

SAINT LUCIA BUDGET SUMMARY 2022 - 2023





PRESENTERS:

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EXECUTIVE SUMMARY

The budget highlights the post covid challenges which have been compounded by international inflation and increased fuel prices.

The actions to stimulate the economy include:



Construction projects



Tourism in particular community tourism



The youth economy



Agriculture and fisheries

There are no new taxes but simplification of personal taxes.
Tax amnesty to improve government collections of arrears.
Education, digitization and changes to the curriculum to maximise the potential of our youth.
Overall the budget is a deficit of \$505,124m to be financed by borrowings.



SUMMARY OF ESTIMATES

		Approved	Projected	Budget	Increase
	Actual	Estimates	Actual	Estimates	On prior year
	2020-21	2021-22	2021-22	2022-23	Variance
	\$000s	\$000s	\$000s	\$000s	%
Tax Revenue	812,162	909,020	927,849	1,016,435	10%
Non-Tax Revenue	68,006	92,689	99,783	133,886	34%
Total recurrent Revenue	880,168	1,001,709	1,027,632	1,150,321	12%
Capital Revenue	409	6,049	3,574	10,687	199%
Grants	54,160	121,256	54,980	176,681	221%
	54,569	127,305	58,554	187,368	220%
Refunds	(7,958)	(9,514)	(6,618)	(10,014)	51%
Total Revenue and Grants	926,779	1,119,500	1,079,568	1,327,675	23%

SUMMARY OF ESTIMATES (CONT'D)

	Actual	Approved	Projected	Budget	Increase
	2020-21	Estimates	Actual	Estimates	On prior year
	\$000s	2021-22	2021-22	2022-23	Variance
		\$000s	\$000s	\$000s	%
Wages & salaries	514,587	574,414	527,993	590,704	12%
Interest on debt	166,889	175,121	169,537	174,477	3%
Other	471,699	475,151	479,707	574,416	20%
Total Current expenditure	1,153,175	1,224,686	1,177,237	1,339,597	14%
Refunds	7,958	9,514	6,618	10,014	51%
Principal repayments	110,726	125,798	123,852	110,557	-11%
Total recurrent Expenditure	1,271,859	1,359,998	1,307,707	1,460,168	12%
Capital Expenditure	267,814	278,604	276,599	382,645	38%
Total Expenditure	1,539,673	1,638,602	1,584,306	1,842,813	16%
Recurrent deficit	(391,691)	(358,289)	(280,075)	(309,847)	11%
Capital deficit	(213,245)	(151,299)	(218,045)	(195,277)	-10%
Total Deficit	(604,936)	(509,588)	(498,120)	(505,124)	1%

TAXATION

Corporate Tax

- ▶ No changes to corporate taxation

Personal Tax

- ▶ Personal tax allowance has increased from \$18,000 to \$25,000
- ▶ Tax bands have decreased from 4 to 3
- ▶ Other deductions capped at \$30,000

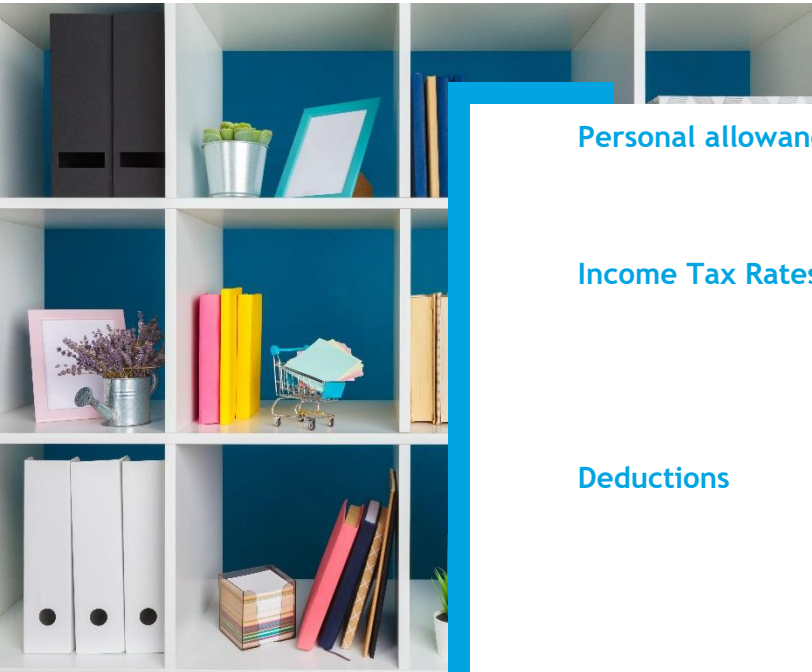
Tax Amnesty

Waiver of penalties and interest on taxes prior to 2020 except for:

