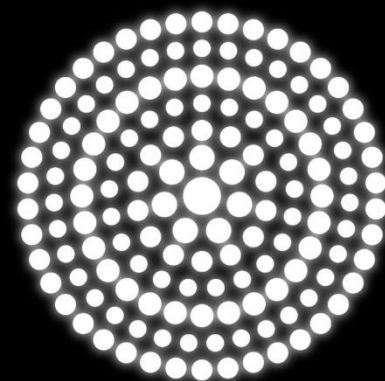


## International Tax St. Lucia Highlights 2020

Updated February 2020



### 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. Companies registered in St. Lucia can repatriate capital and profits free of charges on foreign exchange transactions. The invoicing of foreign trade transactions may be made in any currency.

**Accounting principles/financial statements** – 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. A company may be a limited liability company or a company without share capital.

### Corporate taxation:

#### Rates

<b>Corporate income tax rate</b>	30%
<b>Branch tax rate</b>	30%
<b>Capital gains tax rate</b>	0%

**Residence** – A company is deemed to be resident if it is incorporated or registered as an external company in St. Lucia or centrally managed and controlled in St. Lucia.

**Basis** – Both resident and nonresident companies are taxed only on income derived in or sourced from St. Lucia. Branches are taxed in the same way as subsidiaries.

**Taxable income** – Taxable income is comprised of income from trading, interest income, rent, royalties, etc. Expenses incurred for the purpose of generating taxable income generally are deductible, with certain exceptions.

**Rate** – 30%

**Surtax** – No

**Alternative minimum tax** – No

**Taxation of dividends** – Dividends paid to a resident or a nonresident are not subject to tax.

**Capital gains** – No

**Losses** – Losses may be carried forward for up to six years, but only 50% of taxable income may be offset by losses. The carryback of losses is not permitted.

**Foreign tax relief** – A resident taxpayer is entitled to a tax credit for income tax paid on foreign income. The credit is limited to the lesser of the tax charged in St. Lucia on the income and the tax payable in the other country.

**Participation exemption** – No

**Holding company regime** – There is no holding company regime in St. Lucia. IBCs are taxed only on St. Lucia-source income.

**Incentives** – IBCs are taxed at a 30% rate on St. Lucia-source income. Under the Fiscal Incentives Act, approved enterprises engaged in the manufacture of an approved product are granted tax holidays and are exempt from import duties. The Tourism Incentive Act grants tax and import duty exemptions on approved tourism projects.

### 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 in a group must file a separate tax return.

**Filing and payment** – The tax return must be filed within three months of the end of the fiscal year and be accompanied by the financial statements and payment of tax due.

Advance payments of tax are due on 25 March, 25 June and 25 September and are based on one-third of the prior year's tax liability.

**Penalties** – The penalty for failure to file a return is an amount equal to 5% of the tax payable. A 10% penalty applies where the tax liability is not paid by the due date. Interest at a rate of 12.5% per year also applies to any penalty and tax outstanding.

**Rulings** – The tax authorities may issue rulings upon the request of a taxpayer.

### Individual taxation:

---

#### Rates

---

Individual income tax rate	Taxable income	Rate
	Up to XCD 833.33	10%
	XCD 833.34 – 1,666.66	20%
	Over XCD 1,666.676	30%

---

<b>Capital gains tax rate</b>	0%
-------------------------------	----

**Residence** – Individuals are considered ordinarily resident if their permanent place of abode is in St. Lucia and they are physically present in St. Lucia for some period of time in the income year. Individuals whose permanent home is not in St. Lucia but who are physically present in St. Lucia for more than 183 days in the income year are considered resident but not ordinarily resident.

**Basis** – Resident and nonresident individuals are taxed on income derived in or sourced in St. Lucia.

**Taxable income** – Taxable income includes income from employment and business income, interest, royalties, rent, etc., less allowable deductions and allowances.

**Rates** – The individual income tax rates are progressive up to 30%: 10% on the first XCD 833.33, 20% on the second XCD 833.33, and 30% thereafter.

**Capital gains** – Capital gains are not subject to tax.

**Deductions and allowances** – A personal allowance of XCD 23,000 is granted to the taxpayer.

**Foreign tax relief** – A resident taxpayer is entitled to a tax credit for income tax paid on foreign income. The credit is limited to the lesser of the tax charged in St. Lucia on the income and the tax payable in the other country.

