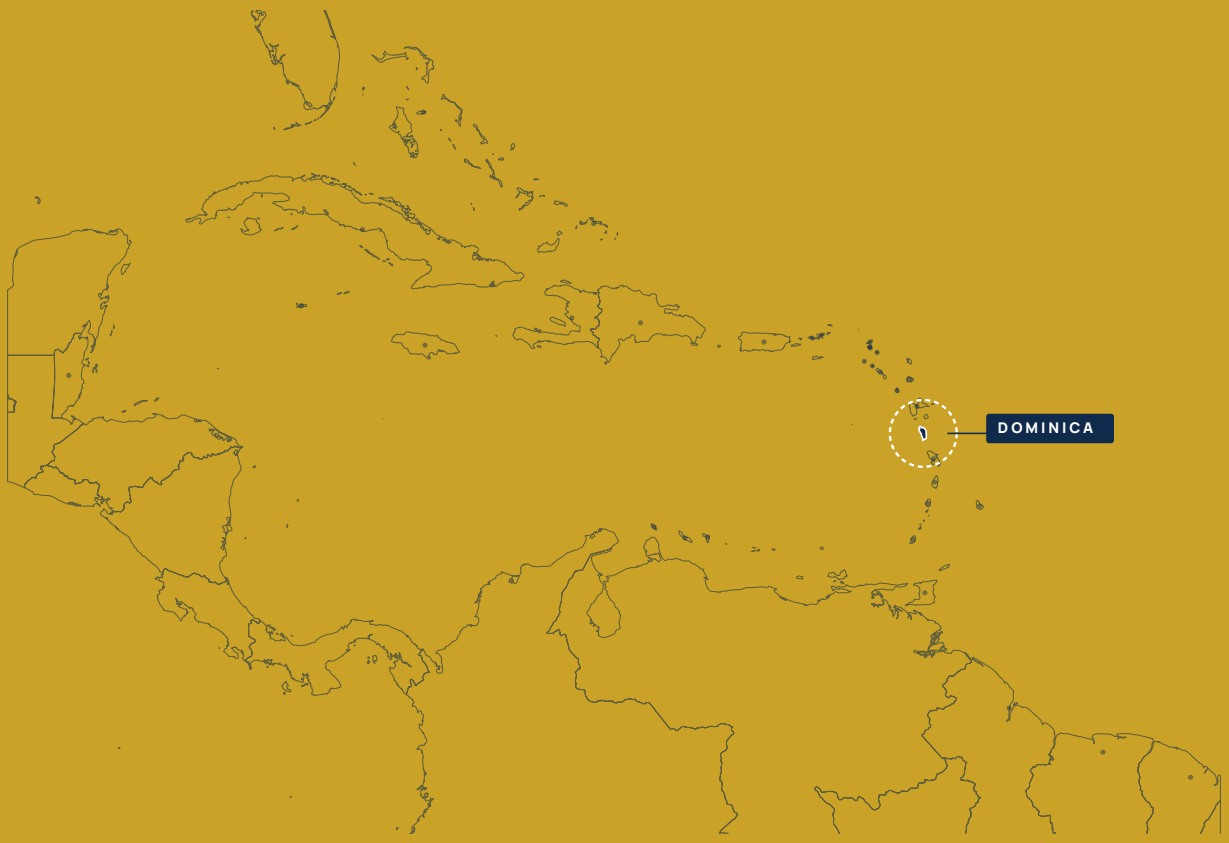


TOTAL BUDGET
EC$1.24 billion
Expenditure estimates, 2026/27

PRIMARY SURPLUS
2.2% of GDP
Projected; fiscal rule floor of 2%

PUBLIC DEBT
Near 100% of GDP
At 30 June 2026; rule aims for 60%

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Dominica Budget Review 2026/27

What the 2026/27 Budget means for businesses and individuals

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FOREWORD

The 2026/27 Budget is a relief budget. Its headline measure, a proposed flat 10% personal income tax from 1 January 2027, would be the largest change to personal taxation in Dominica in a generation.

