

Assessment:
2021/2022

ANNUAL BUDGET

Government of The Bahamas

February 2022





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DEFINED TERMS

BBA	Bahamas Bar Association
BCCEC	Bahamas Chamber of Commerce and Employers' Confederation
BICA	Bahamas Institute of Chartered Accountants
CAB	Current Account Balance
CFASB	Chartered Financial Analyst Society The Bahamas
CPI	Consumer Price Index
DOS	Department of Statistics
FAP	Fiscal Adjustment Plan
FRA	Fiscal Responsibility Act, 2018
FRC	Fiscal Responsibility Council
FSR	Fiscal Strategy Report
FY	Fiscal Year
GDP	Gross Domestic Product
GFS	Government Finance Statistics
Minister	Minister of Finance
NGDP	Nominal Gross Domestic Product
IDB	Inter-American Development Bank
IMF	International Monetary Fund
REU	Revenue Enhancement Unit
RGDP	Real Gross Domestic Product
RPI	Retail Price index
SOE	State Owned Enterprises
UB	University of The Bahamas
VAT	Value Added Tax
WEO	World Economic Outlook

1. BASIS OF THE REPORT

1.1 Background

Established by the Fiscal Responsibility Act, 2018 (FRA), the Fiscal Responsibility Council (FRC) is an independent body, responsible for assessing the Government of the Commonwealth of The Bahamas' (the Government) compliance with general principles, fiscal responsibility principles and fiscal objectives and to advise on fiscal and budgetary matters of the Government, including reviewing each of the following Government publications:

- Fiscal Strategy Report
- Annual Budget
- Mid-year Review
- Pre-Election Economic and Fiscal Update
- Government Annual Accounts
- Reports on deviations from the fiscal responsibility requirements
- Fiscal Adjustment Plan of the Government in response to deviations¹

The inaugural members of the FRC, nominated by each of the following five (5) entities: Bahamas Bar Association (BBA), Bahamas Chamber of Commerce and Employers Confederation (BCCEC), Bahamas Institute of Chartered Accountants (BICA), Chartered Financial Analyst Society The Bahamas (CFASB) and the University of The Bahamas (UB), received their letters of appointment on October 31, 2019.


- Kevin Burrows, Chairperson (CFASB)
- Gowon Bowe, Member (BICA)
- Dale McHardy, Member (UB)
- Kahlil Parker, QC, Member (BBA)
- Christel Sands-Feaste, Member (BCCEC)

1.2 Purpose

The Government is required to prepare an annual budget, which is presented to Parliament for debate and approval prior to the commencement of the respective fiscal year.

The FRC is required to submit a report to Parliament by July 31 in each year, containing an assessment of the annual budget against the general principles (General Principles), fiscal responsibility principles (Fiscal Responsibility Principles) and fiscal objectives (Fiscal Objectives) prescribed by the FRA and set out in Section 1.4 of this report.

The annual budget for the 2021/2022 fiscal year (the 2021/2022 Budget) was submitted to Parliament and provided to the FRC on May 26, 2021, and subsequently approved by the Parliament in June 2021.



This report represents the results of the assessment of the 2021/2022 Budget performed by the FRC in accordance with Sections 17(1) and 23(1)(c) of the FRA.

The FRC engaged a qualified expert in accordance with Section 17(2) of the FRA to support its activities, with said expert being The Vivian Group Ltd.

1.3 Reporting Period

Currently, the fiscal year of the Government is the twelve (12)-month period that begins July 1 and ends June 30. The 2021/2022 Budget was assessed against: the policies of the Government set out in the Fiscal Strategy Report 2020, including fiscal adjustment plans; and the prevailing economic conditions.

1.4 Compliance Framework

The FRA requires that the Government manage public finances and determine fiscal policies in accordance with three (3) principal components of compliance: General Principles, Fiscal Responsibility Principles, and Fiscal Objectives. The FRA also requires a fiscal adjustment plan, should the Government invoke the exceptional circumstances clause prescribed in Section 13.

1.4.1 General Principles²

The General Principles of responsible fiscal management, as prescribed by Section 6 of the FRA, are:

- (a) Accountability – the Prime Minister, the Minister and all other Ministers and heads of local government are accountable to Parliament for the way the Government and local government authorities, respectively, carry out their responsibilities, with respect to managing fiscal policies;
- (b) Intergenerational equity – the management of fiscal policies of the Government shall be conducted in a manner that takes into account the welfare of the current population and future generations;
- (c) Responsibility – the management of public assets and liabilities, inclusive of natural resources and fiscal risks, shall be conducted to maintain fiscal and environmental sustainability;
- (d) Stability – fiscal policy shall be conducted in a manner that does not cause destabilising changes in the macroeconomic fiscal indicators;
- (e) Transparency –
 - (i) the roles and responsibilities of all Government entities, public officials and public office holders with respect to management of fiscal policy are clearly established and defined;
 - (ii) timely financial and non-financial information related to the management of fiscal policy is made available so as to permit effective public scrutiny of the conduct of

- fiscal policy and the state of public finances; and
- (iii) public officials and public office holders should, when lawfully required, provide financial and other performance information; and
 - (f) Inclusive growth – economic growth that benefits the whole population.

1.4.2 Fiscal Responsibility Principles³

The principles of Fiscal Responsibility prescribed by Section 7 of the FRA comprise the following:

- (a) Achieving and maintaining a sustainable fiscal balance;
- (b) Achieving and maintaining prudent levels of public debt; and
- (c) Prudently managing fiscal risks.

1.4.3 Fiscal Objectives⁴

The Fiscal Objectives as set out in the First Schedule of the FRA are defined by three (3) fiscal targets:

1. Fiscal Balance: Balance that does not exceed -0.5% of GDP from FY 2020/2021 onwards;
2. Debt: No more than 50% of GDP by a fiscal year to be determined by the Government; and
3. Expenditure: Following attainment of the fiscal balance objective (-0.5% of GDP), the target for recurrent expenditure⁵ shall be set, such that the rate of growth does not exceed estimated long term nominal growth in GDP.

2. SCOPE OF ASSESSMENT

The following developments occurred during the assessment of the 2021/2022 Budget:

- Provisional estimates of the fiscal performance for FY 2020/2021 were published.
- The Pre-Election Economic & Fiscal Update was published.
- General Elections were held and resulted in a change in administration.
- A 2021/2022 Supplementary Budget was prepared by the new administration, and presented to Parliament on October 27, 2021 and subsequently approved in November 2021.

The assessment by the FRC is of the 2021/2022 Budget approved by Parliament in June 2021, factoring in the published provisional estimates of fiscal performance for FY 2020/2021. Table 1 represents the Fiscal Summary included in the 2021/2022 Budget, as amended to supersede the projected outturn for FY 2020/2021 with the subsequently published provisional estimates of the fiscal performance for FY 2020/2021.

The assessment of the 2021/2022 Budget does not incorporate the 2021/2022 Supplementary Budget, as the incoming administration communicated its intention to revise: certain priorities of

³Section 6, FRA ⁴Paragraphs 3, 5 and 7, First Schedule, FRA ⁵The fiscal objective for recurrent expenditure shall be expressed as a nominal expenditure limit.

the Government; and certain policies of the former administration, which would have formed the basis for the FSR 2020, the fiscal adjustment plans and the 2021/2022 Budget.

Preliminary analyses of the 2021/2022 Supplementary Budget is provided in this report separately, and more extensive analyses is reserved for ensuing reporting by the FRC, following publication of the FSR 2021, as developed by the new administration.

