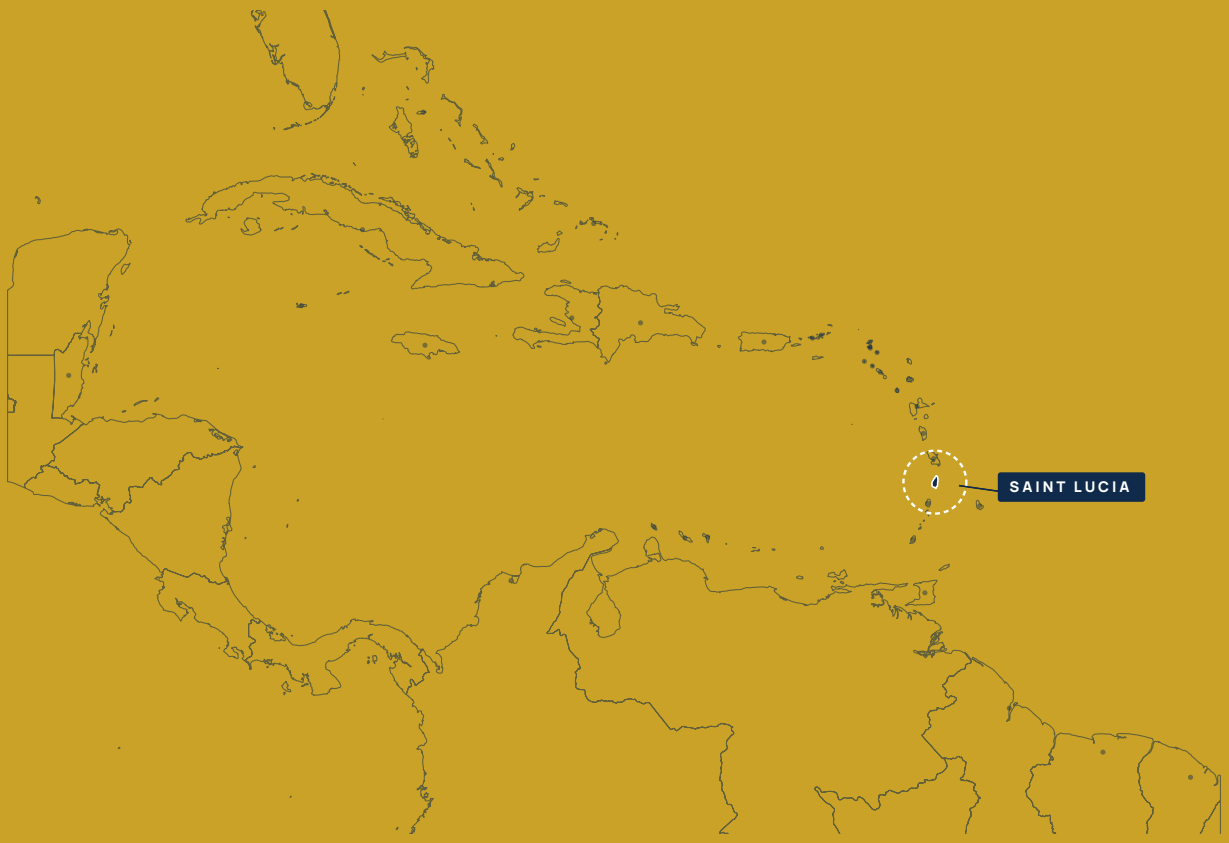


TOTAL BUDGET
EC$2.19 billion
Estimates approved for 2026/27

FISCAL BALANCE
–2.8% of GDP
Projected overall deficit, 2026/27

PUBLIC DEBT
About 77% of GDP
Public sector, IMF estimate for 2025

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Saint Lucia 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 consolidation budget. It brings no new taxes, extends relief on arrears and asks businesses to use the time it buys to put their tax affairs in order.

The Budget pairs the largest spending estimates in Saint Lucia's history with a narrower deficit than planned last year. Its tax measures are about relief and compliance: a tax amnesty to December 2027, a proposed cut in the rate on overdue tax from 12.5% to 6%, and targeted reliefs, followed in July 2026 by amendments extending VAT relief on building materials to 2030.

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 Saint Lucia Doing Business Guide and Tax Guide, including the territorial basis of company taxation in place since 2019.

