourism workers, this benefit shall no longer apply.

MoF estimates that this measure will remove a further 2,981 persons from the income tax net and will cost an additional J\$0.10 billion for 2012-13.

### **Increase in Motor Vehicle License & Registration Fees**

With effect from **1 June 2012**, the GoJ proposes a 50% increase in motor vehicle licence fees, plate fees, fitness fees and registration fees.

MoF estimates this measure will yield an additional J\$0.60 billion for 2012-13.

### **Overhaul of Asset Tax Regime (including the imposition of an ad valorem asset tax to be imposed on Banks):**

The GoJ has indicated its intention to modify the Asset Tax regime for financial institutions and security dealers governed by the Bank of Jamaica (BoJ) and the Financial Services Commission (FSC) with effect from **1 June 2012**.

The Minister proposes to impose an ad valorem Asset Tax at the rate of 0.2% of their total assets (including Guarantees/Letters of Credit) but net of both International Financial Reporting Standards (IFRS) provisions and prudential loan loss provisions. In addition the following modifications are proposed to the Asset Tax regime applicable to other companies:



## Jamaica

www.pwc.com/jm

### Budget Newsletter 24 May 2012

#### *Proposed Asset Tax Rates*

Asset Value	Annual Asset Tax
Less than J\$50,000	J\$10,000
At least J\$50,000 but less than J\$500,000	J\$25,000
At least J\$500,000 but less than J\$5m	J\$50,000
At least J\$5m but less than J\$50m	J\$75,000
At least J\$50m	J\$100,000

It is proposed that the filing date for Asset Tax Returns be changed to 15 March (i.e. to coincide with the filing of Income Tax Returns).

MoF estimates this measure will yield an additional J\$1.95 billion for 2012-13.

#### **Increase in Winnings Tax**

The GoJ proposes to increase the tax on winnings imposed under the Betting, Gaming & Lotteries Act from a rate of 15% to 20% with effect from **1 June 2012**.

MoF estimates this measure will yield an additional J\$0.38 billion for 2012-13.

## Appendix

### *Proposed List of Zero-Rated or GCT-Exempt Goods:*

It is proposed that the following goods shall remain either zero-rated or exempt from GCT with effect from **1 June 2012**.

---

Travel tickets for international travel.

---

Chicken (unprocessed)

---

Milk (excluding flavoured milk, condensed milk, milk-based products and milk substitutes)

---

Cornmeal and cereal flour which is known as counter flour

---

Unprocessed Corn, Soya Meal & Wheat

---

Bread, Bulla and Water Crackers (unsalted)

---

Sugar (Brown)

---

Canned sardines, herrings and mackerel

---

Fish, cock and noodle soup packaged in aluminum sachets

---

Infant Formula

---

Rice

---

Baking flour packaged in quantities of not less than 45.359 kilograms

---

Salt

---

Unprocessed agricultural produce, including produce from stock farming, fresh water fish farming, forestry cultivation and horticulture supplied directly at the farm gate.

---

Sanitary towels and tampons

---

Solar water heaters specified under Tariff Heading no. 8419.1910 and 8419.1920 and photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels

---

Food produced exclusively for the feeding programme of a school approved by the Minister responsible for education which is not for resale to the general public

---

Drugs specified in Fourth Schedule (List 4) of the Food & Drugs Regulations 1975

---

Diagnostic reagents used for the testing of dextrose in the blood and glucose, protein ketones and pH in the urine

---

Contraceptive devices and substances

---

Disposable diapers for the incontinent

---

### *Proposed List of Zero-Rated or GCT-Exempt Goods:*

#### Invalid carriages

Orthopedic appliances, surgical belts, trusses, splints and other fracture appliances, artificial limbs, eyes, teeth and other artificial parts of the body, hearing aids, other appliances which are worn or carried or implanted in the body to compensate for any bodily defect or disability, canes and crutches designed for use by the handicapped and eye glasses and contact lenses used for the treatment or correction of a defect in vision on the written prescription of an eye-care professional. Parts and accessories.