Table 1: Fiscal Summary, 2021/2022 Budget, Draft Estimates of Revenue & Expenditure

	2016-2017 Actuals	2017-2018 Actuals	2018/2019 Actuals	2019/2020 Actuals	Approved Budget 2020/2021	Provisional 2020/2021	Approved Budget 2021/2022	Forecast 2022/2023	Forecast 2023/2024
1. Recurrent Revenue	2,070.2	2,042.2	2,426.3	2,086.9	1,762.5	1,872.7	2,246.5	2,561.0	2,878.8
2. Recurrent Expenditure	2,349.3	2,188.6	2,422.2	2,526.4	2,574.1	2,851.3	2,825.9	2,667.3	2,750.0
<i>of which Interest on Debt</i>	267.8	313.9	328.5	344.7	396.9	422.4	482.5	481.5	459.2
3. Recurrent Balance (1 - 2)	-279.1	-146.3	4.1	-439.4	-811.6	-978.6	-579.5	-106.3	128.8
4. Capital Revenue	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Capital Expenditure	381.7	268.7	223.4	372.2	515.5	369.5	372.4	264.6	280.4
6. Capital Balance (4 - 5)	-381.7	-268.6	-223.3	-372.2	-515.5	-369.4	-372.4	-264.6	-280.4
7. Fiscal Balance (3 + 6)	-660.7	-414.9	-219.3	-811.7	-1,327.1	-1,348.0	-951.9	-370.9	-151.6
8. Nominal GDP (Current Prices)	12,176.2	12,598.8	13,001.1	11,536.0	11,481.0	10,806.8	12,326.5	13,336.5	14,102.5
9. Fiscal Balance as % of NGDP	-5.4%	-3.3%	-1.7%	-7.0%	-11.6%	-12.5%	-7.7%	-2.8%	-1.1%
Memo Items									
GDP Growth Rate (Current Prices)	2.0%	3.5%	3.2%	-11.3%	-0.5%	-6.3%	14.1%	8.2%	5.7%
GDP Growth Rate (Constant Prices)	0.9%	2.2%	1.7%	-6.9%	-100.0%	-5.8%	3.9%	6.2%	3.7%
Government Debt (Direct Charge) end-June	6,550.0	7,242.7	7,527.1	8,191.2	9,506.8	9,935.3	10,386.4	10,594.7	10,755.0
Government Debt (Direct Charge) as % of NGDP	53.8%	57.5%	57.9%	71.0%	82.8%	91.9%	84.3%	79.4%	76.3%
Recurrent Expenditure as a % of NGDP	19.3%	17.4%	18.6%	21.9%	22.4%	26.4%	22.9%	20.0%	19.5%
Recurrent Revenue as a % of NGDP	17.0%	16.2%	18.7%	18.1%	15.4%	17.3%	18.2%	19.2%	20.4%
Capital Expenditure as a % of NGDP	3.1%	2.1%	1.7%	3.2%	4.5%	3.4%	3.0%	2.0%	2.0%
Primary Balance*	-393.0	-101.0	109.2	-467.0	-930.2	-925.6	-469.4	110.6	307.6
Primary Balance as % of NGDP	-3.2%	-0.8%	0.8%	-4.0%	-8.1%	-8.6%	-3.8%	0.8%	2.2%

Source: 2021/2022 Budget, Draft Estimates of Revenue & Expenditure, The Ministry of Finance, and Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas.

2.1. Limitations of Scope

The scope of the assessment of the 2021/2022 Budget is limited, as underlying macroeconomic assumptions and relevant estimates that support the 2021/2022 Budget have not been provided in the 2021/2022 Budget or separately to the FRC by the Ministry of Finance, thereby limiting: the assessment by the FRC of whether the budget allocations support priorities declared by the Government; and the ability to assess the credibility of inputs and variables.

2.2. Corrective Fiscal Adjustment

The exceptional circumstances clause has been invoked by the Government in two (2) instances, firstly following the passage of the catastrophic Hurricane Dorian, and secondly following the onset of the COVID-19 global pandemic; both events having significant negative impacts on the economy of The Bahamas and the fiscal performance of the Government. The 2021/2022 Budget

does not specify corrective mechanisms the Government expects to deploy to return to the fiscal path prescribed by the FRA. Further, the 2021/2022 Budget does not present a framework to: support the sustainability of its fiscal projections; or to assess its consistency with the prescribed Fiscal Responsibility Principles. As presented, the 2021/2022 Budget does not clearly set out how it incorporates the aforementioned fiscal adjustments, and it does not define the fiscal period that the exceptional circumstances are expected to be extinguished.

2.3. Data

GDP by component and related projections, and unemployment data were not provided to the FRC, and the 2021/2022 Budget only references the amalgamated GDP, citing the IMF World Economic Outlook as the source for the statistic for FY 2019/2020 onwards.

Further, underlying assumptions and estimates incorporated in macroeconomic factors utilised in the 2021/2022 Budget were not provided to the FRC. Accordingly, the assessment of the 2021/2022 Budget is limited to the utilisation of the published fiscal data included in the 2021/2022 Budget and statistics compiled and published by the Central Bank of The Bahamas, according to the IMF's Government Finance Statistics (GFS) standards for compilation and presentation of fiscal statistics, including, but not limited to, economic and functional classifications of fiscal data.

3. Fiscal and Macroeconomic Overview, FY 2020/2021

Provisional estimates for FY 2020/2021, the fiscal year preceding the 2021/2022 Budget, reported an overall deficit of \$1.348 billion, against the projected deficit of \$1.327 billion included in the 2020/2021 Budget. Based on projections estimates for GDP⁶, the fiscal outcome constituted a larger than expected fiscal deficit to NGDP ratio of 12.5%, against the budgeted ratio of 11.6%, due principally to a sharper decline in NGDP of 6.3% versus the originally projected decline of 0.5%.

The impact of the exceptional expenditure in FY 2020/2021, attributed principally to the response to the global pandemic, is reflected in the direct charge on the Government, with a debt to GDP ratio of 91.9% as of June 30, 2021, compared to the ratio of 71.0% as of June 30, 2020, following the exceptional expenditure attributed to the response to Hurricane Dorian in that respective fiscal year.

The overall fiscal balance comprised: total revenue of \$1.873 billion (17.3% of projected NGDP), which exceeded the budgeted revenue of \$1.763 billion (15.4% of projected NGDP); and total expenditure of \$3.221 billion (29.8% of projected NGDP), which exceeded budgeted expenditure of \$3.09 billion (26.9% of projected NGDP). In relation to total expenditure, capital expenditure of \$369.5 million was reported, which was less than the budgeted capital expenditure of \$515.5 million, however recurrent expenditure of \$2.851 billion was reported, which exceeded budgeted recurrent expenditure of \$2.574 billion. A significant increase in recurrent expenditure over budgeted amounts relates to an additional \$124.7 million in FY 2020/2021 in social assistance payments over the budgeted amount.

The higher total revenue was led by increases in value added tax (VAT) collections, which recorded a stronger fourth quarter of FY 2020/2021 than projected, indicating a strengthening of the domestic economy and increases in economic activity that was significantly disrupted by COVID-19.

⁶GDP forecasts (current prices) as provided in the 2021/2022 Budget.

Provisional estimates report VAT receipts of \$741.7 million for FY 2020/2021, which outperformed budget estimates by \$75.4 million (11.3%), whereas taxes on international trade and transactions of \$229.3 million underperformed budget estimates by \$108.1 million (32.0%); receipts from the travel related departure taxes category of this component totalled \$10.8 million compared to a budget estimate of \$83.4 million.

