

MINISTRY PAPER NO.
REVISED REVENUE MEASURES 2009/10

1. Members of this Honourable House are invited to take note of the following additional tax measures for the fiscal year 2009/10.

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

- a) It is proposed that SCT, (which is imposed under the provisions of the General Consumption Tax (GCT) Act), on cigarettes of tariff numbers 2402.20 and 2402.9010 be increased from the current \$6,000.00 per 1,000 sticks to \$8,500.00 per 1,000 sticks.

The estimated revenue yield from this measure will be \$1.84 Billion with 20% of this amount to be remitted to the National Health Fund. The effective date is May 11, 2009.

3. **Restructure and Increase in the SCT on Alcoholic Beverages**

- a) As part of the process of tax reform, it is proposed that the SCT on alcoholic beverages be restructured. Currently the SCT on alcoholic beverages stands at :
- (i) 16% - 21% on Beer;
 - (ii) 24% - 30% on Spirits
 - (iii) A flat rate of the Jamaican equivalent of US\$0.40 per litre on wines, cordials and liqueurs.
- b) It is proposed that the rates as contained in items (i) and (ii) be eliminated, and a single rate of 25% SCT be imposed on beer and spirits, except for overproof rum which will remain at 30%. The flat rate of the Jamaican equivalent of US\$0.40 per litre on wines, cordials and liqueurs will remain.

The estimated revenue yield from this measure is \$530 Million. The effective date is May 11, 2009.

4. The Honourable House is asked to note that the proposed \$2.002 Billion to be raised from these measures will replace the revenue foregone as a result of the decision to reverse the imposition of GCT on printed matter, salt, rolled oats, syrup, fish soup, cock coup, noodle soups, motor spirit and lubricating oils for commercial fishing. Effective immediately therefore, these items will continue to be exempt from GCT.

5. The standard rate of GCT of 16.5% will remain for automatic data processing machines of tariff number 84.71 and parts and accessories of tariff number 8473.30.

6. It is to be noted also, that newspapers will continue to attract the standard rate of GCT of 16.5%.

SUMMARY OF REVISED REVENUE MEASURES

	\$B
Increase in SCT on Cigarettes	1.472
Restructure and increase in the SCT on beer and spirits, excluding overproof rum	.530
Total	<u>2.002</u>

7. The complete summary of revenue measures for fiscal year 2009/10 is attached as **Appendix 1**.

Audley Shaw, MP
Minister of Finance and the Public Service
May , 2009