

## 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 5th April 1995.

The Tax is applied on both goods and services as shown in this two categories listed below:

The importation in Grenada of goods

The sale in Grenada of goods and services.

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- percent (%)

### Interest

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

*Some of the rates on the taxes are as follows:*

### General Consumption Tax

Hotels and Restaurants - 8%

Local Manufacturers - 10%

Other Services - 5%

Overseas telephone calls - 10%

### Corporate Income Tax

Payable at the rate of 30% of net profit

### Annual Stamp Tax

Gross receipts between \$0—\$30,000-nil

Gross receipts between \$30,000 and \$100,000- 25%

Gross receipts over \$100,000.-0.5%

Minimum Tax of \$100 per annum

### **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, newspaper, magazines and brochures.
- Live stock
- Meat and poultry
- Computers
- Advertisements published in any newspaper or periodical
- 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 for Business owners and potential business owners.

Any additional information or clarification needed please contact the Inland Revenue Department.

**For further information contact our Department at:**

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## INLAND REVENUE DEPARTMENT

# Information for Businesses



Inland Revenue Department  
Ministry of Finance  
Financial Complex Bldg  
Carenage  
ST. George's  
Grenada

# As a Business Owner, what are my tax obligations?

All persons who own or operate a business large or small are required to register their business with the Inland Revenue Department by law under Section 65A of Income Tax Act, Section 3A of the Annual Stamp Tax Act and 57 of the General Consumption Tax Act.

When Registering a business with the Inland Revenue Department you are reminded of the following:

- Individual enterprises and partnerships must present a Registration of Business Name Certificate, from the Supreme Court Registry.
- Partnerships are required to present documents from the Registry showing proof of partnership accompanied by the business Name Certificate.
- For companies, the certificate of incorporation along with the Articles of Incorporation and the memorandum of association are required.

Additionally the Inland Revenue Department registration forms should be duly completed and signed by the owner of the business. **The registration process takes at least two days.**

As a business owner you are also reminded of the consequences for not registering your business:

- Taxes will be payable to the Inland Revenue Department for the years the business was in operation up to a maximum of six (6) years.
- Concessions will not be granted by the Grenada Industrial Development Corporation.
- Inconvenience at customs when attempting to clear goods.

## Am I liable to pay taxes to the Inland Revenue?

After registering your business with the Inland Revenue Department, as a business owner you are obligated to pay, Income Tax Act.36 of 1994, Annual Stamp Tax (AST) Act.36 of 1992, and General Consumption Tax act No.7 of 1995.

## What is Annual Stamp Tax?

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

This Tax is charged for a year based on the gross receipt for the previous year. E.g. the Tax for 2009 is based on the gross receipts for 2008.

The percentage rate to be used in calculating the Stamp Tax shall be:

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

## Income Tax

Income Tax - Act No. 36 of 1994. It is a tax levied on the financial income of people, corporations, or other legal entities.

## Who Pays the tax?

Every Company excluding those with concessions, sole proprietors, Professionals and Employees earning in excess of \$60,000. per annum, are required to pay Income Tax.

## 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.

You are required to pay Income Tax on:

- (a) Any amount accrued by way of wages, salary, leave pay, fee (including director's fee), commission, bonus or gratuity in respect of employment in Grenada.
- (b) Any travelling, entertainment or other allowance to the extent to which it does not represent a repayment to the employee of money wholly, exclusively and necessarily expended by him in the performance of the duties of the employment.
- (c) The rental value of any quarters or residence provided by reason of the employment.
- (d) The value of any other benefit or advantage received or enjoyed by the employee by reason of the employment.
- (e) Any pension payable to a former employee of the dependent of a former employee by the trustees of a pension fund in respect of the employment.
- (f) Any loan or advances by a controlled company to a shareholder or associate of a shareholder deemed to be employment income.

## 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.

## Where can I pay?

The tax can be paid to Inland Revenue Department, or any District Revenue Office.

## Rate of Tax

Companies— thirty percent (30%) of net profit Sole Proprietorships, Professionals and Employees thirty percent (30%) of the excess over \$60,000.

## 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.

## Interest

Interest of 1 1/2% per month or part thereof 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 right for appeals exist for Income Tax as for Annual Stamp Tax. See Appeals under the Annual Stamp tax section page 4.