The Budget pairs tax relief with a commitment to a primary surplus of at least 2% of GDP each year until public debt falls to 60% of GDP. It reintroduces the employment tax rebate and ends the compounding of VAT and excise on imports from 1 October 2026, while capital spending is led by the new international airport and the Cabrits marina. The income tax changes still need legislation.

This review sets out the figures, the tax measures and their effective dates, and what they mean for each sector. It should be read with our Dominica Doing Business Guide and Tax Guide.

Dominica is served by Dawgen Global's Caribbean Tax Service Desk, managed from our headquarters in Kingston. We would be glad to help you work through the impact on your business.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This review summarises the 2026/27 Budget and what it means for businesses and individuals in Dominica. It is general information, current to October 2026; measures may change as they pass into law. Our companion Doing Business and Tax Guides give the wider picture. Speak to us before you act.

OVERVIEW

01 Budget at a glance

The 2026/27 Budget was presented to the House of Assembly on 4 August 2026 by the Minister of Finance, Economic Development, Climate Resilience and Social Security, Hon. Dr Irving McIntyre. Its theme is "Protecting Our Progress, Strengthening Our Independence and Securing Our Future". The financial year runs from 1 July 2026 to 30 June 2027.

TOTAL EXPENDITURE
EC$1.24 billion
Recurrent EC$675.1 million and capital EC$566.9 million

REVENUE AND GRANTS
EC$1.16 billion
Tax revenue EC$473.5 million; grants EC$117.6 million

PRIMARY SURPLUS
2.2% of GDP
Projected in the Estimates, against a rule floor of 2%

PUBLIC DEBT
Near 100% of GDP
At 30 June 2026; the fiscal rule aims for 60%

RELIEF MEASURES
EC$43.5 million
Government estimate of revenue forgone each year

AIRPORT ALLOCATION
EC$250 million
The largest single item in the capital budget

Five key messages

- **A flat 10% income tax is proposed.** From 1 January 2027 it would replace the 15%, 25% and 35% bands, with the EC$30,000 allowance kept. It needs legislation.
- **Dominica-source income only.** Also proposed from 1 January 2027: residents and non-residents taxed only on income earned in Dominica.
- **Lower tax on imports.** From 1 October 2026, VAT and excise on imports are charged on the CIF value only.
- **Support for employers.** The employment tax rebate returns from 1 October 2026 for two years.
- **A fiscal anchor.** A primary surplus of at least 2% of GDP each year until debt falls to 60% of GDP.

ECONOMY

02 Economic context

The economy grew strongly in 2025 on the back of tourism and public investment. Growth is expected to ease in 2026, and the external deficit remains large.

REAL GDP GROWTH	GROWTH OUTLOOK	INFLATION
4.5%	3.1%	2.3%
2025, up from 3.5% in 2024	IMF projection for 2026; 2.8% for 2027	Average for 2025, down from 3.1% in 2024

CURRENT ACCOUNT	VISITOR ARRIVALS	EXCHANGE RATE
−38.0% of GDP	+18.3%	EC$2.70 = US$1
2025; imports for resilience projects	2025, year on year	Fixed since 1976; ECCB monetary policy

Drivers

Tourism, construction on major public projects and Citizenship by Investment (CBI) inflows support activity. The cruise season brought 375,646 passengers on about 189 ship calls, the strongest since 2011. In June 2026, 68% of the electricity supplied by DOMLEC came from renewable sources: 43% geothermal and 25% hydro.

Citizenship by Investment

The IMF puts CBI inflows at 30.9% of GDP in 2025. A regional regulatory authority for citizenship by investment now sets common standards for the participating states.

IMF assessment

The IMF concluded its 2026 Article IV consultation on 27 May 2026. It recommended further fiscal consolidation through a broader revenue base and fewer tax exemptions, stronger disaster buffers, and better targeted social protection.

