

10 Things to know about

April 2025 | R2502



NATIONAL



BUDGET BREAKDOWN 2025

An Analysis of the
Government's Proposed
Revenue and Expenditure



info@capricaribbean.org or
by telephone at
(876) 970-3447 or (876) 970-2910

1



The 2025 budget is explicitly premised on economic growth of 2.2 percent, inflation of 5.3 percent, and a current account balance of 0.2 percent.

2



Jamaica's ratio of government debt to total annual production in the economy (debt to GDP ratio), which was 147 percent at its peak, is on a downward trajectory and is projected to decrease to 64 percent by the end of this fiscal year 2025/26.

3



Jamaica has built resilience into fiscal management, and has access to four pools of funds in the event of a disaster of a specified magnitude, from the National Disaster Fund, the Contingency Fund, the IDB Contingent Line of Credit, and National Natural Disaster Reserve Fund, which altogether represents a fiscal cushion of approximately 6 percent of the budget.

4



Government revenue (which excludes loan receipts) is projected to contract by 3 percent (adjusted for inflation) to \$1.1 trillion, reversing the recent trend of continual increases.

5



Jamaica is undergoing a secular shift from indirect taxes (GCT, import duties) to direct taxes (personal and corporate income taxes). Over the last five years, the share of revenue deriving from direct taxes has increased by almost a third, from 24 to 31 percent.

6



After its initial doubling from 2016 to 2018, the income tax threshold has been steadily eroded by inflation up until 2023.

7



At the current level of the threshold at \$1.7m, only some 30 percent of the employed labour force are above it. That means that further increases in the threshold will be of benefit to only that upper portion of the income ladder. At the same time, not increasing the threshold retains the inequity between those in the income tax net and the half of the employed labour force outside of it.

8



Capital expenditure (spending on infrastructure and other fixed asset acquisition) is projected to decrease by 3 percent in this fiscal year 2025/26, after a year of minimal growth.

9



The cost of public administration is projected to increase by more than a quarter (adjusted for inflation), to \$203 billion, due to the new compensation structure for the public sector and the associated salary increases.

10



The budgets allocated to security, social services, and the economy have contracted in purchasing power terms from last year, after years of expansion in the years prior. Part of the reason is that some of the previous years' expenditures were for one-off projects and investments.