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**MINUTES OF THE 129<sup>th</sup> MEETING OF THE TWELFTH ANGUILLA**  
**EXECUTIVE COUNCIL HELD ON THURSDAY 23<sup>rd</sup> MARCH 2023 AT 9.00 AM**

PRESENT: Her Excellency the Governor, Ms Dileeni Daniel-Selvaratnam

The Honourable Premier and Minister for Finance, Economic Development & Investment and Health, Dr Ellis Webster

The Honourable Deputy Governor, Mr Perin Bradley

The Honourable Minister for Social Development, Cultural Affairs, Youth Affairs, Gender Affairs, Education and Library Services, Ms Dee-Ann Kentish-Rogers

The Honourable Minister for Home Affairs, Immigration, Labour, Human Rights, Constitutional Affairs, Information and Broadcasting, Lands and Physical Planning, Mr Kenneth Hodge

The Honourable Minister for Infrastructure, Communications, Utilities, Housing and Tourism, Mr Haydn Hughes

The Honourable Minister for Sustainability, Innovation and Environment, Mrs Quincia Gumbs-Marie

The Honourable Attorney General, Mr Dwight Horsford

Clerk to Executive Council, Mrs Angela Hughes

IN ATTENDANCE: The Honourable Parliamentary Secretary, Mr Merrick Richardson

Financial Specialist, Mr Stephen Turnbull

EX MIN 23/79

**CONFIRMATION OF THE MINUTES**

Parliamentary Secretary and Financial Specialist remained.

Council confirmed the Minutes of the 128<sup>th</sup> Meeting of Executive Council held on Thursday 16<sup>th</sup> March, 2023.

**MATTERS ARISING FROM THE MINUTES**

EX MIN 23/80

**EX MEMO 23/59 FINANCIAL STOCKTAKE – AS AT FEBRUARY 28, 2023**

Parliamentary Secretary and Financial Specialist remained.

The following persons joined the meeting:

PS, Finance, Mrs Kathleen Rogers  
 PAS, Finance, Ms Marisa Harding-Hodge  
 Budget Director, Ms Jamila Gumbs  
 Director of Finance, Mrs Solange Lloyd  
 Budget Officer, Ms Rochelle Bryan

Council:

- 1) noted the report on the financial position as at February 28, 2023 from the Budget Director;
- 2) the overall fiscal position:
  - Overall financial position including debt amortization shows a surplus of EC\$38.22 million at the end of February;
  - Recurrent revenue was EC\$74.66 million this is EC\$21.11 million more than the original forecast, which is a positive variance of 39.42%. Overall impact on recurrent revenue for the major revenue heads are:
    - Property Tax – positive EC\$0.99 million
    - Universal Social Levy - positive EC\$0.19 million
    - Taxes on Goods and Services - positive EC\$18.70 million
    - Excise Taxes - negative EC\$1.17 million

- Taxes on International Trade - negative EC\$0.94 million
  - Sale of Goods and Services - positive EC\$4.29 million
- Recurrent expenditure was EC\$36.43 million which is EC\$2.39 million over estimate;
  - Annual capital expenditure is budgeted at EC\$21.43 million, for 2023 and at the end of February 2023 actual capital expenditure totalled EC\$1.54 million and capital revenue has no collections. Expenditure has been incurred for the ALHCS, RESEMBID projects and the Census 2022;
  - Noted the expenditure performance;
  - Central Government Debt inclusive of short term credit facilities moved from EC\$393.51 million at the end of 2022 to EC\$388.71 million at the end of February 2023. The reduction in debt is attributable to debt amortization payments for January and February of EC\$4.80 million and exchange rate fluctuations of EC\$0.004 million;
  - The Sinking Fund balance at the end of February 2023 is EC\$0.002 million; and
  - Noted that the next scheduled principal payment is due on March 30, 2023, in the amount of EC\$4.10 million (ASSB Promissory Note & DPT);
- 3) noted the 2022 overall financial performance review and that for the first time over EC\$300 million in recurrent revenue was received, owing to GST and Stamp Duty performance;
  - 4) noted that presently GST refunds whilst paid, have not been reflected in the financial performance as the accounting treatment is being considered;
  - 5) noted that the projected level of indebtedness at the end of 2023 is to be provided by the MOF;

- 6) noted that property tax bills will be issued shortly, as payments are due in June 2023; and
- 7) noted that for the revenue performance heads there is a negative variance for some estimates, for example customs duties. The reasons for the negative variances on the Trade related revenue heads will be explored in detail during April 2023 when the fiscal forecast is prepared.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PS, EDMSIE; BD; ACC, GEN; HON, DG;  
HON, AG; MINS OF GOV'T

EX MIN 23/81

**EX MEMO 23/60 PROPOSED SUPPLEMENTARY BUDGET NO. 1 FOR 2023**

Parliamentary Secretary and Financial Specialist remained.

