

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

**For the period ended September 30, 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 period ended September 30, 2023. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.*

Preliminary data as at September 30, 2023 indicated that the Central Government fiscal operations improved when compared to the same period in 2022. Current Revenue increased by 9.2 percent to \$531.54 million, while Current Expenditure grew by 8.3 percent to \$537.83 million. Consequently, the Current Balance recorded a deficit of \$6.29 million compared to a deficit of \$10.12 million recorded in 2022. The Overall Balance also improved, moving from a deficit of \$90.72 million in 2022 to a deficit of \$87.11 million in 2023.

**Table 1: Summary of fiscal operations for the period ended September 30, 2023**

	<b>Budget 2023 \$ m</b>	<b>Actual 2023 \$ m</b>	<b>Actual 2022 \$ m</b>	<b>% Change</b>
<b>Current Revenue</b>	<b>535.58</b>	<b>531.54</b>	<b>486.53</b>	<b>9.2</b>
<i>of which:</i>				
Taxes on Income & Profits	117.55	104.18	109.25	(4.6)
Taxes on Property	24.88	25.54	24.42	4.6
Taxes on Goods & Services	162.96	177.22	146.57	20.9
Taxes on International Trade	146.88	133.71	133.20	0.4
Sale of Goods & Services	68.29	58.50	60.64	(3.5)
<b>Current Expenditure</b>	<b>575.14</b>	<b>537.83</b>	<b>496.65</b>	<b>8.3</b>
<i>of which:</i>				
Compensation Employees	277.03	261.05	245.95	6.1
Use of Goods & Services	87.19	86.07	71.31	20.7
Interest Payments	58.55	48.01	38.66	24.2
Transfers	152.37	142.69	140.74	1.4
<b>Current Balance</b>	<b>(39.56)</b>	<b>(6.29)</b>	<b>(10.12)</b>	<b>37.9</b>
<b>Primary Balance (net CCF)</b>	<b>(157.10)</b>	<b>(39.10)</b>	<b>(52.06)</b>	<b>24.9</b>
<b>Capital Expenditure</b>	<b>214.48</b>	<b>126.05</b>	<b>121.51</b>	<b>3.7</b>
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	<b>9.64</b>	<b>12.12</b>	<b>10.56</b>	<b>14.8</b>
<b>Capital Revenue</b>	<b>28.75</b>	<b>33.11</b>	<b>30.35</b>	<b>9.1</b>
<b>Overall Balance (net CCF)</b>	<b>(215.65)</b>	<b>(87.11)</b>	<b>(90.72)</b>	<b>4.0</b>

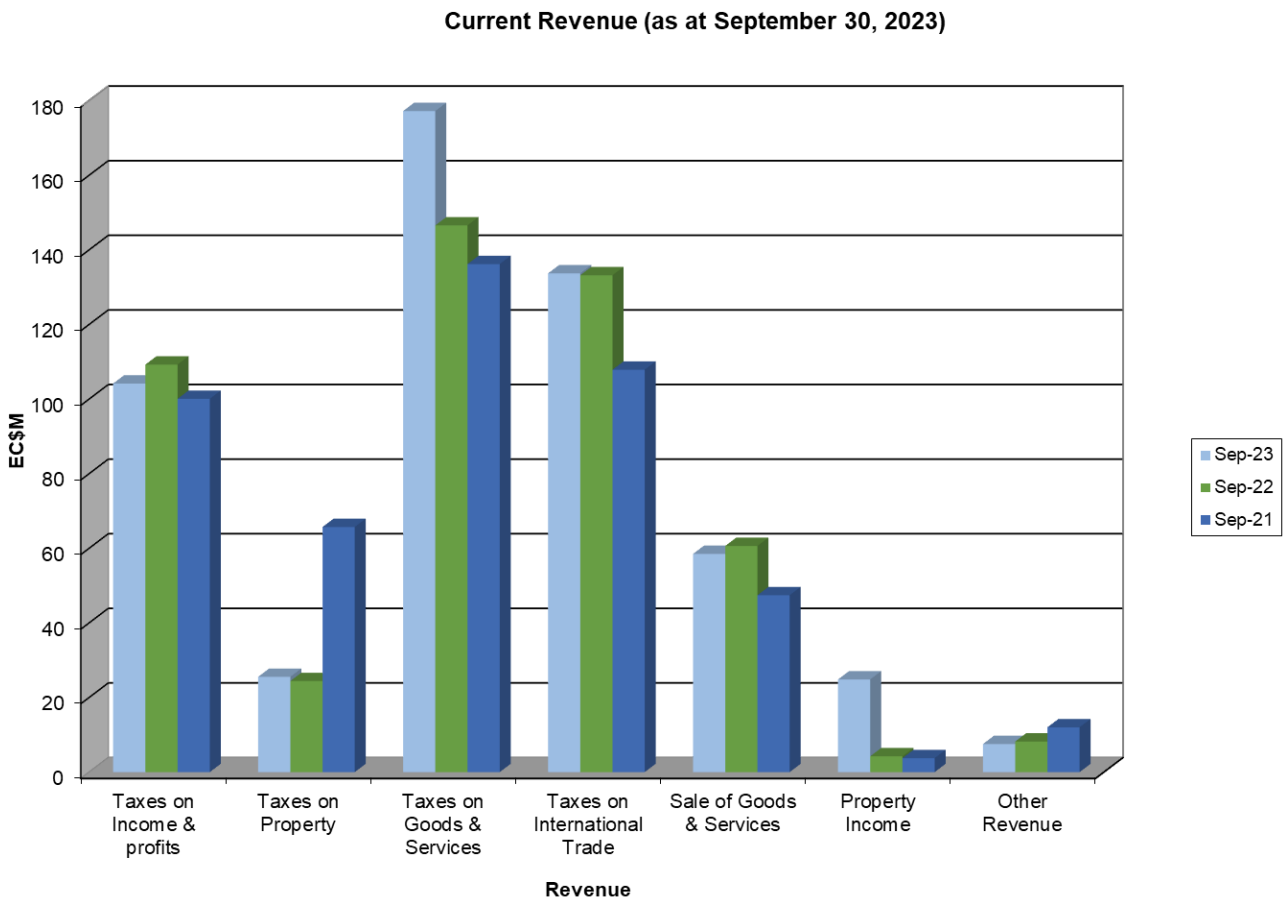
Source: Ministry of Finance and Planning

