

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

For the year ended December 31, 2024

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, 2024. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance, Economic Planning and Information Technology.

Preliminary data as at December 31, 2024, indicated that the Central Government's fiscal operations weakened compared to the same period in 2023. Current Revenue grew by 12.3 percent to \$790.12 million, while Current Expenditure increased by 13.7 percent to \$849.69 million. Consequently, the Current Balance recorded a deficit of \$59.57 million compared to a deficit of \$43.94 million recorded in 2023. The Overall Balance increased, moving from a deficit of \$345.08 million in 2023 to a deficit of \$404.74 million in 2024. The fiscal results were driven mainly by significant expenditure on major capital projects including Port Modernization and Hurricane Beryl Disaster Recovery and Rehabilitation.

Table 1: Summary of fiscal operations for the period ended December 31, 2024

	BUDGET 2024	ACTUAL 2024	ACTUAL 2023	CHANGE %
Current Revenue	810.67	790.12	703.51	12.3
<i>of which:</i>				
Taxes on Income & Profits	162.20	186.96	152.13	22.9
Taxes on Property	54.32	31.26	39.32	(20.5)
Taxes on Goods & Services	242.80	239.98	192.99	24.4
Taxes on International Trade	228.00	211.65	190.55	11.1
Sale of Goods & Services	98.64	95.20	91.30	4.3
Current Expenditure	835.42	849.69	747.45	13.7
<i>of which:</i>				
Compensation Employees	388.98	373.40	351.80	6.1
Use of Goods & Services	130.72	126.73	120.29	5.4
Interest Payments	105.46	98.64	74.42	32.5
Transfers	210.26	250.93	200.95	24.9
Current Balance	(24.76)	(59.57)	(43.94)	35.6
Primary Balance (net CCF)	(412.91)	(306.11)	(270.66)	13.1
Capital Expenditure of which:	570.51	463.14	391.88	18.2
Capitalisation of Contingency Fund (CCF)	14.00	22.49	14.00	60.7
Capital Revenue	62.90	95.47	76.74	24.4
Overall Balance (net CCF)	(518.37)	(404.74)	(345.08)	17.3

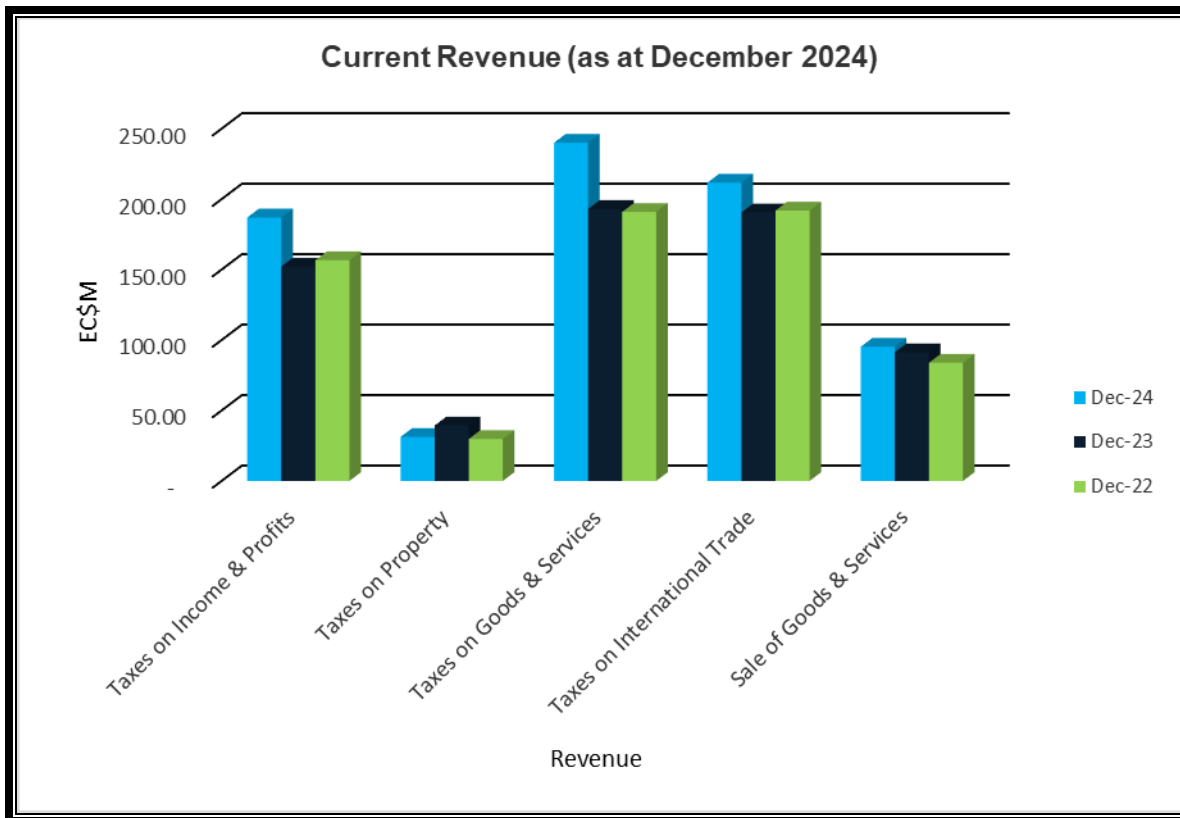
Source: Ministry of Finance and Planning, *Economic Planning and Information Technology*.

