



Tax Expenditure Estimates 2007-2009

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Preface

This is the first tax expenditure statement to be produced by the Ministry of Finance and the Public Service, Jamaica. A tax expenditure is essentially any provision that results in a reduction of tax for a specific type of taxpayer or activity. The report presents Jamaica's tax expenditure estimates for the major tax types using data for the period 2007-2009. It is important to note that this document is an extract from a more comprehensive report entitled "*Estimates of Tax Expenditures for Jamaica, 2007-2009*". Readers who would like further information on the estimates of tax expenditures (including the methodology used to compute them) should access the extended document on the Ministry of Finance and the Public Service's website [www.mof.gov.jm].

Disclaimer

The Ministry of Finance & the Public Service wishes to advise that the tax expenditures described below are presented for five major ‘tax types’ only. These tax types combined, account for the majority of Government revenue. The measurement of tax expenditures for the other tax types is outside the scope of this publication due to the fact that attempting to estimate expenditures for those ‘nuisance taxes’ would produce estimates that are outside an acceptable margin of error. It is also important to bear in mind that tax expenditures are not actual outlays as they are estimated based on assumptions as to how taxpayers would behave under certain conditions. In other words, tax expenditures are not amounts that governments actually “spend out of pocket” but rather potential money foregone in tax revenue. Furthermore, the estimated amounts were mainly computed using returns data (of varied quality) submitted by taxpayers. The Ministry of Finance and the Public Service, therefore, assumes no responsibility for any disagreement which might result as to what constitutes a tax expenditure locally.

Introduction

The tax system is often used as an alternative mechanism to achieve various public policy objectives through *inter alia* the application of special tax rates for various sectors, exemptions, deductions and credits, which affect the respective tax burden faced by various taxpayers. Such utilized measures are typically classified as “tax expenditures” because they achieve policy objectives at the expense of potentially foregone tax revenue for governments. A tax expenditure budget, which essentially provides an overall gathering of the costs of all the above-mentioned provisions, is a useful tax policy planning tool as it helps to identify how much the various exemptions, deductions, etc. are potentially costing the Government annually. A major contribution of this tax expenditure statement is that it includes a compilation of these estimates thereby helping local policy makers to identify and evaluate the respective expenditures with the hope of possible curtailment. Moreover, the tax expenditure statement is useful in the sense that it gives a rough indication of the various expenditures (other than direct spending) that Government expended on various programmes/initiatives through the tax code.

It is important to mention, from the outset that, what specifically constitutes a tax expenditure is very subjective and as such, the magnitude of tax expenditures varies widely across countries. Nonetheless, the basic approach that is normally used by a researcher to identify and estimate a tax expenditure is to essentially start by defining the ‘normal’ structure of the tax in question before considering any measure/provision in the tax system which differs from some definition as a possible tax expenditure. An obvious problem however, is that what constitutes the normal structure of

any tax system is often subject to considerable interpretation. Consequently, what actually represents a tax expenditure can be controversial.

An alternative approach to identifying tax expenditures is to include any measure which results in a reduction of tax for a specific type of taxpayer or activity. However, by utilizing this approach, it is possible to incorrectly include measures that are not traditionally considered to be tax expenditures. A popular example of items that could be incorrectly counted as tax expenditures are exemptions resulting from various international treaties and agreements.

Finally, it is crucial to mention that the tax expenditure estimates presented in this research were jointly computed by international tax policy consultant Eric Hutton and selected officials from the Taxation Policy Division of the Ministry of Finance and the Public Service (with kind assistance from the Inter-American Development Bank, the Tax Administration Directorate, Fiscal Services Ltd., the Statistical Institute of Jamaica, the Jamaica Customs Department and the Planning Institute of Jamaica).

Caveats

Caution must be taken when interpreting the various tax expenditure estimates. This is due partly to several reasons outlined below.

First of all, it is highly misleading to sum different tax expenditures. The problem with adding tax expenditures is that the value of two tax expenditures in isolation might be different than two tax expenditures combined. For example, an import duty exemption reduces the base for the General Consumption Tax (GCT) and would result in a lower cost for GCT expenditures. If one simply added the cost of the import duty exemption and the GCT exemption together, it would be less than the true total potential revenue impact that would result from removing both incentives simultaneously (since the removal of the import duty exemption would increase the base, which would potentially result in more GCT revenue). In a similar manner, other interactions might result in a combination of incentives that if simultaneously removed would result in less revenue than their individual estimates.

Consequently, **no totals are provided for the tax expenditures by tax type** in any of the tables below, since adding across individual tax expenditures can result in an over-estimation of the potential revenue impact of various combinations of tax expenditures. For example, the tax expenditure estimate for the reduced GCT base for tourism cannot be meaningfully added to the tax expenditure estimate for the reduced rate of tax for tourism, as the reduced base estimate uses the reduced rate as the “normal” rate for estimating the value of the expenditure.