The PAS, Finance briefed Council.

The Appropriation Act was given assent in December 2022 and provides for the anticipated expenditure needs of the Government in 2023. However, since this time additional urgent and necessary expenditure needs have been identified, which would not have been foreseen at the time of the original appropriation.

Section 24 of the Financial Administration and Audit Act, makes provision for supplementary appropriations where the amount appropriated is insufficient or a need has arisen for expenditure for which no amount has been appropriated.

Accordingly, this paper identifies areas where additional funding is required for certain programmes, as well as funding for new programmes. This expenditure will be accommodated by two means either through an increase in expenditure or a reprioritisation (reallocation) of expenditure.

A summary of the areas is as follows:

- i) Correction of a transposition error in the Appropriation Act that incorrectly recorded the MSIE and MICHUT capital allocation.
- ii) Provision for an additional EC\$1 for the MOF to create the position of an additional Deputy Registrar in the Commercial Registry Department - the substantive salary allocation for 2023 will be met from savings elsewhere in the MOF vote.
- iii) Provision for additional funds of EC\$6,948,124 for payments for the Albenia Lake Hodge Comprehensive School Package II.
- iv) Provision of EC\$2,800,000 for an additional fire tender to support an increase in the level of movements for a Cat 6 airport. The business case was provided.
- v) Reallocation of funds in the amount of EC\$3,000,000 for the WCA from provision from capital expenditure to recurrent expenditure to support electricity payments for the remainder of the financial year.
- vi) Reallocation of funds from the Ministry of Social Development (capital) to MSD (recurrent – grants and contributions) for a contribution from the Consolidated Fund to the Capital Development Fund, which will thereafter be appropriated from the Capital Development Fund. The complete appropriation related to the Vivien Vanterpool Primary School classroom block and ICT project.

### **SUPPLEMENTARY NO.1 INCREASES**

The total revised 2023 Estimates, including all changes for supplementary No. 1 are reflected in column E of Table 1. The Total Recurrent and Capital Estimates will be adjusted from an approved 2023 Budget of EC\$267,364,132 to a revised budget of EC\$277,112,257.

Council:

- 1) noted that the WCA has not supplied any financial information to assist the MOF with estimating WCA recurrent support needs or understanding the current level of arrears. If WCA requires full support for monthly electricity charges (estimated at EC\$600k per month) it is estimated that the support will only cover 5 months. The position with respect to inadequate financial reporting at the WCA must be addressed;
- 2) noted that in Table 1 below, column A details the approved amounts and B details the corrections to the approved

amounts. Column C identifies the increases in the expenditure envelope and D details reallocations;

- 3) noted that the works to the ALHCS are a priority and the variance in the amount required to complete the project has been explained;
- 4) approved the Portfolio allocations as identified in Table 1 below;

GOVERNMENT OF ANGUILLA 2023 ESTIMATES OF RECURRENT EXPENDITURE AND CAPITAL SUMMARY OF APPROPRIATIONS SCHEDULE						
PROGRAM	MINISTRY	ESTIMATE 2023	REVISED 2023 ESTIMATE	SUPPLEMENTARY INCREASES No. 1	REALLOCATION	REVISED 2023 ESTIMATE SUPPLEMENTARY No.1
		A	B	C	D	E
<b>PART 1 - RECURRENT EXPENDITURE</b>						
		\$				
001R	HE THE GOVERNOR	31,301,634	31,301,634	-	-	31,301,634
350R	MINISTRY OF HOME AFFAIRS, LABOUR, IMMIGRATION, INFORMATION AND BROADCASTING	8,671,292	8,671,292	-	-	8,671,292
450R	MINISTRY OF FINANCE AND HEALTH	112,679,140	112,679,140	1		112,679,141
550R	MINISTRY OF SOCIAL DEVELOPMENT AND EDUCATION	54,433,545	54,433,545	-	950,000	55,383,545
650R	MINISTRY OF INFRASTRUCTURE, COMMUNICATIONS UTILITIES, HOUSING AND TOURISM	26,665,798	26,665,798	-	3,000,000	29,665,798
850R	MINISTRY OF SUSTAINABILITY, INNOVATION AND THE ENVIRONMENT	12,178,591	12,178,591	-	-	12,178,591
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>245,930,000</b>	<b>245,930,000</b>	<b>1</b>	<b>3,950,000</b>	<b>249,880,001</b>
<b>PART 11 - CAPITAL</b>						
001D	HE THE GOVERNOR	-	-	-	-	-
350D	MINISTRY OF HOME AFFAIRS, LABOUR, IMMIGRATION, INFORMATION AND BROADCASTING	-	-	-	-	-
450D	MINISTRY OF FINANCE AND HEALTH	903,700	903,700	-		903,700
550D	MINISTRY OF SOCIAL DEVELOPMENT AND EDUCATION	7,491,054	7,491,054	6,948,124	-950,000	13,489,178
650D	MINISTRY OF INFRASTRUCTURE, COMMUNICATIONS UTILITIES, HOUSING AND TOURISM	4,512,439	8,526,939	2,800,000	-3,000,000	8,326,939
850D	MINISTRY OF SUSTAINABILITY, INNOVATION AND THE ENVIRONMENT	8,526,939	4,512,439	-	-	4,512,439
	<b>TOTAL CAPITAL</b>	<b>21,434,132</b>	<b>21,434,132</b>	<b>9,748,124</b>	<b>-3,950,000</b>	<b>27,232,256</b>
	<b>TOTAL RECURRENT AND CAPITAL EXPENDITURES</b>	<b>267,364,132</b>	<b>267,364,132</b>	<b>9,748,125</b>	<b>0</b>	<b>277,112,257</b>

