

**SUMMARY OF FISCAL OPERATIONS OF THE CENTRAL GOVERNMENT OF ST.VINCENT AND
THE GRENADINES**
For the period ended March 31, 2022

The objective of this report is to present the public with a brief summary of the Government of St. Vincent and the Grenadines' fiscal operations, for the quarter ended March 31, 2022. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.

Preliminary data as at March 31, 2022 indicated that the Central Government fiscal operations improved when compared to the same period in 2021. Current Revenue increased by 5.2 percent to \$148.62 million, while Current Expenditure grew by 3.8 percent, to \$152.83 million. This resulted in a current deficit of \$4.21 million compared to a deficit of \$6.03 million in 2021. The Overall Balance also improved, moving from \$12.67 million in 2021 to \$8.67 million in 2022.

Table 1: Summary of fiscal operations for the period ended March 31, 2022

	Budget 2022 \$ m	Actual 2022 \$ m	Actual 2021 \$ m	% Change
Current Revenue	160.15	148.62	141.26	5.2
<i>of which:</i>				
Taxes on Income & Profits	30.76	31.61	28.51	10.9
Taxes on Property	12.60	4.21	15.68	(73.2)
Taxes on Goods & Services	53.44	51.35	45.01	14.1
Taxes on International Trade	39.09	39.33	34.73	13.2
Sale of Goods & Services	19.47	18.48	13.73	34.5
Current Expenditure	167.76	152.83	147.29	3.8
<i>of which:</i>				
Compensation Employees	87.37	82.48	82.20	0.3
Use of Goods & Services	18.66	18.35	17.77	3.3
Interest Payments	17.07	11.19	11.07	1.1
Transfers	44.65	40.80	36.25	12.6
Current Balance	(7.61)	(4.21)	(6.03)	30.2
Primary Balance (net CCF)	0.72	2.52	(1.60)	256.9
Capital Expenditure	13.64	4.96	11.30	(56.1)
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	3.21	-	-	
Capital Revenue	1.69	0.50	4.65	(89.2)
Overall Balance (net CCF)	(16.35)	(8.67)	(12.67)	31.6

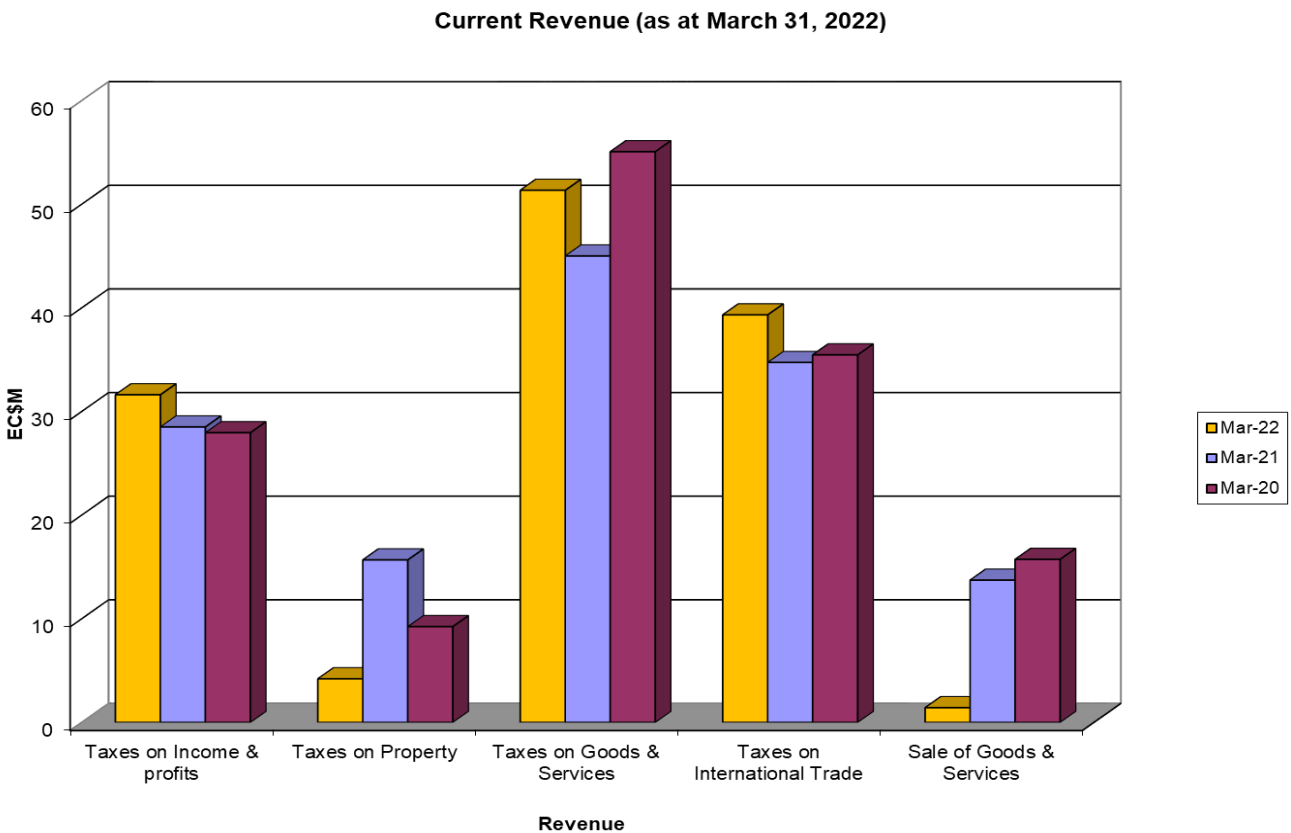
Source: Ministry of Finance and Planning

