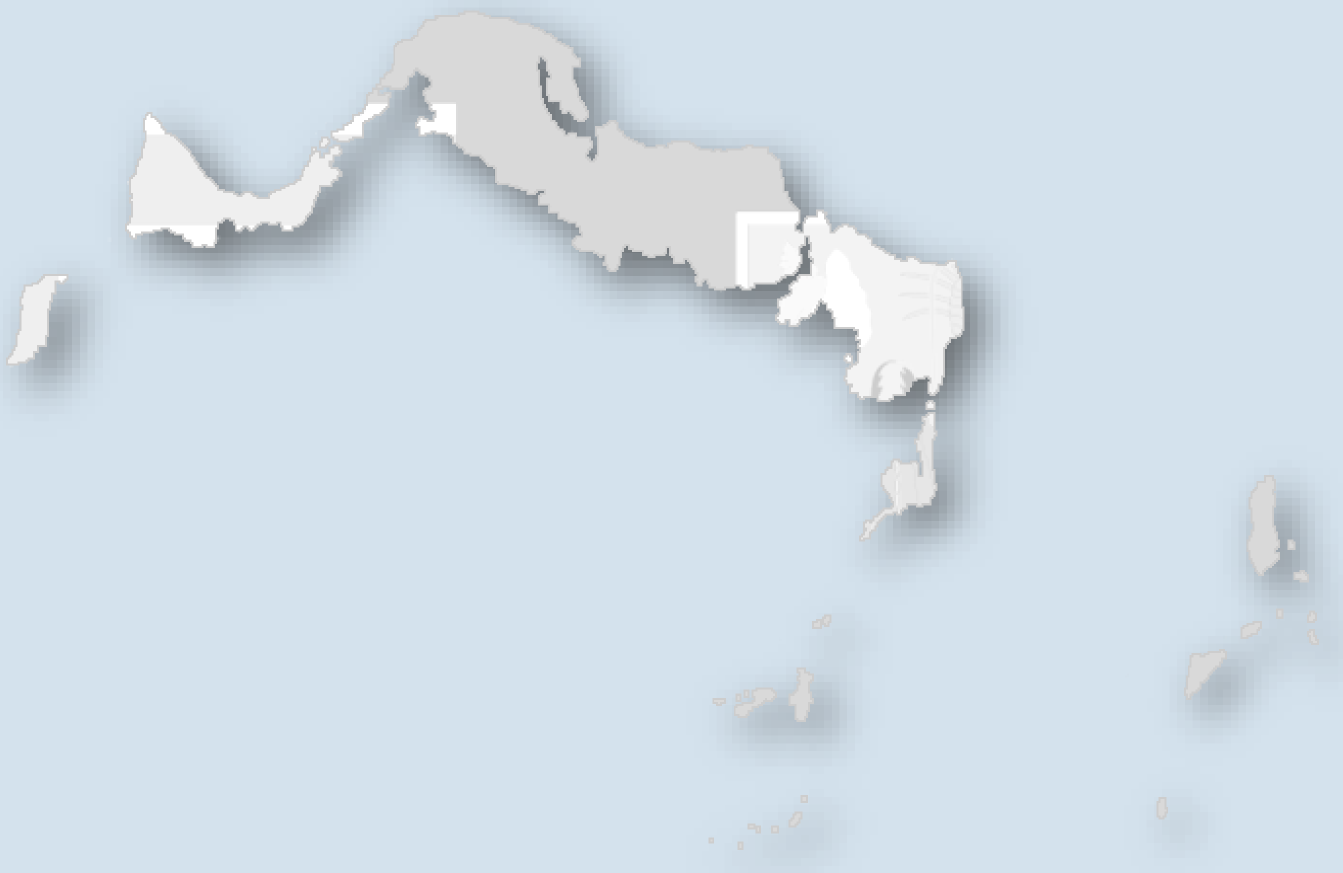
GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

FINANCIAL SERVICES AND SUPPLIES MANAGEMENT DEPARTMENT

FINANCIAL REPORT

For the month ended 31 January, 2026

FY2025/2026



Contents

KEY HIGHLIGHTS

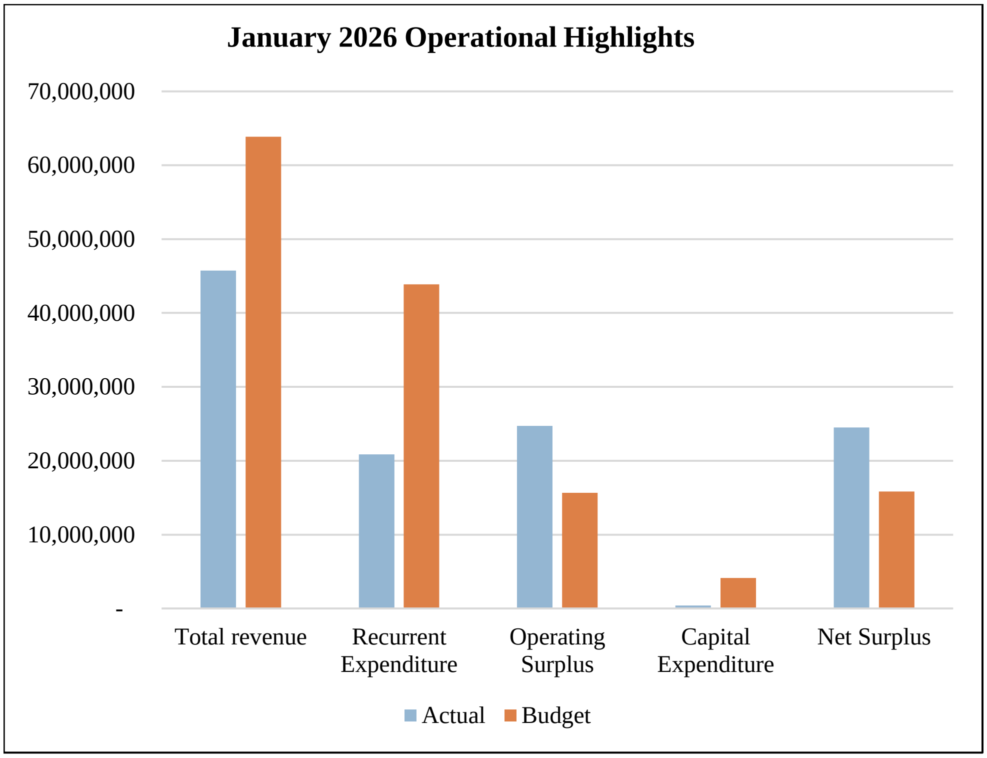
- **$45.7 million revenue for the month.** The aggregate revenue collections for January were $45.7 million against a budget of $63.8 million.