Warnings about tax expenditure estimates are so important that the Department of Finance, Canada and the Australian Treasury, for example, specifically state that caution must be taken in interpreting the estimates of tax expenditures due partly to the following:

- The estimates are intended to roughly indicate the potential revenue gain that might be realized by removing the respective preferential tax treatments. They were developed while assuming that the underlying tax base would not be affected by removal of the respective measures. However, this is an assumption that is unlikely to be true in practice as the behaviour of beneficiaries of tax expenditures, overall economic activity and other Government policies could change along with the specific tax provision. **Consequently, it does not necessarily follow that there would be a commensurate increase in tax revenue from the abolition of a particular tax expenditure.** This is based on the possible behavioural responses by the recipients of tax expenditures and overlaps in the coverage of different tax expenditures (*Source: http://www.treasury.gov.au/documents/1211/PDF/03_Chapter3.pdf [accessed March 14, 2011]*).
- The cost of each tax measure is determined separately i.e. assuming that all other tax provisions remain unchanged. However, many of the tax expenditures do interact with each other such that the impact of several tax provisions at once cannot generally be calculated by adding up the estimates for each provision. One must note that the standard “revenue-forgone approach” was generally utilized in conjunction with some micro-simulation models to measure the tax expenditures in this research. The revenue-

forgone method essentially involves estimating the potential tax revenues that might have been generated in the absence of a tax expenditure while assuming that the taxpayers' behaviour remained unaltered.

- The tax expenditure estimates presented in this research were computed using the latest available tax returns data. Revisions to the underlying data as well as improvements to the methodology can result in substantial changes to the value of a given tax expenditure in forthcoming publications of tax expenditure estimates.

The above issues obviously apply to the Jamaican context and, as a result, the reader should seriously bear these caveats in mind. Finally, it is crucial to define the term “**Reported Net Tax**” (or “Net Tax Payable”) before we formally present our tax expenditure estimates. Reported Net Tax is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit. The reported net tax is a critical value which will be included in the forthcoming tables so that one can assess the magnitude of each tax expenditure as a proportion of the total net tax payable. Moreover, it is crucial to note that the “reported net tax” is based on returns data, and as such, this figure is not necessarily equal to the actual net revenue collections (which accounts for tax paid for the current period and arrears (including penalties, interests and surcharges)) for a particular tax type.

Rationale for Presenting Tax Expenditure Estimates on a Calendar Year Basis

The tax expenditure estimates for Jamaica were computed for the period 2007-2009 on the basis of calendar years and not fiscal years. The major rationale for presenting tax expenditure estimates on a calendar year basis is as follows: Firstly, in Jamaica, taxpayers typically file their returns on a calendar year basis and as such, the tax returns data are based on calendar years (rather than fiscal years). For example, in the case of income tax, all companies, self-employed persons, partnerships, organizations and employed persons who earn additional income are required annually by law to *inter alia* file their income tax returns for the previous calendar year by March 15th of the current year.

Secondly (and equally important), as reiterated by international tax expenditure consultant Eric Hutton, tax expenditure estimates are not cash expenditures but rather accrual-based estimates of potential foregone revenues. This is essentially in line with the international best practice of computing and presenting tax expenditure estimates. In fact, because tax expenditure estimates are accrual-based (rather than cash-based), it is illogical to report them on a fiscal year basis, as the fiscal year is essentially a cash construct. Moreover, when reporting on an accrual basis, it is only rational to present the numbers on a calendar year basis, as this was the time period in which the amounts were accrued.

Lastly, it is important to re-emphasize to the reader that unlike the tax expenditure estimates, which are measured on an accrual¹ basis, the estimates in the regular (fiscal) budget are prepared on a cash basis.

Estimates of Jamaica's Tax Expenditures

The following tables present the tax expenditures for the period 2007-2009. The remainder of the paper is organized as follows: First, we present tax expenditure estimates of the Income Tax i.e. the Corporate Income Tax (CIT) and the Personal Income Tax (PIT). Next, we provide estimates of the Education Tax (ET) expenditures followed by the General Consumption Tax (GCT) expenditures, Special Consumption Tax (SCT) expenditures before concluding with estimates of Jamaica's Trade Tax expenditures.

All the estimates of tax expenditures are expressed in millions of Jamaican dollars i.e. J\$M. A zero value does not necessarily imply that the expenditure was zero but in some cases, represents a minuscule amount (or proportion). A "dash" (i.e. ---) represents a situation where it was either not possible to reasonably estimate the respective tax expenditure based on the available information or where the relevant expenditure did not occur in a particular year. In sum, the tax expenditures that were quantified and presented here are mainly those for which reliable data were available and as such, the list of possible tax expenditures is not necessarily exhaustive.

