Jamaica budget highlights - 2025

"Resilient Jamaica: Strengthening growth, securing our prosperity"

KPMG Jamaica

March 11, 2025

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Foreword

Foreword

On March 11, 2025, the Hon. Fayval Williams, MP, made her maiden Opening Budget Presentation as the Minister of Finance and the Public Service ("the Minister"). The theme of the Minister's budget presentation for financial year 2025/26 was *Resilient Jamaica: Strengthening Growth, Securing Our Prosperity,* and reflected on the country's resilience through natural disasters, the growth in the economy to date and the path to securing the future financial health of the country.

The Minister emphasised several examples of the "good news" about the economy, including that:

- the lowest ever recorded unemployment rate was 3.5%, as at October 31, 2024;
- the lowest recorded debt to GDP ratio in 30 years will be 68.7%, as at March 31, 2025;
- the highest net international reserves in over 30 years of US$5,583.7 million, as at December 31, 2024; and
- the overall inflation figure remains within the target 4-6 percentage range.

The Minister announced that tax revenue is expected to provide $949.5 billion of the funding required for the central government budget, while non-tax revenue is expected to contribute $139.8 billion to that budget. An additional $5.96 billion in grants is expected, and the bauxite levy is projected to contribute a further $812 million to the budget.

In addressing the country's indebtedness, the Minister stated that some $162.7 billion of debt must be paid in financial year 2025/26. Approximately $4.3 billion of the country's own reserves are earmarked for debt payments and the additional amount of $158.4 billion is expected as loan receipts.

The proposed capital expenditure amount for financial year 2025/26 is $62.6 billion, and will include major infrastructure projects for implementation by the Ministry of Economic Growth and Job Creation that will account for 49% of the total capital expenditure or $30.6 billion.

Substantial allocations for financial year 2025/26 were also made to the following public investment projects:

- $10.2 billion is allocated to the Ministry of Health and Wellness for the Cornwall Regional Hospital ($5 billion) and for the Programme for the Prevention & Care Management of Non-Communicable Diseases at the Spanish Town Hospital ($4.1 billion).
- $3 billion is earmarked for the National Identification System, out of a total of $4.6 billion allocated to the Office of the Prime Minister on physical infrastructure, including for the construction of the Southern Coastal Highway Project, Montego Bay Perimeter Road and carriageway from Ironshore to Bogue, as well as construction and rehabilitation works on the Montego Bay Waterfront Protection Project.
- $3.2 billion of the $4.5 billion allocated to the Ministry of Science, Energy and Telecommunications and Transport will be spent on procuring new buses for the Jamaica Urban Transit Company.
- $1.7 billion of the $4.2 billion allocated to the Ministry of Education, Skills, Youth and Information will go towards funding the Primary and Secondary Schools Infrastructure Programme.

- $2.2 billion of the $3.7 billion allocated to the Ministry of Agriculture, Fisheries and Mining will fund the irrigation projects for the Essex Valley and the Southern Plains Agricultural Development Project.
- $1.8 billion to the Ministry of National Security, with $1.7 billion expected to continue the construction works on the Westmoreland and St. Catherine North Police Divisional Headquarters.

To further stimulate growth in the economy and secure prosperity for future generations, the Minister reinforced the government's commitment to start initiatives that will encourage indigenous Jamaican businesses to return home from other tax jurisdictions, and the country eagerly awaits the details of those initiatives. The needs of Micro, Small and Medium Enterprises (MSMEs) were highlighted, with the Minister proposing the establishment of a Micro Market on the Jamaica Stock Exchange which would cater to the financing needs of some 250 MSMEs in need of equity funding. This will be complemented by the proposed increase in the general consumption tax registration threshold from $10 million to $15 million.

Consistent with the budgets of recent years, all revenue measures proposed were either revenue neutral or were tax expenditure measures. The Minister closed her presentation by confirming that yet again, there were no new taxes, and this was the case for the eighth consecutive year.

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02

Budget 2025 snapshot

Budget 2025 snapshot

All amounts are in JM$ unless otherwise stated

*	Buy	Sell
US$1	156.19	157.59

(for context we have quoted above the Bank of Jamaica JM$/US$ foreign exchange rate as at March 11, 2025)

Key allocations of projected tax expenditure:

$1.37 B

Increase in the GCT Registration Threshold from $10 M to $15 M

Accelerated Capital Allowances For New Investments in industrial buildings, machinery, equipment and information technology

$8.8 M

Reduction of Ordinary Dividend Income Tax Rate For Non-Resident Companies and Individuals

$2.99 B

Reform of the GCT on the Supply of Electricity to Residential Customers, with a GCT rate reduction from 15% to 7% for all residential customers.

Post-paid residential customers with 250kwh or less per month to get a rebate of the 7% GCT and a 3% subsidy.

First 20,000 new pre-paid residential customers to receive a monthly credit of $4,000 for 6 months

$13.97 B

Increase in the Annual Personal Income Tax-free Threshold to $2 M over 3 years

$4.80 B

Increase in the Annual Personal Income Tax Tax-free Threshold to $1,799,376 in 2025/26

03

Proposed measures

Proposed measures

All amounts are in JM$ unless otherwise stated

(for context we have quoted below the JM$/US$ foreign exchange rate as at March 11, 2025)

