

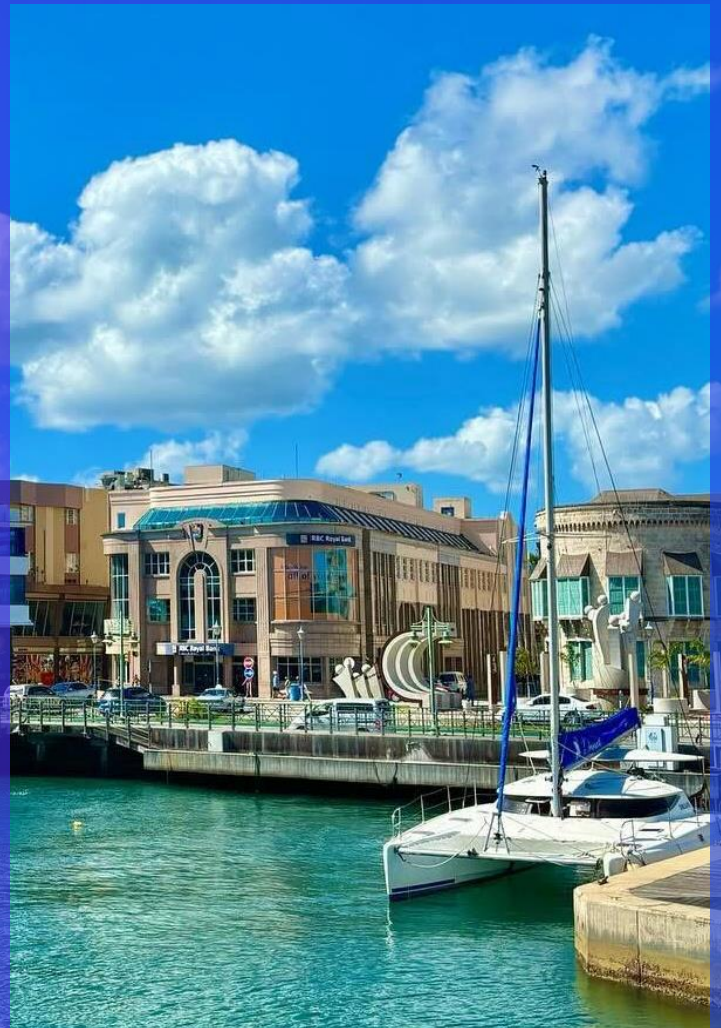


Barbados budget highlights - 2025

**From inherited inequalities to a
sustainable, resilient & inclusive
society**

KPMG Barbados

March 10, 2025



Contents

01	Foreword	3-5
02	Economic snapshot	6-8
03	Key budget measures	9-18
04	Growth measures	19-20
05	Economic review	21-26

A vibrant tropical scene featuring several tall palm trees against a clear blue sky. The foreground is filled with lush green grass. A semi-transparent blue rectangle is overlaid on the lower half of the image, containing the page number and title.

01

Foreword

Foreword

The Honourable Ryan Straughn M.P., Minister in the Ministry of Finance, Economic Affairs and Investment delivered the Budgetary Proposals and Financial Statement 2025.

In his delivery, Minister Straughn underscored the point that the Government of Barbados embraced a Mission-Oriented Approach to Governance via the Barbados Economic Recovery and Transformation (BERT) Programme 3.0.

The Missions

1. Climate Resilience
2. Social Cohesion
3. Food and Water Security
4. Public Health and Safety
5. Worker Empowerment
6. Digital Inclusion

Domestic achievements

Moreover, the Minister outlined several key achievements of the Government over the period from 2018 to February 2025. Some of these achievements included but were not limited to:

1. The reduction of Barbados' Debt to GDP ratio from 178.9% in 2018 to 101.1% as of February 2025. (The Government has set a target Debt to GDP ratio of 60% by 2035);
2. Fifteen consecutive quarters of economic growth;
3. A forecasted economic growth rate of 3.0% for 2025;
4. An existing import cover of approximately 31 weeks or 8 months;
5. An unemployment rate currently at 7.1%.

Debt management

As noted above, the Debt to GDP ratio decreased by over 77% from 2018 to February 2025. While there has been borrowing in the normal course of Government operations over the last six years, there has been a net reduction in debt over the same period of approximately BB\$0.9 billion. This has been done via a number of guard rails:

1. Fiscal debt limit discipline;
2. Improved borrowing terms; and
3. Improved economic growth.

Investments in the hospitality sector

Minister Straughn noted that six major hotels are currently under construction (outlined in the table below), while several other hotels are undergoing renovations since early 2024, with the expectation of all returning to the active/operational pool by 2026.

Project	Investment (BB\$ million)	Capacity	Job creation
Pendry, Six Men's	\$300	74 rooms and 46 residences	Construction: 300 Post-construction: 250-300
Indigo	\$100	132 rooms	Construction: 250 Post-construction: 100
Hyatt Ziva, Lower Bay Street	\$186	387 suites and rooms and 28 residences	Construction: 1,200 Post-construction: 1,500
Pierhead	\$100	150 residences	Construction: 300 Post-construction: 400-500
Royalton in Holetown	\$320	220 suites/rooms	Construction: 700 Post-construction: 500
Beaches at Heywood's, St Peter	\$800	532 suites/rooms	Construction: 1,700 Post-construction: 1,800
Total	\$1,806		

With these key areas highlighted, Minister Straughn delivered the budget under four key pillars:

1. Resilience;
2. Growth enhancement;
3. Revenue efficiency; and
4. Improving the well-being of Bajans.



Grant McDonald

Managing Partner & Head of Tax, KPMG Caricom



Christopher Brome

Partner, Head of Advisory, KPMG Caricom



Roger Kirton

Director, Advisory, KPMG Caricom



02

Economic snapshot

Economic snapshot (1/2)

