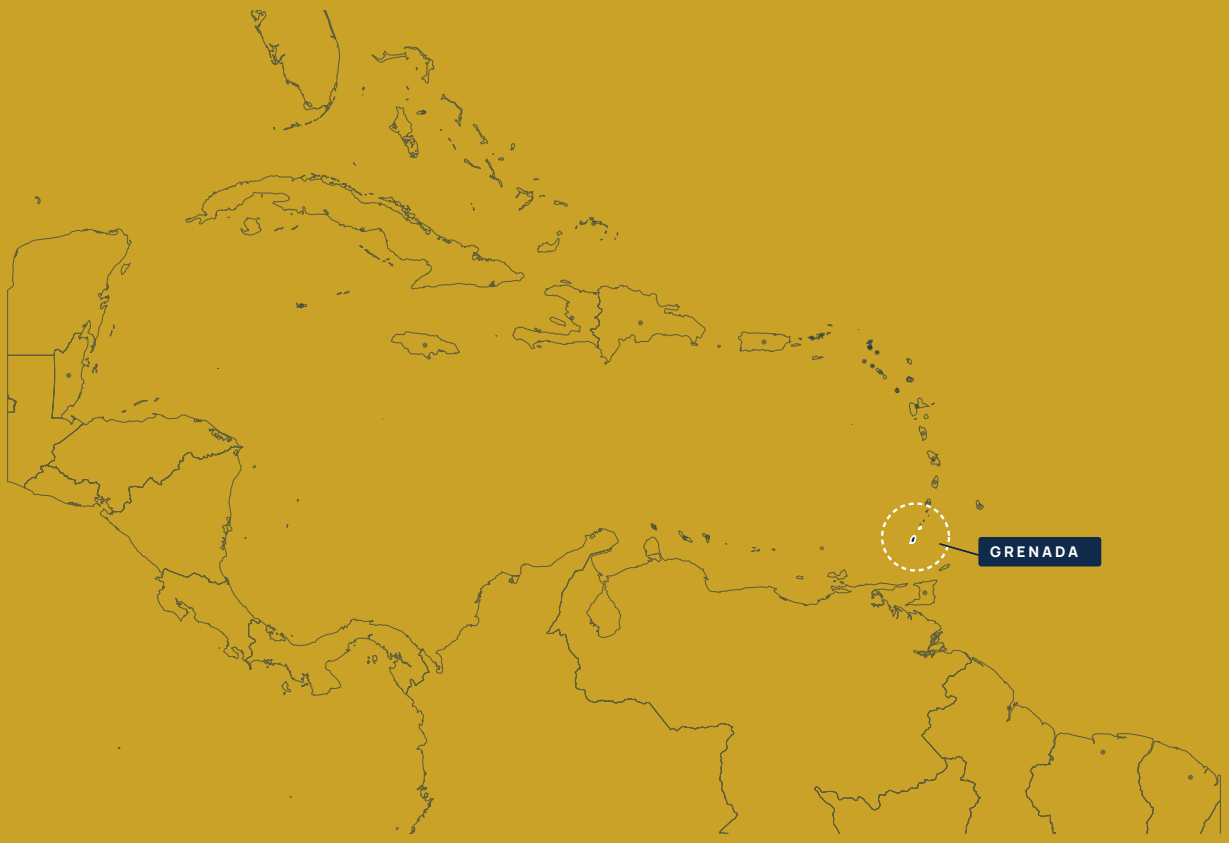


TOTAL BUDGET
XCD 1.96 billion
Appropriation 2026, including principal

OVERALL DEFICIT
XCD 309.8m
After grants; fiscal rules suspended

PUBLIC DEBT
69.6% of GDP
End-2025, Ministry of Finance

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Grenada Budget Review 2026

What the 2026 Budget means for businesses and individuals

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FOREWORD

The 2026 Budget is a budget of continuity. It adds no new taxes, keeps the cost-of-living relief in place and keeps spending on recovery from Hurricane Beryl, while the fiscal rules stay suspended for one more year.

The Budget holds tax rates steady, keeps VAT relief on 20 essential items, halves VAT on electricity for many households and holds fuel tax at XCD 3.50 a gallon. Beyond the Budget itself, 2026 brings VAT on foreign digital services, online VAT filing and new rules for Citizenship by Investment, which has been a major source of revenue.