- ▶ Hotel Occupancy Tax
- ▶ Value-Added Tax
- ▶ Withholding Tax
- ▶ PAYE

PERSONAL TAX REGIME

Impact of the changes



Personal allowance

Income Tax Rates

Deductions

Current Policy

Personal Allowance \$18,000

Four tax bands and four rates

- ▶ First \$10,000 - 10%
- ▶ Second \$10,000 - 15%
- ▶ Third \$10,000 - 20%
- ▶ Over \$30,000 - 30%

No Cap in place for certain allowable deductions:

- ▶ Medical insurance and expenses
- ▶ Property tax
- ▶ House Insurance

Proposed Changes

Personal Allowance \$25,000

Three tax bands and three tax rates

- ▶ First \$15,000 - 15%
- ▶ Second \$15,000 - 20%
- ▶ Over \$30,000 - 30%

Total allowable deductions capped at \$30,000

PERSONAL TAX RATES

OECS Comparative Tax Rate

Antigua

► Current Policy

No personal income tax

Dominica

► Current Policy

0 - 30,000 - 0%
30,001 - 50,000 - 15%
50,001 to 80,000 - 25%
80,001 and above - 35%

Grenada

► Current Policy

0 - 36,000 - 0%
36,001 - 60,000 - 10%
60,001 and above - 30%

St. Vincent

► Current Policy

0 - 20,000 - 0%
20,001 - 25,000 - 10%
25,001 - 30,000 - 20%
30,001 and above - 30%

St. Kitts

► Current Policy

No personal income tax

INCOME TAX

Scenario 1

CURRENT TAXES

	\$
▶ Monthly Salary	2,100
▶ Annual Salary	25,200
▶ Personal Allowance	18,000
▶ Taxable Income	7,200
▶ Tax	720
▶ Net Salary	24,480
▶ Monthly Net	2,040

EFFECTIVE JANUARY 1, 2023

	\$
▶ Monthly Salary	2,100
▶ Annual Salary	25,200
▶ Personal Allowance	25,000
▶ Taxable Income	200
▶ Tax	30
▶ Net Salary	25,170
▶ Monthly Net	2,097.50
▶ Monthly increase income of \$57.50	

INCOME TAX

Scenario 2

CURRENT TAXES

	\$
▶ Monthly Salary	4,500
▶ Annual Salary	54,000
▶ Personal Allowance	18,000
▶ Taxable Income	36,000
▶ Tax	6,300
▶ Net Salary	47,700
▶ Monthly Net	3,975

EFFECTIVE JANUARY 1, 2023

	\$
▶ Monthly Salary	4,500
▶ Annual Salary	54,000
▶ Personal Allowance	25,000
▶ Taxable Income	29,000
▶ Tax	5,050
▶ Net Salary	48,950
▶ Monthly Net	4,079.17
▶ Monthly increase income of \$104.17	

INCOME TAX

Scenario 3

CURRENT TAXES

	\$
▶ Monthly Salary	10,000
▶ Annual Salary	120,000
▶ Mortgage interest	18,000
▶ House insurance	3,000
▶ Life insurance/pension	8,000
▶ Credit Union shares	5,000
▶ Total deductions	34,000
▶ Personal allowance	18,000
▶ Taxable income	68,000
▶ Tax	15,900
▶ Net Salary	104,100
▶ Monthly Net	8,675

EFFECTIVE JANUARY 1, 2023

	\$
▶ Monthly Salary	10,000
▶ Annual Salary	120,000
▶ Mortgage interest	18,000
▶ House insurance	3,000
▶ Life insurance/pension	8,000
▶ Credit Union shares	5,000
▶ Total deductions capped	30,000
▶ Personal allowance	25,000
▶ Taxable income	65,000
▶ Tax	17,750
▶ Net Salary	104,250
▶ Monthly Net	8,687.50
▶ Monthly increase income of \$12.50	

GOVERNMENT CAPITAL PROJECTS

Roads - Water - Airport - Hospital

ROADS

- ▶ Millennium Highway expected to cost EC\$76.01m, commencement date not indicated.
- ▶ Gros Islet Highway and Secondary Road Improvement-Discussion with Kuwait Fund for the reinstatement of the original project financing of EC\$32m. Commencement date not indicated.

