

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

For the period ended June 30, 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 period ended June 30, 2025. The report is prepared by the Economic Research and Policy Unit, Ministry of Finance.

The Central Government's fiscal performance weakened in the first half of 2025 relative to the same period in 2024. Current Revenue grew by 18.2 percent to \$427.16 million, while Current Expenditure increased by 14.4 percent to \$427.42 million. This resulted in a small Current Deficit of \$0.27 million in 2025 and represented a significant improvement over the \$12.07 million deficit recorded in 2024. The Overall Balance worsened, with the deficit widening from \$91.01 million in 2024 to \$143.90 million in 2025. This was primarily due to a substantial increase in Capital Expenditure on the Port Redevelopment Project.

Table 1: Summary of fiscal operations for the period ended June 30, 2025

	BUDGET \$ m	2025 \$ m	2024 \$ m	CHANGE '25 \$m
Current Revenue	426.58	427.15	361.52	18.2
<i>of which:</i>				
Taxes on Income & Profits	85.09	93.50	76.88	21.6
Taxes on Property	17.68	11.98	18.91	(36.6)
Taxes on Goods & Services	151.89	130.68	114.36	14.3
Taxes on International Trade	105.35	111.82	94.30	18.6
Property Income	7.71	16.91	7.60	122.4
Sale of Goods & Services	49.40	56.11	44.88	25.0
Current Expenditure	415.43	427.42	373.59	14.4
<i>of which:</i>				
Compensation Employees	204.12	196.25	183.90	6.7
Use of Goods & Services	55.56	63.27	49.91	26.8
Interest Payments	43.97	54.56	42.14	29.5
Transfers	111.79	113.35	97.65	16.1
Current Balance	11.15	(0.27)	(12.07)	97.8
Primary Balance (net CCF)	(75.31)	(89.35)	(48.87)	(82.8)
Capital Expenditure	153.33	173.15	99.57	73.9
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	7.00	-	11.29	
Capital Revenue	15.89	29.52	9.35	215.6
Overall Balance (net CCF)	(119.28)	(143.90)	(91.01)	(58.1)

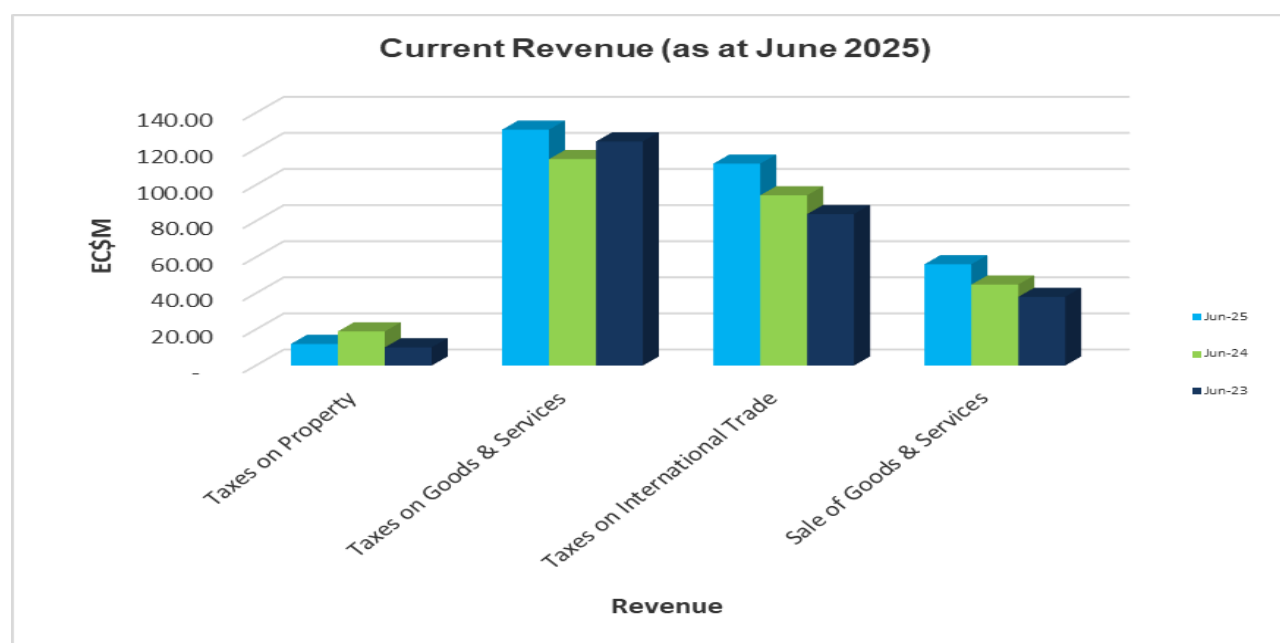
Source: Ministry of Finance and Planning