	Buy	Sell
*US$1	156.19	157.59

*Source: Bank of Jamaica's foreign exchange rate

Increase in the Annual General Personal Income Tax (PIT) Threshold	
Proposal	The Minister proposed that the Annual General PIT Threshold be increased over three years from $1,700,088 to $2,003,496 for all individuals, both employed and self-employed. The increase of $303,408 will be implemented incrementally starting on April 1, 2025, as follows: • for financial year 2025/26, effective April 1, 2025, it is proposed to increase the threshold from $1,700,088 to $1,799,376; • for financial year 2026/27, effective April 1, 2026, it is proposed to increase the threshold from 1,799,376 to $1,902,360; and • for financial year 2027/28, effective April 1, 2027, it is proposed to increase the threshold from $1,902,360 to $2,003,496. This measure will result in a total revenue loss of approximately $13.97 billion, over the three years. The estimated revenue loss for financial year 2025/26 is $4.8 billion, that for financial year 2026/27 is $4.73 billion, and a further $4.44 billion revenue loss is estimated for financial year 2027/28.
KPMG's view	As with the highly anticipated "tax-free threshold" increase that was implemented in the financial year 2024/25, this increase is a welcome tax relief, especially for PAYE individuals. One of the practical issues to bear in mind is that individuals account for income tax on a calendar year basis, while each new threshold amount takes effect on April 1. Therefore, although there will be an annual increase in the tax-free threshold, each calendar year will have a blended tax-free threshold, with 3 months of one threshold amount and 9 months of another threshold amount. In this regard, the effective PIT for the years will be as follows: • $1,774,554 for tax year 2025; • $1,876,614 for tax year 2026; and • $1,978,212 for tax year 2027. If there are no further increases, the PIT threshold for the tax year 2028 will be $2,003,496.
Who are affected	The Minister indicated that an additional 28,880 employed individuals under the PAYE system along with thousands of self-employed individuals, will benefit from this measure at the end of the phased increase. The "tax-free threshold" is available to resident individuals.
Timing	Effective for the financial years 2025/26 through to 2027/28, with effect from April 1, 2025.

Proposed measures (cont'd)

Reduction of Ordinary Dividend Income Tax Rate for Non-Residents	
Proposal	Currently, dividends paid to non-resident shareholders—both companies and individuals – are subject to a withholding tax rate of 33⅓% and 25%, respectively. However, these rates may be reduced if the shareholders are resident in a country with which Jamaica has a Double Taxation Treaty. The Minister proposed that the tax rate on dividends paid to non-resident shareholders (whether companies and individuals) be reduced to 15%. This measure is expected to result in an estimated revenue loss of $8.8 million due to the reduction in non-resident tax rates.
KPMG's view	The Minister noted that for FY2025/26, the revenue measures to be adopted a*re based on the essential principles of tax reform, including the promotion of simplicity and equity within the tax code*. Against this backdrop, the reforms to the tax rate applicable to non-residents must be fair and equitable. Similarly, in international taxation, Jamaica is among the 130 countries that have accepted the global minimum corporate tax of 15%, where applicable. This initiative is therefore welcomed, as it signifies that, while Jamaica is strategically seeking to "*bring capital home,*" the proposed revenue measure therefore aligns with the adopted international fiscal regimes. Additionally, Jamaica has approximately 16 Double Taxation Treaties, involving 27 countries, including CARICOM states. The current withholding tax rates applied to dividends earned by non-resident companies and individuals may have been a deterrent to potential investors from the other 168 countries in the world. By reducing the withholding tax rate on dividends, from 33⅓% and 25%, to 15%, it is likely that foreign interest in investing in Jamaica will increase. The Minister in particular encouraged non-resident Jamaicans to invest in the country. Notably, the Minister proposed no timeline for implementing these measures. The amount indicated as the estimated revenue loss from this measure is $8.8 million. However, based on our commercial knowledge, we believe that this amount would be significantly higher.
Who are affected	The proposed revenue measured will affect non-resident companies and individuals who receive dividends from Jamaica.
Timing	The anticipated timeline for implementing this revenue measure was not stated.

Proposed measures (cont'd)

Proposal to Increase the General Consumption Tax (GCT) Registration Threshold from $10 million to $15 million	
Proposal	The GOJ is proposing to increase the GCT registration threshold from $10 million to $15 million for a twelve-month period. This measure will result in a revenue loss of approximately $1.373 billion.
KPMG's view	This is a welcomed initiative. Notably, the last amendment to the GCT registration threshold occurred in 2019. Through the *Provisional Collection of Tax (General Consumption Tax) Order, 2019*, the GCT registration threshold was increased from $3 million to the current threshold of $10 million. The Minister placed emphasis on supporting micro, small, and medium enterprises (MSMEs) in Jamaica. In this context, the Minister highlighted that for the calendar year 2023, businesses operating within the $10 million to $15 million range accounted for approximately 12% of the total share of taxpayers and contributed around 1.3% of the total GCT revenue. From a policy standpoint, the increase in the GCT registration threshold suggests a reduction in the GCT compliance costs for MSMEs. Additionally, from a tax administration perspective, administrative costs will likely decrease. The following tax treatments arise for consideration: *<u>Deregistration of Taxpayers Below the New GCT Registration Threshold</u>* • The Minister noted that for FY2025/26, the proposed revenue measures aim to improve efficiency and effectiveness, while stimulating economic activities in Jamaica through further development of economic opportunities and enhanced administrative efficiency. • It is expected that Tax Administration Jamaica will routinely deregister taxpayers who fall below the new GCT registration threshold. The GCT Act currently allows persons to opt to remain registered for GCT even though their sales are below the threshold. In the past, some small businesses have opted to remain registered for GCT in order to claim input tax credits in respect of their expenses, which reduces their costs, and allows them to be competitive. Each business should conduct a cost/benefit analysis to determine if deregistration is advantageous to its operations. *<u>Ability to utilize 100% of tax losses</u>* • From an Income Tax perspective, the increase in the GCT registration threshold may allow more taxpayers to claim more tax losses. Currently, there are restrictions on a taxpayer's ability to claim 100% of their tax losses in a financial year – in most cases, only losses sufficient to reduce the taxable income by 50% is allowed. However, persons with gross sales below the GCT threshold, can carry forward and claim 100% of prior year tax losses in a financial year, significantly reducing their income tax liability.
Who are affected	The measure may directly benefit MSMEs earning up to $15 million, by removing their GCT compliance costs and may allow for these savings to be reinvested in the business.
Timing	The measure is slated to take effect on April 1, 2025.

