

Grenada **TAX GUIDE**

Article Courtesy of:

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INVESTMENT BASICS

Currency

Grenada's currency is the Eastern Caribbean Dollar (XCD)

Accounting Principles/ financial statement 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 (IBC), international business company and trust.

CORPORATE TAXATION:

Grenada regards Residence as a company being incorporated in the country that is primarily managed and controlled in the country. Based on Grenada's tax regime, tax is levied on a resident company from worldwide income while a non-resident is taxed on income is derived from or sourced from Grenada. The rate at which all companies pay taxes is thirty percent (30%).

Taxable Income

Taxable income is calculated as net profit before tax, adjusted for nondeductible expenses and allowable deductions. There is also a zero-rated income tax regime on resident corporations in the country. The table summarizes below summarizes this.

Zero-rated income taxes:

Taxation Of Dividends	No
Capital Gains	No
Foreign Tax Credit	No
Surtax	No
Alternative Minimum Tax	No
Foreign Tax Credit	No
Participation Exemption	No
Holding Company Regime	No

Losses

Losses can be brought forward for up to three years. Losses utilized may offset only 50% of the taxable income in any year. The carryback of losses is not permitted.

Incentives

Incentive regimes are available under the Fiscal Incentives Act, Qualified Enterprise Act and Hotel Aids Act.

International Business Company (IBCs)

International businesses are exempt from corporation tax, income tax, withholding tax and alien landholding tax for their 20 years.

Withholding Tax

Taxes at the rate of 15% are required to be deducted from payments to nonresidents of interest or Discounts, Royalties, Annuities, Technical service fees, Branch remittance, inter alia. The tax so deducted shall be paid to the Comptroller within seven days from the date of the payment to the payee.

PERSONAL TAX:

Resident individuals are taxed on their income derived from Grenada. Nonresident are taxed on income derived or sourced in Grenada at a rate of 10% on the first XCD 24,000 and 30% on income exceeding the amount aforementioned. Residence in terms of personal taxation is an individual who is physically present in Grenada for at least 183 days in a fiscal year.

Filing status

Joint filing is prohibited in Grenada, thus, each individual has to file for a tax return.

Taxable Income

Taxable income in Grenada constitutes the employment and business income after allowable deductions and allowances.

Deduction and Allowances

The Government of Grenada grants a personal allowance of XCD 36,000.

Value added tax

VAT applies on the sale of goods or services or import of goods in Grenada. The standard rate for VAT is 15%,

however, a reduced rate of 10% and 20% is applied to the tourist sector and telecommunications sector respectively. There is also a zero- rate on some goods or services or they are exempted from this tax levy.

Registration

The registration threshold is a total value of supplies exceeding XCD 120,000 per annum. The comptroller may use his/her discretion to permits voluntary registration.

OTHER TAXES ON CORPORATE AND PERSONAL TAXATION

TAX TYPE	CORPORATIONS	PERSONAL
Capital Duty	No	No
Stamp Duty	1%	No
Social Security	Employers 5% matching Employees 4% withholding *The contribution ceiling is XCD 5,000 per month.	Employers 5% matching Employees 4% withholding *The contribution ceiling is XCD 5,000 per month.
Real Property Tax	0%- 0.5% *Separate rates apply to land buildings. An exemption of XCD 100,000 IS provided on the building value of owner- occupied property. * The exemption is limited to one property per taxpayer.	
Payroll Tax	No	N/A
Transfer Tax	*Property transfer tax is based on the value of the property exceeding ECD20, 000 (US\$7,407). The tax rate is different for citizens of Grenada and non-citizens. *A citizen selling a property pays 5% transfer tax. A non-citizen selling a property pays 15% transfer tax. *A non-citizen buying a property pays 10% transfer tax.	
Inheritance/estate Tax	No	No
Net wealth/net worth tax	N/A	No

TAX TYPES	TAX YEAR	FILING REQUIREMENTS	CONSOLIDATED RETURNS	PENALTIES	RULINGS
CORPORATIONS	Based on the company's fiscal year.	Tax return must be filed within 3 months of the company's fiscal year end, along with the financial statements.	Not permitted; each company must file its own return	10% or XCD 100 for the tax owed Additional 1% of the tax owed for each month.	The tax authorities will issue rulings.
PERSONAL	Calendar Year	Tax return must be filed for by 31 of March following year. A PAYE system is also used.	N/A	Interest of 2% applies each month the balance of tax due is outstanding.	

COMPLIANCE FOR CORPORATIONS AND PERSONAL

Compliance for both individuals and corporations are disparate based on the Tax year, Penalties, inter alia. The table below summarizes this.

ANTI- AVOIDANCE RULES

Anti-avoidance rules are measures that are implemented to prevent the practice of using legal means to reduce the amount of tax imposed. There are no anti- avoidance rules on Transfer pricing, Thin capitalization, Controlled foreign companies and Disclosure requirements in Grenada.



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