

**SUMMARY OF FISCAL OPERATIONS OF THE CENTRAL GOVERNMENT OF ST. VINCENT AND
THE GRENADINES**

For the year ended December 31, 2023

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 year ended December 31, 2023. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.

Preliminary data as at December 31, 2023 indicated that overall, the Central Government fiscal operations improved when compared to the same period in 2022. Current Revenue increased by 5.0 percent to \$703.15 million, while Current Expenditure increased by 9.6 percent to \$739.01 million. Consequently, the Current Balance recorded a deficit of \$35.86 million compared to a deficit of \$5.15 million recorded in 2022. The Overall Balance improved, moving from a deficit of \$244.92 million in 2022 to a deficit of \$225.54 million in 2023.

Table 1: Summary of fiscal operations for the period ended December 31, 2023

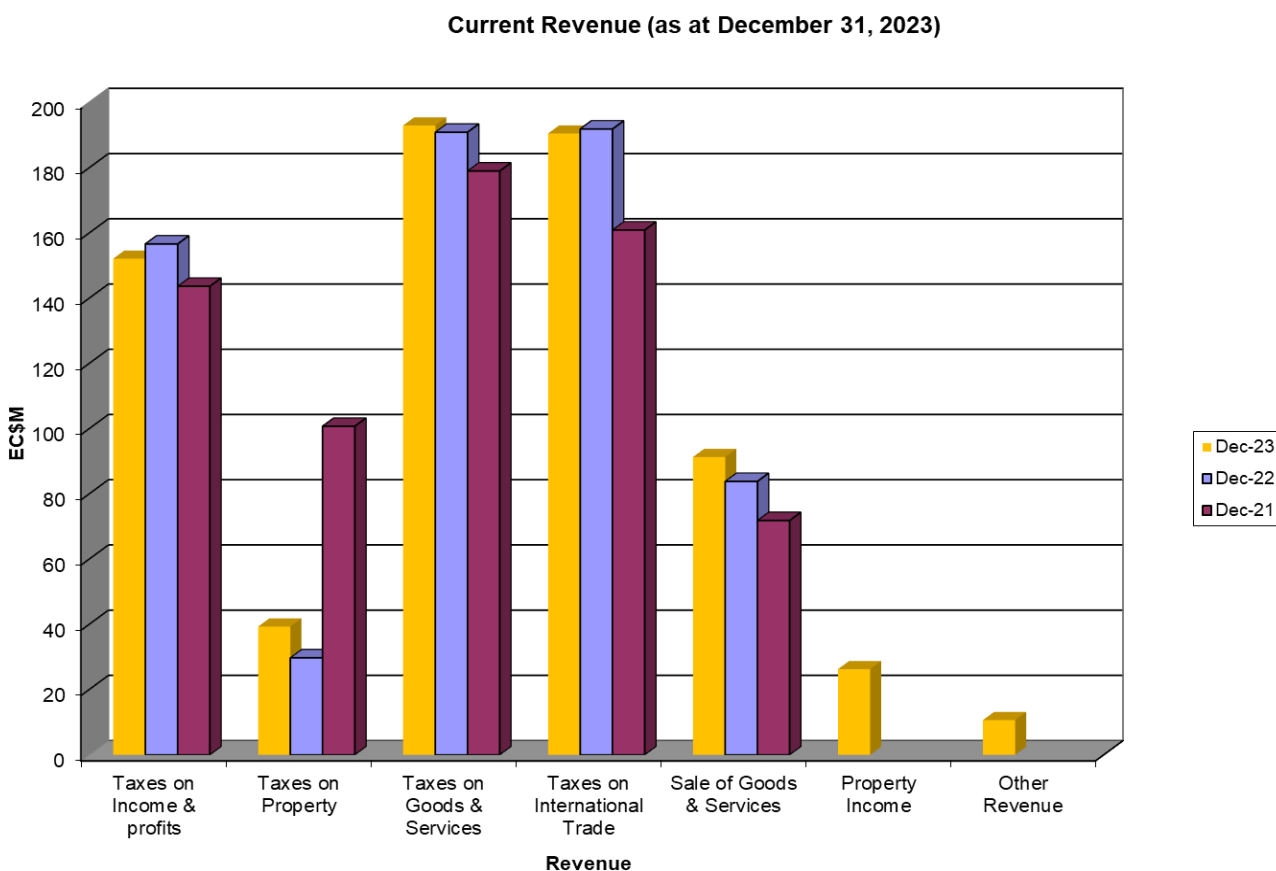
	Budget 2023 \$ m	Actual 2023 \$ m	Actual 2022 \$ m	% Change
Current Revenue	761.43	703.15	669.46	5.03
<i>of which:</i>				
Taxes on Income & Profits	164.44	152.13	156.64	(2.9)
Taxes on Property	52.94	39.32	29.74	32.2
Taxes on Goods & Services	212.14	192.97	190.91	1.1
Taxes on International Trade	214.93	190.51	191.89	(0.7)
Sale of Goods & Services	95.87	91.32	83.83	8.9
Current Expenditure	771.71	739.01	674.61	9.6
<i>of which:</i>				
Compensation Employees	373.98	351.80	332.76	5.7
Use of Goods & Services	125.22	117.96	104.38	13.0
Interest Payments	78.65	73.08	60.81	20.2
Transfers	193.86	196.17	176.67	11.0
Current Balance	(10.28)	(35.86)	(5.15)	(596.1)
Primary Balance (net CCF)	(321.55)	(152.46)	(184.11)	17.2
Capital Expenditure	471.56	272.16	300.87	(9.5)
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	12.00	14.00	14.70	(4.8)
Capital Revenue	69.65	68.48	46.40	47.6
Overall Balance (net CCF)	(400.19)	(225.54)	(244.92)	7.9

