

TOTAL BUDGET
EC$1.075 billion
Federal estimates, 2026

FISCAL BALANCE
About –6% of GDP
Deficit targeted in the 2026 Budget

PUBLIC DEBT
57.0% of GDP
Government projection, end-2026

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Saint Kitts and Nevis Budget Review 2026

What the 2026 Budget means for businesses and individuals

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FOREWORD

The 2026 Budget, presented under the theme "Investing in People and Progress", adds no new taxes. It focuses on the cost of living, social protection and investment, while lower citizenship by investment receipts tighten the public finances.

The federal Budget was presented on 16 December 2025 and passed on 19 December; Nevis approved its own 2026 budget earlier that month, also with no new taxes. The main changes for taxpayers come from relief measures, such as the solar exemption to the end of 2026, and from a tax reform programme covering VAT, corporate income tax, property tax and stamp duty, with details to follow during 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 Saint Kitts and Nevis Doing Business Guide and Tax Guide.

Saint Kitts and Nevis 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 Saint Kitts and Nevis. 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 Prime Minister and Minister of Finance, Hon. Dr Terrance Drew, presented the 2026 Budget Address on 16 December 2025. The Appropriation (2026) Act passed on 19 December. The financial year is the calendar year. Nevis has its own budget, presented by the Premier.

TOTAL ESTIMATES
EC$1.075 billion
Recurrent, capital and net lending, federal government

REVENUE AND GRANTS
EC$894.8 million
Recurrent revenue EC$855.7 million

RECURRENT SPENDING
EC$879.8 million
Capital and net lending EC$167.2 million

PUBLIC DEBT
57.0% of GDP
Projected for end-2026, below the 60% regional benchmark

NEW TAXES
None
Federal and Nevis budgets; tax reform under way

NEVIS BUDGET
EC$284.4 million
Nevis Island Administration, approved 4 December 2025

Five key messages

- **No new taxes.** Rates are unchanged: corporate income tax 25%, VAT 17%, and still no personal income tax.
- **Cost-of-living support.** A double salary for public servants and pensioners, the solar exemption to 31 December 2026 and fuel relief in 2026.
- **Tax reform ahead.** VAT, corporate income tax, property tax and stamp duty are under review, with stronger collection of arrears.
- **Citizenship by investment.** Lower receipts drove the 2025 shortfall; residency and biometric reforms were announced in January 2026.
- **Investment in people.** A new hospital, housing, roads and energy projects lead the capital programme.

ECONOMY

02 Economic context

Growth slowed in 2025 as construction weakened, partly offset by a recovery in tourism. Inflation is low, and the EC dollar peg anchors prices.

REAL GDP 2026
2.2%
IMF projection; about 2.5% a year over the medium term

INFLATION
About 1.5%
End-2025, IMF; about 1.8% projected for 2026

UNEMPLOYMENT
5.0%
Government estimate for 2025

CURRENT ACCOUNT
−14.6% of GDP
2025 deficit, IMF

CBI RECEIPTS
6.0% of GDP
2025, down from 25.8% in 2022 (IMF)

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

Tourism

The 2024–25 peak season brought more than 102,000 stay-over visitors, and cruise passengers from October to April exceeded 778,000, up 8.4%. About 450 cruise calls were scheduled for the 2025–26 season.

Cost of living

The consumer price index is being rebased, with a new series from early 2026. A national task force advises on household costs.

IMF view

The IMF's 2026 Article IV mission expects growth of about 2.5% over the medium term, with upside from the energy transition. It names lower citizenship by investment demand, weak bank assets, natural disasters and global uncertainty as the main risks.

Banking

Credit grew 8.2% in 2025, led by mortgages, construction and tourism. The IMF calls for action on non-performing loans and a recapitalisation plan for the Development Bank.