All amounts are in BB\$ unless otherwise stated

\$14.3b

Nominal GDP as at December 2024

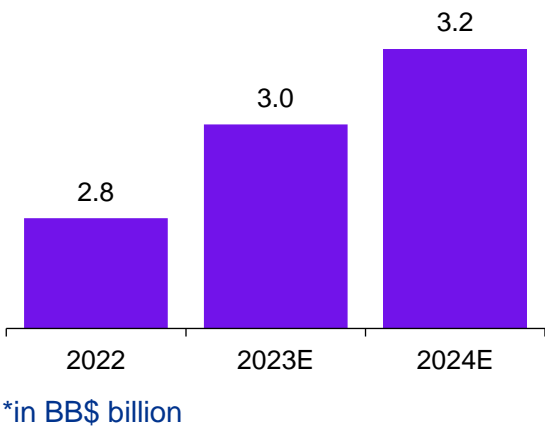
4.0%

Estimated real GDP growth rate for 2024



2025 Projected real GDP growth in the short to-medium term

Foreign reserves



31.2

Import cover, weeks



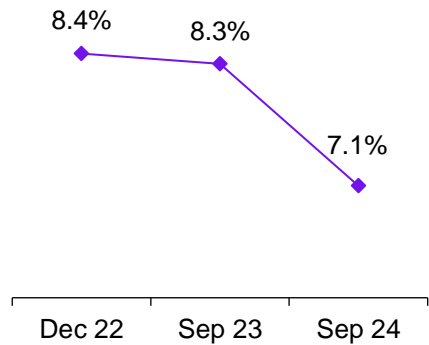
Credit rating



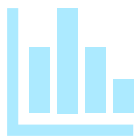
101.1%

Debt to GDP ratio as at February 2025

Unemployment rate



1.4%



Inflation, 12-month moving average as of December 2024

Source: CBB and IMF



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Economic snapshot (2/2)

All amounts are in BB\$ unless otherwise stated

4.4% 

Credit growth in 2024



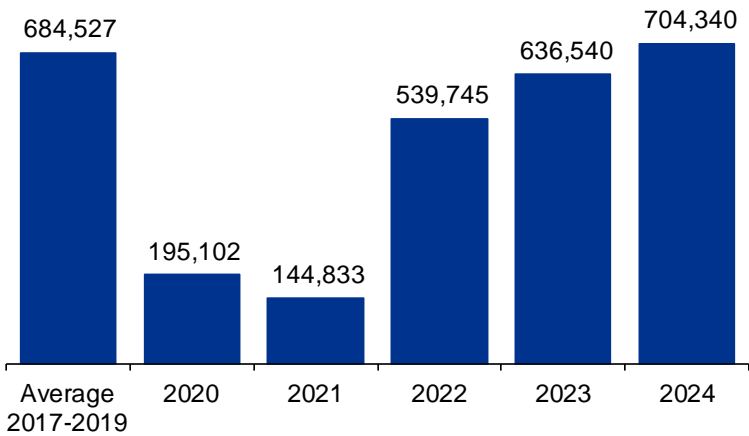
\$1.8b

Hospitality investment

Tourist arrivals

10.7% 

Increase in long-stay visitor arrivals, 2024 over 2023



Current account deficit

\$641m 



Primary surplus as a % of GDP

Source: CBB and IMF



03

Key budget measures

Key budget proposals

Resilience measures

- Repurposing the Catastrophe Fund - Expand its scope and repurpose as a Resilience and Regeneration Fund.
- Creation of a Cyber Security Operations Center ("SOC") - establish a centralized facility dedicated to monitoring, detecting, and responding to cyber threats, thereby strengthening national cybersecurity posture.
- With effect from April 1, 2025, a change in the use of the sewage component of the GSC solely from operational costs of the sewage system to include operational and capital costs related to sustaining the distribution of water in Barbados.
- With effect from July 1, 2025 that up to 50% Car rental levy be provided to the Barbados Oceans and Coastal Authority for its operations.

Growth Measures

- With effect from April 1, 2025, removal of duties and VAT on commercial kitchen equipment for registered restaurants and cookshops until March 31, 2027;
- With effect from April 1, 2025, extension of Food and Beverage concessions regarding Wines and Proteins currently given to hotels to restaurants not on a Hotel compound earning more than 60% of their revenue in foreign exchange upon registration under the Tourism Development Act CAP. 341;
- Climate Resilient Agriculture initiatives:
 - 20 Climate Smart vertical farms to be made available to lease to own over seven years by BADMC;
 - reduction of water rates for registered, small farmers to \$1 per cubic meter;
 - 20 Climate smart broiler tunnels to be made available to lease to own over seven years by BADMC.
- Co-operative Societies Act to be amended to allow credit unions to invest up to an aggregate of 25% of their productive sectors including real estate projects, renewable energy projects, tourism-related projects and other projects approved by the Ministry of Finance.

Revenue efficiency measures

- With effect from July 1, 2025, a daily car rental levy of \$10 per day will be included in the daily car rental fee charged by car rental companies; Amnesty for all persons who are currently renting cars without the appropriate license plates to receive H plates.

Cost of living and well being measures

- With effect from January 1, 2026, an automatic 2% increase in the national minimum wage will be introduced.
- Removal of property transfer tax in the event of deeds of gift to children and dependents only for land under 1 acre.

Legislative update

During 2024 several pieces of tax legislation were enacted, receiving presidential assent on May 21, 2024:

- Amendments to the *Income Tax Act*, which included an increase in the general corporate tax rate to 9%, effective from January 1, 2024, and the
- *Corporation Top-up Tax Act*, impacting multinational enterprise (MNE) groups with consolidated revenues above €750 million, requiring a “top up” to a rate of 15%, effective for income years beginning on or after January 1, 2024. For the first fiscal year commencing on or after January 1, 2024, the top-up tax only applies where a domestic minimum top-up tax (DMTT) group’s income is subject to an income inclusion rule (IIR) or an under-taxed payment rule (UTPR) in another jurisdiction.

The Income Tax Act amendments provided exceptions to the 9% tax rate for a number of entities:

- Small businesses, which pay 5.5% (defined as those with gross revenue not exceeding BBD 2 million),
- International shipping companies (which remain subject to the sliding scale tax rates from 5.5% to 1%), and
- for 2024 only, companies which are part of an in-scope MNE group where the ultimate or intermediate parent entity is located in a jurisdiction which has not implemented top-up tax legislation (also eligible for the lower sliding scale tax rates).

Insurance companies continue to be eligible for the former tax rates ranging from 0% to 2%, although in-scope MNEs are subject to the top-up tax.

The amendments to the Income Tax Act contained two additional measures, both effective for 2024:

- a “patent box” regime and
- the re-introduction of “group relief” for the surrender of losses between corporations in Barbados.

The patent box rules result in the income earned from qualifying intellectual property being taxed at one-half the new domestic corporation tax rate, being 4.5%. Again, eligible MNEs are subject to the top-up tax.

The group relief provisions allow the trading losses of a “surrendering company” to be set off against the profits of a “claimant company”, subject to satisfying a number of requirements. Commencing in 2025, losses may only be carried forward for five years (reduced from the previous seven-year carryover).

