

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

The objective of this report is to present the public with a summary of the Government of St. Vincent and the Grenadines' fiscal operations for the quarter ended March 31, 2025. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.

Preliminary data as at 31st March 2025 indicated that the Central Government's fiscal operations weakened slightly despite improvements in the Current and Primary Balances. Current Revenue rose by 21.3 percent to \$194.65 million, while Current Expenditure increased by 16.0 percent to \$201.92 million, resulting in a Current Deficit of \$7.27 million compared to a deficit of \$13.66 million in 2024. The Primary Balance also improved, moving from a deficit of \$24.92 million to a deficit of \$22.03 million. In contrast, the Overall Balance deteriorated, moving from a deficit of \$42.28 million in 2024 to a deficit of \$43.24 million in 2025. This outturn was mainly due to significant outlays of Capital Expenditure on the Port Modernization Project and National Road Rehabilitation Project.

Table 1: Summary of fiscal operations for the period ended March 31, 2025

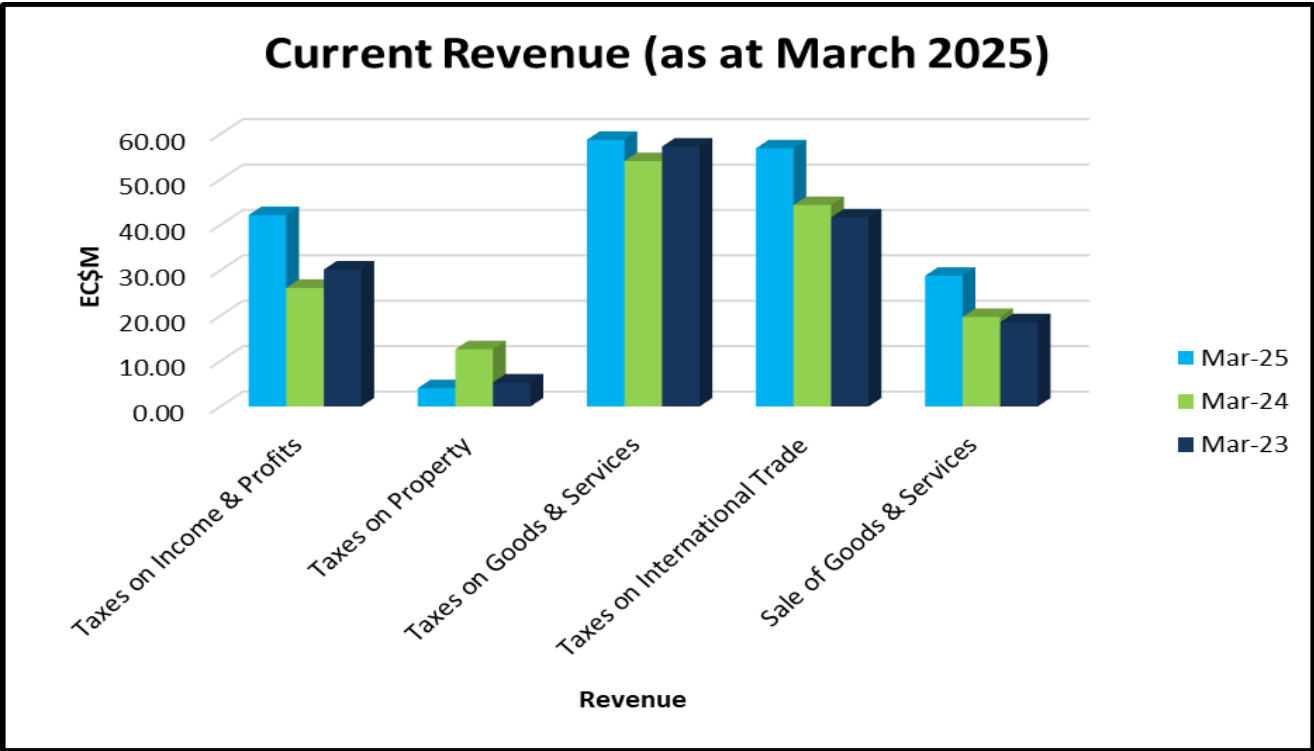
	Budget 2025 \$ m	Actual 2025 \$ m	Actual 2024 \$ m	% change
Current Revenue	194.18	194.66	160.44	21.3
<i>of which:</i>				
Taxes on Income & Profits	31.98	42.16	26.12	61.4
Taxes on Property	10.89	12.61	5.28	(68.0)
Taxes on Goods & Services	70.50	54.05	57.23	8.6
Taxes on International Trade	50.85	44.36	41.63	28.2
Sale of Goods & Services	22.77	28.78	19.72	46.0
Current Expenditure	193.40	201.92	174.10	16.0
<i>of which:</i>				
Compensation Employees	100.95	97.92	91.24	7.3
Use of Goods & Services	26.42	31.09	21.80	42.6
Interest Payments	20.60	21.21	17.36	22.2
Transfers	45.43	51.69	43.69	18.3
Current Balance	0.77	(7.27)	(13.66)	46.8
Primary Balance	2.51	(22.03)	(24.92)	11.6
Capital Expenditure	20.21	50.65	30.21	67.7
Capital Revenue	1.35	14.67	1.58	825.7
Overall Balance	(18.09)	(43.24)	(42.28)	(2.3)