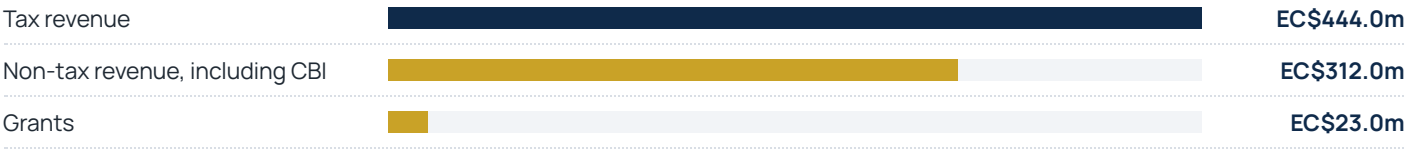
PUBLIC FINANCES

03 Fiscal framework

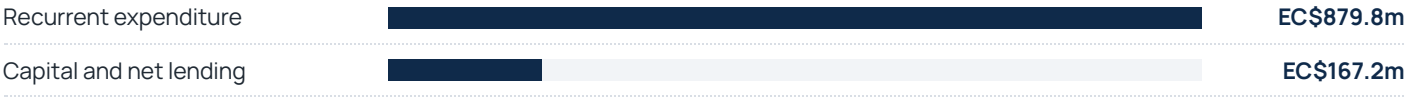
Federal government, EC$ million	2025 outturn	2026 budget	2027–28 average
Revenue and grants	779.1	894.8	—
of which recurrent revenue	756.0	855.7	899.1
Recurrent expenditure	—	879.8	892.4
Capital expenditure and net lending	—	167.2	115.8
Total expenditure	About 1,100	1,047.0	—
Overall balance, % of GDP	Above −10%	About −6% (target)	—

The 2026 expenditure total is derived from the published estimates. The EC$1.075 billion appropriation also covers charges provided by law. The IMF assesses the 2026 deficit target at around 6% of GDP, supported by expected citizenship by investment receipts.

Where the money came from in 2025: EC$779.1 million



Where it goes in 2026: EC$1,047.0 million



Nevis Island Administration, 2026

Total budget EC$284.4 million: recurrent spending EC$181.8 million, capital EC$80.9 million and principal repayments EC$21.7 million. Recurrent revenue is EC$175.8 million, led by taxes on trade and on domestic goods and services, with grants of EC$39.8 million and capital revenue of EC$10.0 million. The overall deficit is EC$37.1 million.

Outturn against the 2025 budget

Tax revenue was EC$5.8 million (1.3%) below budget, but non-tax revenue was 48.3% below, mainly because citizenship by investment receipts slowed. The 2025 overall deficit was above 10% of GDP on both the Government's and the IMF's measures.

BUSINESS TAX

04 Tax measures for businesses

There are no new taxes and no rate changes. For companies, the changes are relief on energy, closer enforcement and a reform programme still to be set out.

Measure	What changes	Effective	Who is affected
Alternative energy relief	Solar PV and other alternative energy equipment free of VAT, import duty and the customs service charge	To 31 Dec 2026	Businesses and households investing in solar
Fuel relief	Gasoline excise halved, from EC$1.95 to EC$0.98 a gallon, and the customs service charge on gasoline cut from 6% to 3%	20 Apr to 31 Jul 2026	Transport, distribution, all motorists
Shipper surcharges	Excluded from the value used for customs duty and tax	From 20 Apr 2026	Importers
Tax reform	**Proposed:** review of VAT, corporate income tax, property tax and stamp duty; a working group will design and sequence the changes	During 2026	All businesses
Compliance	Focus on arrears, risk-based audits and a link between the Land Registry and the IRD	2026	Taxpayers in arrears, property owners
Appeals	Income Tax Appeals Commission and Property Tax Valuation Review Board reinstated	Early 2026	Taxpayers disputing assessments

Unchanged

Corporate income tax 25%; 15% withholding tax on payments to non-residents; VAT 17%, or 10% on accommodation, restaurants and commercial rentals; the Housing and Social Development Levy at 3% for employers.

Special sustainability zones

Under the Special Sustainability Zones Authorisation Act, 2025, the Prime Minister may enter development agreements for approved zones, with Cabinet approval and, where relevant, the Nevis Island Administration.

INDIVIDUALS

05 Tax measures for individuals and households

There is still no personal income tax. Support for households comes through public pay and benefits, relief on energy and lower costs for public sector health cover.

Measure	Detail
Double salary	An extra month's pay for civil servants, auxiliary employees, pensioners and STEP workers, paid on 19 December 2025; ministers and advisers excluded
Public sector health insurance	EC$1 million lifetime cover for government employees from 1 December 2025; retiree cover up from EC$100,000 to EC$500,000
Pensioner premiums	Capped at EC$150 a month from 2026, and lower for some
Public pensions	Gratuity and pension extended to all government employees

Planned for 2026

- **Proposed:** National Health Insurance, after review of the actuarial report
- **Proposed:** Social Security pension reforms
- Structured repayment plans for vulnerable households with tax arrears

Payroll item	Employee	Employer
Social Security (to EC$6,500 a month)	5%	5%
Housing and Social Development Levy	Nil to EC$520 a week, then tiered	3%
Employment injury	—	1%
Severance Payment Fund	—	1%

Rates are unchanged. The levy-free wage rose to EC$520 a week in 2025, and the minimum wage is EC$500 for a 40-hour week from 1 July 2025.

Household costs

Discounted VAT days at 5% continue in 2026, solar equipment is free of VAT and duty to the end of 2026, and gasoline was cheaper from 20 April to 31 July 2026.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Indirect taxes are unchanged in the Budget. The year's changes are temporary relief and a weaker contribution from citizenship by investment.

