

Survey on the Caribbean Tax Systems



Participant countries

1. Antigua and Barbuda
2. The Bahamas
3. Barbados
4. Belize
5. Dominica
6. Grenada
7. Guyana
8. Haiti
9. Jamaica
10. Montserrat
11. St. Kitts and Nevis
12. St. Lucia
13. St. Vincent and the Grenadines
14. Suriname
15. Trinidad and Tobago
16. Anguilla
17. British Virgin Islands
18. Cayman Islands
19. Dominican Republic
20. Turk and Caicos

1. Best Practices in Tax Policy

- Personal income tax
- Corporate income tax
- Consumption tax
- Property tax
- Taxation of small taxpayers
- Import tariff



Personal income tax

- Up to three tax brackets
- Moderate top marginal rate
- Limited number of personal exemptions
- Standard exemption to exclude low-income persons
- Extensive use of withholding at the source



Corporate income tax



- One rate (similar to PIT top rate)
- Uniform depreciation schedules across all taxpayer sectors
- Minimum use of fiscal incentives



Consumption taxation



- Broad-based VAT-type consumption tax
- One positive rate and zero rate for exports
- Combined with excises tax on a few items
- Adequate threshold
- VAT/excise applied to both domestic and imported goods and services
- VAT base should include import tax and excise tax



Property taxation

- Minimum number of exemptions
- Reasonable rate (to produce 1-2 percent of GDP)
- Adequate balance between recurrent rate and property transfer tax rate



A special regime for small taxpayers

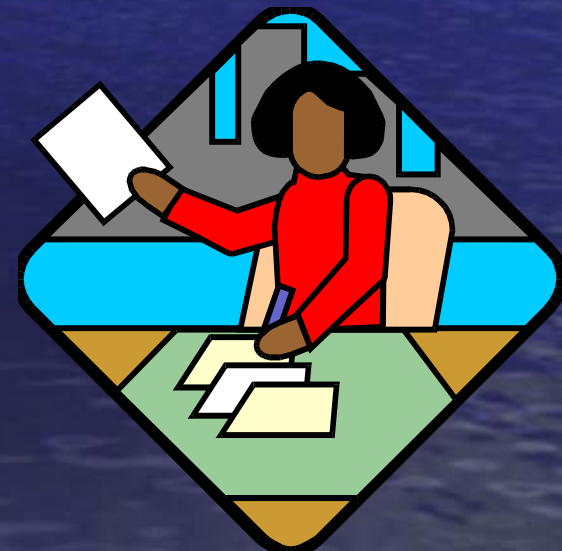


- Those who cannot comply with income tax and VAT requirements
- Based on simple base or presumptive taxation
- To incorporate informal sector in the tax net



Import taxes

- A system with minimal reliance on import tariffs
- Low and few import tax rates
- No taxes on exports



2. Tax harmonization

- Relevance
- Harmonization of income taxation
- Harmonization of consumption tax
- Administrative aspects of tax harmonization
- Synthesis of the EU tax harmonization



Tax harmonization-Relevance

Mobility of economic factors

capital

goods

labour

CSME will not be an exception

Ultimate goal: enhance the community's
collective welfare



Tax harmonization-Income tax

- Create an environment that favours investment
- How investment decisions work?
 - Infrastructure
 - skilled labour
 - political and economic stability
 - Crime rates
 - Taxes



Tax harmonization-Income tax (contd.)

- Tax factors affecting investment decisions
 - After-tax return on investment
 - ✓ CIT base
 - ✓ CIT rates
 - ✓ Withholding taxes on remittances



Tax harmonization-Income tax (contd.)

- Depreciation rules
- Allowable deductions
- Treatment of losses
- Treatment of capital gains
- Provisions for transfer pricing
- Special treatment granted under programs of investment incentives



Tax harmonization-Consumption tax

- Destination principle
 - Relieves exports from taxes
- Consumption type tax
 - Does not tax acquisition of capital goods
- Combined with excise tax on a few items
 - Tobacco
 - Petroleum
 - Alcoholic beverages
 - Motor vehicles



Tax harmonization-Administrative aspects

- Tax audit
- Objections and appeals
- IT
- Training
- Taxpayer services
- Performance indicators
- Information exchange



Tax harmonization in the EU

- VAT

- Required for membership
- Destination principle
- Restriction the range of exemptions
- Minimum general rate 15 percent
- Minimum reduced rate 5 percent

- Excises

- Range of rates for cigarettes, alcohol, petroleum products
- No harmonization for vehicles



Tax harmonization in the EU (Contd.)