Revenue

Receipts from Taxes on Income and Profits increased by 10.9 percent to \$31.62 million in the first quarter of 2022 mainly due to higher collections from Corporate Income Tax which increased by 59.3 percent from \$3.89 million to \$6.20 million. The increase is largely attributable to higher reporting of profits by some businesses. Collection of Personal Income tax increased by 6.7 percent to \$22.72 million. On the other hand, revenue from Non-Resident (Withholding) Tax decreased by 19.3 percent when compared to the same period in 2021.

Revenue from Taxes on Property fell by 73.2 percent to \$4.21 million during the period. This resulted mainly from lower receipts from Stamp Duty on Property (which went down by \$6.09 million) and Alien Land Holding License (which moved by \$5.50 million). The decline in collection from the above mentioned categories reflects a significant reduction in land sales during the period.

Figure 1: Items of Current Revenue as at March 31, 2022



Taxes on Goods and Services which totaled \$51.35 million, increased by 14.1 percent as of 31st March 2022 as revenue from most subcategories went up. This increase is indicative of increased domestic economic activity in line with projections for the year 2022. Receipts from VAT grew by 12.0 percent mainly as activity increased in the Hotel & Restaurant industry. Greater revenue was also realized from Excise Duty on Domestic Transactions (33.1 percent) and Imports (5.5 percent), Motor Vehicle Licence (6.5 percent), Telecommunications and Broadcast Licence (6.3 percent). Meanwhile, collections from Insurance Premium Tax and Merchant Shipping (International) Fees decreased.

During the quarter, revenue from International Trade Taxes increased by 13.2 percent, to \$39.33 million corresponding with a 13.4 percent growth in merchandise imports during the period. The rise in the value of merchandise imports was mainly the result of global supply chain issues including the sharp increase in freight costs. Revenue from Import Duty and Value Added Tax increased by 15.5 percent and 13.8 percent, respectively, while Vehicle Surtax dropped by 13.3 percent. The fall in Vehicle Surtax is related to an 11.3 percent decrease in the importation of vehicles during the period.

