

International Tax Antigua & Barbuda Highlights 2017



Investment basics:

Currency – East Caribbean Dollar (XCD).

Foreign exchange control – The monetary authority is the Eastern Caribbean Central Bank. There are no limits on foreign exchange transactions.

Accounting principles/financial statements – International Financial Reporting Standards (IFRS) are applied, but in practice the standards applicable in the country of a parent company may be used. Public companies, friendly societies (charities), and private companies with gross revenue in excess of XCD 4 million or assets in excess of XCD 2 million are required to file audited financial statements with the Registrar of Companies.

Principal business entities – These are domestic companies, partnerships, international business companies (IBCs), international banks and trusts.

Corporate taxation:

Residence – A company is deemed to be resident if it is incorporated or registered as an external company in Antigua & Barbuda or if it is centrally managed and controlled in Antigua & Barbuda.

Basis – A resident company is taxed on worldwide income. A nonresident company is taxed only on income derived or sourced from Antigua & Barbuda.

Taxable income – Taxable income is comprised of net profit before tax adjusted for nondeductible expenses and allowable deductions.

Taxation of dividends – Dividends are included in taxable income and are taxed at the 25% corporate income tax, with credit granted for tax already paid on the dividends.

Capital gains – Not subject to tax.

Losses – Losses may be carried forward for up to six years, but they may only reduce taxable income by 50%. To use losses, a company must be actively engaged in activities that aim to generate profits. The carryback of

losses is not permitted. Group losses are not allowed except in the case of an amalgamation.

Rate – The corporation tax rate for domestic companies is 25%; a reduced rate of 22.5% applies to banks that offer mortgages. IBCs are exempt for 50 years and are not required to file tax returns during this period.

Surtax – No

Alternative minimum tax – No

Foreign tax credit – Foreign tax credits normally are not granted unless in the case of taxes paid in a British Commonwealth country that grants similar relief for Antigua & Barbuda taxes or where an applicable tax treaty provides for a credit.

Participation exemption – No

Holding company regime – There is no specific holding company regime, but a special tax regime applies to IBCs under which a withholding tax exemption is available on the payment of dividends, interest and other returns. IBCs also are exempt from income tax, capital gains tax, any other direct tax, as well as Antigua & Barbuda sales tax.

Incentives – IBCs benefit from a special tax regime as described above. Companies and businesses may apply to the Antigua & Barbuda Investment Authority to obtain other incentives and concessions. Concessions granted depend on the investment category for the company and other conditions. Manufacturers of approved products may obtain concessions, such as tax holidays and tax credits under the Fiscal Incentives Ordinance.

Withholding tax:

Dividends – There is no withholding tax on dividends paid to residents; a 25% tax is withheld on dividends paid to nonresidents.

Interest – 25%

Royalties – 25%

Technical service fees – 25%

Branch remittance tax – No

Other taxes on corporations:

Capital duty – No

Payroll tax – No

Real property tax – Property tax is assessed on the market value of real property, and ranges from 0.1% to 0.5%, depending on the use of the property. Undeveloped land owned by a non-resident is subject to a nonresidents undeveloped land tax on the value of the land ranging from 5% to 20%, depending on the length of time the property has been owned.

Social security – Employers must make social security contributions of 6% and medical benefits scheme contributions of 3.5% of the earnings of employees. The social security contribution ceiling is XCD 6,500 per month.

Stamp duty – Stamp tax on the sale of real property is 7.5% for the vendor and 2.5% for the purchaser. Nonresident sellers are subject to stamp tax of 5% on the appreciation in value of the real property. Nonresident purchasers must obtain an alien landholding licence at 5% of the value of the property, and pay a stamp duty of 2.5%. Stamp tax on the sale of shares is 5% for the vendor and 2.5% for the purchaser on the higher of the market value of the shares or book value of the shares.

Transfer tax – Non-resident acquirers may also be required to obtain an alien landholding licence. Also, see above under “Stamp duty.”

Other – A revenue recovery charge of 10% is levied on all goods imported into and produced within Antigua & Barbuda. Imported goods are subject to customs duties according to the CARICOM Common External Tariff.

Anti-avoidance rules:

Transfer pricing – No

Thin capitalization – No

Controlled foreign companies – No

Disclosure requirements – No

Compliance for corporations:

Tax year – The tax year is based on the company's fiscal year end.

Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.

Filing requirements – The tax return must be filed within three months of the company's fiscal year end, with the company's financial statements.

Penalties – The late filing penalty is the greater of XCD 500 or 5% of the tax due, and the late payment penalty is 20% of the tax due. Interest accrues at 1% per month.

Rulings – A ruling may be requested from the tax authorities.

Personal taxation:

Basis – N/A

Residence – N/A

Filing status – N/A

Taxable income – N/A

Capital gains – No

Deductions and allowances – N/A

Rates – N/A

Other taxes on individuals:

Capital duty – No

Stamp duty – Stamp tax on the sale of real property is 7.5% for the vendor and 2.5% for the purchaser. Nonresident sellers are subject to stamp tax of 5% on the appreciation in value of the real property. Nonresident purchasers must obtain an alien landholding licence at 5% of the value of the property, and pay a stamp duty of 2.5%. Stamp tax on the sale of shares is 5% for the vendor and 2.5% for the purchaser on the higher of the market value of the shares or book value of the shares.

Capital acquisitions tax – No

Real property tax – Property tax is assessed on the market value of real property, and ranges from 0.1% to 0.5%, depending on the use of the property. Undeveloped land owned by a non-resident is subject to a nonresidents undeveloped land tax on the value of the land ranging from 5% to 20%, depending on the length of time the property has been owned.

Inheritance/estate tax – There is no inheritance tax, but gifts may be subject to transfer tax (stamp tax).

Net wealth/net worth tax – No

Social security – The employee must contribute as follows: 4% for social security; 3.5% for medical benefits; and progressive rates (0% on amounts under XCD 6,500 per annum, 2.5% on amounts between XCD 6,500 to XCD 60,000 per annum and 5% on income over XCD 60,000 per annum) for the education levy. The social security contribution ceiling is XCD 6,500 per month

Compliance for individuals:

Tax year – N/A

Filing and payment – N/A

Penalties – N/A

Sales tax:

Taxable transactions – Taxable activities for purposes of the ABST are sales of goods or supplies of services within Antigua & Barbuda and the import of goods into Antigua & Barbuda.

Rates – The standard rate of ABST is 15%. Certain goods and services may also be zero-rated and exempt for ABST purposes.

Registration – The registration threshold for ABST is a total value of supplies exceeding XCD 300,000. Voluntary registration is not allowed. There is a mandatory registration requirement for all professional service providers (except for doctors).

Filing and payment – Returns and payments must be submitted one calendar month after the end of the tax period.

Source of tax law: Various Laws of Antigua and Barbuda

Tax treaties: Treaties are in force with CARICOM and the UK

Tax authorities: Inland Revenue Department

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