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

Revenue

Revenues from Taxes on Income and Profits increased by 61.4 percent to \$42.16 million. All tax subgroups under this rubric recorded increases; Individual Income Tax (21.1 percent), Corporate Income Tax (334.6 percent), and Non-Resident (Withholding) Tax (156.7 percent). The movement in Individual Income taxes coincided with the onboarding of new employees by a major player in the Tourism Industry along with the 2.5 percent salary enhancement paid to Civil Servant. The sharp increase in Corporate Income Tax was chiefly attributed to a rise in the estimated profitability of a number of major taxpayers particularly within the financial sector along with audits undertaken by the Inland Revenue Department. Another contributing factor was the fact that a substantial amount of the tax collected in quarter one of 2024 was actually recorded in quarter two due to timing issues. Similarly, the growth in Withholding Tax collected was largely driven by payments related to Forensic Audits undertaken by the Inland Revenue Department and a significant payment of Arrears (in excess of \$1.5 million).

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



Revenue from Taxes on Property totaled \$4.03 million during the period, and resulted in a 68.0 percent shortfall in collection and also significant negative variance of 63.0 percent. One of the contributing

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factor was the Alien Land Holding Licence which experienced a sharp decline (of 96.5 percent or \$2.6 million), driven by a reduction in land sales to non-nationals. Similarly, Stamp Duty on Property which contracted by 65.9 percent (or \$5.95 million), was indicative of the lower values for mortgages and conveyances processed during the period. Additionally, Property Tax collections at the Inland Revenue Department decreased by 3.0 percent.

Taxes on Goods and Services which totalled \$58.72 million, increased by 8.6 percent due to higher collections from most subcategories during the period. Value Added Tax (VAT) Receipts grew by 7.1 percent, reflecting higher levels of economic activities in the domestic economy. Insurance Premium Tax collections rose sharply by 105.7 percent, primarily due to increases in insurance premiums in the aftermath of Hurricane Beryl. Receipts from Motor vehicle licence went up by 30.1 percent mainly due to the increase in rates that took effect from May 2024. Revenues from Excise Duty on Domestic Transactions (up 32.4 percent) due to a 9.1 percent growth in the production of Alcoholic beverages. Conversely, collections from Telecommunications and Broadcast Licences fell by 19.0 percent but recorded a positive budget variance of 36.5 percent. Meanwhile, collections from Excise Duty on Imports went down by 8.4 percent, resulting mainly from a 6.7 percent fall in the value of merchandise imports during the review period.