Risks to the outlook

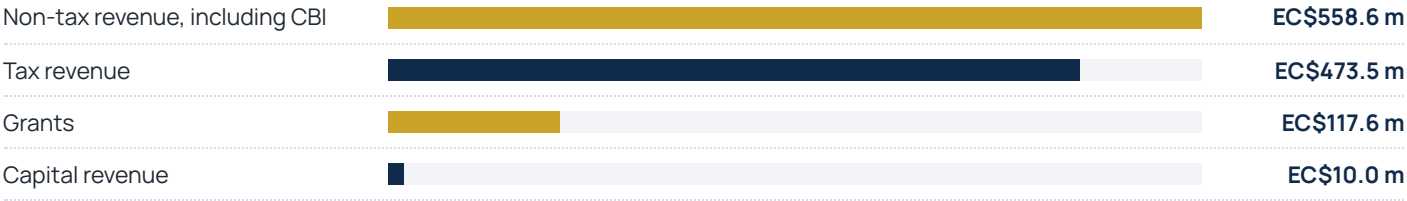
The IMF points to higher oil prices, uncertainty over CBI inflows, reliance on a narrow set of tourism markets and natural disasters, which it calls an ever-present risk to growth.

PUBLIC FINANCES

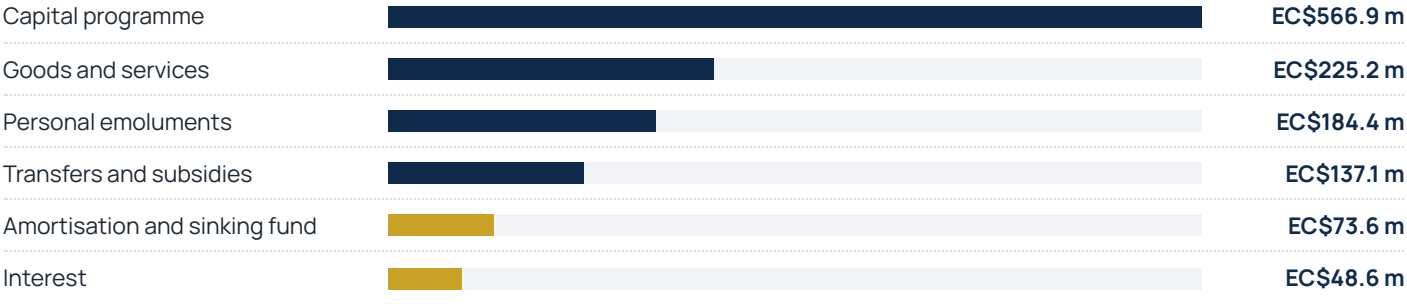
03 Fiscal framework

EC$ million, 2026/27 estimates	Amount	Share
Revenue and grants	1,159.7	100%
of which tax revenue	473.5	41%
of which non-tax revenue	558.6	48%
Total expenditure	1,242.0	100%
of which recurrent	675.1	54%
of which capital	566.9	46%

Where the money comes from: EC$1,159.7 million



Where it goes: EC$1,242.0 million



Recurrent spending also includes refunds of EC$5.0 million and investment financing of EC$1.2 million. Gold bars show non-tax revenue, grants and debt service.

Outturn against the previous budget

Tax revenue grew by 7.6% in 2025/26, and the Government reports a primary surplus for the year ahead of its projection. Recurrent spending of EC$675.1 million is close to the EC$679.9 million budgeted for 2025/26; capital spending is lower than the EC$661.7 million budgeted then.

BUSINESS TAX

04 Tax measures for businesses

There is no change to the 25% corporate income tax rate. The measures for businesses support hiring, rental investment and disaster preparedness, and lower the tax cost of imports.