- 5) authorised the Attorney General's Chambers to work with the Ministry of Finance to draft a Bill for Supplementary Appropriation for submission to the House of Assembly for consideration at its next sitting.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PS, EDMSIE; PERM, SECS; BD; ACC, GEN;  
HON, DG; HON, AG; MINS OF GOV'T

EX MIN 23/82

**EX MEMO 23/61 2023 CAPITAL DEVELOPMENT FUND APPROPRIATION**

Parliamentary Secretary and Financial Specialist remained.

The PAS Finance briefed Council. The Capital Development Fund (CDF) Regulations were established on the 8<sup>th</sup> December 2022, in order to facilitate the receipt of donor funds pursuant to section 2 of the Anguilla Economic Residence Act.

This regulation allows for donations from private sector organisations, national or international organisations, parties to agreements with the Government or any other person.

It is intended that the Capital Development Fund shall receive funds from the following areas in accordance with Section 2 of the CDF Regulations:

1. The approved 2023 Budget makes provision for EC\$950,000 for the VVPS, which will be used to complete the project. An appropriation from the consolidated fund of EC\$950,000 will be contributed, under the first Supplementary Act of 2023, which is intended to fund the Vivien Vanterpool Primary School (VVPS) classroom.
2. A contribution from Ani Villas (ANI/TRF) of USD\$200,000 for a new classroom block and technology lab at VVPS, which shall be donated as part of its MoU with the Government of Anguilla.

This appropriation funded from the above sources totals EC\$1,487,640.

Council:

- 1) noted from the paper that the appropriation is placed under MOF Capital due to the legislative provisions contained within Section 10 of the Regulations. Wherein the Accountant General is required to be the Accounting Officer for the fund, or another public servant as authorised by the Minister. Ideally, the funds should be allocated to the Ministry that benefits from the funds, in this case the Ministry of Social Development. Further consideration should be given to adjustments to Section 10 of the CDF Regulations;
- 2) noted that there was a delay in setting up the bank account and this needs to be finalised, accordingly, ANI/TRF has not deposited any funds into the account and no expenditure can be incurred before funds are deposited. No contracts can be executed until the requisite amount is held in the account;
- 3) noted that the current CDF Regulations permit expenditure appropriations for projects without pledged donations being received and that a change should be considered to prevent this;
- 4) approved the statement regarding the Capital Development Fund in accordance with Section 6(2) of the CDF Regulations; and
- 5) further approved the Schedule of appropriation for the Capital Development Fund and instructed the Attorney General's Chambers to prepare the required Appropriation Bill.

Action: PS, FIN; PAS, FIN; HON, AG; HON, PREM

EX MIN 23/83

**EX MEMO 23/62 COVID-19 RESPONSE - EXEMPTIONS FROM CUSTOMS DUTY AND TAX FOR ESSENTIAL ITEMS**

Parliamentary Secretary and Financial Specialist remained.

As per Ex Min 22/351, in order to assist households with the purchase of essential items, Council removed the duty and tax on items to make them more affordable for lower-income consumers from April 2022 to October 31, 2022 and then extended this to December 31, 2022.



These items were exempted of Import Customs Duty (ICD), Interim Goods Tax (IGT) and customs administrative costs fee. Since then the IGT has been repealed and a large portion of the items are zero rated for GST.

This exemption in respect of ICD and CSF was extended until March 31, 2023 due to continuing inflationary pressures and it is now proposed to extend it to June 30, 2023.

Under Section 76 of the Customs Act, the Governor in Council may by regulation exempt goods or classes of goods subject to such conditions, if any, as may be specified. Such regulation must either implement an item in a budget approved by an Act of the Legislature; or be approved by resolution of the House of Assembly.

