



May 2009

Dear Client:

At the beginning of the budget debate on April 23, 2009, the Minister of Finance tabled a list of items that would have been affected by changes in their General Consumption Tax (GCT) and Special Consumption Tax (SCT) status.

The actual budget debate led to a revision of the items that were tabled i.e, there has been a revision of the additional items that will now be subject to GCT and of those items for which the rates of GCT and SCT have been increased. The revised list of items and other matters are addressed below.

I. GCT & SCT

1. Imposition

GCT will now be charged on the following:

Goods

Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data

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onto media in coded form and machines for processing such data, parts and accessories of the machines.

The GCT will be waived on purchases by approved educational institutions.

This became effective on April 27, 2009.

Services

Imported services provided for under section 23B of the GCT Act.

Section 23B General Consumption Tax States -

“Where a taxable activity consists of the supply of imported services by a person who is not resident in Jamaica,

the recipient of those services shall, for the purposes of that supply, be deemed to be a registered taxpayer and shall pay the tax chargeable in respect of that supply to the Commissioner of Inland Revenue in accordance with the provisions of section 33(1)."

This provision which has been in the legislation since 2003 will now be enforced.

This will become effective July 1, 2009.

2. Increases

The rates of GCT and SCT has been increased for the following:

GCT

Telephone Instruments

The rate of GCT on telephone instruments has been increased to twenty (20%) percent (up from 16.5%). This is effective as of April 27, 2009

SCT

Automotive Fuel

There has been an increase of \$8.75 per litre in the SCT on automotive fuel.

The new rates are as set out in Appendix I.

Cigarettes

The SCT on cigarettes has been increased to \$8,500 per 1000 sticks (up from \$6,000 per 1000 sticks). This is effective as of May 11, 2009.

Beers and Spirits

SCT rates, which were less than 30% on beers and spirits, have been increased. The rates are set out in Appendix II.

These new rates became effective May 11, 2009.

II. Income Tax

As of July 1, 2009 the nil rate threshold will be increased from \$220,272 to \$320,736 and the pension exemption and age exemption will be increased from \$45,000 each to \$80,000 each. The nil rate threshold will again be increased as of January 1, 2010 to \$441,168.

Details of these amounts are shown in Appendix III

III. Payroll Taxes

A consolidation of all payroll taxes and an abolition of the NIS cap (currently \$500,000) are being proposed for July 1, 2009. However, the details of these measures are not yet available.

IV. National Minimum Wage

The national minimum wage was increased by 10% on Monday May 11, 2009. The new rate for a forty (40) hour work week is now \$4,070.

The rate for industrial security guards will be increased to \$6,050 per 40 hour work week, on June 1, 2009.

The rate of allowances for industrial security guards will also be increased.

The new rates are listed below:

Laundry allowance - \$27.50 per hour
Fire Arm allowance - \$30.25 per hour

Dog handlers' premium
Allowance - \$20.35 per hour

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Appendix I - SCT on Automotive Fuel

Automotive Fuel	New Rate (J\$ per litre)	Old Rate (J\$ per litre)
Leaded gasoline	16.4698	7.7198
Unleaded (octane rating 87 ROM or below)	16.1061	7.3561
Unleaded (exceeding 87 ROM)	16.4792	7.7292
Automotive diesel oil	15.4145	6.6645

Appendix II - SCT on beers and spirits

Description	New Rate	Old Rate
Spirits		
Not exceeding 31.5% alcohol by volume	25%	22%
Between 31.5% and 57.1 alcohol by volume	25%	24%
Exceeding 57.1% alcohol by volume	30%	30%
Beer		
Not exceeding 6% alcohol by volume	25%	21%
Other	25%	16%

Appendix III - Nil rate threshold, pension exemption and age exemption for income tax

2009

	Individuals Under 65 years	Pensioners 55 - 64 years	Individuals 65 years and over	Pensioners 65 years and over
	J\$	J\$	J\$	J\$
Annual	270,504.00	333,004.00	333,004.00	395,504.00
January - June				
Monthly	18,356.00	22,106.00	22,106.00	25,856.00
Fortnightly	8,472.00	10,202.76	10,202.76	11,933.53
Weekly	4,236.00	5,101.38	5,101.38	5,966.76
July to December				
Monthly	26,728.00	33,393.83	33,393.83	40,061.33
Fortnightly	12,336.00	15,412.53	15,412.53	18,489.84
Weekly	6,168.00	7,706.27	7,706.27	9,244.92

2010

	Individuals Under 65 years	Pensioners 55 - 64 years	Individuals 65 years and over	Pensioners 65 years and over
	J\$	J\$	J\$	J\$
Annual	441,168.00	521,168.00	521,168.00	601,168.00
Monthly	36,764.00	43,430.66	43,430.66	50,097.33
Fortnightly	16,968.00	20,044.92	20,044.92	23,121.84
Weekly	8,484.00	10,022.46	10,022.46	11,560.92

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