



STATEMENT ON THE SUCCESSFUL IMPLEMENTATION OF THE INCOME TAX REFORM

By Hon. Audley Shaw

Minister of Finance and the Public Service

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I announced at the opening of the 2016/17 Budget Debate in the House of Representatives, the Government's decision to raise the threshold of Pay-As-You-Earn (PAYE) workers from \$592,800 to \$1.5 million, to be implemented in two phases.

This was an important strategic goal under the Government's 'Partnership For Economic Growth' and is an integral part of the overall reform, to further shift from a system of direct taxation of personal income and move toward indirect taxation. This specific reform is fully endorsed by our international partners.

The first phase took effect in July last year, when the annual personal income tax threshold moved to \$1,000,272.

I am pleased to announce that the Government has successfully implemented the second phase of this aspect of the income tax reform whereby the new threshold is now \$1.5 million.

This means that an additional 200,000 Jamaican workers of total 469,131 are now exempt from paying PAYE because of the \$1.5 million threshold.

I am also pleased to report that the shift in revenue from direct to indirect taxation is indeed taking place as evidenced by an increase in GCT of \$5.43 billion, or 7.5 per cent in FY 2016/17 compared with the previous fiscal year. The outturn shows that the increase in the PAYE threshold contributed to higher GCT revenues.

Audley Shaw, CD, MP

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