

Jamaica budget 2026/2027 tax overview

**February 17, 2026
KPMG in Jamaica**

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A tropical sunset scene with palm trees silhouetted against a warm, orange and yellow sky. A large, semi-transparent blue rectangle is overlaid on the center of the image, containing the page number and title.

01

Foreword

Foreword

On February 12, 2026, the Minister of Finance and the Public Service (“the Minister”), the Hon. Fayval Williams, MP, tabled in parliament both the revenue measures and the estimates of expenditure for the financial year 2026/2027. Not surprisingly, the Minister’s presentation confirmed the end of the 8-year run focused on tax expenditure and tax neutral measures, where no new taxes were imposed.

The proposed revenue measures are focused on raising revenue through taxation in FY 2026/2027 and in FY 2027/2028. The Minister underscored that this is a necessary step, given the financial realities of post-Hurricane Melissa Jamaica. The Minister further explained that there is the need to address escalating public expenditure following Jamaica’s worst recorded natural disaster, and to balance this against the need to stabilise and grow the economy.

The rates of tax compliance and tax collection have a direct correlation to the level of economic activity in the country. Most of the new tax measures announced are consumption based, and so the consumers’ ability to spend more will be a critical success factor for these tax measures. The closure or partial closure of businesses for extensive renovations, for up to 2 years, as well as the sheer inability for some small business to re-open in the aftermath of Hurricane Melissa, will have an attendant impact on profits, employment and consumption levels. It is understood that tax collection will steadily increase, as the level of economic activity increases.

We have reviewed the Revenue Measures proposed for financial year 2026/2027 and for 2027/2028 as outlined in the related Ministry Paper # 17. Below are the highlights from that document.



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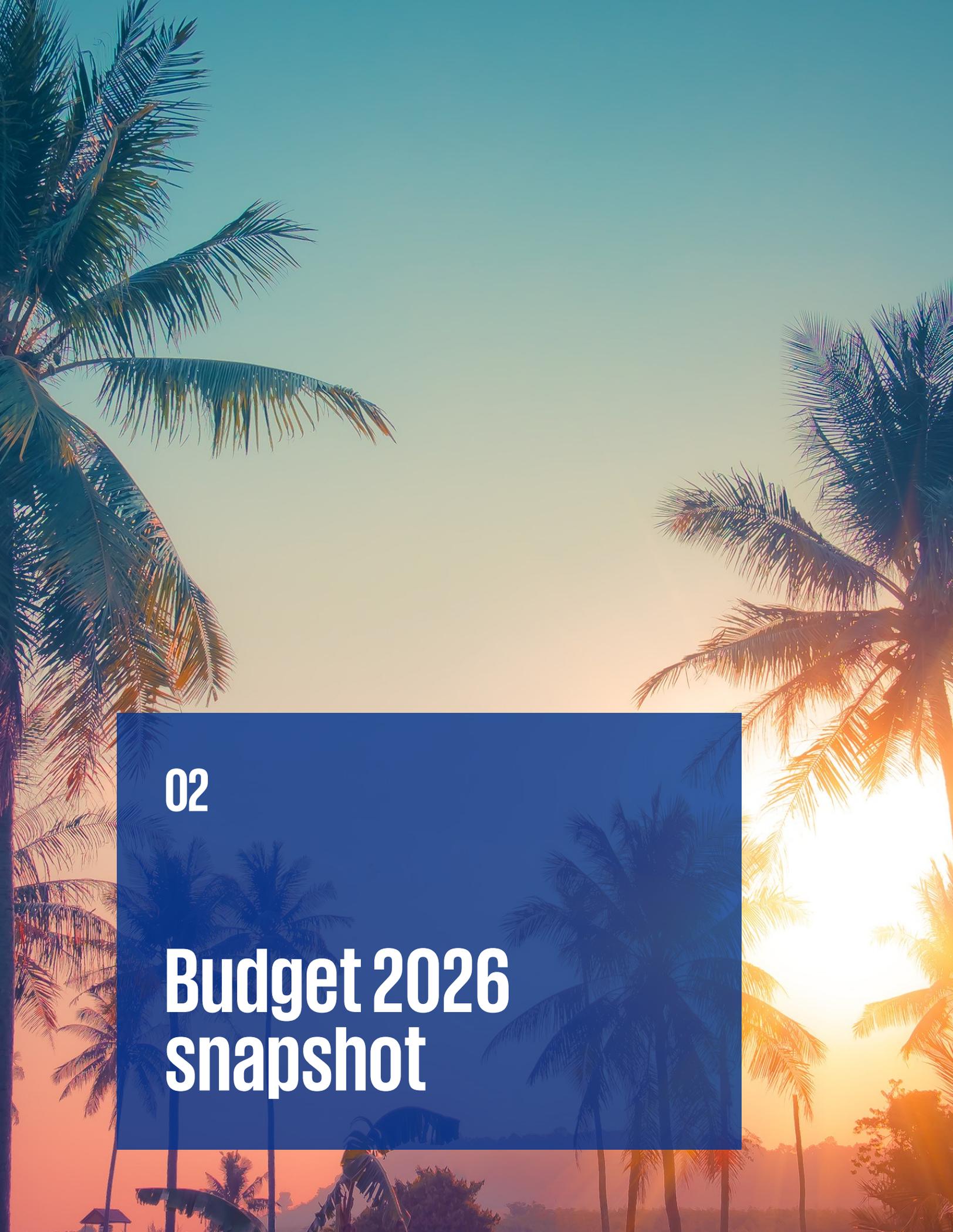
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The image features a tropical sunset scene with palm trees silhouetted against a warm, orange and yellow sky. A large, semi-transparent blue rectangular box is overlaid on the lower half of the image, containing the page number and the main title.