Measure	What changes	Effective	Who is affected
Employment tax rebate	Reintroduced for two years at 2% of the salary of each qualifying employee. The annual cap per employer rises from EC$6,000 to EC$10,000. Conditions are set by the IRD.	1 Oct 2026	Employers adding qualifying staff
Commercial rental buildings	**Proposed:** an annual capital allowance of the lower of 3% of construction cost or EC$30,000, for up to ten years	Income year 2027	Owners of qualifying rental buildings
Business vulnerability funds	**Proposed:** contributions to an approved disaster fund deductible up to 0.5% of annual gross sales, until the fund equals the value of insurable fixed assets	Income year 2027	All businesses
Imports on CIF value	VAT and excise on imports are charged on the CIF value only, no longer on top of duty and other charges	1 Oct 2026	Importers and distributors
Waste collection fee	A monthly fee for each household and business, amount to be announced	1 Jan 2027	All businesses
Online gaming	A licensing regime and a Gaming Authority are planned	To be announced	Gaming operators

Unchanged

Corporate income tax at 25%; 15% withholding tax on payments to non-residents; VAT at 15% (10% on hotel accommodation and diving), with registration above EC$250,000; Fiscal Incentives Act concessions.

Finance for small businesses

EC$19.0 million through the AID Bank for micro, small and medium enterprises from December 2026, at 3.5% interest over up to ten years, with a six-month grace period.

INDIVIDUALS

05 Tax measures for individuals and households

The main measure is the proposed flat 10% personal income tax from 1 January 2027. It needs legislation; until the amending law is passed, the current bands apply.

Chargeable income	2026	From 2027 (proposed)
First EC$30,000	0%	0%
EC$30,001 to EC$50,000	15%	10%
EC$50,001 to EC$80,000	25%	10%
Above EC$80,000	35%	10%

Annual income	Tax saving a year
EC$48,000	EC$900
EC$60,000	EC$2,500
EC$84,000	EC$6,500

Savings for a resident with employment income only and no other deductions, as illustrated in the Budget.

Dominica-source basis

Also proposed from 1 January 2027: residents and non-residents would pay income tax only on income earned in Dominica. Residents are currently taxed on worldwide income.

Social security	Employee	Employer
Earnings to EC$7,000 a month	6.75%	8%

Contribution rates are unchanged. The minimum wage for most categories is EC$9.00 an hour, from 1 December 2025.

Other household measures

Public officers receive a 3% salary increase in 2026/27. The annual firearm licence fee rises to EC$1,000 from 1 October 2026, and a waste collection fee starts on 1 January 2027. Applications for citizenship by descent through a Dominican-born grandparent open on the same date.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

There are no changes to VAT rates. The main indirect tax change is the end of tax compounding on imports.

Measure	Change	Effective
Tax compounding on imports	Excise tax and VAT on imports are charged on the CIF value only. The customs service charge, environmental levy and import duty no longer form part of the base.	1 Oct 2026
Relief on essential goods	VAT exemption and import duty waivers on covered essential goods extended for two months	To 30 Sep 2026
Garbage trucks and equipment	Import duty and excise relief on garbage trucks and specialised equipment	2026/27
Firearm licence	Annual fee rises to EC$1,000	1 Oct 2026
Waste collection fee	Monthly fee for households and businesses, as collection moves to private contractors	1 Jan 2027

What it means for import costs

Because VAT and excise no longer apply to duty and other charges, the tax on a given import falls from 1 October 2026. Check that pricing and VAT input claims reflect the new base.

Relief on essentials

The relief ran until 30 September 2026. Check with the IRD or the Customs and Excise Division whether any relief has been extended further.

Other revenue

Non-tax revenue of EC$558.6 million, including CBI receipts, is the largest source of revenue. Stamp duty, property charges and VAT rates are unchanged.

Administration

A framework for collecting revenue arrears is planned. From 1 October 2026, vehicle and driver's licences can be renewed online.

SPENDING

07 Spending priorities and capital programme

Capital spending of EC$566.9 million is led by the international airport and the Cabrits marina. Finance, education, health and security take the largest recurrent budgets.

Largest recurrent allocations

Finance and Economic Development	EC$284.8 m
Education	EC$76.9 m
Health and Social Services	EC$75.4 m
National Security	EC$67.1 m
Public Works and Digital	EC$52.2 m
Tourism	EC$27.1 m

The Ministry of Finance carries debt service of EC$122.2 million and pensions of EC$47.3 million.