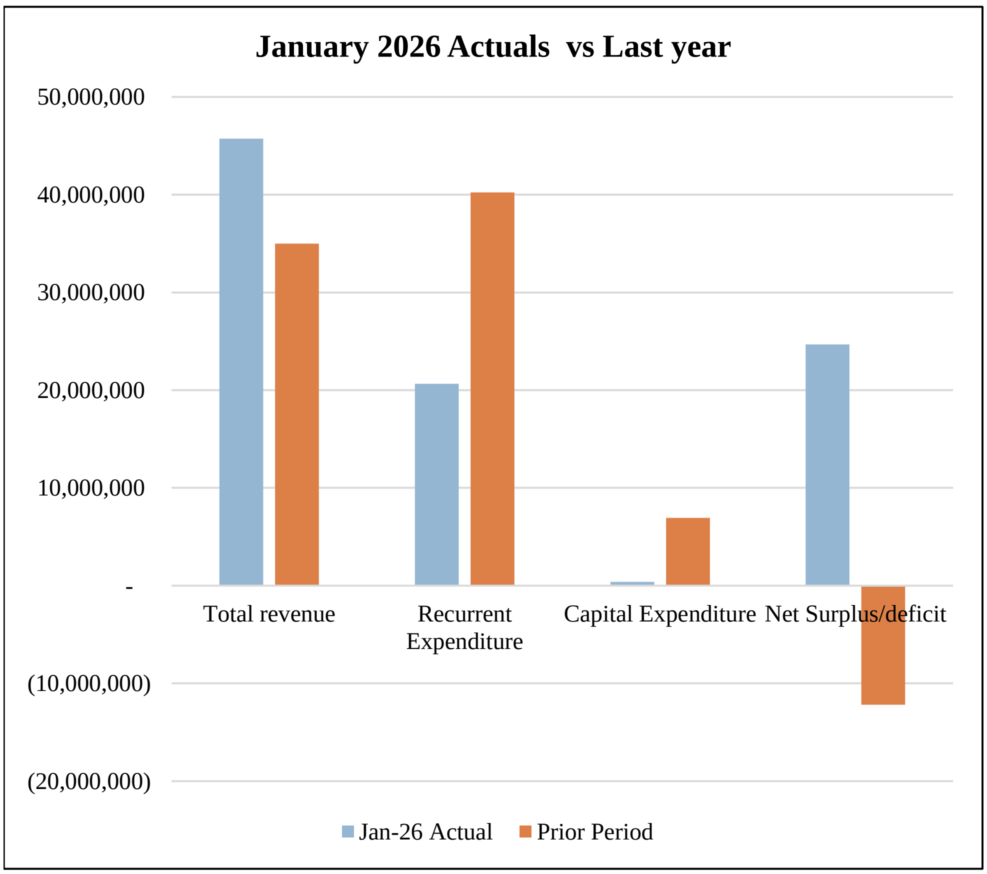
- **$21 million expenditure for the month.** The total expenditure for the month of Jnauary was $21 million compared to the budget of $48.2 million.

- **$18.8 million Capital expenditure during the year to date.** Capital expenditure for the month amounted to $0.4 million, representing a 94% decrease compared to the same month in the previous year and 91% underperformance on Budget.

- **$24.7 million operating surplus**. There was an operating surplus during the month of January of $24.7 million against the forecast surplus of $15.7 million.

- **Increase in the underlying Cash balances**. The underlying cash balance at the end of month showed astrong increase of $24.3 million resulting in a closing cash balance of $452.7 million.





1. ECONOMIC OVERVIEW

Tourism remains the cornerstone of TCI's economy, contributing significantly to GDP and employment. In 2025, the sector continues to perform strongly, supported by robust visitor arrivals and construction boom in the hospitality industry. At the same time, the economy faces headwinds including heavy reliance on imported goods, rising healthcare costs, inflationary pressures and growing security concerns, all of which could weigh on fiscal performance and the cost of living.

According to the Turks and Caicos Islands Statistical Authority, the economy expanded by about 5.6 percent in real terms in 2024, with nominal GDP estimated at US$1.37 billion and per capita GDP around US$37,500. Growth in 2025 is expected to continue, albeit at a more moderate pace than in 2024. Standard & Poor's recently upgraded TCI's credit rating to A-, citing sound fiscal management, strong cash reserves (equivalent to roughly 24 percent of GDP), and continued resilience in the tourism and financial services sectors.

Globally, economic conditions remain a key determinant of TCI's performance. The International Monetary Fund's (IMF) *October 2025 World Economic Outlook Update* projects global growth slowing from 3.3% in 2024 to 3.2% in 2025 as economies adjust to persistent structural headwinds. Inflation continues easing but remains above target in several countries, keeping monetary policy relatively tight. The United States remains a key driver of global performance, supported by strong AI-driven investment, resilient consumer spending, and a temporarily weaker dollar that improves global financial conditions. However, renewed U.S. tariff actions, global trade fragmentation, declining development aid, and supply-side pressures including labour shortages continue to weigh on confidence and investment, leaving overall risks to the global economy tilted to the downside.

Within the Caribbean, growth is projected at around 2.5 percent in 2025, supported by stronger private consumption, more accommodative monetary policies, and improvements in export performance. Nevertheless, the region continues to face persistent structural challenges, including high public debt, dependency on tourism and fossil fuels, narrow tax bases, and vulnerability to supply chain disruptions and natural disasters. The World Bank stresses the need for digital transformation, investment in renewable energy and strengthened disaster preparedness as key pillars of long-term fiscal and financial resilience.[1]

Looking ahead, the Turks and Caicos Islands are expected to maintain solid growth momentum in the last two months of fiscal year 2025-26, though at a slightly slower pace than in 2024-25. Nominal GDP is projected to rise modestly, with per capita income remaining just above US$35,000. Inflation is anticipated to stabilize between 2.5 and 3.5 percent, although imported inflation, particularly in food, fuel, housing, and construction inputs remains a significant risk. While strong tourism demand and continued investment in real estate and infrastructure should continue to support the economy, external shocks such as higher global commodity prices, geopolitical instability and any deterioration in the U.S. economy could affect performance. Moreover, fiscal pressures from rising healthcare costs and the need to address security concerns may require careful management to preserve recent fiscal gains.

https://caribbean.un.org/en/287093-caribbean-economic-growth-hold-steady-2025-challenges-remain

2. FISCAL OVERVIEW

The Estimates of Revenue and Expenditure for the financial year 2025-26 were approved in the House of Assembly on May 27, 2025, with a focus on implementing strategies, development programs, and projects aimed at the well-being of the people of the Turks and Caicos Islands, as well as achieving social, economic, and environmental progress. The approved Budget includes revenues of $549.4 million, operating expenditures of $480.2 million, and capital expenditure estimated at $59.7 million, resulting in a projected surplus of $9.5 million.

Two supplementary Budgets have been approved to date. Supplementary budget No. 1 was approved on September 19, 2025, increasing recurrent and non-recurrent expenditures by $24.3 million and reducing capital expenditures by $10.8 million. Key areas of additional funding included: Claims against Government: $10 million, Statutory Land acquisition: $7 million, Hospital Provisional Charges: $4.8 million, Professional and Consultancy Services: $1 million, Subventions: $0.7 million and Maintenance Expenses $0.7 million.

The Supplementary Budget No. 2 was approved on 16 January 2026. The approved revisions provided for adjustments to the original budget estimates, including variations to allocated amounts, reductions in certain expenditure lines, and the reallocation of funds within the Consolidated Fund. These measures were undertaken to realign financial resources with emerging priorities, address funding gaps, and ensure more efficient utilization of public funds in accordance with prevailing fiscal requirements and policy objectives. The Supplementary Budget provided for an upward revision of revenue forecasts by $16.5 million and an increase in total expenditure of $27.4 million. Key areas of additional funding included: Transfer to NHIB and Treatment Abroad $13.8 million, Land Acquisition $8.2 million, Claims against Government $2.7 million, Grants and Contributions $1.9 million, Social Welfare $1.8 million, Professional and Consultancy Services $1.8 million, Maintenance Expenses $1 million, Development fund $0.9 million and Operating Expenses $0.8 million. Significant amounts were reduced from Personal Emoluments $3.6 million and Contingency Fund $2.4 million.