Proposed measures (cont'd)

Accelerated Capital Allowances for New Investments in Industrial Buildings, Machinery, Equipment and Information Technology in Tax Years 2025 and 2026	
Proposal	The Minister has proposed an accelerated capital allowances regime for new capital investments made between January 1, 2025 and December 31, 2026. Capital allowances allow businesses to claim a portion of the cost of the expenditure on certain assets each year as an expense, thereby reducing their tax liability. The measure applies to expenditure on industrial buildings, non-industrial buildings, plant and machinery and automatic data processing equipment (ADPE) as well as parts/accessories thereof.
KPMG's view	The accelerated capital allowances regime will allow for businesses to claim larger amounts of capital allowances for the tax years 2025 and 2026, than is available under the current regime. The proposed new capital allowance rates are reflected in Table 1 on the following page. The table, however, appears to have arithmetical errors, which presumably will be addressed before the law is enacted, if passed. For example, if a machine is acquired in 2025 and enjoys 40% of initial allowance and 25% of annual allowances (totaling 65% of allowances) in the first year, the remaining 35% of cost, would be written off by the third year – not by year four as suggested by the table. There is also uncertainty as to whether, initial allowances are available for machinery and ADPE acquired in 2026 (year 2), as there is no initial allowance stated in year 2 of the table for these items. It is our understanding, however, that the 40% initial allowance is also available if these assets are acquired in year 2, and the omission may have been inadvertent. With such attractive tax breaks available, there may be a heightened demand for machinery and equipment in 2025 as businesses seek to take full advantage of the facility, which in turn may increase prices for such items in the marketplace. The measure is meaningful and should prove effective in incentivizing capital investment, retooling and modernization of equipment in business, as the Minister indicated is the intention of the proposal.
Who are affected	All business can qualify for the proposed facility. It is noted however, that, in relation to plant and machinery, the regime is mainly for machinery used in the production of primary products (i.e. agricultural production and animal husbandry) or in manufacturing or automated packaging of goods, as well as computer parts and accessories. The accelerated capital allowances regime is not applicable to expenditure on motor vehicles or intangibles (such as research and development and intellectual property rights)
Timing	The measure is expected to take effect for years of assessment 2025 and 2026.

Proposed measures (cont'd)

Table 1 – Accelerated Capital Allowances

	Current			New			
Category	Initial Allowance	Period (Year 1)	Annual Allowance	Initial Allowance			
				Year 1	Year 2	Period (Years)	Annual Allowance
Industrial:							
Buildings & structures primarily constructed of concrete, steel, brick, stone, cement, or similar materials	20 %	25	4%	30%	25%	18	5.50%
Buildings & structures primarily constructed of other inorganic materials such as galvanized iron, corrugated metal, or similar material	20%	10	10%	30%	25%	5	20%
Buildings & structures primarily constructed of wood or other organic materials	.20%	8	12.50	30%	25%	5	20%
Non-Industrial:							
Commercial Buildings:							
Buildings & structures primarily constructed of concrete, steel, brick, stone, cement, or similar materials	0%	25	4%	12%	8%	20	5.00%
Buildings & structures primarily constructed of other inorganic materials such as galvanized iron, corrugated metal, or similar material	0%	10	10%	30%	20%	5	20%
Buildings & structures primarily constructed of wood or other organic materials	0%	8	12.50	36.5%	24%	5	20%
Plant & Machinery:							
Machinery	25%	8	12.50%	40%		4	25%
Automatic Data Processing Equipment	25%	5	20%	40%		3	33.33%
Other Plant & Machinery	0%	8	12.50%	20%		4	25%

Proposed measures (cont'd)

Reform of the GCT on the Supply of Electricity to Residential Customers	
Proposal	• The Minister has proposed reforms to the GCT treatment on the supply and purchase of electricity for residential use. The reform is based on the understanding that the current system does not adequately address changes in product offerings, such as pre-paid electricity. • The anticipated revenue loss from the reform of the GCT on the supply of electricity to residential customers is approximately $2.994 billion. The following are the proposed revenue measures: **For Post-paid residential customer**s: • The GCT rate on electricity supplied to residential post-paid customers will be reduced from 15% to 7%. • The GCT zero-rating on the first 150 kilowatt-hours (kWh) used per month by residential customers will be removed. • A system will be implemented to rebate the 7% GCT charged and provide a 3% subsidy to post-paid customers who use 250 kWh or less per month. • Customers using more than 250 kWh of electricity will pay GCT on their total usage, starting from the first kWh. **For Pre-paid residential customers** • GCT will be applied at a rate of 7% on the full value of pre-paid electricity purchased by residential customers. • An incentive package will be offered to new pre-paid customers in targeted communities. **Commercial customers** • The current 15% GCT rate for post-paid customers will remain unchanged. The same 15% GCT rate will apply to the full value of pre-paid electricity purchased by commercial customers.
KPMG's view	In the Budget Presentation, it was highlighted that the government is committed to delivering the lowest possible electricity costs to the Jamaican people and businesses. Based on the proposed measures both post-paid and pre-paid customers will be charged GCT on electricity supply at the rate of 7%. However, a similar treatment is not in place for commercial customers. Practically speaking, there may be concerns about the classification of sole-traders, operating from their home, and whether they should be seen as residential or commercial enterprises. Perhaps, this classification will be settled upon the passing of the applicable legislation.
Who are affected	The proposed revenue measure will affect existing post-paid and pre-paid customers. The revenue measure remains unchanged for commercial customers.
Timing	This proposed revenue measure will take effect on May 1, 2025.