Saint Lucia 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 Saint Lucia. 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 for Finance, Hon. Philip J. Pierre, presented the 2026/27 Estimates of Revenue and Expenditure on 24 March 2026, and delivered the Budget Address, "Consolidating Our Gains: Prospering in Uncertain Times", on 21 April 2026.

TOTAL ESTIMATES
EC$2.19 billion
EC$2,188.8 million approved; 6.4% above 2025/26

REVENUE AND GRANTS
EC$1.83 billion
Tax revenue EC$1.58 billion

FISCAL BALANCE
–2.8% of GDP
Overall deficit of EC$212.4 million

PRIMARY BALANCE
EC$48.6 million
Projected surplus before interest

RECURRENT SPENDING
EC$1.75 billion
Day-to-day spending of central government

CAPITAL SPENDING
EC$298.6 million
Roads, schools, water and public buildings

Five key messages

- **No new taxes.** Tax rates and personal allowances are unchanged.
- **A second chance on arrears.** The tax amnesty runs to December 2027 for taxes due up to December 2025.
- **Cheaper late payment, if enacted.** The rate on overdue tax is proposed to fall from 12.5% to 6%.
- **Relief for building and homes.** VAT relief on building materials now runs to 30 November 2030, and residential property tax stays suspended to the end of 2026.
- **Stronger fiscal results.** The 2025/26 deficit came in below budget, and government payables fell to about EC$20 million.

ECONOMY

02 Economic context

Output dipped in 2025 as tourism softened, but jobs and arrivals improved in the first half of 2026.

REAL GDP	INFLATION	UNEMPLOYMENT
−0.6%	0.7%	10.1%
2025, Central Statistical Office estimate	Average for 2025, from −0.8% in 2024	April–June 2026, from 13.4% a year earlier

STAY-OVER ARRIVALS	RESERVES	CURRENCY
+8.5%	3.7 months	EC$2.70 = US$1
April 2026, 40,752 visitors; +3.7% year to date	Imputed import cover, IMF assessment	Fixed peg through the ECCB since 1976

2025 in review

Tourism, about a fifth of the economy, contracted as total arrivals fell and some airlift was lost. Wholesale and retail trade also declined, while agriculture, manufacturing and financial services grew. Unemployment averaged 12.6% for the year.

Monetary setting

Saint Lucia shares the Eastern Caribbean dollar and the Eastern Caribbean Central Bank with the other ECCU members, so the Budget carries the weight of economic policy.

Outlook

The IMF projects growth of 2.3% in 2026 as tourism and construction recover, easing to about 1.5% over the medium term. It expects inflation of about 2%. Government points to new hotel investment and the Hewanorra airport redevelopment as drivers.

IMF Article IV

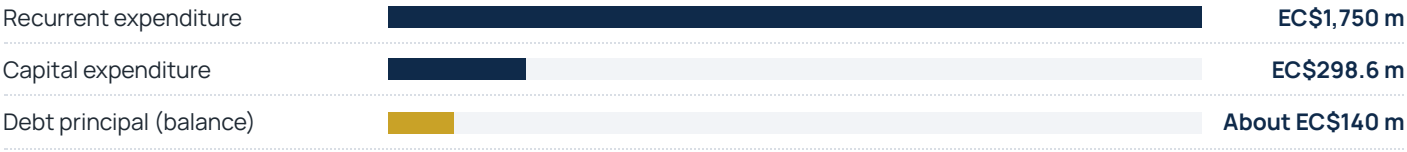
The IMF Executive Board concluded its 2025 consultation in January 2026. It urged a fiscal rule, a published medium-term fiscal framework and phased tax reform.

PUBLIC FINANCES

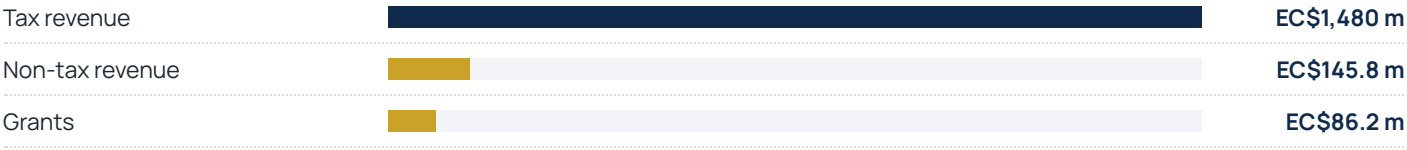
03 Fiscal framework

EC$ million	2025/26 budget	2025/26 revised	2026/27 budget
Total estimates	2,058	About 1,990	2,188.8
Revenue and grants	1,710	—	1,830
of which tax revenue	—	1,480	1,580
Capital spending	325.6	267.9	298.6
Current account surplus	199.3	243.6	—
Primary balance	34.7	90.1	48.6
Overall balance	−202.1	−143.8	−212.4