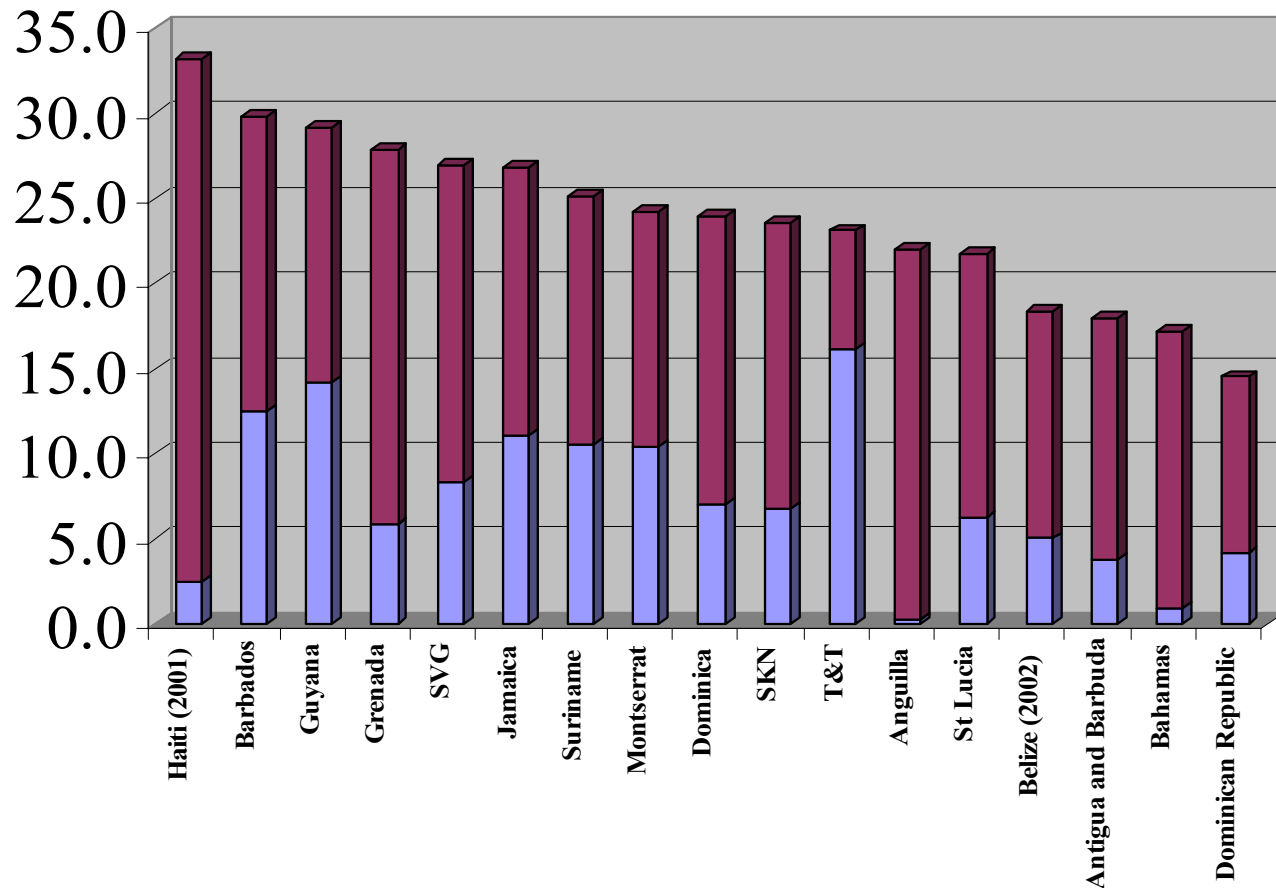


- Taxes on labour income
 - No harmonization
 - However provisions for transferability of entitlements under SS and medical benefits schemes
- Taxes on capital income
 - No withholding on inter-company transfers
 - No capital gains on cross-border transfer of assets
 - Repeated efforts at further harmonization of CIT and withholding have so far failed



Cross-country comparisons

The tax burden in the Caribbean As a % of GDP



The tax burden in the Caribbean

As a % of GDP

Tax Revenue (as % of GDP)			
Country	Direct Taxes	Indirect Taxes	Total
Haiti (2001)	2.4	30.8	33.2
Barbados	12.5	17.3	29.8
Guyana	14.2	14.9	29.1
Grenada	5.9	22.0	27.9
SVG	8.3	18.6	26.9
Jamaica	11.0	15.8	26.8
Suriname	10.5	14.6	25.1
Montserrat	10.4	13.8	24.2
Dominica	7.0	17.0	24.0
SKN	6.8	16.7	23.5
T&T	16.1	7.0	23.1
Anguilla	0.2	21.8	22.0
St Lucia	6.2	15.5	21.7
Belize (2002)	5.0	13.3	18.3
Antigua and Barbuda	3.7	14.2	17.9
Bahamas	0.9	16.3	17.2
Dominican Republic	4.2	10.3	14.5