Pending tax measures

Pending Tax Measures Implementation of the Large-Scale Projects and Pioneer Industries Income Tax incentive	
Proposal	• The Income Tax (Large-Scale Projects and Pioneer Industries) Act was enacted in January 2014, and promised to incentivize large-scale and innovative investments in Jamaica. • A large-scale project must have an impact on the economy to meet minimum capital investment or job creation thresholds to be set by the government. The government in recent times, have been suggesting that US$1 billion in capital investment is preferred. • A pioneer industry is intended to involve the commercial application of the results of scientific research. Such projects must employ new cutting edge and innovative methodologies and technologies, but need not be done on a large scale. • We understand that the main tax incentives are intended to be in the nature of income tax credits and the quantum to be granted will be limited by the policy that the total credit granted by the government for each year, should not exceed 0.25% of Jamaica's Gross Domestic Product in the prior fiscal year. • Although enacted in 2014, the regulations required to make it operational were never tabled in parliament and published. The Minister announced today, that the law will be repealed and replaced in order to update the legislation to make it fit for purpose.
Timing	• The Minister indicated that the new law should be tabled before the end of the new fiscal year 2025/26.

Pending tax measures (cont'd)

Pending Tax Measures Removal of GCT on importation of raw foodstuff	
Proposal	• In the Budget Presentation for the fiscal year 2024/25, the government announced that it would be removing the GCT on the importation of raw foodstuff. • This was to bring Jamaica in line with its trade agreements with international partners. • The tax measure was to take effect within the first quarter of the fiscal year 2024/25. • No legislation in this regard has been tabled in parliament to date, based on our checks.
Timing	• The tax measure was to be implemented in the first quarter of fiscal year 2024/25.

Pending tax measures (cont'd)

Pending Tax Measures Removal of GCT on armoured courier vehicles and accessories	
Proposal	In the Budget Presentation for the fiscal year 2024/25, the government announced that in support of the Armoured Cash Courier Industry, GCT would be removed on the importation of the following items: • a. armoured vehicles, (the relief being on the excess of the Cost, Insurance and Freight value ("CIF") over US$33,000 • b. the added cost of armouring vehicles. • No legislation in this regard has been tabled in parliament to date, based on our checks.
Timing	• The measure was to take effect as of April 1, 2024, and was to run for only 24 months.

04

Economic review

Economic snapshot (1/2)

All amounts are in JM$ unless otherwise stated

$3.0 trillion

Fiscal 2024 Nominal GDP

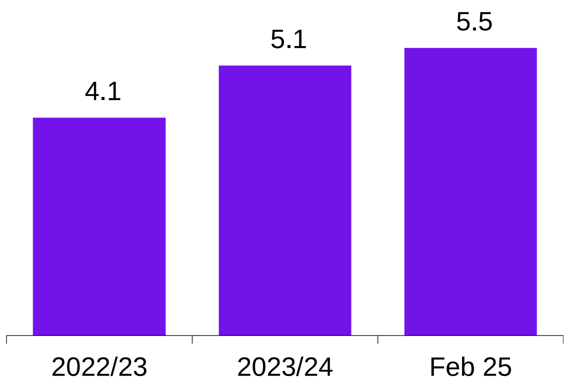
1.9%

Estimated real GDP growth rate for 2024

1.7%

Projected real GDP growth for 2025

Foreign reserves



*in US$ billion

29.2

Weeks of import cover as at February 2025

Credit rating

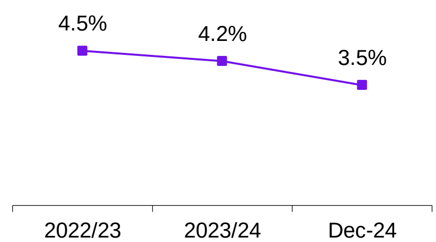
BB-

With positive outlook (Fitch)

68.7%

Estimated Debt to GDP ratio as of March 2025

Unemployment rate



5.0%

Inflation, end of period December 2024

Source: Budget proposal 2025, Bank of Jamaica and IMF, Fitch Ratings

Economic snapshot (2/2)

All amounts are in JM$ unless otherwise stated

5.6%

Credit growth in 2024

2.5%

Non-performing loans

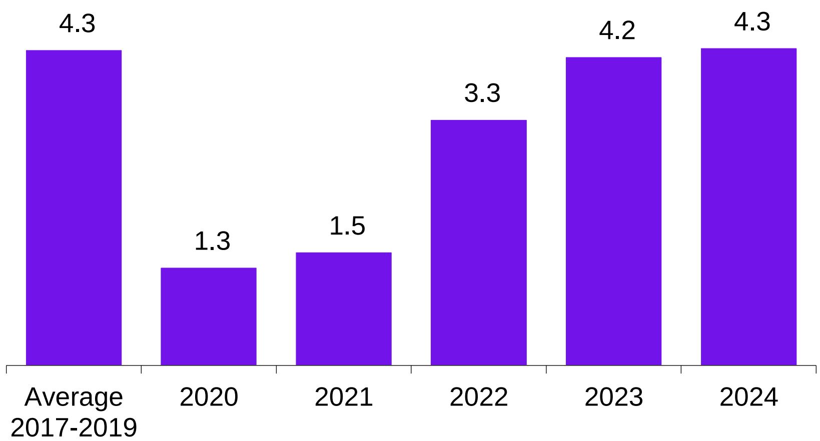
$2.0B

Funding for start-ups and MSMEs

Tourist arrivals

2.8%

Tourist arrivals (‘millions)



Current account surplus

1.0%

Current account balance as a % of GDP

5.6%

Primary surplus as a % of GDP

Sources: Bank of Jamaica, IMF, Jamaica Tourist Board, Jamaica Information Service, Jamaica Budget Presentation 2025/26

State of the economy

Over the last decade, Jamaica has made significant progress in reducing its public debt, inflation, and external deficits. The implementation of the Fiscal Responsibility Law ("FRL"), along with a policy of inflation targeting which helped the economy through the COVID-19 pandemic and more recently, the shocks resulting from natural disasters such as hurricane Beryl and tropical storm Rafael.

