

**SUMMARY OF FISCAL OPERATIONS OF THE CENTRAL GOVERNMENT OF ST.  
VINCENT AND THE GRENADINES**  
**For the period ended December 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 period ended December 31, 2022. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.*

Preliminary data as at December 31, 2022 indicated that overall the Central Government fiscal operations deteriorated when compared to the same period in 2021. Current Revenue decreased by 2.2 percent to \$666.60 million, while Current Expenditure fell by 3.1 percent to \$672.75 million. Consequently, the Current Balance recorded a deficit of \$6.15 million compared to a deficit of \$12.60 million recorded in 2021. On the contrary, the Overall Balance worsened, moving from a deficit of \$172.38 million in 2021 to a deficit of \$193.12 million in 2022.

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

	<b>Budget 2022 \$ m</b>	<b>Actual 2022 \$ m</b>	<b>Actual 2021 \$ m</b>	<b>% Change</b>
<b>Current Revenue</b>	<b>677.51</b>	<b>666.60</b>	<b>681.39</b>	<b>(2.17)</b>
<i>of which:</i>				
Taxes on Income & Profits	156.17	159.15	143.66	10.78
Taxes on Property	61.34	29.74	100.73	(70.48)
Taxes on Goods & Services	192.15	188.01	179.02	5.02
Taxes on International Trade	169.27	189.87	160.91	17.99
Sale of Goods & Services	75.69	83.40	71.85	16.08
<b>Current Expenditure</b>	<b>727.02</b>	<b>672.75</b>	<b>694.00</b>	<b>(3.06)</b>
<i>of which:</i>				
Compensation Employees	354.20	332.42	337.68	(1.56)
Use of Goods & Services	113.76	102.37	99.62	2.76
Interest Payments	72.49	60.81	60.33	0.80
Transfers	186.57	177.16	196.37	(9.79)
<b>Current Balance</b>	<b>(49.51)</b>	<b>(6.15)</b>	<b>(12.60)</b>	<b>51.17</b>
<b>Primary Balance (net CCF)</b>	<b>(291.75)</b>	<b>(132.31)</b>	<b>(112.05)</b>	<b>(18.08)</b>
<b>Capital Expenditure</b>	<b>397.46</b>	<b>243.05</b>	<b>231.56</b>	<b>4.96</b>
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	<b>12.00</b>	<b>14.70</b>	<b>12.75</b>	<b>15.30</b>
<b>Capital Revenue</b>	<b>70.73</b>	<b>41.38</b>	<b>59.03</b>	<b>(29.91)</b>
<b>Overall Balance (net CCF)</b>	<b>(364.24)</b>	<b>(193.12)</b>	<b>(172.38)</b>	<b>(12.03)</b>