Income tax



- Countries with no corporate income tax (CIT)
- CIT Rates minimum , maximum, Number of rates
- Countries with no personal income tax (PIT)
- PIT Rates minimum , maximum, Number of rates
- Comparison between CIT and PIT top marginal rates
- Analysis of PIT threshold/GDP per capita ratio
- Final withholding rates

Countries with no Corporate Income Tax

- Anguilla
- The Bahamas
- Cayman Islands
- Turk and Caicos

The Corporate Income tax Rates

Corporate Income Tax Rates				
<i>Country</i>	<i>General /1</i>	<i>Lower</i>	<i>Higher</i>	<i>Other</i>
<i>Guyana</i>	<i>45.0</i>	<i>35.0</i>	<i>45.0</i>	
<i>SVG</i>	<i>40.0</i>			
<i>Barbados</i>	<i>37.5</i>	<i>1.0</i>	<i>37.5</i>	<i>2.5, 6.5, 8.0, 11.0, 12.5</i>
<i>SKN</i>	<i>37.0</i>			
<i>Suriname</i>	<i>36.0</i>	<i>7.5</i>	<i>50.0</i>	<i>15.0, 40.0, 45.0, 50.0</i>
<i>A&B</i>	<i>35.0</i>			
<i>Haiti</i>	<i>35.0</i>	<i>10.0</i>	<i>35.0</i>	<i>15.0, 20.0, 30.0</i>
<i>T&T</i>	<i>35.0</i>			
<i>Jamaica</i>	<i>33.3</i>	<i>1.5</i>	<i>33.3</i>	<i>2.0, 7.5, 30.0</i>
<i>St. Lucia</i>	<i>33.3</i>	<i>15.0</i>	<i>33.3</i>	<i>20.0, 25.0, 30.0</i>
<i>Dominica</i>	<i>30.0</i>			
<i>Grenada</i>	<i>30.0</i>			
<i>Montserrat</i>	<i>30.0</i>			
<i>Belize</i>	<i>25.0</i>			
<i>D. Republic</i>	<i>25.0</i>			
<i>BVI</i>	<i>15.0</i>	<i>1.0</i>	<i>15.0</i>	<i>10.0</i>

Countries with no Personal Income Tax

- Anguilla
- Antigua and Barbuda (non residents are taxed)
- The Bahamas
- Cayman Islands
- St. Kitts and Nevis (a social service is levied)
- Turk and Caicos

The Personal Income tax Rates

<i>Country</i>	<i>General</i>	<i>Lower</i>	<i>Higher</i>	<i>Other</i>
<i>A&B</i>	<i>55.0</i>	<i>2.5</i>	<i>55.0</i>	<i>5.0, 7.5, 10.0, 20.0, 30.0, 35.0, 45.0, 50.0</i>
<i>Dominica</i>	<i>40.0</i>	<i>20.0</i>	<i>40.0</i>	<i>30.0</i>
<i>St. Vincent and the Grenadines</i>	<i>40.0</i>	<i>10.0</i>	<i>40.0</i>	<i>20.0, 30.0</i>
<i>Suriname</i>	<i>38.0</i>	<i>8.0</i>	<i>38.0</i>	<i>18.0, 28.0</i>
<i>Barbados</i>	<i>37.5</i>	<i>12.5</i>	<i>37.5</i>	<i>15.0</i>
<i>Trinidad and Tobago</i>	<i>35.0</i>	<i>28.0</i>	<i>35.0</i>	
<i>Guyana</i>	<i>33.3</i>	<i>20.0</i>	<i>33.3</i>	
<i>Grenada</i>	<i>30.0</i>			
<i>Haiti</i>	<i>30.0</i>	<i>10.0</i>	<i>30.0</i>	<i>15.0, 25.0</i>
<i>Montserrat</i>	<i>30.0</i>	<i>20.0</i>	<i>30.0</i>	<i>25.0</i>
<i>St. Lucia</i>	<i>30.0</i>	<i>10.0</i>	<i>30.0</i>	<i>15.0, 20.0</i>
<i>Belize</i>	<i>25.0</i>			
<i>Dominican Republic</i>	<i>25.0</i>	<i>15.0</i>	<i>25.0</i>	<i>20.0</i>
<i>Jamaica</i>	<i>25.0</i>			
<i>British Virgin Islands</i>	<i>20.0</i>	<i>6.0</i>	<i>20.0</i>	<i>10.0, 14.0, 15.0</i>

