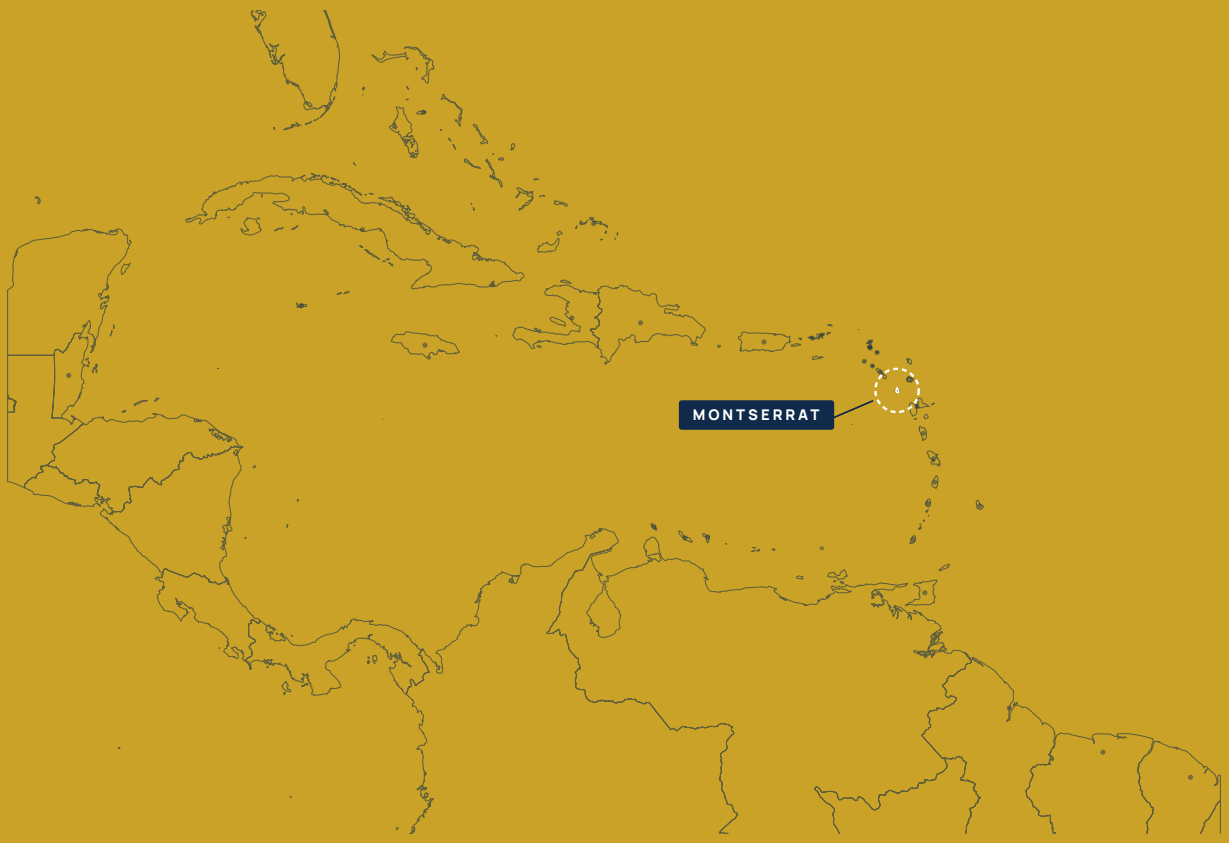


TOTAL BUDGET
XCD 345.95 m
Recurrent and capital estimates, 2026/27

RECURRENT BALANCE
Balanced
Recurrent budget after UK budgetary aid

PUBLIC DEBT
About 3% of GDP
Public sector, ECCB estimate for 2024

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Montserrat Budget Review 2026/27

What the 2026/27 Budget means for businesses and individuals

CONTENTS

01	Budget at a glance	3
02	Economic context	4
03	Fiscal framework	5
04	Tax measures for businesses	6
05	Tax measures for individuals and households	7
06	Indirect taxes, customs and other revenue	8
07	Spending priorities and capital programme	9
08	Debt, financing and fiscal rules	10
09	What it means for your sector	11
10	Action points and key dates	12
11	How Dawgen Global helps	13

FOREWORD

The 2026/27 Budget, presented under the theme "Economic Restoration and Transformation with Social Empowerment", brings no new taxes. It is a delivery budget: almost half of it is capital investment in the hospital, energy, infrastructure and access.