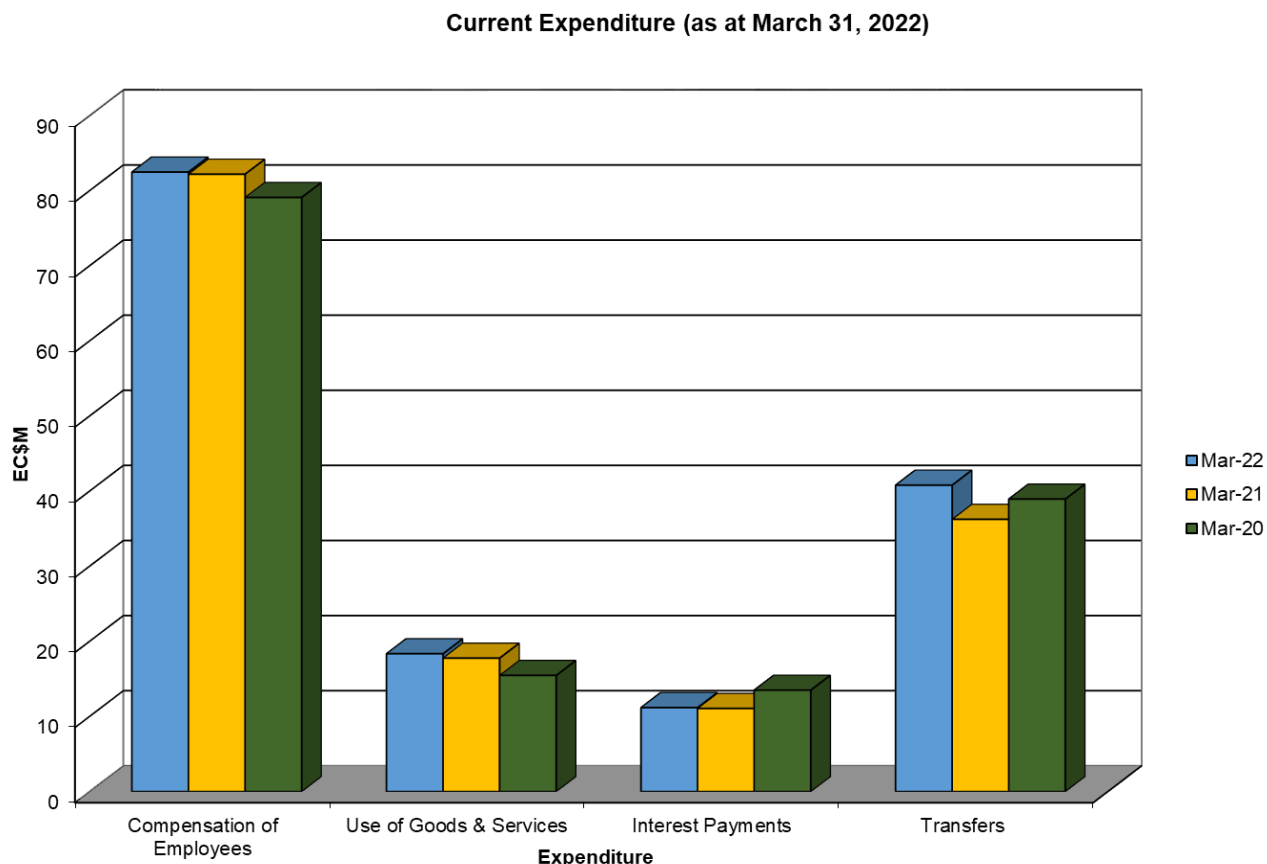
Revenue from Sales of Goods and Services grossed \$18.48 million. This represents a 34.5 percent increase on the amount collected for the same period in 2021. Collection from all major subcomponents increased; International Financial Services Fees, CIPO Registration Fees and Driver's Licence increased by 25.5 percent, 16.0 percent and 27.5 percent, respectively. Revenue from Customs Service Charge increased significantly by 45.6 percent and was impacted by the growth in imports and the one percentage point increase in the rate which took effect June 1, 2021.

Capital inflows as of March 31, 2022 amounted to \$0.50 million, down from the \$4.65 million collected in the corresponding period in 2021. This was mainly due to lower receipts from all sources of capital revenue. During the period, revenue from the Disposal of Land amounted to \$0.26 million while Grants amounted to \$0.25 million.

