

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

For the period ended September 30, 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 period ended September 30, 2024. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.

Preliminary data as at September 30, 2024 indicated that the Central Government fiscal operations deteriorated when compared to the same period in 2023. Current Revenue increased by 7.8 percent to \$573.02 million, while Current Expenditure grew by 10.2 percent to \$592.68 million. Consequently, the Current Balance recorded a deficit of \$19.66 million compared to a deficit of \$6.29 million recorded in 2023. The Overall Balance also deteriorated, moving from a deficit of \$87.11 million in 2023 to a deficit of \$167.42 million in 2024. This outturn was driven mainly by significant expenditure on major capital projects including Hurricane Beryl Disaster Relief.

Table 1: Summary of fiscal operations for the period ended September 30, 2024

	Budget 2024 \$ m	Actual 2024 \$ m	Actual 2023 \$ m	% Change
Current Revenue	602.11	573.02	531.54	7.8
<i>of which:</i>				
Taxes on Income & Profits	112.18	120.24	104.18	15.4
Taxes on Property	39.25	25.02	25.54	(2.0)
Taxes on Goods & Services	205.05	189.14	177.22	6.7
Taxes on International Trade	159.19	149.35	133.71	11.7
Sale of Goods & Services	67.21	68.83	58.50	17.6
Current Expenditure	585.46	592.68	537.83	10.2
<i>of which:</i>				
Compensation Employees	287.44	276.66	261.05	6.0
Use of Goods & Services	84.83	84.11	86.07	(2.3)
Interest Payments	58.34	61.42	48.01	27.9
Transfers	154.84	170.50	142.69	19.5
Current Balance	16.65	(19.66)	(6.29)	(212.7)
Primary Balance (net CCF)	(139.97)	(106.00)	(39.09)	(171.1)
Capital Expenditure	262.65	221.93	126.05	76.1
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	14.20	13.39	12.12	10.5
Capital Revenue	33.49	60.78	33.11	83.6
Overall Balance (net CCF)	(198.31)	(167.42)	(87.11)	(92.2)

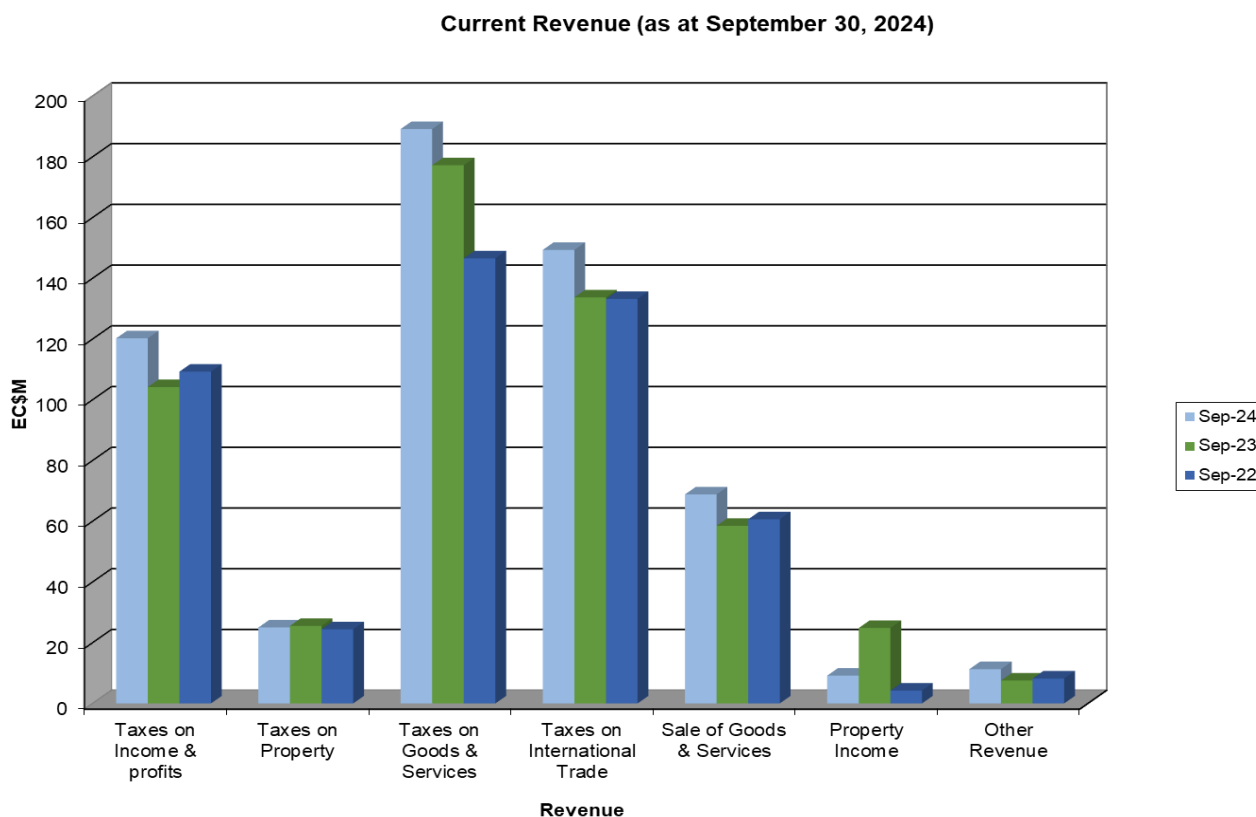
Source: Ministry of Finance and Planning

