

FOR IMMEDIATE RELEASE

PRESS RELEASE

JCC Press Release on the 2021/2022 Budget

Kingston, Jamaica, March 15, 2021: The Jamaica Chamber of Commerce notes the comprehensive reform agenda outlined by the Minister of Finance in his budget release. We applaud.

- An independent Central Bank and a Fiscal council
- No new taxes
- The removal of the Custom Administration Fee (CAF) on exports for small transactions below US \$500. We would like the CAF to be abolished in its entirety, particularly for exports but understand it may not be possible at this time due to revenue considerations.
- The initiative by the Minister of Finance to modernize Jamaica's Income Tax Act.
- The Reverse Corporate Inversion Initiative to encourage the return of group headquarters and overseas holding companies to Jamaica, thereby relocating both taxes and high paying jobs to Jamaica. In this context, we believe it is also time to look again at removing the double taxation of dividends that drives some of this activity. Taxation of dividends was re-imposed some time ago to meet a revenue goal, and we believe its removal would greatly support the Minister's other very welcome initiatives to make Jamaica the capital market center for the Caribbean.
- The intention to provide the regulations to activate the currently dormant Income Tax Relief (Large Scale Project & Pioneering) industries Act.
 - Further to this point, the JCC do not believe there is anything wrong with incentives, once they are rules based, fair, and encourage activity that would otherwise not take place and forms a part of a holistic execution program with measurable targets, explicit responsibilities, and regular monitoring of results. Our experience tells us, that without a programmatic approach, arrived at through a collaborative process between the government and market, incentives are likely to be ineffective.

During this period, it is particularly important to boost exports, diversify the economy, thereby increasing GDP and, by extension, tax revenues. For example, we believe that incentives are necessary for the redevelopment of urban centres like downtown Kingston, and that there are other incentives, such as research and development or green technology, that should be considered.

Tax free tablets and phones - The JCC reiterates its view that bolder steps need to be taken to address the 40% of the school population without an electronic device, and we should make these devices tax free for a minimum of two years. This issue goes well beyond school children to numerous small businesses and sole traders who are having great difficulty in accessing loans and grants.

We are happy to learn that the vaccination programme is fully financed under the SERVE programme. We urge consideration of bolder initiatives particularly targeted at generating economic activity and increasing GDP. For example, several countries have provided significant funding to stimulate the restart of small business and key industries. While we welcome the Minister's equity finance proposal, we believe the damage to small business and key industries is much greater than the financing currently being considered. In this regard we suggest that the social dialogue process may be used to identify segments of the society that urgently need more aid than was outlined in the budget.

*For further information, contact:
Keith Collister, Director and Chair of the JCC's Economic and Taxation Committee
Tel: 876 922-0150*