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

Grenada 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 Budget and what it means for businesses and individuals in Grenada. 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 Estimates of Revenue and Expenditure for 2026 were presented to the House of Representatives on 1 December 2025 by the Minister for Finance, Hon. Dennis Cornwall. The Senate debated them on 10 December, and the Appropriation Act took effect on 1 January 2026, the start of the fiscal year.

TOTAL APPROPRIATION
XCD 1.96 billion
Including XCD 313.2 million of principal repayments; up XCD 47.1 million on 2025

RECURRENT REVENUE
XCD 1.3 billion
Plus grants of XCD 37.6 million

OVERALL BALANCE
–XCD 309.8m
After grants; primary deficit XCD 229.2 million

CAPITAL SPENDING
XCD 370.4m
Plus XCD 206.7 million of strategic initiatives

CURRENT ACCOUNT
XCD 229.8m
Surplus of recurrent revenue over recurrent spending

PUBLIC DEBT
69.6% of GDP
End-2025; legal anchor of 60% by 2035

Five key messages

- **No new taxes.** Income tax, VAT and Annual Stamp Tax rates are unchanged.
- **Cost-of-living relief continues.** VAT relief on 20 essential items stays, VAT on electricity is halved for households using 99 to 150 kWh a month, and fuel tax is held at XCD 3.50 a gallon.
- **Fiscal rules suspended for one more year.** The deficit is financed mainly from government deposits, with a return to the rules planned for 2027.
- **Recovery and investment.** Infrastructure, education and security take the largest allocations, with continued rebuilding in Carriacou and Petite Martinique.
- **Changes beyond the Budget.** VAT on foreign digital services, online VAT filing and a new Citizenship by Investment law.

ECONOMY

02 Economic context

Growth has been strong since Hurricane Beryl in July 2024, and inflation is low. Citizenship by Investment receipts have fallen sharply from their 2024 peak.

REAL GDP 2025	REAL GDP 2026	INFLATION
6.2%	4.1%	0.7%
Government estimate; the IMF estimates 4.4%	Budget projection; the IMF projects 3.2%	2025 average; about 1% a year expected to 2028

UNEMPLOYMENT	CURRENT ACCOUNT	CURRENCY
7.5%	−17.5% of GDP	XCD 2.70 = US$1
October 2025, Government figure; youth 20.2%	2025, IMF estimate; projected to narrow in 2026	Fixed peg, managed by the Eastern Caribbean Central Bank

Citizenship by Investment

CBI revenue to Government fell from XCD 553.7 million in 2024 to an estimated XCD 165.6 million in 2025; the IMF projects XCD 143.8 million for 2026. A new CBI law and a regional regulator, the Eastern Caribbean Citizenship by Investment Regulatory Authority, bring tighter due diligence and higher fees.

Hurricane Beryl

Beryl struck in July 2024, causing severe damage in Carriacou and Petite Martinique and hitting agriculture, including nutmeg and cocoa. Rebuilding continues in the 2026 Budget.

Outlook

The IMF expects growth to ease towards about 3% a year from 2027. It points to risks from tourism and import shocks, natural disasters, lower CBI and investment inflows, the non-bank financial sector and delays or cost overruns on large projects. Faster resort development is the main upside.

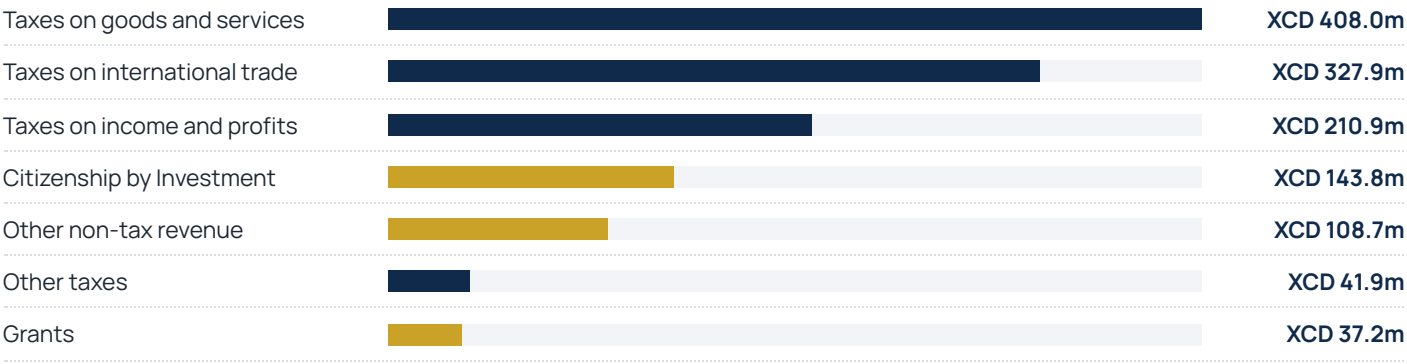
> **IMF review**
>
> The IMF Executive Board concluded its 2025 Article IV consultation with Grenada on 21 January 2026.

