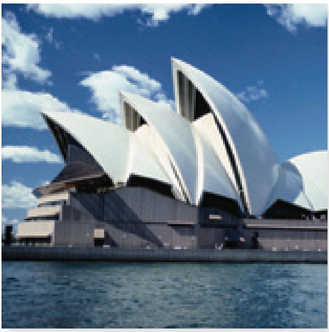
PKF



Grenada Tax Guide

2013

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PFK member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PKF member firm will provide you with the advice you need to make the right decisions for your international business.

Richard Sackin
Chairman, PKF International Tax Committee
Eisner Amper LLP
richard.sackin@eisneramper.com

IMPORTANT DISCLAIMER

This publication should not be regarded as offering a complete explanation of the taxation matters that are contained within this publication.
This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisors, and ensuring that such advice specifically relates to their particular circumstances.

PKF International is a network of legally independent member firms administered by PKF International Limited (PKFI). Neither PKFI nor the member firms of the network generally accept any responsibility or liability for the actions or inactions on the part of any individual member firm or firms.

PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

PKF INTERNATIONAL LIMITED
MAY 2013

ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have $2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

Assurance & Advisory
Insolvency – Corporate & Personal
Financial Planning/Wealth management
Taxation
Corporate Finance
Forensic Accounting
Management Consultancy
Hotel Consultancy
IT Consultancy

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.

STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES
COMPANY TAX
CAPITAL GAINS TAX
BRANCH PROFITS TAX
SALES TAX/VALUE ADDED TAX
FRINGE BENEFITS TAX
LOCAL TAXES
OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES
DEPRECIATION
STOCK/INVENTORY
CAPITAL GAINS AND LOSSES
DIVIDENDS
INTEREST DEDUCTIONS
LOSSES
FOREIGN SOURCED INCOME
INCENTIVES

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAX

G. EXCHANGE CONTROL

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A
Algeria . . . . 1 pm
Angola . . . . 1 pm
Argentina . . . . 9 am
Australia -
- Melbourne . . . . 10 pm
- Sydney . . . . 10 pm
- Adelaide . . . . 9.30 pm
- Perth . . . . 8 pm

Austria . . . . 1 pm

B
Bahamas . . . . 7 am
Bahrain . . . . 3 pm
Belgium . . . . 1 pm
Belize . . . . 6 am
Bermuda . . . . 8 am
Brazil . . . . 7 am
British Virgin Islands . . . . 8 am

C
Canada -
- Toronto . . . . 7 am
- Winnipeg . . . . 6 am
- Calgary . . . . 5 am
- Vancouver . . . . 4 am

Cayman Islands . . . . 7 am
Chile . . . . 8 am
China - Beijing . . . . 10 pm
Colombia . . . . 7 am
Cyprus . . . . 2 pm
Czech Republic . . . . 1 pm

D
Denmark . . . . 1 pm
Dominican Republic . . . . 7 am

E
Ecuador . . . . 7 am
Egypt . . . . 2 pm
El Salvador . . . . 6 am
Estonia . . . . 2 pm

F
Fiji . . . . 12 midnight
Finland . . . . 2 pm
France . . . . 1 pm

G
Gambia (The) . . . . 12 noon
Germany . . . . 1 pm
Ghana . . . . 12 noon
Greece . . . . 2 pm
Grenada . . . . 8 am
Guatemala . . . . 6 am
Guernsey . . . . 12 noon
Guyana . . . . 7 am

H
Hong Kong . . . . 8 pm
Hungary . . . . 1 pm

I
India . . . . 5.30 pm
Indonesia . . . . 7 pm
Ireland . . . . 12 noon
Isle of Man . . . . 12 noon
Israel . . . . 2 pm
Italy . . . . 1 pm

J
Jamaica . . . . 7 am
Japan . . . . 9 pm
Jordan . . . . 2 pm

K
Kenya . . . . 3 pm

L
Latvia . . . . 2 pm
Lebanon . . . . 2 pm
Luxembourg . . . . 1 pm

M
Malaysia . . . . 8 pm
Malta . . . . 1 pm
Mexico . . . . 6 am
Morocco . . . . 12 noon

N
Namibia . . . . 2 pm
Netherlands (The) . . . . 1 pm
New Zealand . . . . 12 midnight
Nigeria . . . . 1 pm
Norway . . . . 1 pm

O
Oman . . . . 4 pm

P
Panama . . . . 7 am
Papua New Guinea . . . . 10 pm
Peru . . . . 7 am
Philippines . . . . 8 pm
Poland . . . . 1 pm
Portugal . . . . 1 pm

Q
Qatar . . . . 8 am

R
Romania . . . . 2 pm

Russia -

Moscow . . . . .3 pm
St Petersburg. . . . . .3 pm

S

Singapore . . . . .7 pm
Slovak Republic . . . . .1 pm
Slovenia . . . . .1 pm
South Africa. . . . . .2 pm
Spain . . . . .1 pm
Sweden. . . . . .1 pm
Switzerland . . . . .1 pm