In August 2024, the International Monetary Fund ("IMF") approved disbursement of Special Drawing Rights ("SDR") of US$258 million following satisfactory completion of the IMF's third review under the Precautionary and Liquidity Line ("PLL") and the Resilience and Sustainability Facility ("RSF"). In their review, the IMF highlighted Jamaica's response to recent shocks has strengthened the credibility of policy frameworks and is supporting sustained growth, declining debt, low inflation, and strengthened external position.

On February 21, 2025, Fitch Ratings affirmed Jamaica's Long-Term Foreign-Currency and Local-Currency Issuer Default Ratings at 'BB-', with a 'Positive' outlook. Nevertheless, Jamaica's geographical and socio-economic characteristics make it vulnerable to climate risks.

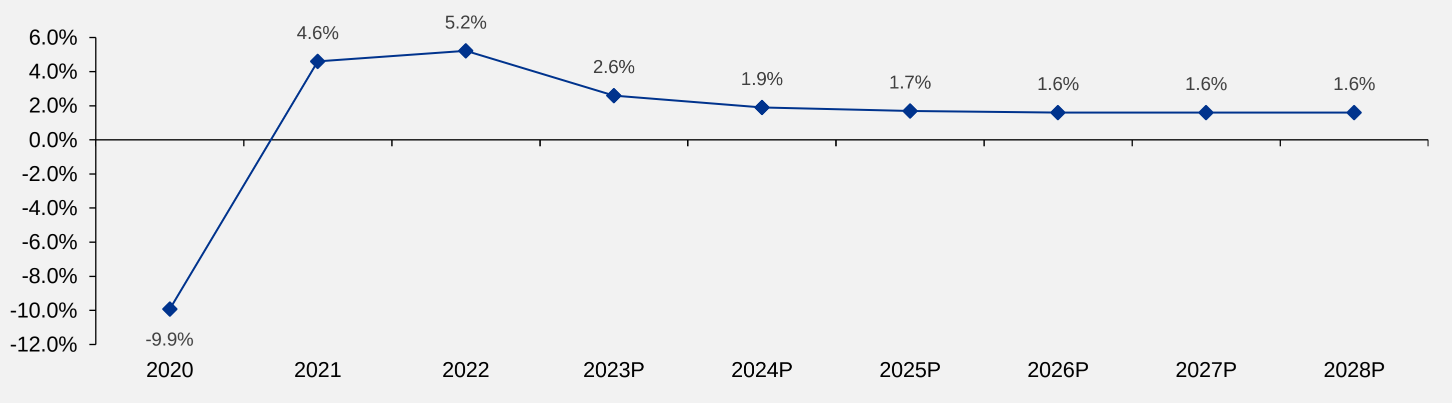
GDP growth

The Jamaican economy is estimated to have expanded by 1.3% in 2024, marking a continued slowdown from the post-COVID surge of 4.6% and 5.2% in 2021 and 2022, respectively. The reduced rate of growth in 2024 was due to the impact of Hurricane Beryl, which had an estimated negative impact on GDP of approximately 1.1%. Despite this setback, growth in 2024 was driven by several key sectors, including hotels and restaurants, electricity, transportation and storage, and mining and quarrying.

The Tourist Board reported that Jamaica received 4.3 million visitors from January 2024 to October 2024. Of these, approximately 2.9 million were stopover visitors, representing a significant 26.1% increase compared to 2023. This influx of tourists played a crucial role in supporting the economy, particularly in the hospitality and related sectors.

Looking ahead, the IMF predicts that medium-term real GDP growth will average approximately 1.6%, driven by manufacturing, consumption, and net exports. Monetary policy is expected to continue supporting growth by ensuring adequate liquidity in the financial system, minimizing pressures on the currency, and keeping inflation in its target range.

GDP growth rate (YoY, %)



Source: IMF

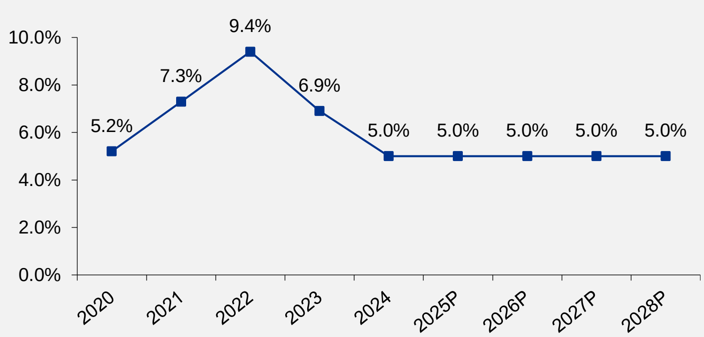
Inflation and unemployment

Inflation

Jamaica's consumer price index experienced a rapid surge between 2020 and 2022, primarily due to the trickle-down effects of supply chain disruptions, rising commodity prices, high energy costs, and depreciation in the exchange rate. However, by the end of 2024, inflation had moderated to 5.0%.