## Revenue

Receipts from Taxes on Income and Profits fell by 4.6 percent to \$104.18 million due to lower collections from all tax types under this category. The main source of the decline was Non-Resident (Withholding) Tax which fell by 24.5 percent to \$9.76 million during the period. Corporate Income Tax also fell by 4.6 percent to \$25.3 million. The drop in revenue from these taxes was mainly as a result of large payments (inclusive of arrears), collected in 2022 which were not repeated in 2023.

Revenue from Taxes on Property grew by 4.6 percent to \$25.54 million during the period. The increase in collection resulted from higher receipts from Alien Land Holding Licence which grew by 13.0 percent on account of greater sales of high value property to foreigners. At the same time, Stamp Duty on Property and Property Tax contracted by 5.6 and 2.2 percent, respectively.

**Figure 1: Items of Current Revenue as at September 30, 2023**



As at 30<sup>th</sup> September, 2023, Taxes on Goods and Services which totalled \$177.22 million, increased by 20.9 percent. This was mainly as a result of improved receipts from Value Added Tax (31.1 percent), Telecomm Broadcast Licence (219.4 percent), Interest Levy (10.7 percent) and Insurance Premium Tax (24.1 percent). The improved domestic VAT collection was due in part to a mixture of increased economic activity and the collection of some arrears during the period while Telecomm Broadcast Licence benefitted from earnings for domain name sales. The rise in revenue from Taxes on Goods and Services was however moderated by lower takings from Excise Duty (on Imports), Merchant Shipping International Fees and Motor Vehicle Licence during the period.

Revenue from International Trade Taxes experienced a modest 0.4 percent increase, reaching \$133.71 million. The modest growth in the subcategory reflects similarly marginal growth in Import Duty (0.7 percent) and VAT (0.5 percent). A 1.5 percent growth in merchandise imports recorded during the period was mainly responsible for the marginal increase in Import Duty and VAT.

Takings from Sales of Goods and Services grossed \$58.50 million representing a 3.5 percent decrease on the amount collected in 2022, as most major subcategories recorded lower receipts. The Customs Service Charge was a major contributor to the aforementioned performance as its collection went down by 5.2 percent during the period as the Customs & Excise Department experienced challenges regarding the timely recording of fuel imports. Collections from International Financial Services and CIPO Registration Fees also fell, by 14.7 percent, and 38.4 percent, respectively. Driver's Licence fees on the other hand increased by 3.0 percent.

During the period under review, collections from Property Income increased significantly to \$24.85 million when compared with the \$4.24 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.