Visitor arrivals strengthened in the fourth quarter of FY 2020/2021 quarter, including 254,662 visitors in the higher value-added air segment of the travel market, compared to 1,736 air arrivals during corresponding fourth quarter of FY 2019/2020, when commercial international travel was prohibited due to COVID-19 travel related restrictions. The fourth quarter of FY 2020/2021 total was more than double the 102,882 air arrivals recorded in the third quarter of FY 2020/2021, however this represented only 51.1% of the pre-COVID total in the respective period in FY 2018/2019.

Strengthened tourism related receipts in the fourth quarter of FY 2020/2021 underpinned the narrowing in the external current account balance to an improved deficit of \$460.8 million compared to the deficit of \$711.9 million in the corresponding period of FY 2019/2020, including an estimated surplus on the Services account of \$350 million, compared to a deficit of \$200.1 million in the corresponding period of FY 2019/2020. The growth in travel receipts as a result of economic recovery moderated an increased trade deficit, as increases in goods imports in the fourth quarter of FY 2020/2021 outpaced gains in exports.

Construction activity continued as a key driver in the domestic economy for FY 2020/2021, led by ongoing small to medium scale foreign direct investment projects. Domestic consumer price inflation – as measured by changes in the average Retail Price Index – firmed to 1.2% over the twelve (12) months ended March 2021 (the current RPI period), the latest available data by quarter, compared to 0.8% over the corresponding period to March 2020 (the corresponding RPI period). The increase included an uptick in eight (8) of the twelve (12) basket items comprising the RPI. In particular, domestic energy costs reported an average rate of increase of 2.3% over the current RPI period compared to an average rate of decrease of 0.7% over the corresponding RPI period.

Employment estimates for 2020/2021 are unavailable.

4. OVERVIEW OF THE 2021/2022 BUDGET

The 2021/2022 Budget declares a theme of Accelerating Recovery: From Restoration to Growth, comprising five (5) priority policy objectives:

- Strengthen the impact of much needed COVID-19 related support.
- Accelerate the re-engagement of displaced workers.
- Stimulate domestic economic and commercial activity.
- Extract greater value from the tourism sector.
- Accelerate the adoption of innovation and e-Government technologies and services.

The 2021/2022 Budget identifies seven (7) strategic mechanisms to achieve these policy objectives:

- Job creation.
- Small business development.

- Healthcare improvements and vaccinations.
- Tourism development.
- Public and private sector investment.
- Digitisation and innovation.
- Fiscal responsibility.

A summary of the expenditure allocation in the 2021/2022 Budget, aggregated by function, is used as an indicator of the general priorities. By functional classification and as a percentage of the total projected recurrent expenditure of \$2.825 billion for FY 2021/2022, the largest allocation is in support of general public service in the amount of \$1.124 (39.8%), compared to \$969.3 million (34.0%) in the corresponding period out of total recurrent expenditure of \$2.851 billion for FY 2020/2021. This includes interest payments on public debt, which consumes 18.1% of the total recurrent expenditure, compared to the 14.8% in the corresponding year. Allocations to social assistance payments for FY 2021/2022 amount to \$272.2 million (9.6%), compared to \$408.9 million (14.3%) in FY 2020/2021, which indicates an intended tapering in COVID-19 related social assistance initiatives that spiked in FY 2020/2021, as result of the social welfare needs associated with the global pandemic.

Allocations for capital expenditure of \$372.4 million include investment in healthcare infrastructure of \$50.6 million (13.6%), compared to \$102.2 million (27.7%) in FY 2020/2021, which indicates investment in healthcare infrastructure will continue, but at a significantly reduced level.

The capital expenditure allocation for economic affairs increased to \$163.2 million (43.8%), compared to \$124.7 million (33.8%) in the corresponding year. However, the total expenditure allocation to economic affairs– recurrent and capital – is generally consistent at \$459.2 million (14.4%) compared to \$459.8 million (14.3%) in FY 2020/2021, with the projected capital expenditure increase broadly offset by a decrease in the projected recurrent expenditure.

Overall, increased expenditure allocations for general public service and interest on public debt, and decreased allocations for healthcare and social protection expenditures represent the most significant differences in projected expenditure by function.

5. FISCAL SUMMARY, 2021/2022 BUDGET

The 2021/2022 Budget is underpinned by an anticipated recovery in RGDP by 3.9%, which is projected to result in an increase in total revenue to 18.2% of NGDP, compared to 15.4% of NGDP projected in the 2020/2021 Budget, and the 17.3% of NGDP reported as the actual outturn for FY 2020/2021. Recurrent and capital expenditure for FY2021/2022 are budgeted at 22.9% and 3.0% of NGDP, respectively, compared to 22.4% and 4.5% of NGDP, respectively, projected in the 2020/2021 Budget and 26.4% and 3.4% of NGDP, respectively, reported as the actual outturn for FY 2020/2021.

Improvements in the fiscal balance for FY 2021/2022 are largely predicated on increases in tax revenue of \$322.9 million, representing an increase of 20.1% compared to actual tax revenue for FY 2020/2021. Expenditures are projected to decrease marginally by \$22.4 million, representing 0.7% compared to actual expenditures for FY 2020/2021. These results are projected to result

in an overall fiscal deficit of 7.7% of NGDP for FY 2021/2022, compared to the reported deficit of 12.5% of NGDP for FY 2020/2021. Based on the fiscal dynamics, risks to the fiscal balance outturn are concentrated on the revenue side, and an assessment of the credibility of the revenue forecast is critical in assessing the projected overall fiscal balance.

Table 2: Fiscal Operations Summary, 2020/2021 & 2021/2022

	Actual		Budget		Change	
	2020/2021	(%)GDP	2021/2022	(%)GDP	\$mn	%
TOTAL REVENUE	1,872.7	17.3	2,246.5	18.2	373.7	20.0
Tax Revenue	1,603.3	14.8	1,926.2	15.6	322.9	20.1
Non-Tax Revenue	269.2	2.5	318.3	2.6	49.0	18.2
Grants	0.2	0.0	2.0	0.0	1.9	1233.3
Capital Revenue	0.0	0.0	0.0	0.0	0.0	-92.0
TOTAL EXPENDITURE	3,220.7	29.8	3,198.3	25.9	-22.4	-0.7
Recurrent Expenditure	2,851.3	26.4	2,825.9	22.9	-25.3	-0.9
of which Interest on Debt	422.4	3.9	482.5	3.9	60.1	14.2
Capital Expenditure	369.5	3.4	372.4	3.0	3.0	0.8
Fiscal Balance	-1,348.0	-12.5	-951.9	-7.7	396.1	29.4
Primary Balance	-925.6	-8.6	-469.4	-3.8	456.2	49.3

