

# St. Vincent & the Grenadines TAX GUIDE

Article Courtesy of:

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## TAXATION IN ST VINCENT & THE GRENADINES

The island of St. Vincent also uses the Eastern Caribbean dollar (XCD). The monetary authority is the Eastern Central Bank which extends no boundaries on foreign exchange transactions. Additionally, the accounting principles that govern the country's financial proceeds are the International Financial Reporting Standards, alongside the country's practices.

### Principal Business Entities

These are limited liability company, a company without share capital, partnership, International Business Company (ICB), international bank and trust.

## CORPORATE & PERSONAL TAXATION:

### Residence

A company is considered a resident company if it is incorporated /registered in the country or the business is primarily managed and controlled there. A corporation is taxed on worldwide income at a rate of 32.5% and a non resident corporation, on the other hand, is taxed on income that emanates from St Vincent and the Grenadines.

Residence in terms of personal taxation, refers to an individual who is physically present 183 days or more in a calendar year. Individuals like corporations, are taxed on the worldwide income, however, it is only to the extent received in the country. This tax income is generated from St. Vincent & the Grenadines and comes from proceedings that transpired there. The rates for personal taxation are disparate from corporations based on the fact that the rates are paid at intervals. This means that there are 10% on the first XCD 5,000, 20% on the second, 30% on the following XCD of 10,000 and 32% thereafter.

### **Taxable Income**

Taxable income is the same for both Personal and Corporate taxation, and this is taxable income that is assessed less allowable deductions and allowances.

### **Taxation of Dividends**

Taxation of dividends are only paid by corporations and dividends paid by both residents and nonresidents are subject to tax.

### **Capital Gains**

Capital gains are not subject to tax in St Vincent and the Grenadines.

### **Losses**

Corporations are permitted to carry losses forward for up to five years, but may reduce the taxable income by 50%. The carryback of losses are not permissible.

There are no tax levied on taxes such as Surtax, Alternative minimum tax, Participation exemption and Holding regime which are also taxes that are affiliated with corporate taxation.

### **Incentives**

IBCs can elect to be liable to income tax on profit and gains at a rate of 1% or to be exempt from income tax. Approved enterprises engaged in the manufacturing of approved products are issued a tax holiday and an exemption from import duties under the Fiscal Incentives Act.

### **Foreign tax credit**

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

### **Filing Status**

Joint filing of spouses are not permitted in personal taxation. However, each individual must file for a tax return separately.

### **Deductions and Allowances**

Under the personal taxation regimen, there is a personal allowance of XCD 18,000 for individuals.

## WITHHOLDING TAX

### Dividends

Withholding Tax is not levy on dividends in St Vincent and the Grenadies.

### 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 and the Grenadies.

### 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 Grenadies.

### Technical service fees

The same concept about CARICOM applies to technical service fees at a rate of 15% and 20%.