Revenue

Receipts from Taxes on Income and Profits grew by 15.4 percent to \$120.24 million due to higher collections from all tax types under this category. Revenues from Non-Resident (Withholding) Tax, Corporate Income Tax and Individuals Income Tax increased by 47.6 percent, 37.2 percent and 2.9 percent, respectively. The higher Withholding Tax receipts was mainly as a result of increased consultancy work on a number of Capital projects during the period while Corporate Income Tax went up mainly on account of higher payments by some of the major taxpayers.

Revenue from Taxes on Property declined by 2.0 percent to \$25.02 million during the period. The slight fall-off in collection resulted from lower receipts from Alien Land Holding Licence which fell by 22.8 percent mainly as a result of a drop in the sale of lands to foreigner. Notwithstanding the decline in land sales to foreigners, Stamp Duty on Property increased by 12.6 percent mainly linked to an increase in the number of mortgages and conveyances related to land sales to nationals. Property Tax grew by 6.1 percent, to \$3.29 million from \$3.10 million in 2023.

Figure 1: Items of Current Revenue as at September 30, 2024



Collections from Taxes on Goods and Services which totalled \$189.14 million, increased by 6.7 percent as at the end of September 2024. Higher collections from Excise Duty (on Imports 53.2 percent) and VAT (7.6 percent) were the main sources responsible for the improved performance. The greater receipts from Excise Duty (on Imports) were mainly related to the timing of payment, where receipts for some transactions which occurred in late 2023 were recorded in 2024. The uptick in VAT collections reflected increased economic activity during the period. Revenue from Other Taxes also increased including: Interest Levy (11.1 percent), Motor Vehicle Licence (7.0) and Insurance Premium Tax (3.4 percent). However, these increases were moderated by lower takings from Telecommunications & Broadcast Licences (71.4 percent), Merchant Shipping International Fees (28.6 percent), and Excise Duty of Domestic Transactions (0.5 percent).

Revenue from International Trade Taxes grew by 11.7 percent, reaching \$149.35 million. This upswing stemmed from higher collections of all major tax types under this subcategory. VAT, Import Duty and Vehicle Surtax increased markedly by 11.7 percent, 10.1 percent and 31.3 percent, respectively. The growth in Import Duty and VAT are linked to the 18.2 percent growth in merchandise imports, while the surge in Vehicle Surtax was influenced by an 18.1 percent increase in the number of vehicles imported for the period.

Takings from Sales of Goods and Services grossed \$68.83 million representing a 17.6 percent increase on the amount collected in 2023, as most of the major subcategories recorded improved collections. The Customs Service Charge was a major contributor to the aforementioned performance as its collection went up by 20.0 percent fuelled by the 18.2 percent increase in imports. Receipts from Driver's Licence and CIPO Registration Fees also increased by 17.4 percent, and 1.9 percent, respectively. Revenue from International Financial Services fell by 8.1 percent mainly as a result of a decline in the registration of new entities.

During the period under review, collections from Property Income amounted to \$9.16 million compared with \$24.85 million collected during the corresponding period in 2023. The amount collected in 2023 included \$20.0 million paid to the Government for the dredging of sand that was used in the Port Redevelopment Project.

Capital inflows as at September 30, 2024 amounted to \$60.79 million, up from \$33.11 million collected in the corresponding period in 2023. This was mainly due to an increase in revenue from Other Capital

