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February 2026

Tax Alert

Jamaica



Focus on Revenue Measures 2026/2027

On 12 February 2026, the Honourable Fayval Williams, Minister of Finance and the Public Service, presented the Revenue Measures for the Financial Year 2026/2027.



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Background

In a change from previous years, Jamaica's annual revenue measures were tabled together with the Estimates of Revenue and Expenditure on the first day of the new parliamentary session on 12 February 2026.

The earlier tabling of the tax-raising package follows recommendations from the office of the Independent Fiscal Commission that early tabling of tax policy changes was required to allow adequate scrutiny of the government's budgetary plans.

Following 10 years of budgets where the Jamaican government proudly boasted each year of "no new taxes", the fiscal pressure exerted by the impact of Category 5 Hurricane Melissa has led to the government announcing a significant tax-raising package, expected to yield JMD \$30 billion in the coming year 2026/2027 and a further JMD \$15.6 billion in 2027/2028.

All the burden of the tax package is being borne by indirect taxes, with the government making an explicit point of confirming they will proceed with previously announced plans to increase the tax-free personal income tax threshold from 1 April 2026.



Proposed Revenue Measures

GCT TO BE EXTENDED TO DIGITAL SERVICES AND INTANGIBLES SUPPLIED FROM ABROAD

The Minister announced that the Government plans to take steps to apply General Consumption Tax (GCT) to digital services and intangibles that are supplied from abroad but consumed in Jamaica.

The Minister indicated that the measure would take some time to implement but should begin to raise revenue from early in 2027.

The precise scope of the services to be covered will be announced later. However, we anticipate it could include items such as online streaming services, e-book and audiobook services, software subscriptions, app store purchases, etc.

EY's Commentary:

The Minister explained that reform will be guided by the "destination principle". This suggests that the administration of this measure can be expected to follow approaches recommended by the OECD, such as in their VAT Digital Toolkit for Latin America and the Caribbean.

Whilst further details on the implementation mechanisms would likely take time to develop, we expect that this measure will create some form of obligation for foreign digital service platform operators to register for Jamaican GCT and to collect and remit GCT in respect of their sales to Jamaica-based customers.

Digital Services providers with customers in Jamaica should begin planning for the obligations that may arise for them under this new regime.

INCREASE IN TOURISM GCT RATE (DEFERRED ADJUSTMENT FROM 10% TO 15%)

The Minister outlined significant changes to Jamaica's tax structure, particularly focusing on the deferred increase of the GCT on tourism-related services from 10% to 15% effective April 2027. This brings tourism activities in line with the standard rate of GCT.



Proposed Revenue Measures

EVOLUTION OF THE TOURISM GCT REGIME IN JAMAICA

Historically, Jamaica's tourism sector, has long benefited from preferential tax treatment aimed at fostering growth and competitiveness. Various favourable regimes have been in place over time, and since FY2009/10 the sector has enjoyed a concessionary GCT rate of 10%, where it remained for over 15 years.

RATIONALE FOR THE INCREASE (FROM 10% TO 15%)

Maturation of the Sector:

The Minister emphasized that Jamaica's tourism sector has matured significantly over the past decade, marked by sustained growth in visitor arrivals, expansion of hotel room inventory, strong foreign exchange earnings, and increasing private-sector investments. Given this maturation, the original justification for a reduced GCT rate, supporting an emerging industry has diminished. The government believe that the sector is now capable of absorbing a gradual increase in the consumption tax without compromising its viability.

EY's Commentary:

The long notice period (13 months) recognises the advance booking that is prevalent in the hotel sector and is intended to allow tourism operators time to recover from Hurricane Melissa and to adjust their pricing strategies before this measure takes effect.

The proposed increase aligns the tourism sector with the standard 15% GCT rate, effectively ending a prolonged period of differential treatment. This adjustment promotes tax policy neutrality, simplifies

the GCT system, and reduces economic distortions created by preferential rates. By harmonizing the GCT rate with the national standard, the government enhances revenue predictability and increases transparency within the tax structure.

This measure improves coherence in Jamaica's tax framework and reduces administrative burdens for both taxpayers and the Tax Administration Jamaica. Aligning the tourism rate with the standard rate also strengthens fairness across industries.

However, tourism operators have historically justified their preferential treatment by emphasizing the importance of price competitiveness in attracting visitors to choose Jamaica over other destinations. It remains to be seen if other aspects of Jamaica's tourism product and branding have improved sufficiently to mitigate the impact this measure will have on cost competitiveness.

SPECIAL CONSUMPTION TAX (SCT) CHANGES

The Government has proposed several adjustments to the Special Consumption Tax (SCT) system, including the introduction of a new SCT on non-alcoholic sweetened beverages and increases to existing SCT rates on alcoholic beverages and cigarettes. These measures serve a dual policy objective:

1. Public health protection—by targeting products linked to chronic illnesses such as obesity, diabetes, and smoking-related diseases.
2. Revenue mobilization—supporting fiscal reconstruction efforts as Jamaica recovers from the severe social and economic impact of Hurricane Melissa.



Proposed Revenue Measures

Non-alcoholic Sweetened Beverages:

The introduction of a new SCT of J\$0.02 per millilitre on all non-alcoholic sweetened beverages.