Also included in the amendments to the Income Tax Act were tax credits for eligible corporations, including a jobs credit (up to 100% of eligible payroll expenditures (depending on the number of employees), and a research and development credit of 50% of eligible expenditures on qualifying R&D activities. These are considered qualifying refundable tax credits (QRTCs) for purposes of the top-up tax.

Effective for 2024, monthly prepayments of corporation tax were also required for in-scope MNE groups (previously such payments were only made twice a year). These rules apply in 2025 to non-MNE groups otherwise subject to the 9% tax rate. Today’s Budget speech clarified the monthly prepayment rules do not apply to small businesses. This is outlined elsewhere in this release.

Other measures previously announced but not yet law

• Transfer Pricing

The 2023 Budget proposed the introduction of transfer pricing legislation which was reconfirmed in the 2024 Budget. While not specifically mentioned in today’s Budget speech, we understand that the legislation has been drafted and should be passed by Parliament shortly with an expected effective date in 2025. Barbados intends to model its law on the *OECD Transfer Pricing Guidelines for Multinational Enterprises*, which provides for the consistent application of the arm’s length principle, being the international standard for the valuation of cross-border transactions between associated enterprises.

Legislative update

Other measures previously announced but not yet law cont'd

- Tax Credits

The 2024 Budget speech proposed 13 new tax credits, which were intended to be effective in 2024, but legislation has not yet been introduced. They are summarized in the following table:

Proposal	
Technological	<ul style="list-style-type: none">• 100% tax credit for local companies digitising and/or reengineering their business processes and upgrading their systems up to June 30, 2025, for use within the same income year on completion.• 50% tax credit for centres offering artificial intelligence, coding, robotics and digital training.• 50% tax credit for construction of laboratories .
Social	<ul style="list-style-type: none">• 50% tax credit for the provision of elderly care facilities and hospices.• 75% tax credit for the provision of educational and life skills facilities for persons with special needs.• 50% tax credit for the provision of educational centers for gifted persons.
Cultural	<ul style="list-style-type: none">• 50% tax credit to boost investment in sports venues, ensuring world-class facilities for our athletes and affirming Barbados as a premier sports tourism destination.• 50% tax credit for the provision/development of entertainment and sports venues.• 50% refundable tax credit is introduced for the purchase of local art up to \$1 million for the outfitting of investment projects.
Environmental	<ul style="list-style-type: none">• 50% refundable tax credit for projects resulting in net zero emissions in Barbados.• 50% tax credit for beach rehabilitation, coral reef restoration and other marine conservation works approved by the Coastal Zone Management Unit.• 25% non-refundable tax credit to boost the 50% research and development tax credit, for projects related to the Ocean and to the Greening of the economy.
Other	<ul style="list-style-type: none">• 50% refundable tax credit for investments in projects identified and approved by the Government in the context of the National development strategy.

Penalties and interest

The Budget proposes the following amendments to penalties and interest affecting statutory payments effective April 1, 2025:

Proposal	
Income Tax	<ul style="list-style-type: none">• Elimination of late filing fee, currently \$500, for zero returns.• Reduction of late filing fee from \$500 to \$100 for individual tax returns.• Reduction of late filing fee from \$500 to \$250 for corporation tax returns.• Interest and penalties for late filings capped at no more than 25% of the tax payable.• A grace period of 5 business days after filing deadline to make payment after filing personal and corporate tax returns before late payment fees and interest are applied.
National Insurance and Social Security (NIS)	<ul style="list-style-type: none">• Interest on settling outstanding NIS contributions capped at 25% of the outstanding contributions.• Employers and self-employed persons would receive full relief from interest as long as all outstanding principal contributions are settled within a 12-month period.
<p>The Budget indicates that the caps above allow for a payment plan of up to 42 months to be agreed between the Barbados Revenue Authority and taxpayers without the need to waive penalties and interest. If full settlement is achieved within a 12-month period of outstanding principal taxes, the taxpayer would receive full relief from the penalties and interest.</p>	
KPMG comment	
<p>The proposed initiatives are positive measures for taxpayers who have been burdened by these punitive charges and should incentivize delinquent tax-payers to regularize their filings.</p>	

Resilience and regeneration fund

The Budget proposes the following, effective April 1, 2025:

Proposal	
Resilience and regeneration fund	<ul style="list-style-type: none"> • Increase the contribution rate to the catastrophe fund from 0.1% to 0.25% as the “Resilience and Regeneration Fund”, for employees and self-employed persons; • employers to match the contributions of each of their employees • For the purpose of contributing to the Fund, the cap of the maximum insurable earnings ceiling will no longer apply, in order to funnel those contributions to the Fund for employees, self-employed persons and employers. • With effect from April 1, 2025, utilize up to 50% of unclaimed assets including dormant accounts for use in the Resilience and Regeneration Fund to build climate resilience and regeneration activities.
Income threshold for claims	<ul style="list-style-type: none"> • With effect from April 1, 2025, the income threshold is increased from \$25,000 to \$40,000 for individual claims and \$60,000 for joint income household claims.

KPMG comment

The insurable earnings limit for NIS is currently \$5,280 per month. What is referred to as NIS is a combination of funds and levies for regular private sector employees as follows:

Funds and Levies	Employee %	Employer %	Total %
National Insurance	6.75	6.75	13.50
Non-Contributory	2.00	2.00	4.00
Unemployment	0.75	0.75	1.50
Employment Injury	0.00	0.75	0.75
Severance	0.00	0.50	0.50
Training Levy	0.50	0.50	1.00
Health Service Contribution	1.00	1.50	2.50
Total	11.00	12.75	23.75
Resilience and regeneration fund	0.25	0.25	0.50

Based on this proposal, the catastrophe fund contribution (now coined as the Resilience and Regeneration Fund) will increase from 0.1% to 0.25% but not capped by the insurable earning limit and employers are now required to match the contribution of employees. Therefore "NIS" reduces to 11% for employees, 12.75% for employers and is capped at the insurable earning limit of \$5,280 per month. In addition, Resilience and Regeneration Fund contributions are payable by both the employer and the employee at the rate of .25% of total salary or wage. This proposal will see increased payroll cost for employers and increased contributions for employees and self-employed persons and ultimately result in reduced net pay, but this will be off-set by the increased net pay resulting from raising the basic deduction from \$25,000 to \$40,000.

