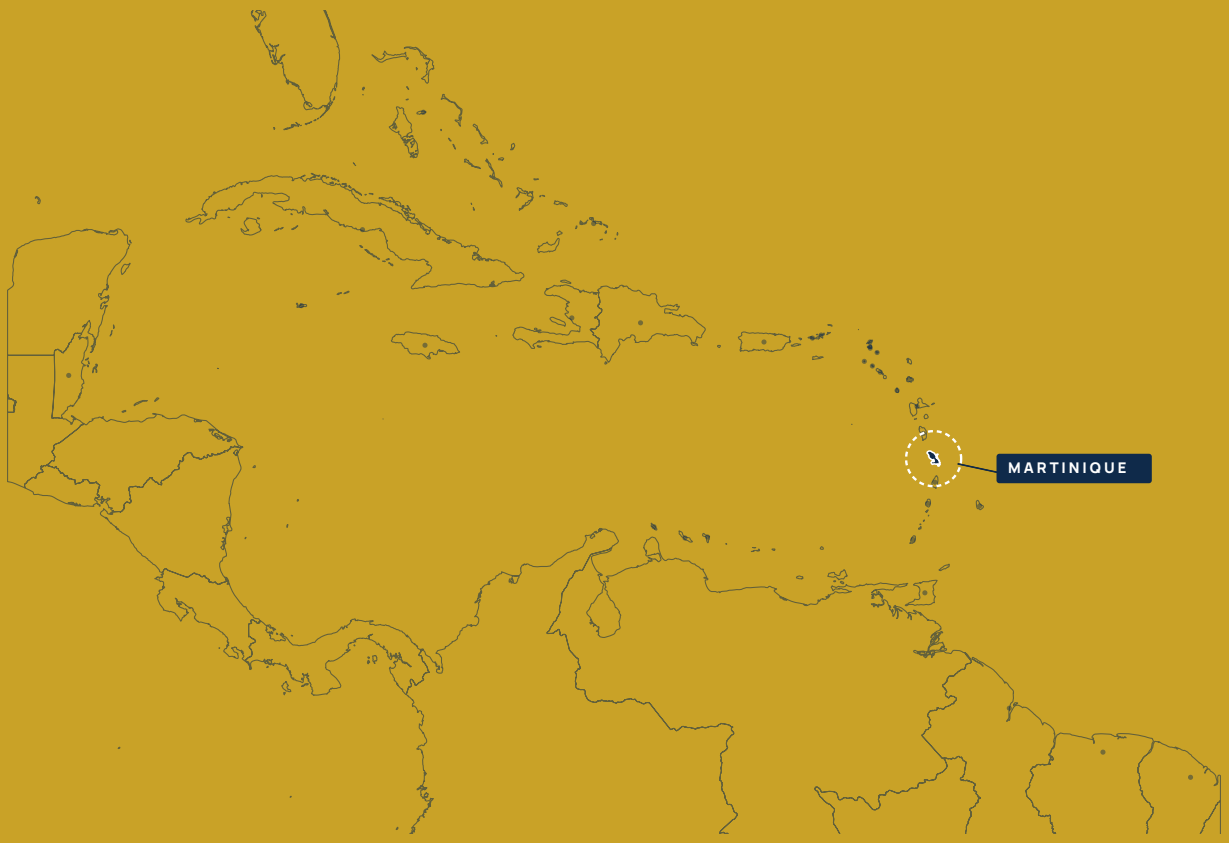


CTM BUDGET
€1.5 billion
2026 primitive budget, adopted 18 December 2025

CTM DEBT
€977 million
End-2024; may pass €1 billion in 2026

FRENCH DEFICIT
5.0% of GDP
2027 target in the draft Finance Law

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Martinique Budget Review 2026

What the 2026 Budget means for businesses and individuals

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FOREWORD

Martinique has no national budget of its own. Its taxes are set in Paris through the annual Finance Law, while the Collectivité Territoriale de Martinique (CTM) adopts its own budget for local services, investment and the octroi de mer.

