

**SUMMARY OF FISCAL OPERATIONS OF THE CENTRAL GOVERNMENT OF  
ST.VINCENT AND THE GRENADINES  
For the year ended March 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 quarter ended March 31, 2023. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.*

The fiscal performance of the Central Government worsened in the first quarter of 2023 compared to the same period last year. Current Revenue rose by 5.9 percent to \$157.32 million, while Current Expenditure increased by 10.6 percent to \$169.02 million. As a result, a Current Deficit of \$11.70 million was recorded in 2023, as opposed to a deficit of \$4.21 million in 2022. The Overall Balance also deteriorated, moving from a deficit of \$8.67 million in 2022 to a deficit of \$18.13 million in 2023.

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

	<b>Budget 2023 \$ m</b>	<b>Actual 2023 \$ m</b>	<b>Actual 2022 \$ m</b>	<b>% Change</b>
<b>Current Revenue</b>	<b>182.96</b>	<b>157.32</b>	<b>148.62</b>	<b>5.9</b>
<i>of which:</i>				
Taxes on Income & Profits	33.27	30.16	31.61	(4.6)
Taxes on Property	10.84	5.28	4.21	25.5
Taxes on Goods & Services	59.49	57.23	51.35	11.5
Taxes on International Trade	49.94	41.63	39.33	5.9
Sale of Goods & Services	24.41	18.54	18.48	0.3
<b>Current Expenditure</b>	<b>177.56</b>	<b>169.02</b>	<b>152.83</b>	<b>10.6</b>
<i>of which:</i>				
Compensation Employees	92.26	85.92	82.48	4.2
Use of Goods & Services	20.54	23.44	18.35	27.7
Interest Payments	18.48	13.22	11.19	18.1
Transfers	46.28	46.43	40.80	13.8
<b>Current Balance</b>	<b>5.40</b>	<b>(11.70)</b>	<b>(4.21)</b>	<b>177.7</b>
<b>Primary Balance (net CCF)</b>	<b>12.57</b>	<b>(4.91)</b>	<b>2.52</b>	<b>(295.2)</b>
<b>Capital Expenditure</b>	<b>16.19</b>	<b>7.09</b>	<b>4.96</b>	<b>42.8</b>
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	3.21	0.00	0.00	0
<b>Capital Revenue</b>	<b>1.67</b>	<b>0.66</b>	<b>0.50</b>	<b>31.5</b>
<b>Overall, Balance (net CCF)</b>	<b>(5.91)</b>	<b>(18.13)</b>	<b>(8.67)</b>	<b>109.0</b>

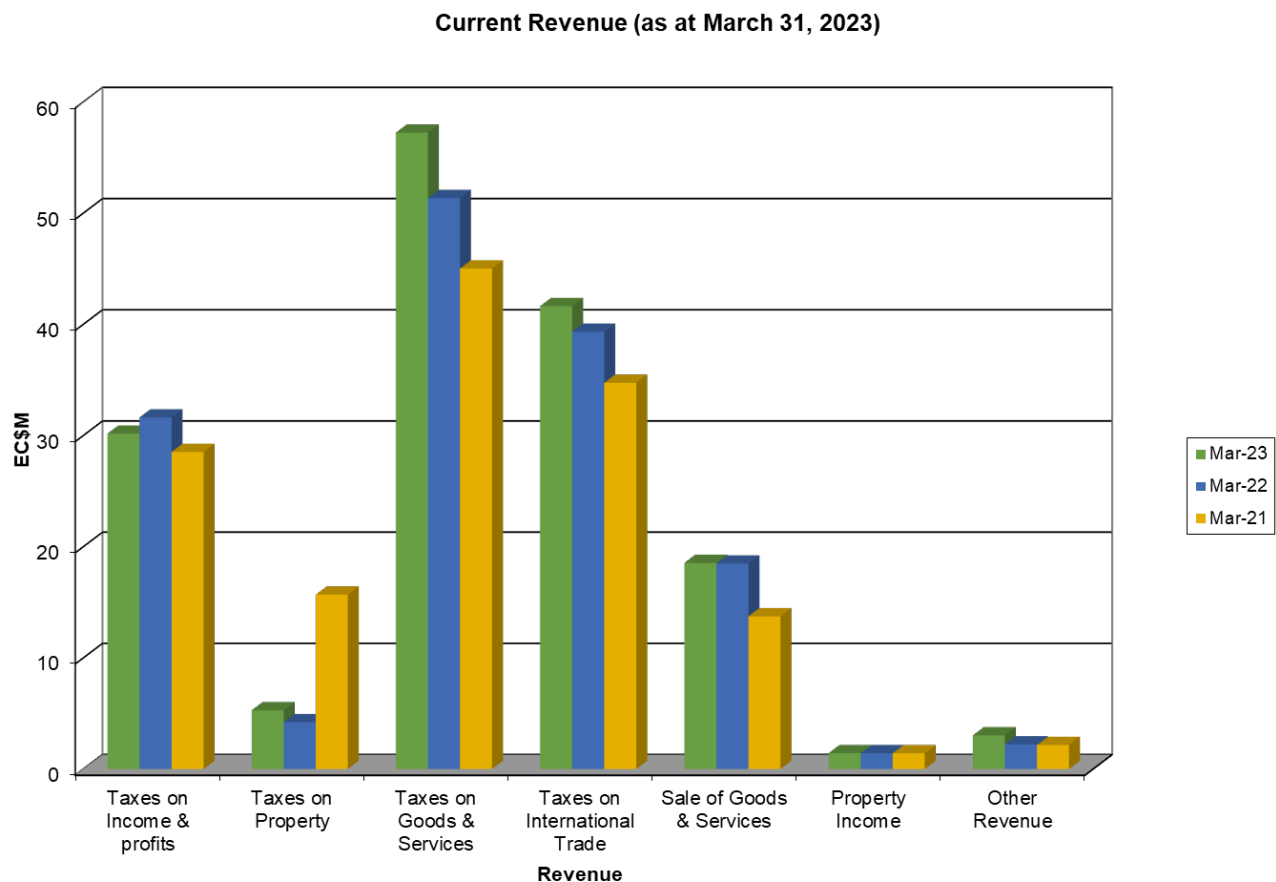
Source: Ministry of Finance and Planning