As a result of these adjustments, updated projections for FY 2025-26 reflect planned revenues of $566 million and total expenditures of $580.9 million. This includes $531.1 million allocated to operating expenditure and $49.8 million to capital expenditure. The revised estimates project an operating surplus of $18.3 million but a net deficit of $31.5 million due to increased spending.

The Government ended January of FY2025-2026 with an operating surplus of $24.7 million and a net cash increase of $24.3 million, bringing the total cash balance to $452.7 million. Revenue for the month was 28% lower than Budget but 31% more than that of a similar period in the prior year. Despite ongoing inflationary pressures, the Turks and Caicos Islands Government continues to experience strong cash flow and robust employment levels, driven primarily by continued growth in the tourism and real estate sectors. These key industries continue to support strong performance in major revenue categories, including Hotel, Restaurant and Tourism Taxes, Import Duties, and Stamp Duty from land transactions.

2.1 FISCAL SUMMARY

In January, the Government recorded an operating surplus of $24.7 million, compared to a projected surplus of $15.7 million, representing a favourable variance of $9.1 million, or approximately 58% relative to the forecast position. This strong performance against budget was driven primarily by higher-than-estimated revenue collections particularly from Hotel and Restaurant Tax, coupled with underspending on recurrent expenditure.

	January - 2026			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%
Recurrent Revenue	45,670	63,524	34,991	(17,854)	-28%	10,680	31%	457,462	467,137	396,282	(9,675)	-2%	61,180	15%
Non-Recurrent Revenue	75	315	-	(241)	-76%	75	-	5,240	5,218	721	23	0%	4,519	627%
Total Revenue	**45,745**	**63,840**	**34,991**	**(18,095)**	**-28%**	**10,754**	**31%**	**462,702**	**472,354**	**397,003**	**(9,652)**	**-2%**	**65,699**	**17%**
Recurrent Expenditure	20,871	43,868	41,626	(22,997)	-52%	(20,755)	-50%	348,963	410,735	342,713	(61,771)	-15%	6,251	2%
Non-Recurrent Expenditure	150	4,304	491	(4,154)	-97%	(341)	-69%	8,916	16,966	5,630	(8,049)	-47%	3,287	58%
Total Expenditure	**21,021**	**48,172**	**42,117**	**(27,151)**	**-56%**	**(21,096)**	**-50%**	**357,880**	**427,700**	**348,342**	**(69,821)**	**-16%**	**9,537**	**3%**
Net Operating Surplus	**24,724**	**15,668**	**(7,126)**	**9,056**	**58%**	**31,851**	**-447%**	**104,822**	**44,654**	**48,661**	**60,168**	**135%**	**56,162**	**115%**

2.2 CASH FLOW

At the end of January, the underlying cash balance increased by $24.3 million compared to the previous month. This increased TCIG's cash and cash equivalents from $428.3 million at the end December 2025 to $452.7 million as of January 31, 2026. Cash balances consist of funds held in bank accounts and short-term fixed deposits.

	January - 2026			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%
Cash Flow from Operations	**24,724**	**15,668**	**(7,126)**	**9,056**	**58%**	**31,851**	**-447%**	**104,822**	**44,654**	**48,661**	**60,168**	**135%**	**56,162**	**115%**
Less:														
Capital Expenditure	(392)	(4,149)	(6,935)	3,757	-91%	6,543	-94%	(18,813)	(41,493)	(33,372)	22,680	-55%	14,559	-44%
Debt Repayments	-	-	-	-	0%	-	0%	(294)	-	(263)	(294)	0%	(31)	0%
Net receipts		-	8,052	-	0%	8,052	100%	644	-	7,639	644	0%	6,995	92%
Net Cash Flow	**24,332**	**11,519**	**(6,009)**	**12,813**	**111%**	**30,341**	**-505%**	**86,360**	**3,161**	**22,665**	**83,198**	**2632%**	**63,695**	**281%**
Opening cash balance	428,347		408,074					366,319		366,965				
Closing cash balance	**452,679**		**402,065**					**452,679**		**389,630**				
<u>Attributable to:</u>														
Consolidated Fund	268,531							268,531						
Development Fund	82,502							82,502						
National Wealth Fund	3,309							3,309						
NFF	95,736							95,736						
DEF	2,601							2,601						
Closing cash balance	**452,679**							**452,679**						

3. REVENUE

3.1. REVENUE BY ECONOMIC CLASSIFICATION

3.1.1. RECURRENT REVENUE

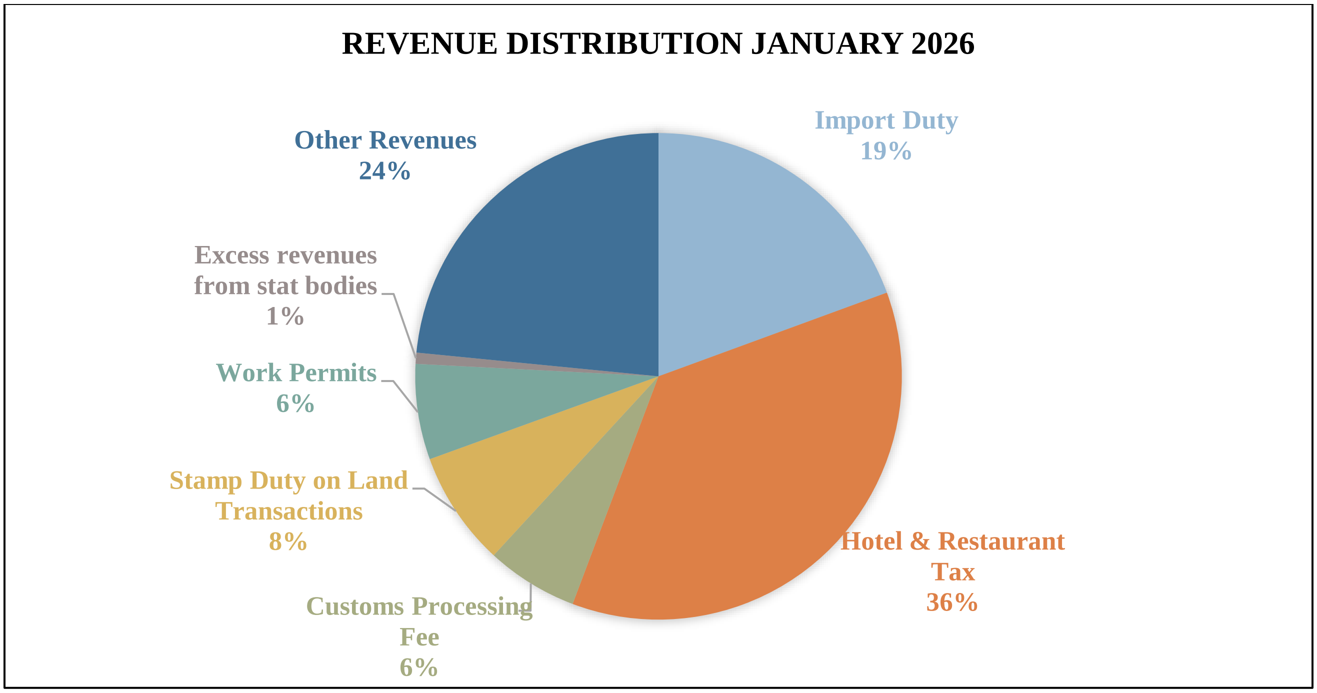
January 2026: $45.7 million, YTD: $457.5 Million