The Budget balances the recurrent account with UK budgetary aid, which still funds about two-thirds of recurrent revenue, and plans for local revenue to recover through better tax administration and compliance. The main changes for taxpayers were made in 2025/26 and continue: lower charges on imports through the reduced freight element, cheaper building materials to March 2028, and the minimum wage from 1 April 2026.

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

Montserrat 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 2026/27 Budget and what it means for businesses and individuals in Montserrat. 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 Premier and Minister of Finance and Economic Management, Hon. Reuben T. Meade, delivered the 2026/27 Budget Statement in the Legislative Assembly on 20 April 2026. The Appropriation Bill, of XCD 345,946,400, passed on 21 April. The financial year runs from 1 April to 31 March.

TOTAL ESTIMATES	RECURRENT REVENUE	UK BUDGETARY AID
XCD 345.95 m	XCD 183.32 m	XCD 120.96 m
Recurrent XCD 183.32 million and capital XCD 162.62 million	Local revenue XCD 62.36 million (34%)	66% of recurrent revenue, from 69.1% in 2025/26

RECURRENT BALANCE	CAPITAL PROGRAMME	NEW TAXES
Balanced	XCD 162.62 m	None
Recurrent spending matches recurrent revenue	Funded by the UK, the EU and the CDB	Rates unchanged; administration and compliance improved

Five key messages

- **No new taxes.** Corporate tax stays at 30%, and personal rates and the XCD 18,000 deduction are unchanged.
- **A capital-heavy budget.** Almost half of spending is capital, led by the new hospital, utilities and access.
- **Local revenue to recover.** It is budgeted to rise from XCD 54.39 million to XCD 62.36 million through stronger administration.
- **Cost of living and business.** The 50% cut in the freight element of import charges and lower charges on building materials continue.
- **Less aid over time.** UK support continues, but the Government is planning for gradually declining funding.

ECONOMY

02 Economic context

Construction drove strong growth in 2025. Prices are anchored by the Eastern Caribbean dollar's peg, and public debt is very low.

REAL GDP 2025
5.5%
ECCB, led by construction; 4.4% in 2024

GROWTH OUTLOOK
3.0%
2026 projection, Government and ECCB; 2.2% in 2027

INFLATION
2.9%
2024 estimate, ECCB; 1.1% in 2023

CURRENT ACCOUNT
−6.5% of GDP
2024, ECCB; financed largely by capital grants

POPULATION
4,325
Figure cited in the Budget Statement

CURRENCY
XCD 2.70 = US$1
Fixed peg, Eastern Caribbean Central Bank

Tourism and access

Stay-over arrivals rose by about 18% in 2024, while cruise calls fell during works at Little Bay. The Budget focuses on air connectivity, a new ferry procurement early in the year and visitor experience.

Banking

Private sector credit fell 4.7% in 2024 to XCD 79.0 million, while deposits grew. The Government names construction, real estate and financial services as growth drivers.

Outlook

The ECCB expects construction-related imports to keep small current account deficits over the medium term, and forecasts a primary fiscal surplus. Risks include oil prices, the UK economy and climate events. The Budget assumes oil at about US$60 a barrel.

UK aid

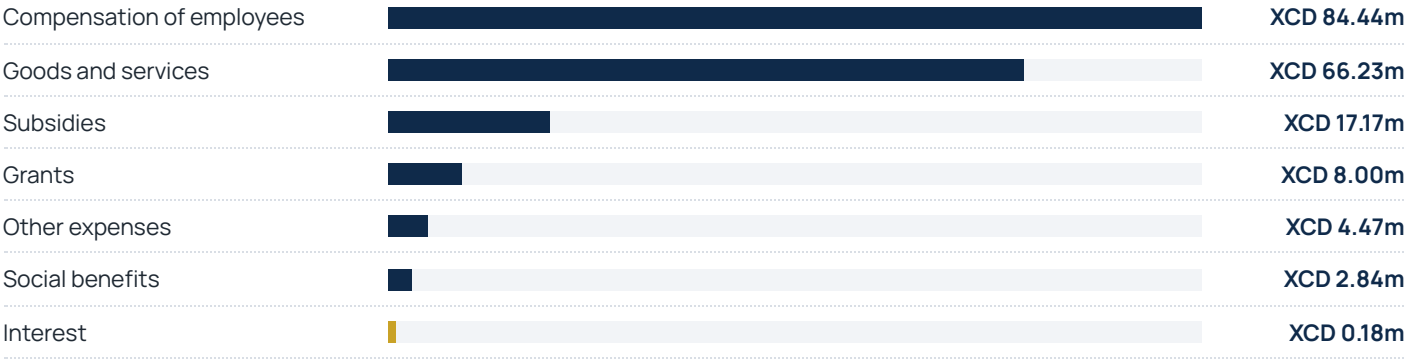
The UK plans to cut aid from 0.5% to 0.3% of gross national income by 2027/28. Montserrat's graduation from aid eligibility has been postponed, and UK support continues.