The inflation observed in 2024 was predominantly driven by increases in the 'Food and Non-Alcoholic Beverages', 'Housing, Water, Electricity, Gas and Other Fuels', and 'Restaurants and Accommodation Services' segments. The BOJ projects that inflation will remain within the target range of 4.0% to 6.0% in the short-to-medium term.

Consumer prices (end of period, %)

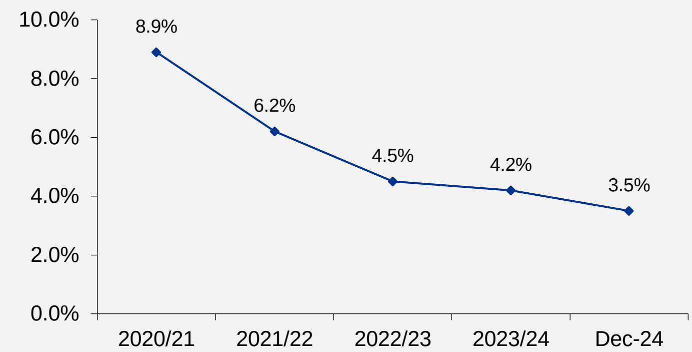


Source: Bank of Jamaica

Unemployment

As of December 2024, the country's unemployment rate dropped to a historic low of 3.5%. This significant improvement was driven by a combination of economic reforms and increased investments that stimulated job creation. The post-pandemic recovery in the tourism sector, along with expansions in infrastructure and renewable energy sectors, also played crucial roles in this achievement.

Unemployment (end of period, %)



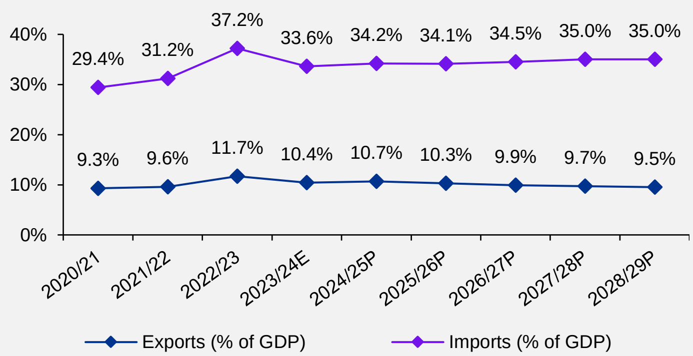
Source: IMF, Statistical Institute of Jamaica

Trade balance and international reserves

Trade balance

The gap between imports and exports as a percentage of GDP, is expected to increase by 0.3% in 2024/25. The increase is a result of imports increasing by 9.1% to US$7.1 billion and exports increasing by 10.8% to US$2.2 billion. The IMF estimates that the trade gap will widen going forward.

Imports and Exports of Goods (As a % of GDP)



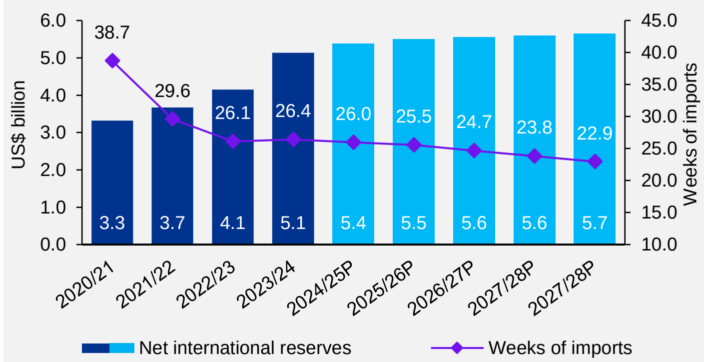
Source: IMF

Foreign exchange reserves

Jamaica's net reserve position has seen a significant improvement, increasing from US$3.3 billion in 2020/21 to US$5.1 billion in 2023/24, marking a 54.8% growth. By the end of February 2025, the reserve position had further strengthened to US$5.4 billion, equating to 29.2 weeks of import cover.

This significant accumulation of reserves can be attributed to a series of economic reforms and stringent fiscal discipline, including effective debt reduction strategies. Additionally, heightened investor confidence and foreign investments, improved remittance inflows, and the robust recovery of the tourism sector have all played crucial roles in strengthening Jamaica's reserve position.

Foreign exchange reserves (Weeks of import cover)



Note: Projections are based on IMF data
Source: BOJ, IMF

Budget balance and public sector debt

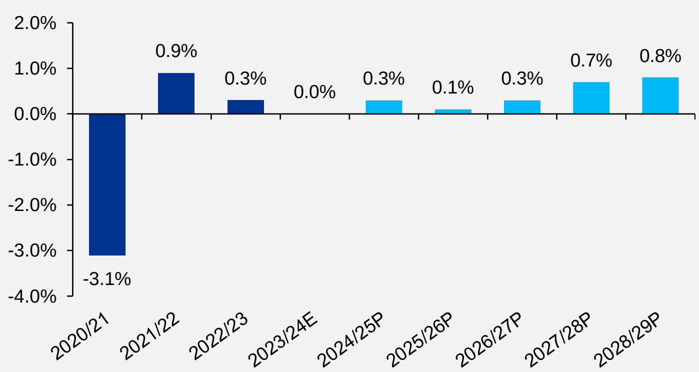
Budget balance

The budget balance is projected to be 0.3% of GDP for fiscal 2024/25 which is in line with Jamaica's fiscal balance rule which targets a minimum fiscal surplus of 0.3% of GDP. This follows from marginally missing the target in 2023/24 which closed at 0.0% of GDP.

Conditions are projected to deteriorate slightly in 2025/26 with the public sector transformation implementation of pay-for-performance element of the new compensation system.

