GOVERNMENT OF THE VIRGIN ISLANDS

STATEMENT

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Statement By Premier and Minister of Finance Honourable Natalio D. Wheatley on the Revenue Collection and Financial Position of the Government

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Madam Speaker, I rise to provide this Honourable House with an update on the Government’s revenue performance and the overall health of the Government’s finances as at the end of June 2026.

Madam Speaker, the Virgin Islands' fiscal position at mid-year is stronger than projected. Revenue collections have exceeded budget targets, while spending remains below projections, resulting in a fiscal surplus at the halfway point of the financial year. Revenue collected through June 2026 amounted to $233.82 million. This represents an $6.04 million, or 2.7 percent above the original mid-year budget projection of $227.78 million. The stronger performance has been supported by several key revenue sources, including payroll taxes, property taxes, financial services revenue, work permit fees, and taxes on goods and services.

Madam Speaker, payroll tax collections were particularly strong, exceeding the mid-year budget projection by 11 percent, while property tax collections exceeded their projection by 13.6 percent. Financial services also continued to provide a strong contribution to Government revenues. During the first half of the year, Government collected $135.78 million from financial services fees, which was $7.17 million above budget.

Madam Speaker, based on this performance, Government has revised its 2026 revenue forecast upward to $453.75 million, an increase of approximately $6.08 million or 1.4 percent when compared with the original Budget estimate of $447.67 million. This is an encouraging development and indicates that, based on the information available at mid-year, Government revenues are expected to finish the year above the amount originally budgeted.

Overall Financial Position

Madam Speaker, revenue performance must be considered alongside expenditure. At the end of June 2026, recurrent expenditure amounted to $194.83 million, which was approximately $45.75 million, or 19 percent, below the revised budget. Capital expenditure stood at $16.9 million. As Government’s procurement processes are completed, this number will increase.

Madam Speaker, as a result of stronger revenue collections, the Government recorded a recurrent surplus of $38.9 million at the end of June 2026.

Maintaining Fiscal Discipline

While welcoming this stronger position, Madam Speaker, the Government remains cautious. The Territory continues to rely heavily on the financial services sector, and changes in international regulations could affect this key revenue source. We must also pay keen attention to risks associated with tourism, global economic conditions, inflation, natural disasters, and other external shocks. Government is therefore committed to prudent fiscal management, stronger revenue collection, and improved delivery of approved programmes and capital projects.

Public Debt

A manageable and sustainable level of public debt also supports, Madam Speaker, the Government's financial position. Total public debt up to June 2026 was revised to $125.73 million from a projection of $122.16 million due to the payment of less principal than projected and no disbursements during this half of the year. Total public debt projection for end-of-year 2026 of $172.32 million was revised to $164.76 million, 4.4% below the original projection. Madam Speaker, the Territory's key debt sustainability indicators remain within established borrowing guidelines and fiscal limits. The Central Government and statutory bodies undertook no new borrowing during the first half of 2026, and the Government continues to monitor the borrowing requirements carefully.

Conclusion

Madam Speaker, the mid-year fiscal review confirms that Government finances are stronger than expected at the midpoint of 2026. Revenue collections have exceeded projections, the full-year revenue forecast has been revised upward, spending has remained below budget, and positive fiscal balances have been recorded. These results reflect the resilience of the Territory's economy and continued fiscal discipline. However, a strong mid-year performance does not lessen the need for vigilance. Government must safeguard these gains, strengthen revenue resilience, manage expenditure prudently, advance approved capital projects, and maintain sound debt and liquidity management. Madam Speaker,

Government will continue to closely monitor economic and fiscal developments, both on the national level and internationally, and take the necessary actions to maintain a sound and sustainable financial position.

Additional Documents or Media

- 6_hoa_statement-financial_position_of_the_territory_updated.pdf