02

Budget 2026 snapshot

Budget 2026 snapshot

All amounts are in JM\$ unless otherwise stated

*	US\$1	Buy 155.49	Sell 156.92
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(For context we have quoted above the Bank of Jamaica JM\$/US\$ spot weighted average foreign exchange rate as at February 12, 2026)

Key allocations of projected tax revenue:



\$1.1 B

Increase in Special Consumption Tax (SCT) rate on cigarettes



\$3.6 B

Increase in the Environmental Protection Levy rate and domestic base expansion



\$11.4 B

Increase in the GCT rate on Tourism Activities from 10% to the standard rate of 15%, effective 1 April 2027



\$10.1 B

Introduction of SCT on Non-Alcoholic Sweetened Beverages



\$300 M

Introduction of General Consumption Tax (GCT) on international digital services and intangibles



\$1.6 B

Increase in SCT rate on all alcoholic beverages



\$1.3 B

Introduction of GCT on the importation of motor vehicles for public officials under the "20% Duty Concession" framework



(\$4.73 B)

Increase in the Annual Personal Income Tax Tax-free Threshold to \$1,902,360 in 2026/2027 - a tax expenditure

A tropical sunset scene with palm trees and a blue gradient overlay. The sky transitions from a deep blue at the top to a warm orange and red at the bottom where the sun is setting. Several palm trees are silhouetted against the sky, with some catching the low light of the sun. A semi-transparent blue rectangle is positioned in the lower-left to center area, containing white text.

03

Proposed measures

Proposed measures

Introduction of Special Consumption Tax on Non-Alcoholic Sweetened Beverages

The Minister proposed that a SCT be introduced under the General Consumption Tax Act on Non-Alcoholic Sweetened Beverages (NASBs). NASBs are defined as all non-alcoholic beverages containing added sugar or other caloric sweeteners, as well as beverages containing artificial or non-nutritive sweeteners, whether carbonated or non-carbonated, and whether manufactured locally or imported.

The proposed SCT will be assessed on a per-unit basis, calculated based on the total liquid volume of each sweetened beverage, measured in millilitres (ml). The SCT will be applied at a rate of \$0.02 per ml.