Where the money goes: estimates of EC$2,188.8 million



Where it came from in 2025/26: revised revenue



Outturn against the previous budget

Tax revenue rose 5.3% in 2025/26, led by taxes on international trade and excise. Capital spending fell short of budget, and the deficit was EC$58.2 million smaller than planned. Gold bars show debt principal, non-tax revenue and grants.

BUSINESS TAX

04 Tax measures for businesses

There are no new taxes and no rate changes. The measures for companies are about arrears, interest, filing time and targeted reliefs.

Measure	What changes	Effective	Who is affected
Tax amnesty extended	Interest, penalties and fines waived on VAT, income tax, property tax and other taxes due up to December 2025, including VAT collected but not paid over	To December 2027	Businesses and individuals in arrears
Rate on overdue tax	**Proposed:** cut from 12.5% to 6% a year	When legislated	All late payers
Corporate filing time	**Proposed:** more time to file corporate returns; the 2025 deadline was moved to 10 April 2026	When legislated	All companies
After-school care	Tax rebates for companies that support after-school care	As legislated	Employers
Special education donations	Tax credits for donations to special education needs programmes	As legislated	Donor businesses
Recycling incentives	Incentives for recycling and environmentally responsible business	As legislated	Recyclers, manufacturers
VAT on building materials	Exemption for cement, lumber, steel and aluminium extended (Parliament, 15 July 2026)	To 30 Nov 2030	Builders, developers, suppliers

Unchanged

Corporate income tax of 30% on Saint Lucia-source income under the territorial basis in place since 2019; no tax on dividends or capital gains; VAT at 12.5% with registration above EC$400,000.

Doing business

Government plans faster digital services and an electronic single-entry window for business, alongside digital land and planning records.

INDIVIDUALS

05 Tax measures for individuals and households

Personal tax is unchanged. Support comes through one-off payments, education and housing relief.

One-off payments	Amount
Expectant mothers	EC$1,000
Pensioners	EC$700
Public Assistance clients	EC$200

The Public Assistance Programme supports about 3,500 households.

Other household measures

- Government pays CSEC fees for five subjects per student
- School feeding and early childhood education expanded
- More support for persons with disabilities
- Residential property tax suspended to 31 December 2026
- 50% deduction for interest on loans to buy a first residential plot (July 2026)

Personal tax	2026
Personal allowance	EC$25,000
Rates	15%, 20%, 30%
NIC (employee)	5% to EC$5,000 a month
Approved pensions	Exempt

The higher child, dependant and mortgage interest allowances and the pension exemption introduced for 2025 continue. The minimum wage set in October 2024 is EC$6.52 an hour.

Household costs

VAT zero-rating and exemptions on a range of grocery items continue, the waiver of service charges on food items is maintained, and fuel and cooking gas subsidies continue.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Indirect tax rates are unchanged. The measures extend existing reliefs and push collection of arrears.

Item	Position after the Budget	Effective
VAT	12.5% standard; 10% and 7% on tourism supplies; registration above EC$400,000	Unchanged
Grocery items	VAT zero-rating and exemptions on a range of basic foods extended	Continuing
Building materials	VAT exemption for cement, lumber, steel and aluminium	To 30 Nov 2030
VAT arrears	Penalties and interest relieved for periods ending by 31 December 2025	To 31 Dec 2027
Health and Citizen Security Levy	2.5% on imports and certain services	Unchanged
Customs and excise	Duties, service charge and excise rates unchanged	Unchanged
Fuel	Subsidies on diesel, kerosene and cooking gas continue	Continuing

Other revenue

Taxes on international trade rose 13.3% and excise 16.4% in 2025/26. Citizenship by investment proceeds are to finance a new sovereign wealth fund approved by Government.