## Revenue

Tax revenues from Income and Profits declined by 4.6 percent to \$30.16 million due to lower collections from both Corporate and Individual Income Taxes. These taxes decreased by 34.6 percent and 0.3 percent, respectively, when compared to the same period in 2022. The drop in Corporate Income Tax collections reflects lower profits reported by some companies. Conversely, Non-Resident (Withholding) Tax collections increased by 28.9 percent reflecting an increase in the number of audits conducted.

During the review period revenue from Taxes on Property grew by 25.5 percent to \$5.28 million. This was mainly due to higher receipts from Stamp Duty on Property (which increased by 33.3 percent) and Property Tax (which amounted to \$0.78 million, compared to \$0.63 million in 2022). The above-mentioned rise in the collection of Stamp Duty was mainly linked to an increase in the amount of mortgages and conveyances related to land sales to nationals. In contrast, Alien Land Holding license fell by 81.3 percent as land sales to foreigners fell back to historical levels following the extraordinary increase in 2021.

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



Taxes on Goods and Services which totalled \$57.23 million, increased by 11.5 percent as at 31st March, 2023. The significant increase in revenue during the period was primarily attributed to the collection of \$3.9 million in Telecommunications and Broadcast Licenses. This item would have benefited from the inadvertent late recording of receipts as most of the funds were related to payments for the 2022 financial year. Additionally, Value Added Tax collections rose by 30.2 percent to \$36.25 million, mainly driven by arrears payments and higher collections related to increased economic activities. Greater receipts from Insurance Premium Tax (22.0 percent) and Yacht Licence (19.3 percent) also contributed to the growth in revenue from this tax type. The increase in revenue from Taxes on Goods and Services was however moderated by lower takings from Excise Duty on Imports, Motor Vehicle Licence, and Interest Levy during the period.

During the quarter, revenue from International Trade Taxes increased by 5.9 percent to \$41.63 million. The chief driver behind this improved performance was a 5.0 percent increase in the value of Merchandise Imports during the period. Consequently, revenue from Import Duty and Value-Added Tax increased by 8.9 percent and 4.5 percent, respectively, while receipt from vehicle surtax remained unchanged.