A comparison between CIT and PIT top marginal rates

Top marginal rates			
<i>Country</i>	<i>CIT</i>	<i>PIT</i>	<i>Harmonized</i>
<i>A&B</i>	<i>35.0</i>	<i>55.0</i>	
<i>Barbados</i>	<i>37.5</i>	<i>37.5</i>	Yes
<i>Belize</i>	<i>25.0</i>	<i>25.0</i>	Yes
<i>Dominican Republic</i>	<i>25.0</i>	<i>25.0</i>	Yes
<i>Dominica</i>	<i>30.0</i>	<i>40.0</i>	
<i>Grenada</i>	<i>30.0</i>	<i>30.0</i>	Yes
<i>Guyana</i>	<i>45.0</i>	<i>33.3</i>	
<i>Haiti</i>	<i>35.0</i>	<i>30.0</i>	
<i>Jamaica</i>	<i>33.3</i>	<i>25.0</i>	
<i>Montserrat</i>	<i>30.0</i>	<i>30.0</i>	Yes
<i>St. Lucia</i>	<i>33.3</i>	<i>30.0</i>	
<i>Suriname</i>	<i>36.0</i>	<i>38.0</i>	
<i>SVG</i>	<i>40.0</i>	<i>40.0</i>	Yes
<i>T&T</i>	<i>35.0</i>	<i>35.0</i>	Yes
<i>British Virgin Islands</i>	<i>15.0</i>	<i>20.0</i>	

The PIT threshold and the GDP per capita

Personal Income Tax Threshold and GDP per capita (amounts in local currency)			
Country	GDP	PIT	
	Per capita	Threshold	
	A	B	B/A
Grenada	11,172	60,000	5.37
Belize	7,167	20,000	2.79
Dominican Republic	42,456	97,800	2.30
Montserrat	7,990	13,000	1.63
Haiti	14,003	20,000	1.43
Dominica	10,559	15,000	1.42
St. Lucia	11,782	16,000	1.36
Guyana	162,879	216,000	1.33
SVG	8,192	10,000	1.22
Jamaica	120,951	120,000	0.99
Barbados	20,123	13,000	0.65
T&T	65,419	20,000	0.31

Final withholding rates on payments of non residents

Country	Interests	Rents	Dividends	Royalties	Management Fees	Covenants	Entretainers
Antigua and Barbuda	20	20	20	20	20		
Bahamas							
Barbados	15	40	15	15	15	20	25
British Virgin Islands	14	14	14	14	14	14	14
Dominica		20-25	15	25	25	25	30
Guyana	20	20	20	20	20	20	20
Haiti			30				
Jamaica	25.0-33.3	25.0-33.3	25	25.0-33.3	25.0-33.3	25	25
Montserrat	20	10.0-20.0	15	20	20	20	20
St. Kitts	10	10	10	10	10	10	10
St. Lucia	0	0	0	25	25		
St. Vincent	20	10		20	20	20	
Trinidad & Tobago	10.0-25.0	20.0-30.0	10.0-25.0	5.0-30.0	20.0-30.0	20.0-30.0	20.0-30.0

Status of Consumption taxation in the region

Taxation of Consumption			
Country	VAT	Sales Tax	Consumption and Excises Tax
Anguilla	None	None	None
Antigua & Barbuda	None	None	15%
Bahamas	None	None	None
Barbados	7.5-15.0%	None	None
Belize	None	10%	None
British Virgin Islands	None	None	None
Cayman Is	None	None	None
Dominica	None	7.50%	20%
Dominican Republic	8%	None	None
Grenada	None	None	5-8-10-15%
Guyana	None	None	0-128%
Haiti	10%	None	Excise taxes
Jamaica /1	15%, 12.5, 6.25	None	None
Montserrat	None	None	None
St. Kitts	None	None	4-17%
St. Lucia	None	None	5-35%
St. Vincent	None	None	5-40%
Suriname	None	5%, 7%	5-25%
Trinidad & Tobago	15%	None	None
Turks and Caicos	None	None	None
/1 Jamaica applies rates from 17.094-154.545 percent on motor vehicle sales			

VAT revenue as % of GDP

Country	Revenue
Barbados	9.3
Jamaica	7.6
Trinidad and Tobago	4.3
Dominican Republic	3.8
Haiti	3.8

