

## **MINISTRY PAPER # 17**

# **REVENUE MEASURES FOR FINANCIAL YEAR 2026/2027**

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**Ministry of Finance and the Public Service  
12<sup>th</sup> February 2026**

## MINISTRY PAPER # 17 /2026

### REVENUE MEASURES – FY 2026/2027

The Honourable House is being requested to take note of the following revenue measures for implementation in Fiscal Year (FY) 2026/2027 and FY 2027/2028. The passage and impact of Hurricane Melissa (2025) have materially altered the Government's fiscal environment. The hurricane resulted in unprecedented damage to critical infrastructure, productive sectors, and public assets, placing severe pressure on public finances and reconstruction expenditure which is expected to extend across the medium term.

Against this background, expenditure containment and administrative improvements cannot close the emerging fiscal gaps. It is therefore imperative that targeted revenue measures to strengthen revenue performance, safeguard fiscal sustainability, and ensure the Government's continued ability to deliver essential public services are introduced.

The proposed revenue measures target some areas that are currently under-taxed, such as digital goods. Additionally, given Jamaica's commitment to environmental preservation, it is proposed that EPL revenues be increased to support the Government's recovery efforts. The revenue enhancement also includes a tax on sweetened beverages, which are generally perceived as a threat to a healthy lifestyle.

#### **1. Application of General Consumption Tax (GCT) on Digital Services and Intangibles.**

- The Honourable House is asked to note the intention to apply GCT to digital services and intangibles supplied from abroad and consumed in Jamaica. This measure forms part of ongoing efforts to modernise the tax system and promote fairness in an increasingly digital economy.
- Digital services now form a growing share of everyday consumption by Jamaican households and businesses. Many of these services are supplied by non-resident providers with no physical presence in Jamaica, resulting in inconsistent application of GCT under existing arrangements.
- The rapid growth in digital transactions has highlighted gaps in the current tax framework. Similar services may be subject to different tax treatment depending on whether they are supplied locally or from overseas, placing domestic businesses at a competitive disadvantage. In addition, the shift toward untaxed digital consumption contributes to revenue leakage and reduces the Government's capacity to fund public services.
- The proposed reform is guided by the destination principle, an internationally accepted standard for consumption taxation. Under this principle, GCT applies where a service is consumed, rather than where the supplier is located. In practical terms, this means that digital services

consumed in Jamaica should be subject to GCT in the same way as locally supplied equivalent services.

- The application of GCT on international digital services and intangibles is expected to have a positive revenue impact once fully implemented. The measure is expected to be fully operational in calendar year 2027; however, for FY 2026/2027 the expected yield is roughly **\$0.300 billion**. **Effective date of implementation is during the 4<sup>th</sup> Quarter of FY 2026/2027.**

## **2. Levying the Special Consumption Tax (SCT) on Non-Alcoholic Sweetened Beverages**

- The Honourable House is being advised that a SCT will be introduced under the General Consumption Tax Act on Non-Alcoholic Sweetened Beverages (NASBs). For this measure, NASBs are defined as all non-alcoholic beverages containing added sugar or other caloric sweeteners, as well as beverages containing artificial or non-nutritive sweeteners, whether carbonated or non-carbonated, and whether manufactured locally or imported.
- The primary objective of this measure is not only revenue mobilisation; it also supports broader public health objectives. Jamaica continues to experience elevated levels of obesity and diabetes, and sweetened beverages are recognised as a significant source of excess sugar consumption. Any reduction in consumption resulting from the price adjustment would represent a positive supplementary outcome.
- The Honourable House is being advised that sweetened beverages are widely consumed across income groups and represent a high-volume, consistently traded category of goods. Data from the 2024 Economic and Social Survey of Jamaica indicate that domestic production of carbonated beverages increased from approximately 17.3 million cases in 2020 to an estimated 20.1 million cases in 2024, reflecting sustained demand.
- Sweetened beverages are currently subject only to the standard GCT rate of 15% and are not presently listed in the Act as prescribed goods for SCT purposes. The proposed SCT will be assessed on a per-unit basis, calculated based on the total liquid volume of each sweetened beverage, measured in millilitres.
- The Honourable House is further advised that the SCT will apply at the point of manufacture for domestic producers and at the point of importation for imported products, in accordance with the provisions of the GCT Act. This ensures administrative efficiency and parity between local and imported goods.