	January - 2026			Variances				Year to date			Variances			
	Actual	Budget	Prior	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Recurrent Revenues														
Hotel & Restaurant Tax	16,594	10,204	8,553	6,390	63%	8,041	94%	105,144	108,557	87,283	(3,414)	-3%	17,861	20%
Import Duty	8,864	11,119	8,941	(2,255)	-20%	(77)	-1%	106,552	112,657	93,687	(6,105)	-5%	12,865	14%
Stamp Duty on Land Transactions	3,482	5,900	4,965	(2,418)	-41%	(1,483)	-30%	42,061	52,167	49,616	(10,107)	-19%	(7,555)	-15%
Work Permits	2,898	2,853	1,567	46	2%	1,331	85%	35,265	31,928	29,934	3,337	10%	5,331	18%
Customs Processing Fee	2,787	3,045	2,298	(259)	-8%	489	21%	32,808	36,504	30,274	(3,696)	-10%	2,534	8%
Excess revenues from stat bodies	339	4,882	250	(4,543)	-93%	89	35%	21,392	21,063	27,145	329	2%	(5,753)	-21%
Other Revenues	10,706	25,522	8,417	(14,816)	-58%	2,289	27%	114,241	104,260	78,344	9,981	10%	35,898	46%
Total Recurrent Revenue	**45,670**	**63,524**	**34,991**	**(17,854)**	**-28%**	**10,680**	**31%**	**457,462**	**467,137**	**396,282**	**(9,675)**	**-2%**	**61,180**	**15%**

Recurrent revenue in January totaled $45.7 million. This result was 28% below the budget but 31% higher the prior year's collections. This is mainly attributed to lower-than-expected receipts from Stamp Duty on Land Transactions, Import Duty, Excess Revenue from Statutory Bodies and Customs Processing Fee offset by favorable performance of Hotel & Restaurant Tax and receipts from Work Permits. Additionally, following the approval of Supplementary Budget No. 2, the full effect of the upward revision to revenue estimates was realized in January, leading to a significant adverse variance for the month. The five major revenue streams of Hotel & Restaurant Tax, Import Duty, Stamp Duty on Land Transactions, Customs Processing Fees and Work Permits Fees collectively accounted for 76% of total revenue during the period.

Year-to-date, recurrent revenue stands at $457.5 million, 2% below budget but 15% higher than the same period last year. The unfavorable variance against the budget is primarily driven by lower-than-expected collections from Stamp Duty on Land Transactions, Hotel and Restaurant Tax, Import Duty and Customs Processing Fees partially offset by overperformance in Work Permits, Statutory Body contributions and Other Revenues particularly Crown Land premiums.

The chart below shows the percentage distribution of recurrent Revenue for the period.



The Hotel, Restaurant, and Tourism Tax (HRTT) was largest contributor to recurrent revenue, accounting for approximately 36% of total collections. HRTT receipts amounted to $16.6 million, representing an increase of $6.4 million (63%) against the budgeted estimate and a year-on-year increase of $8 million (94%) compared with collections for the same period in the prior year.

On a year-to-date basis, HRTT collections totalled $105.1 million, which was $3.4 million (3%) below budget, but $17.9 million (20%) higher than the corresponding period last year. The adverse variance against budget is primarily attributable to a lower-than-projected volume of stayover arrivals during the period.

Data from Experience TCI indicate that stayover arrivals decreased by approximately 3% relative to the corresponding period last year. This decline is attributed to the combined impact of persistent geopolitical tensions and economic uncertainty in major source markets, as well as a reduction in available airlift capacity. In particular, the suspension of Virgin Atlantic services and seasonal adjustments to JetBlue's flight schedule which began impacting arrivals from the beginning of the financial year contributed to the observed decline in visitor volumes during the period.

Import duties was the second largest contributor to recurrent revenue, accounting for 19% of total collections. Import duty performance continues to be influenced by several policy and legislative measures, including restrictions on the importation of older vehicles, extended duty waivers on breadbasket items, and reduced additional charges on fuel imports.

During the month, import duty collections amounted to $8.9 million, representing a shortfall of $2.3 million (20%) against the budget and a decrease of $77 thousands (1%) compared to the same period last year. On a year-to-date basis, collections totalled $106.5 million, which was $6.1 million (5%) below budget, but $12.9 million (14%) above prior-year levels.

The underperformance relative to budget is largely attributable to outstanding payments on assessed entries, driven mainly by unpaid declarations from bulk oil importers operating under duty deferral arrangements. The Border Force has commenced recovery actions to address the outstanding balances and mitigate further revenue slippage. Continued reliance on duty deferral arrangements, particularly in respect of bulk fuel imports, exposes revenue collections to timing and credit risk, including the potential accumulation of arrears and adverse cash-flow impacts. Without strengthened monitoring, enforcement, and settlement timelines, these arrangements may continue to exert downward pressure on budget execution and increase collection risk.

Customs Processing Fees (CPF) for the month amounted to $2.8 million, which was $0.3 million (8%) lower than the the Budget but $0.5 million or 21% higher than prior year's results. Customs processing fees revenue is sensitive to increases or decreases in import activities, particularly in the construction industry, and inflation on imports. Year-to-date, CPF collections totaled $32.8 million, coming in 10% below budget but 8% higher than the prior year. As with import duties, the shortfall against budget was mainly attributed to outstanding payments on assessed entries.

Stamp duty on land transactions is collected based on the value of a transaction, and payments generally fall due within 30 days of the execution of an instrument. Accordingly, the rate of Stamp Duty collected in any given period is, in aggregate, a product of the volume and frequency of the property transactions within that period. Stamp Duty collected during the motn totaled $3.5 million. The collections were $2.4 million or 41% lower than the budget and $1.5 million or 30% below the prior year period. Year to date collections totaled $42.1 million which was $10.1 million or 19% lower than Estimates and $7.6 million or 15% less than the prior year. It is important to note that land transactions do not follow a cyclical pattern, and historical data may not accurately predict future revenue trends. Current factors affecting the Stamp duty from Land Transactions include booms and busts in the real estate market, remission orders issued by Cabinet, and implementation of the BOTC Stamp Duty Rate Reduction Policy. A transfer with a consideration band that would normally attract a Stamp Duty rate of 10% may be reduced to 6% under the policy.

Work Permits fees were $2.9 million for the month, accounting for 6% of the total recurrent Revenue. This was $46 thousands or 2% higher than budget estimates and $1.3 million or 85% above the collections in the prior year. Year to date, work permit fees collections totaled $35.3 million which was $3.3 million or 10% higher than the Estimates and $5.3 million or 18% higher than the prior year. Work permit Revenue collection overtime is expected to increase as most work permit holders are employed in the tourism and hospitality sector, and hiring would increase with increased business activity.