The Finance Law for 2026 kept the main tax rates and the overseas reliefs, and the cost-of-living measures agreed in 2024, including 0% TVA on about 6,000 everyday products, remain in place. The draft Finance Law for 2027, presented on 1 October 2026, is still before Parliament. Locally, the CTM adopted a budget of about €1.5 billion for 2026, but has cut borrowing and investment and approved a recovery plan for 2027 and 2028 that includes a new employer mobility levy.

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

Martinique is served through Dawgen Global's Caribbean Service Desk, managed from our headquarters in Kingston, with tax matters handled by our Caribbean Tax Service Desk. 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 Martinique. 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

As a single territorial collectivity of France, Martinique's taxes are set by the French Parliament. This review covers the Finance Law for 2026 (law no. 2026-103 of 19 February 2026), the draft Finance Law for 2027 presented by the Government on 1 October 2026, and the CTM's 2026 budget, adopted in plenary on 18 December 2025.

CTM BUDGET
€1.5 billion
2026 primitive budget, all sections

CTM DEBT
€977 million
End-2024, up 28% since 2021

FRENCH DEFICIT
5.0% of GDP
2027 target, from an expected 5.4% in 2026

OVERSEAS MISSION
€3.68 billion
Proposed State credits for 2027, up about 10%

TVA ON ESSENTIALS
0%
About 6,000 products, currently to 31 December 2027

CORPORATE TAX
25% / 15%
Unchanged; 15% on the first €42,500 for qualifying SMEs

Five key messages

- **Stable core rates.** Corporate tax, TVA at 8.5% and the 30% overseas income tax reduction are unchanged.
- **Cost-of-living measures continue.** 0% TVA on essentials and octroi de mer relief on 54 product families remain.
- **A tighter CTM.** Borrowing and investment were cut in 2026, and a recovery plan targets savings in 2027 and 2028.
- **New employer levy planned.** The CTM plan includes a regional mobility levy on payroll.
- **2027 is still open.** The draft Finance Law is before Parliament; its measures are proposals only.

ECONOMY

02 Economic context

Martinique's economy grew little in 2025. Inflation is low, helped by the cost-of-living measures, but unemployment has risen and business leaders expect no quick rebound.

UNEMPLOYMENT
12.8%
Q2 2026, ILO basis; 13.4% in 2025 as a whole

INFLATION
1.1%
2025 average; 0.9% in France

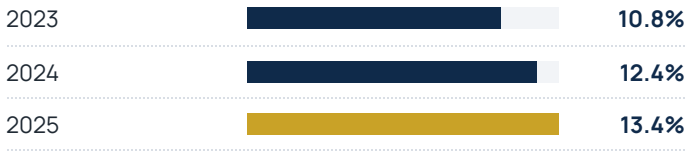
SALARIED JOBS
About 131,000
Q2 2026, down 0.2% over the year

TOURISTS
1.03 million
2025, up about 4%; cruise passengers up 19.7%

BANK LENDING
Over €13 billion
End-2025; business loans down 2.2%

FRENCH GROWTH
0.5% / 1.0%
Government forecast for 2026 and 2027

Unemployment rate, annual



Hotel nights rose 11.7% in the year to Q2 2026, with foreign visitors up 31.5%, after a fall of 7.0% in 2025.

Outlook

IEDOM reports a business climate above its long-term average in 2025 but pessimism for early 2026. Banque de France scenarios show inflation rising to between 2.5% and 3.3% if oil prices stay high.

The French context

Martinique uses the euro, so interest rates follow the European Central Bank. The French Government plans a €54 billion effort in 2027 to reduce the national deficit.

