



PRESS RELEASE

Revenue up by \$92 million in 6-months report

Gov 'cautiously optimistic' for yearend targets as deficit expected to climb due to ongoing SERZ tax concessions and Hurricane Dorian reconstruction

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The Government has started to see stronger revenue performance based on provisional data from the first-six-months budget performance report. Compared to the same period last year, the Government took in \$91.8 million in additional revenue, primarily from tax receipts, despite the loss in collections from the islands affected by Hurricane Dorian.

“We have put in great effort to getting the Revenue Enhancement Unit (REU) up and running, and supporting the roll-out of Click2Clear, the new Custom Electronic Single Window, precisely because these efforts help us to eliminate revenue leakage and improve compliance. It is promising to see how these initiatives are bolstering our revenue performance. This is also the first straight period in which we’ve seen the full impact of the Value Added Tax rate change, as well as the shift in taxes on real estate transactions, from stamp duty to VAT,” said K. Peter Turnquest, Deputy Prime Minister and Minister of Finance.

“That being said: We are cautiously optimistic about the forward outlook. We recognize that our decision to provide a wide range of tax concession for the people affected by the Hurricane is going to result in additional foregone revenue in the months ahead. We are satisfied this is the right policy, however, in keeping with our values to put people first and ensure Abaco and Grand Bahama bounce back. We are also executing a number of new capital projects associated with the reconstruction. With these projects, we are thinking progressively about the country’s future needs, and strategically prioritizing initiatives such as solar energy infrastructure with short and long-term benefits,” said Minister Turnquest.

“The net effect of these efforts is that we will likely see a substantial deficit in the second half of the year. I explained some of this during the tabling of the appropriations and borrowing resolutions earlier this week, and I will provide more details in my contribution to the debate on the supplementary budget,” Minister Turnquest continued.

Although revenue performance strengthened, the initial relief and restoration efforts following the Hurricane had a significant impact on the overall performance, leading to a marginal widening in the fiscal deficit to \$188.7 million.

Recurrent expenditure expanded by \$69.4 million, largely associated with the higher procurement of goods and services in the aftermath of Hurricane Dorian and the payment of lump sum salary awards to eligible public servants. Outlays linked to hurricane restoration efforts, including water and electricity restoration, the acquisition of machinery and equipment and, building repairs, significantly explained the \$36.6 million (45.8%) uplift in capital spending to \$116.6 million.

“As I have said, we will work hard to contain discretionary spending so that we do not place undue pressure on our fiscal position and continue investing in our ongoing revenue enhancement initiatives and strategies to promote compliance. While we have budgeted for a \$667 million deficit in our revised forecasts. We will remain vigilant and work hard to come in under this sum.,” said Minister Turnquest.

Once the Government approves the revised estimates of revenue and expenditure contained in the Supplementary Hurricane Dorian Budget, future quarterly performance reports for the fiscal year will report performance against those revised estimates.