### Branch Remittance tax

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

### Value added tax

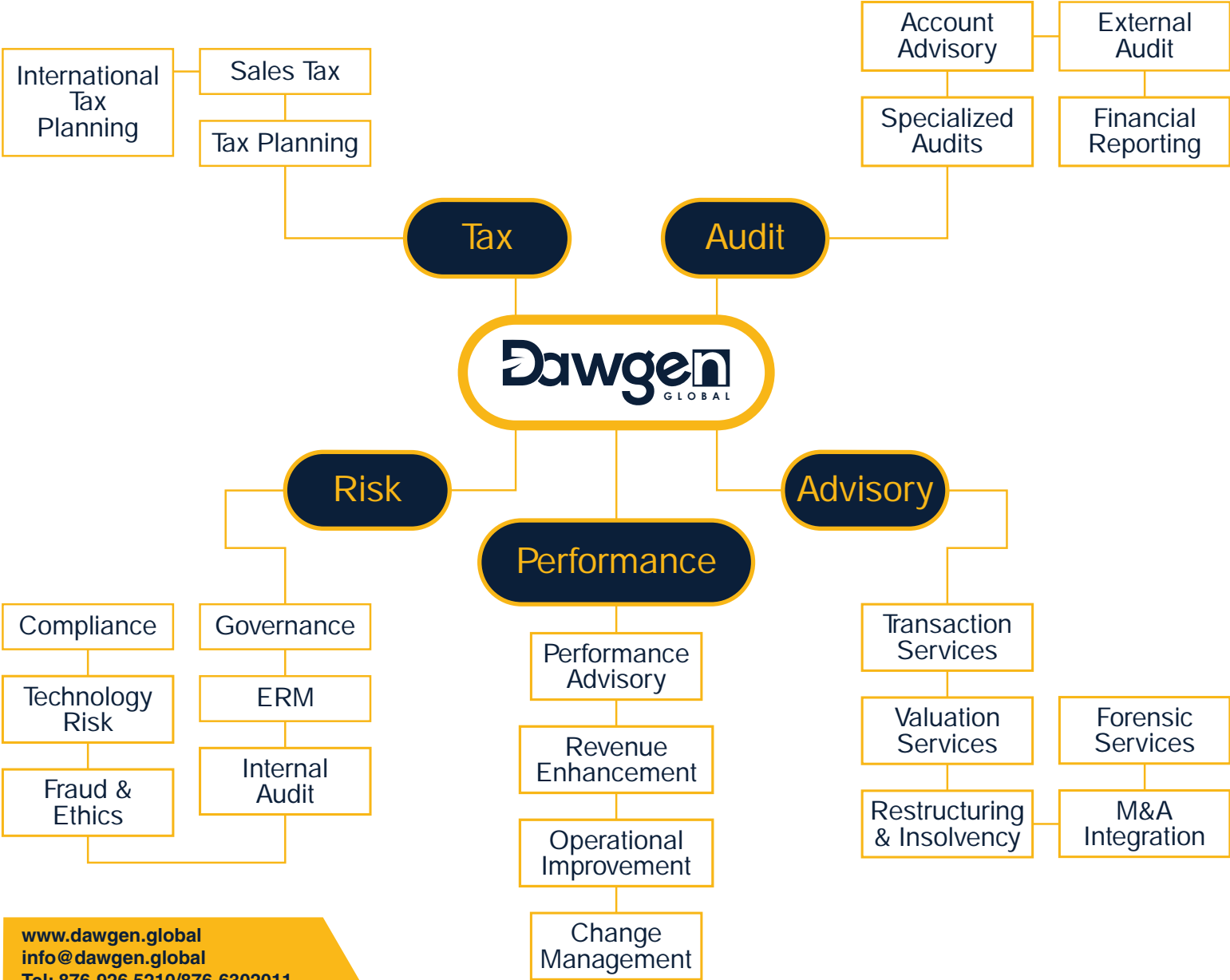
Value added tax is affiliated with personal taxation and is imposed on the sale of goods or the supply of services at a standard rate of 16%. A reduced rate of 11% for hotels, marinas and shipyards. The registration is mandatory where an annual total value of supplies exceeds XCD 300,000.

## OTHER TAXES ON CORPORATIONS AND INDIVIDUALS

TAX TYPES	CORPORATIONS	PERSONAL
Capital Duty	No	No
Stamp Duty	charged on any legal or contractual documents	same applies
Real Property Tax	5% annually on the market value of property paid every July 1 and September 30th.	0.008% on the market value of resident properties.
Social Security	Employer contributes 5.5% of employee earnings upto a ceiling of XCD 4,333 per month.	employees pay a rate of 4.5% of their earnings with the same price ceiling as corporations.
Personal Payroll Tax	No	No
Transfer Tax	5% for immovable property and transfer tax. A nonresident purchaser must obtain an alien landholding license.	No
Capital Acquisition tax	No	No
Inheritance/estate Tax	No	No
Net wealth/net worth tax	No	No
Other	Imported goods are subject to custom duties according to the CARICOM Common External Tariff.	4% -5% of the value of property. Non residents need an alien landholding license.

TAX TERMS	CORPORATIONS	PERSONAL
Tax year	Company's fiscal year-end	Calendar year
Filing Requirements	Tax installments are due on the 30 and 31 of March, September and December and are based on one-quarter of the last return.	Must be filed by March 31, with tax paid on the same due date. A PAYE system is used to deduct tax from employee's salaries.
Consolidated Returns	Not permitted, each company must file for tax return separately.	N/A
Penalties	Penalties apply for non compliance.	Penalties apply for non compliance.
Rulings	Rulings may be requested.	N/A







## ABOUT DAWGEN GLOBAL

Dawgen Global is an integrated multidisciplinary professional service firm in the Caribbean Region. We are integrated as one Regional firm and provide several professional services including: audit, accounting, tax, Information Technology, Risk, HR Solution, Performance, M&A, corporate finance and other advisory services.

Our Caribbean regional network covers Jamaica, Trinidad and Tobago, Bahamas, Bermuda, the Cayman Islands, the Eastern Caribbean (Barbados, Antigua, St Lucia, Grenada, and St Kitts & Nevis), the Netherlands Antilles (Bonaire, Curacao, and St Maarten) and Aruba and the Turks and Caicos Islands.

Our regional focus is to improve services to local, regional and international clients. Through our affiliation and membership in other Global Networks and Associations, we offer a global perspective while maintaining our regional insight by seeking alternatives for you – we tap the power of both.

Our multidisciplinary teams of professionals leverage a wealth of industry-tailored, practical approaches to help you discover opportunities for your business. Whether your organization is strong and healthy, under stress or facing difficult choices, we work with you to find financial, strategic and operational solutions that improve your liquidity, financial flexibility and stakeholder returns. We're here to help you build a sustainable business – in the short and long-term.

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