Revenue from International Trade taxes grew by 28.2 percent to \$56.85 million during the review period. The main impetus behind this improved performance was the (VAT) collected by the Customs and Excise Department (which went up by 27.3 percent), Vehicle Surtax (collection up by 43.7 percent), and Import Duty (increased by 28.1 percent). These improved performances from VAT and Imports Duty were mainly driven by a substantial increase in the value of imported vehicles (up 35.5 percent) along with a 16.8 percent rise in the value of construction related imports. The significant increase in Vehicle Surtax was also influenced by the above-mentioned 35.5 percent growth in the value of imported vehicles during the period, and more specifically a 42.9 percent increase in the number of imported vehicles manufactured prior to 2017.

Revenue from Sales of Goods and Services grossed \$28.78 million. This represents a 46.0 percent increase on the amount collected in 2024, as most of the major subcategories turned in improved performances. The most noteworthy being the Customs Service Charge of \$21.13 million (up 64.6 percent) and includes collection of outstanding payments (of \$6.0 million) for petroleum products. Collection of fees from International Financial Services went up by 30.1 percent and was driven by a rise in the number of re-registrations and advance payments by business entities. Additionally, the 23.3

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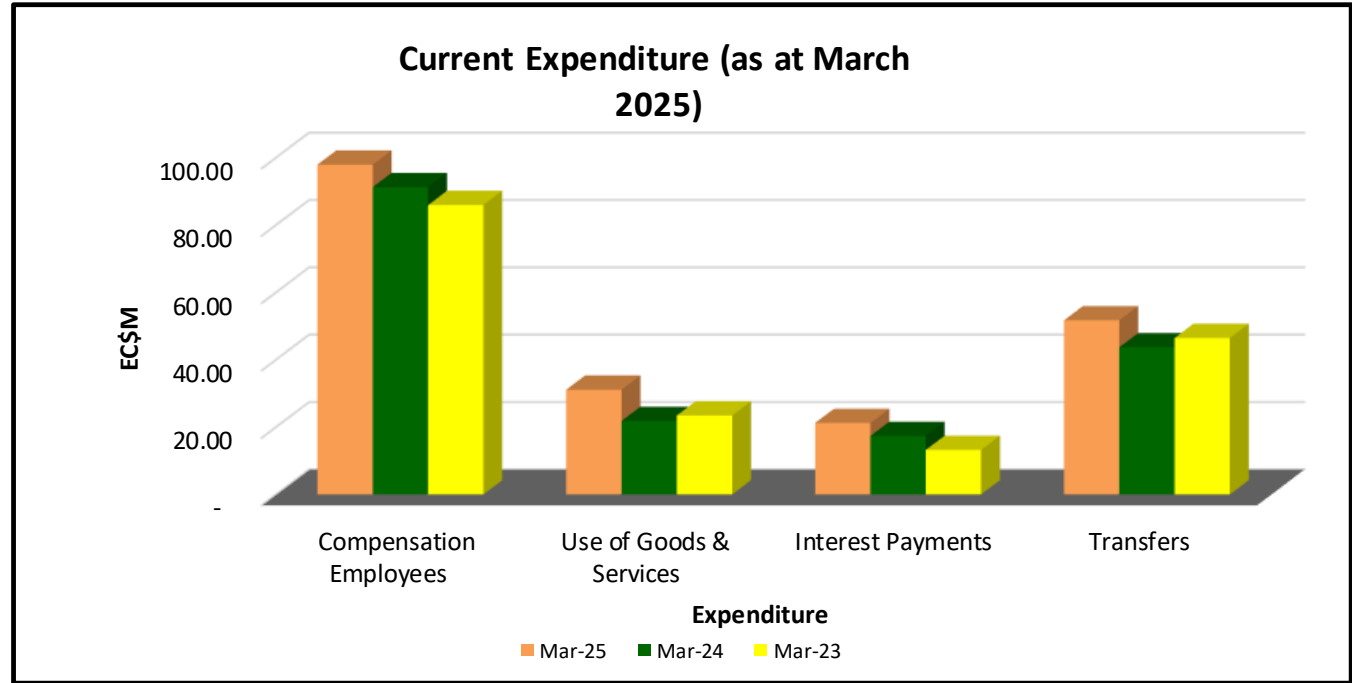
percent uptick in driver’s licence collections was primarily attributed to the implementation of the new rates in May 2024.

