

10 Things to Know about



Budget Breakdown 2023

A national budget shows how a government plans to spend its income and how it intends to collect the revenue to fund that spending.

1



Jamaica reported a fiscal surplus (spending more than collecting) in four of the last six years, and only during the pandemic (2020) did the deficit exceed the negligible threshold of one percent.

3



Since 2017, the real value of the income tax threshold of J\$1.5 million has, since 2017, been eroded by inflation to have a real value in 2023 dollars, of J\$1 million in 2023. This means that the bracket has effectively been lowered, and more people have entered the income tax bracket, in real terms.

2



Government revenue (income) is projected to grow by 6.3 percent over the last fiscal year, adjusted for inflation, to a record high of J\$911 billion in the 2023 fiscal year.

4



Pre-tax income of companies listed on the Jamaica Stock Exchange increased from J\$486 to J\$867 billion dollars (adjusted for inflation) between 2017 and 2021, leading to an increase in taxes paid to the government from J\$168 to J\$285 billion dollars (similarly adjusted) over the same period.

5



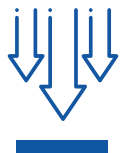
Between 2017 and 2023, the share of revenue obtained from taxes on personal and corporate income increased from 22 to 28 percent, versus that from GCT and import duties which declined.

8



Jamaica's tax to GDP ratio is projected to reach 28 percent in 2023, higher than the average of 17 percent for the category of upper-middle income countries of which Jamaica is a part, and almost at 30 percent, which is typical for upper income countries.

6



Interest payments as a share of expenditure have declined from 23 to 17 percent over the last seven years; as a result, more resources are available to fund expenditure in education, health care, security, and other social services.

9



Jamaica has built resilience into fiscal management. It now has the benefit from US\$350 million in catastrophe risk insurance, US\$3.9 billion of foreign exchange reserves, and, at 80 percent, the lowest debt to GDP ratio in more than two decades.

7



The 2023/24 budget continues the pre-pandemic trend of rising capital expenditure, which is set to grow from the six-year low of J\$56 billion (inflation adjusted) in 2022 to J\$75 billion in the upcoming fiscal year, representing a 35 percent increase.

10



To prevent a decline in workers' real, disposable income, the government should move the income tax threshold to its 2017 equivalent level, which would be J\$2.2 million, and thereafter peg the threshold to inflation.