WATER

- ▶ Vieux Fort Water Supply- Expected to cost \$US21.67m expected to be completed by August 2022.
- ▶ John Compton Rehabilitation Project (JCD)-Balance of fund is EC\$2.6m and continuation of project to be completed.

OTHER

- ▶ Hewanorra International Airport Redevelopment Project- Expected to cost EC\$470m. The project is one year in progress and is to be continued.
- ▶ St. Jude Hospital-Expected cost of EC\$1.5m for remedial works of the continued project.
- ▶ Halls of Justice and Gros-Islet Police Station- Expected to cost EC\$35m -Commencement date not given.

ORANGE-GREEN-BLUE ECONOMY

Orange Economy

Orange Economy-Promoting and preserving the culture and creativity of our island, people and integrating within our tourism product.

- ▶ EC\$0.5m has been allocated for the creative industry
- ▶ EC\$3m has been allocated for carnival



ORANGE-GREEN-BLUE ECONOMY

Green Economy



Agriculture

Revitalizing and Expanding Agricultural Output through:
Bananas-increase in exports and maximum use of bananas and by products

- ▶ Apiary Sector-Increasing the local honey production, with prospects of export
- ▶ Seamoss-Continued Increase in Exports
- ▶ Livestock-Relocation of the meat processing plant to Volet
- ▶ Cocoa Sector Enhancement Project-EC\$1.45m for the continued development of the industry.
- ▶ Repair to Fishing Facilities-Intentions to honour the \$1.5 tax on fuel for fisherfolks when market conditions permit. Fishers to benefit from concession under the Agricultural Diversification Bill.

ORANGE-GREEN-BLUE ECONOMY

Blue Economy

Capitalizing on the Opportunities the Blue Economy Offers which will be funded by the World Bank termed "**Unleashing the Blue Economy of The Caribbean**" (UBEC) .This will be done through:

- ▶ Tourism
- ▶ Fisheries
- ▶ Waste Management

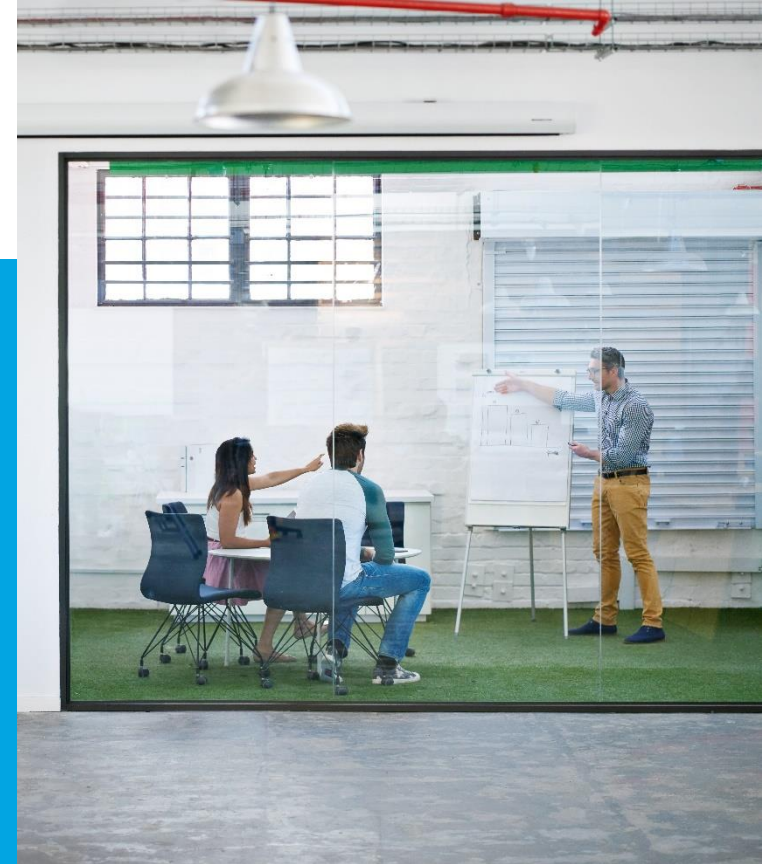


TOURISM

Private-Public-Community

Development in Tourism, Culture and Creative Industries Private Sector Construction in Tourism-

- ▶ Dreams Cas En Bas Resort which entails 96 rooms and expected to cost US\$25m. Commencement of project has begun.
- ▶ Pointe Seraphine Marriot Project which entails 140 rooms expected to cost US\$42m. Recommencement of project expected.
- ▶ Sandals Halcyon and La Toc-10 stand- alone buildings with 25rooms/suites. No commencement date of project.