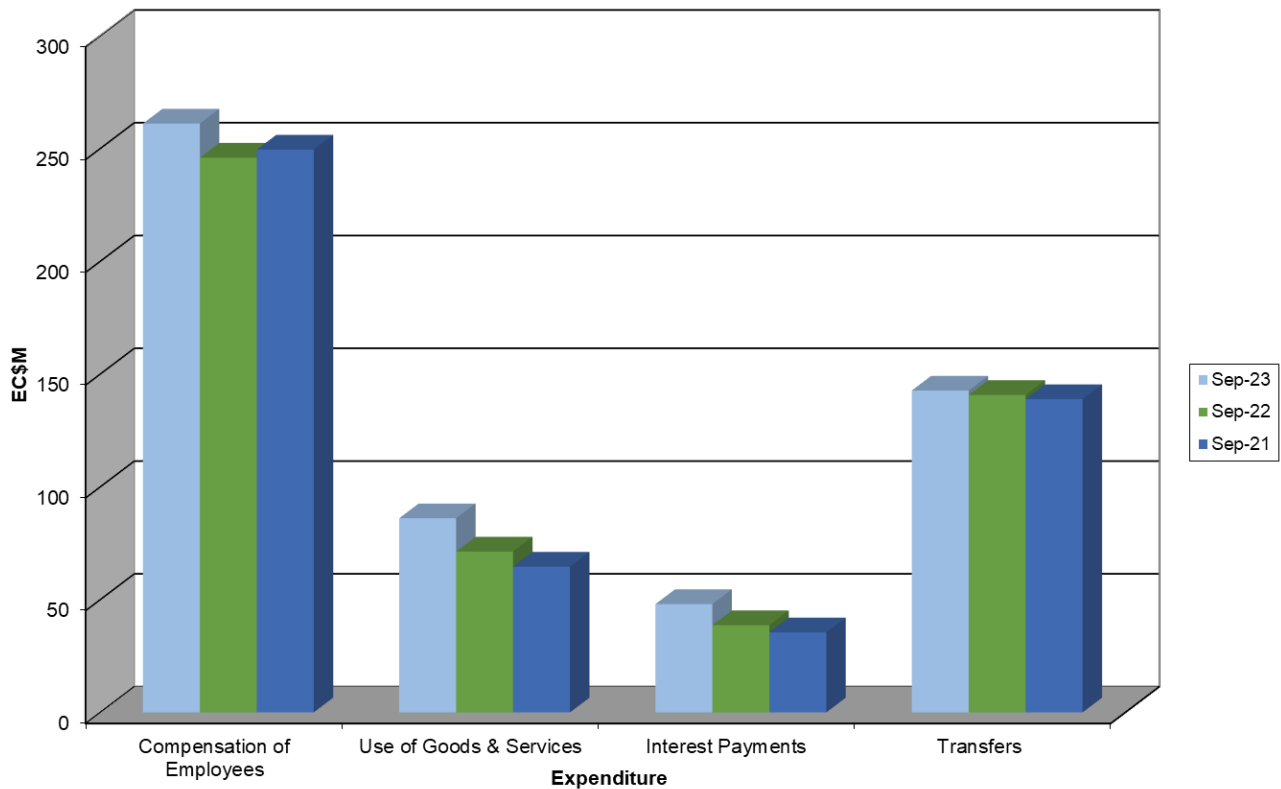
Capital inflows as at September 30, 2023 amounted to \$33.11 million, up from \$30.35 million collected in the corresponding period in 2022. This was mainly due to an increase in revenue from disposal of land (82.8 percent) and revenue from Grants (10.7 percent).

**Expenditure**

As at September 30, 2023, Current Expenditure amounted to \$537.83 million. This figure represents an increase of 8.3 percent when compared to the amount spent during the same period in 2022. Payment of Wages and Salaries amounted to \$249.47 million and the Employer’s Social Security Contribution to \$11.58 million, leading to an increase of 6.1 percent in payments for Compensation of Employees.