Revenue

Revenues from Taxes on Income and Profits increased by 21.6 percent to \$93.50 million. All subgroups recorded increases: Individual Income Tax (13.1 percent), Corporate Income Tax (44.8 percent) and Non-Resident (Withholding) Tax (11.7 percent). The increase in Individual Income Tax was supported by the on boarding of new employees by a major player in the tourism sector, as well as the 2.5 percent salary enhancement paid to civil servants. The notable increase in Corporate Income Tax (CIT) was primarily due to higher projected profits for major taxpayers, including a statutory entity, along with additional payments resulting from audit assessments conducted by the Inland Revenue Department (IRD). Similarly, the growth in Withholding Tax collections was mainly attributed to payments related to forensic audits of a financial institution and the settlement of substantial arrears by a consultancy firm.

Revenue from Taxes on Property contracted by 36.6 percent to \$11.98 million during the period. This was primarily attributed to reduced inflows from Stamp Duty on Property (which fell by \$4.35 million) and Alien Land Holding License (which declined by \$2.26 million) due largely to a reduction of land sales to non-nationals over the period. Receipt from Property Taxes at the Inland Revenue Department also declined by 18.6 percent, the main reason for this was that the 2024 collections included substantial amount of arrears which were not repeated in their 2025 takings.

Figure 1: Items of Current Revenue as at June 30, 2025



Revenue from Taxes on Goods and Services amounted to \$130.68 million, representing a 14.3 percent increase relative to 2024. This growth was primarily driven by a substantial rise in the collection of Excise Duty (on Imports) which more than doubled from \$16.03 million to \$32.25 million. This was mainly attributed to the settlement of outstanding arrears on petroleum imports, and improvements in the collections of Excise Duties levied on imported vehicles during the period. This improved performance was further supported by stronger collections from Insurance Premium Tax (up by 31.1 percent) which was influenced by insurance rate hikes following the passage of Hurricane Beryl. Receipts from Motor Vehicle Licences went up by 16.6 percent on account of the increased rates that took effect from May 2024 and the increase in registration consequent upon the 60.8 percent surge in the importation of vehicles during the period. Conversely, VAT revenue for the period fell by 7.8 percent as following the completion of two major construction projects in 2024.

Revenue from International Trade taxes grew by 18.6 percent to \$111.82 million during the review period. The main impetus behind this improved performance was VAT which went up by 18.1 percent to \$67.17 million along with increased collections of Import Duty (up 18.6 percent) to \$40.12 million and Vehicle Surtax (up 29.3 percent) to \$4.30 million. The improved performances from VAT and Import Duty were driven mainly by a 3.4 percent increase in merchandise imports, which itself was partly influenced by a substantial rise in the value of imported vehicles (up 67.8 percent). The Vehicle Surtax increase was influenced not only by the higher customs values but also by a 45.9 percent rise in the importation of vehicles manufactured before 2017.

Revenue from Sales of Goods and Services grossed \$56.11 million. This represents a 25.0 percent increase on the amount collected for the same period in 2024. The primary driver of this growth was the Customs Service Charge, which rose by 30.6 percent, largely due to the collection of \$9.49 million in outstanding payments related to petroleum imports.

Property Income recorded a 122.4 percent growth, to \$16.91 million. This strong performance reflects enhanced profitability within the financial sector and the declaration of higher dividend payments by the Bank of St Vincent and the Grenadines (BOSVG).