Item	Position	Effective
VAT standard rate	17%, after 13% for January to June 2025	From 1 Jul 2025
VAT reduced rate	10% on hotel accommodation, restaurants and commercial rentals	Unchanged
Discounted VAT days	5% on eligible goods at approved businesses, on announced days	Through 2026
Alternative energy equipment	No VAT, import duty or customs service charge	To 31 Dec 2026
Gasoline	Excise EC$0.98 a gallon and customs service charge 3% during the relief period	20 Apr to 31 Jul 2026
Customs	CARICOM Common External Tariff plus a 6% customs service charge; duty concessions for road safety equipment and alternatives to plastics	Unchanged
Non-resident suppliers	**Proposed:** pathways for non-resident suppliers within the tax system	To be announced

Citizenship by investment

Receipts are the largest non-tax revenue. On 8 January 2026 the Prime Minister announced a residency feature and biometric checks for applicants, with details to follow. Confirm current options with the Citizenship by Investment Unit.

Administration and Nevis

A new electronic tax system, risk-based audits and better customs data support collection. Nevis has raised its Tourism Development Levy and financial services registry fees rather than add new taxes.

SPENDING

07 Spending priorities and capital programme

Education, national security and health take the largest recurrent budgets. Infrastructure leads the capital programme.

Recurrent allocations, 2026

Education	EC$108.0m
National Security	EC$84.1m
Health	EC$83.8m
Prime Minister's Office	EC$69.3m
Tourism and Aviation	EC$53.2m
Social Development	EC$38.3m
Infrastructure and Energy	EC$26.0m

Capital allocations, 2026

Infrastructure and Energy	EC$48.5m
Health	EC$15.0m
Education	EC$14.8m
Agriculture	EC$6.7m
Tourism and Aviation	EC$4.0m
ICT	EC$3.7m

Major projects

- New Joseph N. France General Hospital: site handed over in December 2025, about 650 construction jobs
- Roadworks of more than EC$80 million, including EC$31 million for St Peter's Main Road and F. T. Williams Highway East
- National Housing Corporation homes, with about 80 more planned on Saint Kitts

Energy

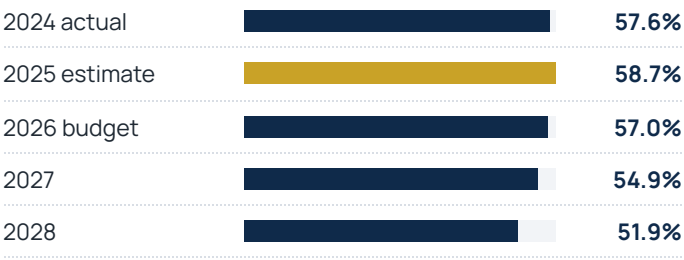
An 18MW dual-fuel plant with battery storage, financed by a US$40 million concessionary loan, is due in 2027. A net-billing pilot for small renewable generators starts in 2026, and a 30–50MW solar and battery project is planned for 2027. On Nevis, the geothermal project is moving towards drilling.

DEBT

08 Debt, financing and fiscal rules

The Government projects debt to fall below 60% of GDP, the Eastern Caribbean benchmark that members are to meet by 2035.

Public debt, % of GDP



Government projections in the Budget Address. Public sector debt was projected at about EC$1.7 billion at end-2025, up 3.6% in the year.

Fiscal rules

The Budget is set within a medium-term fiscal framework for 2026 to 2028. The IMF recommends formal fiscal rules, anchored on the regional 60% debt ceiling, with independent oversight.

Financing

Future borrowing is to be tied to transformational projects at the lowest cost and acceptable risk.

- A US$40 million concessionary loan for the new power plant
- Grant support, including US$3.3 million for decarbonisation and US$500,000 from the World Bank for inter-island interconnection studies
- Nevis will start capital projects only where low-cost financing is available; others move to 2027

Risks to watch

The IMF projects debt above 60% of GDP under current policies and recommends spending and revenue measures. It flags gross financing needs of about 30% of GDP, citizenship by investment demand, public banks, and Social Security reserves, which could be depleted by 2040 without reform.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Tourism and hospitality	VAT stays at 10% on accommodation and restaurants. Stay-over and cruise arrivals are growing. Nevis has raised its Tourism Development Levy.
Financial services	Nevis registry fees have risen. The IMF urges action on bank asset quality and the Development Bank. Lenders benefit from mortgage and construction demand.
Citizenship by investment and real estate	Lower receipts and new residency and biometric requirements to come. Developers and agents should follow the legislation closely. Stamp duty and property tax are under review.
Construction	A pipeline from the new hospital, roads, housing and energy projects. Special sustainability zone agreements may add large private projects.
Manufacturing and distribution	No duty changes, but shipper surcharges are now outside the customs value. Price and stock systems need care around discounted VAT days.
Energy	Solar equipment is free of VAT and duty to 31 December 2026. A net-billing pilot, a new 18MW plant and geothermal on Nevis.
Technology and digital	A new electronic tax system and data links between agencies. Proposed pathways for non-resident suppliers.
SMEs	No new taxes, but closer collection of arrears and risk-based audits. Get filings up to date.
Employers generally	Payroll rates unchanged. Watch for Social Security pension reforms and National Health Insurance.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Complete solar purchases before 31 December 2026
- [ ] Clear tax arrears and reconcile filings
- [ ] Check customs values exclude shipper surcharges
- [ ] Prepare for VAT, corporate tax and property tax reform
- [ ] Review exposure to citizenship by investment demand
- [ ] Review cash flow and pricing for 2027

