

Jamaica Government Budget 2025: What it Means for Investors?



The Government of Jamaica’s 2025 budget outlines several measures aimed at promoting economic stability, adjusting tax policies, and encouraging investment. The budget seeks to balance fiscal discipline with social and economic development, ensuring that both individuals and businesses are affected by the proposed policies.

One of the key announcements is the increase in the Personal Income Tax (PIT) threshold, which will be implemented over three years. Starting April 1, 2025, the threshold will rise from \$1,700,088 to \$1,799,376, followed by additional increases to \$1,901,436 in 2026 and

\$2,003,496 in 2027. This phased approach is expected to result in a total revenue reduction of approximately \$13.97 billion, with a \$4.8 billion impact in the 2025/26 fiscal year.

The budget also includes reforms to the General Consumption Tax (GCT) on electricity for residential customers. The GCT rate on electricity supplied to post-paid residential customers will be reduced from 15% to 7%, but the previous zero-rating on the first 150 kilowatt-hours (kWh) per month will be removed. A rebate system will be introduced, offering a 3% subsidy to post-paid customers who use 250

kWh or less per month, while customers exceeding this limit will be charged GCT on their total consumption. Pre-paid customers will see a 7% GCT applied to their full electricity purchase, and a targeted incentive package will be available for new pre-paid customers. These changes adjust the structure of electricity taxation while promoting efficiency in energy consumption.

The government has also made substantial allocations to public investment projects to support social and economic well-being. Funding has been directed toward hospital development and non-communicable disease management under the

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Ministry of Health and Wellness, as well as infrastructure improvements under the Ministry of Education, Skills, Youth, and Information. These investments are intended to enhance essential services and contribute to national development.

For investors, the budget introduces several measures designed to incentivise capital investment and business expansion. One of these is the introduction of accelerated capital allowances for new investments in industrial buildings, machinery, equipment, and information technology. This provision will enable businesses to claim larger tax deductions in the 2025 and 2026 tax years, encouraging modernisation and retooling. Another initiative is the establishment of a Micro Market on the Jamaica Stock Exchange (JSE), which will provide small and micro businesses with access to equity capital, creating new opportunities for investors to participate in the growth of emerging enterprises.

To enhance Jamaica's attractiveness to foreign investors, the budget proposes a reduction in the ordinary dividend income tax rate for non-residents, lowering it from 33⅓% and 25% to 15%. This adjustment is intended to create a more competitive investment environment, potentially increasing foreign direct investment by simplifying tax structures for international investors.

The budget emphasises fiscal stability, with a focus on maintaining discipline in government spending. The Minister of Finance highlighted the importance of balancing expenditures while avoiding excessive spending, particularly in an election year. This approach seeks to create a stable economic environment that fosters confidence among investors and businesses.

With these developments, individuals and businesses may benefit from seeking financial guidance to optimise their investment strategies. Wealth management organisations that offer services related to stocks, bonds, mutual funds, certificates of deposit (CDs), and repurchase agreements (repos) can help investors navigate the evolving financial landscape. The introduction of the Micro Market on the JSE presents an opportunity for investors to support early-stage businesses, while the reduction in the dividend tax rate may encourage greater participation in local equities. Additionally, the focus on fiscal stability could provide a favourable environment for fixed income investments such as bonds and CDs, offering risk-averse investors a way to preserve capital while earning returns.

The 2025 budget reflects adjustments to tax policies, investment incentives, and public spending priorities. For the general population, measures such as the PIT threshold increase and GCT reforms are expected to impact household finances. For investors, the introduction of capital allowances, tax reductions, and new market opportunities presents potential benefits. By leveraging financial planning and investment expertise, individuals and businesses can position themselves to take advantage of the opportunities presented by these policy