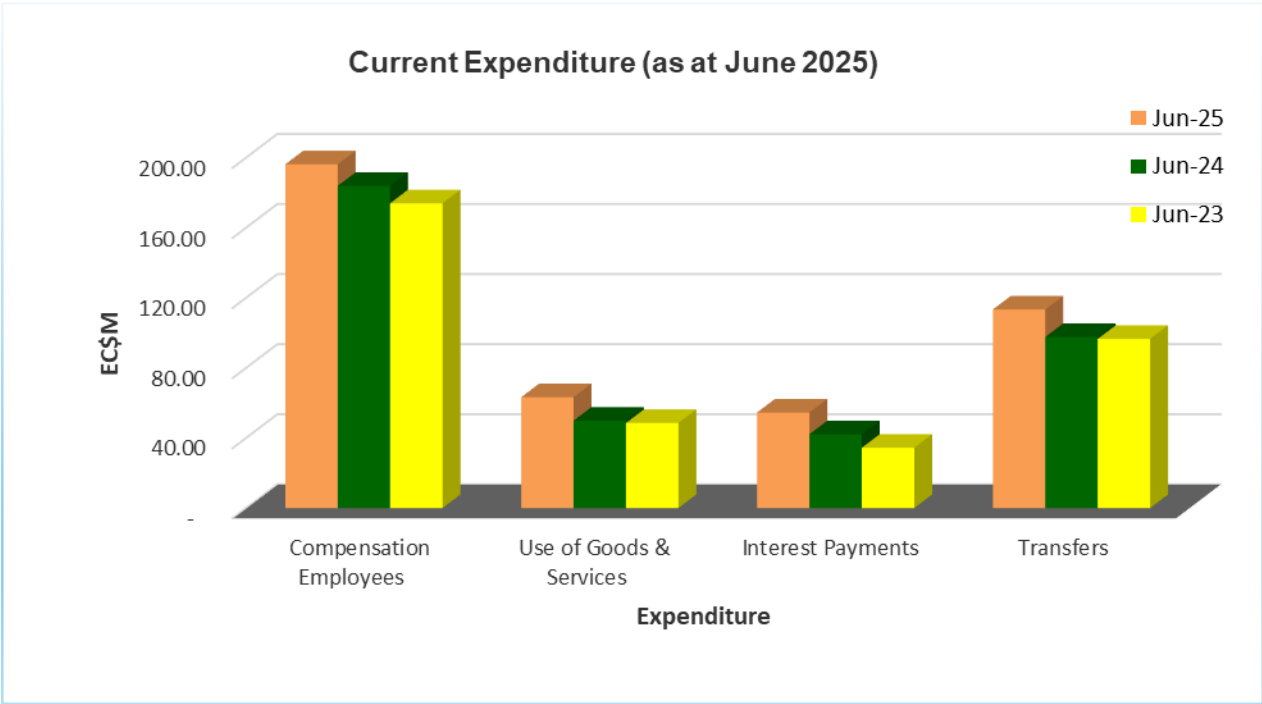
Capital inflows as at June 30, 2025 amounted to \$29.52 million, a significant increase from \$9.35 million collected in the corresponding period in 2024. This was due mainly to a rise in Capital Grant receipts from Foreign Governments including the Republic of China/Taiwan, for the Housing Rehabilitation Phase

III project. Conversely, the sale of crown lands decreased considerably to \$0.80 million compared to the \$4.88 million recorded in 2024.

Expenditure

As of June 30, 2025, Current Expenditure amounted to \$427.42 million, an increase of 14.4 percent when compared to the amount spent during the same period in 2024. Compensation of Employees went up by 6.7 percent to \$196.25 million partly on account of the 2.5 percent salary enhancement paid to public servants from January 1, 2025 along with increases in increments and allowances. The 1.0 percent increase in the National Insurance Services (NIS) contribution rates also added to the Employer’s Social Security Contribution. Meanwhile, the 26.8 percent growth in expenditure on Goods and Services was partly explained by the significant amount expended under Rental of Assets, of which \$3.19 million was paid to house displaced persons in apartments and guesthouses in the aftermath of Hurricane Beryl.