Small business prepayments

The Budget provided the following clarification to the definition of a small business and the exemption from making monthly prepayments:

Proposal	
Small business definition and prepayments	<p>A small business pays a 5.5% corporate tax rate and is not required to make monthly prepayments for corporation tax.</p> <p>A company is considered a small business if:</p> <ol style="list-style-type: none">1. it has gross income of BB\$ 2,000,000 or less;2. has paid-up capital of BB\$ 1,000,000 or less; and3. has no more than 25 employees. <p>Companies need to ensure that at least 75% of their shares are beneficially owned by a resident of Barbados and members of group companies will need to meet all of the noted criteria.</p> <p>A company that qualifies for the 5.5% tax rate is not required to make monthly prepayments, and these companies shall continue to make their prepayments twice in each income year (i.e., the old prepayment regime will apply).</p> <p>The following companies do not qualify for the 5.5% tax rate:</p> <p>(a) Holders of Foreign Currency Permits: A company, firm, or society that earns 100% of its income in foreign currency and that has been granted a Foreign Currency Permit.</p> <p>(b) Tax Concessions: A company which has been granted a tax concession or exemption under any other enactment including a company operating under the Tourism Development Act,. This excludes a company which is an Approved Small Business under the Small Business Development Act,</p> <p>(c) Holding Companies: A company whose primary purpose is holding shares in other companies or holding real estate.</p>
KPMG comment	
<p>The Income Tax Act will need to be amended to clarify the attributes of small businesses which do not qualify for the 5.5% tax rate.</p>	

Individuals

The Budget proposes the following:

Proposal	
Income tax thresholds	<ul style="list-style-type: none">increase the income tax threshold for pensioners from income year 2025 to \$50,000
Minimum wage	<ul style="list-style-type: none">With effect from January 1, 2026, an automatic 2% increase in the national minimum wage will be introduced.
Meal allowances	<ul style="list-style-type: none">With effect from April 1, 2025, non-taxable meal allowances for Hotel workers up to a maximum of \$150 per week for work performed during regular working hours; where the allowance is provided to all employees at the same rate, and the employee is required to consume the meals at the workplace only.
Property transfer tax on deeds of gift	<ul style="list-style-type: none">Removal of property transfer tax in the event of deeds of gift to children and dependents for only land under 1 acre.
KPMG comment	
Pensioners will welcome this increased threshold.	

Tourism enhancements

The Budget proposes the following:

Proposal	
Air Travel Fee	<ul style="list-style-type: none">The Air Travel and Tourism Development fee for regional passengers will be reduced from US\$35 to US\$20 from July 1, 2025, to June 30, 2026.
Visitor Driving Permits	<ul style="list-style-type: none">With effect from July 1, 2025, visitor international driving permits will be abolished.
Car rental levy	<ul style="list-style-type: none">Introduction of a \$10 per day car rental levy effective July 1, 2025.
KPMG comment	
<p>Reduced Air Travel fee is a welcome first step to address the high cost of regional travel and should encourage more intra-regional travel.</p> <p>Abolishment of visitor driving permits will alleviate this administrative requirement for rental agents and tourists alike.</p>	

VAT and excise taxes

The Budget proposes the following:

Proposal	
VAT on commercial kitchen equipment	<ul style="list-style-type: none"> With effect from April 1, 2025 removal of duties and VAT on commercial kitchen equipment for registered restaurants and cookshops until March 31, 2027.
Food and beverage concessions	<ul style="list-style-type: none"> With effect from April 1, 2025, extension of food and beverage concessions regarding wines and proteins currently given to hotels to restaurants not on a hotel compound earning more than 60% of their revenue in foreign exchange upon registration under the Tourism Development Act.
Salty snacks	<ul style="list-style-type: none"> An excise tax of 20% on salty snacks will be implemented on June 1, 2025.
Food Items	<ul style="list-style-type: none"> VAT will be removed on select food items effective April 1, 2025 Import duty and VAT will be removed on certain imported fruits.
ASYCUDA upgrade	<ul style="list-style-type: none"> The fifth generation of ASYCUDA will be launched by January 1, 2026. This will further automate customs procedures and processes.
KPMG comment	
Another health wellness initiative which should reduce the cost of these items.	



04

Growth measures

Selected investments

The Budget proposes the following:

Proposal	
Climate resilient vertical farming	<ul style="list-style-type: none"> Acquisition of 20 vertical farms for BB\$4 million to be sold to farmers under a lease to purchase over a seven-year period.
Digital transformation	<ul style="list-style-type: none"> Focus on three initiatives to upgrade the digital infrastructure of Barbados, including deployment of a 5G communications, network, establishment of a Tier III data centre for data storage and disaster recovery and creation of a cyber security operations centre.
Renewable energy	<ul style="list-style-type: none"> Expansion of renewable energy projects focused on solar photovoltaic to reach the net zero objective by 2035. This will include refinancing under the Energy Smart Fund of current projects being undertaken by small business at a rate of 3.5%.
REIT Framework	<ul style="list-style-type: none"> As a result of the current construction boom underway in Barbados legislation will be enacted to create a real estate investment trust framework, which will drive growth through a series of pooled investment vehicles.
Barbados payments modernization system	<ul style="list-style-type: none"> The Central Bank of Barbados in collaboration with the World Bank are working together to create a real-time, secure payments settlement system by March 2026.
KPMG comment	
<p>While these investments are welcome, several are not specifically budgeted for or have a specific timeframe to completion.</p>	



05

Economic review

Economic review

State of the economy

Barbados’ economy has demonstrated resilience in the years following the onset of the COVID-19 pandemic, weathering not only the fall-out from the pandemic, but also the macro-economic instability resulting from the ongoing Russia-Ukraine war and the Middle Eastern crisis. The year 2024 has been no exception, signalling the third consecutive year of growth, exceeding the estimated global growth rate, with the Tourism sector underpinning this economic expansion.