PUBLIC FINANCES

03 Fiscal framework

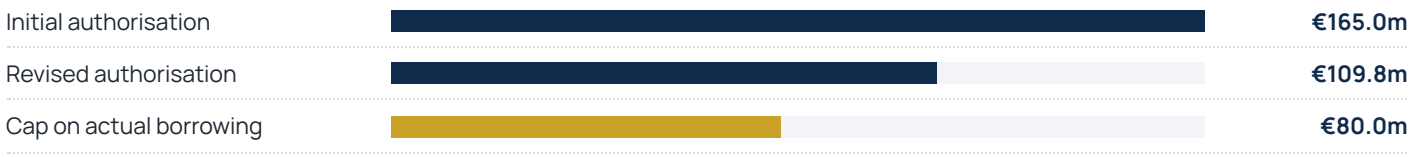
Two budgets matter: the French State budget, which sets taxes and funds the overseas mission, and the CTM budget, which combines regional and departmental functions.

France, general government	2025	2026	2027 draft
Deficit, % of GDP	—	5.4% expected	5.0% target
Public debt, % of GDP	115.7%	119.3%	121.7%
Real GDP growth	—	0.5%	1.0%

The CTM's 2026 budget

Item	Position
Primitive budget, adopted 18 December 2025	About €1.5 billion
Borrowing authorisation	Cut from €165 million to €109.8 million
Actual borrowing in 2026	Capped at €80 million
Planned investment, excluding EU funds	Reduced by €40.2 million
Savings and revenue measures by 30 June 2026	About €75 million, with a lasting effect of about €26.4 million

CTM borrowing in 2026, € million



The audit view

The regional audit chamber found a structural financial imbalance and negative self-financing after debt repayment since 2022, and made 15 recommendations. Its report went to the Assembly of Martinique in September 2026.

BUSINESS TAX

04 Tax measures for businesses

The Finance Law for 2026 left the corporate tax rates unchanged. The changes for businesses concern large groups, holding companies, overseas investment and energy, with a new local payroll levy planned.

Measure	What changes	Effective	Who is affected
Large-group surtax	Exceptional contribution extended for a second year: 20.6% of corporate tax, 41.2% above €3 billion of turnover	Years ending from 31 Dec 2026	Groups with French turnover of €1.5bn or more
Holding company tax	20% tax on certain luxury and non-operating assets	Years ending from 31 Dec 2026	Family holding companies
Overseas investment credit	Leasing with a purchase option restored for companies in difficulty	Leases signed in 2026	Investing companies
LODEOM	New scales for employer charge exemptions; full relief up to set SMIC multiples by scheme	1 Jan 2026	Employers
IFER on solar plants	Rate rises 88%, from €8.51 to €16.05 per kW, for three years	1 Jan 2027	Plants commissioned before 2021
Regional mobility levy	**Planned:** the CTM recovery plan includes the versement mobilité régional et rural, a payroll levy at a rate capped by law	From 2027, if adopted	Employers

Unchanged

Corporate tax of 25%, or 15% on the first €42,500 for qualifying SMEs; ZFANG allowance of 50% of profit up to €150,000, or 80% up to €300,000 in priority sectors; Girardin schemes to 2029; CVAE capped at 0.28%.

Proposed for 2027

The draft renews the surtax for a third year at lower rates; the National Assembly deleted that article on 27 October 2026. It also proposes higher taxes on motorway and airport operators.

INDIVIDUALS

05 Tax measures for individuals and households

Income tax bands were indexed for inflation and the overseas reduction is unchanged. Savers pay more on investment income from 2026, while the cost-of-living measures ease prices for households.

Income per share (2025 income)	Rate
Up to €11,600	0%
€11,601 to €29,579	11%
€29,580 to €84,577	30%
€84,578 to €181,917	41%
Above €181,917	45%

Bands rose by 0.9% for inflation. Residents of Martinique reduce their tax by 30%, capped at €2,450 per household. The minimum tax of 20% on very high incomes continues until the French deficit falls below 3% of GDP.

Proposed for 2027

The draft Finance Law indexes the bands again and contains no increase in income tax rates.