T

Taiwan .8 pm
Thailand . . . . .8 pm
Tunisia . . . . 12 noon
Turkey. .2 pm
Turks and Caicos Islands . . . . . . .7 am

U

Uganda .3 pm
Ukraine .2 pm
United Arab Emirates . . . . .4 pm
United Kingdom . . . .(GMT) 12 noon
United States of America -

New York City. . . . . .7 am
Washington, D.C. . . . . .7 am
Chicago. . . . . .6 am
Houston. . . . . .6 am
Denver . . . . .5 am
Los Angeles. . . . . .4 am
San Francisco . . . . .4 am

Uruguay . . . . .9 am

V

Venezuela . . . . .8 am

Z

Zimbabwe . . . . .2 pm

Time Zones

GRENADA

Currency: Dollar (EC$)	Dial Code To: 1473	Dial Code Out: 011

Member Firm:

City:	Name:	Contact Information:
St George's	Henry A Joseph	440 4979 hjoseph.pkf@caribsurf.com

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES

COMPANY TAX

Grenadian resident companies are liable to income tax on all sources of non-exempt income wherever arising. A company is regarded as resident in Grenada if its central management and control is located and exercised in Grenada or if it was incorporated in Grenada. A non-resident company is taxed on income of a branch carrying on a trade or business in Grenada, i.e. the income arises in Grenada.

The rate of tax on companies is 30%. The tax year or 'year of assessment' is a period of 12 months commencing on 1 January in each year. Companies are assessed tax on their income that arises in the basis period. Where the company usually makes up its accounts for a period other than the calendar year, this period will be substituted for the calendar year. The company is expected to submit its tax return by the end of March or three months following the year of assessment and pay any balance of tax due. The company is required by law to make monthly advance payments of income tax based on the results of the preceding year (estimated tax). Any balance of tax is due and payable when the return is filed.

CAPITAL GAINS TAX

There is no income tax on capital gains secured on the disposal of capital assets. However, there is a transfer property tax of 5% of the value of property sold with or without improvement.

There is also an aliens' landholding tax: for foreign company buying into local company, the foreigner pays 15% and the local pays 10%. For a foreign company buying into another foreign company, each pays 15%.

There is a 1% stamp duty charge.

BRANCH PROFITS TAX

Branches of non-resident corporation or companies doing business in Grenada are taxed on the profits arising in Grenada. The rate of tax is 30%.

SALES TAX/VALUE ADDED TAX

A new value added tax was introduced on 1 February 2010. The tax is on the sale of goods and services at the rate of 15% except for accommodation at hotels which is at 10% and telecommunications services at 20%. The tax applies to both input and output so that at the end of a month a credit may be claimed where the input is greater than the output.

LOCAL TAXES

National Insurance is payable on emoluments up to a maximum of EC$ 4,250 per month at rate of 4% from the employee (EC$ 170) and 5% from employer (EC$ 212.50. This compulsory contribution made both by employer and employee goes towards the provision of a pension at age 60 for women and 65 for men

Stamp tax is paid on the gross income of businesses. The rates are as follows:

Gross annual income of over EC$30,000 but less than EC$100,000	0.25%
Gross annual income exceeding EC$100,000	0.5%

The charge shall not be less than EC$100 and is payable by 31 March of each year.

OTHER TAXES

Common External Tariff (CET) and Customs Service Charge (CSC) are imposed.

CET: 5% to 40% on the CIF value of the landed price of goods purchased outside of CARICOM.

Property tax is ad valorem, i.e. the property is assessed at market value and a taxable rate is applied based on the land use classification.

Category	Land rate %	Building rate %
Agricultural	0.0	0.0
Amenity	0.1	0.1
Commercial	0.5	0.3
Hotel	0.3	0.02
Industrial	0.3	0.2
Institutional	0.1	0.1
Residential	0.1	0.15
Reserve	0.1	0.0
Waste	0.1	0.0

B. DETERMINATION OF TAXABLE INCOME

The chargeable income of a company is determined by deducting all non-capital disbursement and expenses wholly and exclusively incurred in acquiring the income from all taxable income brought into charge. Domestic and private expenses are not allowable. Special deductions include the following.

CAPITAL ALLOWANCES

Capital allowances are granted for depreciation of equipment, plant and machinery and other assets used in the business at the following rates per annum:

Plant, machinery and equipment	10%
Air conditioning units, computers, elevators, ships, and other vessels	16.66%
Motor vehicles other than heavy vehicles	20%
Aircraft and equipment, heavy plant and machinery, public transport	25%

STOCK/INVENTORY

Stock and work-in-progress are valued at the lower of cost or net realisable value.

CAPITAL GAINS AND LOSSES

Capital gains are not taxed in Grenada.

DIVIDENDS

Dividends are not taxed in Grenada.

INTEREST DEDUCTIONS

Interest paid upon any money borrowed on capital employed in acquiring the income is deductible.