Administration

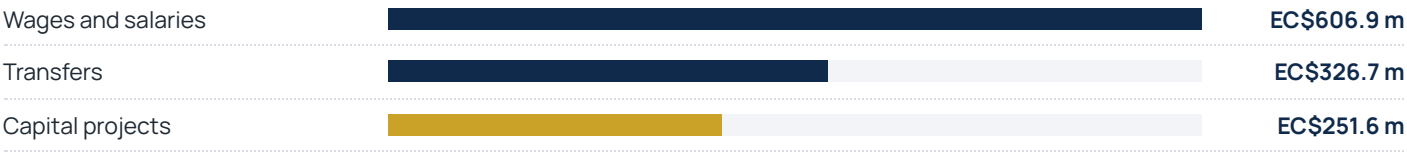
VAT collected from customers must be paid over promptly. Government is digitising services, including a port community single window, an electronic land registry and online planning applications.

SPENDING

07 Spending priorities and capital programme

Infrastructure, housing, health and social protection lead the plan, with capital spending of EC$298.6 million.

How the money was spent in 2025/26 (revised, selected items)



Transfers ran 18.3% above budget. Developmental capital spending totalled EC$267.9 million.

Capital programme 2026/27

- Hewanorra airport
- Choc to Gros Islet road
- Choc Bridge
- School redevelopment
- Water distribution
- Justice buildings
- Public buildings

Energy plans include retrofitting 150 public buildings and renewable energy investment of more than US$30 million.

Social and human capital

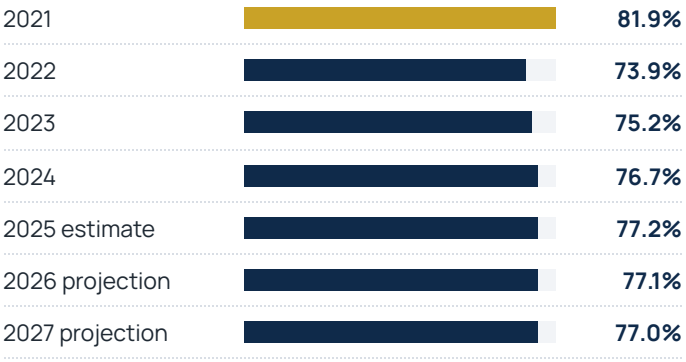
- Universal Health Coverage expanded
- Social investment up 19.3%
- Affordable housing through the National Housing Corporation
- Soufrière Home for the Elderly completed
- Youth enterprise and after-school programmes

DEBT

08 Debt, financing and fiscal rules

Public debt has stabilised at about 77% of GDP, above the regional target of 60% by 2035.

Public sector debt, % of GDP



IMF figures, including the cost of natural disasters.

Fiscal rules

Saint Lucia has no legislated fiscal rule. The IMF recommends a fiscal responsibility framework, with a primary balance floor, a ceiling on current spending and escape clauses for disasters.

Financing

In 2025/26 Government raised EC$88.8 million in loans, below the EC$257 million planned, and EC$183.8 million through bonds and treasury bills. Principal repayments were EC$128.8 million.

- A World Bank contingent credit line for disasters supports the disaster risk financing strategy
- Payables cut from over EC$160 million in 2022 to about EC$20 million

Risks to watch

The IMF points to high refinancing needs, weaker tourism and construction, reduced airlift, global trade tensions and exposure to hurricanes and climate shocks.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Tourism and hospitality	No change to tourism VAT rates or the guest levy. The Hewanorra airport redevelopment and new hotel investment are central to the growth outlook. Arrivals recovered in early 2026.
Financial services	Housing and small business finance through the Saint Lucia Development Bank. Clients may use the amnesty to clear arrears, improving credit files.
Construction and real estate	VAT exemption on key materials to 30 November 2030, residential property tax suspended to end-2026, a 50% interest deduction for first land buyers, and a road, school and water pipeline.
Manufacturing and distribution	No new taxes. Grocery VAT reliefs continue, so pricing and VAT coding stay as they are. Recycling incentives and a single window for trade.
Energy and utilities	Fuel and cooking gas subsidies continue. Public building retrofits and renewable energy investment create work for contractors and suppliers.
Technology and digital	Digital government projects, including online planning, electronic land records and a port single window.
SMEs	The amnesty to December 2027 and the proposed 6% rate make it cheaper to regularise. The VAT threshold stays at EC$400,000.
Employers generally	Payroll rates are unchanged. After-school care rebates and education donation credits reward support for staff and communities.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Review arrears and settle them under the amnesty before December 2027
- [ ] Pay over any VAT collected but not remitted
- [ ] Watch for the 6% rate and new filing deadlines in law
- [ ] Time building material purchases with the VAT exemption in mind
- [ ] Document after-school care and donation claims
- [ ] Diary the 25 March, June and September instalments