Hotel accommodation and restaurant tax rates

Country	Room	Restaurant	Tax
Haiti	13.00	10.0	HAT
Anguilla	10.00	None	HAT
Guyana	10.00	10.0	
Trinidad & Tobago	10.00		HAT
Antigua & Barbuda	8.50	7.0	HAT
Belize	8.00	8.0	Sales tax
Grenada	8.00	8.0	Consumption tax
St. Lucia	8.00	8.0	
Barbados	7.50	15.0	VAT
British Virgin Is	7.00	None	
Montserrat	7.00	None	HAT
St. Kitts	7.00	None	HAT
St. Vincent	7.00	7.0	
Turks and Caicos	7.00	7.0	HAT/Rest Tax
Jamaica	6.25	15.0	VAT
Bahamas	6.00	None	
Cayman Is.	6.00	None	
Dominica	5.00	7.5	HAT/sales tax
Dominican Republic	5.00	8.0	HAT/VAT
Suriname	5.00	5.0	Sales tax

Hotel accommodation tax and service fees

Country	Room	SF	Total
Trinidad & Tobago	10.0	10.0	20.0
Guyana	10.0	10.0	20.0
Antigua & Barbuda	8.5	10.0	18.5
Grenada	8.0	10.0	18.0
St. Lucia	8.0	10.0	18.0
British Virgin Is	7.0	10.0	17.0
St. Kitts	7.0	10.0	17.0
Jamaica	6.3	10.0	16.3
Dominica	5.0	10.0	15.0

Hotel Accommodation Tax Revenue as % of GDP

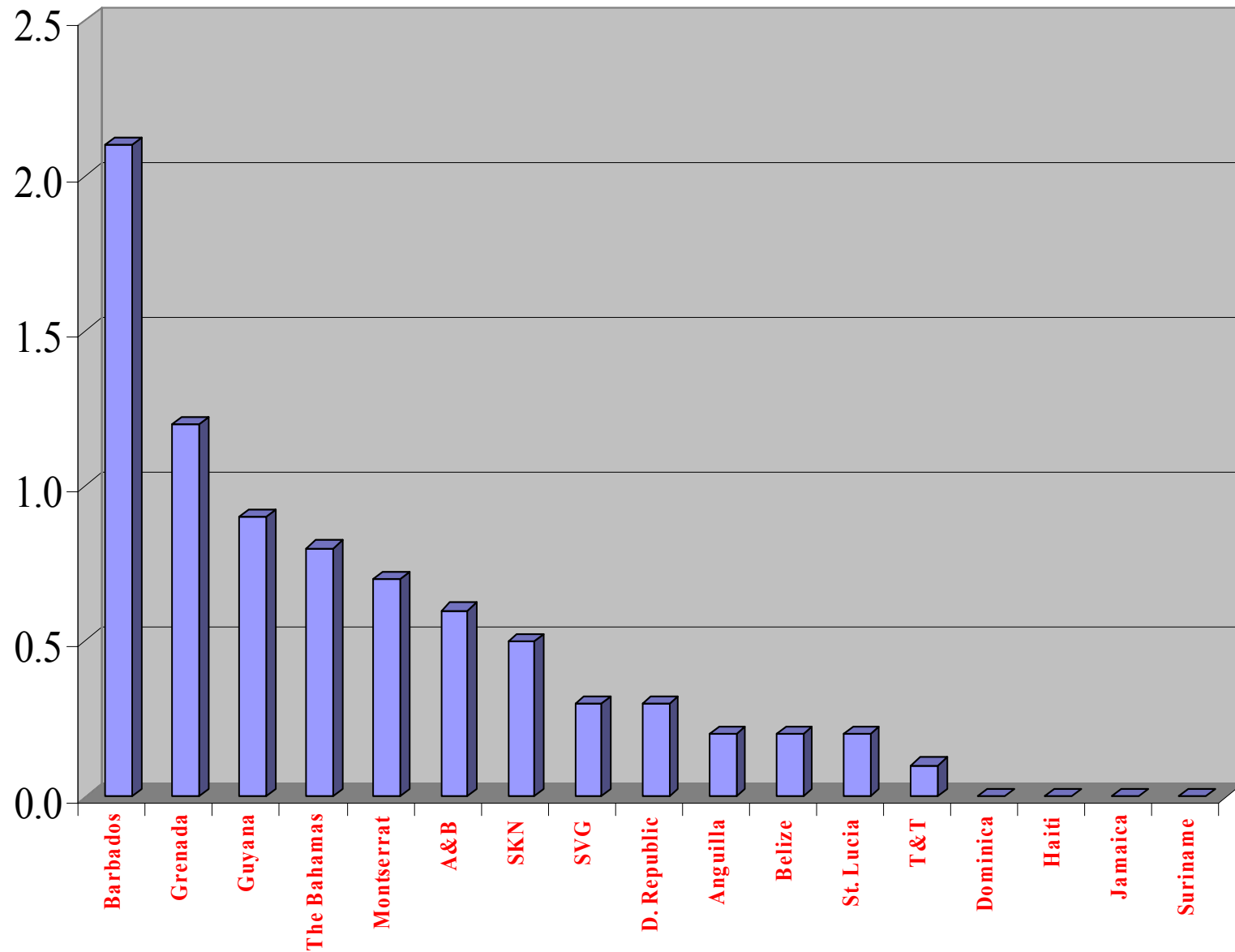
Country	Revenue (as % of GDP)
Turks & Caicos	3.2
Anguilla	3.1
St. Kitts	1.1
Antigua & Barbuda	1.0
St. Lucia	1.0
Bahamas	0.5
St. Vincent	0.5
Dominica	0.1

