SUMMARY OF FISCAL OPERATIONS OF THE CENTRAL GOVERNMENT OF ST. VINCENT AND THE GRENADINES
For the year ended December 31, 2025

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, 2025. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.

Preliminary data as at December 31, 2025 indicated that the Central Government fiscal operations returned mixed performances when compared to the same period in 2024. Current Revenue increased by 9.6 percent to $867.98 million. Equally Current Expenditure grew by 9.6 percent to $922.43 million . Consequently, the Current Balance weakened from a deficit $49.56 million recorded in 2024 to a deficit $54.45 million in 2025. However, the Overall Balance improved, moving from a deficit of $487.24 million in 2024 to a deficit of $391.44 million in 2025. This outturn was driven by a 25.9 percent decrease in spending on capital projects during the year.

Table 1: **Summary of fiscal operations for the year ended December 31, 2025**

	Budget 2025 $ m	Actual 2025 $ m	Actual 2024 $ m	% change
Current Revenue	**907.73**	**867.98**	**791.95**	**9.6**
of which:				
Taxes on Income & Profits	198.24	196.85	186.59	5.5
Taxes on Property	43.21	28.46	31.26	(9.0)
Taxes on Goods & Services	274.33	259.65	241.35	7.6
Taxes on International Trade	237.70	240.18	212.04	13.3
Property Income	11.95	109.36	95.37	14.7
Sale of Goods & Services	111.32	109.36	95.37	14.7
Current Expenditure	**913.31**	**922.43**	**841.51**	**9.6**
of which:				
Compensation Employees	410.21	404.80	373.51	8.4
Use of Goods & Services	148.15	158.98	128.10	24.1
Interest Payments	119.07	122.53	98.64	24.2
Transfers	235.89	236.12	241.27	(2.1)
Current Balance	**(5.59)**	**(54.45)**	**(49.56)**	**(9.9)**
Primary Balance (net CCF)	**(506.83)**	**(301.49)**	**(388.60)**	**22.4**
Capital Expenditure	**698.63**	**479.78**	**578.29**	**(17.0)**
Of which:				
Capitalisation of Contingency Fund (CCF)	14.00	14.00	22.49	(37.8)
Capital Revenue	**64.32**	**96.21**	**118.13**	**(18.6)**
Overall Balance (net CCF)	**(625.89)**	**(424.02)**	**(487.24)**	**13.0**

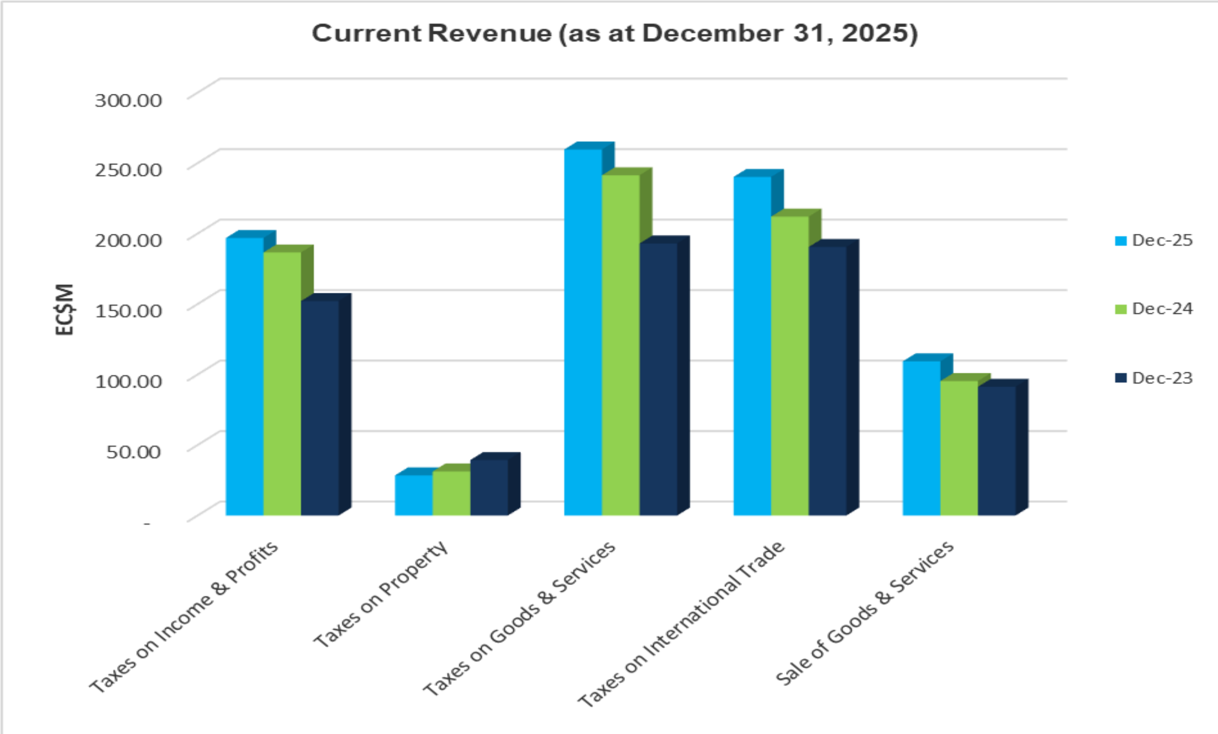
Source: Ministry of Finance and Planning

