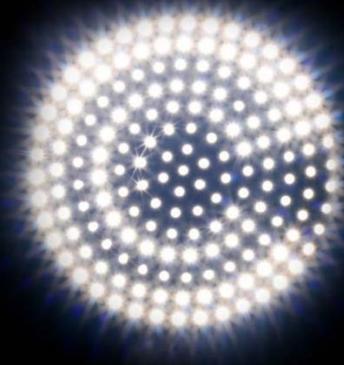


International Tax Grenada Highlights 2018



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.

Principal business entities – These are the domestic company, partnership, international business company (IBC), international bank and trust.

Corporate taxation:

Residence – A company is deemed to be resident if it is incorporated in Grenada or centrally managed and controlled in Grenada.

Basis – A resident company is taxed on worldwide income. A nonresident company is taxed on income derived or sourced from Grenada.

Taxable income – Taxable income is calculated as net profit before tax, adjusted for nondeductible expenses and allowable deductions.

Taxation of dividends - Dividends paid to residents are not subject to tax.

Capital gains - No

Losses – Losses may be carried forward for up to three years. Losses utilized may offset only 50% of the taxable income in any one year. The carryback of losses is not permitted.

Rate – 30%

Surtax – No

Alternative minimum tax – No

Foreign tax credit –No

Participation exemption – No

Holding company regime – There is no typical holding company regime, but a special tax regime applies to IBCs. IBCs are exempt from corporation tax, income tax, withholding tax and alien landholding tax for their first 20 years.

Incentives – Incentive regimes are available under the Fiscal Incentives Act, Qualified Enterprise Act and Hotel Aids Act.

Withholding tax:

Dividends – Dividends paid to a nonresident may be subject to a 15% withholding tax.

Interest – Interest paid to a nonresident company is subject to a 15% withholding tax.

Royalties – Royalties paid to a nonresident company are subject to a 15% withholding tax.

Technical service fees – Technical service fees paid to a nonresident company are subject to a 15% withholding tax.

Branch remittance tax – A 15% branch remittance tax applies.

Other – Certain other payments to nonresidents may be subject to a 15% withholding tax.

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% to 0.5%, depending on how the property is used. Separate rates apply to land and buildings. An exemption of XCD

100,000 is provided on the building value of owner-occupied property, but the exemption is limited to one property per taxpayer.

Social security – Employers contribute to social security at a rate of 5% of employee earnings; the employee contributes 4%. The contribution ceiling is XCD 5,000 per month.

Stamp duty – A stamp duty of 1% applies in certain circumstances.

Transfer tax – Transfer tax imposed on the transfer of real property ranges from 5% to 15%, depending on whether the property is transferred to a resident or a nonresident. The tax is payable by the seller on property values exceeding XCD 20,000. Where property is transferred by way of deed, tax is payable on property values exceeding XCD 150,000. Nonresident purchasers must obtain an alien landholding license at a cost equal to 10% of the value of the property.

Other – Stamp tax is paid on the gross income of a business as follows: (i) 0% on amounts up to XCD 36,000; (ii) 0.5% on amounts in excess of XCD 36,000 but not exceeding XCD 300,000; and (iii) 0.75% on amounts in excess of XCD 300,000.

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.

Consolidated returns – Consolidated returns are not permitted; each company must file its own return.

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

Penalties – A penalty of 10% of the tax owed or XCD 100 (whichever is greater), plus 1% of the tax owed for each month the return is outstanding, may apply.

Rulings – The tax authorities will issue rulings.

Personal taxation:

Basis – Resident individuals are taxed on their income derived from Grenada. Nonresident individuals are taxed on income derived or sourced in Grenada.

Residence – An individual is considered resident if he/she is physically present in Grenada for at least 183 days in a fiscal year.

Filing status – Each individual must file a tax return; joint filing is not permitted.

Taxable income – Taxable income includes employment and business income, less allowable deductions and allowances.

Capital gains – Capital gains are not subject to tax.

Deductions and allowances – A personal allowance of XCD 36,000 is granted.

Rates – The rate is 10% on the first XCD 24,000 and 30% on income exceeding this amount.

Other taxes on individuals:

Capital duty – No

Stamp duty – No

Capital acquisitions tax – No

Real property tax – See "Real property tax" under "Other taxes on corporations."

Inheritance/estate tax – There is no inheritance tax, but gifts may be subject to transfer tax. See "Transfer tax" under "Other taxes on corporations."

Net wealth/net worth tax – No

Social security – Employees contribute to social security at a rate of 4% of earnings; the employer contribution is 5% of earnings. The contributions ceiling is XCD 5,000 per month.

Compliance for individuals:

Tax year – Calendar year

Filing and payment – Tax returns must be filed by 31 March following the tax year, and the balance of tax is due at the time the return is filed. A pay-as-you-earn (PAYE) system is used to deduct tax from the salaries of employees.

Penalties – Interest of 2% applies each month the balance of tax due is outstanding.

Value added tax:

Taxable transactions – VAT applies on the sale of goods or the supply of services within Grenada, and on the import of goods into Grenada.

Rates – The standard rate is 15%. A reduced rate of 10% applies within the tourism sector and a 20% rate applies within the telecommunications sector. Certain goods and services also may be zero-rated or exempt.

Registration – The registration threshold is a total value of supplies exceeding XCD 120,000 per annum. Voluntary registration is allowed at the discretion of the Comptroller of Inland Revenue.

Filing and payment – Returns and payments must be submitted by the 20th day of each calendar month.

Source of tax law: Various laws of Grenada

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

Tax authorities: Inland Revenue Department

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