Measure	From
Flat tax on investment income: 31.4% (12.8% plus 18.6% social levies)	1 Jan 2026
Rents, property gains and life insurance stay at 17.2% social levies	1 Jan 2026
SMIC €12.02 an hour	1 Jan 2026
SMIC €12.31 an hour (€1,867.02 a month)	1 Jun 2026

Household costs

Food prices rose only 0.7% from October 2024 to December 2025, against 2.4% in Guadeloupe. Penalties on new cars by CO2 and weight continue to rise in 2026 and 2027.

The Social Security Finance Law for 2027 was rejected by the National Assembly at first reading and goes to the Senate in November.

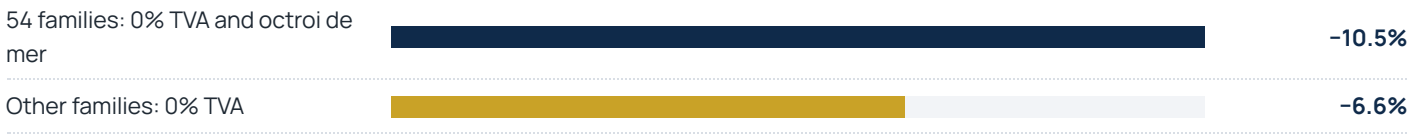
INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Martinique is outside the EU VAT area. The cost-of-living protocol of October 2024 cut TVA and octroi de mer on essentials, and the octroi de mer regime itself is due for renewal.

Tax	Position	Status
TVA	8.5% standard, 2.1% reduced, 1.05% special rate	Unchanged
TVA on essentials	0% on about 6,000 everyday products under the cost-of-living protocol	From 1 Mar 2025, currently to 31 Dec 2027
Octroi de mer relief	The CTM removed octroi de mer on 54 product families	Since early 2025
Octroi de mer	On imports, including from mainland France, and local production above a threshold; rates set by the CTM	EU authorisation to 31 Dec 2027
Octroi de mer after 2027	The European Commission proposed on 10 September 2026 to extend the regime to 2030	Awaits EU Council approval
E-invoicing	All businesses receive e-invoices; large and mid-sized firms issue them. Small businesses issue from 1 Sep 2027.	1 Sep 2026

Average price falls under the protocol, to December 2025



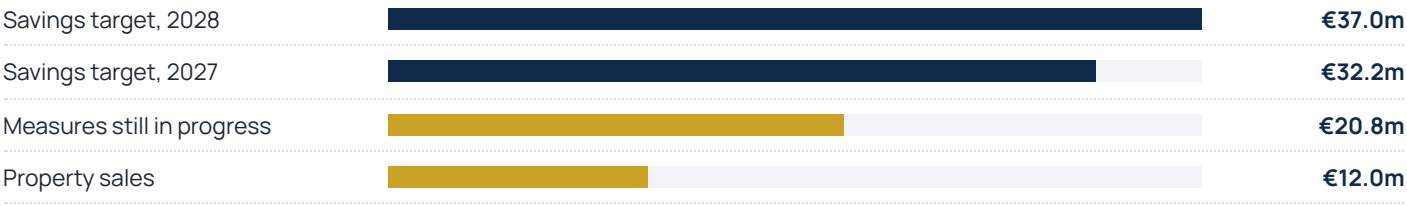
The protocol, signed by the State, the CTM and distributors, runs for 36 months from January 2025. The Senate adopted an overseas cost-of-living bill in October 2025; it has not yet been examined by the National Assembly.

SPENDING

07 Spending priorities and capital programme

The CTM must balance its investment programme against a recovery plan. EU funds and State credits remain central to capital spending.

CTM recovery plan for 2027 and 2028, € million



The plan, worth nearly €69 million over two years, was approved by the Assembly of Martinique in September 2026. Gold bars show measures in progress and one-off asset sales. A second recovery plan is being prepared.

