



# PRESS RELEASE

Government Information Unit (GIU)

Office of the Premier

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## GOVERNMENT OFFERS FISCAL STIMULUS PACKAGE IN RESPONSE TO COVID-19

**April 1, 2020 GIU, Davy Hill Montserrat**– The Government of Montserrat today announced a broad and bold package of financial support and other incentives for those impacted by the coronavirus (COVID-19) outbreak.

This initial phase of fiscal stimulus has been developed to provide the necessary financial assistance to employees and businesses affected by the mandated restrictions previously announced by Government, and the subsequent impact of curfew orders. In the wake of this unprecedented global pandemic, the Government's overriding priority is ensuring that citizens and residents of Montserrat remain safe and well. Yet, it is recognised that there is an important economic dimension to this public health crisis which requires immediate government intervention.

Premier and Minister of Finance, Hon. Joseph E. Farrell noted that these decisive and compassionate stimulus measures will provide support to all residents and businesses. He said, "My government has been working tirelessly in preparing for potential increases in COVID 19 cases, while at the same time working on stimulus packages to assist you the people, who are under severe pressure as a result of COVID19, and the subsequent measures that had to be implemented. But, I assure you that support is and will be provided."

A summary of the packages are outlined below. Comprehensive details of each will be announced and published on the government website.

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## **SUPPORT TO WORKERS:**

- Increase the tax threshold by \$5,000, to \$20,000 from January 1, 2020. The new tax bands will be:
  - i. Annual Income of \$0.00 to \$20,000- attract 0% tax
  - ii. Amounts over \$20,001 and between \$25,000- attracts 10% tax
  - iii. Amounts over \$25,001 and between \$30,000 – attracts 20% tax
  - iv. Amounts over \$30,001 and between \$150,000 attracts 30%
  - v. Amounts over \$150,001- attracts 40% Tax

This will provide direct support to workers, especially the lowest paid, by reducing the level at which they begin to pay tax. This provides employees with more expendable income each month – putting money straight into people’s pockets for essential items and expenditure.

- Direct financial support to employees in the Tourism sector; including hotels, tour operators, restaurants, and transportation services. Government will pay at least 80% of salaries up to a maximum amount of \$3,200 per month (equivalent to 80% of a \$4,000 salary). This will be based on the previous six months salary level, i.e. if an individual in the tourism sector was paid \$3,000 per month for the past six months, that individual would receive \$2400 (80% of \$3000). Income Tax would still be payable but at the new tax rates, outlined above. Payments will be made directly to the employer’s Bank Account to allow them to continue to make salary payments and keep staff employed during the crisis, as the business is now closed or has ceased to operate. This support will be for an initial period of 3 months, and may be extended as it is subject to review in the coming days. Further details on who can claim and details of process, will be issued shortly. However, this incentive only applies if your major source of employment income is from the Tourism Sector.



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- Provide Covid-19 Benefit Support – to provide \$900 a month (food package and cash support) to persons who do not have any work and unable to access other Social Security benefits and other financial support. Persons will be asked to register for these assistance via the Social Services Department. Further details on the registration process will be announced. This support will be for a limited period of 3 months.
- Social Services to provide additional food package top up for vulnerable low income earners and other low income groups.
- Additional support will be provided to the Social Security Fund as required. The Social Security is an important protection system for our island and Government stands by and fully supports the Fund.

## **SUPPORT TO BUSINESSES:**

- Deferral (postponement) of all business related taxes (Accrued and Current) for all businesses. This support will be for an initial period of 3 months, and may be extended subject to further review.
- Deadline extension for the annual returns for businesses to the Financial Services Commission by three months, and no penalty charges will apply during this period.

## **GENERAL SUPPORT**

- Cash injections will be provided to fund a grocery delivery service. This aims to cover the additional fuel, equipment and PPE costs to provide this essential service. This



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will be done in conjunction with the Red Cross. An initial allocation of \$25,000 has been provided.

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- Support will be provided for food delivery to the most vulnerable in our communities, ensuring that no one goes hungry during this crisis. Government has provided an additional funding of \$50,000 to the Meals on Wheels service to enable it to make improvements in service provision.
- The Government of Montserrat has agreed with Montserrat Utilities Limited that no further disconnections of electricity and water will take place until further notice.
- The Government will, where feasible, and within the restrictions of the Government's public health orders, continue to progress our capital project portfolio. Whilst some physical works will cease, we will continue to progress with design and procurement work to ensure that we mitigate schedule impacts to our overall capital investment programme.

### AGRICULTURAL SUPPORT:

- Food security and production will be enhanced through direct investment in our farming operations and support to identified producers with a total cash injection of \$641,000 which will cover a number of developments:
  - Provision of seeds and planting materials, and increase production of the government nursery;
  - Enhancement of sheltered production systems;
  - Increase in chilled storage facility to extend product shelf life;
  - Provision of irrigation systems;
  - Land preparation, where required and feasible;



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- Assistance with poultry chick purchase;
- Provision of materials for pens or storage structures.

Further details will be provided by the Ministry of Agriculture, Lands, Housing and Environment in due course.

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All amounts quoted above are in Eastern Caribbean dollars.

More details on these and other future packages will be made in the coming days.

The Government continues to monitor the coronavirus situation within Montserrat, and work with relevant UK ministerial departments, to ensure that the right package of support is offered to the people of Montserrat.

**###**

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