### Compliance for individuals:

**Tax year** – Calendar year

**Filing status** – Joint filing is not permitted; each individual must file a tax return.

**Filing and payment** – The tax return must be filed by 31 March and the balance of tax paid at the time the return is filed. A Pay As You Earn system is used to deduct tax from the salaries of employees.

**Penalties** – The penalty for failure to file a return is an amount equal to 5% of the tax payable. A 10% penalty applies where the tax liability is not paid by the due date. Interest at a rate of 12.5% per year also applies to any penalty and tax outstanding.

**Rulings** – The tax authorities may issue rulings upon the request of a taxpayer.

### Withholding tax:

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
<b>Dividends</b>	0%	0%	0%	0%
<b>Interest</b>	10%	10%	15%/25%	15%/25%
<b>Royalties</b>	10%	10%	15%/25%	15%/25%
<b>Fees for technical services</b>	10%	10%	15%/25%	15%/25%

**Dividends** – St. Lucia does not levy withholding tax on dividends.

**Interest** – The withholding tax on interest paid to a resident is 10%. The rate is 15% if paid to a resident of the CARICOM and 25% to nonresidents.

**Royalties** – The withholding tax on royalties paid to a resident is 10%. The rate is 15% if the royalties are paid to a resident of CARICOM and 25% if paid to other nonresidents.

**Fees for technical services** – The withholding tax on technical service fees paid to a resident is 10%. The rate is 15% if the fees are paid to a resident of CARICOM and 25% if paid to other nonresidents.

**Branch remittance tax** – No

**Other** - A withholding tax of 10% is imposed on withdrawals from a pension fund or an insurance policy that is less than 10 years old.

#### Anti-avoidance rules:

**Transfer pricing** – No

**Interest deduction limitations** – No

**Controlled foreign companies** – No

**Hybrids** – No

**Economic substance requirements** – No

**Disclosure requirements** – No

**Exit tax** – No

**General anti-avoidance rule** – No

#### Value added tax:

---

##### Rates

---

<b>Standard rate</b>	12.5%
<b>Reduced rate</b>	0%/10%

---

**Taxable transactions** – VAT is levied on the sale of goods and the supply of services in St. Lucia and the import of goods into St. Lucia.

**Rates** – The standard rate is 12.5%, with a reduced rate of 10% applying to goods and services supplied by hotels. Certain goods and services are zero-rated or exempt.

**Registration** – A person must register for VAT where the total value of supplies in a year exceeds XCD 400,000. Voluntary registration also is available.

**Filing and payment** – A monthly VAT return and payment must be submitted by the 21st day of the following month.

The penalty for failure to file a return is XCD 250 for every month the liability remains outstanding. In addition, a 10% penalty applies where the tax liability is not paid by the due date. Interest of 1.25% monthly also applies to any penalty and tax outstanding.

### Other taxes on corporations and individuals:

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the federal level.

**Social security contributions** – Both employees and employers must contribute 5% of employee earnings to social security, up to XCD 5,000 per month.

**Payroll tax** – No

**Capital duty** – No

**Real property tax** – A 0.4% tax is imposed on commercial property. Tax at a rate of 0.25% is imposed on residential property. A suspension of the residential real property tax has been proposed for the three-year period from tax year 2017 to 2020.

**Transfer tax** – Transfer tax on the sale of real property is 2.5% to 5% for the seller and 2% for the purchaser. The transfer of shares is subject to a 0.5% transfer tax; however, if 75% or more of a company's assets consist of real property, the normal rates apply.

Nonresidents purchasing real property in St. Lucia must obtain an alien landholding license, payable at a rate of 7.5% of the value of the property.

**Stamp duty** – Stamp duty is charged on any document that evidences a legal or contractual relationship between two or more parties. There are exemptions from stamp duty for IBCs on instruments relating to:

- Transfers of property;
- Transactions in respect of debt and other securities; and
- The assets or activities of the company.

**Net wealth/worth tax** – No

**Inheritance/estate tax** – No

**Other** – Imported goods are subject to customs duties according to the CARICOM Common External Tariff.

**Tax treaties:** St. Lucia has treaties in force with the CARICOM, Canada, Denmark, Norway, Sweden, Switzerland, the UK, and the US.

**Tax authorities:** Inland Revenue Department

---

### Contact:

Tara Collymore-Kirton

([tcollymore-kirton@deloitte.com](mailto:tcollymore-kirton@deloitte.com))

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") 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 representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2020. For information, contact Deloitte Touche Tohmatsu Limited.