6. Property tax

- Revenue raised
- Taxation method applied
- Rates applied
- Common exemptions



The property taxation revenue



Property tax – recurrent and transfer tax revenue

	<i>Property Tax</i>	<i>Property Transfer tax</i>	<i>Total</i>
<i>Barbados</i>	<i>1.3</i>	<i>0.6</i>	<i>1.9</i>
<i>Grenada</i>	<i>0.6</i>	<i>0.8</i>	<i>1.4</i>
<i>Bahamas</i>	<i>0.9</i>	<i>0.0</i>	<i>0.9</i>
<i>Montserrat</i>	<i>0.8</i>	<i>0.0</i>	<i>0.8</i>
<i>Guyana</i>	<i>0.6</i>	<i>0.1</i>	<i>0.7</i>
<i>Antigua & Barbuda</i>	<i>0.5</i>	<i>0.0</i>	<i>0.5</i>
<i>St. Kitts</i>	<i>0.4</i>	<i>0.0</i>	<i>0.4</i>
<i>Suriname</i>	<i>0.0</i>	<i>0.4</i>	<i>0.4</i>
<i>St. Vincent</i>	<i>0.3</i>	<i>0.0</i>	<i>0.3</i>
<i>Anguilla</i>	<i>0.2</i>	<i>0.0</i>	<i>0.2</i>
<i>Belize (2002)</i>	<i>0.2</i>	<i>0.0</i>	<i>0.2</i>
<i>Dominica</i>	<i>0.0</i>	<i>0.2</i>	<i>0.2</i>
<i>Dominican Republic</i>	<i>0.2</i>	<i>0.0</i>	<i>0.2</i>
<i>St. Lucia</i>	<i>0.2</i>	<i>0.0</i>	<i>0.2</i>
<i>Trinidad and Tobago</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>

Methods of taxing property

<i>Forms of Property Taxation</i>				
	<i>Rental</i>	<i>Market</i>	<i>Site</i>	
<i>Country</i>	<i>Value</i>	<i>Value</i>	<i>Value</i>	<i>Other</i>
<i>Antigua & Barbuda</i>				1
<i>Anguilla</i>		1		
<i>Bahamas</i>	1			
<i>Barbados</i>		1		
<i>Belize</i>	1	1	1	
<i>British Virgin Islands</i>	1			
<i>Dominica</i>		1		1
<i>Dominican Republic</i>		1		
<i>Grenada</i>		1		
<i>Guyana</i>		1		
<i>Haiti</i>	1			
<i>Jamaica</i>			1	
<i>Montserrat</i>		1		
<i>St Vincent & the Gren.</i>	1			
<i>St. Kitts & Nevis</i>	1			
<i>St. Lucia</i>	1	1		
<i>Suriname</i>	1			
<i>Trinidad and Tobago</i>	1		1	
<i>Frequency</i>	9	9	3	2