Council:

- 1) noted that the estimated total revenue loss related to the removal of ICD and CSF on food items for the period of the three month extension is EC\$312 - 445k, based on current revenue loss trends. The proposed exemptions will be monitored against revenue performance. Noted the total revenue loss thus far is EC\$802,270.56 for April 1 to June 30, 2022, EC\$750,832.09 for the period July 1 to December 31, 2022, and EC\$445,970.55 for the period January 1 to March 21, 2023;
- 2) approved the extension of the current ICD and CSF exemption on essential food items until June 30, 2023;
- 3) instructed the Attorney General's Chambers to draft Regulations to facilitate the waiver of Customs Duties under Section 76 of the Customs Act in respect of the extension of the exemption on food essentials for subsequent execution; and
- 4) instructed the Attorney General's Chambers to draft Regulations to waive the administrative fees under the Customs Administrative Costs Recovery Act in respect of the goods exempted of Customs Duty under Section 76 of the Customs Act for subsequent execution.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PAS, FIN; COC; HON, AG; HON, PREM

EX MIN 23/84

**EX MEMO 23/63 REMOVAL OF EXCISE TAX ON GASOLINE**

Parliamentary Secretary and Financial Specialist remained.

The objective is to protect consumers from significant cost of living increases caused by the application of Excise Tax to gasoline imports.

In order to subsidise fuel prices for consumers, the proposal is to extend the reduction in tax on gasoline imports by extending the removal of Excise Tax to June 30, 2023.

Currently, Excise Tax is imposed on such imports at a rate of EC\$1.59 per Imperial Gallon. In full, the importation of gasoline attracts the following rates:

*Gasoline*

Goods and Services Tax (IGT) 13% (0% until July 2023)

Excise Tax (EXC) 0.04 per L

Customs Service Fee (CSF) 1%

Import Custom Duty (ICD) 0.40 per L

The Excise Tax exemption was first implemented as at April 27, 2022 and expires on March 31, 2023. Excise Tax foregone for the period commencing on April 27, 2022 and ending March 20, 2023 is EC\$3.5 million.

Council:

- 1) noted that the estimated cost of extending the exemption for a three month period is EC\$0.84 million;

- 2) approved the extension of the removal of the application of Excise Tax on Gasoline until June 30, 2023; and
- 3) instructed the Attorney General's Chambers to prepare the required Regulations under Section 11 of the Excise Tax Act, 2022 for subsequent execution.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PAS, FIN; COC; HON, AG; HON, PREM

EX MIN 23/85

**EX MEMO 23/64 INLAND REVENUE ACT REGULATIONS AND SCIENTIFIC CALCULATION FOR INCREASED WAIVER LIMIT**

Parliamentary Secretary and Financial Specialist remained.

In Ex Min 23/39 Executive Council approved in principle, the proposal to increase the penalty amount that the Comptroller of the Inland Revenue Department can waive, with the approval of the Waiver Committee, from EC\$1,000 to EC\$20,000. However, Council required evidentiary and scientific calculations to support the rationale for the proposed revised limit.

The rationale for the request is that the IRD has received several requests for penalty waivers primarily for failure to file GST returns and remit GST by the due date. A breakdown of the requests was provided in the GST Penalty Waiver Requests Sheet, and 15 out of 18 requests or 83%, are above the EC\$1000 threshold.

Secondly, two analyses were conducted and provided for consideration:

- 1) One shows the average of **all** GST penalties applied from the inception of GST up to mid-February 2023.
- 2) The other shows the average penalty based on requests for waiver.

The averages of both analyses, excluding ANGLEC penalties which are outliers, are similar (averaging EC\$10,500). Council has directed that the proposed revised penalty limit be a composite ceiling, per taxpayer, for all taxes across other revenue streams. The GST penalty average used as the baseline, was doubled (i.e.

EC\$10,500 x 2 = EC\$21,000 rounded off to EC\$20,000) to make allowance for penalties incurred under other revenue streams.

Council:

- 1) noted that ANGLEC has entered into a payment plan to pay approximately EC\$458k a month and a down payment has been made. This should enable the full payment of GST arrears including interest and penalties in 2023;
- 2) agreed that for accountability, reporting of the waivers granted shall be made quarterly to Council during the financial stocktake;
- 3) endorsed the calculations provided and agreed to remove the conditional approval required to increase the penalty that can be waived by the IRD Comptroller from EC\$1,000 to EC\$20,000 per annum, per taxpayer, for all tax types;
- 4) approved the establishment of Regulations to prescribe an increase in the penalty and interest that can be waived by the Comptroller of Inland Revenue, with the approval of the Waiver Committee, from EC\$1,000 to EC\$20,000 per annum, per taxpayer in accordance with Section 35(a) of the IRD Act. The EC\$20,000 per annum shall be a composite ceiling, per taxpayer, for all taxes; and
- 5) instructed the Attorney General's Chambers to draft the Regulations and take forward the approval process as required by legislation.

Action: PS, FIN; PAS, FIN; CIR; HON, AG; HON, PREM

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