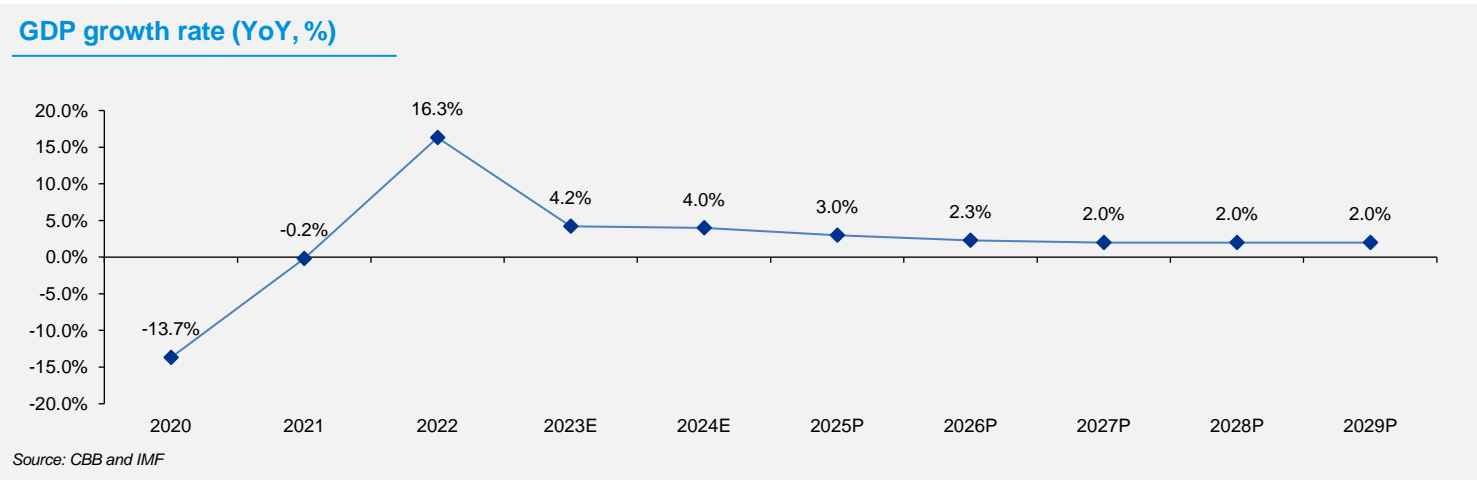
Barbados’ economic growth is supported by the success of the Barbados Economic Recovery and Transformation (“BERT”) programme, the International Monetary Fund’s (“IMF”) Extended Fund Facility (“EFF”), and the Resilience and Sustainability Facility (“RSF”) arrangements. In December 2024, the IMF concluded its fourth review of the EFF and the RSF, enabling Barbados to access approximately US\$19.0 million and US\$37.0 million under each facility, respectively, to support the BERT programme, and the ambitious climate policy agenda.

The fiscal position has improved significantly, the tourism sector continues to expand, labour market conditions have improved, domestic inflation has declined, the debt-to-GDP ratio remains on the decline and gross international reserves have been registered at record levels. The trade balance has continued to improve, with mixed performance noted in the agricultural sector which is a point of focus, as Barbados has identified food security as one of the factors key in supporting sustainable growth.

GDP growth

The Central Bank of Barbados (“CBB”) has indicated that the Barbados economy has grown by 4.0% in 2024, compared to a 4.2% in 2023 and 16.3% in 2022, signaling some stabilisation of the economy after the pandemic recovery. Tourism continues to be the leading sector driving GDP growth, along with the business services, construction and retail trade sectors.

It is projected that Barbados’ economy will continue its path of growth, albeit at a slower rate of 3.0% in 2025, stabilizing at 2.0% in the short to medium term. Despite Barbados’ solid reserve position and targeted economic reforms which encourage growth and resiliency, the island is not exempt from global risks such as economic slowdowns, climate-related disasters and geopolitical conflicts, which may have the potential to significantly impact the economy.



Inflation and unemployment

Inflation

In 2024, inflation fell significantly due to favourable pricing dynamics as reported by the CBB. Inflation is estimated at 1.4% in 2024, down 180 basis points from 2023. This decline was caused by lower international commodity prices and slower increases in the prices of domestic goods and services.

Additionally, rising international freight costs in 2024 had a minimal influence on inflation because it was offset by decreasing food inflation and declining prices in the hospitality industry.

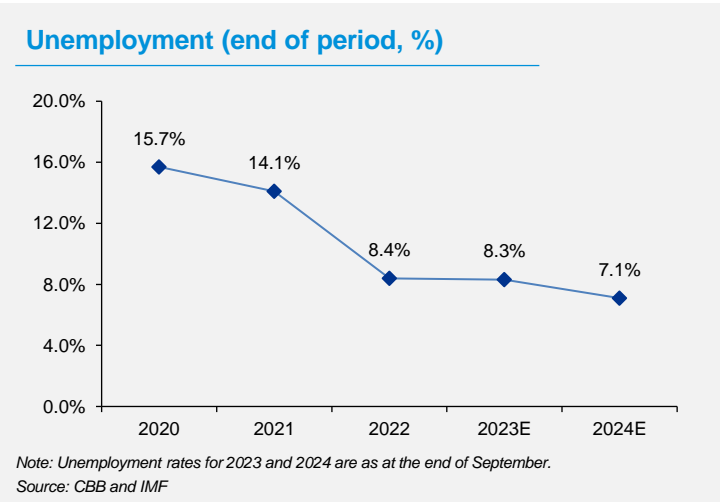
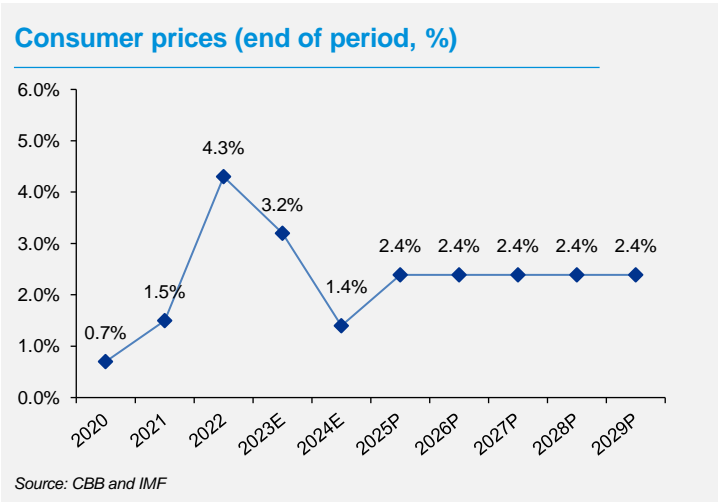
The IMF forecasted that inflation would remain low, stabilizing at 2.0% in the medium term, as global commodity prices fall. However, Barbados is vulnerable to shocks such as a global decline in arrivals from tourism source markets, rising inflation, financing costs, and natural disasters, which may impact inflation.

Unemployment

The Barbados labour market remained strong, with employment increasing and unemployment being significantly below its historical average of 10.3%, driven by tourism and related activities; and construction.

The unemployment rate fell by 120 basis points, to 7.1% in September 2024 from 8.3% in September 2023, the lowest level since 2008. This improvement was supported by a 7.9 thousand-person increase in the labour force, as fewer people retired and attended school in September 2024.