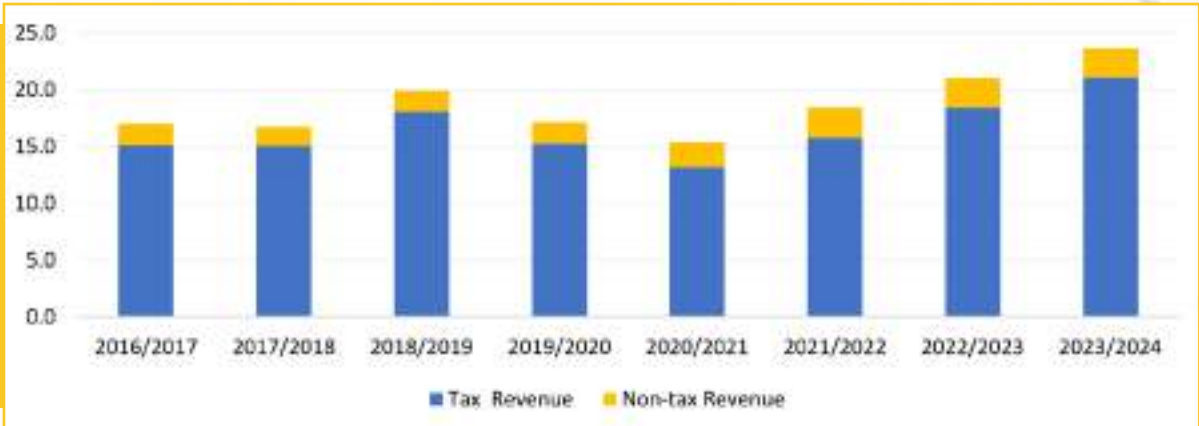
Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas

5.1. Revenue Projections

The principal drivers of total revenue in FY 2021/2022 are generally unchanged from previous years. VAT, the main revenue component is expected to contribute approximately 37.6% of total revenue, and customs duties and excise duties are expected to contribute 10.4% and 10.5% respectively, of total revenue. Taxes on property is projected to contribute 7.1%, which is more significant than in previous years, but consistent with the outturn for FY 2020/2021. A decrease in the contribution of departure tax receipts to 4.2% is projected, compared to contributions of at least 6.0% to total revenue in previous years, as departure taxes are reported to have contributed 0.6% of total revenue for FY 2020/2021. Non-tax revenue is projected to contribute 14.2% of total revenue, consistent with the outturn for FY2020/2021 but an increase over previous years.

Total revenues in the 2021/2022 Budget are budgeted at \$2,246.5 million, representing 18.4% of NGDP, compared to \$1,872.7 for FY 2020/2021, representing 17.3% of NGDP. The increase reflects an expectation of higher inflows from both tax and non-tax revenue sources, specifically increases of \$322.9 million (20.1%) and \$49.0 million (18.2%), respectively, compared to the reported outturn for FY 2020/2021. Total revenue to NGDP is projected to increase gradually to the highest recorded level of 23.6% by FY 2023/2024.

Figure 1: General Revenue as a Percentage of GDP



Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas

Figure 2: Change in Nominal Revenues Over the Medium Term



Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas

The FRC did not receive estimates and assumptions underlying the projections, however the revenue forecasts presented in the 2021/2022 Budget are considered reasonable, subject to significant downside risks due primarily to the threat of the emergence and spread of more virulent strains of the COVID-19 virus, slower than expected roll out of the national and international vaccine programmes, slower than expected return of tourism and other contact intensive sectors, and sustained supply chain rigidities in the global economy.

The 2021/2022 Budget assumes growth in NGDP of 14.1% for FY2021/2022, which is higher than the estimate of 12.7% for the calendar year 2022 by the IMF in its October 2021 WEO publication. Given the risks to growth in the economy, the relatively more bullish posture of the assumption in the 2021/2022 Budget could result in an overestimation of revenues if economic output underperforms. Moreover, to the extent the sectors and activities with the greatest potential for growth currently enjoy tax concessions, such as the tourism sector, expected increases in tax revenues typically associated with increased economic activity may not materialise.

The projected increase in tax revenues for FY2021/2022 is mainly driven by projected increases in international trade tax and domestic VAT revenue of \$103.7 million (14.0%) and \$175.8 million (76.6%), respectively, compared to FY 2020/2021. Together, these two (2) sources account for circa 80.0% of the budgeted growth in total revenues for FY 2021/2022.

The increase in international trade taxes is mainly driven by higher customs and other duties, export taxes and departure taxes which are projected to grow by 24.9%, 142.7% and 779.4%, respectively, compared to FY 2020/2021. The projected increase in the respective categories reflect an expectation of a return to pre COVID-19 activity levels, as imports and exports respond to pent up demand for goods, and border openings facilitate increased international travel. The estimates are considered to be reasonable and largely reflect base effects of recovery from the sharp contraction in the corresponding year, subject to the downside risks given potentially slower than projected uptick in trade and travel in the face of the lingering supply chain rigidities, the emergence of new COVID-19 variants and slower roll out of national and global vaccination programmes. Additionally, significant duty concessions have been committed under the Accelerate Bahamas plan, which have not been fully costed and could potentially result in significant revenue losses.

Domestic VAT to NGDP in FY 2021/2022 is projected to remain consistent with the corresponding year and historic trends. Additionally, a non-complex assessment of the VAT efficiency for the 2021/2022 Budget demonstrates consistency with the prior two (2) fiscal years.⁷ Together, these indicators support the credibility of the VAT projections, subject to the previously mentioned downside risks stemming from uncertainties surrounding the global pandemic.

5.2. Announced Tax Concessions

The 2021/2022 Budget includes several programmes, which commit to significant tax concessions for individuals and businesses, under the theme Accelerate Bahamas. The extension of the Special Economic Recovery Zone (SERZ) for Abaco and Grand Bahama and the designation of the Special Economic Zone for the Southern Islands are temporary tax concession programmes intended to catalyse economic activity within the respective geographic regions.⁸ The programmes offer tax concessions across a range of taxes and fees, however there are no published qualifying criteria regarding expenditures, except certain programmes that have been identified that require notional dollar thresholds.

⁷The sharp contraction in GDP and the concomitant increase in the percentage of VAT to NGDP provides a general indication that the sectors most harshly hit by the economic shocks associated with the global pandemic may benefit disproportionately from VAT concessions.

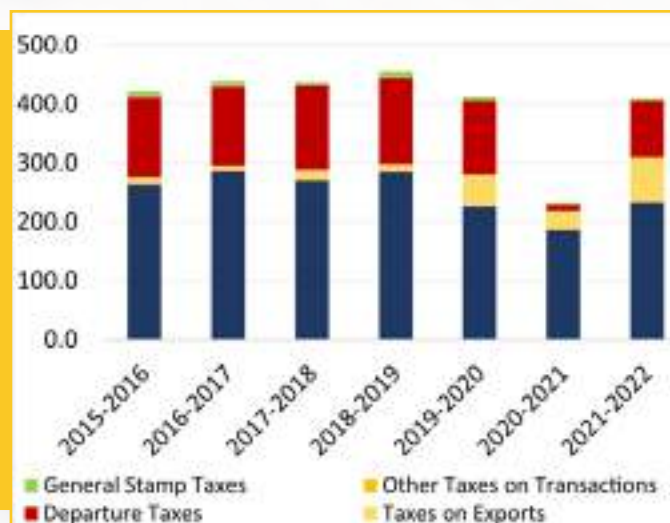
Additionally, other tax concessions have been granted to the general population, aimed at assisting with adjustments to the new economic, health and social environments brought on by the global pandemic and include exemptions for sanitisers, technology equipment and devices, and exercise equipment among others. The potential revenue losses from such programmes have not been quantified and stated in the 2021/2022 Budget. Based on the breadth of the measures, it is reasonably expected that the potential losses will be significant.

The IMF has made recommendations for the development and tabling of an annual tax expenditure budget, along with the estimates of revenue and expenditure, with the objective of enhancing the budgetary process by facilitating a more comprehensive assessment of the Government’s spending within the economy, both direct and indirect, and the resulting impacts of policy priorities and outcomes. Tax expenditure budgets aid in exposing possible avenues of revenue leakage and can spur improvements in the equity and efficiency of a tax system.

