

## International Tax St. Vincent Highlights 2018



### 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 bank and trust.

### 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 or 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, 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% on interest 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% on royalties 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% on technical service fees 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 the 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 installments are due on 31 March, 30 June, 30 September and 31 December and are based on one-quarter 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.

**Rulings** – Rulings may be requested.

#### Personal taxation:

**Basis** – Resident individuals are taxed on worldwide 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 16% and a reduced rate of 11% applies to goods and services supplied by hotels and the rental of berthing space from marinas and shipyards. Certain goods and services may be zero-rated or exempt.

**Registration** – Registration is mandatory where the annual total value of supplies exceeds XCD 300,000. Voluntary registration also is possible.

**Filing and payment** – Monthly returns and payments

must be submitted by the 15<sup>th</sup> day of the following month.

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

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

**Tax authorities:** Inland Revenue Department

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