Based on three examples, the estimated retail price impact would be an additional amount for beverages follows:

- 300 ml beverage: \$6.00
- 600 ml beverage: \$12.00
- 2-litre beverage: \$40.00

The estimated revenue gain associated with levying the SCT on Non-Alcoholic Sweetened Beverages is approximately \$10.1 billion.

This measure will take effect during the First Quarter of FY 2026/2027.

KPMG's commentary

Unlike GCT, SCT is currently imposed on a limited number of prescribed goods, and only on their manufacture in Jamaica or on their importation into Jamaica. Prescribed goods are typically the types of goods that would attract an excise duty globally.

Given the taxing point for SCT, effectively, only a local manufacturer of NASB or an importer of NASB will account to the authorities for SCT on NASB. SCT will then be included in the base price of the NASBs on their supply to distributors, retailers and end-consumers.

This imposition is a classic case of a lifestyle disease tax or a health tax. It is akin to the infamous "sin taxes" imposed on products such as cigarettes and alcohol. It is deliberately aimed at changing consumer behaviour, while banking on the additional revenue that will be collected while consumers adjust their lifestyle choices and consumption patterns.

By law, 5% of all amounts collected by way of SCT is payable to the National Health Fund (NHF) as part of that entity's statutory financial resources, and so the NHF should see a direct increase in its financial resources as a result of this measure.

While we reflect on the dual SCT and GCT disincentives to consume alcohol and non-alcoholic sweetened beverages, it is interesting to note two things. One, sugar (brown) itself, remains exempt from both GCT and SCT; and two, bottled water remains subject to GCT.

Proposed measures

Increase in the SCT on Cigarettes

The Minister announced a proposed increase in the SCT on cigarettes by \$3.00 per stick, moving the effective specific rate from \$17.00 per stick to \$20.00 per stick.

The proposed increase will apply to both locally manufactured and imported cigarette products.

The estimated revenue gain associated with increasing the SCT on cigarettes is approximately \$1.1 billion.

This measure will take effect on 1 May 2026.

KPMG's commentary

By law, 20% of SCT charged and collected in relation to tobacco and tobacco products, is earmarked for the NHF. The NHF relies on this revenue to provide health benefits such as improved access to medicine and health care for all residents of Jamaica. This will be a welcome addition to the financial resources of that important statutory body.

The current SCT rate on cigarettes has been in place since 2017.

Increase in the Special Consumption Tax on Litres of Pure Alcohol

The Minister has proposed an increase in the SCT on all alcoholic beverages from \$1,230 per Litre of Pure Alcohol (LPA) to \$1,400 per LPA. The current rate was established on March 13, 2017, when the specific SCT increased from \$1,120 to \$1,230 per LPA.

Alcoholic beverages are subject to both the specific SCT and the GCT. The GCT is applied on an ad valorem basis at the standard rate of 15% at the point of sale. The proposed measure will not alter the GCT rate and will only adjust the specific SCT component.

The estimated revenue gain associated with increasing the SCT on LPA is approximately \$1.6 billion.

This measure will take effect on 1 May 2026.

KPMG's commentary

As noted above, 5% of all SCT collected forms part of the revenue for the NHF. While the Minister cited the additional expenditure necessitated by Hurricane Melissa as a basis for this measure, the direct benefit to the health sector is fully appreciated.

Proposed measures

Introduction of General Consumption Tax on Digital Services and Intangibles

The Minister announced that GCT will be applied to digital services and intangibles supplied by service providers outside of Jamaica and consumed in Jamaica.

The application of GCT on international digital services and intangibles is expected to be fully operational in calendar year 2027. For FY 2026/2027, the expected yield is estimated to be \$300 million.

The effective date of implementation is during the 4th Quarter of FY 2026/2027.

