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Annual Stamp Tax - Cont'd

INTEREST

Any Stamp tax not paid within the specified time shall incur interest at the rate of two percent per month or part thereof during the period it remains unpaid.

APPEALS

If you are not satisfied with any assessment by the Comptroller, you may appeal in writing within thirty (30) days of the date of the notice of assessment, specifying your grounds for appeal, and the Comptroller will re-consider the assessment and inform you of his decision. If you are still not satisfied with the Comptroller's decision, you may appeal to the independent Appeal Commissioners with a further right of appeal to the High Court.

OTHER TAXES

Other taxes collected by the Inland Revenue Department are Ticket Tax, Property Tax, Land Transfer Tax and Motor Vehicle Tax.

LICENCES

There are a variety of licences collected by the Inland Revenue Department. Among them are Motor Vehicle and Motor Drivers Licences. Also, there are Liquor Dealers and Refreshment House Licences. If you intend to go into any business involving the sale of alcoholic beverages, the obtaining of a licence is a must.

GENERAL CONSUMPTION TAX

General Consumption Tax (GCT) - ACT No. 7 of 1995 is an Act to provide for the imposition of a General Consumption Tax (GCT) to be charged on the importation of goods and services as well as on the sale of goods and services

The Act came into effect from the 5th April 1995.

The tax is applied on both goods and services as shown in the two categories listed below

- The importation in Grenada of goods
- The sale in Grenada of goods and services

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GCT— Cont'd

Several rates are currently applied in the administration of the tax. They are as follows:-

- Hotels, and Restaurants - 8 percent(%);
- Local Manufacturers and Long distance phone calls relating to Cable & Wireless- 10 Percent (%);
- All other services - 5 Percent (%).

Interest

Interest is charged at the rate of two percent per month or part thereof for the period during which it remains unpaid.

Registration

You are required to be registered with the Inland Revenue once you make taxable sales.

Zero-rated and Exemptions

There are certain goods and services that are zero-rated or exempted from the General Consumption Tax. They are as follows:-

- Vegetables, fresh, chilled or frozen
- Agricultural tools
- Printed books, newspapers, magazines and brochures
- Live stock;
- Meat and poultry
- Computers
- Advertisements published in any newspaper or periodical
- Rental payments or accommodation excluding that provided by hotels and guest houses
- Health services
- Local Manufacturing certified by the GIDC
- Services procured by projects approved by the Minister of Finance

NB. — This leaflet has been prepared by the Inland Revenue Department for providing guidance to taxpayers who are just starting off in business. Any more information, and or clarification can be obtained by getting in touch with personnel of the department using the telephone numbers given at the front of this brochure.



INLAND REVENUE DEPARTMENT

Information for Businesses



Inland Revenue Department
 C/o Ministry of Finance
 Financial Complex Bldg.
 Carenage
 St. George's
GRENADA

Tel: (473) 440-2695/1998/3556/2731

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AS A SMALL BUSINESS, WHAT ARE THE TAXES THAT I MIGHT BE LIABLE TO PAY TO THE INLAND REVENUE DEPARTMENT?

The main taxes are Income Tax, General Consumption Tax and Annual Stamp Tax. There are some other smaller taxes and licences

INCOME TAX

(Act No. 36 of 1994)

Who Pays The Tax

Every Company excluding those with concessions, Sole Proprietors, Professionals and Employees earning in excess of \$60,000.00 per annum.

When is the tax due

The tax is due and payable at the end of your financial year, but deducted monthly by the employer in the case of an employee.

Rate of Tax

Companies - thirty percent (30%) of net profit
Sole Proprietorships, Professionals and Employees - thirty percent (30%) of the excess over \$60,000.00.

To Whom payable

The tax can be paid to Inland Revenue Department, or any District Revenue Office as the case may be.

On What!

Income tax is chargeable on net profit as it relates to companies and all other types of businesses. In the case of sole proprietorships there is a \$60,000 exemption.

Returns

All returns are due within ninety days after the end of the accounting period (fiscal year basis). But in the case of a company it must be accompanied with a financial statement.

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Income Tax Cont'd

Interest

Interest of 1½ % per month or part there-of is charged on the unpaid balance

Offences

Civil Penalties - You have ninety days after your accounting period in which to file your return. If you fail to furnish a return on time you shall incur a penalty of \$100 or 10% of the taxes unpaid, whichever is greater.

Criminal Penalties - The law provides for criminal proceedings to be taken against persons who do not comply with the laws.

Appeals

The same rights for appeals exist for Income Tax as for Annual Stamp Tax. See Appeals under the Annual Stamp Tax section page 4.

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ANNUAL STAMP TAX

Annual Stamp Tax(AST) - Act. 36 of 1992. It is a tax on gross receipts replacing stamp on bills.

The Annual Stamp Tax charged for a year is based on the gross receipts for the previous year. That is, the tax for 2000 is based on the gross receipts for 1999.

The percentage rate to be used in calculating the stamp tax shall be:

1. 0.25% in respect of businesses with gross receipts over \$30,000 per annum but not exceeding \$100,000 per annum;
2. 0.5% in respect of businesses with gross receipts exceeding \$100,000 per annum.

Gross Receipts shall include:-

- (a) Sale or the disposal of goods and services;
- (b) Investment Income;
- (c) Rental Income;
- (d) Interest Income;
- (e) Dividends;
- (f) Cost of material from stock;
- (g) Royalties;
- (h) Commissions and Fees including income and fees from copyright, patents and intellectual property;
- (i) Any other income not of a capital nature.

LIMITS

The minimum Stamp Tax payable is \$100.00.

RETURNS

Returns are due by March 31st. of the assessment year.

PAYMENTS

Payable in nine monthly installments, starting from April and going right on to December.