PUBLIC FINANCES

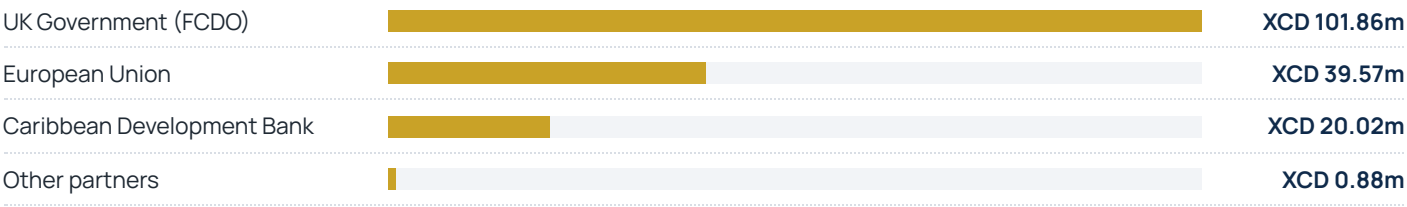
03 Fiscal framework

XCD million	2024/25 outturn	2025/26 revised	2026/27 budget
Recurrent revenue	165.29	175.88	183.32
of which local revenue	61.08	54.39	62.36
of which budgetary aid	104.22	120.24	120.96
Recurrent expenditure	161.19	190.76	183.33
Capital expenditure	24.69	162.79	162.62
Total expenditure	185.88	353.55	345.95

Recurrent spending 2026/27: XCD 183.33 million



Where the capital money comes from: XCD 162.62 million



Outturn against the previous budget

Total 2025/26 spending was revised from about XCD 312 million to XCD 353.55 million, as capital spending rose to XCD 162.79 million. Revised recurrent spending exceeded recurrent revenue, and local revenue fell from XCD 61.08 million to XCD 54.39 million. In 2024/25 the recurrent account had a surplus of about XCD 4.1 million.

BUSINESS TAX

04 Tax measures for businesses

There are no new taxes and no rate changes in 2026/27. For businesses, the measures in force are lower import costs, cheaper building materials and support for small firms.

Measure	What changes	Effective	Who is affected
Freight element	The freight element used to calculate import charges is cut by 50% on all items, lowering the value on which duty and consumption tax are charged	From 2025/26, continuing	All importers
Building materials	Customs duty of 5% and consumption tax of 5% on qualifying building materials	1 Sep 2025 to 31 Mar 2028	Builders, developers, homeowners
CARICOM goods	Consumption tax of 10% on goods of CARICOM origin with a certificate of origin	From 2025/26	Importers and distributors
Small business finance	Soft loans through the Montserrat Business Progressive Fund for small businesses, farmers and fishers	2026/27	SMEs, agriculture, fisheries
Tax administration	Stronger compliance across key revenue streams; the backlog of tax refunds was reduced in 2025/26	2026/27	All taxpayers
Concession review	Duty and tax concession orders were placed under review in 2025/26	Ongoing	Holders of concessions

Unchanged

Corporate income tax of 30%; withholding tax on payments to non-residents at the rates in the Income and Corporation Tax Act; no VAT, general sales tax or capital gains tax.

Incentives

The Fiscal Incentives Act still offers tax holidays and duty relief for approved manufacturing and processing. Individual duty and consumption tax exemptions continue to be granted by order.

INDIVIDUALS

05 Tax measures for individuals and households

Personal income tax is unchanged. The changes households will notice are the minimum wage, the scheduled social security rates and lower import costs.