LOSSES

Losses sustained in a trade, profession or business on the Island or through the ownership or occupation of land situated on the Island are allowed as expenses in arriving at the chargeable income of the person sustaining the loss. The loss should not be a capital loss. The loss is available to be set off against other income arising in the year of assessment and may be carried forward and deducted in ascertaining the assessable income of the current and following years or until the assessed loss has been fully allowed, whichever is earlier. The deduction shall not exceed one half of the assessable income of the subsequent years.

FOREIGN SOURCED INCOME

Where income arises outside Grenada and such income is derived from any act incidental to business carried on in Grenada, such income shall be included in the assessable income of the business in Grenada whether received in Grenada or not. This includes:

(a) branch or agency profits from business outside Grenada
(b) interest, royalties and rents outside Grenada.

INVESTMENT ALLOWANCE/INCENTIVES

The Government of Grenada encourages the establishment and development of new businesses and offers a wide range of incentives to potential investors. All of these incentives and concessions are designed to make investments more profitable. Concessions are available under the following various enactments:

- Fiscal Incentives Act 1974
- Qualified Enterprise Act
- Investment Code Incentive Law 1983
- Hotels Aid Act 1954
- Common External Tariff (SRO 37/99)
- General Consumption Tax Act 7/95.

TOURISM SECTOR

There is full exemption from taxes on corporate profits for up to ten years. There is also exemption from customs duties (CET) and taxes (GCT) on articles of hotel equipment to equip and upgrade the hotel property, service vehicles, material for construction, repair, renovation or alteration to hotel properties.

MANUFACTURING SECTOR

There is full exemption from taxes on corporate profits for up to 15 years. There is also exemption from customs duties (CET) and taxes (GCT) on plant, machinery, equipment (including equipment for the transportation of goods), spare parts, raw materials and components.

SERVICE SECTOR

There is relief from duties (CET) and taxes (GCT) on equipment.

C. FOREIGN TAX RELIEF

There is no foreign tax relief in Grenada.

D. CORPORATE GROUPS

Tax liability in a group basis is not permissible. The liability of each company within the group is determined separately.

E. RELATED PARTY TRANSACTIONS

Related party transactions which are carried out for considerations not at arm's length, intended to secure a benefit or tax advantage or to reduce the tax payable, are counteracted by the Comptroller who will take appropriate actions to negate this advantage.

F. WITHHOLDING TAX

Taxes at the rate of 15% are required to be deducted from payments to non-residents of interest or discounts, royalty, annuities or other periodic payments, rental, lease premium or license, management charge and commission or fee. The tax so deducted shall be paid to the Comptroller within seven days from the date of the payment to the payee.

G. EXCHANGE CONTROL

There are no exchange controls in Grenada at this time. Foreign currency up to a maximum equivalent of EC$ 250,000 can be purchased from any of the commercial banks. Amounts in excess of this limit are subject to permission being obtained from the Ministry of Finance. This permission is generally not withheld and can be obtained within a short time period.

H. PERSONAL TAX

An individual who is resident, ordinarily resident and domiciled in Grenada is subject to income tax on his or her income as it arises.

Non-residents are subject to tax on income accruing directly or indirectly from the carrying on of business in Grenada. Income from any source other than from the carrying on of business shall be liable to withholding tax and not form part of the assessable income.

RESIDENCE IN GRENADA

The residency requirements are as follows:

- permanent place of abode is in Grenada and the individual is physically present

therein for some period of time in that year of assessment
- physical presence in Grenada for period of not less than 183 days in that year of assessment
- physically present in Grenada for some period of time in that year of assessment and such period is continuous with a period of physical presence in the immediately preceding or succeeding year of assessment of such duration as to qualify him for the resident status

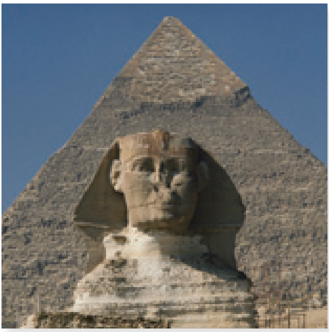
Broadly, an individual is domiciled in the country or state which he regards as his permanent home. He acquires a domicile of origin at birth, normally that of his father, and retains it until he acquires a new domicile of choice. To acquire a domicile of choice, a person must sever his ties with his domicile of origin and settle in another country with the clear intention of making it his permanent home.

In ascertaining the chargeable income of an individual who is resident in Grenada, the amount of $60,000 per annum is allowed as a deduction. A 30% tax rate is applied to the excess.

The Pay-As-You-Earn (PAYE) system of collection is in operation. The employers, who act as agents, deduct tax from employees' gross monthly emoluments. The tax so deducted must be remitted to the Inland Revenue Department by the seventh day of the month following the period for which the deduction was made. Any tax deducted and not paid within the time specified shall bear interest at the rate of 2% per month or part thereof for the period during which it remains unpaid.

Employees whose income was in excess of EC$60,000 are required to submit annual income tax returns and attach certification from the employer by the end of March following the year of assessment.





www.pkf.com