Revenue

Receipts from Taxes on Income and Profits grew by 5.5 percent to $196.25 million due to higher collections from Individuals and Corporate Income Taxes. Receipts from Income Tax on Individuals increased by 9.2 percent due to a registered boost in employment particularly in the tourism and construction sectors as well as the 2.5 percent salary enhancement paid to civil servants from January 2025. The 9.9 percent rise in Corporate Income Tax collections was primarily attributable to higher projected profits reported by a number of the major taxpayers, the largest among them being in the banking sector. Additionally, payments resulting from audit assessments conducted by the Inland Revenue Department (IRD) also contributed to the higher collections. Notwithstanding the overall improved performance of this tax subgroup revenues from Non-Resident (Withholding) Tax, declined by 22.1 percent during the period. The reduced takings from Withholding Tax was due mainly to lower receipts from some companies in the Banking and Telecommunications sectors.

Revenue from Taxes on Property contracted by 9.0 percent to $28.46 million during the period as a result of lower collections from all major tax types in this subcategory. Of particular significance was the reduced inflows from Alien Land Holding License (which fell by 51.3 percent) to $2.32 million due largely to a drop in land sales to non-nationals over the period. Receipts from Stamp Duty and Property Taxes also declined by 2.1 percent and 0.2 percent, respectively.

Figure 1: **Items of Current Revenue as at December 31, 2025**



Collections from Taxes on Goods and Services, which totalled $259.65 million, increased by 7.6 percent as at the end of December 2025. Excise Duty (on Imports), which increased by 33.1 percent, was the main source responsible for the improved performance. The main driver of this improved performance was the collection of arrears on petroleum imports and a significant (20.8 percent) growth in the importation of motor vehicles. Similarly, Motor vehicle licence collections went up (13.1 percent) reflecting an increase in registration as a result of the surge in the importation of vehicles during the period. Revenue from Insurance Premium Tax and Interest Levy also increased by 3.7 percent and 13.3 percent, respectively. These increases were moderated by lower takings from various taxes, including the VAT, which declined by 3.6 percent primarily due to lower revenue from construction activity with the completion of two major tourism developments in 2024.

Revenue from International Trade Taxes grew by 13.3 percent, reaching $240.18 million. This upswing stemmed from higher collections from all of the major tax types under this subcategory. VAT, Import Duty and Vehicle Surtax increased markedly by 12.7 percent, 13.9 percent and 18.7 percent, respectively. The growths in Import Duty and VAT were linked to the 2.9 percent growth in merchandise imports, while the surge in Vehicle Surtax was mainly influenced by the 20.8 percent increase in the number of vehicles imported for the period.

Takings from Sales of Goods and Services grossed $109.36 million, representing a 14.7 percent increase on the amount collected in 2024. The Customs Service Charge was the largest contributor to the aforementioned performance as it recorded an increase of 18.1 percent fuelled by the 2.9 percent rise in the value of merchandise imports along with the collection of some outstanding amounts due from petroleum importers. Receipts from Driver's Licence also increased by 4.1 percent. On the other hand, revenue from International Financial Services and CIPO Registration Fees fell by 5.0 percent and by 13.4 percent, respectively.