Excess revenue from statutory bodies totaled $0.3 million for the month. This formed 1% of recurrent revenue. This was $4.5 million or 93% less than the Estimates but $89 thousands or 35% higher than the prior year results. Year to date, Excess revenue from Statutory Bodies totaled $21.4 million which was $0.3 million or 2% more than Estimates but $5.8 million or 21% less than the prior year. The underperformance against the budget is partly attributable to the revised estimates, the impact of which was realized in the month of January.

3.1.2. OTHER RECURRENT REVENUE

Other recurrent revenues totaled $10.7 million during the month, falling below the budget estimate by $14.8 million (58%) but surpassing collections for the same period last year by $2.3 million (27%). The unfavourable budget performance was primarily driven by lower-than-anticipated receipts from Stamp Duty – Share Transfer, Business License Renewal, Overtime Costs Recovered, and the Work Permits Repatriation Program largely reflecting the impact of revised budget estimates partially offset by stronger-than-expected collections from Destination Management Fees, Telecommunication Licences, Communication Tax, Stamp Duty – Vehicle Hire, Insurance Premium Tax, and Gaming Machine Tax. On a year-to-date basis, other recurrent revenue amounted to $114.2 million, representing an increase of 10% above Estimates and 46% above the prior year. While the overall performance reflects improved revenue mobilisation and expanded revenue sources, a portion of the variance is attributable to one-off and transaction-driven receipts, which may not be fully replicable in future periods.

The table below shows the breakdown of Other Revenue.

	January - 2026			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Destination Management Fees	2,070	500	211	1,570	314%	1,859	880%	7,833	5,700	4,608	2,133	37%	3,224	70%
Vehicle Licence Renewals	1,253	1,300	1,498	(47)	(4%)	(245)	(16%)	5,993	5,775	5,533	218	4%	460	8%
Seaport Departure Tax	1,128	1,177	902	(49)	(4%)	225	25%	8,808	8,989	8,089	(182)	(2%)	719	9%
Fuel Tax	726	791	590	(66)	(8%)	136	23%	7,831	8,316	6,783	(485)	(6%)	1,048	15%
Gaming Machine Tax	593	505	437	88	17%	156	36%	5,238	4,930	4,577	308	6%	660	14%
Communication Tax	582	353	513	229	65%	69	13%	5,781	4,903	4,598	878	18%	1,183	26%
Telecommunication Licences	500	228	412	271	119%	88	21%	3,753	3,753	3,437	(1)	(0%)	315	9%
Permanent Residency Fees	460	464	457	(3)	(1%)	3	1%	4,216	4,217	4,196	(1)	(0%)	21	0%
Stamp duty - vehicle hire	239	80	101	158	197%	138	137%	2,043	2,046	1,911	(3)	(0%)	133	7%
Insurance Premiums tax	165	76	64	88	115%	100	156%	2,752	1,829	1,622	924	51%	1,130	70%
Work Permits Repatriation Program	163	263	111	(100)	(38%)	51	46%	2,558	3,104	3,010	(546)	(18%)	(451)	(15%)
PDA application fees	112	200	343	(88)	(44%)	(231)	(67%)	3,714	2,787	2,475	926	33%	1,239	50%
Stamp duty - Share Transfer	89	16,988	-	(16,899)	(99%)	89	-	7,191	16,988	-	(9,797)	(58%)	7,191	-
Overtime Costs Recovered	87	228	150	(141)	(62%)	(63)	(42%)	1,515	1,723	1,660	(208)	(12%)	(145)	(9%)
Business Licence renewal	45	194	51	(149)	(77%)	(6)	(12%)	2,995	3,218	2,886	(223)	(7%)	109	4%
Stamp duty Miscellaneous	25	32	0	(7)	(21%)	25	10520%	293	294	994	(1)	(0%)	(700)	(70%)
Other Revenues	2,470	2,143	2,576	328	15%	(106)	(4%)	41,728	25,689	21,964	16,039	62%	19,764	90%
OTHER REVENUE	**10,706**	**25,522**	**8,417**	**(14,816)**	**-58%**	**2,289**	**27%**	**114,241**	**104,260**	**78,344**	**9,981**	**10%**	**35,898**	**46%**

3.1.3. NON-RECURRENT REVENUE

Non-recurrent Revenue of $75 thousands relating to Land sales was recorded during the month. This was $0.2 million or 76% lower than Estimates and $75 thousands or 100% higher than the prior year. Year to date, Non-recurrent revenue totaled $5.2 million which was in line with the budget and $4.5 million or 627% more than last year. The performance against budget expectations is attributable to increased revenue generated from land sales during the period.