Rates of property tax and property transfer tax

<i>Country</i>	<i>Form</i>	<i>Rates (in percent)</i>	
		<i>Property</i>	<i>Transfer</i>
<i>A&B</i>	<i>Construction</i>	<i>3.5, 5.0,7.0,14.0,20.0</i>	<i>10.0, 15.0</i>
<i>Anguilla</i>	<i>Rental</i>	<i>5.0</i>	<i>5.0</i>
<i>Bahamas</i>	<i>Rental</i>	<i>1.0, 1.5</i>	<i>n/a</i>
<i>Barbados</i>	<i>Market</i>	<i>0.48, 0.67,0.90</i>	<i>5.0,8.0,10.0</i>
<i>Belize</i>	<i>Mix</i>	<i>n/a</i>	<i>n/a</i>
<i>BVI</i>	<i>Rental</i>	<i>1.5</i>	<i>n/a</i>
<i>Dominica</i>	<i>Market</i>	<i>n/a</i>	<i>1.0,2.5,4.0</i>
<i>DR</i>	<i>Market</i>	<i>1.0</i>	<i>4.0, 0.48</i>
<i>Grenada</i>	<i>Market</i>	<i>0.15</i>	<i>4.0</i>
<i>Guyana</i>	<i>Market</i>	<i>0.50,0.75</i>	<i>n/a</i>
<i>Haiti</i>	<i>Rental</i>	<i>38,153.0</i>	<i>2.0</i>
<i>Jamaica</i>	<i>Site</i>	<i>0.10,0.30,0.75,1.50,2.0,2.5,3.0</i>	<i>7.5</i>
<i>Montserrat</i>	<i>Market</i>	<i>0.30,0.80,0.75</i>	<i>n/a</i>
<i>SKN</i>	<i>Rental</i>	<i>5.0</i>	<i>12.0</i>
<i>St. Lucia</i>	Rental	5.0	2.5,3.5,5.0,10.0
<i>St. Vincent</i>	Rental	5.0, 2.5, 1.5	<i>n/a</i>
<i>Suriname</i>	Rental	6.0	<i>n/a</i>
<i>T&T</i>	Rental	7.5,10.0	<i>n/a</i>

Property tax exemptions

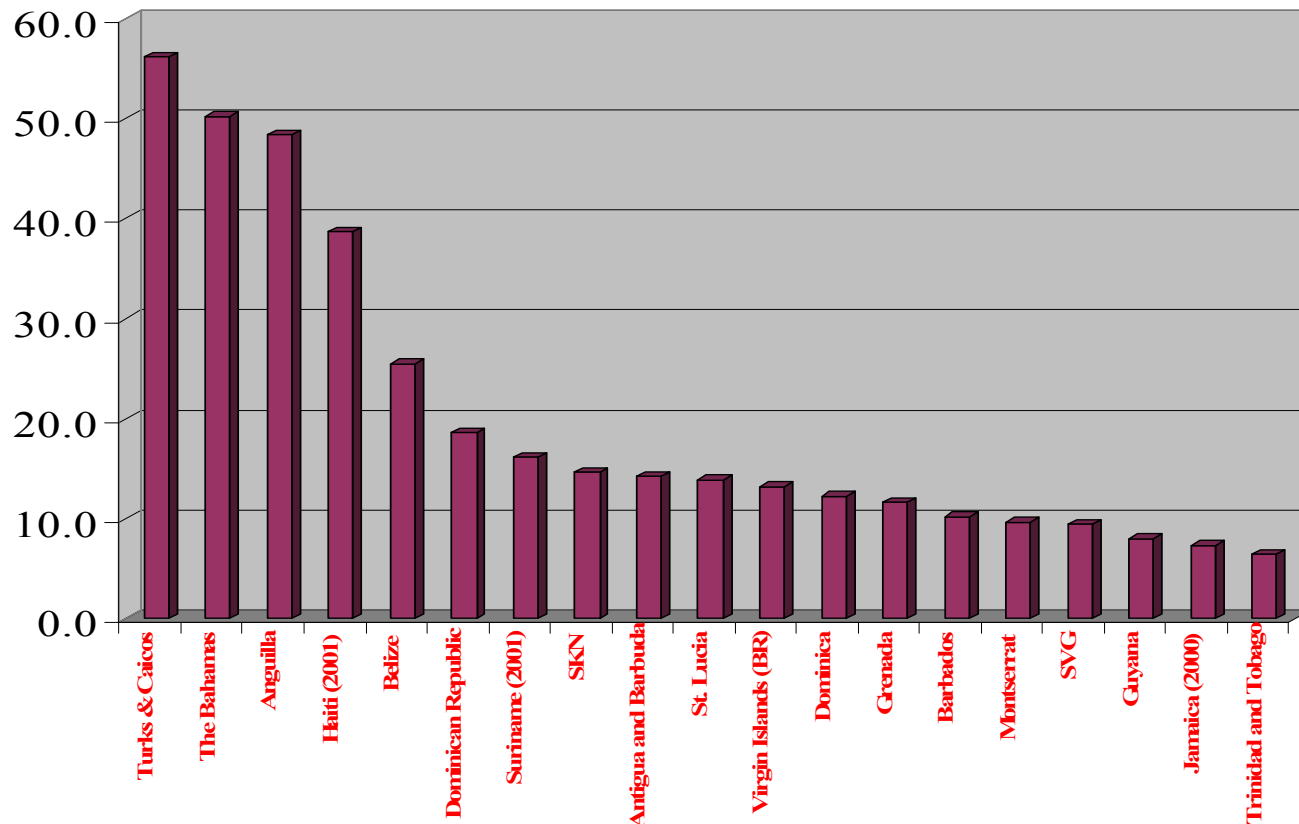
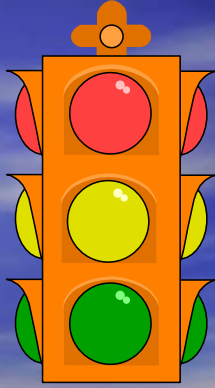
			<i>Public</i>		<i>Church</i>	<i>Residence</i>	
<i>Country</i>	<i>Church</i>	<i>Government</i>	<i>Cemetery</i>	<i>Educational</i>	<i>Activities</i>	<i>of minister</i>	<i>Charity</i>
						<i>of religion</i>	
<i>Anguilla</i>							
	♪	♪	♪	♪	♪	♪	
<i>Barbados</i>	♪	♪	♪				♪
<i>Belize</i>	♪	♪	♪	♪	♪	♪	♪
<i>British Virgin Islands</i>	♪	♪	♪	♪	♪		♪
<i>Dominica</i>	♪	♪	♪	♪		♪	♪
<i>Dominican Republic</i>	♪	♪	♪		♪	♪	♪
<i>Grenada</i>	♪	♪	♪	♪	♪	♪	♪
<i>Guyana</i>	♪	♪	♪	♪			
<i>Haiti</i>	♪	♪		♪	♪		
<i>Jamaica</i>	♪	♪	♪	♪	♪	♪	
<i>Montserrat</i>	♪	♪	♪	♪	♪	♪	♪
<i>SKN</i>	♪	♪	♪	♪	♪	♪	♪
<i>St. Lucia</i>	♪	♪	♪	♪		♪	
<i>St. VG</i>	♪	♪	♪	♪	♪		♪
<i>Suriname</i>	♪	♪		♪	♪	♪	♪
<i>T&T</i>	♪	♪	♪	♪	♪	♪	♪
<i>Frequency</i>	16	16	14	14	12	11	11