Chargeable income (XCD)	Rate
Up to 18,000 (deduction)	0%
18,001 to 25,000	5%
25,001 to 35,000	20%
35,001 to 45,000	25%
45,001 to 150,000	30%
Above 150,000	40%

Bands and the XCD 18,000 personal deduction apply from the 2024 year of assessment. The child allowance of XCD 1,500 a child, up to three children, continues, and overtime is taxed at normal rates.

Public pensions

- No public pension is to be lower than the social welfare benefit
- **Proposed:** a move towards a defined contribution scheme, with transition arrangements

Social security, 2026	Rate
Employee	7%
Employer, including employment injury	8%
Self-employed	12%

These are the scheduled rates from 1 January 2026, up from 6.5% and 7.5% in 2025, on earnings up to a ceiling set by regulation.

Minimum wage

A national minimum wage of XCD 12.50 an hour applies from 1 April 2026. A public service pay review is under way.

Housing

The Housing Assistance Programme continues, to help households buy homes and upgrade existing houses.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Montserrat has no VAT. Customs duty and consumption tax on imports are the main local taxes, and no new indirect taxes were introduced.

Item	Position	Effective
Customs duty	Charged by tariff item on the customs value; goods of Common Market origin are generally exempt	Unchanged
Consumption tax	Charged on the customs value plus duty, and on local manufactures other than exports	Unchanged
Freight element	Cut by 50% in the import valuation for all items	Continuing
Building materials	5% duty and 5% consumption tax	To 31 Mar 2028
CARICOM-origin goods	Consumption tax of 10% with a certificate of origin	Continuing
Exempt imports	A processing fee applies to imports exempted from duty	Unchanged
Property tax and stamp duty	Annual property tax at low rates; stamp duty on transfers; Alien Landholding Licence for non-belongers	Unchanged

Local revenue

Local revenue is budgeted at XCD 62.36 million, up from a revised XCD 54.39 million in 2025/26. The Government expects the increase to come from improved tax administration and stronger compliance.

Administration

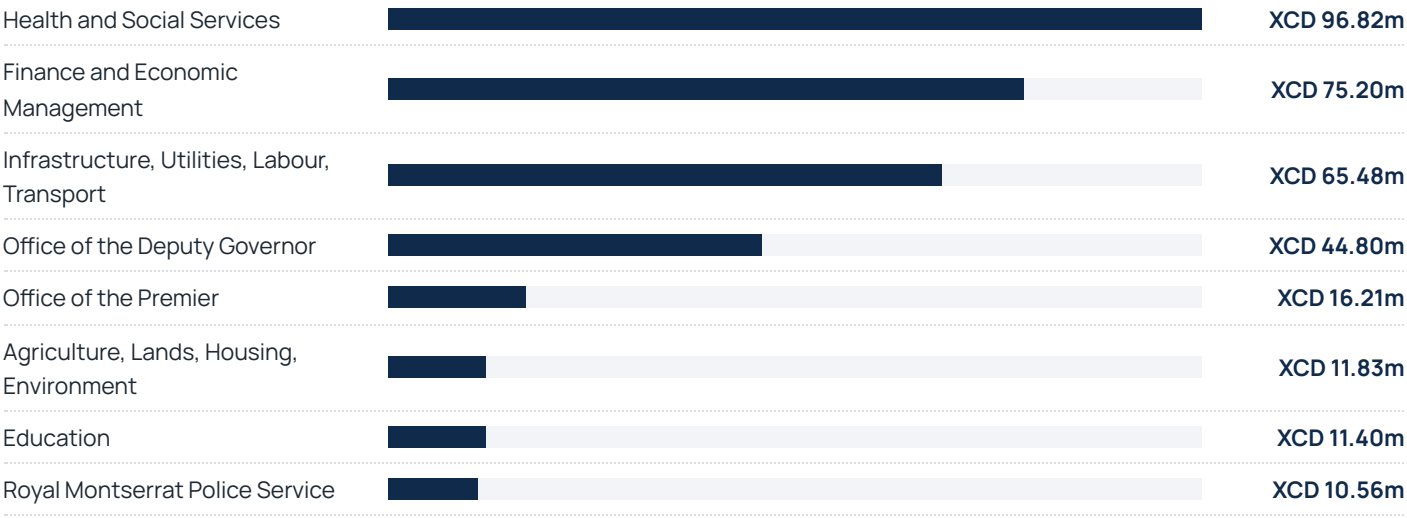
The Tax Administration Act, in force since 2024, governs registration, filing, rulings and appeals. A digital immigration system and a memorandum with Customs support border controls.