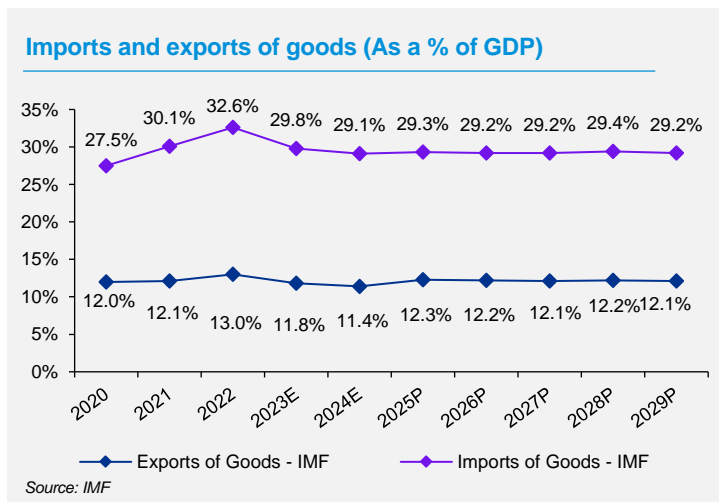
Additionally, the labour force participation rate, at the end of the third quarter of 2024, increased by 400 basis points to 65.8%, from September 2023, reflecting better labour market conditions.



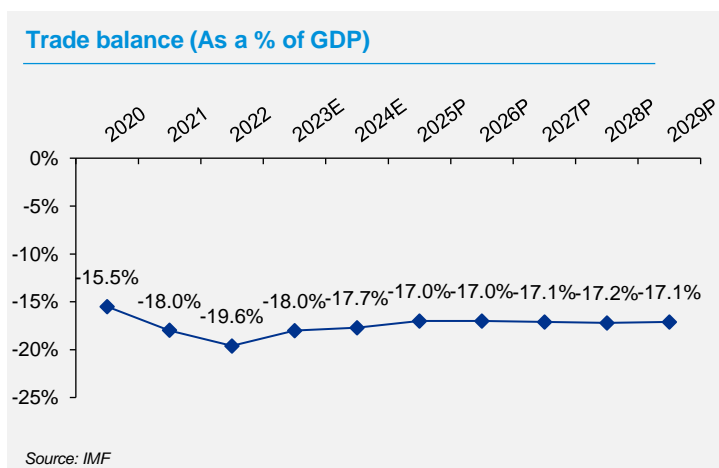
Trade balance and international reserves

Trade balance

The gap between imports and exports of goods as a percentage of GDP is estimated to have decreased by 30 basis points in 2024.



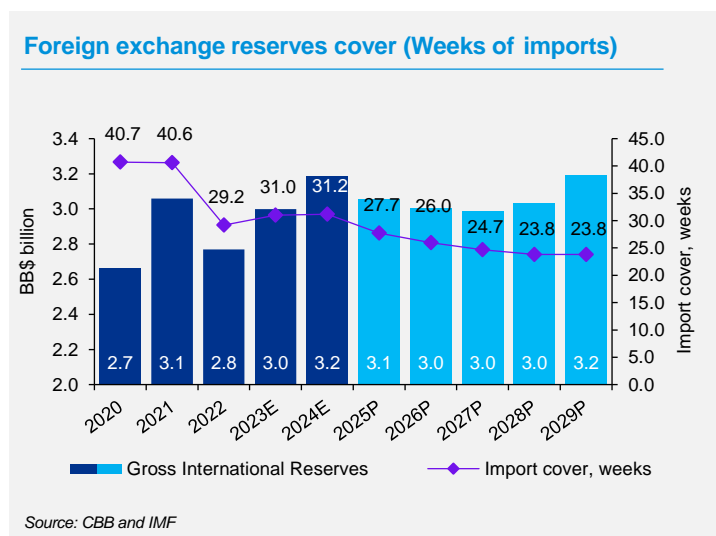
However, the IMF anticipates the trade balance will compress in the short to medium term, from 17.7% in 2024 to 17.1% in 2029.



Foreign exchange reserves

The international reserves reached a record high of BB\$3.2 billion in 2024, equivalent to approximately 31.2 weeks of import cover, an increase of 6.2% from 2023. The increase was driven by an improvement in the current account, strong tourism activity and increased tax receipts.

According to the IMF, Barbados' pegged currency rate to the US\$ remains a critical anchor for macroeconomic stability and is supported by the international reserves.



Budget balance and public sector debt

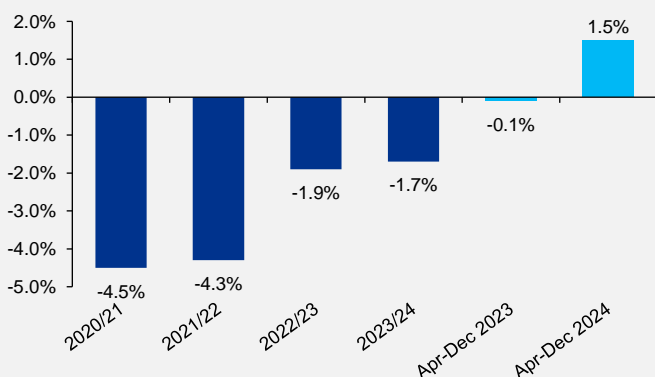
Fiscal balance

During the first nine months of FY2024/2025, expenditure increased by approximately 13.0%, while revenue rose by 23.0%. This resulted in a fiscal surplus of 1.5% of GDP, contrasting with the fiscal deficits recorded in previous years. The continued improvement in the fiscal space is primarily driven by higher corporation tax rates, reforms in the tax structure, the adoption of a new accounting framework for insurance companies, and improved profitability among multinational enterprises.

The increase in current and capital expenditure during the first nine months of FY2024/25 is mainly attributed to the higher interest payments, grants to public institutions, capital expenditure related to the construction of the geriatric hospital, establishment of the digital innovation hub, land acquisitions for schools and the purchase of new garbage trucks by the Sanitation Service Authority.

The Government of Barbados' continued adherence to the fiscal programme and prudent expenditure management is expected to contribute to continued improvement in the fiscal position.

Fiscal balance (As a % of GDP)



Source: CBB

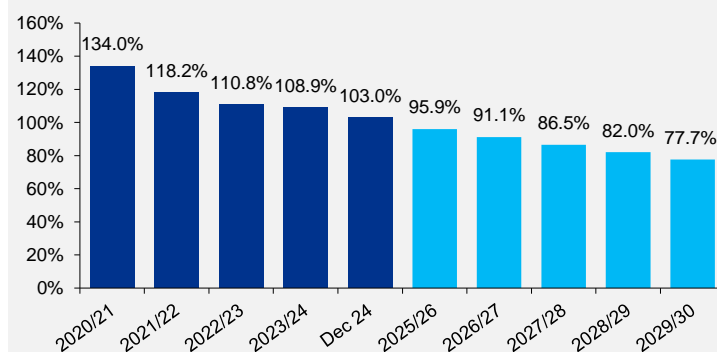
Public sector debt

The public sector debt stock increased from BB\$12.4 billion in fiscal year 2019/20 to BB\$14.9 billion in 2023/24. However, it decreased marginally during the nine-month period ending December 2024, primarily due to a 1.7% decrease in domestic debt.