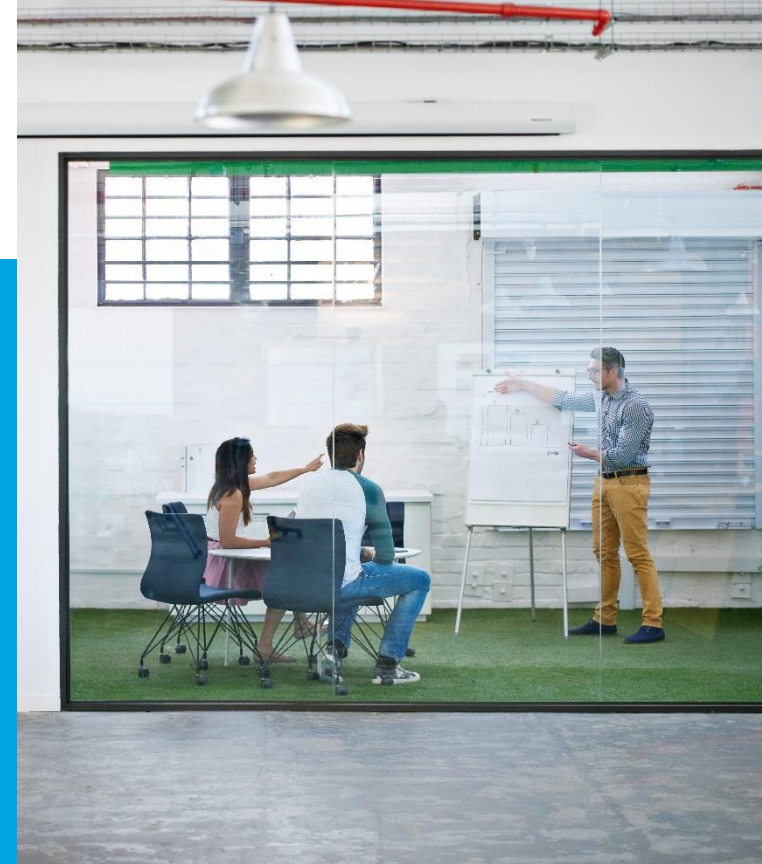
TOURISM

Private-Public-Community

Public Sector Investment in Tourism -

OECS Regional Tourism Competitiveness Project (ORTCP) of \$18.77m for improvements works around the island for the following projects:

- ▶ Castries market Box Park
- ▶ Gros-Islet Beach Park
- ▶ Soufriere Old Trafford Project
- ▶ Canaries Maritime Market and Restaurant
- ▶ Choiseul Craft Center Rehabilitation
- ▶ Marigot Waterfront Development Phase 1
- ▶ Anse Ferre Lookout Point
- ▶ Buck Eye Beach Park