- The SCT will be applied at a rate of \$0.02 per millilitre (ML). The estimated revenue gain associated with levying the SCT on Non-Alcoholic Sweetened Beverages is approximately \$10.1 billion and will take effect during the First Quarter of FY 2026/2027.
- At this rate, the estimated retail price impact would be as follows for these examples:
  - 300 ml beverage: \$6.00
  - 600 ml beverage: \$12.00
  - 2-litre beverage: \$40.00

### 3. Increase the Special Consumption Tax (SCT) on Litres of Pure Alcohol (LPA)

- The Honourable House is being advised that the Special Consumption Tax (SCT) on all alcoholic beverages will be increased from \$1,230 per Litre of Pure Alcohol (L.P.A.) to \$1,400 per L.P.A. The current rate was established on March 13, 2017, when the specific SCT increased from \$1,120 to \$1,230 per L.P.A. The proposed increase is intended to preserve the real value of the tax and strengthen revenue mobilisation.
- The Honourable House is reminded that alcoholic beverages are subject to both the specific SCT and the GCT. The GCT is applied on an ad valorem basis at the standard rate of 15 per cent at the point of sale. The proposed measure does not alter the GCT rate but adjusts only the specific SCT component.
- The proposed increases will apply uniformly to locally manufactured and imported alcoholic beverages, ensuring neutrality of treatment and maintaining consistency within the existing SCT framework.
- The estimated revenue gain associated with increasing the SCT on LPA is approximately \$1.6 billion and will take effect 1<sup>st</sup> May 2026.

### 4. Increase the Special Consumption Tax (SCT) on Cigarettes.

- The Honourable House is being further advised that the SCT on Cigarettes will also be increased by \$3.00 per stick, moving the effective specific rate from \$17.00 per stick to \$20.00 per stick. The current specific rate was established following the March 13, 2017, adjustment, which increased the tax by \$3.00 per stick.
- The Honourable House is advised that cigarette taxation remains a significant and reliable revenue source internationally. However, tax revenue performance is influenced not only by tax rates but also by consumption patterns, enforcement effectiveness of public health policies. Increasing taxes

on cigarettes are internationally recognised tools to moderate harmful consumption and reduce long-term health costs.

- The proposed increases will apply uniformly to locally manufactured and imported cigarette products, ensuring neutrality of treatment and maintaining consistency within the existing SCT framework.
- The estimated revenue gain associated with increasing the SCT on Cigarettes is approximately **\$1.1 billion** and will take effect **1<sup>st</sup> May 2026**.

**5. Modification of the 20% Duty Concession on Motor Vehicles for Public Officials.**

- The Honourable House is asked to note that the current “20% Duty Concession” on motor vehicles for public officials in certain positions reduces the duties payable when importing or purchasing vehicles. This concession was introduced to reduce the cost of vehicle ownership, support mobility, and assist certain public-sector groups in an environment that no longer exists. It represents a significant reduction in government revenue.
- The Honourable House is asked to note that currently, under the “20% Duty Concession” framework, public officials in eligible posts are afforded preferential tax treatment on the importation of motor vehicles. Within this framework, both the SCT and the GCT are fully waived, and the applicable Customs Duty is 20% of the vehicle's CIF value. Consequently, beneficiaries of the concession are required to pay 20% Customs Duty, with no liability for SCT or GCT.
- The Honourable House is asked to note that it is proposed that the 20% duty concession on motor vehicles be amended. It is proposed that:
  - a) the 20% Import duty remain payable;
  - b) the GCT become payable; and
  - c) the SCT exemption remain.
- The estimated revenue gain associated with removal of the GCT exemption, is approximately **\$1.3 billion**, effective **1<sup>st</sup> May 2026**.

**6. Increase in the Environmental Protection Levy (EPL) rate to 0.8% from 0.5% and Domestic Base Expansion.**

- The Honourable House is asked to note that the primary objective of the EPL is to mitigate environmental degradation, promote sustainable resource utilisation, and bolster climate resilience—particularly for Jamaica’s vulnerable island ecosystems. It was first imposed on all goods imported but later extended to the domestic market. At the ports, it is charged on the

CIF of imported items, while domestically it is imposed on the sales of locally manufactured goods, discounted by 25%.

- Events of recent years have underscored the urgent need for enhanced environmental safeguards. This includes implementing stronger penalties to deter pollution. A series of severe natural disasters has further challenged Jamaica's fiscal stability: Hurricane Beryl in 2024, followed by the unprecedented Hurricane Melissa in 2025 which is identified as the costliest in the nation's history, causing estimated damage in excess of US\$8.8 billion (approximately 41% of 2024 GDP). These events have imposed a significant financial burden, contributing to a projected decline in real GDP of 0.5% and 4.5% for the 2024/25 and 2025/26 fiscal periods, respectively.
- In an effort to finance enhancement of climate resilience, it is proposed to increase the EPL rate to 0.8% from 0.5% for both imports and domestic goods, and to expand the base on which the domestic levy is charged from 75% of sales to 100%.
- It is estimated that these adjustments will result in **\$3.639 billion** in revenue, effective **May 1<sup>st</sup>, 2026**.

