THE MINISTRY OF FINANCE

COMMONWEALTH OF THE BAHAMAS

NINE MONTHS FY2025/26 FISCAL SNAPSHOT

RELEASED JULY 2026

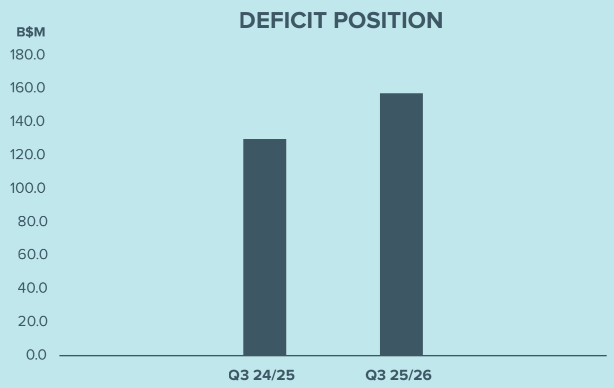
WWW.BAHAMASBUDGET.GOV.BS

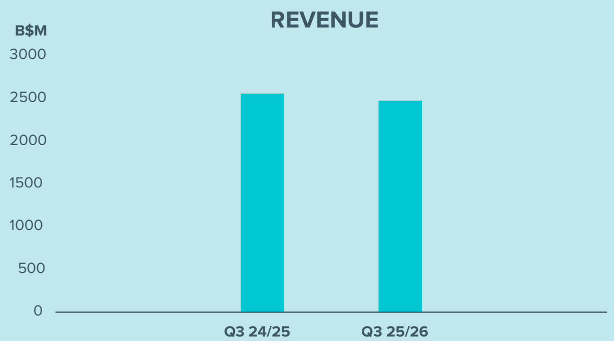
Economic Outlook

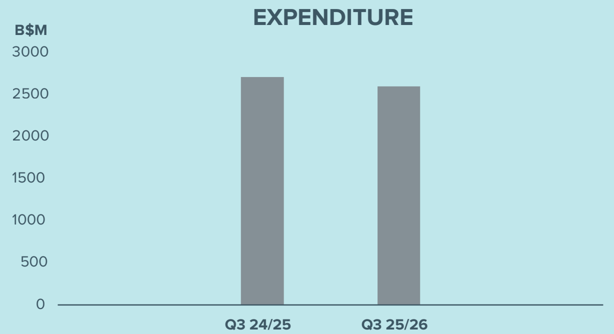
Provisional results over the nine months to end-March 2026 indicate moderate revenue growth alongside rising expenditure pressures, resulting in a widening fiscal deficit. Revenue performance continues to be supported by VAT and domestic taxes, reflecting sustained economic activity, although softness persists in property-related and trade-based revenue streams.

Fiscal Balance

For the third quarter of FY2025/26, the central Government recorded a fiscal deficit of $157.3 million, compared to a deficit of $130.1 million during the same period in FY2024/25. This represents a deterioration of $27.3 million, driven primarily by expenditure growth outpacing gains in revenue, particularly in recurrent spending categories.

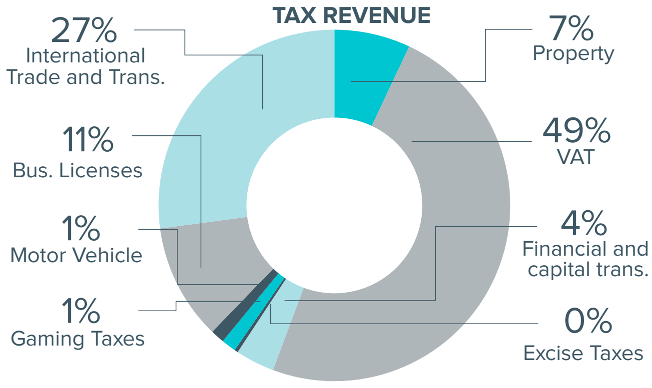






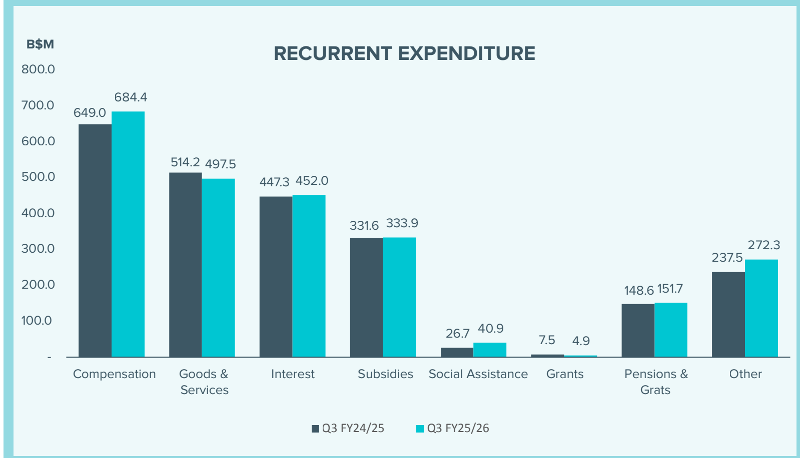
Revenue

Total revenue collections for the nine months of FY2025/26 amounted to $2,551.9 million, representing an increase of $81.6 million (3.3 percent) compared to the same period last year. This performance reflects continued strength in tax revenue, particularly VAT and taxes on goods and services and weaker non-tax revenue performance, which partially offset gains. Tax revenue accounted for the overwhelming share of collections at approximately 90 percent, while non-tax revenue contributed 10.1 percent.