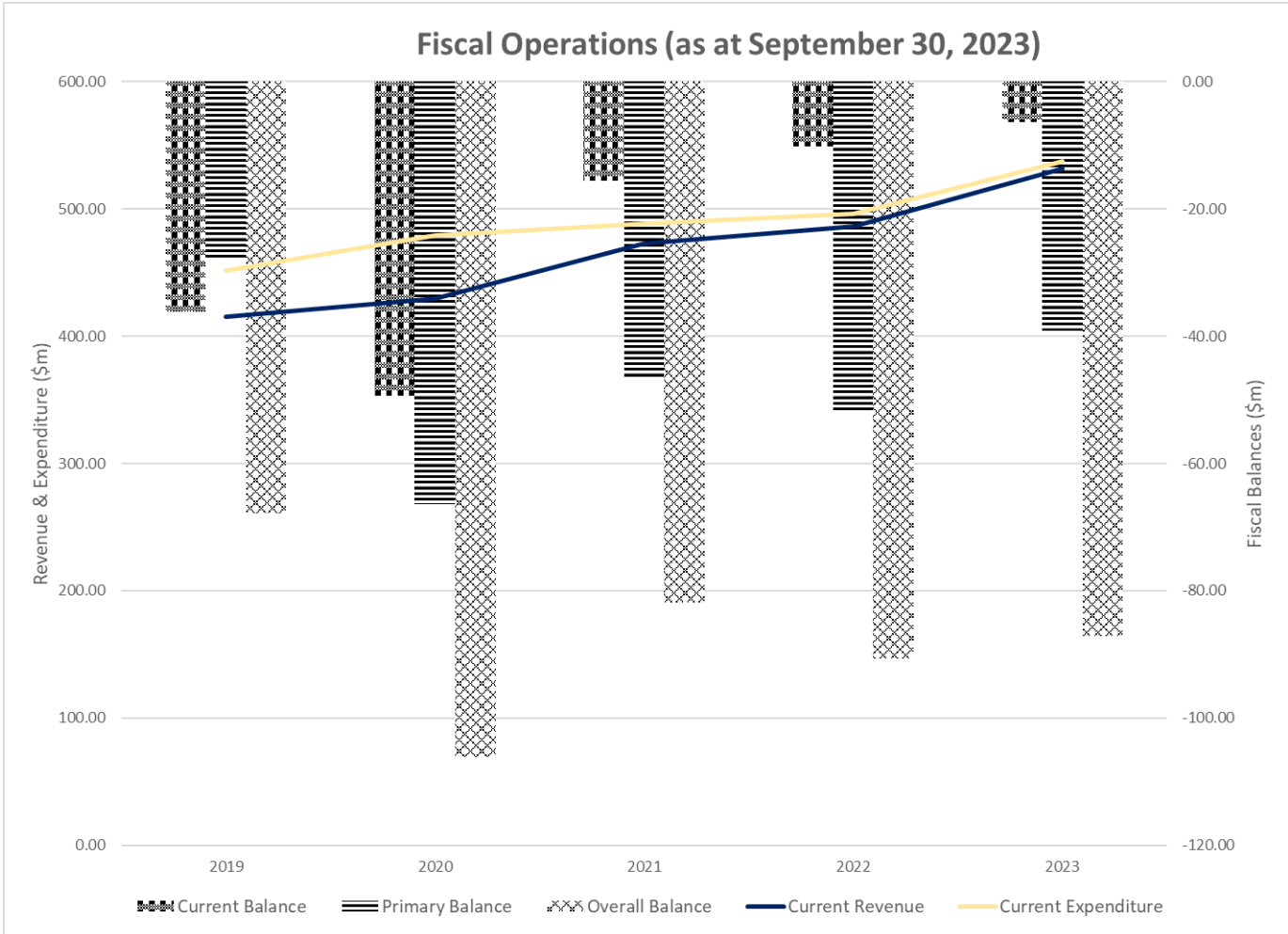
**Figure 2: Items of recurrent expenditure as at September 30, 2023**

Current Expenditure (as at September 30, 2023)



Interest Payments grew by 24.2 percent to \$48.01 million mainly as a result of increased payments on the domestic and external components of the debt. The external interest payments moved from \$17.17 million in 2022 to \$23.06 million over the same period in 2023 while domestic interest payments went up from \$21.49 million to \$24.95 million. Higher disbursement of outstanding debt and rising global interest rates are the major contributors to the increase in interest payment. Outlays on Transfers increased by 1.4 percent to \$142.69 million mainly based on higher amounts expended on contributions to foreign agencies.

**Figure 3: Fiscal Recurrent Activity September 2019-2023**



Preliminary data indicates that Capital Expenditure for the period amounted to \$126.05 million, up from the \$121.51 million recorded for the same period in 2022. The larger items of capital expenditure included amounts for: the Port Redevelopment Project (\$31.48 million), the Volcano Eruption Emergency Project (\$10.85 million), the Housing

Reconstruction Rehabilitation Project (\$ 6.67 million) and the Diamond Hotel Project (\$6.50 million). Other significant outlay was also recorded in relation to the Purchase of the Bank of St. Vincent and the Grenadines Building (\$7.40 million).

## **Financing**

Table 2 below summarizes the Central Government financing as at September 30, 2023 with comparable numbers for 2022.

**Table 2: Summary of Central Government Financing as at September 30, 2023 compared with 2022**

	2023 \$ M	2022 \$ M
<b>OVERALL DEFICIT</b>	<b>(87.11)</b>	<b>(90.72)</b>
<b>FINANCED BY:</b>	<b>87.11</b>	<b>90.72</b>
<b>External Loans</b>	<b>30.02</b>	<b>0.39</b>
Disbursements	83.02	52.29
Less: Amortisation	(53.00)	(51.90)
<b>Domestic Financing (net)</b>	<b>57.09</b>	<b>90.38</b>

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$87.11 million for the period financed from a mix of domestic and external sources. The main items of domestic financing were the disbursement of domestic loans amounting to \$64.62 million and reducing cash balances by \$66.63 million. The deficit was also financed by significant disbursement of external loans (\$83.02 million).