KPMG's commentary

Jamaica already imposes GCT on imported services which are similarly defined essentially as services provided by non-residents that are utilized or consumed in Jamaica. In a past Technical bulletin on GCT on imported services, TAJ indicated that the services caught included – licenses, entertainment, seminars and conferences - "[Accounting for GCT on Imported Services – April 23, 2020](#)".

The GCT mechanism for collecting the tax for imported services is a Reverse Charge Mechanism, where the local recipient of the service, acts as both supplier and recipient of the service. The recipient has the obligation to report the tax as if he were the supplier. For many entities caught by this regime, the effect was often tax neutral, as the output tax on the service fee could be offset by the input tax credit on same. For this reason, KPMG is of the view that this imported services regime is not likely to be the mechanism contemplated for the new taxation of digital services announced as it does not significantly increase tax collections. Additionally, under the imported services regime, individuals who import services for personal use, and entities with revenues less than the GCT registration threshold of \$15 million in the prior 12 months, are excluded from the GCT reporting obligation. Individuals and small businesses are heavy users of digital services, and so using this regime which excludes them from GCT liability would not yield the desired revenue. We await the necessary amendments to the GCT Act.

The taxation of digital products and service has been the subject of concern among those addressing Base Erosion and Profit Shifting risks, recognizing that it is a growing source of revenue leakage, primarily from developing countries.

Several countries in the Latin American and the Caribbean region have implemented Value Added Taxes (VAT), on digital products and services. GCT is a type of VAT. Our close neighbour, Barbados, implemented this regime in 2019. While uncertainties remain on the details of Jamaica's proposed regime, it may be useful to note what has been implemented by our Caricom partner.

Proposed measures

Introduction of General Consumption Tax on Digital Services and Intangibles (cont'd)

KPMG's commentary (cont'd)

In Barbados, the digital services caught by VAT include:

- Cloud-based software
- Streaming or download software
- Online storage
- On-line or web-based advertising

Mandatory VAT registration by the foreign service provider is required in Barbados, imposing the obligation to charge and collect VAT and to file VAT returns on the foreign provider. However, in some Latin American countries, a VAT withholding obligation is imposed on the financial institution which manages the means of payments used to pay for the digital service (for example, credit card, debit card, or otherwise).

The Jamaican government has indicated that the step aims to increase revenues and to create a more even playing field for local suppliers of equivalent services. These local suppliers currently are required to charge GCT on many of the services provided in Jamaica, while their foreign counterparts do not charge GCT, which rendered the local players uncompetitive.

Proposed measures

Increase in the Environmental Protection Levy (EPL) rate to 0.8% from 0.5% and Domestic Base Expansion

It is proposed to increase the EPL rate to 0.8% from 0.5% for both imports and domestic goods, and to expand the base on which the domestic levy is charged from 75% of sales to 100%.

It is estimated that these adjustments will result in \$3.639 billion in revenue.

This measure takes effect on 1 May 2026.

KPMG's commentary

The EPL regime was last modified in 2015 – over a decade ago.

The EPL increase is intended to increase tax revenues, but it is a levy that is recoverable by manufacturers. That is, the EPL incurred by manufacturers on imports may be credited against the EPL that they charge on outputs, with some limitations. Consequently, the revenue gains may be mitigated by this impact.

The EPL increase will nonetheless lead to tax revenue increases from GCT, as the EPL is included in the base on which GCT is charged at the ports and by manufacturers. The increased EPL will lead to higher GCT charges, particularly where goods are sold by manufacturers to end users.

Introduction of GCT on the importation of motor vehicles for public officials under the "20% Duty Concession" framework

The Minister proposed that the framework for the 20% duty concession on motor vehicles imported by public officials be amended by the imposition of GCT on importation. It is proposed that while the 20% Import duty remains payable and no SCT will be payable, GCT will become payable.

The imposition of GCT is expected to yield approximately \$1.3 billion.

This measure takes effect on 1 May 2026.