¹ The "accrual basis" is a method of accounting in which items are entered as incurred (or earned) regardless of when the actual payments were made (or earned) while the "cash basis" method of accounting involves reporting the expenses (or revenues) only when cash is actually paid out (or received).

Income Tax Expenditures

The tax expenditures for Corporate Income Tax and Personal Income Tax are broken into five categories: Exemptions, Deductions and Allowances, Reduced Rates, Credits, and Waivers and Reimbursements. This categorization is based on the reporting method for each expenditure according to the income tax forms. It should be noted that this categorization may differ from one based on the structure of the *Income Tax Act*; for instance some income tax exemptions are required to be reported as income tax at a zero per cent rate.

The “*Exemptions*” category includes measures which allow for exempting certain categories of income from inclusion in taxable income. This category does not include outright exclusions from the definition of income. Many of the expenditures under this category could not be estimated, as the actual tax return contains no specific line item for the inclusion of the exemption. Taxpayers may be including these exemptions under other line items or not including them in reported income. Some line items contain reporting of more than one exemption; in these cases the joint cost of the expenditures is presented.

The “*Deductions and Allowances*” category includes any deductions from gross income over and above those typically allowable in relation to the costs incurred in the generation of that income, including any special capital cost allowance provisions. Many of the expenditures under this category could not be estimated, as the actual tax return contains no specific line item for the inclusion of the deduction or allowance. Taxpayers may be including these deductions and allowances under other line items or not including

them in reported income. Some line items report more than one deduction; in these cases the joint cost of the expenditures is presented.

The “*Reduced Rates*” category includes any provisions that tax any particular source of income at a rate below the standard rate, or that taxes income for any specific category of taxpayer at a tax rate below the standard rate. This category includes some income tax exemptions that are required to be reported as income taxed at a “nil rate”. The actual tax return does not provide separate line items for reporting of different income by tax rate, as such no estimates are currently available for these expenditures.

The “*Credits*” category includes any measures which allow for a reduction in gross tax owing, apart from credits for taxes already paid, including tax credits for foreign tax paid as provided for under an international tax agreement. There are no specific line items for all credits making it difficult to ascertain the exact value of some tax credits; the value of the expenditure could be already accounted for under the line item for “other credits”.

The “*Waivers and Reimbursements*” category includes any reductions in tax payable allowed for post-filing through a direct waiver from the Minister of Finance. Please note that the income tax expenditures are reported separately for the PIT and the CIT.

Corporate Income Tax Expenditures

Table 1: Corporate Income Tax Expenditures[‡], 2007-2009

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Deductions and Allowances</i>							
ITA [†] 13(1)(o)	“Covenanted Donations” ^a	300.18	1.81	302.24	1.57	194.09	1.60
ITA 13(1)(q)	Donations to Approved Charities	33.94	0.20	15.37	0.18	137.99	0.18
<i>Tax Credits</i>							
Various	“Income Tax Relief in Respect of Incentive Income”	1,555.98	9.38	2,161.53	8.14	1,295.57	8.29
Various	“Other Credits” ^b	2,819.55	17.00	3,308.12	14.76	3,624.76	15.02
<i>Waivers and Reimbursements</i>							
Various	Waivers (excluding waivers on penalties and interest) ^c	62.14	0.37	12.12	0.06	0.08	0.00
Reported Net Tax		16,582.33		19,104.03		18,770.73	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenues shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). [†]*Income Tax Act*. Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that

the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Notes:

^a Covenanted donations in this context essentially arise when there is a formal binding agreement for an institution to contribute an amount over time. The dramatic change in covenanted donations in 2009 is possibly related to the huge losses suffered by various corporate taxpayers (during the recession), some of whom still managed to make these donations in that year.

^b The tax expenditures occur because selected taxpayers are entitled to tax credits, which provide them with some relief from the Contractors' Levy and the Customs User Fee. Additionally, the Government also grants tax relief in the form of an incentive tax credit to investors (individuals or companies), financial intermediaries and developers undertaking capital investments in either land or buildings (whether residential or commercial) in Special Development Areas under the *Urban Renewal (Tax Relief) Act*, for example.