SPENDING

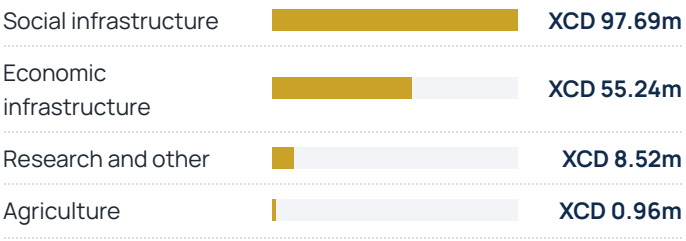
07 Spending priorities and capital programme

Health and Social Services has the largest allocation, driven by the new hospital. Social infrastructure takes 60% of the capital programme.

Allocations by ministry, 2026/27 (recurrent and capital)



Capital programme by sector



Major projects

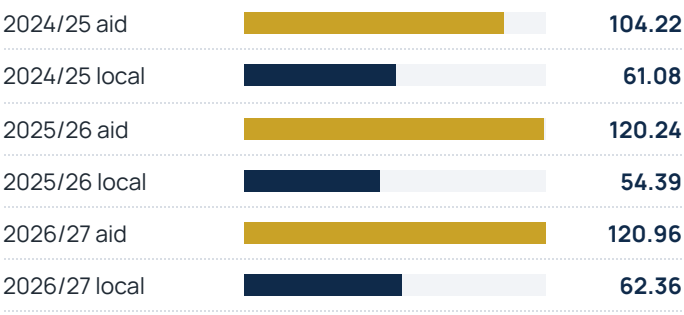
- New national hospital, expected to reach practical completion in 2026/27
- Electricity, water and wastewater upgrades, and the Cultural Centre
- A 1MW solar farm in Brades, and geothermal development after successful flow tests
- Little Bay jetty and berth, and a new ferry procurement
- Access to areas south of the Belham for homes and farming

DEBT

08 Debt, financing and fiscal rules

Montserrat carries very little debt. The budget is financed by local revenue, UK budgetary aid and grants for capital projects, not by borrowing.

Recurrent revenue by source, XCD million



Gold bars show UK budgetary aid. Interest is budgeted at XCD 180,000, 0.1% of recurrent spending.

Public debt

The ECCB estimated public sector debt at about 2.9% of GDP at end-2024, down from 3.6% a year earlier, far below the regional 60% benchmark.

Financing and planning

The fiscal framework aims to keep the recurrent budget in balance. Priorities for 2026/27 to 2028/29 were discussed with the UK at the Budget Support Mission of 23 to 27 February 2026.

- The UK has committed a capital uplift of up to £15 million (about XCD 50 million) a year for two years, subject to approved business cases
- A £5.9 million UK grant for the green energy transition, to be spent within six months
- UK business-case methods are used for capital projects

Risks to watch

Reliance on UK budgetary aid as aid budgets fall, delivery of large capital projects, a small and ageing workforce, oil prices and natural hazards.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Construction and real estate	A large capital programme, led by the hospital and utilities, and 5% duty and consumption tax on building materials to 31 March 2028. Access south of the Belham may open land for homes. Land purchases by non-belongers still need an Alien Landholding Licence.
Tourism and hospitality	Work on air connectivity, a new ferry procurement and the Little Bay jetty and berth. Marketing, training and attraction upgrades continue.
Financial services	Named as a growth driver. Private credit has been weak, and companies must keep up with re-registration, beneficial ownership and annual return rules.
Retail and distribution	Lower import values from the reduced freight element, and 10% consumption tax on certified CARICOM goods. Update customs and pricing records.
Energy and utilities	Solar in Brades, geothermal development and UK funding for the green energy transition, with procurement opportunities.
Agriculture and fisheries	Soft loans through the Business Progressive Fund and the Agricultural Transformation Strategy.
Technology and digital	Digital public services and cybersecurity, with **proposed** data protection and AI legislation.
SMEs	No new taxes and access to soft loans. Expect closer compliance checks as local revenue targets rise.
Employers generally	Minimum wage from 1 April 2026 and social security at 7% and 8% from January 2026.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Check payroll for the 2026 social security rates
- [ ] Confirm all staff are paid at least XCD 12.50 an hour
- [ ] Check customs entries use the reduced freight element
- [ ] Plan building purchases before 31 March 2028
- [ ] Bring filings up to date ahead of compliance checks
- [ ] Watch for tenders in the capital programme