KPMG's commentary

This is another change in a long-established regime. The 20% duty concession and the attendant GCT and SCT relief afforded to public officials on the purchase of motor vehicles has been a feature of the public sector benefits package for decades.

In 2023, the government undertook an extensive revision of the public sector compensation package for all levels of employees, removing significant tax-free allowances included in that package. This measure is consistent with those earlier changes. No doubt, it will have far-reaching implications given that the government is the single largest employer in the country.

Proposed measures

Increase in the General Consumption Tax rate on Tourism Activities to the Standard Rate of 15%, up from 10%

The Minister proposed that the GCT rate applicable to specified tourism activities be increased from 10% to 15%. The special GCT rate of 10% was implemented in FY 2009/2010.

The increase in the GCT rate on tourism activities is estimated to yield approximately \$11.4 billion in additional revenue annually.

The effective date is 1 April 2027.

KPMG's commentary

The tourism, leisure and travel industry has always been recognised for its significant contribution to the economy through employment, direct foreign investment, and huge consumption of local and imported supplies.

This special GCT rate survived the widespread tax reform under the Fiscal Incentives (Miscellaneous Provisions) Act, which repealed most sector specific tax incentives at the end of 2013, including the hotels' incentives laws. The Minister noted that after 15 years with that special GCT rate, the industry has matured and has achieved consistently impressive targets. This signaled to the government that this special support to the sector was no longer necessary.

Where sector specific tax benefits are removed, broad-based tax credits which promote economic growth may be considered. Given the nature and large-scale capital investment, as well as the high level of consumption in this sector, consideration may be given to general incentives that are contingent on the level of investment, consumption, etc. A good working example of a broad-based tax credit that promotes economic growth and rewards contributing businesses, is the employment tax credit, which has been in place since 2014.

Over the years, the 5% difference between the 15% input tax rate and the 10% output tax rate has created a bank of input tax credits for businesses in this sector. This bank of GCT credits is available to offset any additional GCT that will be due from businesses. This may address any immediate cash-flow concerns that will follow the implementation of the standard GCT rate on 1 April 2027.

Proposed measures

Continuation of the Annual Transfer of \$11.4 billion from the National Housing Trust to Central Government

The Minister announced that the annual transfer of \$11.4 billion from the National Housing Trust to the Central Government will be continued for another five years, from FY 2026/2027 through FY 2030/2031.