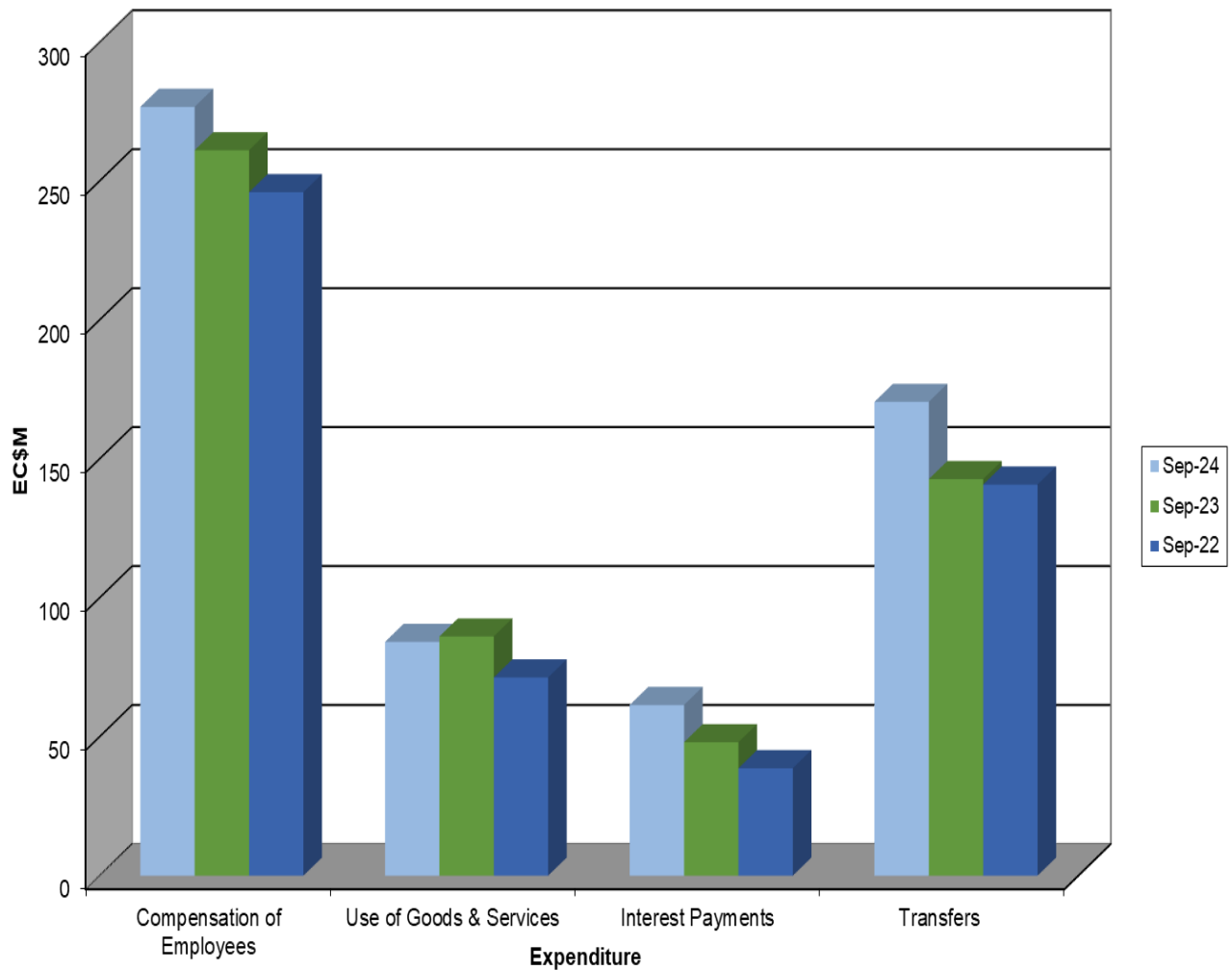
receipts which totalled \$30.37 million and included a \$30.0 million drawn down from the Contingencies Fund for Hurricane Beryl post-disaster recovery efforts.

Expenditure

As at September 30, 2024, Current Expenditure amounted to \$592.68 million. This figure represents an increase of 10.2 percent when compared to the amount spent during the same period in 2023. Payment of Wages and Salaries amounted to \$263.30 million and the Employer’s Social Security Contribution to \$13.36 million, leading to an increase of 6.0 percent in payments for Compensation of Employees.

