

Concerned Citizen  
Brades, Montserrat

7<sup>th</sup> of April, 2026

Office of the Premier  
Government Headquarters  
Brades, Montserrat

Good Morning,

I am writing to share my concerns about how personal income taxes are currently handled by the IRD. To save time, I will list each concern as a point, followed by a short explanation. I understand this is not the usual letter format, but I hope it helps keep things clear and efficient.

### **1. Personal Allowance (Currently \$18,000 Eastern Caribbean Dollars for every resident)**

*The personal allowance was recently increased to 18,000 XCD, but this is still not enough. It does not cover basic living costs for individuals, let alone families.*

- *For comparison, in the UK (whose system we often follow), the allowance is £12,570, which equals about 45,017.73 XCD.*
- *In Antigua, the allowance is 36,000 XCD, and income between 36,001 and 180,000 is taxed at only 10%.*
- *Other British Overseas Territories like Anguilla and the BVI do not tax residents at all.*
- *St. Kitts and Nevis, our neighbors, also do not tax their residents' personal income.*

*Given these examples, it is hard to understand why Montserrat enforces a system that is harsher than nearby islands, other BOTs, and even the UK. This places a heavy burden on residents, some of whom have already been through a massive plethora of obvious hardship over that last 30 years.*

### **2. Child Deduction or Tax Credit**

*In the UK and many other countries, parents receive a tax credit or similar substitute "deduction" for each child living at home. This helps reduce the amount of tax they owe.*

*Children are our future, and raising them is expensive from the beginning and throughout their formal education years. However, we currently receive no real monetary support through the tax system. There should be some form of help, whether as a deduction or a tax credit. This is of high national interest for the future of both successful individuals and for, potentially, the next generations of GOM and its personnel.*

### **3. Insurance and Medical Expenses**

*Health insurance in Montserrat often provides limited coverage, which gives people little reason to buy it. However, healthcare is essential.*

*Many people must travel abroad for treatment beyond what is covered through insurance at their own expense, whether for simple or serious conditions. I propose that if a government doctor or a reputable private practice on island confirms that a necessary treatment cannot be done on island, then those medical expenses and associated traveling expenses should be tax deductible.*

*These treatments are not optional, they are necessary for people to live properly. Examples include cancer treatment, dialysis, orthodontics, and hip replacements. People should not have to worry about paying taxes on money used for essential medical care.*

#### **4. Social Security / Retirement / Pension**

*Our current social security system is struggling and may not be sustainable. I suggest allowing people to choose whether to stay in the system or opt out.*

*At the same time, we should encourage personal retirement savings. People could contribute to retirement plans through institutions like the St. Patrick's Credit Union or the Bank of Montserrat, and receive tax deductions for those contributions.*

*These funds would not be accessible until retirement age. If someone withdraws early, they would pay a fair tax as a penalty depending on withdrawal time scale. This approach would give people more control over their future and encourage them to save more.*

While there is more that could be said, I believe these are the most important and easiest issues to address. I would like to see both the local government and the UK government take action on these matters.

If we want full tax compliance and people to respect the necessary laws of the land, we must consider how to make the system fair in an economy that is struggling and changing. Not only is the cost of living here high, we have been through a major crisis that has collapsed our economy and are still working on the provision of basic infrastructure like a hospital and a sea port for sound travel and safe access. It seems to me that we should be given even better benefits than our sister BOTs, not only equal benefits.

In the past, I have discussed these ideas with government ministers. While they listened, most said the tax system could not be changed. However, after researching other small countries and British Overseas Territories, I found that many already have more flexible and less aggressive tax systems.

Last year, my income would be considered below the poverty line in many countries, yet I still paid 25% in taxes. This does not reflect the basic needs of citizens.

In addition, we pay 15% consumption tax (similar to VAT) on goods, plus very high import duties, and another 15% toward a social security system that may not survive. Altogether, this means some people are taxed at least 55% or more of their income.

The explanation often insinuated is that the UK requires a certain level of revenue via personal income tax, import duties, etc. in exchange for aid. However, this does not seem sustainable to place even a relative or graded weight on the backs of hard working Montserratians who don't

have the means to properly contribute, while barely surviving, especially when that aid is tied to projects that have not been successful. What are we receiving in return? Furthermore, this is not true of other British territories around the world. I implore you to compare the tax systems of the aforementioned islands and territories above and throughout the region. In some cases there is 0% income tax.

If we want people to move to Montserrat and invest here, especially sons and daughters of the soil, these issues must be addressed. Otherwise, people will continue to leave. Those who come temporarily for access to British citizenship will also leave and may become dependent on the UK, instead of contributing to the rebuilding of the Emerald Isle and desiring to be loyal to our potentially redeveloping and already beautiful nation.

This should be a top priority for both our local GOM and the FCDO.

Sincerely,

Concerned Montserrat Citizen

CC: The Governor's Office  
Ministry of Finance & Economic Management  
Ministry of Education, Youth Affairs & Sports  
Ministry of Health & Social Services  
Ministry of Agriculture, Lands, Housing & Environment  
Ministry of Communication, Works, Energy & Labour  
And All other members of the Assembly  
Inland Revenue