^c The estimates for waivers tax expenditure were directly provided by the Tax Administration Directorate. These estimates relate specifically to waivers granted in the years 2007-2009. The reader should note that the waiver tax expenditures are presented for the tax year for which the waivers specifically relate to. In fact, the data were extracted by ledger years since it was prudent to identify only the waivers that were used to offset arrears for a particular calendar year. In other words, the ledger year is the period for which a waiver was granted for (rather than granted in). The rationale for doing this is because (as mentioned earlier) tax expenditures are reported on an accrual basis and as such, one should match accrual waivers against such expenditures. It is important to note that a comprehensive amnesty was announced on April 10, 2008 for all tax types as part of Government's strategy to reduce tax arrears and improve revenue collections. Another amnesty was subsequently announced by the Minister of Finance and the Public Service on April 23, 2009 geared towards taxpayers who had previously avoided declaring taxes. Finally, it is also worthy to mention that waivers specifically on penalties and interests are not usually considered as tax expenditures and as a result, were excluded.

*Personal Income Tax Expenditures*²

Table 2: Personal Income Tax Expenditures[‡], 2007-2009

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Exemptions</i>							
ITA 13(1)(i), (u) (j)	Pension Contributions	99.05	4.10	102.95	4.00	127.29	5.80
<i>Deductions and Allowances</i>							
ITA 12(c)(o)	Pension and Old Age Relief	50.10	2.10	47.04	1.80	39.37	1.80
ITA 12(c)(o)	Other Pension Exemptions	46.42	1.90	16.57	0.60	44.07	2.00
ITA 13(1)(o)	“Covenanted Donations”	13.67	0.60	6.36	0.20	3.04	0.10
ITA 13(1)(o)	Donations to Approved Charities	2.60	0.10	4.99	0.20	11.35	0.50

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenues shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further

² These estimates relate specifically to the individual income taxpayers (self-employed) rather than to the PAYE employees who are not usually required to file income tax returns.

discussion). Pension Contributions include contributions to superannuation funds, retirement funds, and other funds approved by the Minister. The deduction ITA 12(c) (which includes income tax exemptions for wound, disability and war pensions and gratuities) is now disaggregated into “Pension & Old Age Relief” and “Other Pension Exemptions”. Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 2: Personal Income Tax Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Tax Credits</i>							
Various	“Income Tax Relief in Respect of Incentive Income”	13.50	0.60	3.73	0.10	7.97	0.40
Various	“Other Credits”	50.11	2.10	26.22	1.00	17.96	0.80
<i>Waivers and Reimbursements</i>							
Various	Waivers (excluding waivers on penalties and interest)	37.90	0.02	0.74	0.00	-	-
Reported Net Tax		2,409.42		2,589.28		2,183.99	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenues shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further

discussion). Pension Contributions include contributions to superannuation funds, retirement funds, and other funds approved by the Minister. The deduction ITA 12(c) (which includes income tax exemptions for wound, disability and war pensions and gratuities) is now disaggregated into “Pension & Old Age Relief” and “Other Pension Exemptions”. Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Education Tax Expenditures

There are only two tax expenditures for education tax identified, both provided for under the *Education Tax Act*. While the method for determining the value of these tax expenditure involves a simple extrapolation of data which should be reported on the tax forms, analysis of the tax return data indicates that the data collected are likely unrepresentative. An ‘F’ rating has been assigned to the tax expenditures as a result of the data issues, which typically indicates that either there is insufficient data available to conduct an estimate, or that data issues are such that the margin of error is likely larger than the estimate. In this case, as the data issue is that only an unknown proportion of the tax return data appear to be available, while the degree of accuracy of the estimates cannot be determined, the values provided should represent a minimum value for the costs.

Table 3: Education Tax Expenditures[‡], 2007-2009

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Education Tax Act</i>							
7(1)(d),(e)	Exemption from the employers' portion of education tax for parish council and municipal corporations ^a	1.74	0.01	0.00	0.00	0.00	0.00
<i>Waivers and Reimbursements</i>							
Various	Waivers (excluding waivers on penalties and interest)	0.45	0.00	0.19	0.00	---	---
Reported Net Tax		1,854.27		2,209.80		2,270.42	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenues shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. "Reported Net Tax" or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Notes:

^a The estimates of education tax expenditures for these years are arguably of little utility because very few returns were then filed and posted for the Education Tax. In recent times however, this problem is no longer a major concern as this issue has been somewhat addressed. For example, employers are now able to file a single monthly payment return rather than several returns. Moreover, filing compliance should improve further in the future with the forthcoming full amalgamation of the payroll deductions.

General Consumption Tax Expenditures

The tax expenditures for the GCT are broken down based on the legislation which grants the tax expenditure. GCT expenditures are provided for under the *GCT Act*, various incentive *Acts*, defined in the charters of some organizations, or through waivers allowed under various pieces of legislation such as the *GCT Act* and the Constitutional powers of the Minister of Finance.

