



Grant Thornton

An instinct for growth™

Antigua and Barbuda

Summary of Corporate Taxes

June 2024



Significant developments

ABST rate increased to 17% as of January 1, 2024 on the following supplies:

- ✓ All standard rated supplies from 15% to 17%;
- ✓ Holiday and hotel accommodation from a reduced rate of 14% to 17%; and
- ✓ Transportation services provided by Tour Operators inclusive of tours, excursions and attractions from 0% to 17%.

ABST returns must now be filed and paid to the IRD by the 15th of the following month. This change will apply to ABST returns for March 2024 and all subsequent periods. ABST returns were previously due by the end of the following month.

Residential property tax rate on residential properties valued at \$3 Million and more increased on January 1, 2024 from 0.3% to 0.5% on residential buildings and from 0.2% to 0.4% on residential land.

A new excise tax of 10% on the “importation and sale” of controlled liquor, medical cannabis and tobacco was introduced on January 1, 2024.

Taxes on corporate income

Corporation tax is currently imposed at a rate of 25% on all companies except financial institutions registered under the Banking Act. If a financial institution maintains its residential mortgage rates at or below 7% throughout the taxation year or offers to small businesses loans at a lending rate at least half a percentage point below the prime lending rate otherwise fixed for that institution, for which the security requirements are substantially less restrictive than those otherwise required for that financial institution, then it shall pay income tax at a rate of 22.5%.

Corporate residence

A corporation is deemed to be resident if it is incorporated in Antigua, if it is registered as an external company doing business in Antigua, or if the central management and control of its business are exercised in Antigua.

Profit Tax

The Profit tax (Windfall tax) is currently imposed at a rate of 10% on commercial banking institutions registered under the Banking Act, insurance companies registered under the Insurance Act, petroleum companies and telecommunication companies.

Tourism Accommodation Levy

Tourism Accommodation Levy came into effect from October 1, 2021 and will apply at the following graduating rates:

- ✓ US\$3.00 (EC\$8.10) per guest per night on room rates up to US\$150 per night; and
- ✓ US\$5.00 (EC\$13.50) per guest per night on room rates greater than US\$150 per night.

Other taxes

Life insurance premium tax / A premium tax of 3% is levied on the premium income (net of agent's commission) of all life insurance companies, whether resident or nonresident.

General insurance premium tax / A premium tax of 3% is levied on the premium income, excluding motor business (net of agent's commission), of all general insurance companies, whether resident or nonresident.

Stamp tax on transfer of property

Stamp tax is levied on the consideration for the sale or the value of property as assessed by the Chief Valuation Officer, whichever is higher.

Vendors who are citizens of Antigua.....7.5%

Vendors who are non-citizens of Antigua.....7.5%

In addition, land value appreciation tax at the rate of 5% is assessed on the difference between the value of property when purchased by a non-citizen, plus improvements, and the value of property at the time of sale.

Purchasers who are citizens of Antigua.....2.5%

Purchasers who are non-citizens of Antigua....2.5%

In addition, 7% of the consideration or the market value of the property at the time of sale or disposal, whichever is greater, is payable to obtain a non-citizens land holding license which is required to hold property in Antigua and Barbuda.

Stamp tax on transfer of shares

Stamp tax is levied on the market value of the shares or book value of the shares, whichever is higher.

Vendors5.0%

Purchasers.....2.5%

Non-citizens must obtain a licence to hold shares of a company that owns land by way of transfer on purchase, gift or otherwise at a rate of 7% of the market value of the interest in the Land represented by the number of shares held by the licensee. A licence to hold shares that is granted on the issue of shares shall be \$2,000.

Other Non-citizens Landholding Licences

- A licence to hold a mortgage or debenture or charge on a property or land.....\$2,000
- A licence to vote at meeting of a company that owns land\$2,000
- A licence to be a director of a company that owns land.....\$6,000
- A licence to be a member of a company without share capital.....\$2,000



- A licence to transfer land to a non-citizen as a gift stamp duty will apply at a rate of 5% of the market value of the land.
- A licence to the beneficiary of a trust who is a non-citizen will apply at a rate of 5% of the beneficiary's interest in the land held in the trust.
- For a licence to hold a lease of land in Antigua and Barbuda the following stamp duty rates will apply on the value of the land:
 - ✓ Lease for term exceeding 99 years.....7%
 - ✓ Lease for term of 51 – 99 years.....6%
 - ✓ Lease for a term of 10 to 50 years.....5%
 - ✓ Lease for a term less than 10 years.....3%

Non-citizens undeveloped land tax

Non Citizen Undeveloped land tax is levied on the basis of the value of land owned by non-citizens which has not been developed. The tax takes effect from the date of declaration by the Government. The rate in year 1 is 5%, increasing to 10% in year 2, increasing to 15% in year 3 and 20% in year 4 and each year thereafter. The charge is cumulative and based on market value as assessed.