Revenue

Receipts from Taxes on Income and Profits fell by 2.9 percent to \$152.13 million due to lower collections from the taxes under this category. The main source of the decline was Non-Resident (Withholding) Tax which fell by 16.5 percent to \$15.35 million during the period. This drop in revenue mainly resulted from large payments of arrears by some corporate entities in 2022, which were not repeated in 2023. Additionally, Individual Income Tax and Corporate Income Tax fell by 1.5 percent and 0.1 percent respectively.

Revenue from Taxes on Property increased by 32.2 percent to \$39.32 million during the period. This resulted mainly from higher receipts of Alien Land Holding Licence (which amounted to \$8.10 million, compared to \$4.8 million in 2022) and Stamp Duty on Property (which went up by 20.9 percent). Greater land sales was mainly responsible for the higher collection of Stamp Duty and Alien Land Holding Licence during the period.

Figure 1: Items of Current Revenue as at December 31, 2023



As at 31st December, 2023, Taxes on Goods and Services totalled \$192.97 million, a 1.1 percent increase when compared to 2022. Under this rubric, collections from Telecomm Broadcast Licence increased by \$6.10 million (237.9 percent). Additional increases were recorded as follows: Insurance Premium Tax (24.1 percent), Yacht Licences (5.6 percent), Excise Duty on Domestic Transactions (4.7 percent) and Motor Vehicle Licence (2.6 percent). The collection from Telecomm Broadcast Licence benefited from earnings for domain name sales. The rise in revenue from Taxes on Goods and Services was however moderated by lower takings from Merchant Shipping International Fees (20.1 percent), Interest Levy (7.6 percent), Value Added Tax (4.5 percent) and Excise Duty on Imports (2.0 percent).

Revenue from International Trade Taxes declined marginally by 0.7 percent, to \$190.51 million. The main sub-taxes under this heading that were responsible for this decline were Vehicle Surtax which fell by 6.5 percent, Import Duty which decreased by 0.8 percent and VAT which fell by 0.3 percent. The marginal decline in Import Duty and VAT was in part associated with a significant (16.7 percent) increase in the level of concessional imports during the period. Meanwhile, revenue from Vehicle Surtax decreased due to a reduction in vehicle imports of 3.1 percent.

Takings from Sale of Goods and Services grossed \$91.32 million, this represents an 8.9 percent improvement over the amount collected in 2022. The main contributors to this performance were; Customs Service Charge which went up by 11.8 percent and Drivers Licence which increased by 5.2 percent. These increases were however moderated by the lower takings from The Business Registration (CIPO) fees which decreased by 27.4 percent to \$0.78 million and International Financial Services fees which fell by 15.4 percent to \$2.88 million.

During the period under review, collections from Property Income increased significantly to \$26.25 million from the \$5.57 million collected during the corresponding period in 2022. The increase was mainly due to an amount of \$20.0 million received by the government from Aecon Group Inc. as payment for the dredging of sand that was used in the Port Redevelopment Project.

Capital inflows as at December 31, 2023 amounted to \$68.48 million, up from the \$46.39 million collected over the corresponding period in 2022. This was principally related to higher revenue from Grants which