Individuals

- [ ] File income tax returns by 31 March
- [ ] Claim the child allowance where eligible
- [ ] Pay property tax by the due date to earn the rebate

Date	What happens
1 September 2025	Building materials relief begins
1 January 2026	Social security 7% and 8%
23–27 February 2026	UK Budget Support Mission
28 February 2026	Employer employment-income returns due
31 March 2026	Individual returns for 2025 due
1 April 2026	Financial year starts; minimum wage in force; company annual returns due
20 April 2026	Budget Statement delivered
21 April 2026	Appropriation Bill passed
31 March 2027	Financial year ends
31 March 2028	Building materials relief ends

Company filing dates depend on the year-end; confirm with the Montserrat Customs and Revenue Service.

YOUR PARTNER

11 How Dawgen Global helps

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

Budget impact assessment

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

Tax planning and restructuring

Structure, withholding tax on non-resident payments and profit extraction.

Compliance updates and payroll changes

Minimum wage, social security rates, PAYE and return deadlines.

Incentives and concessions

Fiscal incentives, duty concessions, building materials relief and land licences.

Cash flow and pricing reviews

Forecasts, import costing, contract pricing and working capital.

Engagement with the tax authority

Rulings, reconsiderations, appeals and correspondence with MCRS.

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 **montserrat@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

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

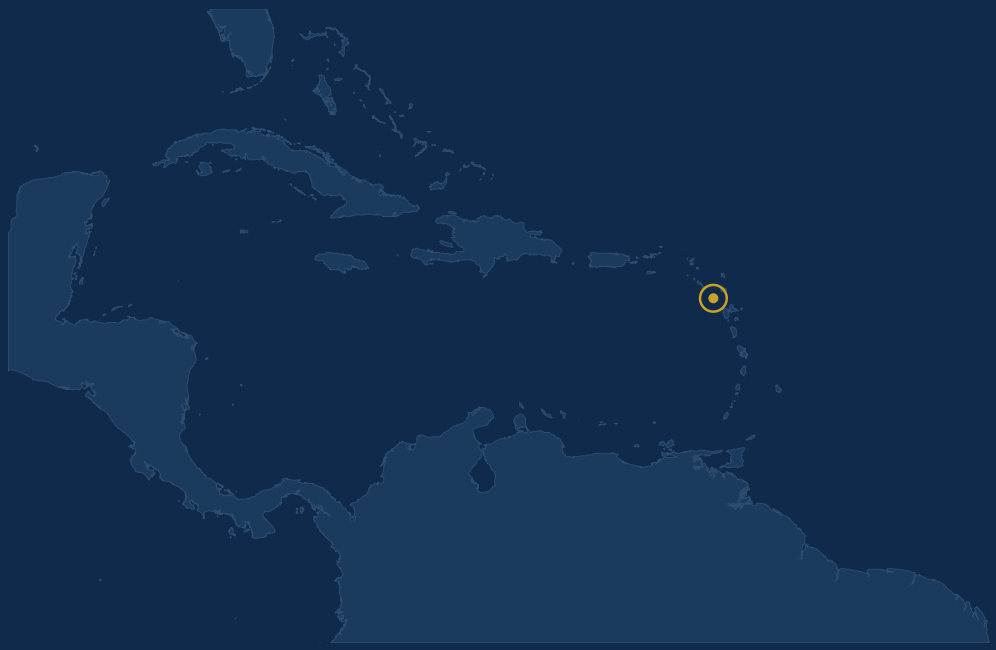
Contact

montserrat@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

- Government of Montserrat (gov.ms)
- Ministry of Finance and Economic Management (gov.ms)
- Legislative Assembly of Montserrat (parliament.ms)
- Montserrat Customs and Revenue Service (gov.ms)
- Montserrat Social Security Fund (gov.ms)
- Eastern Caribbean Central Bank (eccb-centralbank.org)
- Caribbean Development Bank (caribank.org)
- Foreign, Commonwealth and Development Office (gov.uk)



This publication contains general information only, current to October 2026, and is not professional advice. Budget figures are estimates, and measures may change as they pass into law or are implemented; 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.
© 2026 Dawgen Global Caribbean Limited. All rights reserved. Maps: Dawgen Global.