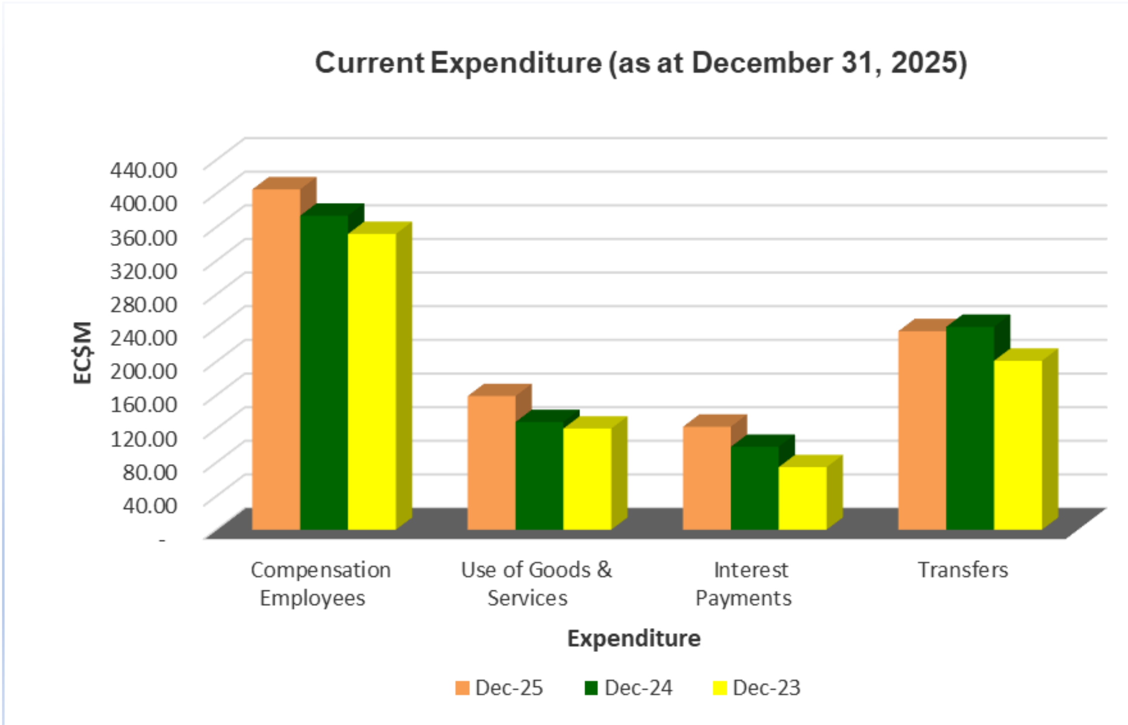
During the period under review, collections from Property Income amounted to $20.32 million compared with the $10.55 million collected during the corresponding period in 2024. The amount collected in 2025 reflects greater profitability in the financial sector, which led to the Bank of St. Vincent and the Grenadines (BOSVG) making higher dividend payments, amounting to $7.44 million. Relatedly, profits distributed by the Eastern Caribbean Central Bank (ECCB) also increased, amounting to the sum of $5.96 million.

Capital inflows as at December 31, 2025 amounted to $96.21 million, down from $118.13 million collected in the corresponding period in 2024. The decrease was primarily attributed to Other Capital Receipts, which in 2024 included a $30.0 million drawdown from the Contingencies Fund to support post-disaster recovery efforts following Hurricane Beryl, no similar drawdown was required in 2025.