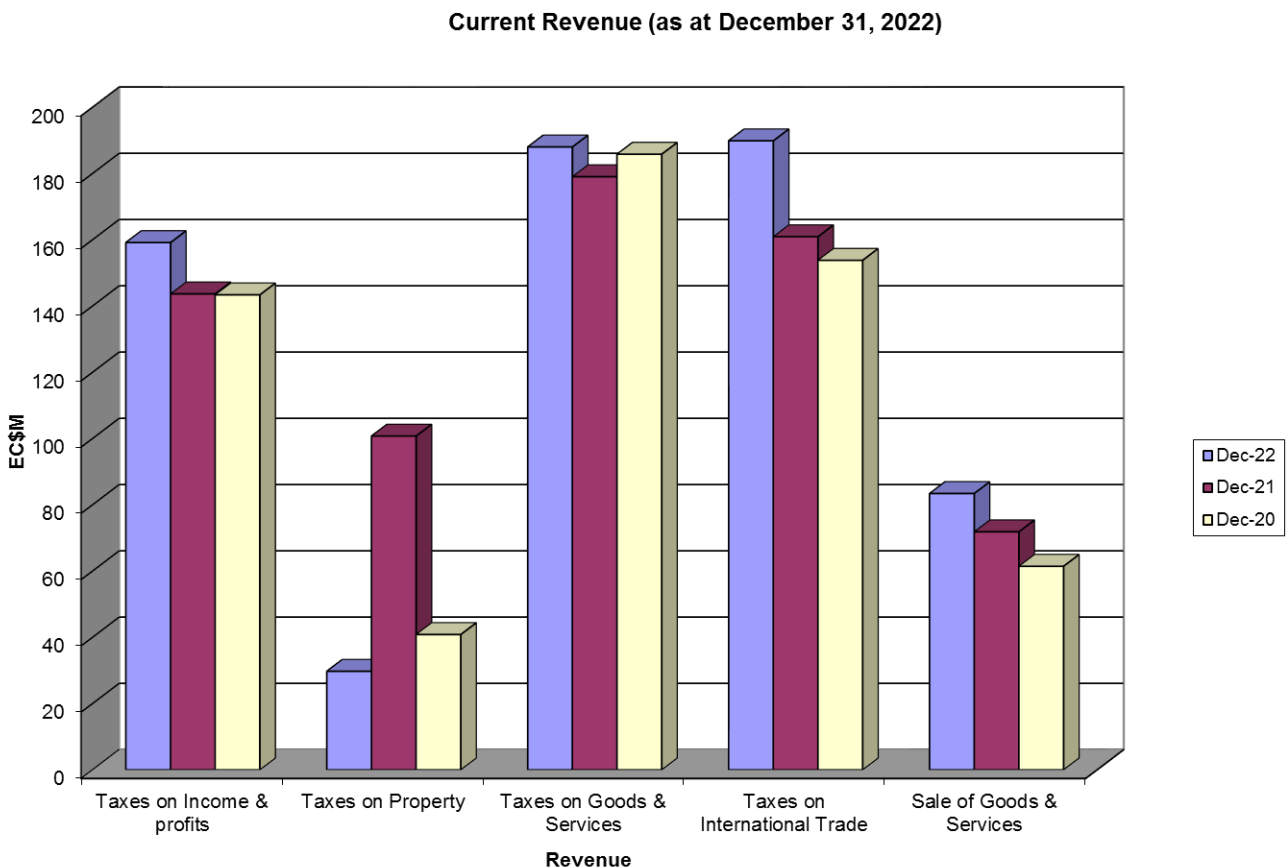
Source: Ministry of Finance and Planning

## Revenue

Receipts from Taxes on Income and Profits increased by 10.8 percent to \$159.15 million due to higher collections from Non-Resident (Withholding) Tax and Personal Income Tax. Revenue from Non-Resident (Withholding) Tax and Personal Income Tax went up by 92.1 percent and 7.1 percent, respectively, when compared to the same period in 2021. The increase in withholding tax was related, in part, to the payment of arrears. Collections from Corporate Income Tax declined by 3.9 percent, and reflects lower profits reported by some companies.

Revenue from Taxes on Property fell by 70.5 percent to \$29.74 million during the period. The decrease in collection resulted from lower receipt from Alien Land Holding Licence which contracted by 87.2 percent (or \$32.7 million) and Stamp Duty on Property which fell by 65.0 percent (or \$38.3 million), as land sales to foreigners' trend back to historical levels following the extraordinary increase in 2021. Contrastingly, collections from taxes on Property rose by 4.6 percent to \$4.22 million.

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



As at 31<sup>st</sup> December, 2022, Taxes on Goods and Services totalled \$188.0 million, representing an increase of 5.0 percent. This was mainly as a result of greater receipts from Value Added Tax (12.50 percent), Insurance Premium Tax (26.0 percent), Excise Duty on Domestic Transactions (16.10 percent) and, Interest Levy (16.40 percent). The improvement in the above mentioned sub-categories is partially reflective of increased economic activity and the collection of arrears during the period. Similarly, Motor Vehicle Licence and Yacht Licence saw increases in collections for the period. The rise in revenue from Taxes on Goods and Services was, however, moderated by lower takings from Excise Duty (on Imports), Merchant Shipping International Fees and Telecomm Broadcast Licence during the period.