The downward trend of Jamaica's debt will result in lower interest payments, suggesting further improvement in the budget balance into the medium-term.

Budget balance (As a % of GDP)



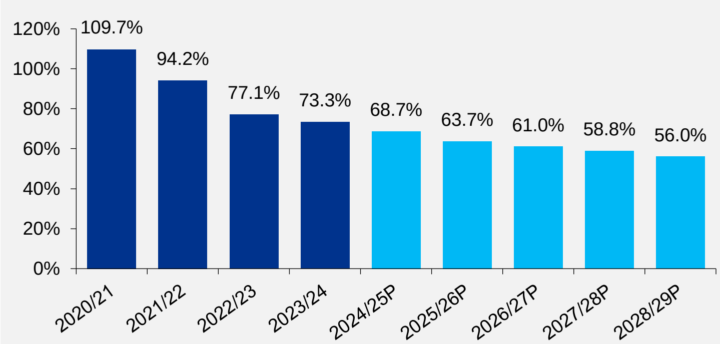
Source: IMF

Public sector debt

Public sector debt as a % of GDP has been declining steadily, due to strong fiscal consolidation efforts, prudent debt management and expansion of the economy. This concerted approach has successfully reduced the debt-to-GDP ratio from 130.2% in the fiscal year 2017/18 to 73.3% by 2023/24 and is on a path to achieving a ratio of below 68.7% by the end of the 2024/25.

The Government of Jamaica remains committed to its long-term goal of reducing gross public sector debt to below 60% of GDP by the 2027/28 fiscal year. This ongoing dedication to fiscal responsibility and economic growth underscores Jamaica's strategic approach to achieving sustainable financial health.

Gross public sector debt (As a % of GDP)



Source: Ministry of Finance

Economic overview

Selected economic indicators	2020/21	2021/22	2022/23	2023/24	2024/25P	2025/26P	2026/27P	2027/28P	2028/29P
GDP and prices (annual percent change, unless otherwise indicated)									
Nominal GDP (J$ billions)	1,949	2,322	2,754	3,030	3,727	3,482	3,704	3,941	4,193
Real GDP	-11.0	8.2	4.7	1.9	1.7	1.7	1.6	1.6	1.6
Nominal GDP	-8.1	19.2	18.6	10.0	8.0	6.4	6.4	6.4	6.4
Consumer price (end of period)	5.2	11.3	6.2	5.6	5.0	5.0	5.0	5.0	5.0
Consumer price (average)	5.0	7.4	9.5	6.2	6.5	5.2	5.0	5.0	5.0
Unemployment rate[1]	8.9	6.2	4.2	4.2	n.a.	n.a.	n.a.	n.a.	n.a.
Government operations (In percent of GDP)									
Budgetary revenue	29.5	31.0	30.1	30.5	31.0	30.6	30.5	30.6	30.6
Of which: Tax revenue	25.9	26.5	27.3	27.4	27.5	27.5	27.5	27.6	27.6
Budgetary expenditure	32.6	30.1	29.8	30.5	30.7	30.5	30.2	29.9	29.8
Of which: Wages and salaries	10.7	9.6	11.5	12.5	12.7	12.7	12.7	12.7	12.7
Interest payments	6.6	5.9	5.5	5.7	5.3	4.9	4.5	4.1	3.8
Budget Balance	-3.1	0.9	0.3	0.0	0.3	0.1	0.3	0.7	0.8
Of which: Primary balance	3.5	6.8	5.8	5.7	5.6	5.0	4.7	4.8	4.6
Public debt (FRL definition)	109.7	94.2	77	73.3	67.8	64.7	61.9	58.9	55.9
External sector (In percent of GDP, unless otherwise indicated)									
Current account balance	-1.3	-0.7	2.0	2.4	1.0	0.1	-0.8	-1.7	-2.0
Trade balance	-20.1	-21.6	-25.5	-23.2	-23.5	-23.8	-24.6	-25.3	-25.5
Exports (f.o.b.)	9.3	9.6	11.7	10.4	10.7	10.3	9.9	9.7	9.5
Imports (f.o.b.)	29.4	31.2	37.2	33.6	34.2	34.1	34.5	35.0	35.0
Gross international reserves (US$ millions)	4,244	4,324	4,685	5,232	5,400	5,500	5,550	5,600	5,650
Gross international reserves cover, weeks	9.0	6.4	5.6	6.2	6.0	5.9	5.7	5.5	5.3
Credit ratings									
Standard & Poor's	B+	B+	B+	BB-	BB-	n.a.	n.a.	n.a.	n.a.
Moody's	B2	B2	B2	B1	B1	n.a.	n.a.	n.a.	n.a.

Source: IMF

"We know the hidden hopes and dreams of ordinary Jamaicans for a better life."

2025 Jamaica budget highlights

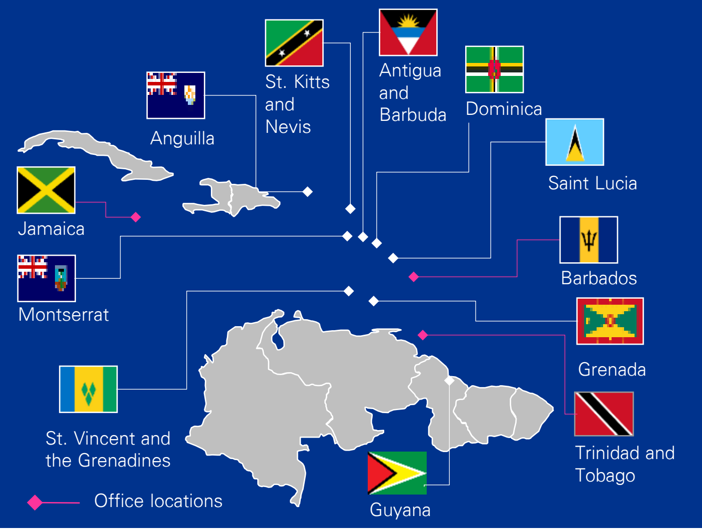
KPMG in Caricom

KPMG in Caricom forms part of the international network of member firms that operate in 142 countries and territories, with more than 275,000 partners and employees. Our Caricom offices consists of 1,300 professionals collaborating across industries, sectors, and national boundaries to deliver professional services for the benefit of their clients, KPMG people, and the capital markets.