PUBLIC FINANCES

03 Fiscal framework

2026 Budget, XCD million	Amount
Recurrent revenue	About 1,300
Grants	37.6
Recurrent spending, excluding principal repayments	About 1,070
Current account surplus	229.8
Strategic initiatives	206.7
Capital spending	370.4
Primary balance after grants	−229.2
Overall balance after grants	−309.8
Principal repayments	313.2

Where the money comes from: IMF projection of 2026 revenue and grants, XCD 1,278.3 million



The IMF projection is more cautious than the Budget, mainly on CBI receipts and nominal growth. Gold bars show non-tax revenue and grants.

Outturn against the previous budget

The 2025 Budget planned an overall deficit of XCD 337.4 million (8.3% of GDP). The projected outturn is XCD 279.1 million (about 6.9% of GDP), and the primary deficit XCD 126.4 million (3.1% of GDP) against XCD 208.6 million budgeted. Less was drawn from deposits than planned.

Supplementary appropriation, 2026

In September 2026 the House of Representatives approved a further XCD 310.9 million for 2026, mostly capital: XCD 167 million for infrastructure, XCD 38.4 million for Finance, XCD 30.8 million for project delivery and XCD 22.7 million for Carriacou and Petite Martinique. It is financed mainly from local resources (about XCD 277.5 million), with loans and grants.

BUSINESS TAX

04 Tax measures for businesses

The 2026 Budget makes no changes to business tax rates. The changes for companies come from administration, VAT reform and relief on particular costs.

Measure	What changes	Effective	Who is affected
Tax rates	No new taxes; corporate income tax, Annual Stamp Tax, VAT and withholding tax rates unchanged	2026	All businesses
Fuel tax	Tax on petrol and diesel held at XCD 3.50 a gallon	Continuing	Transport, distribution, fishing
Online VAT filing	VAT returns must be filed through G-TAX, now fully rolled out	1 Jan 2026	VAT-registered businesses
VAT on foreign digital services	Non-resident digital suppliers and marketplaces register and charge VAT; local registered businesses account for it themselves	Date set by Gazette notice	Digital platforms; businesses buying services from abroad
National Insurance	Each rate rises 0.25%, to 7.25% employer and 6.25% employee	1 Jan 2026	All employers
Professional licensing	Licensing framework being modernised so practitioners are registered and compliant	During 2026	Professional firms

Unchanged

Corporate income tax of 28%; Annual Stamp Tax of 0.5% or 0.7% of gross income; 15% withholding tax on payments to non-residents; VAT at 15%, or 10% for tourism, with registration at XCD 300,000.

Finance and incentives

The Grenada Development Bank offers XCD 25 million of grants and 1% loans to firms hit by Hurricane Beryl. Government plans more MSME financing and modernised investment incentives.

INDIVIDUALS

05 Tax measures for individuals and households

Personal income tax is unchanged. The main help for households comes through VAT relief, electricity and fuel costs.

Chargeable income	Rate
First XCD 36,000 (personal allowance)	0%
Next XCD 24,000 (to XCD 60,000)	10%
Above XCD 60,000	28%

The allowance and rates are unchanged for 2026. Dividends from Grenada companies remain untaxed, and there is no capital gains tax.