What the plan contains

- Lower grants to collèges, lycées and associated bodies
- Gradual staff reductions by not replacing some retirements
- Property sales and the sale of shares in an investment company
- A new regional mobility levy on employers

State spending for the overseas

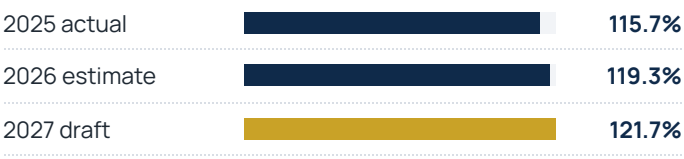
The draft Finance Law proposes €3.68 billion for the overseas mission in 2027, about 10% more than in 2026. About half compensates social charge exemptions such as LODEOM, and €730 million goes to improving living conditions.

DEBT

08 Debt, financing and fiscal rules

French public debt continues to rise. Local authorities may borrow only to invest, and the CTM's debt is now its central budget issue.

French public debt, % of GDP



Debt charges for all public bodies are projected to rise from 2.2% of GDP in 2025 to 3.7% in 2030.

Fiscal rules

France is under the EU excessive deficit procedure and aims to bring its deficit below 3% of GDP. The 2027 deficit target is 5.0%.

The CTM

- Debt of €977 million at the end of 2024, which may exceed €1 billion in 2026
- A further €183.2 million owed to the family allowance fund for income support at the end of 2024
- Actual borrowing capped at €80 million in 2026

Risks to watch

The cost of income support, a declining population, the end of the octroi de mer authorisation in 2027 and the outcome of the 2027 Finance Law for State transfers.

The 2027 timetable

The National Assembly's finance committee rejected the draft on 9 October 2026, and the floor debate began on 13 October. The Assembly has until 17 November to decide at first reading, after which the Senate examines the text. If Parliament does not decide within the constitutional time, the Government may implement the draft by ordinance.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Tourism and hospitality	Cruise traffic and foreign visitors are growing. ZFANG at the higher rate for tourism and LODEOM continue for eligible businesses.
Distribution and retail	0% TVA on about 6,000 products and octroi de mer relief on 54 families continue under the protocol. Price commitments are monitored. The octroi de mer after 2027 is the key issue.
Financial services	Higher social levies on investment income from 2026. Business lending fell 2.2% in 2025.
Construction and real estate	CTM investment was cut in 2026. Activity in construction, measured by hours worked, fell 3.7% in the year to Q2 2026. Girardin schemes continue to 2029.
Energy	IFER on solar plants built before 2021 rises 88% from January 2027, with no exemption for non-interconnected areas.
Suppliers to the CTM	Review credit terms and cash flow on public contracts while the CTM restores its finances.
Holding companies and groups	The 20% tax on luxury assets and the large-group surtax apply to years ending from 31 December 2026.
Employers generally	Update payroll for the new LODEOM scales and the June 2026 SMIC rise, and plan for a possible regional mobility levy.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Check LODEOM relief under the 2026 scales
- [ ] Be ready to receive e-invoices; plan issuing
- [ ] Budget for a possible regional mobility levy
- [ ] Check 0% TVA and octroi de mer coding on stock
- [ ] Model the IFER rise for solar assets
- [ ] Track the 2027 Finance Law and octroi de mer

Individuals

- [ ] Review investment income at the 31.4% flat tax
- [ ] Check the 30% overseas reduction on your notice
- [ ] Update withholding rates for income changes

Date	What happens
18 December 2025	CTM 2026 budget adopted
1 January 2026	Flat tax 31.4%; new LODEOM scales
19 February 2026	Finance Law for 2026 enacted
1 June 2026	SMIC €12.31 an hour
1 September 2026	E-invoice reception for all
17 November 2026	Assembly first-reading deadline for the 2027 draft
31 December 2026	First year-ends for surtax and holding tax
1 January 2027	IFER rise on solar plants; CTM recovery plan year one
1 September 2027	E-invoice issuing for SMEs
31 December 2027	0% TVA on essentials and octroi de mer authorisation end, unless extended

Dates assume a calendar year-end.