Import taxes

- Reliance on import taxes
- Customs fees revenue
- Customs fees rates

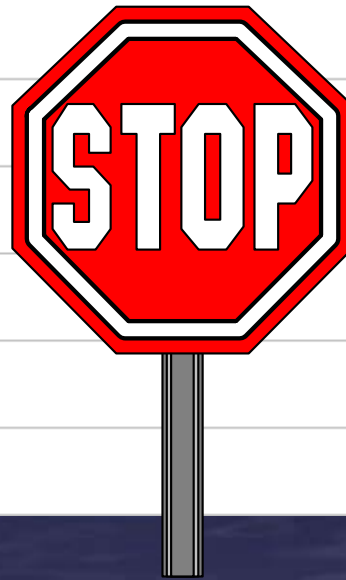


Reliance on Import Duties As a % of total revenue



Collection of Customs fees as % of total collections

Country	Customs Fees
<i>Antigua and Barbuda</i>	<i>13.2</i>
<i>Montserrat</i>	<i>8.0</i>
<i>Grenada</i>	<i>5.0</i>
<i>SKN</i>	<i>5.0</i>
<i>St. Lucia</i>	<i>5.0</i>
<i>SVG</i>	<i>4.0</i>
<i>Anguilla</i>	<i>3.3</i>
<i>Dominica</i>	<i>3.0</i>
<i>Suriname</i>	<i>0.5</i>



Rates of Customs fees



Country	Rates (percent)
<i>Antigua and Barbuda</i>	<i>10.0</i>
<i>Grenada</i>	<i>9.8</i>
<i>SKN</i>	<i>8.1</i>
<i>Montserrat</i>	<i>8.0</i>
<i>St. Lucia</i>	<i>7.3</i>
<i>SVG</i>	<i>6.5</i>
<i>Surinam (2001)</i>	<i>4.6</i>
<i>Dominica</i>	<i>3.6</i>
<i>Anguilla</i>	<i>1.0</i>

Main conclusions

- The tax burden
- Income tax
- taxation of consumption
- Taxation of hotels/restaurants
- Taxation of property
- The reliance on import tariffs



Thank You