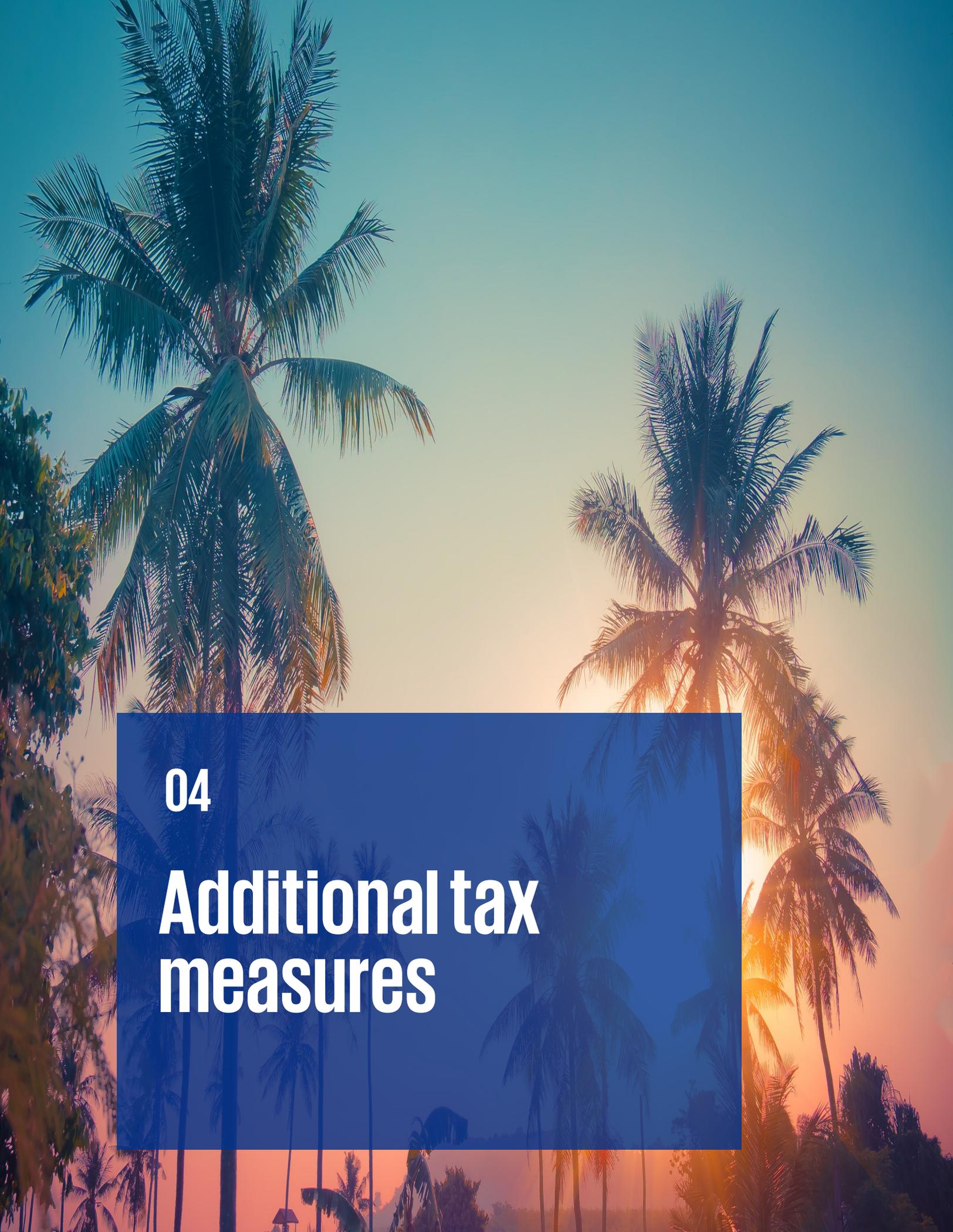
This is to facilitate continued fiscal consolidation, and to provide additional revenue in the medium term to fund reconstruction activities following the passage of Hurricane Melissa.

KPMG's commentary

Since March 2013, an annual amount of \$11.4 billion has been transferred from the National Housing Trust to the Central Government to contribute towards fiscal consolidation. Since the first transfers done which were approved for an initial period of 4 years, there have been successive renewals of this facility every 4 to 5 years, with the last period set to end in March 2026.

Given the impact of Hurricane Melissa on the island, The continuation of these transfers in the medium term is necessary to sustain the fiscal operations required while rebuilding activities are undertaken in the most affected areas of the country.

The National Housing Trust receives statutory contributions from employers, employees and voluntary contributors, and is set up to provide low interest mortgage loans and other affordable housing solutions to individual contributors. Over the years, contributors' benefits from the National Housing Trust have steadily improved, with reduced interest rates and higher loan principal amounts becoming available.

A tropical sunset scene with palm trees and a blue overlay box. The sky transitions from a deep blue at the top to a warm orange and red at the bottom where the sun is setting. Several palm trees are silhouetted against the sky, with some catching the low light of the sun. A semi-transparent blue rectangular box is positioned in the lower-left to center area of the image, containing white text.

04

Additional tax measures

Additional tax measures

Change to Corporate Income Tax Filing Deadline Date

It is proposed to change the deadline date for the filing of corporate income tax returns and assets tax returns, as well as for the payment of taxes, to April 15 annually. This change will take effect with the 2025 tax filings and payments.

There are pending legislative amendments to the Income Tax Act and Assets Tax (Specified Bodies) Act before parliament to give effect to these changes.