Under the *GCT Act*, tax expenditures typically fall under three major categories³; special treatment outlined in the Act, zero-rating provided for under the First Schedule, and exemptions provided for under the Third Schedule. For the zero-rating and exemptions schedules, the expenditure estimates have been summarized by broad categories. For example, the “Basic Food” tax expenditure is the summary of over 15 separate provisions under the Third Schedule. While detailed data on the importation of the individual product categories are available from the customs records, similar data are unavailable for supplies coming from domestic production. As a result, providing any further disaggregation of the estimates would result in unacceptable increases in the margins of error.

While there are a number of tax incentive Acts providing exemption from payment of GCT, either for imports or domestic acquisitions, most of these are with respect to purchases by businesses engaged in taxable activity. As

³ It is important to note that there is a key GCT expenditure that is presented in this report i.e. a tax expenditure for the reduced import base of the GCT caused by the current policy of excluding the Customs User Fee (CUF) and Standard Compliance Fee (SCF) from the GCT (imports) base.

such, these exemptions are more in the form of cash flow assistance rather than a tax expenditure benefit for the business, as the business would be entitled to an input tax credit for any tax which they could be required to pay. Tax incentives directed at unregistered activity is the sole exception where a tax expenditure is occurring.

The Charter for the University of the West Indies provides for certain exemptions from GCT. The tax expenditure estimate values reported strictly pertain to GCT exempted on imports.

On the other hand, the “Waivers” category only includes those waivers granting reductions in tax payable at time of import. It is important to note however that no data were available on any waivers, reimbursements or refunds post-payment of the tax.

Table 4: General Consumption Tax Expenditures[‡], 2007-2009

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>GCT Act</i>							
Section 4	Reduced base on Imports ^a	38.82	0.1	37.47	0.1	20.67	0.0
Section 4	Reduced rate for for Tourism	4,729.36	7.6	5,598.78	8.3	6,921.34	10.8
	Reduced Tax Base for Tourism ^b	548.43	0.9	593.81	0.9	370.74	0.6
First Schedule	Airline Industry	6.73	0.00	8.87	0.0	10.86	0.0
First Schedule	Designated Educational Supplies	13.80	0.00	16.41	0.0	18.70	0.0
First Schedule	Designated Health Care Supplies	50.41	0.10	51.83	0.1	55.05	0.1
First Schedule	Religious or Charitable Purposes	0.42	0.00	3.01	0.0	0.67	0.0

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are

required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 4: General Consumption Tax Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
Third Schedule	Designated Inputs into Agriculture and Fishing	324.93	0.5	317.01	0.5	260.65	0.4
Third Schedule	Basic Food	4,681.03	7.5	5,745.65	8.6	6,094.43	9.5
Third Schedule	Buses	1,307.63	2.1	253.67	0.4	45.38	0.1
Third Schedule	Computers for Designated Bodies	91.21	0.9	681.69	1.0	258.16	0.4
Third Schedule	Designated Educational Supplies	92.00	0.1	96.44	0.1	96.04	0.1
Third Schedule	Designated Energy Conservation Equipment	16.30	0.0	25.85	0.0	18.80	0.0

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further

discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 4: General Consumption Tax Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
Third Schedule	Designated Health Care Supplies	1,015.23	1.6	1,178.17	1.8	1,426.73	2.2
Third Schedule	Designated Printing and Printed Materials	842.34	1.3	2,045.54	3.0	548.85	0.9
Third Schedule	Designated Materials for Religious or Charitable Purposes	2.09	0.0	2.74	0.0	2.10	0.0
Third Schedule	Vehicles for Specified Persons	2,330.18	3.7	949.99	1.4	630.08	1.0
Third Schedule	Construction Services	183.91	0.3	256.04	0.4	184.63	0.3

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are

required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 4: General Consumption Tax Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
Third Schedule	Residential Rental	890.96	1.4	1,031.15	1.5	1,146.24	1.8
Third Schedule	Health Care and Veterinary Services	152.07	0.2	174.23	0.3	189.91	0.3
Third Schedule	Education Services	1,148.69	1.8	1,277.76	1.9	1,437.10	2.2
Third Schedule	Life & Health Insurance	1,644.22	2.6	3,723.89	5.6	4,174.41	6.5
Third Schedule	Water Supply	433.93	0.7	588.63	0.9	681.18	1.1
Third Schedule	Electricity Supply ^c	3,562.33	5.7	4,486.01	6.7	5,006.47	7.8
Third Schedule	Financial Services	4,866.05	7.8	6,274.37	9.4	7,375.31	11.5