YOUR PARTNER

11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps businesses and individuals in Martinique turn the Finance Law and the CTM budget into a plan.

Budget impact assessment

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

Tax planning and restructuring

Group and holding structures, dividends and investment timing.

Compliance updates and payroll changes

LODEOM scales, SMIC changes, payroll levies, DSN, TVA and e-invoicing.

Incentives and concessions

ZFANG, Girardin schemes and the overseas investment credit.

Cash flow and pricing reviews

Protocol pricing, octroi de mer, public contract receivables and working capital.

Engagement with the tax authority

Rulings, claims, audits and correspondence with the DGFiP 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 **martinique@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026 Budget

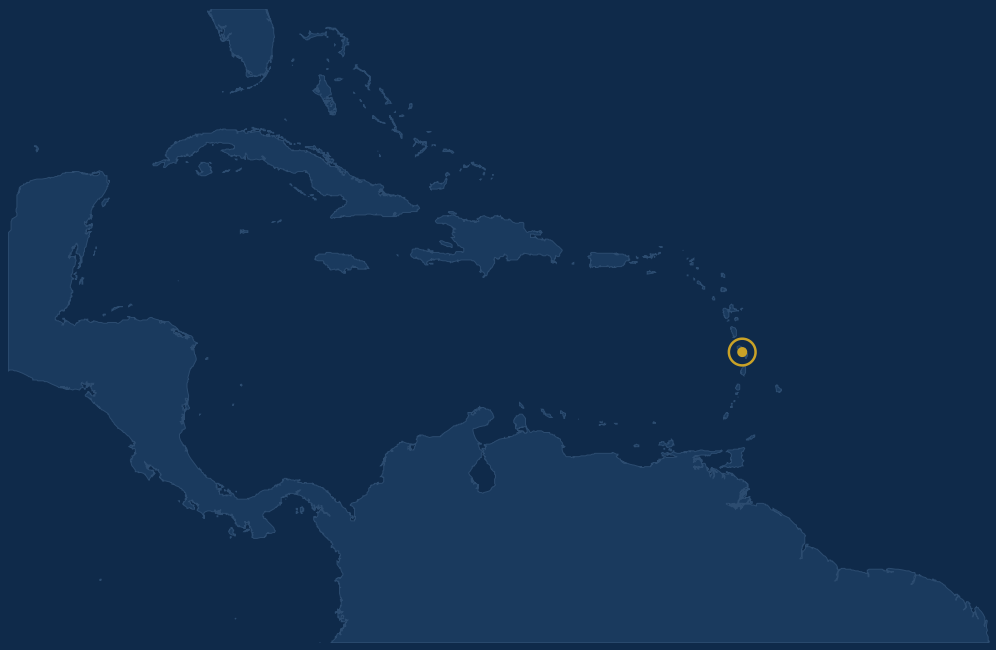
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Key official sources

- Ministry of the Economy and Finance (economie.gouv.fr)
- Direction générale du Trésor (tresor.economie.gouv.fr)
- National Assembly (assemblee-nationale.fr)
- Légifrance (legifrance.gouv.fr)
- Direction générale des Finances publiques (impots.gouv.fr)
- Collectivité Territoriale de Martinique (collectivitedemartinique.mq)
- Chambre régionale des comptes (ccomptes.fr)
- INSEE (insee.fr)
- IEDOM (iedom.fr)



This publication contains general information only, current to October 2026, and is not professional advice. Budget figures are estimates, and the draft Finance Law and Social Security Finance Law for 2027 were still before Parliament at the time of writing; their measures may change or be dropped before they become law. The CTM's recovery plan measures take effect only when adopted in the form required. Confirm the current position with Dawgen Global or the relevant authority before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.

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