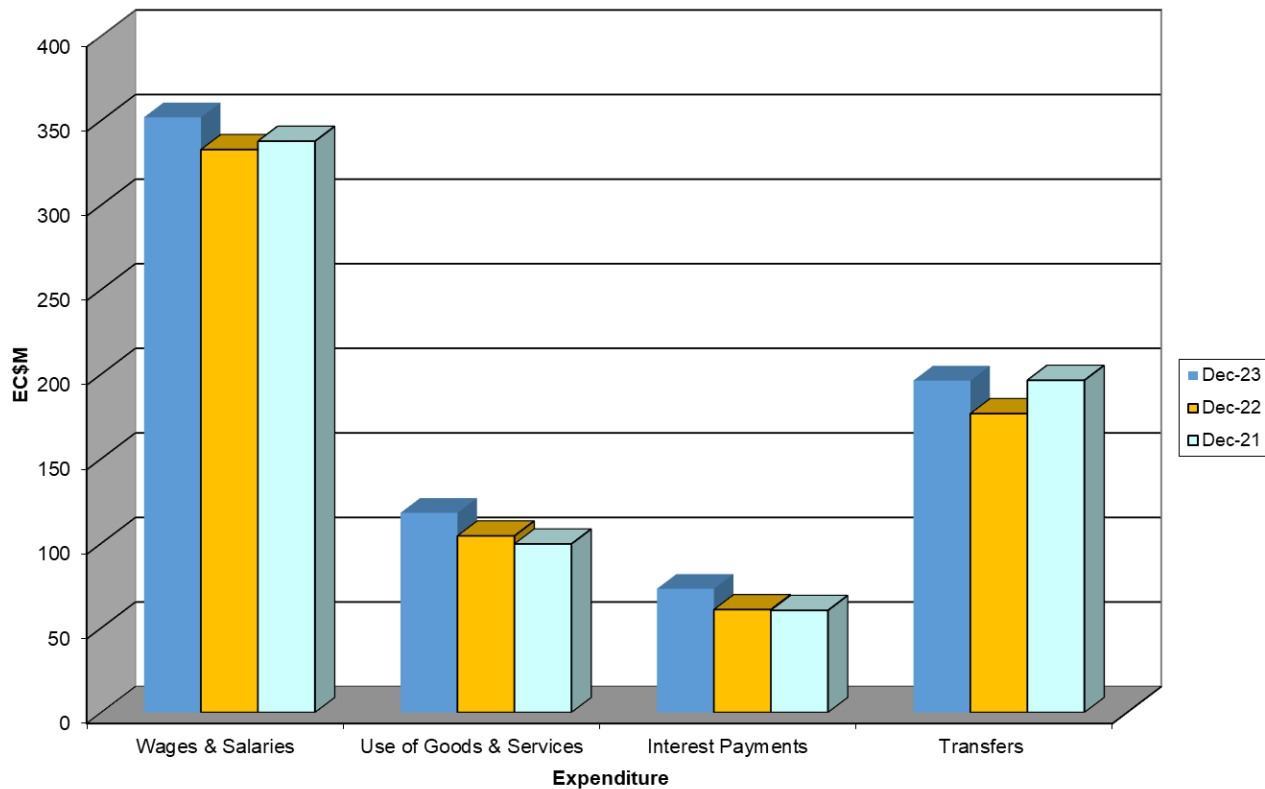
went up by 50.9 percent to \$66.69 million. Of this amount, \$38.01 million was sourced from the United Kingdom Caribbean Infrastructure Partnership Fund to assist with funding the Port Redevelopment Project.

Expenditure

Current Expenditure amounted to \$739.01 million, as at December 31, 2023. This figure represents an increase of 9.5 percent when compared to the amount spent during the same period in 2022. Payment of Wages and Salaries amounted to \$336.29 million and the Employer’s Social Security Contribution to \$15.52 million, these were responsible for the overall 5.7 percent increase in Compensation of Employees. The 2.5 percent salary enhancement received by public servants from January 1st 2023 and changes in increments and allowances during the period.