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 4: General Consumption Tax Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
Third Schedule	Petroleum Fuels	432.57	0.7	471.35	0.7	552.49	0.9
<i>Incentive Acts</i>							
Hotel Incentive	Imports for the tourist industry	127.89	0.2	450.06	0.7	68.99	0.1
Motion Picture Incentive	Imports for the motion picture industry	8.15	0.0	8.12	0.0	6.21	0.0
Public Transport Incentive	Imports for the public transport (corp. area) program	84.35	0.1	119.01	0.2	4.01	0.0
World Cup Incentive	Imports for the World Cup ^d	5.68	0.0	0.00	0.0	0.0	0.0

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 4: General Consumption Tax Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Other Acts or Charters</i>							
Separate Charter	Education	89.42	0.1	78.98	0.1	86.18	0.1
Separate Charter	Remission Under Own Act	1.22	0.0	3.00	0.0	2.93	0.0
<i>Waivers and Reimbursements</i>							
Waiver	Full Waiver	4,617.22	7.4	3,026.59	4.5	3,793.06	5.9
Waiver	Partial Waiver	219.48	0.4	123.95	0.2	8.91	0.0
Waiver	Waiver for Hybrid Cars	11.85	0.0	15.48	0.0	0.0	0.0
Waiver	Waiver for Hybrid Trucks	53.41	0.1	8.27	0.0	0.0	0.0
Waiver	Waiver for JUTA	8.96	0.0	1.69	0.0	0.0	0.0
Reported Net Tax		62,625.56		67,088.60		64,336.24	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Notes:

^a This expenditure occurred because the Customs User Fee, the Standard Compliance Fee and the Environmental Levy are not part of the GCT base at the ports.

^b Effective January 1, 2010, the special GCT rate for the tourism sector was increased to 10.0 per cent up from the previous rate of 8.25 per cent.

^c A 10.0 per cent GCT was imposed on Electricity for Residential (for those consuming more than 200 kWh per month), Commercial and Industrial Customers effective February 1, 2010. This resulted in the expansion of the GCT base and will be reflected in the GCT expenditure specifically related to electricity supply for calendar years after 2009.

^d Jamaica served as a host of selected group matches for the ICC's Cricket World Cup in March 2007.

Special Consumption Tax Expenditures

The tax expenditures for the SCT are broken down first based on imports versus domestic supplies and then, under the Imports category, based on the legislation which grants the tax expenditure. Ideally these two categories should be merged and the tax expenditure estimates of domestic sales and imports combined but unfortunately the captured SCT return data does not provide sufficient information to properly disaggregate the reported tax expenditures by product type.

SCT expenditures are provided for under the *GCT Act*, which enacts the SCT, various incentive Acts, defined in the charters of some organizations, or through waivers allowed under various pieces of legislation such as the *GCT Act* and the Constitutional powers of the Minister of Finance.⁴

Under the *GCT Act*, the tax expenditures are related to the exemption schedule for the GCT. This is due to the change in the tax treatment of motor vehicles, which used to be taxed at special rates under the GCT, but are now taxed at the standard rate under the GCT and have SCT applied. As a result, provisions in the Act which used to relate to relief for GCT for motor vehicles for certain purposes, were amended to allow for relief from SCT.

A number of tax incentive Acts providing exemption from payment of SCT on designated supplies, petroleum fuels and motor vehicles for the most part.

The Charter for the University of the West Indies provides for certain exemptions from taxes under the *GCT Act*.

The tax expenditure estimate values reported strictly pertain to SCT exempted on imports.

⁴ It is important to note that due to a change in the motor vehicle rate structure effective May 12, 2008 (to a situation where there is now the standard GCT rate applied to each imported motor vehicle in conjunction with an SCT rate depending on the actual *cc* rating, laden weight (in the case of pick-ups or buses) or seating capacity (for buses) of the vehicle), one will notice later a dramatic increase in the tax expenditures for the SCT in that year (compared with previous estimates in Hutton (2010, pp. 16-17)) as well as in 2009. This is a reasonable expectation as the SCT was applied to motor vehicles for the first time in Jamaica similar to tobacco, alcohol and fuel. Furthermore, unlike in Hutton (2010), the SCT expenditures are now disaggregated into two components i.e. specific and the *ad valorem* SCT.

The “Waivers” category only includes those waivers granting reductions in tax payable at time of import, no data were available on any waivers, reimbursements, or refunds post-payment of the tax.

The “Domestic Sales” category is broken down by sales reported on the SCT as being exempt, versus sales reported on the SCT return as being zero-rated.