4. EXPENDITURE

4.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

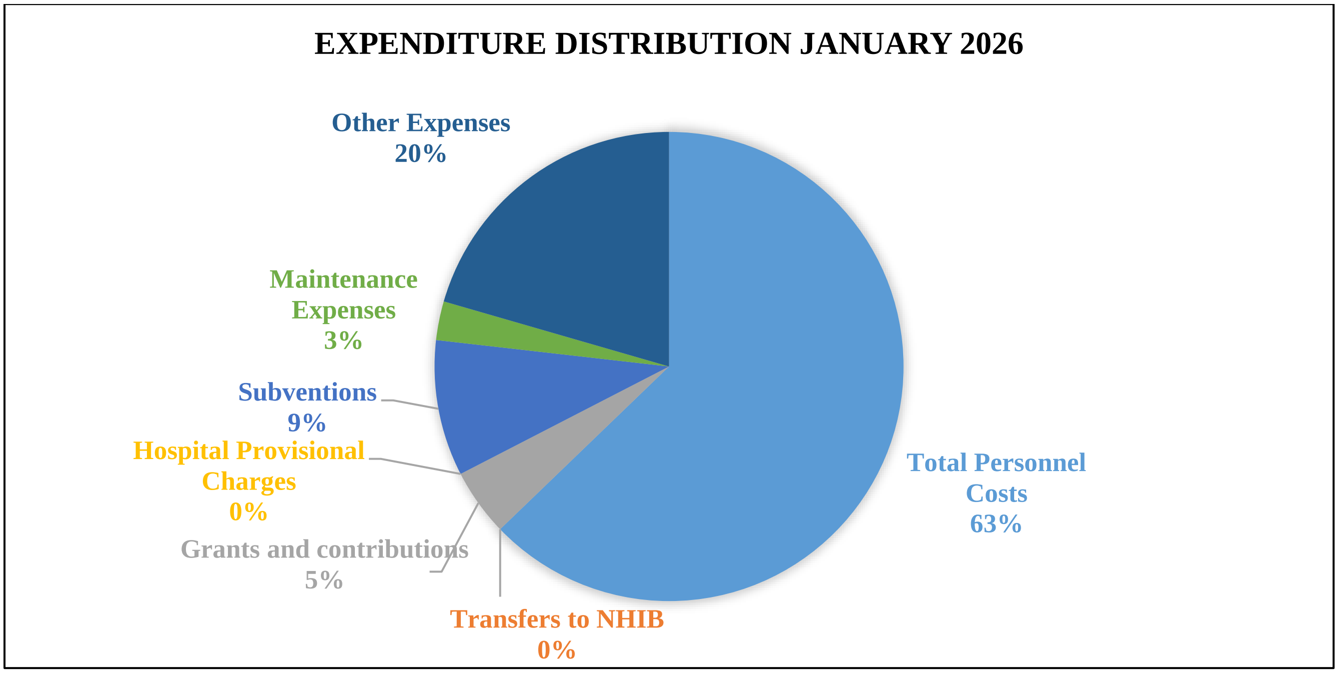
4.1.1. RECURRENT EXPENDITURE

Recurrent Expenditure: *January 2026: $20.9 million, YTD: 349 million*

	January - 2026			Variances				Year to date			Variances			
	Actual	Budget	Prior	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Total Personnel Costs	13,186	15,434	13,178	(2,248)	-15%	8	0%	137,046	151,714	132,377	(14,668)	-10%	4,669	4%
Subventions	1,936	6,750	6,495	(4,814)	-71%	(4,558)	-70%	32,546	36,937	34,831	(4,391)	-12%	(2,286)	-7%
Grants and contributions	956	1,541	1,922	(585)	-38%	(965)	-50%	17,370	17,406	28,770	(36)	0%	(11,401)	-40%
Maintenance Expenses	552	1,816	1,187	(1,264)	-70%	(635)	-53%	15,998	19,868	13,992	(3,870)	-19%	2,006	14%
Transfers to NHIB	-	3,963	5,319	(3,963)	-100%	(5,319)	-100%	45,057	37,565	31,938	7,492	20%	13,119	41%
Hospital Provisional Charges	-	2,555	2,114	(2,555)	-100%	(2,114)	-100%	5,625	23,859	20,442	(18,234)	-76%	(14,817)	-72%
Other Expenses	4,240	11,808	11,412	(7,568)	-64%	(7,172)	-63%	95,322	123,386	80,363	(28,064)	-23%	14,960	19%
Total Recurrent Expenditure	**20,871**	**43,868**	**41,626**	**(22,997)**	**-52%**	**(20,755)**	**-50%**	**348,963**	**410,735**	**342,713**	**(61,771)**	**-15%**	**6,251**	**2%**

Recurrent expenditure for the month of January amounted to $20.9 million, reflecting a 52% underspend or $23 million relative to the approved Estimates, and a 50% decrease or $20.8 million compared to the same period last year. The underspend against the approved budget is primarily attributable to the absence of expenditures related to Transfers to the NHIB and Hospital Provisional Charges during the reporting period and less spending on Subventions, Maintenance Expenses, Grants & Contributions and Personnel costs due to the number of vacancies that remain unfilled. Year to date, total recurrent expenditure totaled to $349 million, which was 15% behind the Estimates and 2% higher than prior year.

Recurrent expenditures were distributed as shown below;



Subventions to Statutory Bodies for the month totaled \$1.9 million, which was \$4.9 million (71%) below budget and \$4.6 million (70%) lower than the expenditure recorded during the same period last year. On a year-to-date basis, Subventions totaled \$32.5 million, \$4.4 million below budget and \$2.3 million (7%) lower than the prior year. The variances primarily reflect timing differences between the budgeted profile and actual disbursements, which are expected to normalize as the financial year progresses.

Grants and Contributions for the month totaled \$1 million, which was \$0.6 million (38%) below the budget and \$1 million (50%) lower than the same month last year. On a year-to-date basis, Grants and Contributions totaled \$17.4 million, inline with the budget and \$11.4 million (40%) lower than the prior year. The variances primarily reflect timing differences between the budgeted profile and actual disbursements, which are expected to normalize as the financial year progresses.

NHIB transfers for the month were nil, resulting in a \$4.0 million (100%) shortfall relative to the approved Estimates. This also represents a \$5.3 million (100%) decrease compared to the corresponding period in the prior year. The absence of expenditure during the month is attributable to the implementation of a periodic invoicing arrangement, under which the Ministry is billed based on actual Treatment Abroad Program costs incurred, rather than a fixed or standardized monthly allocation. This adjustment was designed to ensure full cost transparency and support real-time monitoring of outstanding obligations. Year-to-date, expenditure is \$45.1 million (20%) above budget and \$13.1 million (41%) higher than the same period in the prior year.

Hospital Provisional Charges for the month were nil, resulting in a \$2.6 million (100%) shortfall relative to the approved Estimates. This also represents a 100% decrease compared to the corresponding period in the prior year.Year to date, the expenditure is \$18.2 million or 76% lower than the budget and \$14.8 million or 72% lower than Prior year results. The underspend is as a result of delayed payments to Interhealth Canada due to ongoing reconciliations.

Personnel Costs accounted for 63% of the recurrent expenditure, totaling $13.2 million during the month. The result was $2.2 million (15%) below estimates and in line with the prior year's performance. The performance against budget is attributed to vacancies existing within the civil service.
Year to date, Personnel costs totaled $137 million which was $14.7 million or 10% lower than the Budget and $4.7 million or 4% higher than the prior year.

Personnel Costs are further itemized below.

	January - 2026			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Compensation of employees														
Salaries and Wages	9,917	11,379	9,900	(1,462)	-13%	17	0%	101,893	112,382	98,823	(10,489)	-9%	3,070	3%
Contribution to NIB and NHIB	864	996	853	(132)	-13%	11	1%	8,797	9,962	8,540	(1,165)	-12%	257	3%
Housing Allowances	539	724	505	(185)	-26%	34	7%	5,298	7,241	5,044	(1,943)	-27%	253	5%
Transport Allowances	75	148	81	(73)	-49%	(6)	-7%	871	1,497	883	(626)	-42%	(12)	-1%
Telephone Allowances	105	125	96	(21)	-17%	9	9%	1,023	1,255	967	(232)	-19%	56	6%
Other Allowances	480	371	422	110	30%	58	14%	5,034	3,718	4,229	1,316	35%	806	19%
Total compensation of employees	**11,980**	**13,744**	**11,857**	**(1,764)**	**-13%**	**123**	**1%**	**122,916**	**136,054**	**118,486**	**(13,139)**	**-10%**	**4,430**	**4%**
Ministers and MPs														
Salaries - Ministers and MPs	214	222	119	(8)	-4%	95	80%	2,138	2,219	2,005	(81)	-4%	133	7%
NIB and NHIB	10	12	4	(3)	-23%	5	129%	96	124	81	(28)	-23%	15	19%
Allowances for Ministers and MPs	55	57	37	(2)	-4%	18	48%	553	574	450	(21)	-4%	103	23%
Total	**279**	**292**	**160**	**(13)**	**-4%**	**119**	**74%**	**2,786**	**2,917**	**2,536**	**(130)**	**-4%**	**251**	**10%**
Pensions and gratuities														
Pensions (PSPP and RAP)*	479	700	467	(221)	-32%	12	3%	4,918	5,556	4,664	(638)	-11%	254	5%
Employer's Contribution (PSEPF)*	237	333	278	(96)	-29%	(41)	-15%	2,671	3,327	2,706	(656)	-20%	(35)	-1%
Gratuities	36	190	240	(154)	-81%	(204)	-85%	1,995	2,100	2,222	(105)	-5%	(227)	-10%
Pensions - Legislators	176	176	175	-	0%	1	0%	1,760	1,760	1,763	-	0%	(3)	0%
Total pensions and gratuities	**928**	**1,399**	**1,161**	**(471)**	**-34%**	**(233)**	**-20%**	**11,344**	**12,743**	**11,355**	**(1,399)**	**-11%**	**(12)**	**0%**
Total PE Cost	**13,186**	**15,434**	**13,178**	**(2,248)**	**-15%**	**8**	**0%**	**137,046**	**151,714**	**132,377**	**(14,668)**	**-10%**	**4,669**	**4%**