The existing predominantly consumption-based tax system of The Bahamas limits the ability of the Government to target policies toward particular cohorts of the population, as VAT and duty exemptions are broad policy tools that are generally more costly, less equitable and less efficient than more targeted direct expenditures. During debate of the 2021/2022 Budget, the Government communicated its commissioning of a study of the tax system of The Bahamas, and various options for tax reform. Given the inherent limitations of the current consumption-based tax system to better target tax concessions, the FRC recommends that the study of the current tax system be expedited and leverage past studies to facilitate early deliberations and conclusions on the most appropriate tax system for The Bahamas.

Further, certain tax concessions accord different treatments for Bahamian nationals and foreign nationals, which presents challenges to the overall equity of the existing tax concession regime.

Figure 3: Trajectory of International Trade Tax Revenues



Source: Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas, and 2021/2022 Budget, Draft Estimates of Revenue and Expenditure, Ministry of Finance.

⁸It is expected that the Special Economic Zone provision for the Southern Islands will last for two (2) years.

Figure 4: Trajectory of VAT Revenue Performance



Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas, and 2021/2022 Budget, Draft Estimates of Revenue and Expenditure, Ministry of Finance.

Notes: VAT efficiency was calculated as VAT to GDP ratio divided by the standard VAT rate of 12.0%. VAT revenue in the calculations for FY 2022/2023 and FY 2023/2024 were taken from the 2021/2022 Budget, and data for the previous years were taken from the GFS Microsoft Excel file.

5.3. Proposed Revenue Enhancement Measures

Several revenue enhancement measures have been announced, as a counterbalance to tax concessions, which are aimed not only at boosting revenues but also at improving the overall equity of the tax regime. The measures are mainly centred around property taxation and include the application of VAT to vacation home rentals, increased VAT on real estate transactions and the use of third party withholding on rental income in lieu of outstanding property taxes. Together the measures are projected to yield additional revenues of approximately \$50.0 million in FY 2021/2022.

Overall, the design of the measures increases the tax obligations on higher income property owners, and as such improves the equity of the tax regime.

5.4. Expenditure

Recurrent expenditure is projected to consume 88.4% of total expenditure, with capital expenditure projected to consume 11.6%. Significant components of, and variances in, expenditure comprise:

- an increase in expenditure allocated to interest payments on public debt to 15.1% of total expenditure, compared to 13.1% and 11.8% in FY 2020/2021 and FY 2019/2020, respectively.
- a decrease in expenditure allocated to social assistance benefits to 8.3% of total expenditure, compared to 12.5% in FY 2020/2021, which indicates an expectation of a reduced need for social assistance, given the expected growth in employment associated with the ramping up of economic activity following widespread disruption in FY 2020/2021 due to restrictions necessitated by COVID-19.

Except allocations for general public services, the largest recurrent expenditure remains appropriations to the healthcare sector, in light of the on-going fight to contain the spread of the coronavirus.

The 2021/2022 Budget and medium-term projections demonstrate a reduction in capital expenditure to 2.0% of GDP in FY 2022/2023 and FY 2023/2024 periods. The reductions are necessary to achieve the improved fiscal balances projected, however the FY 2021/2022 Budget does not delineate the productivity of projected capital expenditure and the efficacy of the 2.0% capital expenditure to GDP target. Reduced capital expenditure lessens the widening of the overall fiscal deficit, but the 2021/2022 Budget does not set out whether the capital expenditure target is sufficient to support sustainable growth in the economy and appropriately maintain the underlying infrastructure.

The effects of the global pandemic have prompted an unprecedented fiscal response, leading to widening fiscal deficits and consequent rising public debt levels. The 2021/2022 Budget anticipates higher revenue inflows, on the basis of expectations of a sustained rebound in the domestic economy, coupled with tapering in overall government expenditure, resulting in lower fiscal deficits and the stemming of increases in public debt.

The underlying macroeconomic bases that support the forecasts were not provided in the 2021/2022 Budget, and were not made available to the FRC as part of this assessment.

5.5. Medium-Term Fiscal Trajectory

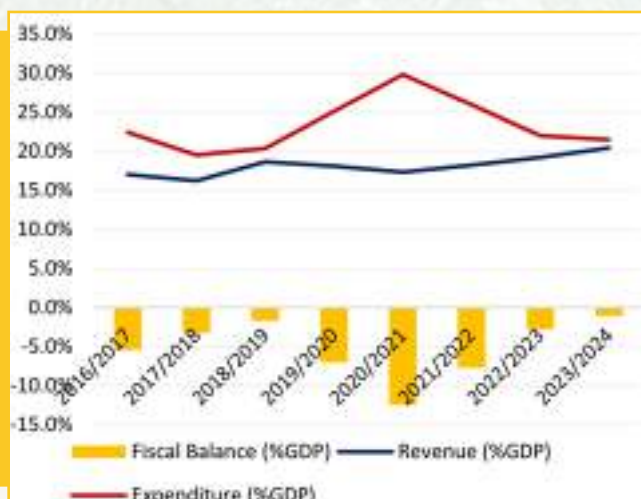
The combined effects of Hurricane Dorian in September 2019 and the onset of COVID-19 in March 2020 have contributed to the widening fiscal deficits over the past two (2) fiscal years, due to increased expenditure in responding to the shocks, and lower tax revenue intake associated with decline in economic activity, as well as fiscal stimulus provided through tax concessions.

Despite the sharp contraction in tax revenues during the past two (2) fiscal years, the Government has forecasted growth over the medium term, which is higher than the projected growth in NGDP. To achieve this revenue growth, the revenue to NGDP ratio is projected to increase over the forecast period. Expenditures, which increased during the past two (2) years are projected to remain consistent during the ensuing fiscal years, but the expenditure to NGDP ratio is expected to decrease as a result of growth in NGDP associated with projected economic recovery. Accordingly, the fiscal deficit to NGDP ratio is projected to narrow from 12.5% for FY 2020/2021 to 1.1% for FY 2023/2024 (see Figure 5).

The fiscal trajectory is anchored on expected recovery in economic activity as COVID-19 lock down

measures are relaxed, supported in part by a successful rollout of the vaccination programme. However, given the uncertainties surrounding COVID-19 and the implications for the pace of economic recovery, material downside risks persist.

Figure 5: Trajectory of the Fiscal Balance

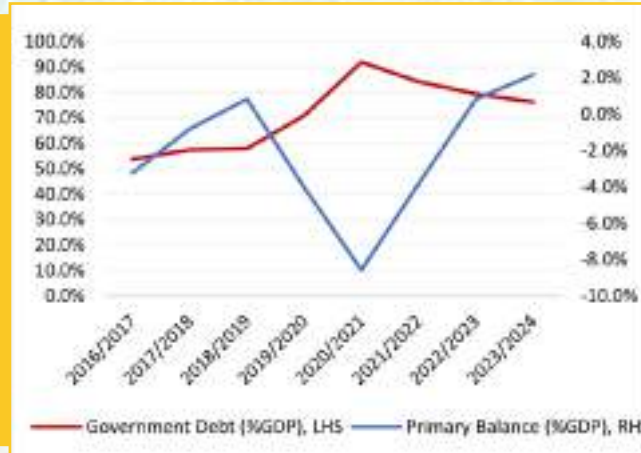


Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas, and 2021/2022 Budget, Draft Estimates of Revenue and Expenditure, Ministry of Finance.

