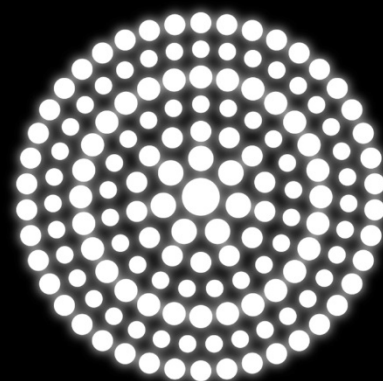


## International Tax St. Kitts & Nevis Highlights 2021

Updated January 2021



### Investment basics

**Currency:** 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 domestic company, partnership, International Business Company (IBC), international bank, and trust.

### Corporate taxation

Rates	
Corporate income tax rate	33%
Branch tax rate	33%, plus 15% withholding tax applies on remittance of profits to head office
Capital gains tax rate	0%/Lower of 50% of the corporate income tax rate or 20%

**Residence:** A company is deemed to be resident if it is: (i) incorporated in St. Kitts & Nevis; (ii) registered as an external company in St. Kitts & Nevis; or (iii) centrally managed and controlled in St. Kitts & Nevis.

**Basis:** A resident company is taxed on worldwide income. A nonresident company is taxed only on income derived in or sourced from St. Kitts & Nevis. Branches are taxed in the same way as subsidiaries.

**Taxable income:** Taxable income is calculated as net profit before tax, adjusted for nondeductible expenses and allowable deductions.

**Rate:** The corporation tax rate is 33%. A COVID stimulus package reduced the rate to 25% for the period from April 2020 to September 2020, provided a company retained at least 75% of its staff.

**Surtax:** There is no surtax.

**Alternative minimum tax:** There is no alternative minimum tax.

**Taxation of dividends:** Dividends paid by a St. Kitts & Nevis company to another resident company are not subject to withholding tax but are subject to corporation tax.

**Capital gains:** Capital gains are not subject to tax unless the asset is sold within one year of purchase. The capital gains tax is the lower of half the effective St. Kitts & Nevis corporation tax rate for the year, or 20%.

**Losses:** Losses may be carried forward for up to five years. Losses utilized may offset only 50% of taxable income for a year. The carryback of losses is not permitted.

**Foreign tax relief:** Foreign tax credits normally are not granted, except in the case of taxes paid in a British Commonwealth country that grants similar relief for St. Kitts & Nevis taxes or where a tax treaty permits.

**Participation exemption:** There is no participation exemption.

**Holding company regime:** There is no specific holding company regime; however, resident companies that do business exclusively outside of St. Kitts & Nevis generally are exempt from taxation.

**Incentives:** Incentive regimes are available under the Fiscal Incentives Act, which provides tax holidays and other benefits for approved enterprises engaged in specific manufacturing activities. Incentives also are available under the Hotel Aids Act, which provides tax holidays and other benefits to companies engaged in hotel construction.

## 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 must file a separate return.

**Filing and payment:** The tax return must be filed by the 15th day of the fourth month after the company's year-end, along with the financial statements.

**Penalties:** A penalty of 5% of the tax due is imposed for late filing. A penalty of XCD 100 for late filing is imposed for each month the return is outstanding. A penalty of 10% of the tax due is imposed for late payment. For exempt companies, a penalty of XCD 1,000 for each month the return is outstanding is imposed for late filing.

**Rulings:** Rulings may be requested.

## Individual taxation

There is no individual income tax in St. Kitts & Nevis.

## Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	15%	15%
Interest	0%	0%	15%	15%
Royalties	0%	0%	15%	15%
Fees for technical services	0%	0%	15%	15%

**Dividends:** There is no withholding tax on dividend payments to residents; a 15% withholding tax applies on payments to nonresidents.

**Interest:** There is no withholding tax on interest payments to residents; a 15% withholding tax applies on payments to nonresidents.