Property tax

Property tax is levied at graduated rates on the basis of the market value of the real property (as assessed by the Property Valuation Department) and its use (residential or commercial).

Rates of tax are as follows:

Agricultural Land.....	0.10%
Residential Land valued less than \$3 million.....	0.20%
Residential Building valuing less than \$3 million .	0.30%
Residential Land valuing \$3 million or more.....	0.40%
Residential Building valuing \$3 million or more....	0.50%

Land classified as investment property or other property.....0.40%

Buildings classified as investment property or other property.....0.50%

Allowances and Tax rebates are available as follows:

- Dwelling house allowance of \$150,000 from the taxable value.
- Rebate to pensioners of between 10% and 50% depending on the annual income of the pensioner.
- 5% rebate for payment of tax on or before the due date.
- New dwelling house will be exempt from tax for the first two years of being habitable.
- Tax rebate available to special development property and property for public use of between 25% and 100% and 25% for hotels.

Value-added tax

Antigua and Barbuda Sales Tax (ABST) was introduced on January 29, 2007. ABST is applicable to a wide range of goods and services. The standard rate is 17%; hotel accommodation carries a rate of 17% from January 1, 2024.

The ABST rate on hotel accommodation was 14% from March 1, 2020 to December 31, 2023, 13% in 2019 and between January 1, 2012 and December 31, 2018 the ABST rate was 12.5%.

The threshold for registration is EC\$300,000 in taxable activity per 12-month period.

Persons providing hotel accommodation and professional services such as accountants, lawyers, engineers, architects, insurance adjustors and surveyors must register irrespective of whether they exceed the threshold.

Taxpayers providing hotel accommodation in residential premises cannot claim input tax credits.

A number of services including financial services, local transportation, sale of residential land, education, long term accommodation (>45 days), medical and veterinary services, are exempt. International transportation service is reclassified from exempt to zero-rated. Certain supplies are zero rated, including exports, basic food items, water, electricity for residential use, sale of new residential property and fuel. Intergroup transactions are taxable.

Branch income

Branch income is taxed on the same basis and at the same rate as that of corporations.

Recharges of expenses from Head Office to the branch will be subject to withholding tax at a rate of 25%. The recharges have to be justified and cannot just be based on a percentage allocation.

A resident branch of a foreign company shall be regarded as a separate company and shall be taxed on the same basis as that of a locally registered corporation.

Income determination

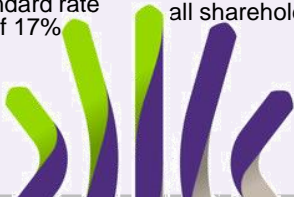
Inventory valuation / Inventories are generally stated at the lower of cost or net realizable value. FIFO and average cost methods of valuation are generally used for book and tax purposes. However, the Commissioner of Inland Revenue will normally accept a method of valuation that conforms to standard accounting practice in the trade concerned. LIFO is not permitted for tax or book purposes.

Capital gains / Capital gains are not subject to tax.

Intercompany dividends / Dividends received by a company resident in Antigua from another company resident in Antigua are taxed at the rate of 25%. Credit is given to the recipient for the tax on the dividend in computing the tax liability.

Foreign income / An Antiguan corporation is taxed on foreign branch income as earned and on foreign dividends as received. Double taxation is avoided by means of foreign tax credits where active tax treaties exist and through deduction of foreign income taxes in other cases (UK and CARICOM). There is also relief from Commonwealth taxes.

Stock dividends / An Antiguan corporation may distribute a tax-free stock dividend proportionately to all shareholders.



Deductions

Depreciation and depletion / Depreciation allowed for tax purposes is computed by the diminishing-balance method at prescribed rates. Initial allowances are granted on industrial buildings and in respect of capital expenditure incurred on plant and machinery by a person carrying on a trade or undertaking, as defined. In addition, an annual allowance of 2% is granted on all buildings. Conformity between book and tax depreciation is not required. Any gain on the sale of depreciated assets is taxable as ordinary income up to the amount of tax depreciation recaptured.

Net operating losses / Income tax losses may be carried forward for six years following the year in which the loss was incurred. However, the chargeable income of a company in any one income year may not be reduced by more than one-half by losses brought forward. No carry back of losses is permitted.