Revenue

Receipts from Taxes on Income and Profits increased by 22.9 percent to \$186.96 million due to higher collections from all tax types within this category. Revenue from Individual Income Tax, Corporate Income Tax and Non-Resident (Withholding) Tax increased by 2.8 percent, 56.2 percent and 54.0 percent respectively. The movement in Personal Income taxes coincided with the on-boarding of new employees by a major player in the Tourism Industry. The increased collection from Corporate Income Tax was mainly due to higher payments by some major taxpayers along with stronger arrears collection efforts by the Inland Revenue Department during the period. The rise in Withholding Tax collection was due mainly to increased consultancy work on a number of Capital projects during the period.

Revenue from Taxes on Property declined by 20.5 percent to \$31.26 million during the period. The significant fall in collections resulted mainly from a sizeable drop in receipts from Alien Land Holding Licence (by 41.2 percent) consequent upon a reduction in sale of lands to non-nationals. Similarly, Stamp Duty on Property (which declined by 12.3 percent) reflects a reduction in the number of Mortgages and Conveyances processed during the period.

Figure 1: Items of Current Revenue as at December 31, 2024



Collections from Taxes on Goods and Services totalled \$239.99 million, a 24.4 percent increase when compared to 2023. Higher collections from Value Added Tax (35.1 percent) and Excise Duty on Imports (40.9 percent) were the main sources responsible for the improved performance. The uptick in VAT collections reflected increased economic activity during the period. The larger receipts from Excise Duty (on Imports) were mainly on account of timing issues which resulted in some transactions for 2023 being recorded in 2024. Revenue from Other Taxes also increased based on improved performances in a number of subcategories including Insurance Premium Tax (21.0 percent), Interest Levy (11.1 percent), Motor Vehicle Licence (9.1 percent), Merchant Shipping International Fees (5.9 percent) and Yacht Licences (1.5 percent). However, these increases were restrained by lower takings from Telecommunications & Broadcast Licences (54.9 percent), Merchant Shipping International Fees (28.6 percent), and Excise Duty of Domestic Transactions (0.8 percent).

Revenue from International Trade Taxes increased by 11.1 percent, to \$211.65 million. Under this rubric, the items responsible for the improvement were VAT collected by the Customs and Excise Department (which went up by 11.3 percent), Vehicle Surtax (collection up, by 36.3 percent), and Import Duty (increased by 9.0 percent). Collections from VAT and Import Duty were driven mainly by a 10.8 percent growth in merchandise imports, while the significant increase in Vehicle Surtax was influenced by a 24.8 percent and a 20.0 percent increase respectively in the number and average cost of vehicles imported during the period.

Takings from Sales of Goods and Services grossed \$95.20 million, this represents a 4.3 percent increase on the amount collected in 2023. The main contributor to this performance was a 24.7 percent spike in revenue from Drivers Licence due mainly to the change in rates implemented during fiscal year. The Business Registration (CIPO) receipts increased by 7.8 percent and Customs Service Charge collections improved modestly, growing by 1.0 percent. Notwithstanding the above, revenue from International Financial Services fees fell by 3.0 percent mainly as a result of a decline in the registration of new entities.