Table 5.1: Special Consumption Tax (*Ad Valorem*) Expenditures[‡], 2007-2009

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Imports</i>							
<i>GCT Act</i>							
	Imports for Agriculture and Fishing	-	-	37.81	0.2	54.43	0.2
	Airline Industry						
	Alcohol	0.35	0.0	0.16	0.0	1.02	0.0
	Vehicle	-	0.0	0.47	0.0	1.06	0.0
	<i>Buses</i>						
	Vehicle	0.0	0.0	13.77	0.0	4.94	0.0
	Vehicles for specified persons	-	-	473.74	2.9	840.47	3.2

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 5.1: Special Consumption Tax (*Ad Valorem*) Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Incentive Acts</i>							
Free Zone Incentive	Imports of free zone company (Tobacco)	0.11	0.0	-	0.0	0.00	0.0
	Vehicles	0.00	0.0	0.00	0.0	0.63	0.0
Bauxite and Alumina Incentive	Imports by Bauxite and Alumina companies	-	0.0	10.42	0.1	28.46	0.1
Motion Picture Incentives	Imports by motion Studio	-	0.0	1.38	0.0	5.39	0.0
Public Transport Incentive	Imports for the public transport (corp. area) programme	-	0.0	0.78	0.0	0.53	0.0
<i>Other Act or Charters</i>							
University of West Indies Charter	Imports for educational purpose	-	0.0	5.80	0.0	5.27	0.0
<i>Waivers and Reimbursements</i>							
Various	Waivers on imports	0.06	0.0	385.15	2.4	1,938.89	7.5
Reported Net Tax (i.e. <i>Ad valorem</i> + Specific)		13,247.16		16,225.96		25,987.72	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 5.2: Special Consumption Tax (*Specific*) Expenditures[‡], 2007-2009

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Imports</i>							
<i>GCT Act</i>							
	Airline Industry:						
	Alcohol	0.12	0.0	0.10	0.0	0.05	0.0
	Fuel	0.45	0.0	0.48	0.0	0.42	0.0
	Imports of Buses	-	-	-	-	-	-
	Vehicles for specified persons	-	-	-	-	-	-
<i>Incentive Acts</i>							
Free Zone Incentive	Imports of free zone company	0.58	0.0	1.07	0.0	-	0.0
Bauxite and Alumina Incentive	Imports by Bauxite and Alumina companies	305.03	2.3	320.54	2.0	95.41	0.4
Motion Picture Incentives	Imports by motion Studio	-	-	-	-	-	-
Public	Imports for the public	-	-	-	-	-	-

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: [‡]The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all

other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. "Reported Net Tax" or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 5.2: Special Consumption Tax (*Specific*) Expenditures[‡], 2007-2009 (Continued)

Tax Provision	Description	2007		2008		2009	
		J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Incentive Acts</i>							
Transport Incentive	Transport (corporate area) programme						
<i>Other Act or Charters</i>							
University of West Indies Charter	Imports for educational purpose	-	-	-	-	-	-
<i>Waivers and Reimbursements</i>							
Various	Waivers on imports	110.66	0.8	140.98	0.9	231.71	0.9
<i>Domestic</i>							
Various	Partial Waivers on Fuel for JPS	3,030.25	22.9	2,991.60	18.4	3,033.68	11.7
Reported Net Tax (i.e. <i>Ad valorem</i> + Specific)		13,247.16		16,225.96		25,987.72	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: ‡The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Trade Tax Expenditures

The tax expenditures for Import Duty and the Customs User Fee are broken down based on the legislation which facilitates each tax expenditure. Import Duty expenditures are provided for under the Customs Act, various incentive Acts, defined in the charters of some organizations, or through waivers allowed under various pieces of legislation.

Under the *Customs Act*, tax expenditures for import duty are provided for under the Second and Third Schedule to the Act, by allowing for reduced rates of duty (in most cases, zero per cent) for specified imports for specified reasons or importers. The expenditure estimates have been summarized by broad categories, in order to provide consistent classifications with the GCT tax expenditures. Certain regulations have also been put in place to waive CUF on imports for specific programs.

Most tax incentive Acts provide for a concession on import duty for capital machinery and equipment, and some consumables, specific to the industry in question. More limited exemptions are provided for the CUF.

The Charter for the University of the West Indies provides for certain exemptions from import duty.

The “Waivers” category only includes those waivers granting reductions in tax payable at time of import, no data were available on any waivers, reimbursements, or refunds post-payment of the tax, or waivers of post-entry audits.