The impact of the increased fiscal deficits in the past two (2) fiscal years on public debt has been significant. Debt to NGDP peaked at 91.9% in FY 2020/2021, an increase of 20.9 percentage points over FY 2019/2020⁹, attributable to increased borrowing which led to an increase in public debt of circa 21.3%, coupled with a decrease in NGDP of 6.0%. The 2021/2022 Budget reports an expectation that the borrowing requirements to finance the projected deficit for FY 2021/2022, net of principal debt repayments, will result in a debt to NGDP ratio of 84.3% as of the end of the fiscal year. Though projected to be on a downward trajectory, debt to NGDP ratios are expected to remain in excess of 75.0% over the forecast period. The medium-term outlook projects debt to NGDP ratios of 79.4% and 76.3% at the end of FY 2022/2023 and FY 2023/2024, respectively (see Figure 6). This reduction in debt to NGDP ratios is predicated on significant growth in NGDP, including economic recovery to NGDP levels prior to Hurricane Dorian and COVID-19 and extended growth, as public debt is projected to continue to increase over the forecast period.

⁹Public debt levels in the three (3) fiscal years prior to Hurricane Dorian and the global pandemic were markedly lower, however the debt to NGDP ratio in those fiscal years did trend upwards.

Figure 6: Fiscal and Debt Trajectory



Source: Quarterly Statistical Digest, August 2021, The Central Bank of The Bahamas, and 2021/2022 Budget, Draft Estimates of Revenue and Expenditure, Ministry of Finance.

Given the significant increase in public debt and upward pressures on global interest rates, in particular in the United States of America, deliberate fiscal corrective actions by the Government are necessary to reduce the public debt to sustainable levels set out in the FRA. The current trajectory of the primary balance over the forecast period will not achieve the established fiscal and debt targets, and to achieve the target debt to NGDP ratio of 50.0% by FY 2030/2031, a more aggressive primary balance trajectory is required over the medium term. Box A below summarises the results of a simplified debt sustainability analysis.

Box A:

ASSESSMENT OF PUBLIC DEBT SUSTAINABILITY

- Debt Ratio and Fiscal Deficit** – With the onset of the health and economic shocks associated with the global pandemic, which commenced in the FY 2020/2021, the debt to NGDP ratio rose significantly during FY 2020/2021, as the annual fiscal deficit increased due to declining tax revenue, caused by the disruption to economic activities, and increased expenditure to address the health and social impacts of the COVID-19. Concurrently, the fiscal impacts of Hurricane Dorian were continuing. Debt to NGDP is projected on a downward trajectory over the medium term, which is consistent with projected fiscal balance improvements and economic expansion.
- Consistency of fiscal projections with attainment of the debt target** – Table 3 presents the baseline projections for public debt, along with the underlying macroeconomic assumptions, based on available information up to FY 2023/2024; the latest projections are maintained through FY 2030/2031 for the purposes of this analysis. The results of sensitivity analyses, varying the directly controllable variable of the primary balance, indicate that the debt to NGDP target at the end of FY 2030/2031, consistent with the announced revised deadline, is only achieved if a primary balance to NGDP ratio of 4.0% is achieved beyond FY 2023/2024; see Table 4. Attaining and maintaining this level of primary balance will be unprecedented and therefore very challenging. Further, targeting the current legislated fiscal balance threshold of a maximum deficit to GDP ratio of 0.5% will not achieve the debt to GDP target of 50.0% by the stipulated FY 2030/2031.
- Risks to debt profile** – Overall, the risks are balanced, with higher NGDP growth representing a possible upside risk, and the possible tightening real interest rates representing a possible downside risk. Figure 7 below illustrates three (3) projected paths, based on macroeconomic assumptions set out in Table 3, and varied for differing levels of projected primary balance to NGDP ratios. The Debt Target Attaining Path is based on attaining and maintaining a primary balance to NGDP ratio of 4% in FY 2024/2025 through FY 2030/2031, which results in the debt to NGDP target ratio of 50.0% at the end of 2030/2031. The Historical Path is based on the historical five (5) year moving averages of primary balance to NGDP ratios, which results in a debt to NGDP ratio of circa 68.0% at the end of FY 2030/2031. The Maintained Path is based on maintaining the primary balance to NGDP ratio, projected for FY 2023/2024, of 2.2% in FY 2024/25 through FY 2030/2031, which results in a debt to NGDP ratio of 60.0% at the end of FY 2030/2031.

Table 3: Debt and Economic Indicators Through 2030^{1/}

	Actual		Projections									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Nominal gross public debt	71.0	91.9	84.3	79.4	76.3	72.6	68.9	65.2	61.4	57.7	53.9	50.0
Real GDP growth(in percent)	-6.9	-5.8	3.9	6.2	3.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Inflation(GDP deflator,in percent)	-4.7	-0.5	9.8	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Nominal GDP growth(in percent)	-11.3	-6.3	14.1	8.2	5.7	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Effective interest rate (in percent) ^{2/}	5.0	4.6	5.6	4.9	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6

Source: 2021/2022 Budget, Draft Estimates of Revenue and Expenditure, Ministry of Finance for Historical Data and Projections to FY 2023/2024.

- Contribution to Change in Debt** – The main driver of the reduction in the debt ratio to NGDP will be the primary balance, with NGDP growth also providing strong support. On the other hand, real interest rates will continue to apply upward pressure to the public debt (Figure 8).

Table 4: Contribution to Changes in Public Debt through 2030

	Actual		Projections										cumulative
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Change in gross public sector debt	13.1	20.9	-7.7	-4.9	-3.1	-3.7	-3.7	-3.7	-3.8	-3.8	-3.8	-3.8	-41.9
Identified debt-creating flows	11.7	14.6	-4.3	-4.0	-1.8	-2.3	-2.3	-2.5	-2.6	-3.8	-3.8	-3.8	-31.3
Primary balance ^{3/}	-4.0	-8.6	-3.8	0.8	2.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	27.4
Automatic debt dynamics ^{4/}	7.7	6.0	1.9	-2.3	0.3	1.7	1.7	1.5	1.4	0.3	0.2	0.2	6.9
Interest rate/growth differential ^{5/}	7.7	6.0	-1.4	-3.3	-1.0	0.3	0.3	0.3	0.3	0.3	0.2	0.2	-3.7
Of which: real interest rate	3.3	1.8	2.0	1.5	1.8	1.8	1.7	1.6	1.5	1.4	1.4	1.3	16.0
Of which: real GDP growth	4.3	4.3	-3.3	-4.8	-2.8	-1.5	-1.4	-1.3	-1.3	-1.2	-1.1	-1.0	-19.7
Residual, including asset changes ^{6/}	1.4	6.4	-3.3	-0.9	-1.2	-1.3	-1.3	-1.2	-1.1	0.0	0.0	0.0	-10.6

Source: 2021/2022 Budget, Draft Estimates of Revenue and Expenditure, Ministry of Finance for Historical Data and Projections to FY 2023/2024.

1/ Horizon based on proposed extension of deadline to achieve debt target.

2/ Defined as interest payments divided by public debt at the end of previous fiscal year.

3/ Primary Balance is Fiscal Balance plus interest payments.

4/ Derived as $[r - \pi(1+g) - g + ae(1+r)] / (1+g+\pi+g\pi)$ times previous period debt ratio, with r = effective nominal interest rate; π = growth rate of GDP deflator; g = real GDP growth rate.