Revenue from International Trade Taxes grew by 18.0 percent, to \$189.87 million. This was mainly as a result of higher collection from Import Duty and VAT, which increased by 20.8 percent and 18.4 percent, respectively. The increase in revenue from Import Duty and VAT resulted mainly from a rise in the value of merchandise imports which is broadly reflective of global supply chain issues including the sharp increase in freight costs and inflation.

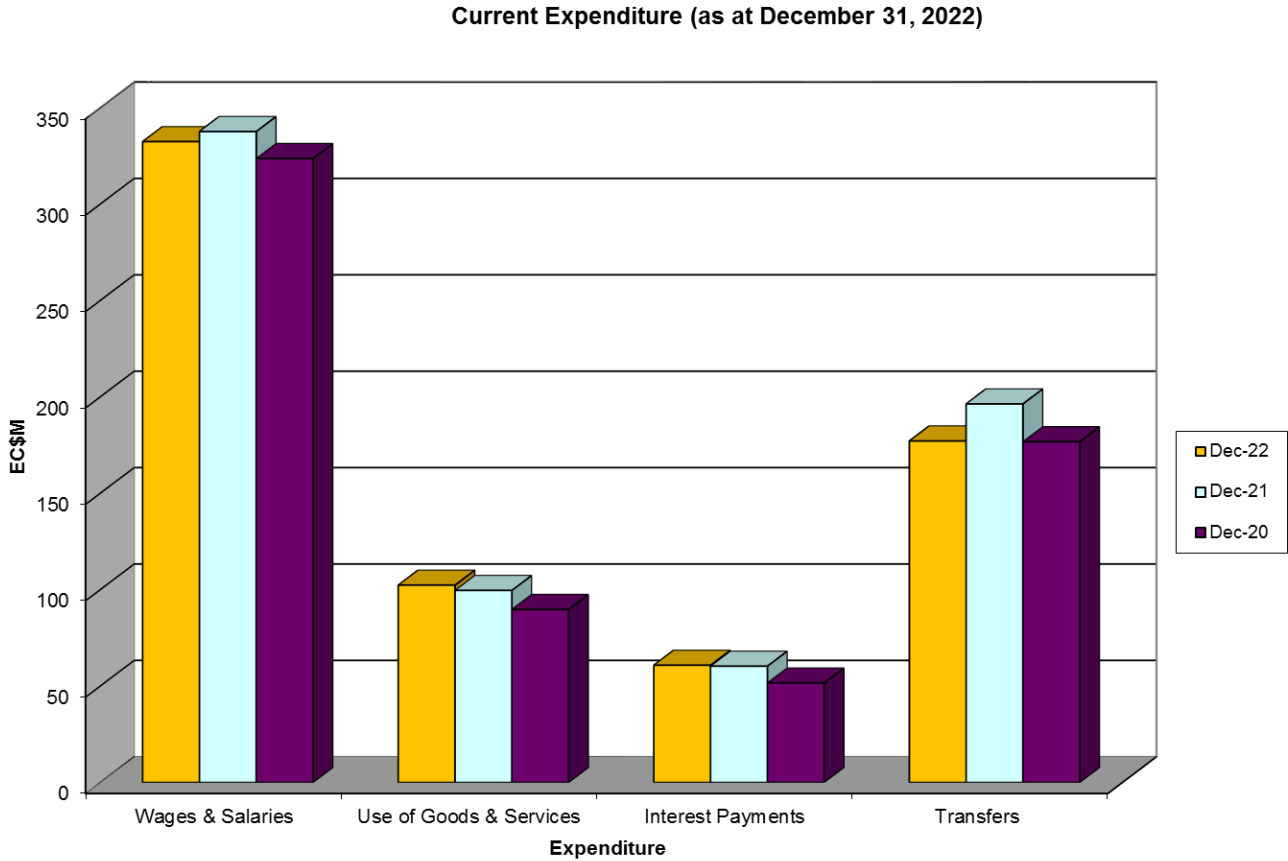
Takings from Sales of Goods and Services grossed \$83.40 million representing a 16.1 percent growth on the amount collected in 2021, as all of the major subcategories saw increases in revenue. The Custom Service Charge was a major contributor to the aforementioned performance as its collection went up by 21.6 percent mainly on account of the increase in rate (from 5 percent to 6 percent effective June 2021) and higher imports recorded during the period. Collections of International Financial Services fees, CIPO Registration Fees, and Driver's Licence increased by 11.7 percent, 53.8 percent, and 7.5 percent, respectively.

