



**MINISTRY PAPER NO.....**

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**SPECIAL CONSUMPTION TAX FOR ROAD MAINTENANCE**

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**5<sup>th</sup> OCTOBER 2010**

**Ministry of Finance and the Public Service**

**MINISTRY PAPER NO ....**  
**SPECIAL CONSUMPTION TAX FOR ROAD MAINTENANCE**

1. The Honourable House of Representatives is invited to take note of the revised position being proposed for the contribution of the additional Special Consumption Tax of \$8.75 per litre that was imposed on petrol on the 27<sup>th</sup> April 2009.
2. Section 8 of Ministry Paper #26 on the Revenue Measures which was tabled in Parliament on Thursday April 23, 2009 spoke to the Increase in the Special Consumption Tax on Petrol. It states that "Given the current cost of maintaining the road network it was proposed that an additional \$8.75 per litre be imposed on the SCT component of tax on petrol".
3. The 2009/10 Budget Debate Presentation on April 23, 2009, spoke to an "Enhanced Road Maintenance Fund" which would be utilized to rehabilitate and repair roads which were in a deplorable condition over many years due to the lack of a proper Road Maintenance programme.
4. It was stated that 20% of the increase on the fuel tax would be contributed to the Fund in year one (2010/11), moving to 35% in the following year (2011/12) and in year three to 50% (2012/13).
5. These annual increases were outlined in the "*Procedure for Collection and Disbursement of the Special Consumption Tax (SCT) on Fuel*" dated November 17, 2009.
6. The Road Maintenance Fund (RMF) Act stipulates that the Minister responsible for Finance may specify an Order subject to the affirmative resolution of the House of Representatives, such amount that should go to the Fund. In this case the Order was not drafted as it was not specified in Ministry Paper #26 as mentioned earlier. Instructions were subsequently issued to the Tax Administration Authorities to prepare the requisite Ministerial Order pursuant to the Road Maintenance Fund Act for presentation to the House of Representatives to regularize the process. This is being tabled in the House today.

7. Subsequent to the tabling of Ministry Paper #26 in Parliament and my Budget Speech the effects of the Global Economic Crisis intensified. The Government took the decision then to seek assistance from the International Monetary Fund (IMF) and other Multilateral Agencies to mitigate the impact of the crisis. Jamaica entered into a 27-month Stand-by Arrangement (SBA) with the IMF.
8. A main pillar of the agreement was the need for significant fiscal adjustments. As part of the adjustment programme, Cabinet agreed by way of Decision 39/09 dated September 17, 2009, to maintain the 20% contribution to the RMF through the medium term reflecting the sector's contribution to the Fiscal Adjustment Programme.
9. At the end of the Fiscal year the Government will review and decide on the way forward, ie. whether the rates will be retained over the medium term or adjustments will have to be made.
10. The government will then present to Parliament any amendments agreed to by the Cabinet.



Audley Shaw, MP  
Ministry of Finance and the Public Service  
October 5, 2010.

THE ROAD MAINTENANCE FUND ACT

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The Road Maintenance Fund (Special Consumption Tax on  
Petroleum Products) Order, 2010, Resolution

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WHEREAS section 3(2)(d) of the Road Maintenance Fund Act (hereinafter referred to as "the Act") provides that there shall be paid into the Fund such other amount as the Minister responsible for finance may, from time to time, specify by order subject to affirmative resolution of the House of Representatives:

AND WHEREAS section 9 of the General Consumption Tax Act imposes a tax known as special consumption tax on the manufacture in or importation into Jamaica of prescribed goods:

AND WHEREAS certain petroleum products are prescribed goods under the Second Schedule to the General Consumption Tax Act:

AND WHEREAS the Minister responsible for finance has, in the Road Maintenance Fund (Special Consumption Tax on Petroleum products) Order, 2010, ordered that twenty per cent of the special consumption tax on certain petroleum products shall be paid into the Road Maintenance Fund:

AND WHEREAS it is desirable that the Road Maintenance Fund (Special Consumption Tax on Petroleum products) Order, 2010, be affirmed:

NOW, THEREFORE, BE IT RESOLVED by this Honourable House as follows: -

1. This Resolution may be cited as the Road Maintenance Fund (Special Consumption Tax on Petroleum Products) Order, 2010, Resolution.
2. The Road Maintenance Fund (Special Consumption Tax on Petroleum Products) Order, 2010, is hereby affirmed.

	Octane Method.
	(e) Automotive Diesel Oil, that is to say diesel oil which is a petroleum hydrocarbon product with typical boiling range 177°C to 385°C and Cetane Index 45 Minimum which is primarily used in diesel (compression ignition) engines.

Dated this

day of

, 2010.

**Minister of Finance  
and the Public Service**