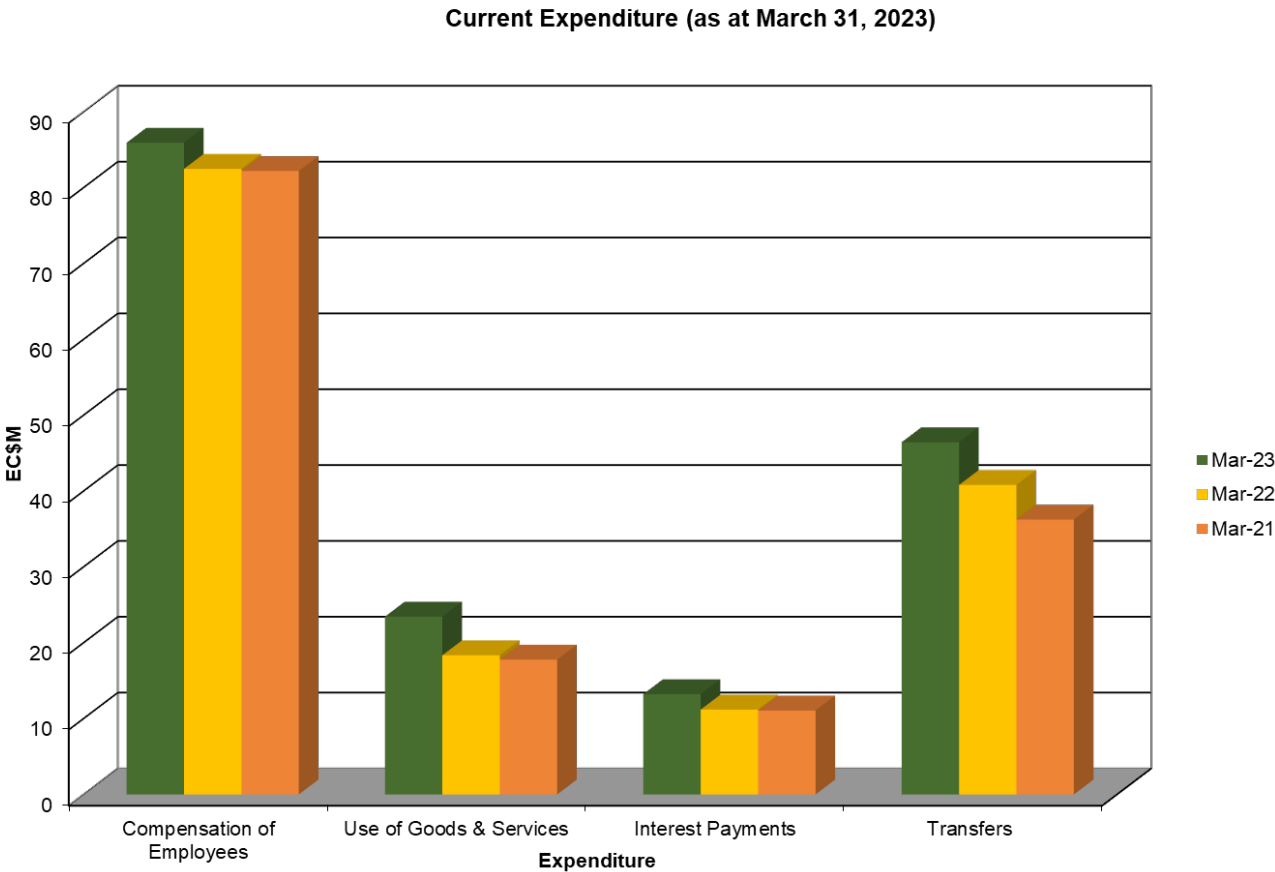
Revenue from Sales of Goods and Services grossed \$18.54 million. This represents a 0.3 percent increase on the amount collected for the same period in 2022, as major subcategories turned in mixed performances. Collections from International Financial Services and Customs Service Charge declined by 16.7 percent and 3.3 percent respectively. Conversely, receipts from CIPO Registration Fees and Driver's Licence went up by 41.9 percent and 7.9 percent respectively.

Capital inflows as at March 31, 2023 amounted to \$0.66 million, up from the \$0.50 million collected in the corresponding period in 2022. This was due mainly to the collections from sale of crown lands (\$0.34 million) and the \$0.31 million received in grants.

**Expenditure**

As at March 31, 2023, Current Expenditure amounted to \$169.02 million. This figure represents an increase of 10.6 percent when compared to the amount spent during the same period in 2022. Payment of Wages and Salaries amounted to \$82.35 million and the Employer’s Social Security Contribution to \$3.57 million, these were responsible for the overall 4.2 percent increase in Compensation of Employees