Largest capital allocations

Office of the Prime Minister	EC$290.0 m
Public Works and Digital	EC$70.7 m
Environment and Rural	EC$57.1 m
Foreign Affairs, Trade, Energy	EC$51.7 m
Agriculture and Fisheries	EC$25.4 m
Housing	EC$19.8 m

The Office of the Prime Minister allocation is EC$250 million for the airport and EC$40 million for the marina.

Major projects

- International airport
- Cabrits marina
- Electricity transmission
- Boiling Lake cable car
- Roseau cruise village
- Roseau Enhancement Phase II
- Resilient housing

Social programmes

- Public assistance, non-contributory pensions over 65 and school support
- Free tuition at Dominica State College
- EC$19.0 million in student loans through the AID Bank
- EC$1.5 million for free crop insurance

DEBT

08 Debt, financing and fiscal rules

Public debt is high, close to 100% of GDP at 30 June 2026. The fiscal rule commits the Government to primary surpluses until debt falls to 60% of GDP.

Capital programme financing

Local resources	EC$383.5 m
Grants	EC$117.6 m
Loans	EC$65.8 m

Local resources include CBI receipts. Debt service is EC$122.2 million: interest of EC$48.6 million and amortisation and sinking fund payments of EC$73.6 million.

Fiscal rule

A primary surplus of at least 2% of GDP each year from 2026/27 until debt falls to 60% of GDP, which the rule targets by 2035. The 2026/27 Estimates project a primary surplus of 2.2%.

IMF debt projections, % of GDP

2026	98.3%
2031	81.6%
Rule target	60%

IMF baseline, May 2026. The IMF considers that further consolidation is needed to meet the rule, with a primary surplus of about 3.5% of GDP from 2026/27.

Disaster buffers

The Vulnerability, Risk and Resilience Fund held EC$28.3 million at 30 June 2026. The IMF recommends building it towards 12% of GDP.

Risks to watch

CBI inflows, the cost of the capital programme, oil prices and natural disasters.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Tourism and hospitality	A record cruise season, a cruise village at the Roseau pier planned as a public-private partnership, the Boiling Lake cable car and the Cabrits marina. VAT on hotel accommodation stays at 10%.
Construction and real estate	A large public pipeline: EC$250 million for the airport, EC$40 million for the marina, housing relocation projects and Roseau Enhancement Phase II, with works from February 2027. A proposed allowance for commercial rental buildings from 2027.
Distribution and retail	Lower VAT and excise on imports from 1 October 2026. Relief on essential goods ran to 30 September 2026, so shelf prices and VAT coding need review.
Manufacturing and agro-processing	CIF basis lowers the tax on imported inputs. Continued support for agro-processors and DEXIA purchases.
Energy and utilities	EC$51.2 million to complete the transmission network, with substations at Padu, Trafalgar and Fond Cole. The target is 100% renewable electricity by 2030.
Financial services	EC$19.0 million for MSME lending through the AID Bank. Proposed deductions for business disaster funds may encourage reserve-building. CBI standards are now set regionally.
Technology and digital	Online licence renewal from October 2026, and a planned online gaming regime with a Gaming Authority.
Agriculture and fisheries	EC$25.4 million of capital spending and EC$1.5 million of free crop insurance.
Employers and SMEs	The employment tax rebate from October 2026. Payroll must be ready for the flat 10% rate from January 2027 once it is enacted.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Check import costings and VAT on the CIF basis from 1 October 2026
- [ ] Review prices on goods that lost essentials relief
- [ ] Confirm eligibility for the employment tax rebate
- [ ] Consider an approved disaster fund for 2027
- [ ] Plan rental building projects around the proposed allowance
- [ ] Budget for the waste collection fee

Individuals

- [ ] Track the income tax amendment through Parliament
- [ ] Check payroll and prepayments for 2027
- [ ] Review foreign income under the proposed source basis

Date	What happens
4 August 2026	Budget presented
30 September 2026	Relief on essential goods ends
1 October 2026	CIF basis for import VAT and excise; employment tax rebate; firearm fee EC$1,000
December 2026	AID Bank MSME facility opens
1 January 2027	Flat 10% income tax and source basis (proposed); waste collection fee
Income year 2027	Rental building allowance and disaster fund deduction (proposed)
31 January 2027	Employer's annual return (TD5)
31 March 2027	2026 returns and balance; first prepayment for 2027
30 June 2027	Financial year ends
September 2028	Employment tax rebate period ends

Company dates assume a December year-end.