Capital inflows as at the end of March 2025 amounted to \$14.67 million and represented a substantial increase from the \$1.58 million recorded during the same period in 2024. This was largely attributed to the \$14.11 million in grants received from Taiwan in support of Home Reconstruction Phase III and post-Hurricane Beryl recovery efforts. Additionally, a total of \$0.55 million was also generated from the sale of Crown Lands.

Expenditure

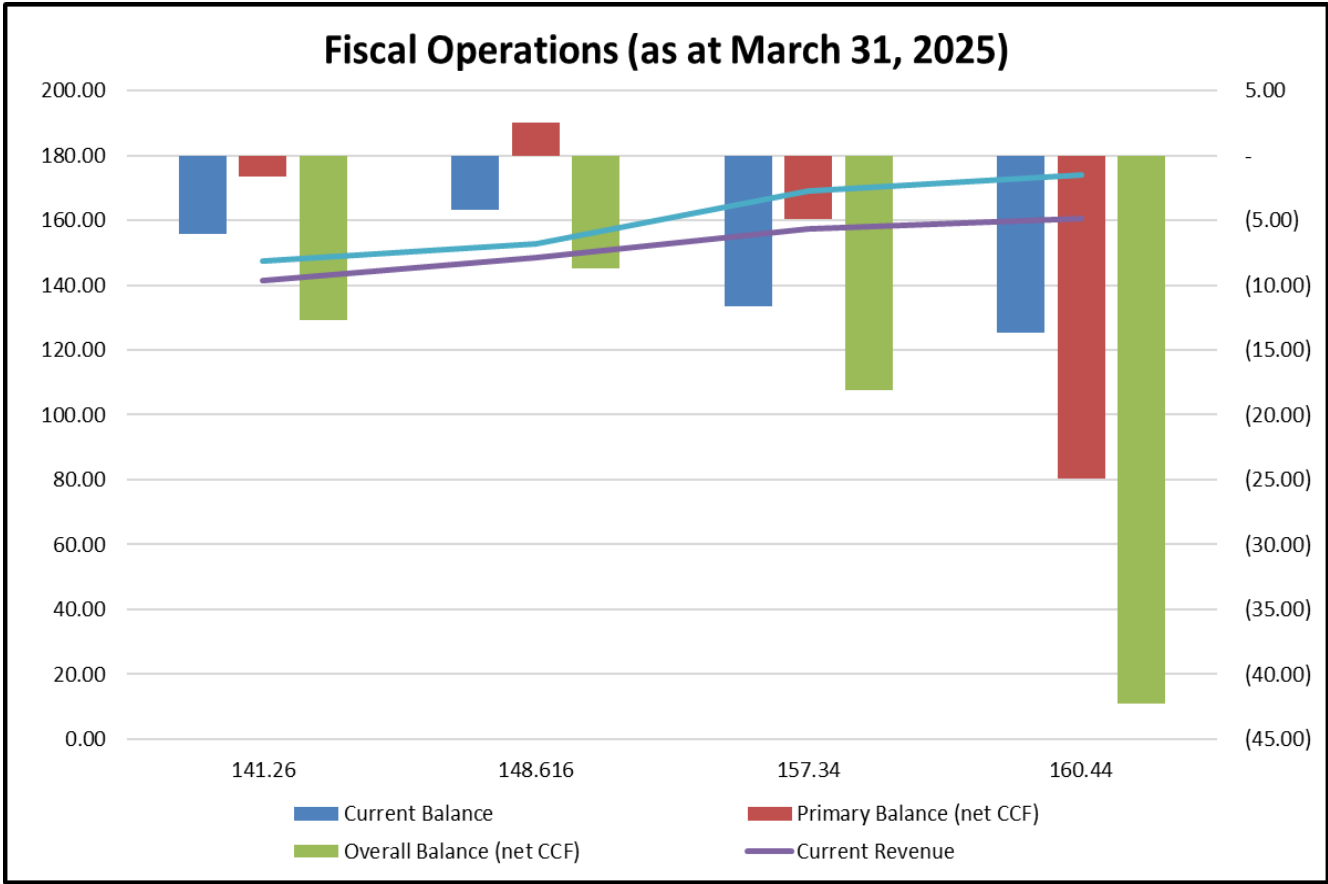
As at March 31, 2025, Current Expenditure amounted to \$201.92 million, an increase of 16.0 percent, when compared to the amount spent during the same period in 2024. Wages & Salaries went up by 5.4 percent to \$92.23 million, mainly due to the 2.5 percent salary enhancement paid to public servants from January 1, 2025, along with growths in increments and allowances. The 1.0 percent increase in the National Insurance Services (NIS) contribution rates also added to the figure for Compensation of Employees. Expenditure on Goods and Services grew by 42.6 percent and was partly explained by the significant amount expended under Rental of Assets, of which \$3.05 million was paid to house the more than 600 displaced persons in apartments and guesthouses throughout the country in the aftermath of Hurricane Beryl.

