

**MINISTRY PAPER \_\_31/11\_\_**

**REVENUE MEASURES – FY2011/2012**

1. This Honourable House is being requested to take note of the following Revenue Measures tabled for the fiscal year 2011/2012:
2. **Stamp duty on refinancing and transfer of existing mortgages**
  - a) It is being proposed that, **effective May 16, 2011**, where there is refinancing of a mortgage for equal amounts or less, Stamp Duty will be payable at the nominal rate of \$100.00. Where there is an increase in the value of the mortgage, the applicable duty rate will be payable on the difference.
  - b) **The revenue gain from increased activities is estimated at: \$75 million.**
3. **Removal of Transfer Tax and Stamp Duty on securities**
  - a) It is being proposed that, **effective May 16, 2011**, to facilitate the issuance and trading of registered corporate bonds (securities), the Stamp Duty and Transfer Tax be removed.
  - b) The exemption will extend to all companies whether or not registered on the Stock Exchange.
  - c) **The revenue gain from increased activities is estimated at: \$50 million.**
4. **Reduction of Fees on Probate and Letters of Administration & Reduction of Transfer Tax on Death for estates that are in the system, as at April 27, 2011**
  - a) It is proposed that, **effective May 16, 2011**, the fee (Stamp Duty) on Probate and Letters of Administration for applications filed on or before April 27, 2011 will now be a flat \$5,000. Where payment has been made on the old basis, no refund will be allowed.
  - b) Transfer Tax on Death for those applications will be chargeable at the rate of 1.5%, down from the current 4%. Where deposits on transfer tax have been made in excess of 1.5%, no refund will be allowed.
  - c) **The revenue loss is estimated at: \$300 million.**

5. **Fees payable and transfer tax applicable to deceased estates filed after April 27, 2011**

- a) It is being proposed that, **effective May 16, 2011**, the existing fee structure applicable to deceased estates will be abolished.
- b) Thereafter, fees will be applied as ad valorem stamp duty, as follows:
  - i. Estates whose net value is \$10 Million or less: \$5,000.00
  - ii. Estates whose net value is:
    - above \$10 Million and below \$20 Million \$10,000.00
    - above \$20 Million and below \$30 Million \$15,000.00
    - above \$30 Million and below \$40 Million \$20,000.00
    - above \$40 Million \$25,000.00
- c) The applicable transfer tax on death is reduced from 4% to 1.5%.
- d) **The revenue gain from increased activities is estimated at: \$220 million.**

6. **Amendment to GCT Act**

- a) It is proposed that, **effective May 2, 2011**, the time that GCT registered taxpayers, who purchase machinery or equipment valued \$100,000 or more, have to wait to claim input tax credit be reduced from twenty-four (24) months to three (3) months.
- b) **The revenue loss is estimated at: \$30 million.**

7. **Contractor's Levy**

- a) It is proposed that, **effective for financial year 2011/12**, where the 2% contractor's levy has been deducted from the contract sum of a contractor and was paid to the Collector of Taxes, any amount, not utilized as a credit for income tax for that year of assessment, can be carry forward to subsequent periods not exceeding five years.
- b) **The revenue loss is estimated to be: nil (\$0 million).**

8. **Review the Import Duty Structure on Motor Vehicles (Refer to Appendix 1: Tables 1 through 7); and increase annual motor vehicle licensing fees and GCT on second sale of motor vehicles**

It is proposed that, **effective May 2, 2011:**

- a) the CET applicable to motor cars (including SUVs) be reduced from 40% to 20%.
- b) the CET on vehicles commonly referred to as pickups be increased from 10% to 20%.
- c) the CET on bikes with engine sizes below 300 cc and 600 cc be reduced to 10% and 20%, respectively.
- d) the CET on all-terrain vehicles (ATVs) be reduced to 20%.
- e) the CIF value to which the current 20% duty concession is applicable be increased from US\$25,000 to US\$35,000 (J\$3M). The US\$25,000 was implemented in 2003.
- f) the GCT payable on second sale vehicle be increased (See Table 7).
- g) a licensed taxi operator who acquires a bus, with less than ten seats, for public transportation pay aggregate duty of 36% (diesel).
- h) the annual motor vehicles licensing fees be increased by \$1,000 (including motor bikes). This is applicable to fees which are currently below \$12,000.
- i) The **revenue yield is estimated at: \$180 million.**