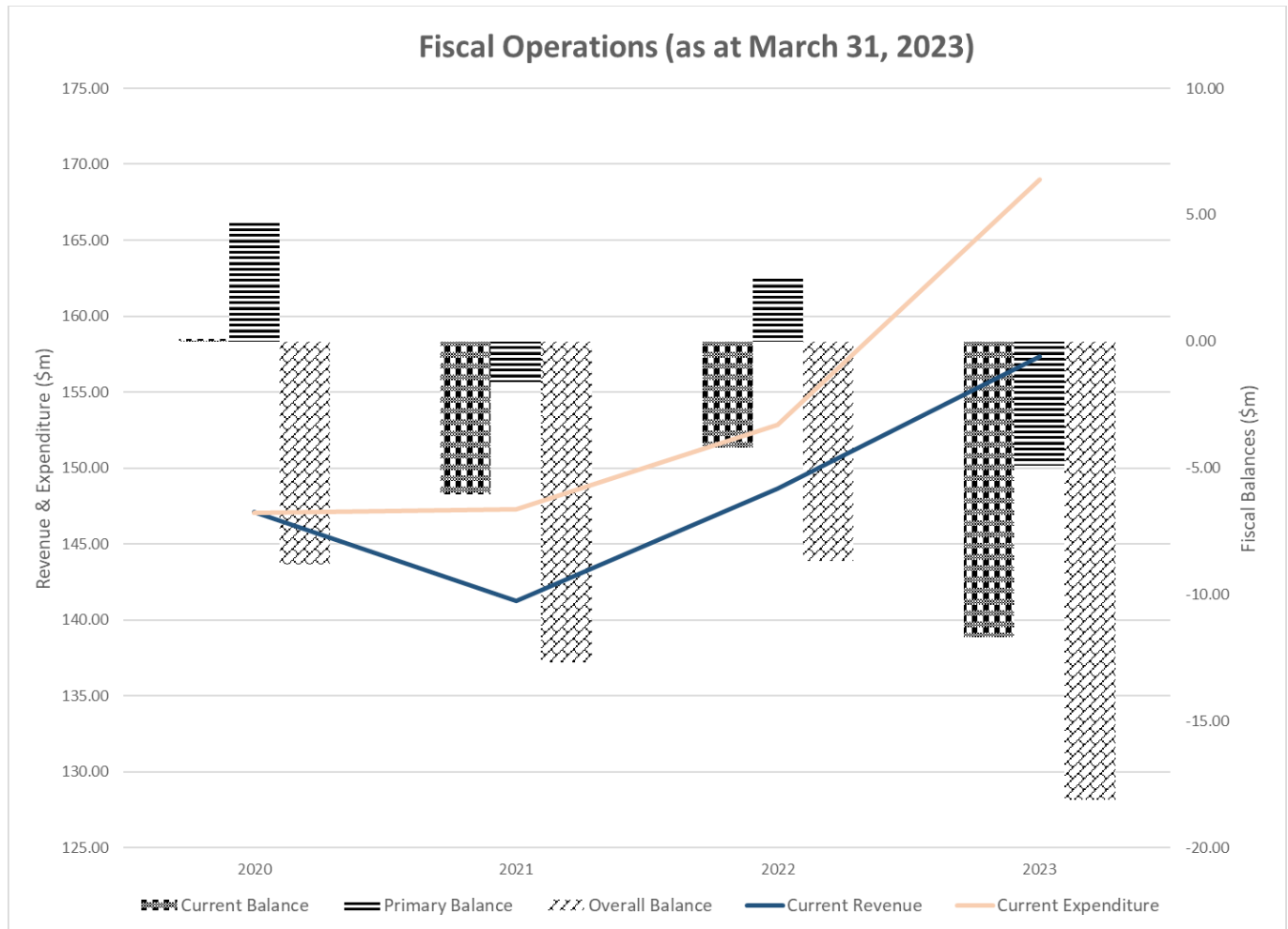
**Figure 2: Items of recurrent expenditure as at March 31, 2023**



Interest Payments increased during the period by 18.1 percent to \$13.22 million as a result of higher payments on both the external and domestic components of the debt. The External and Domestic Interest Payments grew by 33.8 percent and 7.4 percent respectively, and reflects an increase in the disbursement of outstanding debt and the continued rise of global interest rates due to high inflation. Outlays on Transfers rose by 13.8 percent to \$46.43 million mainly as greater amounts were expended on Grants to

Other Agencies, Pension Benefits, and Social Assistance Benefit, these went up by 14.3 percent, 10.1 percent, and 8.6 percent respectively.

**Figure 3: Fiscal Recurrent Activity March 2020-2023**



Preliminary data indicates that Capital Expenditure for the quarter amounted to \$7.09 million, up from the \$4.97 million recorded for the same period in 2022. The improvement in capital spending was mainly related to expenditure on the Employment Support and Training Programme, (\$0.78 million), Diamond Sporting Facility (\$0.73 million), Volcanic Eruption Emergency Project (\$0.54 million) and the Digital Transformation Project (\$0.49 million).

## **Financing**

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

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

	<b>2023 \$ M</b>	<b>2022 \$ M</b>
<b>OVERALL DEFICIT</b>	<b>(18.13)</b>	<b>(8.67)</b>
<b>FINANCED BY:</b>	<b>8.80</b>	<b>8.67</b>
<b>External Loans</b>	<b>(6.56)</b>	<b>(18.60)</b>
Disbursements	13.50	)
Less: Amortisation	(20.06)	0.00
	)	(18.60)
<b>Domestic Financing (net)</b>	<b>24.69</b>	<b>27.27</b>

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$18.13 million for the period financed from domestic sources. The main categories of domestic financing were a reduction in cash balances (by \$40.16 million) and the issuance of domestic bonds (amounting to \$25.02 million).