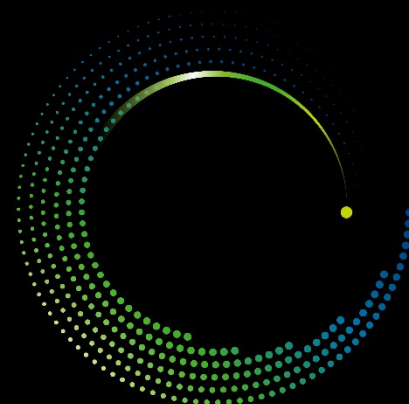


International Tax Grenada Highlights 2023

Updated January 2023



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 parent company's jurisdiction may be used.

Principal business entities: These are the domestic company, partnership, and trust.

Corporate taxation

Rates

Corporate income tax rate	28%
Branch tax rate	28%
Capital gains tax rate	No capital gains tax

Residence: A company is deemed to be resident if it is 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. Branches are taxed in the same way as subsidiaries.

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

Rate: The corporate income tax rate is 28%.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

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

Capital gains: There is no capital gains tax.

Losses: Losses can be carried forward for up to six years to offset taxable income. To use losses, a company must be actively engaged in activities that aim to generate profits. The carryback of losses is not permitted.

Foreign tax relief: There is no foreign tax relief.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

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

Compliance for corporations

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

Consolidated returns: Consolidated returns are not permitted; companies are required to file separately.

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

Penalties: A penalty of 20% of the tax owed applies for late payment of tax, plus 1.5% of the tax owed for every month the tax remains unpaid. The penalty for failure to file by the due date is the greater of 5% of the tax owed (plus a further 1% for each month the failure to file continues) or XCD 500 (plus XCD 100 for each month the failure to file continues).

Rulings: Rulings may be requested.

Individual taxation

Rates		
Individual income tax rate	Taxable income	Rate
	Up to XCD 24,000	10%
	Over XCD 24,000	28%
Capital gains tax rate		No capital gains tax

Residence: An individual is considered resident if the individual is physically present in Grenada for at least 183 days in a fiscal year.

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

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

Rates: The rate is 10% on the first XCD 24,000 and 28% on income exceeding this amount.

Capital gains: There is no capital gains tax.

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

Foreign tax relief: There is no foreign tax relief.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Joint filing is not permitted; individuals are required to file separately.

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

Penalties: A penalty of 20% of the tax owed applies for late payment of tax, plus 1.5% of the tax owed for every month the tax remains unpaid. The penalty for failure to file by the due date is the greater of 5% of the tax owed (plus a further 1% for each month the failure to file continues) or XCD 500 (plus XCD 100 for each month the failure to file continues).

Rulings: Rulings may be requested.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	15%	15%
Interest	15%	15%	15%	15%
Royalties	15%	15%	15%	15%
Fees for technical services	15%	15%	15%	15%

Dividends: Dividends paid to residents are exempt from withholding tax. Dividend distributions to nonresident companies and individuals are subject to withholding tax at a rate of 15% of the total dividend.

Interest: Interest paid to a resident or nonresident company or individual is subject to a 15% withholding tax rate.

Royalties: Royalties paid to a resident or nonresident company or individual are subject to a 15% withholding tax rate.

Fees for technical services: Technical service fees paid to a resident or nonresident company or individual are subject to a 15% withholding tax rate.

Branch remittance tax: There is no branch remittance tax.

Other: Certain other payments to a nonresident company or individual may be subject to a 15% withholding tax rate. Such payments may include but are not limited to, rental fees, lease premium fees, director's fees, and annuities or similar periodic payments.

Anti-avoidance rules

There are no anti-avoidance rules in Grenada.

Value added tax

Rates	
Standard rate	15%
Reduced rate	0%/10%
Increased rate	20%

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. Certain other goods and services may be zero-rated or exempt. The increased rate of 20% applicable within the telecommunications sector is reduced to 15% as from 1 February 2023.

Registration: The registration threshold is a total value of supplies of at least XCD 300,000 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.

Other taxes on corporations and individuals

Social security contributions: Employers contribute at a rate of 6.5% and employees at a rate of 5.5% of an employee's earnings. The contribution ceiling is XCD 5,000 per month.

Payroll tax: There is no payroll tax.

Capital duty: There is no capital duty.

Real property tax: Property tax is assessed on the market value of real property and ranges from 0% to 0.5%, depending on the property's use. There is a rate for land and a separate rate for buildings. An exemption of XCD 100,000 is provided on the building value of owner-occupied property; however, only one property per taxpayer can be granted the exemption.

Transfer tax: Transfer tax imposed on the transfer of real property ranges from 5% to 15%, depending on whether the property is being 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 will be payable on property values exceeding XCD 150,000. Nonresident purchasers must obtain an alien landholding license at a cost of 10% of the value of the property.

Stamp duty: A stamp duty of 1% applies in certain circumstances for both corporations and individuals.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax, but gifts may be subject to transfer tax (see "Transfer tax," above).

Other

Stamp tax

Stamp tax is paid on the gross income of a business as follows:

- 0% on amounts up to and including XCD 36,000;
- 0.5% on amounts in excess of XCD 36,000 up to and including XCD 299,999; and
- 0.7% on amounts equal to or greater than XCD 300,000.

Tax treaties: Grenada has a limited tax treaty network. It is a signatory to the CARICOM treaty.

Tax authorities: Inland Revenue Department

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