

## International Tax St Vincent Highlights 2017



### Investment basics:

**Currency** – The 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 limited liability company, a company without share capital, partnership, International Business Company (IBC), international banks and a trust. A company may be a limited liability company or a company without share capital.

### Corporate taxation:

**Residence** – A company is considered resident if it is incorporated or registered in St. Vincent & the Grenadines or centrally managed and controlled there.

**Basis** – A resident company is taxed on worldwide income. A nonresident company is taxed on income derived or sourced from St. Vincent & the Grenadines.

**Taxable income** – Taxable income is assessable income less allowable deductions.

**Taxation of dividends** – Dividends paid to residents and nonresidents are not subject to tax.

**Capital gains** – No

**Losses** – Losses may be carried forward up to five years but they may only reduce the taxable income by 50%. The carryback of losses is not permitted.

**Rate** – 32.5%

**Surtax** – No

**Alternative minimum tax** – No

**Foreign tax credit** – Foreign tax credits are granted at the lesser of the tax charged in St. Vincent & the Grenadines on the income and the tax payable in the other country.

**Participation exemption** – No

**Holding company regime** – There is no typical holding company regime, but a special tax regime applies to IBCs.

**Incentives** – IBCs can elect to be liable to income tax on profits and gains at a rate of 1% or to be exempt from income tax. Under the Fiscal Incentives Act (FIA), approved enterprises engaged in the manufacturing of approved products are granted a tax holiday and an exemption from import duties.

### Withholding tax:

**Dividends** – St. Vincent & the Grenadines does not levy withholding tax on dividends.

**Interest** – The withholding tax on interest paid to a resident of a CARICOM country is 15%, and 20% when paid to a resident of any other country. No tax is withheld on interest paid to a resident of St. Vincent & the Grenadines.

**Royalties** – The withholding tax on royalties paid to a resident of a CARICOM country is 15%, and 20% when paid to a resident of any other country or to a resident of St. Vincent & the Grenadines.

**Technical service fees** – The withholding tax on technical service fees paid to a resident of a CARICOM country is 15%, and 20% when paid to a resident of any other country or to a resident of St. Vincent & the Grenadines.

**Branch remittance tax** – A branch tax applies to remittances to a resident of a CARICOM country, and 20% on remittances to a resident of any other country.

#### Other taxes on corporations:

**Capital duty** – No

**Payroll tax** – No

**Real property tax** – A 5% tax is imposed annually on the market value of property. The tax must be paid between 1 July and 30 September.

**Social security** – The employer contributes 5.5% of employee earnings up to a ceiling of XCD 4,333 per month.

**Stamp duty** – Stamp duty is charged on any document that evidences a legal or contractual relationship between two or more parties.

**Transfer tax** – Transfer tax on the sale of immovable property and the transfer of shares is 5% for both the buyer and the seller. Nonresident purchasers of immovable property or those wishing to be a director or shareholder of a company must obtain an alien landholding license.

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

**Filing requirements** – Tax instalments are due on 31 March, 30 June and 30 September and 31 December and are based on 1/4 of the last tax return filed. The annual tax return must be filed within three months of the fiscal year end of the company, along with financial statements and payment of any tax due. An extension may be granted at the discretion of the Comptroller of Inland Revenue.

**Penalties** – Penalties apply for noncompliance.

#### Personal taxation:

**Basis** – Resident individuals are taxed on world income, but only to the extent received in St Vincent & the

Grenadines if they are not ordinarily resident there. Such taxable income includes income generated from St. Vincent & the Grenadines and income from activities performed there.

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

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

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

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

**Deductions and allowances** – There is a personal allowance of XCD 18,000.

**Rates** – 10% on the first XCD 5,000, 20% on the second XCD 5,000, 30% on the next XCD 10,000 and 32.5% thereafter.

#### Other taxes on individuals:

**Capital duty** – No

**Stamp duty** – Stamp duty is charged on any document that evidences a legal or contractual relationship between two or more parties.

**Capital acquisitions tax** – No

**Real property tax** – A rate of 0.008% is imposed on the market value of residential property.

**Inheritance/estate tax** – No

**Net wealth/net worth tax** – No

**Social security** – Employees contribute to social security at a rate of 4.5% of earnings. The contribution ceiling is XCD 4,333 per annum.

**Other** – Non-citizens are required to obtain an alien landholding license to own real estate or be a director or shareholder of a company. The rate for real estate is 4%-10% of the value of the property.

#### Compliance for individuals:

**Tax year** – Calendar year

**Filing and payment** – The tax return must be filed by 31 March, with tax paid on the same date. A Pay As You Earn (PAYE) system is used to deduct tax from the salaries of employees.

**Penalties** – Penalties apply for noncompliance.

#### Value added tax:

**Taxable transactions** – VAT is levied on the sale of goods or the supply of services within St. Vincent & the Grenadines and the import of goods into the island.

**Rates** – The standard rate is 15% and a reduced rate of 10% applies to goods and services supplied by hotels. Certain goods and services may be zero-rated or exempt.

**Registration** – Registration is mandatory where the annual total value of supplies exceeds XCD 120,000. Voluntary registration also is possible.

**Source of tax law:** Various Laws of St. Vincent and the Grenadines

**Filing and payment** – Monthly returns and payments must be submitted by the 15<sup>th</sup> day of the following month.

**Tax treaties:** Treaties are in force with CARICOM

**Tax authorities:** Inland Revenue Department

**Contact:**

Tara Collymore-Kirton  
([tcollymore@deloitte.com](mailto:tcollymore@deloitte.com))

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