The downward trend of gross public sector debt as a percentage of GDP continued, reducing to 103.0% of GDP compared to 109.8% for the comparable period in the first nine months of FY2023/24. As of February 2025, gross public sector debt as a percentage of GDP further reduced to 101.1%.

The main contributing factors to this continued decline are the reduction in domestic debt levels, the retirement of the Government of Barbados 2029 bond and increase in GDP. This continued decline underscores the Government of Barbados commitment to achieving a debt to GDP ratio of 60% by 2035.

Gross public sector debt (As a % of GDP)



Source: Budget Proposal 2024, CBB, IMF

Economic overview

Selected economic indicators	2020	2021	2022	2023	2024P	2025P	2026P	20267P	2028P	2029P
Economic indicators (annual percent change, unless otherwise indicated)										
Nominal GDP (BB\$ millions)	10,337	10,551	12,515	13,442	14,335	15,220	16,008	16,815	17,655	18,532
Real GDP	-13.7	-0.2	16.3	4.2	4.0	3.0	2.3	2.0	2.0	2.0
Nominal GDP	-10.7	2.1	18.6	7.4	6.6	6.2	5.0	5.0	5.0	5.0
Consumer price (end of period)	0.4	2.4	3.8	3.2	2.8	2.4	2.4	2.4	2.4	2.4
Consumer price (average)	0.6	1.4	4.5	3.2	2.9	2.4	2.4	2.4	2.4	2.4
Unemployment rate	n.a.	14.1	8.4	8.3	7.1	n.a.	n.a.	n.a.	n.a.	n.a.
Balance of payments (In percent of GDP, unless otherwise indicated)										
Current account balance	-4.9	-10.3	-9.9	-8.6	-5.9	-5.8	-5.2	-5.2	-5.1	-5.0
Trade balance	-15.5	-18.0	-19.6	-18.0	-17.7	-17.0	-17.0	-17.1	-17.2	-17.1
Exports of Goods	12.0	12.1	13.0	11.8	11.4	12.3	12.2	12.1	12.2	12.1
Imports of Goods	27.5	30.1	32.6	29.8	29.1	29.3	29.2	29.2	29.4	29.2
Gross international reserves (US\$ millions)	2,661	3,059	2,770	3,000	3,184	3,056	3,004	2,988	3,036	3,192
Gross international reserves cover, weeks	40.7	40.6	29.2	31.0	31.2	27.7	26.0	24.7	23.8	23.8
Credit ratings										
Standard & Poor's	B-/B	B-/B	B-/B	B-/B	B-/B	n.a.	n.a.	n.a.	n.a.	n.a.
Moody	Caa1	Caa1	Caa1	B3	B3	n.a.	n.a.	n.a.	n.a.	n.a.
	2020/21	2021/22	2022/23	2023/24E	Dec-24E	2025/26P	2026/27P	2027/28P	2028/29P	2029/30P
Fiscal operations, fiscal year (In percent of GDP)										
Public Sector Debt (BB\$ millions)	12,871	13,356	14,261	14,899	14,765	n.a.	n.a.	n.a.	n.a.	n.a.
Public sector debt	134.0	118.2	110.8	108.9	103.0	n.a.	n.a.	n.a.	n.a.	n.a.
Interest	3.6	3.5	4.3	5.2	5.4	n.a.	n.a.	n.a.	n.a.	n.a.
Total revenue	26.7	25.0	25.8	24.7	20.0	n.a.	n.a.	n.a.	n.a.	n.a.
Total expenditure	31.2	29.3	27.7	26.4	18.5	n.a.	n.a.	n.a.	n.a.	n.a.
Fiscal balance	-4.5	-4.3	-1.9	-1.7	1.5	n.a.	n.a.	n.a.	n.a.	n.a.

Note: Projections are based on IMF's December 2024 - Barbados Fourth Reviews Under The Extended Arrangement Under The Extended Fund Facility And The Arrangement Under The Resilience And Sustainability Facility Report.

Source: CBB and IMF

A photograph of the Independence Square monument in Barbados. The monument features a large, curved, light-colored stone structure with several tall, white columns. The columns have blue and white decorative bands. The structure is set against a backdrop of lush green trees and a clear blue sky. In the foreground, there is a low wall with the words "INDEPENDENCE SQUARE" in large, gold-colored letters. To the left of the letters are several small, colorful stained glass windows. To the right is a white stone relief sculpture. The overall scene is bright and sunny.

INDEPENDENCE SQUARE

**“ From Inherited Inequalities to a
Sustainable, Resilient & Inclusive Society ”**

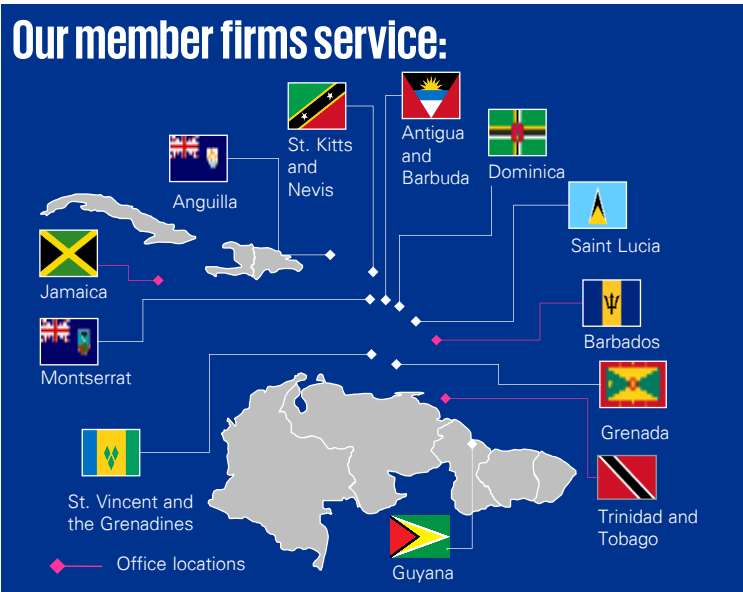
2025 Barbados budget highlights

KPMG in Caricom

KPMG in Caricom forms part of the international network of member firms that operate in 142 countries and territories, with more than 275,000 partners and employees. Our Caricom offices consists of 1,300 professionals collaborating across industries, sectors, and national boundaries to deliver professional services for the benefit of their clients, KPMG people, and the capital markets.

