

Current event article

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Business



number The informal sector in Jamaica The informal sector in Jamaica is a fundamental segment of the economy in Jamaica. This informal sector is characterized by such economic activities as street hustling, domestic serving, family farming, drug dealing and casual vending. Additionally, most of the individuals engaging in these activities have limited education, inadequate formal employment prospects, and lack proximity to urban areas. Conversely, surveys show that majority of citizens engage in these activities to avoid taxation. This matter of tax evasion has substantially influenced financial spending in Jamaica. Generally, the economic decline in Jamaica is because of the unbalanced tax burdens, insubstantial ineffectual compliance structures and the escalating size of the informal sector. This trend has led the need for Jamaican government officials to develop ways to pinpoint, scrutinize, tax, and impose amenability on individuals and business working in the informal sector. The netted tax revenue from the unexploited tax base would not only contribute to Jamaica's GDP but also alleviate poverty and improve the living standards of citizens. I think this article is important in accessing the challenges facing Jamaica and how these challenges can be solved.

The current state of Jamaican informal economy requires fresh reforms to exploit the informal sector as a resource to the government. Principally instead of giving incentives and subsidies to foreign investors, the Jamaican government should bestow them on local workers to boost their confidence in the tax authorities and tax system. The Government of the Jamaica can achieve these goals through fair tax imposition on all businesses, tax reduction rates, tax improvement compliance and enhancement of social platforms on overlooked areas. Once the citizens realize that the taxes are

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useful to their communities, this will ultimately expedite voluntary compliance and bring about economic growth. Ideally, tax reform is a challenging task to undertake and this could lead to withdrawal of foreign investors from Jamaica. The informal sector can underwrite economic growth in Jamaica if they have substantial incentives to join up the formal sector.

Works Cited

Wedderburn, Chantal., Chiang, Eric P. and Rhodd, Rupert. The informal economy in Jamaica: Is it feasible to tax this sector? Florida Atlantic University. Print.