Household relief

- Households using 99 to 150 kWh of electricity a month pay half the usual VAT
- A XCD 10 monthly electricity subsidy for households using up to 99 kWh
- A 20-pound cylinder of cooking gas fixed at XCD 40
- Fuel tax held at XCD 3.50 a gallon
- Duty- and tax-free food and necessities in up to two barrels per household, 8 December 2025 to 5 January 2026

National Insurance, 2026	Rate
Employee	6.25%
Employer	7.25%
Self-employed	13.5%
Earnings ceiling	XCD 5,200 a month

Employee and employer rates rise by 0.25% each January to 2031.

Housing and youth

A new XCD 50 million Government Housing Fund, XCD 13 million for home improvement and rebuilding programmes, and XCD 15 million for a new Youth Empowerment Agency.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

VAT and import taxes raise most of Grenada's revenue. The Budget keeps existing VAT relief, and a new law brings foreign digital services into VAT.

Measure	Change	Effective
VAT relief on essential items	Relief on the 20 items listed in the Budget continues	Continuing
VAT on electricity	Halved for households using 99 to 150 kWh a month; the first 99 kWh stay zero-rated	2026 Budget
Fuel tax	Held at XCD 3.50 a gallon on petrol and diesel	Continuing
VAT on foreign digital services	VAT (Amendment) Act passed by Parliament on 7 May 2026. Non-resident suppliers and electronic marketplaces register and charge VAT; registered businesses use the reverse charge.	Gazette notice, after six-month transition
Christmas barrels	Full exemption from duties, taxes and the customs service charge, up to two barrels per household	8 Dec 2025 to 5 Jan 2026

The 20 items with VAT relief

Soya chunks · Veggie patties · Olive, canola, soybean, sunflower and coconut oil · Red kidney beans · Black-eye peas · Lentil peas · Hand sanitiser · Adult and baby diapers · Toothpaste · Mouthwash · Toilet paper and its inputs · Liquid soap and bath gel · Laundry soap · Sanitary products · Condoms

Citizenship by Investment

The CBI law is being repealed and replaced, with oversight by the new regional regulator. Higher fees and tighter due diligence apply from September 2026.

Administration

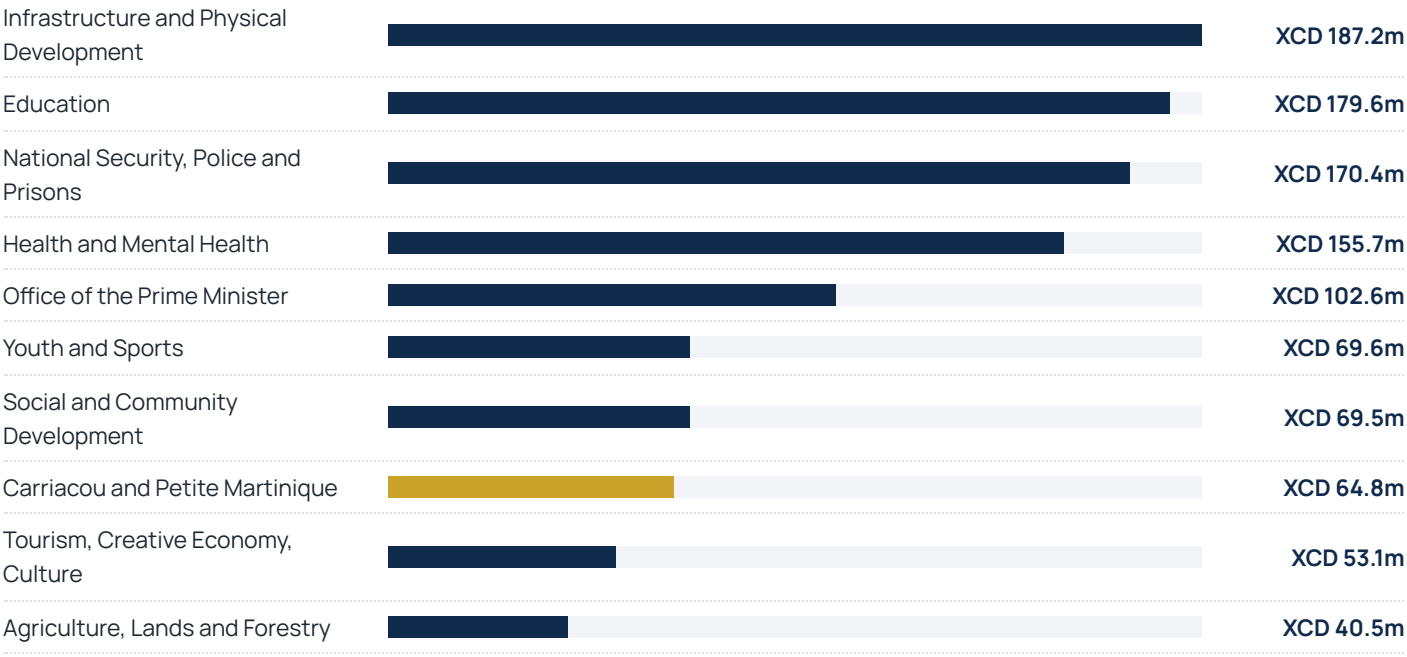
G-TAX is fully rolled out for filing and payment. Government plans to strengthen collections in 2026, and SOE dividends add to non-tax revenue.