Table 6: Import Duty Expenditures[‡], 2007-2009

Tax Provision/Description	2007		2008		2009	
	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax	J\$M	% Reported Net Tax
<i>Customs Act, Second Schedule</i>						
Agriculture and Fishing	-	0.00	-	0.00	-	0.00
Airline Industry	97.39	0.54	88.34	0.45	65.13	0.35
Education	1.59	0.01	4.06	0.02	1.47	0.01
Health Care	4.07	0.02	3.99	0.02	0.19	0.00
Postal	-	0.00	-	0.00	-	0.00
Religious or Charitable Purposes	3.45	0.02	8.61	0.04	5.40	0.03
Scientific or Research Purposes	0.02	0.00	-	0.00	-	0.00
<i>Customs Act, Third Schedule</i>						
Agriculture and Fishing	27.73	0.15	22.65	0.12	20.05	0.11
Education	0.10	0.00	0.36	0.00	0.72	0.00
Electrical Generation	0.01	0.00	0.01	0.00	-	0.00
Energy Conservation	4.62	0.03	8.02	0.04	13.80	0.07
Fire Fighting	0.19	0.00	0.25	0.00	0.12	0.00
Health Care	-	0.00	-	0.00	-	0.00

Manufacturing	2,195.76	12.23	2,441.89	12.41	2,882.63	15.58
Mining	-	0.00	-	0.00	-	0.00
Printing and Printed Materials	2.92	0.02	2.91	0.01	0.40	0.00
Scientific or Research Purposes	0.00	0.00	0.00	0.00	0.00	0.00
Shipping	815.85	4.54	983.84	5.00	994.70	5.38
Sports Equipment	92.13	0.51	99.95	0.51	114.80	0.62
Telecommunications	16.36	0.09	12.29	0.06	9.33	0.05
Vehicles for Specified Persons	-	0.00	-	0.00	-	0.00
<i>Incentive Act</i>						
Export Incentive	22.74	0.13	6.31	0.03	2.64	0.01
Free Zones	966.48	5.38	3,202.27	16.27	2,825.94	15.28
Hotel Incentive	642.73	3.58	927.72	4.71	432.53	2.34
Manufacturing	0.21	0.00	-	0.00	-	0.00
Mining	3,329.44	18.54	13,177.52	66.96	1,748.76	9.45
Motion Picture Incentive	15.52	0.09	22.06	0.11	11.97	0.06
Petrol Incentive	5.50	0.03	28.89	0.15	6.89	0.04
Pioneer Industry Incentive	-	0.00	-	0.00	-	0.00

Public Transport Incentive	0.05	0.00	0.01	0.00	0.00	0.00
World Cup Incentive	7.69	0.04	-	0.00	-	0.00
<i>Separate Charter</i>						
Education	38.18	0.21	46.26	0.24	53.45	0.29
Waivers under Own Act	7.13	0.04	8.83	0.04	10.77	0.06
Waivers	5,067.35	28.21	6,362.81	32.33	6,889.44	37.24
Full Waiver	4,319.54	24.05	5,644.55	28.68	6,156.21	33.28
Partial Waiver	747.81	4.16	718.26	3.65	733.23	3.96
<hr/>						
Reported Net Tax	17,960.44		19,678.50		18,500.00	

Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: ‡The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.

Table 7: Customs User Fee Expenditures[‡], 2007-2009

Tax Provision/Description	2007		2008		2009	
	J\$M	% of Net Tax	J\$M	% of Net Tax	J\$M	% of Net Tax
<i>Customs Act</i>						
Agriculture and Fishing	-	0.00	-	0.00	1.21	0.02
Free Zones	156.97	2.53	354.48	4.54	339.25	5.22
Manufacturing	75.81	1.22	16.45	0.21	2,037.98	31.35
Religious or Charitable Purposes	238.60	3.85	433.84	5.56	217.89	3.35
<i>Incentive Act</i>						
Free Zones	1.00	0.02	1.15	0.01	1.02	0.02
Mining	1,036.96	16.74	1,469.71	18.83	326.39	5.02
World Cup Incentive	0.82	0.01	-	0.00	0.00	0.00
<i>Waivers</i>						
Petrol Incentive	23.61	0.38	56.22	0.72	25.17	0.39
Waiver	123.39	1.99	113.42	1.45	127.25	1.96
Partial Waiver	0.00	0.00	0.00	0.00	5.16	0.08

Reported Net Tax	6,193.85	7,806.13	6,500.00
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Source: Computed by Eric Hutton with the assistance of selected officials from the Ministry of Finance and the Public Service.

Notes: ‡The abolition of a particular tax expenditure would not necessarily yield the full tax revenue shown in the table. Discrepancies due to rounding. The standard approach adopted was to measure each tax expenditure in isolation i.e. ascertaining the cost of an individual expenditure with the assumption that all other tax expenditures remained in place. Moreover, it is inaccurate to simply aggregate the individual tax expenditure figures (see Hutton (2010, p. 2) for further discussion). Estimates are for the respective calendar years. “Reported Net Tax” or Net Tax Payable is essentially, the total amount of tax that the taxpayers are required to pay over to the Revenue (i.e. when the value is positive) or the total amount of tax owed to the taxpayers by the Revenue in the case where there is a credit.