Expenditure

Total expenditure for the third quarter of FY2025/26 amounted to $2,709.3 million, representing an increase of $108.8 million (4.2 percent) relative to the same period last year. This expansion reflects higher recurrent expenditure, particularly wages and transfers and continued execution of capital projects, especially infrastructure-related spending.



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Tax Revenue Performance

Tax revenue increased by $93.0 million (4.2 percent) to $2,292.4 million, remaining the principal driver of revenue growth. This performance was largely supported by higher VAT collections, which rose by $69.4 million year-over-year, alongside broader gains in taxes on goods and services. Additional contributions were recorded from motor vehicle taxes, business licences, and gaming-related activity. These increases were partially offset by declines in property tax collections, which fell by $12.8 million, and stamp taxes on financial and realty transactions, which decreased by $12.5 million. Taxes on international trade and transactions also declined by $7.3 million, reflecting reduced excise duties and modest softening in import-related activity.

Recurrent Expenditure

Total recurrent expenditure increased by $75.2 million (3.2 percent) to $2,437.6 million over the nine-month period. Personal emoluments totaled $684.4 million, rising by $35.5 million (5.5 percent), reflecting upward pressure on wages and salaries. Spending on the use of goods and services declined by $16.7 million (3.2 percent), with notable reductions in utilities, rent, and operational expenses, partially offset by higher spending on contracted services. Public debt interest payments amounted to $452.0 million, increasing modestly by $4.6 million (1.0 percent). Social assistance benefits rose by $14.2 million, while pensions and gratuities increased by $3.1 million. Subsidies recorded a modest increase of $2.3 million. Additionally, other payments, including current transfers, rose significantly by $34.8 million, contributing to the overall increase in recurrent expenditure.

Financing Activities

For the third quarter of FY2025/26, total financing activity resulted in a net increase in liabilities of $314.5 million. Gross borrowings amounted to $2,505.2 million, while total repayments reached $1,799.6 million. The net financing position reflects continued active liability management operations across both domestic and external financing instruments, alongside increased borrowing requirements to support the widened fiscal deficit.

	GOVERNMENT DEBT		% GDP
END-DECEMBER 2024	11,718.7	million	71.8%
END-DECEMBER 2025	12,473.2	million	71.5%
	MONEY BORROWED		
B$	2,841.6	million	
NON B$	1,562.9	million	
	MONEY REPAID		
TOTAL ($)	3,700.3	million	
	NATIONAL DEBT		
AS OF DECEMBER 2025	12,796.9	million	

National Debt

National Debt is calculated by adding Government Debt together with Contingent Liabilities, which are monies owed by State Owned Enterprises that are guaranteed by the Government. The Central Bank of The Bahamas reports on the National Debt every calendar year.

National Debt: $12,796.9 million (to end-March 2026)

Source: www.centralbankbahamas.com

Non-Tax Revenue Summary

Non-tax revenue declined by $12.2 million (4.5 percent) to $258.5 million during the nine-month period. This outturn reflects mixed performance across components, with gains in administrative revenue streams offset by significant reductions in investment-related income. Collections from fees and service charges increased by $17.3 million, supported by higher customs administrative fees and general service charges, while fines and penalties recorded moderate growth. However, these gains were more than offset by a decline in interest and dividend income of $12.8 million and a reduction in reimbursements and repayments of $18.1 million. Overall, non-tax revenue performance continues to reflect volatility in non-core revenue streams despite improvements in fee-based collections.

Capital Expenditure

Total capital expenditure amounted to $271.7 million, representing an increase of $33.6 million (14.1 percent) compared to the same period last year, with execution reaching 72.8 percent of the annual budget. This growth was driven primarily by higher spending on the acquisition of non-financial assets, which increased by $26.4 million to $232.0 million.

Within this category, expenditure on fixed assets rose by $23.9 million, reflecting increased investment in infrastructure, particularly other structures and buildings. Spending on machinery and equipment also increased, while outlays on transport equipment remained relatively subdued. Capital transfers totaled $39.7 million, although execution remained low at 34.1 percent of the budget. In addition, spending on land acquisitions and other fixed assets exceeded budgeted levels, indicating some reallocation within the capital program.

Changes in Government Debt

Government debt, also referred to as the Direct Charge on Government, represents the total obligations owed directly by the central Government and is reported on a fiscal year basis. Following developments in net borrowing, the Direct Charge at the end of March 2026 stood at $12,473.2 million, equivalent to an estimated 71.5 percent of GDP, down from 71.8 percent of GDP at end-March 2025.

Bahamian Liabilities

Net financing in Bahamian dollars totaled $593.3 million, with gross borrowings of $2,009.4 million and repayments of $1,416.2 million. Treasury Bills and Notes recorded a strong net increase of $338.7 million, reflecting sustained reliance on short-term domestic financing instruments. Central Bank advances contributed a net increase of $290.3 million, with borrowings of $1,018.3 million largely offset by repayments of $728.0 million. Bonds registered an increase of $40.0 million, while bank loans declined by $75.7 million, reflecting net repayments over the period.

Foreign Currency Liabilities

Foreign currency liabilities increased by a net $112.4 million, with borrowings of $495.8 million and repayments of $383.4 million. This outturn was driven primarily by loans from international development agencies which rose by $207.8 million reflecting continued access to external financing for both budgetary and project support. This increase was offset by net repayments on foreign currency bank loans, which declined by $95.5 million over the period.