SPENDING

07 Spending priorities and capital programme

Infrastructure, education, security and health take the largest shares of the 2026 Budget.

Largest allocations, 2026



Recurrent, initiatives and capital combined. Carriacou and Petite Martinique (gold) includes about XCD 20 million for Beryl recovery. Public debt charges of XCD 393.7 million are covered in section 08.

Projects

- Project Polaris hospital
- Sauteurs Bay coastal protection
- Project 500 homes
- Renewable energy
- Coast Guard vessel
- MNIB reform

Project Polaris, a 250-bed hospital costing about US$250 million, is due to break ground in 2026.

Other announced items

- XCD 50 million for a new Housing Fund
- XCD 15 million for the Youth Empowerment Agency
- Over US$140 million mobilised for renewable energy
- A regulator for the oil and gas sector

DEBT

08 Debt, financing and fiscal rules

Debt is above the 60% legal anchor. The 2026 deficit is financed mainly by drawing down government deposits, not by new borrowing.

Public debt, end-2025

Total public debt		XCD 2,809.6m
Central government		XCD 2,288.1m
of which external		XCD 1,898.8m
of which domestic		XCD 389.3m

Total public debt is 69.6% of GDP and central government debt 56.6%. Multilateral lenders hold about two-thirds of external central government debt.

Fiscal rules

The Fiscal Resilience Act 2023 sets a primary surplus floor of 1.5% of GDP and caps debt at 60% of GDP by 2035. The rules are suspended in 2026, with a return planned for 2027; the 13% of GDP wage bill ceiling still applies.

Financing 2026

The XCD 309.8 million deficit is financed mainly by a XCD 257.3 million drawdown of government deposits, plus limited domestic and external borrowing. Principal repayments are XCD 313.2 million.

- A US$20 million World Bank contingent credit line is under discussion
- The Contingency Fund holds XCD 61.1 million
- A Medium-Term Debt Management Strategy 2026–2028 was laid in Parliament

Risks to watch

The IMF expects debt to reach 60% of GDP by 2033, about three years later than it would without Project Polaris borrowing. It flags lower CBI receipts, disasters and project overruns.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Tourism and hospitality	VAT stays at 10% on tourism. XCD 53.1 million for tourism, the creative economy and culture. New resort projects drive investment, and new CBI rules change project funding.
Financial services	Bank credit has grown quickly, led by real estate and construction; the IMF asks for close monitoring of non-bank lenders. Government deposits fall as they fund the deficit.
Construction and real estate	XCD 370.4 million of capital spending, Project Polaris, a XCD 50 million Housing Fund and rebuilding in Carriacou and Petite Martinique. Property transfer tax and alien landholding rules are unchanged.
Manufacturing and distribution	VAT relief on 20 items continues, including inputs for local toilet paper production. Update price lists and VAT coding.
Energy and utilities	Half-rate VAT on household electricity from 99 to 150 kWh, fuel tax held, over US$140 million for renewable energy and a planned oil and gas regulator.
Technology and digital	VAT on foreign digital services from a date set by Gazette notice. Platforms selling to Grenada consumers must register.
Agriculture and fisheries	XCD 40.5 million for agriculture, spice replanting, livestock grants and reform of the Marketing and National Importing Board.
SMEs	VAT registration stays at XCD 300,000. Beryl recovery finance from the Grenada Development Bank and planned MSME financing.
Employers generally	National Insurance rates rose 0.25% each side in January 2026. PAYE bands are unchanged.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Check payroll applies the 2026 National Insurance rates
- [ ] File VAT returns online through G-TAX by the 20th
- [ ] Check VAT coding for the 20 relief items
- [ ] Map services bought from abroad for the digital VAT reverse charge
- [ ] Review CBI-funded project timetables and costs
- [ ] Diary corporate returns three months after year-end