**Royalties:** There is no withholding tax on royalty payments to residents; a 15% withholding tax applies on payments to nonresidents.

**Fees for technical services:** There is no withholding tax on technical service fee payments to residents; a 15% withholding tax applies on payments to nonresidents.

**Branch remittance tax:** A branch remittance tax of 15% applies.

## Anti-avoidance rules

**Transfer pricing:** There are no transfer pricing rules.

**Interest deduction limitations:** There are no interest deduction limitation rules.

**Controlled foreign companies:** There are no CFC rules.

**Hybrids:** There are no specific rules on hybrids.

**Economic substance requirements:** There are no economic substance requirements.

**Disclosure requirements:** There are no disclosure requirements.

**Exit tax:** There are no exit tax requirements. However, companies and individuals are required to file a final return and obtain clearance certificates for the purposes of emigration.

**General anti-avoidance rule:** The Income Tax Act permits the Comptroller of Inland Revenue to direct a taxpayer to make just and reasonable adjustments to transactions where the comptroller believes that the main purpose of a transaction was to avoid or reduce the liability for tax.

## Value added tax

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Rates	
Standard rate	17%
Reduced rate	0%/10%

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**Taxable transactions:** VAT applies on the sale of goods or the supply of services within St. Kitts & Nevis, and on the import of goods into St. Kitts & Nevis.

**Rates:** The standard rate is 17% and a reduced rate of 10% applies within the tourism sector. Certain goods and services may be zero-rated or exempt.

**Registration:** The registration threshold is a total value of supplies exceeding XCD 96,000 for specific professional services, and XCD 150,000 for other businesses. Voluntary registration may be made at the discretion of the Comptroller of Inland Revenue.

**Filing and payment:** Returns and payments must be submitted by the 15th day of each calendar month.

The penalty for late filing is XCD 100 per month or part thereof that the return is late, and the penalty for late payment is 10% of the tax due, plus 1.25% interest monthly.

## Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply to both companies and individuals and are imposed at the national level.

**Social security contributions:** Employers contribute 5% of employee earnings for social security (main scheme) and 1% of employee earnings for employment injury benefits. The contribution ceiling for the main scheme and employment injury benefits is XCD 6,500 per month. Employers also contribute 3% of employee earnings for the Housing and Social Development Levy and 1% of employee earnings for severance payments.

Employees contribute 5% of earnings to social security, up to a contribution ceiling of XCD 6,500. The Housing and Development Levy also applies, at a rate of 3.5% on earnings up to XCD 6,500; 10% on earnings from XCD 6,500.01 to 8,000; and 12% on earnings exceeding XCD 8,000.

**Payroll tax:** There is no payroll tax.

**Capital duty:** There is no capital duty.

**Real property tax:** Property tax is assessed on the market value of real property and ranges from 0.2% to 0.3%, depending on the use and location of the property.

**Transfer tax:** Stamp duty on the transfer of real property ranges from 6% to 10%, depending on the consideration and/or the location of the property, and is payable by the seller. Nonresident purchasers must obtain an alien landholding license at a cost of the greater of 10% of the value of the property, or XCD 750. Stamp duty on the transfer of shares is 2% and is payable by the seller.

**Stamp duty:** See under "Transfer tax."

**Net wealth/worth tax:** There is no net wealth tax or net worth tax.

**Inheritance/estate tax:** There is no inheritance tax or estate tax.

**Other:** Imported goods are subject to customs duties according to the CARICOM Common External Tariff.

Unincorporated Business Tax (UBT) is imposed on the income of all unincorporated businesses. UBT on monthly receipts is 4% on the supply of goods valued over XCD 12,500, and 4% on the supply of services exceeding XCD 2,000. Monthly returns and payments must be submitted within 15 days of the end of each quarter.

**Tax treaties:** Treaties are in force with CARICOM, Monaco, San Marino, Switzerland, the United Arab Emirates, and the UK.cx

**Tax authorities:** Inland Revenue Department

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