Expenditure

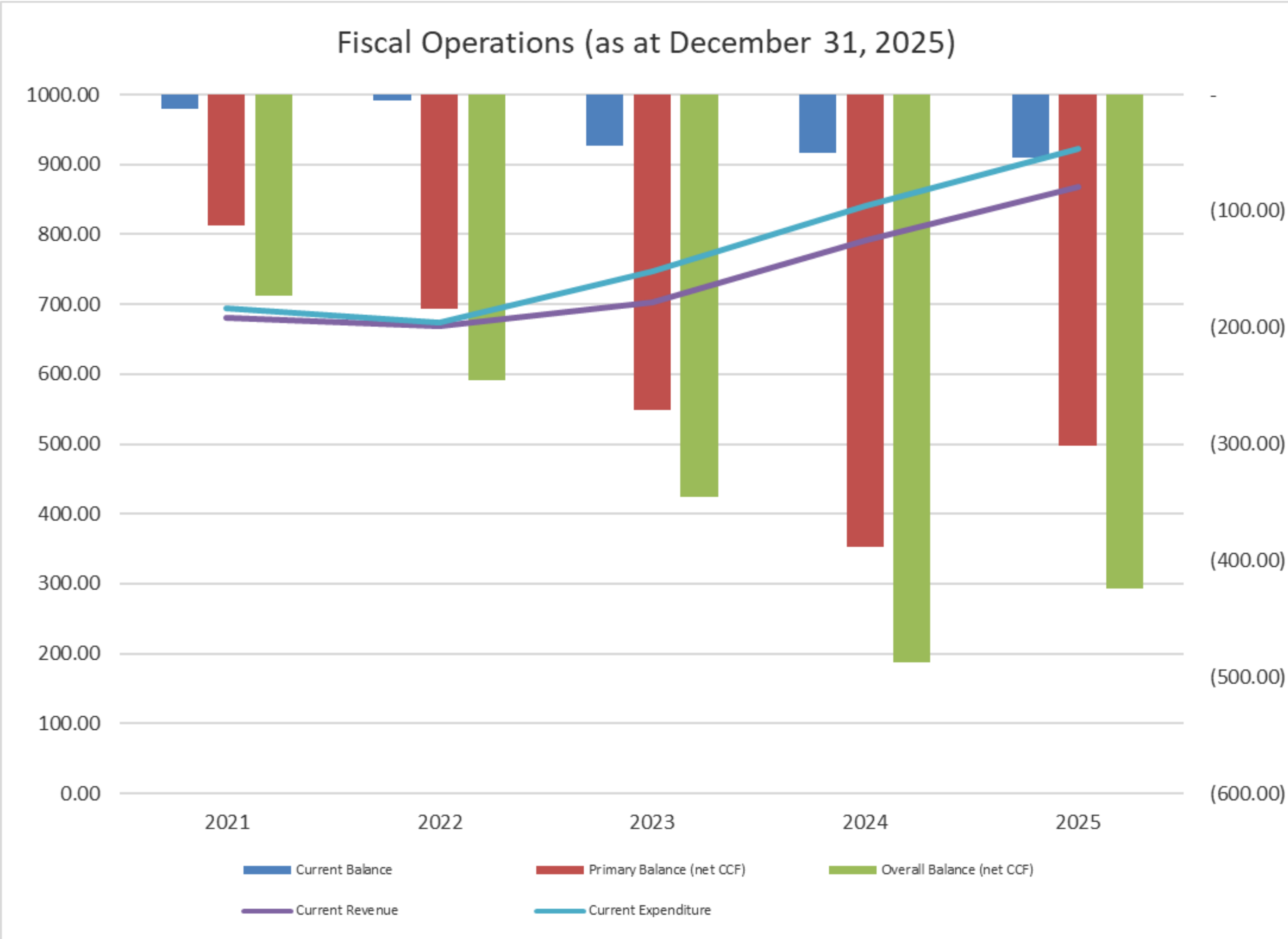
As at December 31, 2025, Current Expenditure amounted to $922.43 million. This figure represents an increase of 9.6 percent compared to the amount spent during the same period in 2024. Expenditure on Wages and Salaries amounted to $381.15 million, up 7.3 percent from the $355.29 million in 2024. This increase was primarily attributed to the 2.5 percent salary enhancement granted to public servants, as well as higher increments and allowances. Additionally, Employer's Social Contribution rose to $23.65 million, driven by the 1.0 percentage point increase in the National Insurance Services (NIS) contribution rate. All of the above contributed to an overall 8.4 percent increase in payments under Compensation of Employees. Meanwhile, the 23.5 percent growth in expenditure on Goods and Services was partly explained by the significant amount expended under Rental of Assets for Hurricane Beryl relief efforts and an increase in the cost for goods and services consumed by government.

Figure 2: **Items of Recurrent Expenditure as at December 31, 2025**



Interest Payments increased during the period by 24.2 percent to $122.54 million as a result of higher payments on the domestic and external components of the debt. The external interest payments moved from $44.79 million in 2024 to $59.72 million over the same period in 2025. At the same time the domestic interest payments went up from $53.85 million in 2024 to $62.82 million in 2025. Higher disbursements of contracted debt and rising global interest rates contributed to the increase in interest payments. Outlays on Transfers decreased by 2.1 percent to $236.12 million, mainly based on the lower amounts that were expended on Current Grants to Other Agencies (9.6 percent) and Employment related social benefits (12.4 percent).

Figure 3: **Fiscal Recurrent Activity for the years 2021-2025**



Preliminary data indicate that Capital Expenditure for the period amounted to $479.78 million, down from the $578.29 million recorded for the same period in 2024. The larger items of Capital Expenditure during the period were as follows:

- Port Redevelopment Project ($88.72 million)
- National Road Rehabilitation Project ($52.40 million)
- Housing Development Programme ($52.25 million)
- Beryl Emergency Resilient Recovery Project ($29.63 million)
- Home Reconstruction Phase III ($18.44 million)
- Sandy Bay Sea Defences Resilience ($16.52 million) and
- Strengthening Health System Resilience Project ($14.65 million)

Financing

Table 2 below summarizes the Central Government financing as at December 31, 2025 with comparable numbers for 2024.

Table 2: Summary of Central Government Financing as at December 31, 2025 compared with 2024

	2025 $ M	2024 $ M
OVERALL DEFICIT	**(424.03)**	**(487.24)**
FINANCED BY:	**424.03**	**487.24**
External Loans	**368.39**	**337.48**
Disbursements	449.94	402.96
Less: Amortisation	(81.55)	(65.48)
Domestic Financing (net)	**55.64**	**149.75**

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of $424.03 million for the period, financed from both external and domestic sources. The main source of external financing was the disbursement of loans amounting to $449.94 million. The issuance of $177.89 million in domestic bonds and $45.00 million in domestic loans also contributed to financing the deficit.