Capital inflows as at December 31, 2022 amounted to \$41.38 million, down from the \$59.04 million collected in the corresponding period in 2021. This was mainly due to a drop in revenue from Other Capital Receipts (\$18 million). This decline is due mainly to the large amounts collected for volcano relief in 2021 which did not reoccur in 2022. Notwithstanding the above, Capital Grant increased by 4.2 percent to \$39.26 million.

**Expenditure**

As at December 31, 2022, Current Expenditure amounted to \$672.75 million. This figure represents a decrease of 3.1 percent when compared to the amount spent during the same period in 2021. Payment of Wages and Salaries amounted to \$318.05 million and the Employer’s Social Security Contribution to \$14.37 million leading to a decline of 1.6 percent in payments for Compensation of Employees.

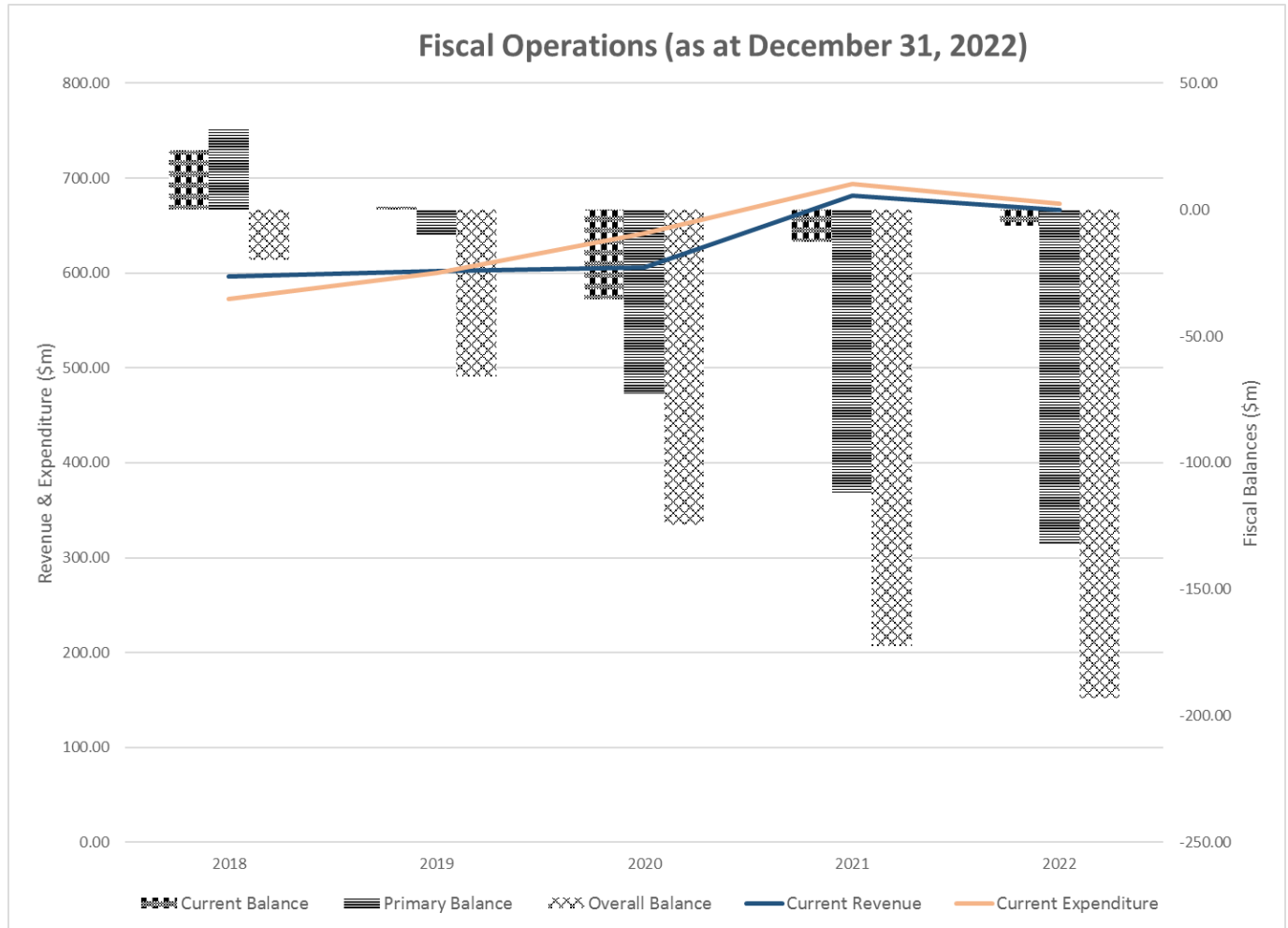
**Figure 2: Items of recurrent expenditure as at December 31, 2022**