Payments to foreign affiliates / An Antiguan corporation may claim a deduction for royalties, management fees and interest charges paid to foreign affiliates, provided the payments are equal to or less than what the corporation would pay to an unrelated entity. The deductibility of any payments to a foreign affiliate will be subject to an arms-length test and withholding taxes.

Cultural or Social Contributions / Deduction of 50% of all substantial contributions made by any person in respect of sport, education or culture in Antigua and Barbuda against a person's assessable income from trade, business or profession. Contributions must be in excess of \$10,000 in any assessment year and deductions during any assessment year will be limited to \$250,000.

Non Deductible expenses targeted at closely-held and owner managed corporations

Interest / No deduction for interest on loans owing to shareholders, directors, their spouses, children or relatives, or to any related parties. Only interest paid to banks and financial institutions licensed under the Financial Institutions (Non-Banking) Act on loans borrowed at commercial rates and terms would be allowed as a deduction.

Restriction on rents paid / Rents paid by a company to shareholders, directors, their spouses, children or relatives, or to any related parties in excess of 5% of the otherwise chargeable profits of the company would not be allowed as a deduction.

Restriction on compensation / Salaries, wages, director's fees and other payments made for services rendered by the shareholders, directors, their spouses, children or relatives in excess of 25% of otherwise chargeable profits will not be allowed as a deduction. Where a company makes a loss or a slight chargeable profit the 25% rule will not apply. However, a maximum deduction of \$75,000 will be allowed to cover emoluments of the owners, shareholders, directors, spouses and children of directors and shareholders and close family members per person per financial year. If the individual is also a director an additional \$24,000 will be allowed as a deduction from chargeable income.

Group taxation

Group taxation is not permitted.

Tax incentives

Inward investment and capital investment / Tax incentives are currently available under the following legislation.

Fiscal Incentives Ordinance 1975: This ordinance provides to manufacturers of an "approved product" exemption from taxes for varying periods, up to a maximum of 15 years. After the period of exemption, relief by way of tax credits of up to 50% of income tax paid on profits derived from certain export sales may be obtained. The net losses arising during the tax holiday period (i.e., the excess of accumulated tax losses over total profits) may be carried forward and relieved against profits following the expiration of the tax holiday in accordance with the normal rules for setoff of losses.

International Business Corporations Act 1982: An international business company is exempt from the payment of corporate income tax.



The Investment Authority Act 2006: The Act provides the framework for the promotion of investment opportunities in Antigua and Barbuda by introducing a system of registration of businesses, an investment code and a range of incentives which are available to both local and foreign investors.

The available incentives and concessions to which an investor would be entitled for consideration are as follows:

1. Exemption from or reduction of customs duty, revenue recovery charge and ABST on the importation or purchase of raw materials, building materials, furniture, furnishings, fixtures, fittings, appliances, tools, spare parts, plant, machinery and equipment for use in the construction and operation of the business and on the importation or purchase of vehicles or reduction of payment of duty on the importation or purchase of vehicles, for use in the operation of the business.
2. Exemption from or reduction of payment of income tax.
3. Exemption from or reduction of payment of withholding tax.
4. Reduction of stamp duty under the Non-citizens Land Holding Regulation Act, Cap. 293, and of stamp duty payable by the purchaser or transferee, and by the vendor or transferor, under the heading "CONVEYANCE or TRANSFER ON SALE of any property" in the Schedule to the Stamp Act, Cap 410, in respect of land and buildings (other than residential premises) used in the operation of the business.

The amount of the incentives and concessions will depend on the amount of the investment and the number of employees in the proposed business.

The investment categories are as follows:

1. Capital investment between \$3 and \$10 million and employs up to 26 persons who are citizens or legal residents of Antigua and Barbuda: This investor could qualify for exemption or reduction of the payment of customs duty, RRC & ABST on certain imports and vehicles, exemption from or reduction of the payment of income tax and withholding tax for up to 2 years with the ability to carry forward losses for periods of one year for each year and a reduction of stamp duty by up to 20% on the sale of land and buildings used in the business operation;

2. Capital investment between \$10 and \$30 million and employs between 27 to 60 persons who are citizens or legal residents of Antigua and Barbuda: This investor could qualify for exemption or reduction of the payment of customs duty, RRC & ABST on certain imports and vehicles, exemption from or reduction of the payment of income tax and withholding tax for up to 4 years with the ability to carry forward losses for periods of 2 years for each year and a reduction of stamp duty by up to 30% on the sale of land and buildings used in the business operation;

