

ADDENDUM TO MINISTRY PAPER #100 /2014

The House is being advised that the addendum seeks to provide clarification in respect to the application of benefits to free zone entities and additional information on the revenue implication of the proposed measures.

1. Clarification in respect to the application of Benefits to Free zone Entities

- (a) In Ministry Paper 100/2014, the passage indicated that GoJ was committed to "*regularizing the benefits enjoyed by free zone operators (including the Business Process Outsourcing entities)*". Despite indicating operators, the application of the benefit has been broad-based in practice.
- (b) The Ministry of Finance is hereby providing clarification, as the expressed policy intent is to provide the benefit to free zone entities. This would include operators and promoters.

2. Additional information on the revenue Implication of Proposed Measures

- (a) In regards to the revenue impact of the previously announced measures as per Ministry Paper 100/2014, it is determined that the impact of said measures will be largely neutral, given the mitigating measures or "*set offs*" identified.
- (b) The Ministry of Finance and by extension the Government of Jamaica (GoJ), being committed to the need for fiscal prudence whilst providing for stimuli to encourage industry growth, has sought to put forward said measures. Please see below explanation of the revenue impact of each detailed below:-

i. Amendments to Certain Laws/ Legislation to allow for Regularization (and Expansion) of Tax Treatment for Free Zone Entities and Tourism sub-sectors

- In respect to the motor vehicles and animal feed inclusion as inputs per the Productive Inputs Relief (PIR) regime, the revenue impact is expected to be revenue neutral.