Expenditure

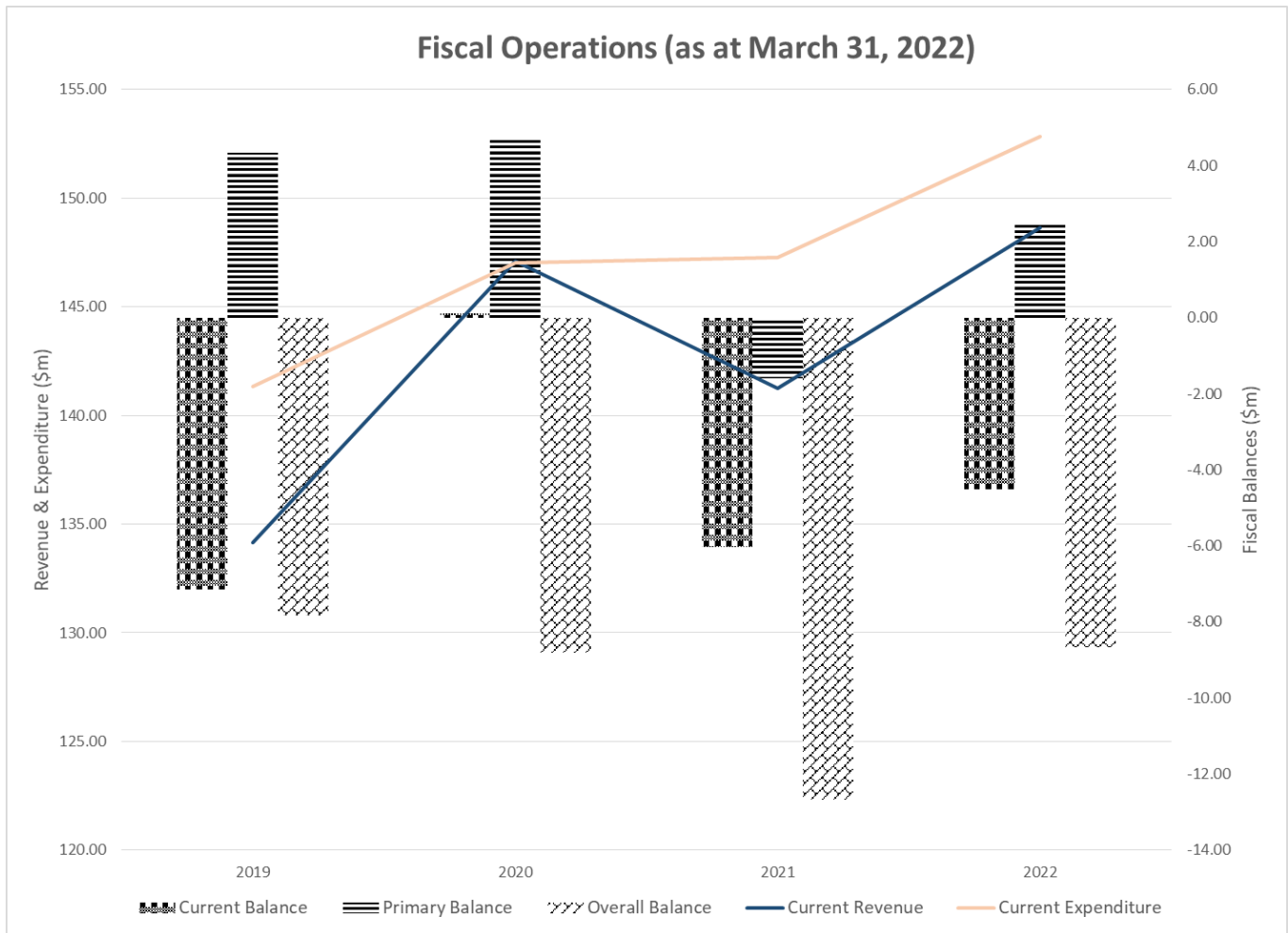
As at March 31, 2022, Current Expenditure amounted to \$152.83 million. This figure represents an increase of 3.8 percent when compared to the amount spent during the same period in 2020. Payment of Wages and Salaries amounted to \$79.07 million and the Employer's Social Security Contribution to \$3.41 million, these were responsible for the overall 0.3 percent increase in Compensation of Employees.

Figure 2: Items of recurrent expenditure as at March 31, 2022



Interest payments increased during the period by 1.1 percent to \$11.19 million as a result of increased payments on the external component of the debt. External Interest Payments moved from \$2.99 million in 2021 to \$4.55 million over the same period in 2022. This increase resulted mainly from lower payments made in 2021 as a result of Covid-19 relief. Outlays on Transfers increased by 12.6 percent to \$40.80 million mainly as increasing amounts were expended on pension benefits, Grants to Local Authorities and Grants to Other Agencies, these went up by 6.0 percent, 25.8 percent and 36.5 percent respectively, during the period.

Figure 3: Fiscal Recurrent Activity March 2019-2022



Preliminary data indicates that Capital Expenditure for the quarter amounted to \$4.97 million, down from the \$11.30 million recorded for the same period in 2021. The major projects accounting for this capital spending are; the Housing Reconstruction Rehabilitation Project (\$0.66 million), Home Reconstruction Project (\$0.57 million), and Port Redevelopment project (\$0.62 million).

Financing

Table 2: Summary of Central Government Financing as at March 31, 2022 compared with 2021

	2022 \$ M	2021 \$ M
OVERALL DEFICIT	(8.67)	(12.67)
FINANCED BY:	8.67	12.67
External Loans	(18.60)	(10.40)
Disbursements	0.00	2.59
Less: Amortisation	(18.60)	(12.99)
Domestic Financing (net)	27.27	23.07

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$8.67 million for the period, financed from domestic sources. The main items of domestic financing were a reduction in cash balances (by \$48.54 million) and the issuance of domestic bonds (amounting to \$15.00 million).