Figure 2: Items of recurrent expenditure as at September 30, 2024

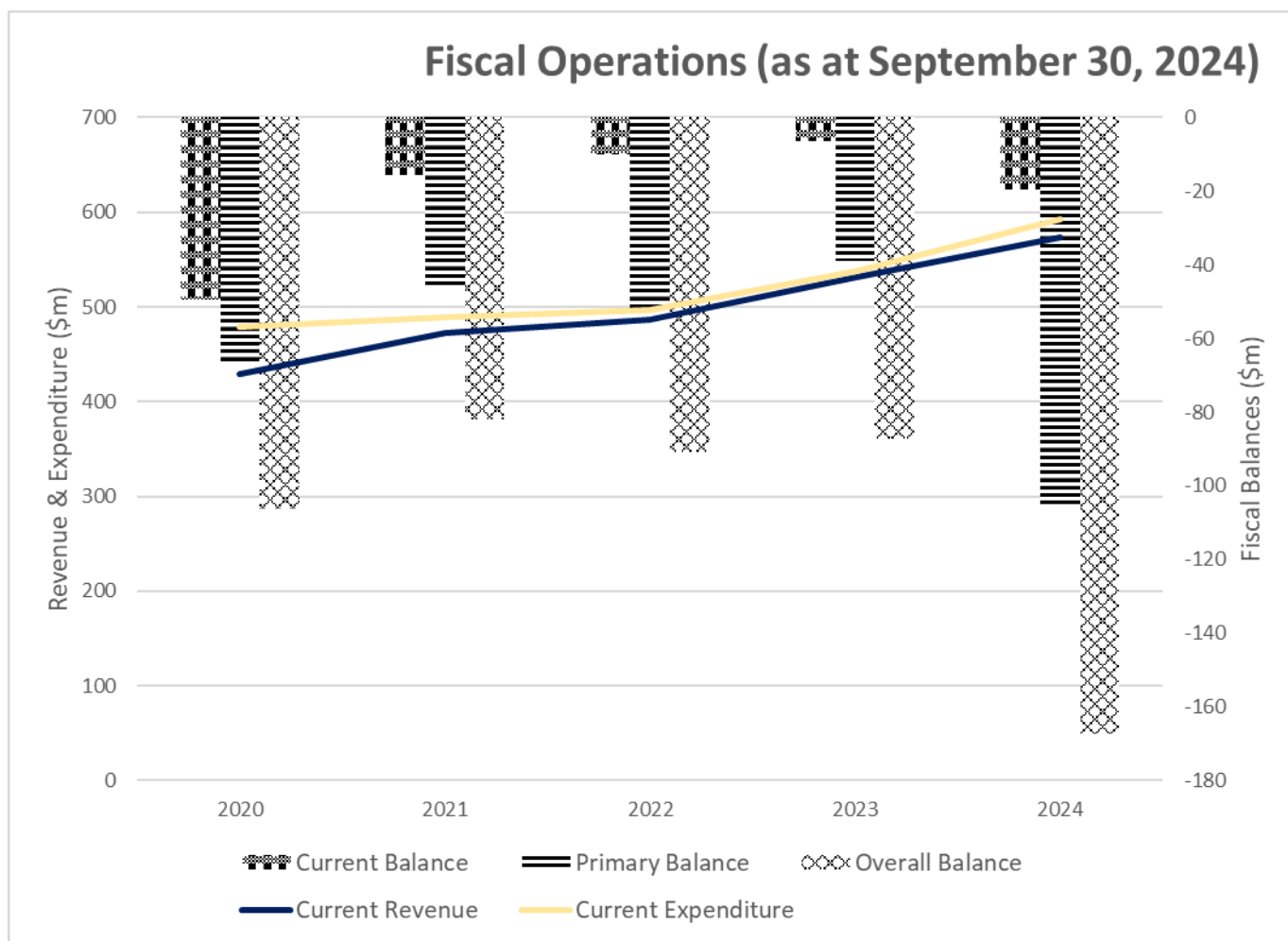
Current Expenditure (as at September 30, 2024)



Interest Payments increased during the period by 27.9 percent to \$61.42 million as a result of higher payments on the domestic and external components of the debt. The external interest payments moved

from \$23.06 million in 2023 to \$29.01 million over the same period in 2024 while domestic interest payments went up from \$24.95 million to \$32.41 million. Higher disbursement of outstanding debt and rising global interest rates contributed to the increase in interest payments. Outlays on Transfers increased by 19.5 percent to \$170.50 million mainly based on higher amounts expended on Current Grants to Other Agencies. The 40.2 percent increase in Current Grants to Other Agencies (to \$72.46 million) was 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 September 2020-2024



Preliminary data indicates that Capital Expenditure for the period amounted to \$221.93 million, up from the \$126.05 million recorded for the same period in 2023. The larger items of Capital Expenditure included the Port Redevelopment Project (\$44.41 million), Improvement to the Arnos Vale Sporting

Complex Project (\$25.70 million), the Diamond Hotel Project (\$23.30 million) and the National Road Rehabilitation Project (\$ 21.47 million).

Financing

Table 2 below summarizes the Central Government financing as at September 30, 2024 with comparable numbers for 2023.

Table 2: Summary of Central Government Financing as at September 30, 2024 compared with 2023

	2024 \$ M	2023 \$ M
OVERALL DEFICIT	(167.42)	(87.11)
FINANCED BY:	167.42	87.11
External Loans	60.57	30.02
Disbursements	111.20	83.02
Less: Amortisation	(50.62)	(53.00)
Domestic Financing (net)	106.84	57.09

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$167.42 million for the period financed from both domestic and external sources. The main categories of domestic financing were the disbursement of domestic loans amounting to \$10.00 million, the issuance of domestic bonds of \$68.70 million and reducing cash balances by \$186.48 million. The deficit was also financed by significant inflows of external loans (\$111.20 million).