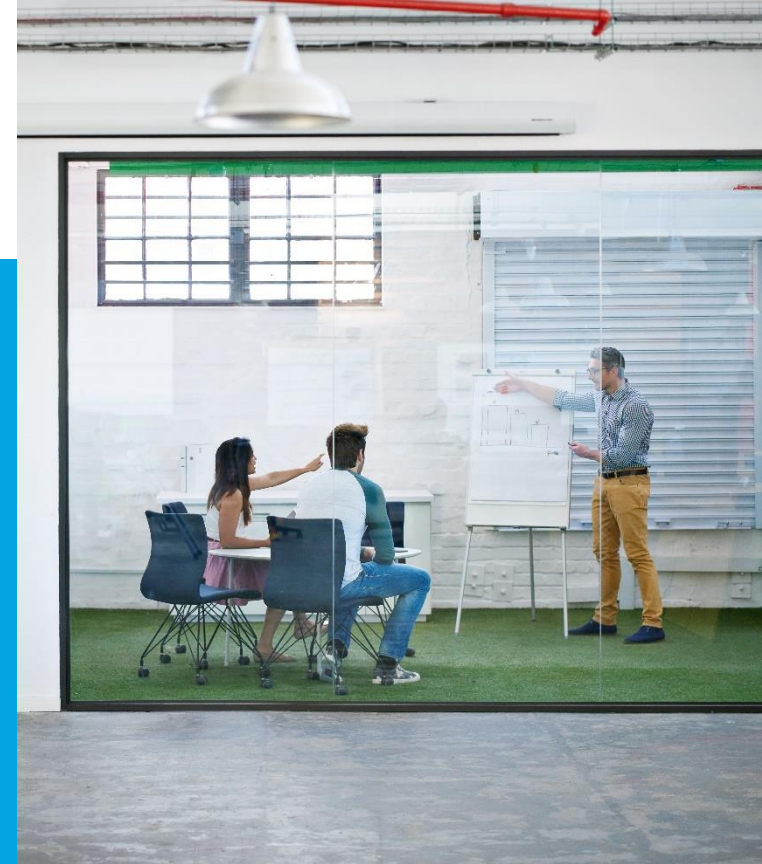
TOURISM

Private-Public-Community

Community Based Tourism-expected to be launched in May 2022 at a cost of EC\$5.78m.
Aim is to grow and foster the number of locally owned authentic tourism products and services and to provide opportunities for increased tourist spending in the local economy.

Intended Beneficiaries

- ▶ Communities
- ▶ Micro, Small and Medium-sized Entities (MSME's)
- ▶ Other Sectors



BUSINESS FACILITATION

Legislation

INTERNATIONAL FINANCIAL SERVICES

- Headquarters ➤ legislation to be overhauled
- International Trust ➤ new legislation to be introduced
- Limited Partnership ➤ new legislation to be introduced
- Tax Residency ➤ programme to be introduced to be more attractive to international high net worth individuals
- Agricultural Tourism Bill ➤ to facilitate market access to a wider range of farmers and fishers.

EASE OF DOING BUSINESS AND INVESTMENT

- ▶ Security Interests in Moveable Properties Bill
- ▶ Bankruptcy and Insolvency Bill
- ▶ Credit Reporting Bill

SOCIAL PROJECTS

Housing

- ▶ Housing and Urban renewal-a house repair programme aimed initially at the elderly, differently-abled and low income is being implemented island wide.
- ▶ It is expected about 40 new lots will be provided in different parts of the island like Piaye, Laborie, La Fargue, Choiseul and Micoud.
- ▶ Invest Saint Lucia is also expected to provide residential lots for low-income individuals in the south of the country.
- ▶ It is expected in the coming year that more than one hundred and fifty (150) service lots will be provided island wide. An amount of EC\$4.05 million has been provided for in the Estimates for the funding of the National Sites and Services Programme (NSSP).
- ▶ Phase III of the PROUD targets the regularization of six unplanned settlements in Rock Hall, Aux-Lyons, Eau Piquant, Contonement, Bruceville and Pomme in Augier.
- ▶ It is expected that 1,439 households will benefit from that programme. An amount of EC\$6.62 million from local revenue is provided in the estimates for PROUD III.



OTHER INITIATIVES

- ▶ Caribbean Digital Transformation Project-expected cost of \$EC6.9m in which no completion date is given.
- ▶ Constituency Development Programme-expected to cost EC\$28.5m. To be distributed to all parliamentarians for funding small community projects.
- ▶ Micro, Small and Medium Sized Entities Soft Loan/Grant Programme-implemented by the Department of Commerce in which \$EC\$10m has been allocated.
- ▶ Cannabis Regime Development-Decriminalization of marijuana and create a market regionally and internationally.
- ▶ Swift Justice Project-Estimated cost of EC\$2.2m which is expected to reduce the case processing time to 2 years.
- ▶ Export Capacity Enhancement Initiatives
- ▶ Citizen by Investment Programme
- ▶ Laborie Market and Square Project



EDUCATION

Education, digitization and changes to the curriculum to maximise the potential of our youth.



Reintroduction of the Laptop Programme



Technical and Vocational Training



Primary Schools



Secondary Education



Tertiary Education



CLIMATE CHANGE

- ▶ Building Resistance and adapting to Climate Change-expected funding of US\$8m per country over the next four years from 2026.
- ▶ Renewable energy Sector Development Project-expected cost of US\$21.9m for the project to be implemented between 2022-2026.