This applies to:

- Drinks with added sugar or caloric sweeteners
- Drinks with artificial or non-nutritive sweeteners
- Carbonated and non-carbonated, imported or locally produced drinks
- Both locally produced and imported beverages

The tax will be applied:

- At manufacture for local production
- At importation for imported beverages

EY's Commentary:

The introduction of a sweetened beverage tax aligns with global public health and fiscal trends, as similar measures have been implemented in numerous jurisdictions.

However, there is a mix of different methodologies which have been adopted in other jurisdictions.

Many countries apply a sugar-density model—taxing beverages based on grams of sugar (or artificial sweetener) per 100 ml.

Jamaica instead applies a flat volumetric rate per millilitre, regardless of sugar content.

This model may be administratively simpler to calculate and enforce but unlike sugar-density models, it does not incentivize product reformulation (i.e., reducing sugar content).

Alcoholic Beverages:

SCT on alcoholic beverages increases from J\$1,230 per litre of pure alcohol to J\$1,400 per litre of pure alcohol.

This increase is equivalent to approximately \$3 on a standard size bottle of lager beer and approximately \$21 on a 200ml bottle of white rum.

Alcoholic beverages are already subject to both SCT and the standard rate of GCT; which remains unchanged.

This revenue measure is expected to generate J\$1.6 billion in revenue and is effective 1 May 2026.

Cigarettes:

SCT on cigarettes increases from J\$17 per stick to J\$20 per stick.

This increase is expected to generate J\$1.1 billion in revenue and is effective 1 May 2026.

EY's Commentary:

The increases to SCT on alcoholic beverages and cigarettes are timely and appropriate, serving multiple objectives:

They help preserve the real value of the tax base, which has eroded due to inflation since the last adjustment in FY 2016/17.

They are consistent with public health policy, where higher excise/SCT rates on alcohol and tobacco act as both Revenue measures and behavior-modifying tools to reduce harmful consumption.

The key risk associated with the excise increases is the potentially increased incentives for illicit trade and smuggling. Producers and distributors of these products are likely to be looking to the government to continue to increase its enforcement efforts to ensure the projected revenue yield is not diluted by such activities.



Proposed Revenue Measures

ENVIRONMENTAL PROTECTION LEVY (EPL) RATE INCREASED

In the revenue measure presentation, the Minister mentioned that to finance enhancements to climate resilience and environmental safeguards, the EPL will be increased from .5% to .8% on both imports and domestic goods. Additionally, the base on which the domestic levy is charged shall be increased from 75% to 100%.

Prior to this proposed change, the environmental levy application on domestic sales of locally manufactured goods and exports included a discount of 25%. This proposal now removes this discount from effect.

The proposal comes from the backdrop of the series of natural disasters faced by the countries which has significantly affected the country.

EY's Commentary:

The increase in the Environmental Protection Levy (EPL) from 0.5% to 0.8% on both imports and domestic goods reflects a strategic move to enhance climate resilience and environmental safeguards. The removal of the 25% discount on the domestic levy signifies a shift towards a more equitable tax structure, ensuring that locally sold manufactured goods, and exports are taxed at the same rate as imports. While this change leads to increased revenue for the government of JM3.639b, which can be allocated towards environmental initiatives, it may also raise the cost of goods for consumers and businesses, potentially impacting economic activity.

PROPERTY TAX VALUATIONS TO BE REVIEWED

In the presentation the minister alluded to a review of the valuation rolls for property tax. Reference was made to the valuation roll being outdated and that a revaluation was required to ensure fairness and revenue buoyancy. Property tax is calculated using a rate range being applied to the unimproved value of land.

The last update to the valuation rolls and calculation rates was effective April 1, 2017. It was proposed that there is Intention for new valuations to be in force for 2027/2028,

It is unclear at this time whether the changes to be considered will be only to the unimproved value of the land or also to the applicable rate range.

EY's Commentary:

Property tax, particularly in the form of Jamaica's unimproved land value tax, is generally considered an economically efficient tax that collects revenue with minimal impact on growth, however governments in Jamaica have historically found it politically and administratively challenging to enforce timely collection or to revise valuations with sufficient frequency to combat inflation.

Proposed Revenue Measures

MODIFICATION OF DUTY CONCESSIONS FOR PUBLIC OFFICIALS

The minister advised that the need for providing concessions to assist with the vehicle ownership for a group of public officials no longer exist to the same extent as it once did. To that end, the proposed change to the duty concession was the imposition of GCT on such vehicles (which was previously fully waived). The SCT exemption however will remain in effect.

PAYE THRESHOLD INCREASE TO PROCEED AS PLANNED

Previously announced PAYE threshold increase to \$1.9M remains unchanged, effective April 1, 2026.

In the 2025/2026 budget presentation, the minister mentioned in her revenue measures presentation that there will be an increase in the income tax threshold from the JM1.5m to JM2m. However, due to budgetary constraints, the proposed changes were to be phased in with the PAYE threshold reaching 1.9m effect 1 April 2026.

In her presentation, the minister reconfirmed that the intended threshold increase will proceed as planned despite the fiscal pressure.



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- Bookkeeping
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Indirect Tax Services

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- Financial services tax
- Credits and incentives

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