3. Capital investment between \$30 and \$60 million and employs between 61 to 100 persons who are citizens or legal residents of Antigua and Barbuda: This investor could qualify for exemption or reduction of the payment of customs duty, RRC & ABST on certain imports and vehicles, exemption from or reduction of the payment of income tax and withholding tax for up to 6 years with the ability to carry forward losses for periods of 3 years for each year and a reduction of stamp duty by up to 40% on the sale of land and buildings used in the business operation;

4. Capital investment between \$60 and \$100 million and employs between 100 to 150 persons who are citizens or legal residents of Antigua and Barbuda: This investor could qualify for exemption or reduction of the payment of customs duty, RRC & ABST on certain imports and vehicles, exemption from or reduction of the payment of income tax and withholding tax for up to 8 years with the ability to carry forward losses for periods of 4 years for each year and a reduction of stamp duty by up to 50% on the sale of land and buildings used in the business operation;

5. Capital investment between \$100 and \$150 million and employs over 150 persons who are citizens or legal residents of Antigua and Barbuda: This investor could qualify for exemption or reduction of the payment of customs duty, RRC & ABST on certain imports and vehicles, exemption from or reduction of the payment of income tax for up to 10 years and withholding tax for up to 20 years with the ability to carry forward losses for periods of 5 years for each year and a reduction of stamp duty by up to 75% on the sale of land and buildings used in the business operation;

6. Capital investment of over \$150 million the Authority may, with the approval of Cabinet, grant whatever incentives and concessions it deems fit for the level of investment including incentives and concessions not granted under the previous categories.



The Small Business Development Act, 2007: The Act provides the framework for the growth of the small business sector in Antigua and Barbuda by introducing a system of registration of small businesses and a range of concessions which are available to the business. The available concessions to any small business that would be entitled for consideration are as follows:

1. Concession on customs duty of up to 100% (includes raw material, building material, equipment, vehicles, furniture, furnishings, appliances, fixtures and fittings, tools, spare parts, machinery and equipment used in the construction and operation of the business);
2. Property tax reduction of up to 75%;
3. Income tax for a period not exceeding 5 years;
4. Income tax after the initial 5 year period of up to 10%;
5. Withholding tax for a period of up to 3 years;
6. Stamp duty on the registration of a mortgage etc.; and
7. Stamp duty of the transfer of property and any applicable non-citizen land holding license.

A small business to which this Act applies must meet the following criteria:

1. No more than 25 employees;
2. Not owned or majority owned by a larger company;
3. Capital investment not exceeding EC\$ 3 million;
4. Annual sales that do not exceed EC\$ 2 million;
5. Majority owned by citizens of Antigua and Barbuda;
6. Majority owned by non-citizens with the following restrictions:
 - a. Over 50% of the products must be exported;
 - b. Minimum investment of EC\$500,000;
 - c. At least 50% of the employees must be citizens of Antigua and Barbuda; and
 - d. At least 40% of the goods and services used in production must be acquired from businesses in Antigua.

Other incentives / Approved manufacturing, agricultural and tourist ventures are permitted to import building materials and equipment free of customs duties. A cultural and social tax credit will be available to persons /companies who make substantial contributions to sports, education or culture up to a maximum of EC\$250,000 per annum.

Tax treaties

There is a tax treaty with the United Kingdom and a double taxation agreement between member states of CARICOM.

Tax administration

Returns / Taxes are assessed on a fiscal-year basis. The taxpayer must file a corporate income tax return within 3 months of the fiscal year end, which includes audited financial statements, and the authorities subsequently raise an assessment. If a return is not filed on a timely basis the authorities have the power to issue estimated assessments.

The taxpayer can object to assessments raised within 30 days and ask the Commissioner of Inland Revenue to review and revise. In the event that the objection is unsuccessful, the taxpayer may appeal to the Tax Appeal Board. The Commissioner of Inland Revenue has the power to enforce the collection of tax prior to the determination of any objection or appeal. He also has the discretion to order a stay on the collection and payment of the whole or part of any assessed tax until such time as the objection or appeal is finalized if it would be unjust not to do so. Assessments for the past six years may be reviewed and revised.

Payment of tax / Advance tax is payable in monthly installments and is ordinarily based on the tax chargeable and assessed in the previous fiscal year. The standard amount of each installment is determined as one-twelfth of the tax chargeable in the previous fiscal year. If the assessment for the prior year has not been finalized the Commissioner of Inland Revenue can raise an assessment based on his best judgment.