KPMG's commentary

There are two primary benefits of these changes that have been noted. The first is the positive cash flow impact for corporate entities which will have an additional month to make final tax payments for each year of assessment. The second is the inflow of this revenue at the start of each fiscal year, rather than at the end of the fiscal year, which allows the government to make any necessary adjustments to its fiscal programme where there are significant deviations from the projected revenue.

This long-awaited change, relieves some of the pressure on other stakeholders, such as tax professionals, who can now focus on meeting the traditional March 15 statutory filing and payment deadline for personal income tax.

The proposed amendments to the income tax legislation did not include changes to the statutory estimated income tax filings and payments timetable for companies. This is a significant compliance mismatch. By law, the estimated income tax of the current tax year is based on the final income tax liability of the previous year. If the first estimated income tax filing and payment for the current year is due on March 15, before the previous year's final income tax filing is due (April 15), this could create several issues. We eagerly await the necessary guidance from the tax authorities on how this should be addressed.

Increase in the Annual Personal Income Tax Tax-free Threshold to \$1,902,360

The Minister confirmed the previously announced increase in the Annual Personal Income Tax Tax-free Threshold to \$1,902,360 in FY 2026/2027.

This is a tax expenditure measure that will result in a revenue loss of \$4.73 billion for FY 2026/2027.

The effective date is 1 April 2026.

KPMG's commentary

This is the second in a series of three annual increases in the Annual Personal Income Tax Tax-free Threshold. This tax relief is highly anticipated each year, especially for PAYE individuals who do not enjoy many tax allowances or deductions. The "tax-free threshold" is available only to resident individuals.

Once again, our attention is drawn to the fact that individuals account for income tax on a calendar year basis, while each new threshold amount takes effect on April 1. Therefore, this increase will create a blended tax-free threshold, with 3 months of one threshold amount and 9 months of another threshold amount. In this regard, the effective Annual Personal Income Tax Tax-free Threshold for 2026 will be \$1,876,614.

Additional tax measures

Property revaluation exercise to commence during FY 2026/2027

The Minister announced that there will be a revaluation exercise undertaken by the National Land Agency during FY 2026/2027 to facilitate the creation of a new valuation roll, and the revision of the current property tax rates.

KPMG's commentary

Property tax is imposed on the unimproved value of both residential and commercial properties in Jamaica, which are listed on the valuation roll. Under the Valuation Act, a new valuation roll for the whole Island should be prepared, made and signed by the Commissioner of Valuations by April 1 every seven years.

However, such revaluation exercises have consistently been delayed. The Valuation Act expressly allows for reliance to be placed on the old valuation roll, with any necessary amendments, until the completion of any new valuation roll.

The last revaluation exercise was completed in 2013, and the corresponding property tax rates took effect in FY 2017/2018. The property tax regime introduced in 2017/2018 increased the number of value bands to nine value bands, and reduced the property tax rates for each value band. The tax rates currently start at a flat rate of \$1,000 on unimproved property values up to \$400,000. They then increase on a progressive scale from 0.50% for the next \$400,000.00, up to a maximum rate of 0.90% on unimproved property values over \$30 million.

A tropical sunset scene with palm trees silhouetted against a warm, orange and yellow sky. A large, semi-transparent blue rectangle is overlaid on the lower half of the image, containing the page number and title.