Medical and surgical prostheses including surgical implants and ileostomy, colostomy and similar abilities designed to be worn by human beings.

#### Artificial breathing apparatus for individuals afflicted with respiratory disorder

Fishing apparatus, gear boats, engines (but not including outboard motors exceeding a maximum of 75 hp), equipment and parts therefor which the Commissioner of Inland Revenue is satisfied is imported or purchased by or on behalf of or taken out of bond by commercial fishermen solely for use by them in the capture of fish for sale.

Motor spirits, which before being sold, is coloured to the satisfaction of the Commissioner of Inland Revenue and lubricating oil which is sold to fishermen for use in commercial fishing and which is so certified by the Director, Fisheries Division, Ministry of Agriculture.

#### Cooking oil (excluding olive oil; all cooking oil sprays)

The following items of subheadings 3101.00 to 3105.00 (excluding 3102.10), namely, fertilizers, herbicides, fungicides, plant growth regulators, nematocides, rodenticides, veterinary preparations and molluscides.

Insecticides of Tariff Heading No. 38.08. intended for use exclusively in agriculture.

#### School Uniforms & School Bags

Goods of a non-consumable nature which the head of a denomination for which the goods are assigned declares in writing will be used only for the purpose intended and which the Commissioner of Inland Revenue is satisfied are purchased or imported solely for furnishing or decorating a place of worship or as vestments for use during public worship.

Altar bread, matzos unleavened bread, communion wafers and altar wine purchased or imported for the purpose of administering the sacraments which the head of the denomination for which they are intended declares in writing will be used only for the purpose intended.

#### Exercise books (ex. Tariff Heading 4820.20)

Sports equipment (including clothing) specifically designed for use in an approved educational institution or approved sporting organization.

Gold bullions, coins and bank and currency notes imported by the Bank of Jamaica.

## Budget Newsletter 24 May 2012

---

### *Miscellaneous Goods:*

The following items were not specifically mentioned by the Minister or listed in the Ministry Paper issued today. We anticipate however that they will also remain exempt from GCT and we intend to clarify same with the Ministry.

---

Parcels whose value (exclusive of customs duty and postage) does not exceed such amount as is applicable for customs duty purpose.

---

Passengers' baggage and household effects as described in and to the extent allowed under Items No.6 and 6A of Part I of the Second Schedule to the Customs Tariff (Revision) Resolution, 1972.

---

Unused postage, revenue and other stamps, postmarks and franked envelopes, letters and cards imported by the Postmaster-General.

---

Goods (except motor vehicles) acquired by or on behalf of the Boys Scouts or Girl Guides Association of Jamaica or any other youth organization or association approved by the Minister which the Commissioner of Inland Revenue is satisfied are necessary for the rendering of their services.

---

Candles, myrrh and frankincense which the Commissioner of Inland Revenue is satisfied are purchased or imported solely for use in places of divine worship.

---

Offertory envelopes purchased or imported by or on behalf of a religious denomination.

---

Stationery and educational apparatus and equipment (including those used for games and physical training) which are for use by any educational institution approved by the Minister and which are intended solely for educational purposes as certified by the responsible officer of such educational institution

---

Stationery (including writing paper), printed forms, envelopes and blotting paper for use in an examination which are purchased in Jamaica or imported therein by or on behalf of the Cambridge Local Examination Committee, the Caribbean Examination Council or any other examination body recognized by the Minister responsible for education for which there is a certificate signed by the Secretary of the respective body verifying the use for which the stationery, forms, envelopes and paper are intended.

---

Goods (excluding motor vehicles, alcoholic beverages, motor spirit, kerosene and diesel oils and goods purchased for fund raising events) purchased by an educational institution approved by the Minister responsible for education for its own use y the so certified by the head of that educational institution; and from funds, the expenditure for which the educational institution is accountable.

---