A summary of the measures together with the expected revenue impact is given below:

#### SUMMARY OF MEASURES

	Revenue Impact
1. Stamp duty on refinancing and transfer of existing mortgages	\$75 million
2. Removal of transfer tax and stamp duty on securities	\$ 50 million
3. Reduction of fees on Probate and Letters of Administration & Reduction of Transfer Tax on Death for estates that are in the system, as at April 27, 2011	(\$300 million)
4. Fees payable and transfer tax applicable to deceased estates files after April 27, 2011	\$220 million
5. Amendment to GCT Act	-\$30 million
6. Contractor's Levy	\$0 million
7. Review/Change of Import Duty Structure on the motor vehicles, etc	\$180 million
<b>TOTAL</b>	<b>\$195 million</b>



**Audley Shaw, MP**  
**Minister of Finance and the Public Service**  
**April 28, 2011**

## Appendix 1

**Table 1: Vehicles imported by individuals**

Type	Class	Petrol				Diesel			
		CET	SCT	GCT	Total	CET	SCT	GCT	Total
Car	0.0<1.0 cc (engine size)	20%	10%	17.5%	<b>55%</b>	20%	0%	17.5%	<b>41%</b>
& SUV	1.0<2.0 ( up to 2.2 Diesel	20%	20%	17.5%	<b>69%</b>	20%	10%	17.5%	<b>55%</b>
	2.0<3.5	20%	30%	17.5%	<b>83%</b>	20%	20%	17.5%	<b>69%</b>
	3.5>	20%	40%	17.5%	<b>97%</b>	20%	30%	17.5%	<b>83%</b>
Pick-Up	Under 1850Kg	20%	5%	17.5%	<b>48%</b>	20%	0%	17.5%	<b>41%</b>
	1850Kg<2200Kg	20%	20%	17.5%	<b>69%</b>	20%	10%	17.5%	<b>55%</b>
	2200Kg>	20%	40%	17.5%	<b>97%</b>	20%	30%	17.5%	<b>83%</b>
Truck	Less than 2 ton	10%	10%	17.5%	<b>42%</b>	10%	5%	17.5%	<b>36%</b>
	2 ton and above	10%	5%	17.5%	<b>36%</b>	10%	5%	17.5%	<b>36%</b>
Van	Less than 2032 kg	10%	25%	17.5%	<b>62%</b>	10%	15%	17.5%	<b>49%</b>
	2032 kg and above	10%	5%	17.5%	<b>36%</b>	10%	5%	17.5%	<b>36%</b>
Bus	All seats	10%	25%	17.5%	<b>62%</b>	10%	15%	17.5%	<b>49%</b>

*NB: the above rates do not include rates for vehicles under an incentive programme*

**Table 2  
Aggregate Duties payable by Individuals**

Aggregate Import Duties - Individual Imports							
Type	Class	Current		Proposed		pp Change	
		Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Car	0.0<1.0 cc (engine size)	65%	65%	55%	41%	-9	-24
& SUV	1.0<2.0 ( up to 2.2 Diesel	83%	65%	69%	55%	-14	-9
	2.0<3.5	130%	112%	83%	69%	-47	-43
	> 3.5	194%	176%	97%	83%	-97	-93
Pick-Up	Under 1850Kg	44%	29%	48%	41%	4	12
	1850Kg<2200Kg	95%	81%	69%	55%	-26	-26
	2200Kg>	190%	175%	97%	83%	-92	-92
Truck	Less than 2 ton	66%	51%	42%	36%	-24	-16
	2 ton and above	44%	29%	36%	36%	-8	6
Van	less than 2032 kg	66%	51%	62%	49%	-5	-3
	2032 kg and above	44%	29%	36%	36%	-8	6
Bus	all seats	81%	66%	62%	49%	-19	-17