YOUR PARTNER

11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps businesses and individuals turn the Budget into a plan.

Budget impact assessment

Modelling the measures against your costs, prices, margins and tax position.

Tax planning and restructuring

Rental investment timing, disaster funds, group structure and the 2027 personal tax changes.

Compliance updates and payroll changes

The flat rate, the employment tax rebate, PAYE, VAT and prepayments.

Incentives and concessions

Fiscal incentives, hotel concessions, approved developments and the new allowances.

Cash flow and pricing reviews

Forecasts, import costings on the CIF basis, repricing and working capital.

Engagement with the tax authority

Rulings, objections, audits and correspondence with the IRD and Customs and Excise.

Start with a conversation

Tell us how the 2026/27 Budget affects your plans, and we will set out the steps for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **dominica@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026/27 Budget

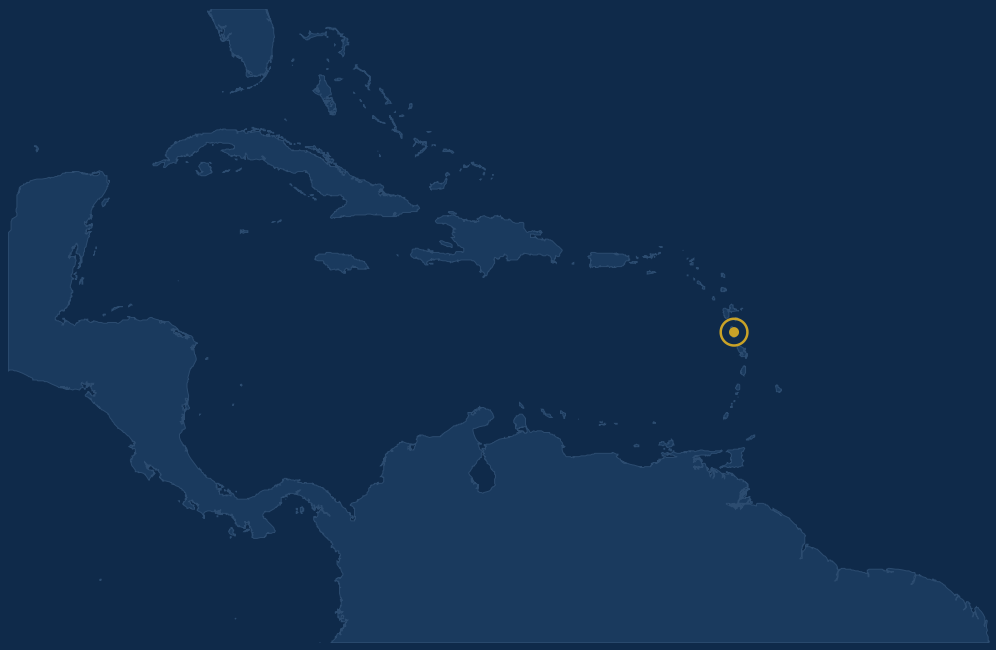
Contact

dominica@dawgen.com

Dawgen Global, Dawgen Towers
47-49 Trinidad Terrace, Kingston 5, Jamaica
(876) 926-5210 · (876) 630-2011
(876) 929-3670 · (876) 929-3870
US toll free 855-354-2447
info@dawgen.global · dawgen.global

Key official sources

- Ministry of Finance, Economic Development, Climate Resilience and Social Security (finance.gov.dm)
- Office of the Prime Minister (pressroomopm.gov.dm)
- Government of Dominica (dominica.gov.dm)
- Government Information Service (news.gov.dm)
- Inland Revenue Division (ird.gov.dm)
- Invest Dominica Authority (investdominica.com)
- Eastern Caribbean Central Bank (eccb-centralbank.org)
- International Monetary Fund (imf.org)



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