Member firms are located in Jamaica, Trinidad and Tobago, and Barbados (also servicing St. Lucia, Antigua and Barbuda, Anguilla, Dominica, Grenada, Guyana, Montserrat, St. Kitts and Nevis, and St. Vincent and the Grenadines). Our practice has strong professional contacts with the KPMG member firms in the Bahamas, Bermuda, Cayman Islands, all of which have similar cultures and operating environments.

KPMG Caricom operates across the region with a specific understanding of the cultural, economic, and political facets of each individual economy. We are also part of KPMG Islands Group which extends into additional countries such as British Virgin Islands, Guernsey , Jersey, the Isle of Man and Malta. In-depth industry knowledge is available through the global KPMG network which provides access to skilled member firm professionals, across a wide range of industry sectors.

Our member firms service:



Servicing
12 countries

- Anguilla
- Antigua and Barbuda
- Barbados
- Dominica
- Grenada
- Guyana
- Jamaica
- Montserrat
- St. Lucia
- St. Kitts and Nevis
- St. Vincent and the Grenadines
- Trinidad and Tobago

Celebrating,
100+ years
of service

4
physical offices

- Barbados
- Jamaica (two offices)
- Trinidad and Tobago

Our people

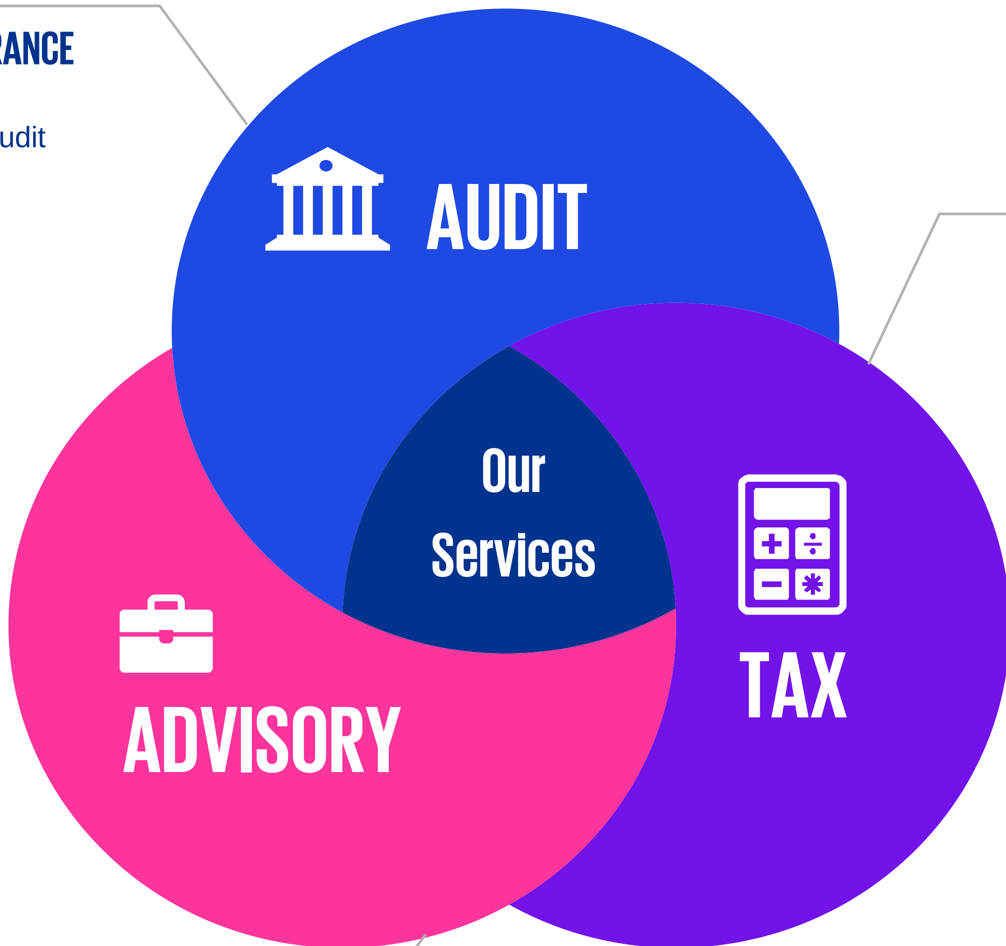
43
Partners and Directors

70% | 30%
Gender split (F | M)

KPMG in Caricom

AUDIT AND ASSURANCE

- Statutory audit
- Non-statutory audit
- Assurance



TAX

- Tax advisory
- Personal and corporate tax
- International tax
- M&A tax
- Transfer pricing
- Tax due diligence

Advisory

Management Consulting

- Customer and operations
- IT advisory
- People and change
- Internal audit risk and compliance
- Accounting advisory
- Cyber Security Services

Risk Consulting

- Financial risk management
- Internal audit and risk consulting
- Accounting advisory services

Deal Advisory

- Corporate finance
- Infrastructure
- Valuation services
- Transaction services
- Restructuring

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