The balance of tax due after deduction of advance tax, as notified in the assessment, is payable at the time of submitting the annual corporate tax return which must not be later than three months after the financial year end or one month of service of the final assessment.

Penalties / The penalties and interest for failing to file a return on time and pay the tax due are as follows:

- penalty for failing to file a tax return by the due date is the greater of 5% of the amount of tax owing or \$500;
- penalty for failure to pay all or part of the tax due within 14 days of the date is 10% of the amount of tax due but not paid;
- interest - 1% per month of the unpaid taxes.
- penalty for failure to maintain proper documents as required by the Act - \$50 per day for each day the failure continues;
- Penalty for failure to comply with notice to give information to the IRD - \$1,000 for each day the failure continues.
- Penalty for not providing adequate facilities and assistance to designated officer - \$1,500.



Tax administration - ABST

Returns / ABST is assessed on a monthly basis. All registered persons must file an ABST return and pay the ABST by the 15th of the following month

Failure to file the ABST return by the due date will incur a 5% penalty for late filing (minimum of EC\$500). A person who fails to pay the ABST by the due date is liable to a late payment penalty of 10% of the amount of tax due but not paid plus interest of 1% per month on unpaid taxes in default.

CORPORATION TAX CALCULATION (SAMPLE)

Year ended December 31, 2022

Net income before taxation.....EC\$ 1,000,000

Add:

Book depreciation.....	250,000
Bad debts previously written off, now recovered.....	5,000
General provision for bad debts (Note 1)....	10,000
Legal expenses re increase in share capital.....	4,500
Legal fees re purchase of a capital asset.....	5,000
Charitable donations not under covenant.....	3,000
Increase in provision for maintenance of plant and equipment.....	15,000
Balancing charge.....	2,500
Salaries and other payments for services rendered paid to shareholders and directors, their children, and their close family members in excess of 25% of otherwise chargeable profits.....	23,500
Rent paid to related party in excess of 5% of otherwise chargeable profits.....	3,500
	1,322,000

Deduct:

Annual allowances (Note 2).....	200,000
Gain on disposal of fixed assets.....	5,000

Taxable income.....EC\$ 1,117,000

Income tax at 25 % (Note 3).....EC\$ 279,250

Less:

Credit for tax on local dividends.....	1,000
Credit for tax on foreign income.....	1,500
	2,500

Tax dueEC\$276,750

Notes:

1. Only specific write-offs are allowed.
2. Granted in place of book depreciation.
3. The tax is payable at the time of filing the tax return or within one month of service of the notice of assessment.



Withholding taxes (WHT)

Tax is currently withheld from income as follows.

Recipient	Dividends	Dividends Preferred Shares	Interest & Rentals	Management Fees, royalties & other Payments to a non-resident	Interest On bank deposits
	%	%	%	%	%
Resident corporations on individuals	Nil	Nil	Nil	Nil	Nil
Non-resident corporations	25	25	25	25	25
Non-resident individuals	25	25	20	25	Nil
Residents of a CARICOM member rate					
Corporations	Nil	15	15	15	15
Individuals	Nil	15	15	15	Nil

Interest payments on bank deposits made to non-resident individuals are not subject to withholding tax. Interest payments on bank deposits made to non-resident corporations are taxed at the rate of 25%.

Where a non-resident lends money at arm's length for the purpose of promoting industrial, commercial, scientific, housing, or other development, the rate of withholding tax is 10%. Prior approval must be sought from the Commissioner of Inland Revenue and it is recommended that Cabinet approval also be obtained.

Tax Administration - WHT

Effective January 1, 2019 withholding tax (WHT) withheld from amounts paid or incurred in relation to non-resident persons in accordance with the provisions of the Income Tax Act in any given month, must be submitted to the IRD using the WO2 Withholding Tax – Monthly Declaration form by the 15th of the following month. The WO2 form must be accompanied by a Certificate of Deduction of Withholding Tax for each non-resident person in relation to whom WHT is being paid.

If there is no WHT to pay in a particular month, then there is no requirement to file a withholding tax declaration form.

Failure to file the WHT return by the due date will incur a 5% penalty for late filing (minimum of EC\$500). A person who fails to pay the requisite tax within fourteen days of the due date is liable to a late payment penalty of 10% of the amount of tax due but not paid plus interest of 1% per month on unpaid taxes in default.

Exchange rate

The exchange rate of the Eastern Caribbean dollar is officially pegged at US\$1 = EC\$2.70.



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From our Antigua office, we provide a full range of audit, tax, advisory and corporate services to local business, individuals and foreign investors in Antigua and Barbuda.

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