Individuals

- [ ] Budget for residential property tax from 2027 unless extended
- [ ] Claim the first-plot interest deduction where eligible
- [ ] Clear personal arrears under the amnesty

Date	What happens
24 March 2026	Estimates presented and approved in committee
10 April 2026	Extended deadline for 2025 returns
21 April 2026	Budget Address
15 July 2026	VAT and income tax amendments approved
31 December 2026	Residential property tax suspension ends unless extended
31 March 2027	2026 returns for December year-ends, unless the deadline is extended
December 2027	Tax amnesty closes
30 November 2030	Building materials VAT exemption ends

Dates assume a calendar year-end. The 6% rate and longer filing time apply only once legislated.

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

Territorial basis, group structure, capital allowances and investment timing.

Compliance updates and payroll changes

Amnesty settlements, new deadlines, VAT, PAYE and NIC.

Incentives and concessions

Fiscal and tourism incentives, VAT reliefs and new targeted rebates and credits.

Cash flow and pricing reviews

Forecasts, arrears plans, pricing and working capital.

Engagement with the tax authority

Amnesty applications, objections, audits and correspondence with the IRD and Customs.

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

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

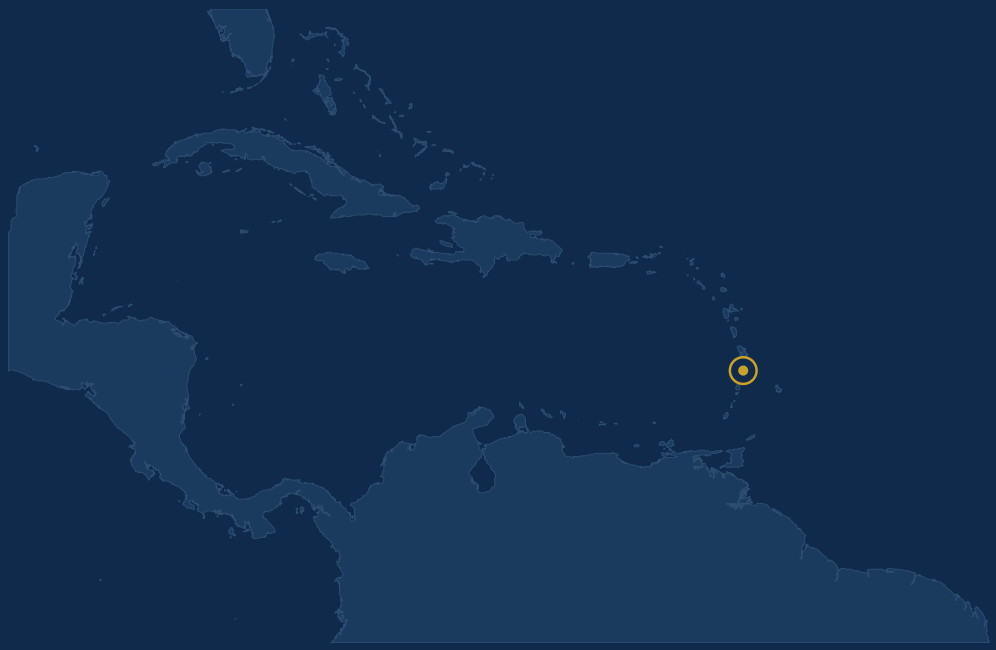
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Key official sources

- Department of Finance (finance.govt.lc)
- Office of the Prime Minister (opm.govt.lc)
- Government of Saint Lucia (govt.lc)
- Inland Revenue Department (irdstlucia.gov.lc)
- Attorney General's Chambers, Laws of Saint Lucia (attorneygeneralchambers.com)
- Central Statistical Office (stats.gov.lc)
- Eastern Caribbean Central Bank (eccb-centralbank.org)
- International Monetary Fund (imf.org)



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