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USVI Receives \$181 Million in Rum Tax Remittance, Down From Previous Years Due to Reduced Tax Rate

U.S. Virgin Islands receives \$181 million in rum tax revenue, marking a decrease from previous years due to lower tax rate of \$10.50 per proof gallon—a drop from \$13.25—resulting in a potential loss of \$47 million in funding

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Wooden (oak) barrels of rum or wine in aging process. By. GETTY IMAGES

The U.S. Dept. of Interior announced Thursday that the U.S. Virgin Islands has received an advance payment of \$181,068,638 in rum excise tax remittances from the Office of Insular Affairs (OIA), marking a significant source of revenue for the territory.

However, this amount reflects a drop from previous years when the remittances were calculated at a higher tax rate of \$13.25 per proof gallon of rum. Currently, the territory receives the funds at a tax rate of \$10.50 per proof gallon, resulting in a lower payout.

If the U.S. Virgin Islands had continued to receive the rum excise taxes at the previous rate, the territory would have garnered approximately \$228.49 million, representing a difference of about \$47.42 million. The rum tax remittances play a crucial role in supporting the territory's bond covenants as well as the securitization of Government Employees' Retirement System. Therefore, any reduction in these payments can have lasting impacts.

Delegate to Congress Stacey Plaskett, who has [long vowed](#) to rectify the matter and [introduced legislation with her colleagues](#) to this end, later told the Consortium that [Republican intransigence](#) was to blame for the stalled effort.

The OIA works closely with the U.S. Department of the Treasury to ensure that these funds are transmitted as quickly as possible, according to Assistant Secretary for Insular and International Affairs Carmen G. Cantor. The GVI submits an annual estimate of rum excise taxes, which is then used to calculate the advance payments for the coming fiscal year. Adjustments to the payments are made based on actual receipts collected by the federal government.

Guam Receives \$76 Million in Section 30 Funds

In a separate payment, the Office of Insular Affairs also transferred \$76,402,101 to Guam. This payment represents federal income taxes collected from active U.S. military members and retirees residing in Guam, as stipulated by the Organic Act of Guam. Like the U.S. Virgin Islands, Guam receives an annual advance payment from the OIA, with adjustments made based on actual income tax collections.

These funds help support Guam's government operations and local services, ensuring the territory can meet its obligations to its residents. The OIA said it remains committed to facilitating these payments and supporting the economic stability of the U.S. territories.