**Table 3**  
**Vehicles imported by Dealers**

Type	Class	Petrol				Diesel			
		CET	SCT	GCT	Total	CET	SCT	GCT	Total
Car	0.0<1.0 cc (engine size)	20%	0%	22.5%	<b>47%</b>	20%	0%	22.5%	<b>47%</b>
& SUV	1.0<2.0 (to 2.2 Diesel)	20%	10%	22.5%	<b>62%</b>	20%	3%	22.5%	<b>51%</b>
	2.0<3.5	20%	20%	22.5%	<b>76%</b>	20%	13%	22.5%	<b>66%</b>
	3.5>	20%	30%	22.5%	<b>91%</b>	20%	23%	22.5%	<b>81%</b>
Pick-Up	Under 1850Kg	20%	0%	22.5%	<b>47%</b>	20%	0%	22.5%	<b>47%</b>
	1850Kg<2200Kg	20%	10%	22.5%	<b>62%</b>	20%	3%	22.5%	<b>51%</b>
	2200Kg>	20%	30%	22.5%	<b>91%</b>	20%	23%	22.5%	<b>81%</b>
Truck	Less than 2 ton	10%	10%	22.5%	<b>48%</b>	10%	10%	22.5%	<b>48%</b>
	2 ton and above	10%	0%	22.5%	<b>35%</b>	10%	0%	22.5%	<b>35%</b>
Van	less than 2032 kg	10%	15%	22.5%	<b>55%</b>	10%	7%	22.5%	<b>44%</b>
	2032 kg and above	10%	0%	22.5%	<b>35%</b>	10%	0%	22.5%	<b>35%</b>
Bus	all seats	10%	13%	22.5%	<b>52%</b>	10%	5%	22.5%	<b>41%</b>

**Table 4**

Aggregate Import Duties - Dealers							
Type	Class	Current		Proposed		pp Change	
		Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Car	0.0<1.0 cc (engine size)	72%	72%	47%	47%	-25	-25
& SUV	1.0<2.0 (or up to 2.2 Diesel)	89%	72%	62%	51%	-27	-20
	2.0<3.5	132%	114%	76%	66%	-55	-48
	3.5>	192%	174%	91%	81%	-100	-94
Pick-Up	Under 1850Kg	48%	35%	47%	47%	-1	12
	1850Kg<2200Kg	95%	82%	62%	51%	-34	-31
	2200Kg>	183%	170%	91%	81%	-92	-89
Truck	Less than 2 ton	68%	55%	48%	48%	-20	-7
	2. ton and above	48%	35%	35%	35%	-13	0
Van	less than 2032 kg	68%	55%	55%	44%	-13	-11
	2032 kg and above	48%	35%	35%	35%	-13	0
Bus	all seats	81%	66%	52%	41%	-29	-25

**Table 5:  
Rates for Agriculture, Public sector & Energy-efficient Vehicles**

Vehicles	Petrol or Diesel			
	CET	SCT	GCT	Tax
Agriculture - pickup	20%	0%	0.0%	20.00%
Agriculture - Truck	10%	9%	0.0%	20.00%
Duty concession	20%	0%	0.0%	20.00%
Hybrid	20%	0%	17.5%	41.00%
Electric vehicle	20%	0%	0%	20.00%

**Table 6  
Proposed rates for U-Drive**

Type	U Drive Class	Petrol			Diesel		
		CET	SCT	Total	CET	SCT	Total
Car	0.0<1.0 - cc	20%	0%	20%	20%	0%	20%
& SUV	1.0<2.0 (or up to 2.2 Diesel)	20%	10%	32%	20%	3%	24%
	2.0<3.5	20%	20%	44%	20%	13%	36%
	3.5>>>>	20%	30%	56%	20%	23%	48%

**Approved U-Drive Operators will pay 0% GCT on vehicles below 2.0 cc (diesel 2.2)**

**Table 7:  
GCT payable on Second Sale of Motor Vehicle**

		<i>Current</i>	<i>Proposed</i>
		<i>GCT</i>	<i>GCT</i>
Motor cars			
CC	< = 2,000	\$2,000	\$10,000
	< = 3,000	\$4,000	\$15,000
	> 3,000	\$6,000	\$20,000
Trucks/bus			
Kg.	<= 1,524	\$2,000	\$10,000
	1,525-3,048	\$4,000	\$10,000
	>= 3,049	\$6,000	\$15,000