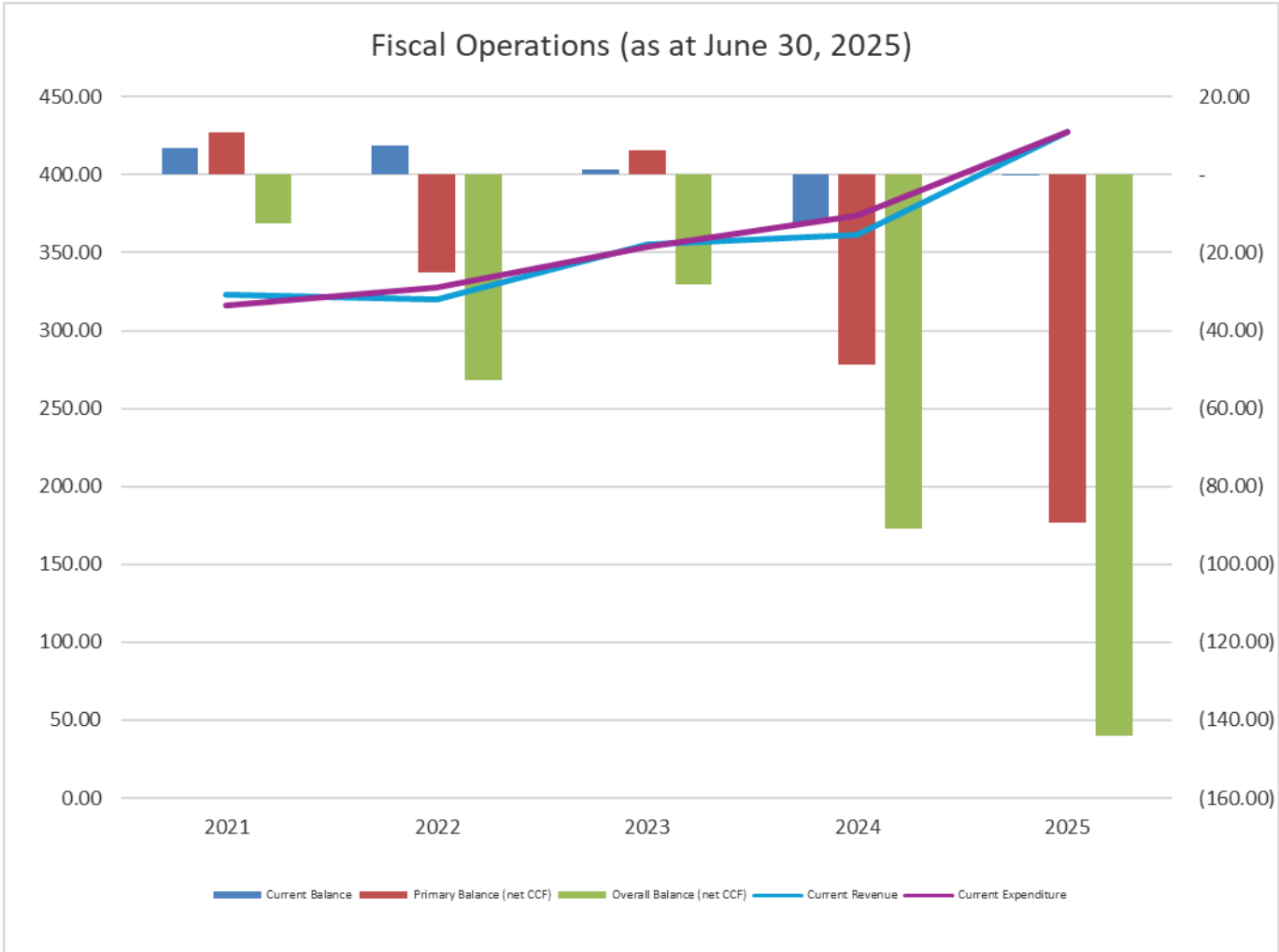
Figure 2: Items of recurrent expenditure as at June 30, 2025



Interest payments increased by 29.5 percent during the period to reach \$54.56 million due to higher debt service costs on both domestic and external components of the debt. The rise in domestic debt payment (by 44.5 percent) resulted from an increase in short-term credit extended to assist in the recovery efforts in the aftermath of Hurricane Beryl. The increase in the external component mainly reflects the payment to CDB and EXIM Bank for the Port Modernization Project loan. Outlays on

Transfers increased by 16.1 percent to \$113.35 million, mainly due to the higher amounts that were expended on Grants to Other Agencies, particularly Roads, Buildings & General Services Authority (BRAGSA) for Hurricane Beryl recovery works. Additionally, Employment Related Social Benefit and Social Assistance Benefit increased by 7.3 percent and 9.5 percent, respectively. Employment benefits payout increased due to the 2.5 percent enhancement for pensioners and higher gratuity disbursements to retirees. Meanwhile, the expansion of social safety net programs, particularly the Cost-of-living assistance (COLA) initiative, contributed significantly to the uptick in expenditure on social assistance benefits.

Figure 3: Fiscal Recurrent Activity June 2021-2025



Preliminary data indicate that Capital Expenditure for the first half of 2025 amounted to \$173.15 million, up from \$99.57 million recorded for the same period in 2024. Some of the projects responsible for the increase in capital spending during the period were the Port Redevelopment Project (\$44.07 million), Housing Development Programme (\$21.89 million), the National Road Rehabilitation Project (\$20.85

million), Beryl Emergency Resilient Recovery (BERRY) project (\$16.03 million), Sandy Bay Sea Defence Resilience Project (\$7.87 million) and Home Reconstruction Phase III (\$7.35 million).

Financing

Table 2 below summarizes the Central Government financing as at June 30, 2025 with comparable numbers for 2024.

Table 2: Summary of Central Government Financing as at June 30, 2025 compared with 2024

	2025 \$ M	2024 \$ M
OVERALL DEFICIT	(143.90)	(91.01)
FINANCED BY:	143.90	91.01
External Loans	191.49	0.89
Disbursements	228.86	33.47
Less: Amortisation	(37.37)	(32.58)
Domestic Financing (net)	(47.59)	90.12

Source: Ministry of Finance and Planning

Table 2 above shows a deficit of \$143.90 million for the period financed mainly by external sources. The main category of external financing was disbursements (\$228.86 million). On the domestic side, financing also came via the issuance of domestic bonds (amounting to \$70.99 million) and the reduction in cash balances of \$18.99 million.