Figure 2: Items of recurrent expenditure as at December 31, 2023

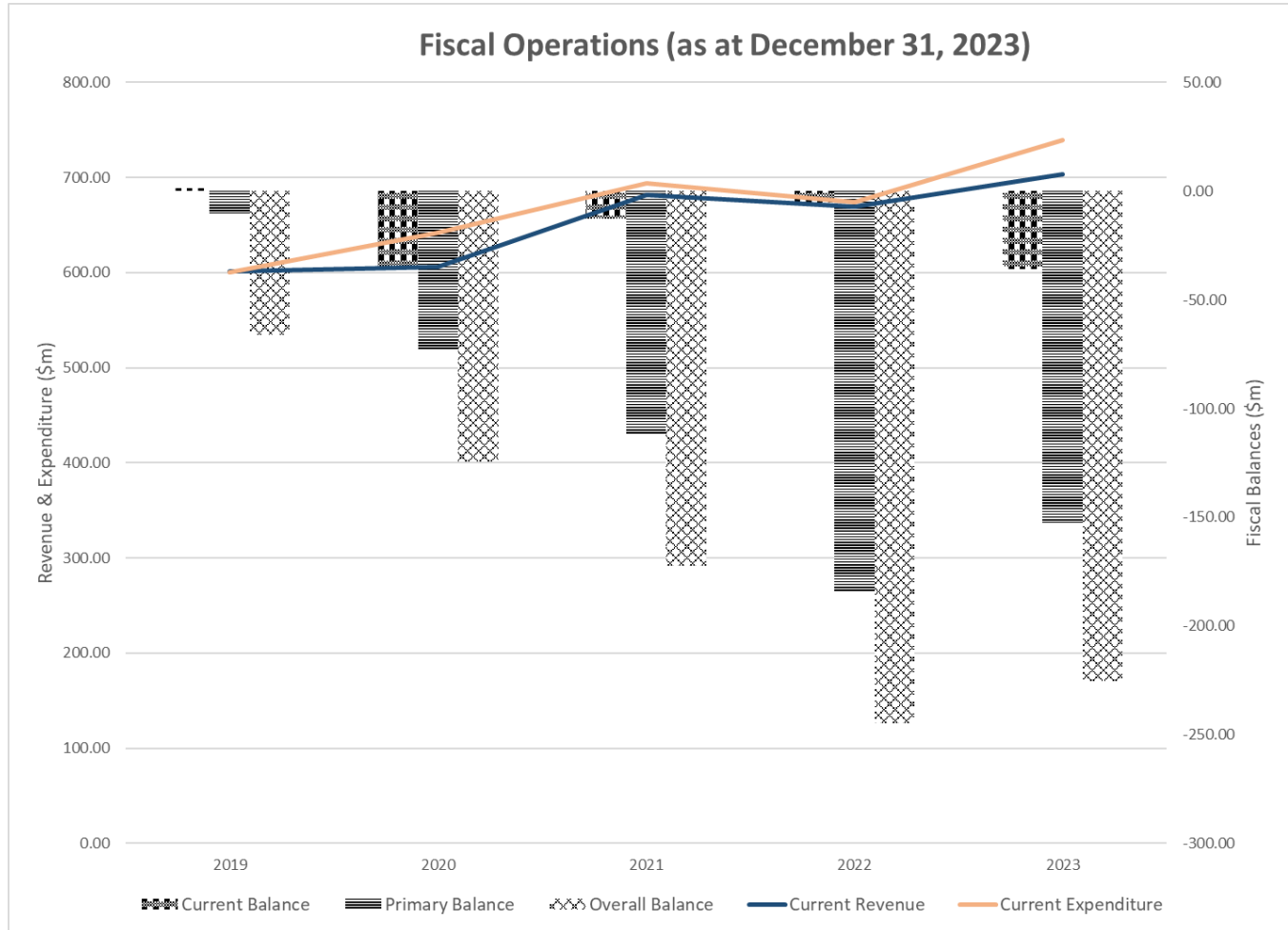
Current Expenditure (as at December 31, 2023)



Interest Payments increased during the period by 20.2 percent to \$73.08 million as a result of increased payments on both the external and domestic component of the debt. The external interest payments moved from \$25.43 million in 2022 to \$36.08 million while domestic interest payments moved from \$35.39 million to \$37.01 million. These increases are consistent with higher global interest rates and higher

disbursements of debt. Outlays on Transfers went up by 11.0 percent to \$196.17 million, mainly due to the higher amounts that were expended on Grants to Other Agencies (23.3 percent).

Figure 3: Fiscal Recurrent Activity December 2019-2023



Preliminary data indicates that Capital Expenditure for the year ended 2023 amounted to \$272.16 million, down from the \$300.87 million recorded for the same period in 2022. Final numbers are expected to show an increase in Capital Expenditure over the amount recorded in 2022. Some of the major capital projects undertaken in 2023 included: The Port Redevelopment Project (\$94.72 million), the National Road Rehabilitation Project (\$27.63 million), the Volcano Eruption Emergency Project (\$17.74 million), the Housing Reconstruction Rehabilitation Project (\$ 9.19 million), Improving of Arnos Vale Sporting Complex (\$8.49 million). Other significant expenditure was recorded under the Diamond Hotel Project (\$7.00 million).

Financing

Table 2 below summarizes the Central Government financing as at December 31, 2023 with comparable numbers for 2022.

Table 2: Summary of Central Government Financing as at December 31, 2023 compared with 2022

	2023 \$ M	2022 \$ M
OVERALL DEFICIT	(225.54)	(244.92)
FINANCED BY:	225.54	244.92
External Loans	98.46	170.29
Disbursements	184.27	240.26
Less: Amortisation	(85.81)	(69.97)
Domestic Financing (net)	127.08	74.47

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$225.54 million for the period financed chiefly from a mix of domestic and external sources. The main categories of domestic financing were the disbursement of domestic loans amounting to \$66.00 million and bond issuance of \$129.07 million. The deficit was also financed by inflows of external loans (\$98.46 million).