Member firms are located in Jamaica, Trinidad and Tobago, and Barbados (also servicing St. Lucia, Antigua and Barbuda, Anguilla, Dominica, Grenada, Guyana, Montserrat, St. Kitts and Nevis, and St. Vincent and the Grenadines). Our practice has strong professional contacts with the KPMG member firms in the Bahamas, Bermuda, Cayman Islands, all of which have similar cultures and operating environments.

KPMG Caricom operates across the region with a specific understanding of the cultural, economic, and political facets of each individual economy. We are also part of KPMG Islands Group which extends into additional countries such as British Virgin Islands , Guernsey , Jersey, the Isle of Man and Malta. In-depth industry knowledge is available through the global KPMG network which provides access to skilled member firm professionals, across a wide range of industry sectors.



Servicing
12
countries

- Anguilla
- Antigua and Barbuda
- Barbados
- Dominica
- Grenada
- Guyana
- Jamaica
- Montserrat
- St. Lucia
- St. Kitts and Nevis
- St. Vincent and the Grenadines
- Trinidad and Tobago

Celebrating,
100+
years
of service

4
physical
offices

- Barbados
- Jamaica (two offices)
- Trinidad and Tobago

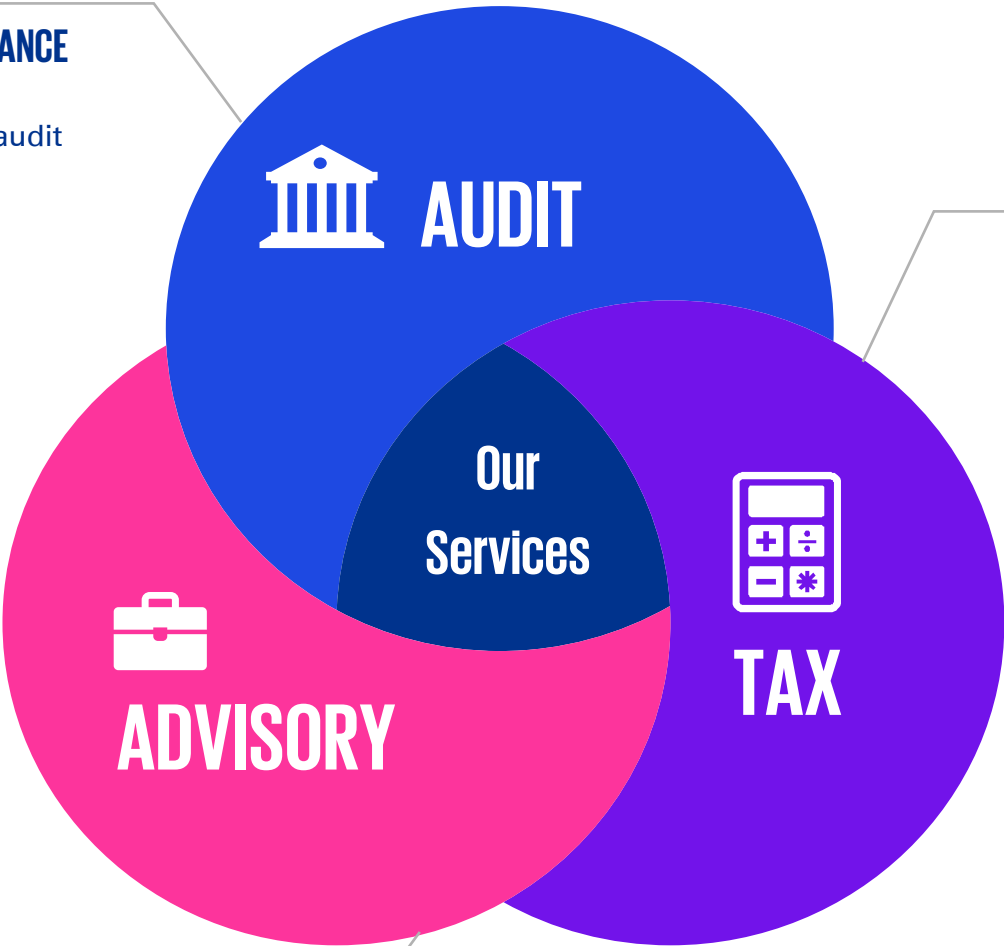
Our people

39
Partners
and Directors

70% | 30%
Gender split (F | M)

Audit and Assurance

- Statutory audit
- Non-statutory audit
- Assurance



Tax

- Tax advisory
- Personal and corporate tax
- International tax
- M&A tax
- Transfer pricing
- Tax due diligence

Advisory

Management Consulting

- Customer and operations
- IT advisory
- People and change
- Internal audit risk and compliance
- Accounting advisory
- Cyber Security Services

Risk Consulting

- Financial risk management
- Internal audit and risk consulting
- Accounting advisory services

Deal Advisory

- Corporate finance
- Infrastructure
- Valuation services
- Transaction services
- Restructuring

Contact us

Grant McDonald

Country Managing Partner and Head of Tax
KPMG Caricom

E: grantmcdonald@kpmg.bb
T: +1 246 233 7866

Christopher Brome

Partner, Head of Advisory KPMG
Caricom

E: cbrome@kpmg.bb
T: +1 246 243 8709

Roger Kirton

Director, Advisory KPMG
Caricom

E: rkirton@kpmg.bb
T: +1 246 832 9572

Naweed Nuhuman

Associate Director, Advisory
KPMG Caricom

E: naweednuhuman@kpmg.bb
T: +1 246 233 5014

Juan Wright

Senior Manager, Tax KPMG in
Barbados & the Eastern Caribbean

E: juanwright@kpmg.bb
T: +1 246 253 4736

Marianne Greenidge

Senior Manager, Tax KPMG in
Barbados & the Eastern Caribbean

E: mariannegreenidge@kpmg.bb
T: +1 246 230 2059

Kara Holder

Manager, Advisory KPMG in
Barbados & the Eastern Caribbean

E: kjholder@kpmg.bb
T: +1 246 230 5425

Ronald Rice

Senior Associate, Advisory KPMG in
Barbados & the Eastern Caribbean

E: ronaldrice@kpmg.bb
T: +1 246 233 6363

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