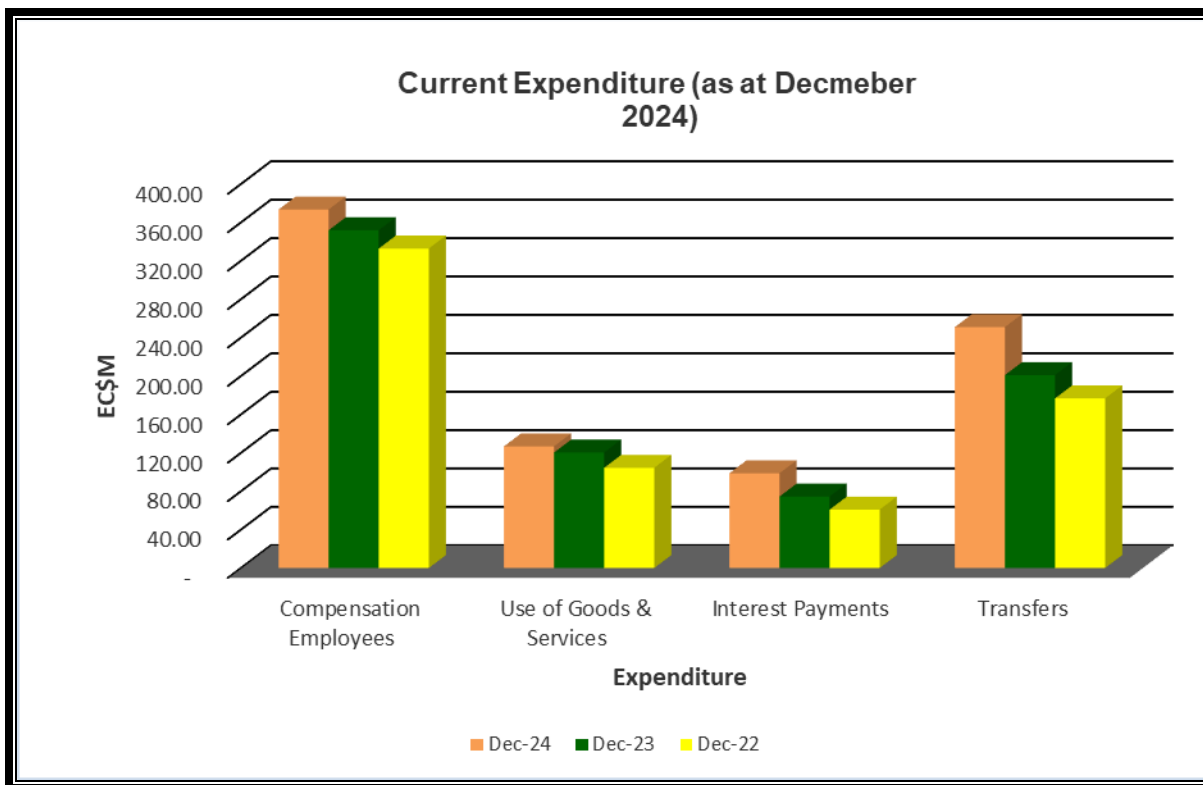
During the review period, collections from Property Income amounted to \$10.52 million this was \$16.02 million less than what was collected during the corresponding period in 2023. The main reason for this lower receipt was a \$20.0 million collected by the government in 2023 for the dredging of sand by Aecon Group Inc. that was used in the Port Redevelopment Project with no similar receipt recorded in 2024.

Capital inflows for the period ending December 31, 2024 amounted to \$95.47 million, up from the \$76.74 million collected over the corresponding period in 2023. Disposal of Assets increased to \$5.70 million from \$1.70 million in the previous year. This performance was mainly driven by the payment for lands at Buccument Bay by Sandals Resort. Other Capital receipts amounted to \$56.45 million in 2024, the bulk of which \$50.0 million was drawn down from the Contingencies Fund to support Hurricane Beryl post-disaster recovery efforts.