*PSPP-Public Service Pension Plan
*RAP- Retiring Allowance Plan
*PSEPF- Public Sector Employees Pension Fund

4.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: ***January 2026: $4.2 million, YTD: 95.3 million***

	January - 2026			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Social welfare	811	975	821	(1,009)	-26%	564	25%	9,481	11,621	8,170	(1,976)	-19%	1,321	18%
Rental of assets	702	684	637	58	3%	762	57%	6,595	6,946	5,366	(389)	-6%	1,164	25%
Professional and Consultancy Services	405	2,017	1,692	(825)	-14%	1,268	34%	14,044	20,147	11,060	(4,980)	-27%	4,270	46%
Utilities	354	554	585	(722)	-39%	(76)	-6%	4,420	5,446	4,401	(826)	-17%	249	7%
Recurrent Sub Programmes and Projects	303	1,000	2,634	(536)	-18%	(1,793)	-43%	7,378	11,238	11,537	(3,162)	-31%	(1,827)	-21%
International Travel and Subsistence	252	329	147	(150)	-19%	131	25%	2,819	3,896	1,846	(1,003)	-28%	866	51%
Data Communication cost	234	184	307	311	101%	473	322%	1,700	1,686	1,721	(36)	-2%	52	4%
Security expenses	222	470	475	(381)	-17%	886	88%	4,945	5,792	2,876	(599)	-11%	2,322	97%
Communication Expenses	129	221	427	(112)	-16%	42	8%	1,986	2,311	2,053	(233)	-11%	231	14%
Local Travel and Subsistence	117	457	348	(175)	-13%	70	6%	3,447	4,891	3,862	(1,105)	-25%	(184)	-5%
Bank charges	108	120	98	-	0%	(53)	-13%	1,275	1,149	1,303	25	2%	(151)	-13%
Fuel	105	188	145	174	43%	216	60%	1,369	1,602	1,292	(150)	-11%	117	10%
Hosting and Entertainment	66	282	346	187	21%	(15)	-1%	2,058	3,058	2,249	(783)	-28%	89	5%
Local Training	56	121	97	(21)	-5%	44	13%	1,312	1,976	1,140	(598)	-32%	213	20%
Other supplies, material & Equipment	46	9	259	57	9%	(32)	-5%	1,659	3,021	1,921	(1,409)	-47%	(58)	-4%
Other Sundry Expenses	24	109	103	(40)	-10%	66	21%	976	1,349	977	(288)	-23%	79	9%
Insurance Expenses	0	494	67	(611)	-85%	(109)	-50%	2,304	4,543	2,264	(1,745)	-43%	107	5%
Repatriation and exportation expenses	(358)	66	857	3	94%	(1,573)	-100%	5	74	4,996	355	4225%	(3,776)	-91%
Other Recurrent Expenditure	662	3,528	1,366	12,675	227%	15,105	479%	27,549	32,639	11,330	(5,605)	-17%	16,867	169%
TOTAL	**4,240**	**11,808**	**11,412**	**8,883**	**28%**	**15,977**	**66%**	**95,322**	**123,386**	**80,363**	**(24,508)**	**-21%**	**21,951**	**32%**

In the month of January, Other recurrent expenses totaled $4.2 million that was $8.9 million or 28% above the Estimates and $16 million or 66% higher than the prior year. Year to date, other expenses totaled $95.3 million which was lower than the Budget by $24.5 million or 21% and 32% higher than the prior year. Budget performance was largely influenced by timing variances between the budget profile and expenditure execution, which are anticipated to align as the financial year progresses.

4.1.3. NON-RECURRENT EXPENDITURE

The results for the month totaled $0.2 million. This was $4.2 million or 97% lower than Estimates and $0.3 million or 69% below the same period in the prior year. Year to date, Non-Recurrent Expenditure totaled $8.9 million which was lower than the Budget by $8 million or 47% and $3.3 million or 58% higher than the prior year.

5. OUTSTANDING PUBLIC DEBT

Statement of Outstanding Public Debt Financial Liabilities - Borrowings	Interest Rates %	Outstanding Balance 01-Apr-25 US$'000	New Drawdowns	Principal Repayment During 2025/26 US$'000	Outstanding Balance 31-Jan-26 US$'000
Further Education (04/SFR-OR-TCI)	2.5%	283	-	(87)	196
Integrated Solid Waste Management (5/OR-TCI)	4.90%	278	43	(207)	114
Total unsecured debts		**560**	**43**	**(294)**	**310**

TCIG holds two debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of January 31, 2026 was $0.3 million, $294k principal repayments were made, and $20k finance costs and commitment fees were paid.

6. DEVELOPMENT FUND

6.1. DEVELOPMENT FUND ANALYSIS

The development fund balance as of January 31, 2026 was $82.5 million, and the Capital expenditure year to date is $18.8 million. The movement in the fund balance is as shown below.

	Amount US$ '000
Opening balance 1/04/2025	**51,524**
Appropriation for FY 2025-26	59,702
FY 2025-26 Supplementary 1 Appropriation	(10,772)
FY 2025-26 Supplementary 2 Appropriation	861
Capex 2025-26 - YTD	(18,813)
As at 31 January 2026	**82,502**

6.2. TOP CAPITAL PROJECTS BY EXPENDITURE AMOUNT

The top capital projects expended Year to Date are shown below.

	Project Number	Project Title	CAPEX YTD (US$'000)
1	5561	South Dock Port Redevelopment	3,620
2	5683	Remediation Works to Ponds and Bridges	1,221
3	5682	Highway and Road Improvements	1,035
4	5696	Purchase of Patrol Vessel	978
5	5788	Ambulances for Islands	975
6	5624	Prison Works	967
7	5663	Boats for Police	927
8	5677	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	782
9	5566	Construction of New Primary School PLS- Phase 2	736
10	5765	Redevelopment of Regatta Village - XSC	616
11	5752	Furniture and Equipment for Primary Schools - LOT 6	563
12	5754	Repairs to RGHS Art Block	551

7. NATIONAL WEALTH FUND (NWF)

Transfers to the National Wealth Fund are governed by Section 9 (1(a)) of the National Wealth Fund Ordinance. This ordinance stipulates that if, in any financial year, actual revenue exceeds estimated revenue by 5% but less than 20%, then 50% of the excess revenue must be withdrawn from the Consolidated Fund and deposited into the National Wealth Fund. Based on the actual results of FY 2024/25, no funds are expected to be transferred to NWF as only 3% of actual revenue was in excess of the estimates for the period.

7.1. STATEMENT OF NWF ACCOUNT

As of January 31, 2026, the National Wealth Fund balance was $95.9 million.