Individuals

- [ ] Pay property tax by 30 June each year
- [ ] Follow National Health Insurance and pension reforms
- [ ] Check citizenship by investment rules before applying

Date	What happens
1 December 2025	Public sector health cover changes
4 December 2025	Nevis 2026 budget approved
16 December 2025	Federal Budget presented
19 December 2025	Appropriation Act passed; double salary paid
8 January 2026	CBI residency and biometric reforms announced
15 April 2026	Corporate income tax returns due
20 April 2026	Fuel relief begins
30 June 2026	Property tax due
31 July 2026	Fuel relief ends
31 December 2026	Solar exemption ends
During 2026	Tax reform details (proposed)
2027	New 18MW power plant due

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 on both islands turn the Budget into a plan.

Budget impact assessment

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

Tax planning and restructuring

Preparing for reform of VAT, corporate tax, property tax and stamp duty.

Compliance updates and payroll changes

Arrears, SMARTS filings, VAT, Social Security and the levy.

Incentives and concessions

Fiscal incentives, hotel concessions, energy relief and sustainability zones.

Cash flow and pricing reviews

Forecasts, pricing around VAT days and relief periods, and working capital.

Engagement with the tax authority

Audits, objections, appeals 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 **stkitts@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026 Budget

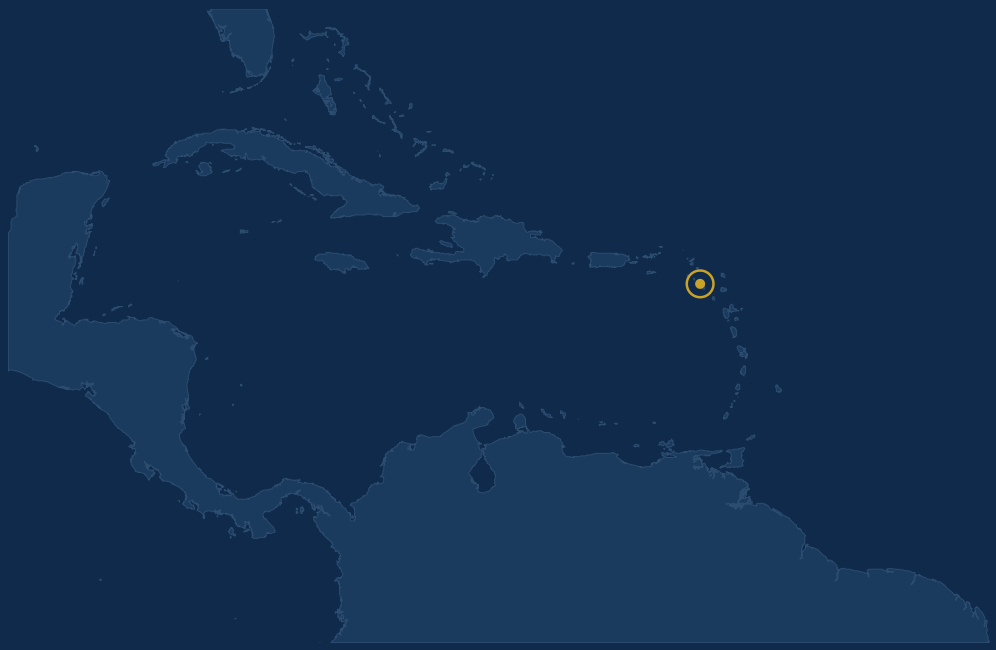
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Key official sources

- Government of Saint Kitts and Nevis (gov.kn)
- St Kitts and Nevis Information Service (sknis.gov.kn)
- Nevis Island Administration (nia.gov.kn)
- Inland Revenue Department (sknird.com)
- Citizenship by Investment Unit (ciu.gov.kn)
- Social Security Board (socialsecurity.kn)
- Eastern Caribbean Central Bank (eccb-centralbank.org)
- International Monetary Fund (imf.org)



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