Expenditure

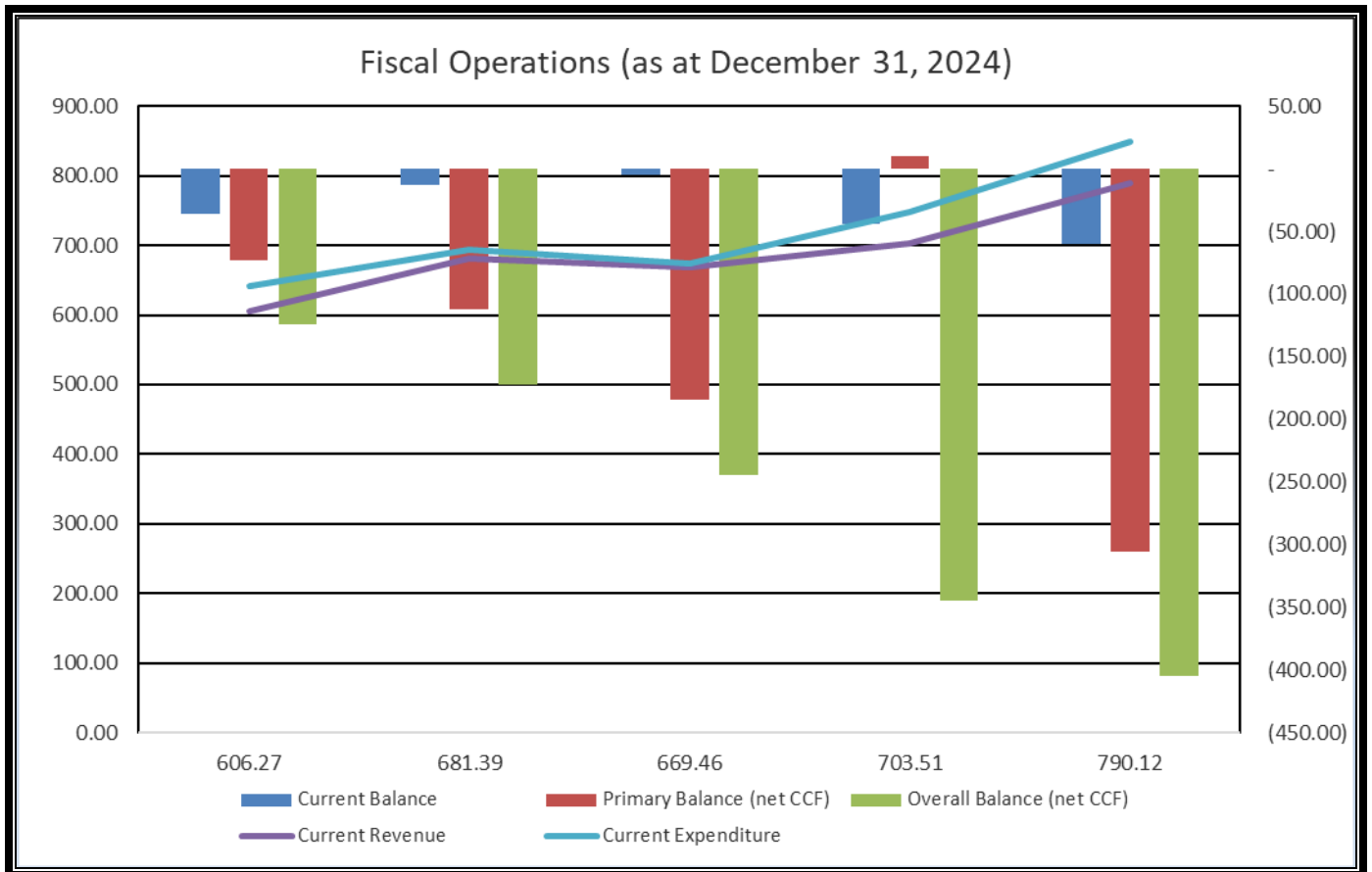
Current Expenditure amounted to \$849.69 million, as at December 31, 2024. This figure represents a 13.7 percent increase when compared to the amount spent during the same period in 2023. The payment of Wages and Salaries amounted to \$355.19 million and the Employer’s Social Security Contribution to \$18.21 million, these were the main items responsible for the overall 6.1 percent increase in Compensation of Employees.

Figure 2: Items of recurrent expenditure as at December 31, 2024



Interest Payments increased during the period by 32.5 percent to \$98.64 million due to higher payments on the external and domestic components of the debt. The external interest payments moved from \$36.86 million in 2023 to \$44.79 million while domestic interest payments moved from \$37.56 million to \$53.85 million. These increases are consistent with higher global interest rates and larger disbursements of loans over the period. Outlays on Transfers went up by 24.9 percent to \$250.93 million. There were two main drivers for the increased spending on transfers. Firstly, a significant amount was expended on Social Assistance Benefit which resulted in this item moving from \$31.31 million in 2023 to \$87.22 million in 2024 due mainly to Hurricane Beryl relief effort. Secondly, Grants to Other Agencies also increased significantly by 35.8 percent to \$96.20 million chiefly related to increased spending by the Buildings, Roads and General Services Authority (BRAGSA) for post-Hurricane Beryl clean up and purchase of equipment.

Figure 3: Fiscal Recurrent Activity December 2020-2024



Preliminary data indicates that Capital Expenditure for the year ended 2024 amounted to \$463.14 million, up from the \$391.88 million recorded for the same period in 2023. Below is a list of major capital projects undertaken in 2024: -

1. The Port Redevelopment Project (\$114.69 million)
2. Strengthen Health System Resilience (\$48.89 million)
3. The National Road Rehabilitation Project (\$36.17 million)
4. The Diamond Hotel (\$30.86 million),
5. Improving of Arnos Vale Sporting Complex (\$28.07 million)
6. The Hurricane Beryle Relief amounted to (\$57.89 million)

Financing

Table 2 below summarizes the Central Government financing as at December 31, 2024 with comparable numbers for 2023.

Table 2: Summary of Central Government Financing as at December 31, 2024 compared with 2023

	2024 \$ M	2023 \$ M
OVERALL DEFICIT	(404.74)	(345.08)
FINANCED BY:	404.74	345.08
External Loans	260.56	198.16
Disbursements	326.03	283.97
Less: Amortisation	(65.48)	(85.81)
Domestic Financing (net)	144.19	147.39

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$404.74 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 \$45.0 million, bond issuance of \$226.09 million and reducing cash balance by \$107.90. The deficit was also financed by the net inflow of external loans (\$260.56 million).