Figure 2: Items of recurrent expenditure as at March 31, 2025



Interest payments increased by 22.2 percent to \$21.22 million due to higher debt service costs on the domestic components of the debt. The rise in domestic debt payment (by 56.6 percent) resulted mainly from an increase in short term credit extended to assist in the recovery efforts in the aftermath of Hurricane Beryl. Conversely, there was a significant reduction in external interest payments that mainly reflected the impact of the Debt Service suspension on a number of loans under the World Bank Debt Service Suspension Initiative (DSSI). Outlays on Transfers increased by 18.3 percent to \$51.69 million, mainly due to the higher amounts that were expended on Grants to Other Agencies, particularly to the Buildings, Roads & General Services Authority (BRAGSA) for the clean-up activities related to Hurricane Beryl.

Figure 3: Fiscal Recurrent Activity March 2021-2025



Preliminary data indicates that Capital Expenditure for the first quarter of 2025 amounted to \$50.64 million, up from the \$30.21 million recorded for the same period in 2024. Some of the projects responsible for the increase in Capital Spending during Quarter one were; the Port Modernization project

(\$11.59 million), the National Road Rehabilitation Project (\$9.19 million), Home Development programme (\$4.68 million), Sandy Bay Sea Defenses (\$3.60 million), Strengthen Health System Resilience (\$2.17 million), National Disaster Management Risk Reduction and Climate (\$1.97 million), Unleashing the Blue Economy (\$1.74 million), the Caribbean Regional Digital Transformation Project (\$1.56 million) and the Volcanic Eruption Emergency Project (VEEP) \$1.46 million.

Financing

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

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

	2025 \$ M	2024 \$ M
OVERALL DEFICIT	(43.24)	(42.28)
FINANCED BY:	43.24	42.28
External Loans	34.71	(5.68)
Disbursements	53.09	12.78
Less: Amortisation	(18.38)	(18.46)
Domestic Financing (net)	8.52	47.96

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$43.24 million for the period financed by both external and domestic sources. The main source of external financing was disbursement of (53.09 million) from the Export-Import Bank (EXIM) related to funding of the Port Modernization project. On the domestic side, there was a reduction in cash balance (by \$22.91 million) and the issuance of domestic bonds (amounting to \$27.7 million).