Opening NWF 01/04/2025 (US$' 000)	Interest income (US$' 000)	Closing NWF 31/01/2026 (US$' 000)
93,428	2,492	95,920

7.2. STATEMENT OF NWF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US$'000)	31-Jan-26 US$'000	31-Mar-25 US$'000
Stabilization Fund	48,244	46,499
Infrastructure and Competiveness Fund	13,783	13,285
Heritage Fund	6,641	6,417
Citizen's Empowerment Fund	7,128	7,116
Mortgage Corporation Fund	20,123	20,111
National Wealth Fund balance at the end of the period	**95,920**	**93,428**

Represented by		
Cash at Bank	64	10,357
Fixed deposit	95,672	82,887
Investment Property	184	184
	95,920	**93,428**

Fixed deposit totaling to $95.7 million is currently held by the National Wealth Fund with an interest rate of 3.9% per annum. The short term deposit can be recalled at a month's notice when liquidity is required. The Fund also holds $184k as a deposit on an investment property.

8. NATIONAL FORFEITURE FUND

The National Forfeiture Fund (NFF) has a balance of $3.3 million as at January 31, 2026. The purpose of NFF is to fund the operational Budget of the Anti-Money Laundering Committee.

Movement in the Fund is shown below.

(All figures in US$'000)	31-Jan-26 US$'000	31-Mar-25 US$'000
Opening Balance	**3,440**	**6,832**
Receipts		
Transfers from Consolidated Fund	-	-
Other receipts	1,318	18
Total receipts	**1,318**	**18**
Payments		
AMLC expenses	412	599
Special project expenses	1,036	2,148
Transfers to consolidated Fund	-	663
Total payments	**1,448**	**3,410**
Net increase in National Forfeiture Fund balance	**(131)**	**(3,392)**
National Forfeiture Fund balance at the end of the period	**3,309**	**3,440**

9. DESTINATION ENHANCEMENT FUND (DEF)

Section 12 of the Destination Management Fee Ordinance stipulates the establishment of the Destination Enhancement Fund under the administration and control of the Permanent Secretary, Finance. All fees collected by carriers (Destination Management Fees) are to be deposited into the Fund. The Fund is intended for the following purposes: the protection and preservation of the natural, rural, agricultural, and marine environments; the promotion of sustainable tourism; the maintenance of historical and cultural heritage sites; tourism education and training of tourism businesses; the maintenance and development of tourist sites and other tourism-related activities throughout the Islands; and the marketing of the Islands as a premier tourist destination.

9.1. STATEMENT OF DEF FUNDS

The Destination Enhancement Fund balance as at January 31, 2026 is shown below;

(All figures in US$'000)	31-Jan-26	31-Mar-25
Opening Balance	**-**	**1,164**
Receipts		
Destination management fees	7,833	5,412
Total receipts	**7,833**	**6,576**
Payments		
Subvention to the DMMO	(5,232)	(6,576)
Total payments	**(5,232)**	**(6,576)**
Destination Enhancement Fund balance at the end of the period	**2,601**	**-**

*DMMO- Destination Marketing and Management Organization

10. CONTINGENCY FUND

Section 7(1) of the Public Finance Management Act (PFMA) authorizes the Minister of Finance, where satisfied that an urgent and unforeseen need for expenditure exists and such expenditure is not provided for, or is inadequately provided for, under an Appropriation Act or Supplementary Appropriation Act, to approve an advance from the Consolidated Fund by way of a Contingencies Warrant. Such advances are made in anticipation of subsequent legislative appropriation and are required to be reported to Cabinet without delay.

For this financial year, $9.0 million was appropriated to the Contingencies Fund. On a year-to-date basis, $4.5 million has been withdrawn and allocated through Contingency and Supplementary Warrants to various budget heads to address urgent and unforeseen requirements. These included expenditures related to the response to the hurricane affecting Jamaica, as well as emergency funding for the Office of the Director of Public Prosecutions and the Turks and Caicos Islands Integrity Commission and closing the funding gap in relation to Tranfer to NHIB and Treatment Abroad.

The Contingency Fund balance as at January 31, 2026 is shown below;

	Amount US$ '000
Appropriation for FY 2025-26	9,000
FY 2025-26 Supplementary 1 Appropriation	-
Contingency Warrant 2025/26 - YTD	(4,518)
As at 31 January 2026	**4,482**

11. PUBLIC SECTOR EMPLOYEES PENSION FUND (PSEPF)

The Public Sector Employees Pension Fund Ordinance came into force on March 25, 2022 to establish a defined contribution pension fund for public sector employees. The Fund is mandatory for TCIG and Statutory bodies employees with the exception of employees covered under the Pensions Ordinance (employed before 6 April 1992), temporary employees and contract employees entitled to a gratuity. An initial transfer of $7.9 million was seeded into the fund as per appropriation in FY 2021/22. Additional seed funding of $7 million was provided through appropriation in FY 2023-24 and the total seed funding was transferred to a separate bank account. The Fund balances are maintained in an escrow account with RBC bank and do not form part of the Consolidated Fund cash balances.

Payments totaling $631k were paid to beneficiaries during the year to date.

The Fund was reconciled as follows at January 31, 2026.

	31-Jan-26	**31-Mar-25**
	US$'000	**US$'000**
Opening balance at Apr 1	**29,711**	**21,179**
CONTRIBUTIONS MADE:		
Contributions by Statutory bodies	2,038	1,465
Employer's Contributions by TCIG- YTD	2,671	3,433
TCIG Employees' contributions- YTD	2,671	3,433
Ex-gratia funding	-	1,000
BENEFITS PAID:		
Payments to beneficiaries YTD	(631)	(799)
Closing PSEPF balance	**36,460**	**29,711**

12. HUMAN RESOURCE MANAGEMENT

Employees

There were 2,176 people employed by TCIG at the end of January 2026, consisting of 1,890 monthly paid employees and 286 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there are 14 new recruits and 13 attritions during the month.

Pensioners

The total number of Pensioners on the Public Service Pension and Retiring Allowance Plans by the end of the month was 328.

13. FINANCIAL OUTLOOK

The Turks and Caicos Islands Government (TCIG) has maintained strong financial performance, with an operating surplus in the month of January. Year-to-date revenue collections have exceeded budget, reflecting improved mobilisation and compliance. However, uncertainty remains for full-year targets, as key streams like Hotel and Restaurant Tax, Import Duty, Customs Processing Fees, and Stamp Duty on Land Transactions are currently underperforming. The Inland Revenue Department and the Border force continue to strengthen compliance and enforcement to support the attainment of annual fiscal objectives.

On the expenditure side, as funds are released, MDAs are expected to accelerate programme activities, but the timing and efficiency of spending remain critical to meeting budgetary targets. Rising healthcare costs and claims against government also pose a risk, potentially increasing expenditure pressures as the financial year closes.

Tourism remains central to the economy and TCIG's financial outlook. The recent S&P Global credit rating upgrade from BBB+ to A- reflects robust economic performance and fiscal prudence. Modest increases in winter airlift from U.S. carriers and a 24% increase in Air Canada seats are expected to support visitor arrivals. Marketing initiatives by ETCI including campaigns with British Airways and renewed partnerships with Air Canada Vacations, are expected to drive bookings for 2026, supporting tourism-driven revenues.

The Government continues to implement fiscal measures to provide relief amid the cost-of-living crisis, which may exert short-term pressure on revenue and expenditure. Overall, TCIG's financial outlook is shaped by domestic performance and global conditions, with external and fiscal risks including healthcare obligations presenting potential downside pressures. Continued vigilance in revenue mobilisation, expenditure management, and strategic investment in tourism will be critical to sustaining fiscal stability and achieving year-end targets.

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>END OF REPORT <<<<<<<<<<<<<<<<<<<<<<<<<<<<