5/ The real interest rate contribution is derived from the numerator in footnote 5 as $r - \pi(1+g)$ and the real growth contribution as $-g$; a = percentage of foreign-currency denominated debt; and e = nominal exchange rate contribution.

6/ Unidentified debt creating/reducing flows, including asset changes.

Figure 7: Central Government Public Debt Trajectory (in % NGDP)

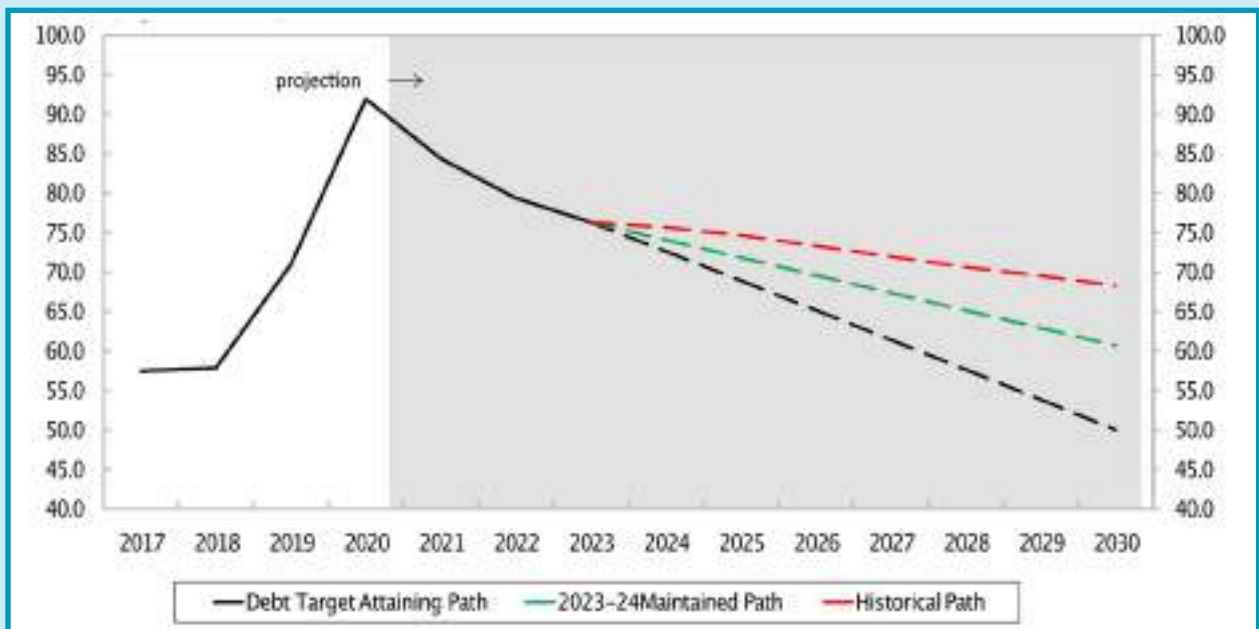
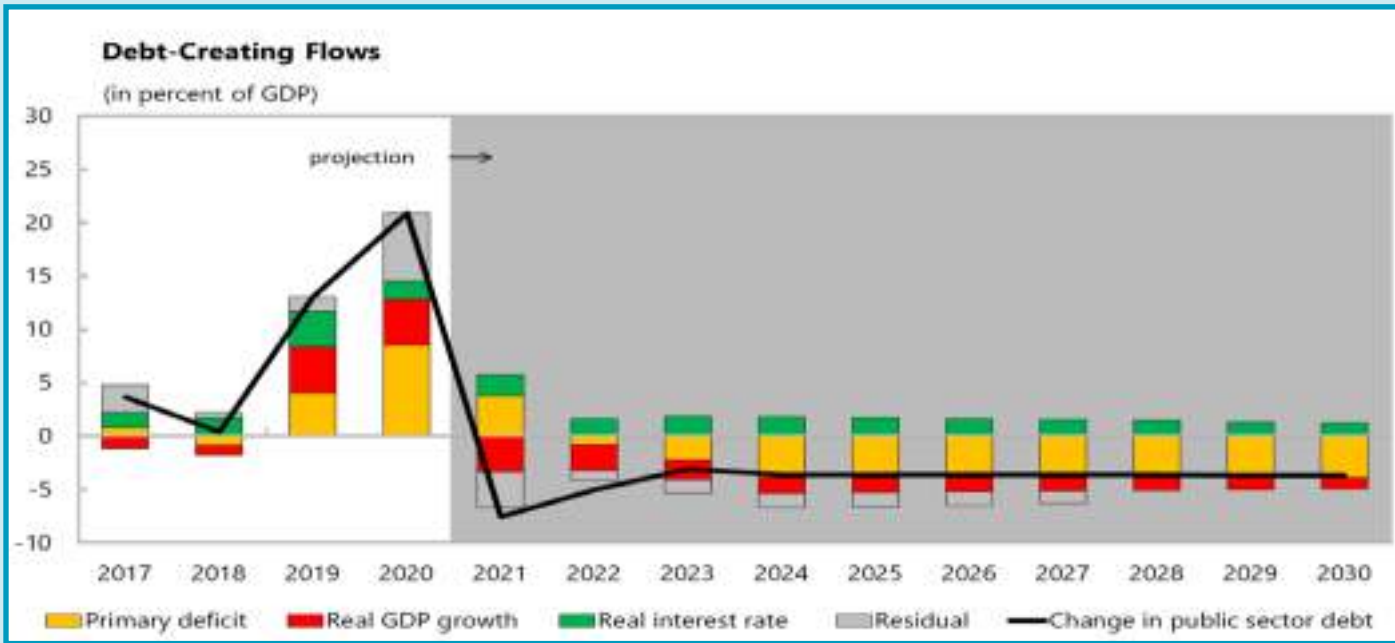


Figure 8: Debt-Creating Flows



5.6. Compliance with Fiscal Responsibility Framework

The fiscal response of the Government to Hurricane Dorian and subsequently COVID-19, resulted in significant increases in expenditures to support the broader economy and provide social assistance to those parties most severely impacted by the crises. The 2021/2022 Budget pledges continued support for parties still challenged by the effects of Hurricane Dorian, as well as measures geared towards accelerating the country's emergence from the pandemic, including economic recovery.

The 2021/2022 Budget, under the theme Accelerate Bahamas, represents that it aims to balance lives and livelihoods of the Bahamian people. Consequently, additional expenditures have been budgeted to ensure that appropriate resources are available for COVID-19 related expenditures and sustain some level of support for businesses as they emerge from the crises. However, these increases must be balanced with the fiscal sustainability imperatives.

The economic and fiscal fallout from Hurricane Dorian and COVID-19, and the concomitant increase in public debt to finance Government expenditures for relief and support programmes led the Government to invoke Section 13 of the FRA, referred to as the Exceptional Circumstances Clause. The initial targets for: the fiscal balance, was a deficit to NGDP ratio of no more than 0.5% by FY 2020/2021; and debt to NGDP ratio of no more than 50.0% by end of FY 2024/2025. The impact of Hurricane Dorian prompted a shifting of the targets to FY 2024/2025 and FY 2028/2029, respectively. However, the FSR 2020 communicated that there were significant challenges in meeting the revised debt to NGDP target and proposed a further extension to FY 2030/2031.