Interest Payments increased during the period by 0.8 percent to \$60.81 million as a result of increased payments on the external component of the debt. The External interest payments moved from \$23.30 million in 2021 to \$25.43 million. Higher payments made to the Caribbean Development Bank (CDB), due to an increase in the floating interest rate component and increased of disbursement on loans were the main factors responsible for the increase. Additionally, the World Bank variable interest rates also increased during the period. Outlays on Transfers decreased by 9.8 percent to \$177.16 million mainly based on

the lower amounts expended on Social Assistance benefits (30.8 percent) and Grants to Other Agencies (3.1 percent).

**Figure 3: Fiscal Recurrent Activity December 2018-2022**



Preliminary data indicates that Capital Expenditure for the period amounted to \$243.05 million, this represents a 5 percent increase on the amount recorded for the same period in 2021. The larger items of capital expenditure includes The Port Redevelopment Project (\$95.74 million), the Diamond Hotel Project (\$14.77 million), the Volcano Eruption Emergency Project (\$12.68 million), the Housing Reconstruction Rehabilitation Project (\$ 9.40 million). Other significant expenditure was recorded under the Home Reconstruction Project (\$4.75 million) and the Upgrading of School Premises (\$3.76 million).

## **Financing**

Table 2 below summarizes the Central Government financing as at December 31, 2022 with comparable numbers for 2021.

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

	<b>2022 \$ M</b>	<b>2021 \$ M</b>
<b>OVERALL DEFICIT</b>	<b>(193.12)</b>	<b>(172.38)</b>
<b>FINANCED BY:</b>	<b>193.12</b>	<b>172.38</b>
<b>External Loans</b>	<b>86.26</b>	<b>260.22</b>
Disbursements	156.23	313.13
Less: Amortisation	(69.97)	(52.92)
<b>Domestic Financing (net)</b>	<b>106.93</b>	<b>(87.84)</b>

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$193.12 million for the period financed chiefly from domestic sources. The main categories of domestic financing were the disbursement of domestic loans amounting to \$166.60 million and reducing cash balances by \$25.05 million. The deficit was also financed by significant inflows of external loans (\$156.23 million).