Individuals

- [ ] File 2026 returns and pay the balance by 31 March 2027
- [ ] Pay 2027 property tax by 31 March and 30 June
- [ ] Check electricity bills show the VAT relief

Date	What happens
1 December 2025	2026 Budget presented
8 Dec 2025 – 5 Jan 2026	Duty- and tax-free Christmas barrels
1 January 2026	Appropriation Act in force; NIS rates rise; online VAT filing
31 March 2026	Individual returns; corporate returns for December year-ends
7 May 2026	VAT (Amendment) Act on digital services passed
30 June 2026	Balance of property tax
September 2026	Higher CBI fees and due diligence; XCD 310.9m supplementary appropriation approved by the House
Gazette notice	VAT on foreign digital services starts
December 2026	2027 Budget expected
2027	Planned return to the fiscal rules

Corporate 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

Group structure, capital allowances, dividends and cross-border payments.

Compliance updates and payroll changes

G-TAX filing, digital services VAT, National Insurance and payroll systems.

Incentives and concessions

GIDC incentives, approved project concessions and alien landholding.

Cash flow and pricing reviews

Forecasts, VAT pricing and working capital.

Engagement with the tax authority

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

Start with a conversation

Tell us how the 2026 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 **grenada@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026 Budget

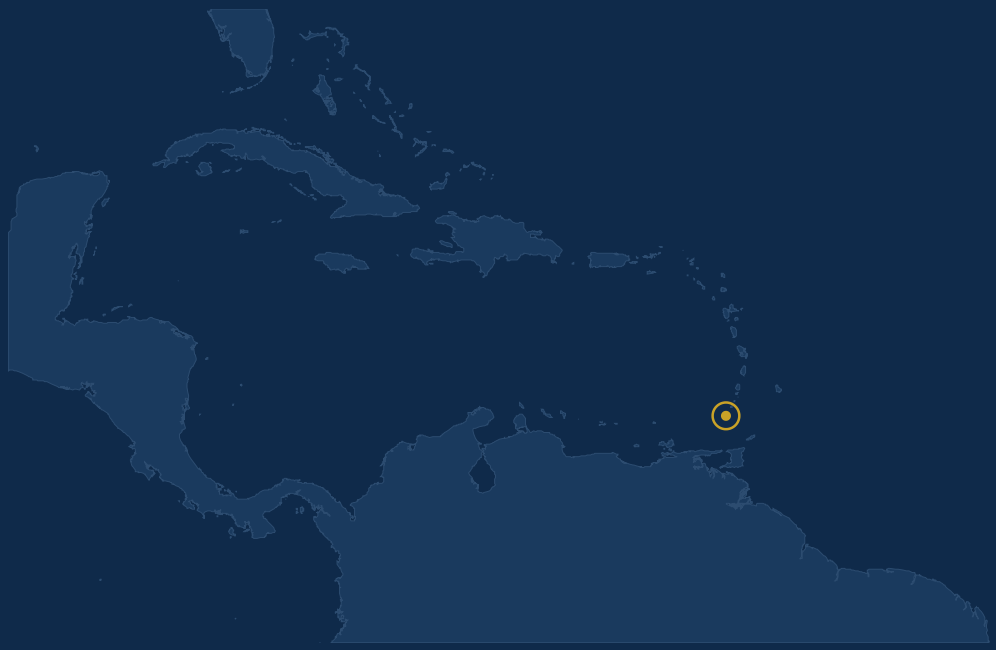
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Key official sources

- Ministry of Finance (finance.gd)
- Houses of Parliament (grenadaparliament.gd)
- Inland Revenue Division (ird.gov.gd)
- National Insurance Scheme (nisgrenada.org)
- Investment Migration Agency Grenada (imagrenada.gd)
- Grenada Investment Development Corporation (grenadaidc.com)
- Eastern Caribbean Central Bank (eccb-centralbank.org)
- International Monetary Fund (imf.org)



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