Flexibility in the fiscal rules, particularly in the context of exceptional circumstances, is required, however, the proposed extensions of the respective targets are not accompanied by a clear strategy to realign the fiscal accounts toward a trajectory consistent with the revised targets. Further, consideration should be given to amending Section 13(1)(C) of the FRA requiring: prescribed timeframes within which adjusted fiscal targets are to be realised; or formal communication of planned timeframes within which adjusted fiscal targets will be realised.

Such enhancements would signal the commitment to fiscal prudence and ensures that fiscal policy is appropriately anchored.

6. PRELIMINARY ANALYSES OF THE SUPPLEMENTARY BUDGET

The 2021/2022 Supplementary Budget, under the theme Building the Foundation for a New Direction, was tabled in Parliament on October 27, 2021 and subsequently debated and approved in November 2021. The 2021/2022 Supplementary Budget projects an improved fiscal outturn relative to the original 2021/2022 Budget, comprising higher recurrent expenditures, lower capital expenditure and higher tax revenues.

The increase in recurrent expenditure reflects the new administration's priorities with regards to social assistance programmes, including: an increase of \$39.2 million, representing 73.6% of the overall increase in the recurrent expenditure budget, to social assistance programmes. The new elements comprise: an expansion of the COVID-19 relief programme in the form a one-off

payment of \$500.00 to be paid during the Christmas period to persons currently receiving benefits under the COVID-19 unemployment assistance programme; and adjustments to public sector pensions aimed at inter alia improving distributive equity within the pension system and providing beneficiaries with cost of living adjustments in earnings, with an estimated cost of \$6.4 million. An additional allocation of \$8.0 million has been made for the payment of increments to public sector workers. Overall, recurrent expenditures are projected to be \$53.3 million (1.9%) higher than originally budgeted.

Capital expenditures for FY 2021/2022 have been decreased by \$54.2 million including decreases in allocations for Small and Medium-sized Entities, renewable energy initiatives, capital expenditure for the hospital in Grand Bahama, and other capital projects, certain of which involve funding from the IDB.


Recurrent expenditure to NGDP ratio is projected to decline from 24.9% for FY 2021/2022 to 20.7% for FY 2023/2024 in the 2021/2022 Supplementary Budget, as the current level of social assistance expenditure is not expected to continue given the accelerating economic recovery following the COVID-19 fallout; this is reflected in the projected gradual decline in the allocation of total recurrent expenditure allocated to social assistance expenditure, from 10.3% in FY 2021/2022 to 7.3% in FY 2023/2024.. According to the 2021/2022 Supplementary Budget, such an outcome is expected to enable increased focus on other critical public services such as education, housing and community amenities and activities.

Recurrent revenues are projected to increase by \$92.3 million (4.1%) relative to the original 2021/2022 Budget, comprising increases in revenues from VAT and customs duties by \$80.6 million (9.5%) and \$11.8 million (2.9%), respectively. The increase in projected tax revenues is reported as being based on the performance for the first quarter of FY 2021/2022, which outperformed the projections for that period in the original 2021/2022 Budget.

**Table 5:
Summary Comparison of the Original and Supplementary 2021/2022 Budget**

	Orig Budget	Sup Budget	Variance	
	2021/22	2021/22	\$millions	(%)
1. Recurrent Revenue	2,244.5	2,336.8	92.3	4.1
2. Recurrent Expenditure	2,825.9	2,879.2	53.3	1.9
of which primary recurrent expenditure	2,313.4	2,366.7	53.3	2.3
interest payments	512.5	512.5	0.0	0.0
3. Recurrent Balance	-581.4	-542.4	39.0	-6.7
4. Capital Revenue	2.0	2.0	0.0	0.0
5. Capital Expenditure	372.4	318.2	-54.2	-14.6
6. Capital Balance	-370.4	-316.2	54.2	-14.6
7. GFS Balance	-951.8	-858.6	93.2	-9.8
8. GDP (current prices)	12,326.5	11,573.0	-753.5	-6.1

Source: 2021/2022 Supplementary Budget, Draft Estimates of Revenue and Expenditure and the Annual Budget Draft Estimates of Revenue and Expenditure, Ministry of Finance.



The fiscal outturn projected in the 2021/2022 Supplementary Budget reduces the public debt financing requirement for FY 2021/2022 by \$93.3 million (5.0%), with the debt to NGDP ratio projected to increase by 9.0 percentage points to 93.3%, due to lower projections for NGDP. The debt to NGDP ratio is projected to gradually decline to 85.0% by FY 2023/2024. At the current levels, public debt service costs account for 65.6% of total recurrent expenditure, which equates to \$0.76 of each \$1.00 of tax revenue received being used to finance these obligations. This demonstrates the importance of continued fiscal discipline to develop and sustain a downward trajectory of public debt.


6.1. Specific Proposed Changes to the Fiscal Policy Landscape

The 2021/2022 Supplementary Budget announced a reduction in the standard VAT rate from 12.0% to 10.0%, accompanied by the removal of the zero rating on a range of items, and the directing of additional social assistance benefits to lower income families negatively impacted by the removal of zero rating. The tax policy action was taken on the bases of simplifying the VAT regime and improving the equity and efficiency of VAT. The Government has advised that the tax policy adjustment has been modelled by the Government Public Policy Institute of the University of The Bahamas, however up to the date of this report the results of the modelling have not been made available publicly or to the FRC. Accordingly, the FRC was unable to utilise the model to assess the impact of the tax policy change on the fiscal balance for FY 2021/2022.

Additionally, it has been announced that the former Revenue Enhancement Unit (REU) will be re-established, with expectations that the REU will collect tax revenues of circa \$200.0 million over FY 2021/2022 and FY 2022/2023. The strengthening of enforcement of tax collections and deterring tax delinquency should positively impact tax revenues, however greater detail regarding the strategic and operational focus of the REU, along with quantification of areas with the greatest levels of uncollected tax revenues, is required to appropriately assess the credibility of the projected tax revenue gains. Additionally, the effectiveness of pecuniary and non-pecuniary methods are required to be studied to facilitate the most appropriate mix of such methods to maximise tax compliance and collections.

An important element of the future of tax administration is the application of technology to facilitate virtual filings and payments of taxes, as well as the sharing of third-party information, communications and other applications to support the tax authorities in carrying out their mandates. Efforts to properly equip the tax authorities with appropriate technology will be critical for improving overall tax compliance through expanded automation for taxpayers that should improve efficiency in paying taxes.

The Government has set a tax revenue to NGDP ratio target of 25.0%, over the next (5) five years. Based on historical tax revenue to NGDP ratios, the target is aggressive and will require significant reforms in tax policy and tax administration in order to be realised. It will be equally important to ensure that the tax regime is simple, equitable and efficient. The Government has reconstituted the Revenue Policy Committee to provide guidance on taxation issues and it is recommended that this committee has broad based representation including the private sector, civil society and academia, supported by international experts as deemed necessary.



The Government further committed to undertaking a comprehensive review of key fiscal legislation, and improving transparency, including supporting the work of the FRC with the provision of accurate and timely data and information.

The assessment of public debt, outstanding liabilities including unfunded pension obligations, and contingent liabilities underscore the need for a consistent and comprehensive definition of public debt and the development of a framework to estimate and monitor contingent liabilities. Further, the development and publication of a debt management plan, complete with detailed financing strategies, is integral and required by legislation. The Government has announced the constituting of a Debt Management Advisory Committee, which will comprise public sector officials and private sector members, all with relevant experience and expertise. It is recommended that these efforts are prioritised, and that the framework includes mechanisms for regular challenge, reporting and evaluation of actual performance against plans, which facilitates agility in adjusting plans and strategies.





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