



Government of Antigua & Barbuda



ANTIGUA & BARBUDA
MINISTRY OF FINANCE & THE ECONOMY

Technical Note on the Compilation of the January 2024 Consumer Price Index

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Background

On January 1, 2024, the Government of Antigua and Barbuda implemented revisions to the Antigua and Barbuda Sales Tax (ABST) Act adjusting the ABST rate from 15% to 17%. The adjustment in the ABST rate affected the purchase price of some goods and services bought by households in January. The ABST price changes were not uniformly implemented across the various establishments, which affected the ability of the Statistics Division to collect prices that comprehensively reflected the price changes due to the revisions in the ABST Act.

The Consumer Price Index (CPI) is a statistical index of the changes in the general level of prices of a fixed basket of consumer goods and services purchased by private households. The index provides an estimate of the price change between any two periods. This period is referred to the price reference period.

The Statistics Division collects prices during the first two weeks of each month, and this is price collection period. However, some prices collected during this period did not include the additional two percent increase as establishments were still adjusting the shelves prices to reflect the ABST increase and other price changes due to the new policies.

On the 15 February the Inland Revenue Department issued a notice reminding the public and goods and services providers that the ABST rate has been increased to 17% effective January 1, 2024; and all prices on the shelves, menus and in advertisements must reflect the new pricing policy by February 29, 2024.

General Approach

The Statistics Division in the Ministry of Finance and Corporate Governance explored several options to address the issue and modify data collection and use imputation methods in keeping with international standards and best practices to ensure the quality of the Consumer Price Index. The options explored included the following:

1. To have price collectors return to establishments and collect prices outside of the normal reference period
2. Request establishments' electronic pricing data and other administrative data to capture price changes due to the new policies.
3. Use various imputation methods for those items in which the ABST was not captured.

4. Consult with international experts and price statisticians to look at possible solutions.

After review of the situation, research of CPI manuals and compilation guidelines and discussions with international experts for possible solutions, a decision was made to publish the CPI with the prices collected during the Division's reference period without imputation or additional adjustments. The Division could not identify all the items in the basket of goods and services from the various outlets where the new tax policies were not applied. Therefore, the January and February CPI will not fully reflect the increased ABST as some of the establishments have not fully implemented the tax increase on the prices displayed.

Conclusion

The January and February CPI are not the calculations of final prices of some items as outlined above. The Division expects the increased ABST to be fully implemented across the various establishments and service providers in March 2024. The Statistics Division is ensuring stakeholders of the quality of the CPI as it is compiled in accordance with best practices and international standards. We will continue to monitor the situation and will inform our data users of any methodological changes as we continue to provide high quality official statistics to our data users.

For additional information, please contact the Statistics Division at info.stats@ab.gov.ag