

International Tax St. Kitts & Nevis 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.

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: (1) incorporated in St. Kitts & Nevis; (2) registered as an external company in St. Kitts & Nevis; or (3) centrally managed and controlled in St. Kitts & Nevis.

Basis – A resident company is taxed on worldwide income. A nonresident company is taxed on income derived or sourced from St. Kitts & Nevis.

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

Taxation of dividends – Dividends paid to another resident company are not subject to withholding tax, but are subject to corporation tax. Dividends paid to a nonresident are subject to a 15% withholding tax.

Capital gains – Capital gains are not subject to tax unless the asset is sold within one year of purchase. The capital gains tax is the lower of half the effective St. Kitts & Nevis corporation tax rate for the year, or 20%.

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

Rate – The corporation tax rate is 33%.

Surtax – No

Alternative minimum tax – No

Foreign tax credit – Foreign tax credits normally are not granted, except in the case of taxes paid in a British Commonwealth country that grants similar relief for St. Kitts & Nevis taxes or where a tax treaty permits.

Participation exemption – No

Holding company regime – There is no specific holding company regime; however, resident companies that do business exclusively outside of St. Kitts and Nevis generally are exempt from taxation.

Incentives – Incentive regimes are available under the Fiscal Incentives Act, which provides tax holidays and other benefits for approved enterprises engaging in specific manufacturing activities. Incentives also are available under the Hotel Aids Act, which provides tax holidays and other benefits to companies engaged in hotel construction.

Withholding tax:

Dividends – There is no withholding tax on dividend payments to residents; a 15% withholding tax applies on payments to nonresidents.

Interest – There is no withholding tax on interest payments to residents; a 15% withholding tax applies on payments to nonresidents.

Royalties – There is no withholding tax on royalty

payments to residents; a 15% withholding tax applies on payments to nonresidents.

Technical service fees – There is no withholding tax on technical service fee payments to residents; a 15% withholding tax applies on payments to nonresidents.

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

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 0.2% to 0.3%, depending on the property's use and location.

Social security – Employers contribute 5% of employee earnings for social security (main scheme) and 1% of employee earnings for employment injury benefits. The contribution ceiling for the main scheme and employment injury benefits is XCD 6,500 per month. Employers also contribute 3% of employee earnings for the Housing and Social Development Levy and 1% of employee earnings for severance payments.

Stamp duty – See under "Transfer tax."

Transfer tax – Stamp duty on the transfer of real property ranges from 6% to 10%, depending on the consideration and/or the location of the property, and is payable by the seller. Nonresident purchasers must obtain an alien landholding license at a cost of the greater of 10% of the value of the property, or XCD 750. Stamp duty on the transfer of shares is 2%, and is payable by the seller.

Other – 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 by the 15th day of the fourth month after the company's year-end, along with financial statements.

Penalties – A penalty of 5% of the tax due is imposed for late filing. A penalty of XCD 100 for late filing is

imposed for each month the return is outstanding. A penalty of 10% of the tax due is imposed for late payment. For exempt companies, a penalty of XCD 1,000 for each month the return is outstanding is imposed for late filing.

Rulings – Rulings may be requested.

Personal taxation:

Basis – N/A, as there is no personal income tax

Residence – N/A

Filing status – N/A

Taxable income – N/A

Capital gains – See "Capital gains" under "Corporate taxation."

Deductions and allowances – N/A

Rates – N/A

Other taxes on individuals:

Capital duty – No

Stamp duty – See "Transfer tax" under "Other taxes on corporations."

Capital acquisitions tax – No

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

Inheritance/estate tax – No

Net wealth/net worth tax – No

Social security – Employees contribute 5% of earnings to social security, up to a contribution ceiling of XCD 6,500. The Housing and Development Levy also applies, at a rate of 3.5% on earnings up to XCD 6,500; 10% on earnings from XCD 6,500.01 to 8,000; and 12% on earnings in excess of XCD 8,000.

Other – Unincorporated Business Tax (UBT) is levied on the income of all unincorporated businesses. UBT on monthly receipts is 4% on the supply of goods valued over XCD 12,500, and 4% on the supply of services exceeding XCD 2,000. Monthly returns and payments must be submitted within 15 days of the end of each quarter.

Compliance for individuals:

Tax year – N/A, as there is no personal income tax

Filing and payment – N/A

Penalties – N/A

Value added tax:

Taxable transactions – VAT applies on the sale of goods or the supply of services within St. Kitts & Nevis, and on the import of goods into St. Kitts & Nevis.

Rates – The standard rate is 17% and a reduced rate of 10% applies within the tourism sector. Certain goods and services may be zero-rated or exempt.

Registration – The registration threshold is a total value of supplies exceeding XCD 96,000 for specific professional services, and XCD 150,000 for other business. Voluntary registration may be made at the discretion of the Comptroller of Inland Revenue.

Filing and payment – Returns and payments must be submitted by the 15th day of each calendar month.

The penalty for late filing is XCD 100 per month or part thereof that the return is late, and the penalty for late

payment is 10% of the tax due, plus 1.25% interest monthly.

Source of tax law: Various laws of St. Kitts and Nevis

Tax treaties: Treaties are in force with CARICOM, Monaco, Switzerland and the United Kingdom.

Tax authorities: Inland Revenue Department

Contact:

Tara Collymore-Kirton
(tcollymore-kirton@deloitte.com)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see <https://www.deloitte.com/about> to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients’ most complex business challenges. To learn more about how Deloitte’s approximately 225,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.