05

About us

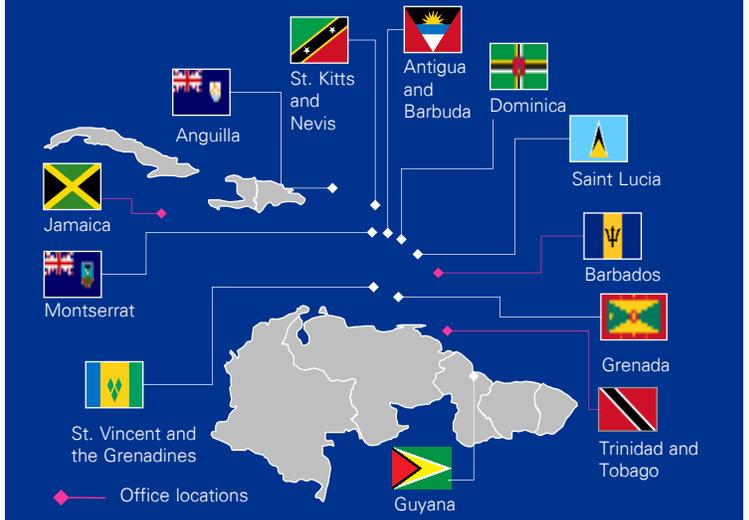
KPMG in Caricom

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 1,500 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



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- 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

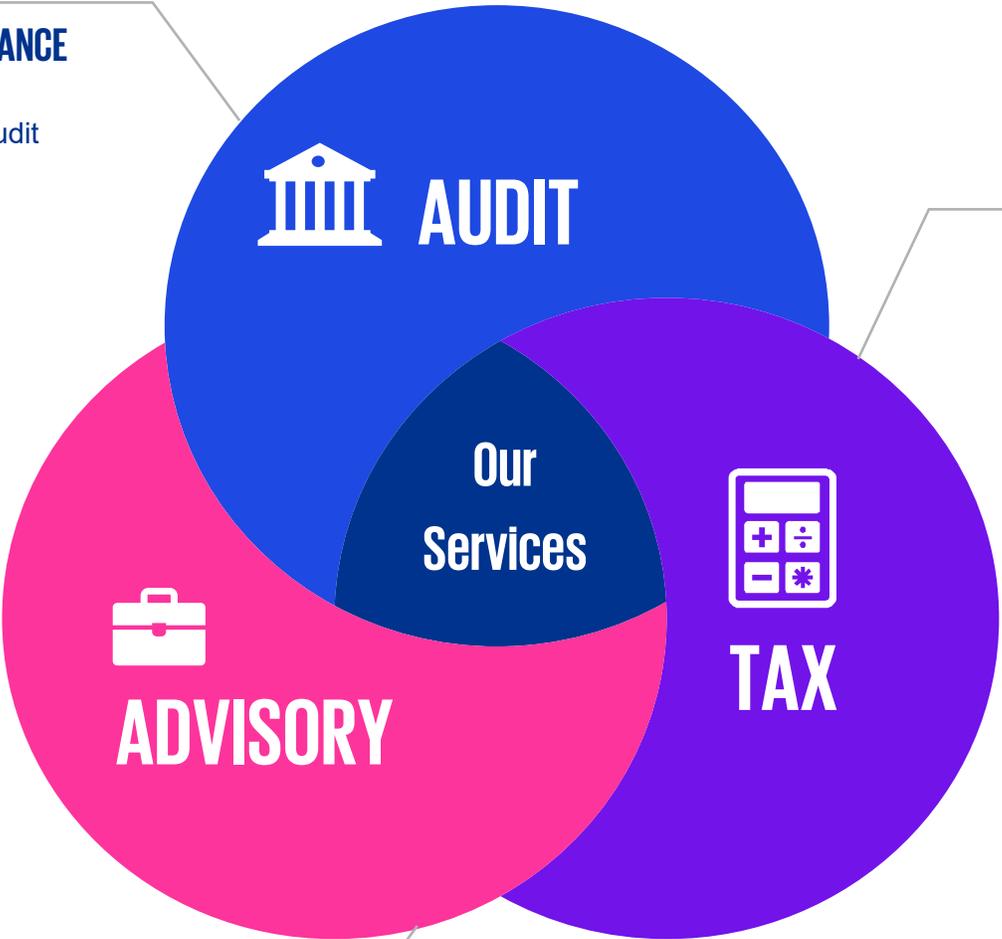
44
Partners
and Directors

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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