**7. Increase the General Consumption Tax (GCT) Rate on Tourism Activities to the Standard Rate of 15%, up from 10%.**

- The Honourable House is asked to note that, over the years, the Government of Jamaica has provided special tax treatment to the tourism industry to alleviate the tax burden and propel the industry to a level of maturity. This support was delivered through targeted tax credits, including the Special Tax Credit (STC) and the Special Alcoholic Beverages Credit (SABC). These credits allowed eligible tourism entities to reduce their net tax liability based on prescribed formulas, including credits linked to non-tourism revenue streams and to GCT paid on alcoholic beverages used in taxable activities. While effective in reducing the tax burden, these arrangements were administratively complex.
- In FY 2005/06, the credit-based system was repealed and replaced with a simplified regime under which the tourism industry was subject to 50% of the standard GCT rate, resulting in an effective rate of 8.25%. This rate was subsequently adjusted in FY 2009/10 to the current rate of 10%. Since that time, the industry has continued to mature and demonstrate sustained growth in arrivals, room stock, and earnings.
- In this regard, the Honourable House is asked to note that, considering the foregoing and the Government's revenue needs over the medium term, the GCT rate applicable to specified tourism activities is to be increased to **15% effective 1<sup>st</sup> April 2027**.

- The GCT rate on tourism activities is estimated to yield approximately **JS\$11.4 billion** in additional revenue annually.

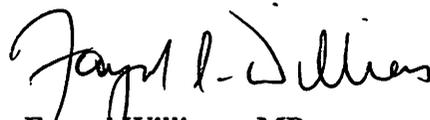
**8. Continuation of the Annual Transfer of \$11.4 billion from the National Housing Trust to Central Government.**

- The NHT Act was first amended in March 2013 to facilitate the transfer of \$11.4 billion to the Central Government towards fiscal consolidation for the four-year period 2013/14 to 2016/17. Given the need for further consolidation under the Government’s Economic Reform Programme (ERP), further amendments of the NHT Act were undertaken in:
  - August 2017 to facilitate continued transfers for the period 2017/18 to 2020/21.
  - December 2020 to facilitate the continuation of annual transfers for the period 2021/22 to 2025/26.
- The National Housing Trust (Amendment) (Special Provisions) Act, 2020 (the Act) provides for the National Housing Trust (NHT) to provide a financial distribution for fiscal consolidation of \$11.4 billion per annum for a period of five years, with effect from the 2021/22 financial year. Section 3 of the Act provides that “This Act shall continue in operation until March 31, 2026, and shall then expire.”
- The expiration of the Act on March 31, 2026, will result in the discontinuation of the annual contributions by the NHT and a significant fall off in Government revenues. Given the impact of Hurricane Melissa on the island, continuation of these transfers across the medium term is necessary to support sustainability of the fiscal operations while reconstruction activities are undertaken.
- It is therefore proposed that the annual transfer of \$11.4 billion from the National Housing Trust to the Central Government be continued for another five years from FY 2026/2027 through FY 2030/2031.

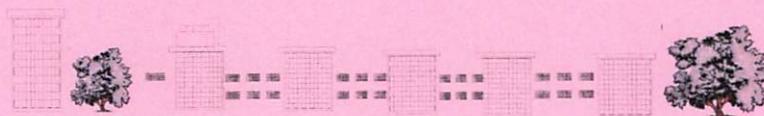
## SUMMARY OF REVENUE MEASURES

	Revenue Impact (FY 2026/2027) JMS Billion	Revenue Impact (FY 2027/2028) JMS Billion
1. Application of General Consumption Tax (GCT) on Digital Services and Intangibles.	0.30	4.2
2. Levying a Special Consumption Tax (SCT) on Non-Alcoholic Sweetened Beverages.	10.1	-
3. Increase the Special Consumption Tax (SCT) on Litres of Pure Alcohol (LPA).	1.6	
4. Increase the Special Consumption Tax (SCT) on Cigarettes.	1.1	
5. Modification of the “20% Duty Concession” on Motor Vehicles for Public Officials.	1.30	-
6. Increase the Environmental Protection Levy (EPL) rate to 0.8% from 0.5% and Expand Domestic Base.	3.639	-
7. Increase the GCT Rate on Tourism Activities to the Standard Rate of 15%, up from 10% in FY 2027/2028.	-	11.4
8. Continuation of the Annual Transfer of \$11.4 billion from the NHT to Central Government.	11.4	-
<b>TOTAL</b>	<b>29.439</b>	<b>15.6</b>

Notes: Amounts indicated for each year is as a result of implementation in that year. For Digital Services Tax, the 2027/2028 represents the additional revenue from full implementation of the measure.



**Fayval Williams, MP**  
**Minister of Finance and the Public Service**  
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