



St Vincent and the Grenadines

EDITORIAL BOARD

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Important new developments

- The OECD Global Forum Phase 1 Peer Review Report of St Vincent and the Grenadines (SVG) was adopted by the Global Forum on 30 March 2012. The conclusion made in this report is that SVG's legal and regulatory framework in general, meets the international standards with respect to the Global Forum's tax transparency and exchange of information for tax purposes.
- As a result of this successful Phase 1 Review, SVG was moved into Phase 2 of the Peer Review, scheduled to take place in the latter part of 2013.
- Follow-up work has since proceeded in addressing recommendations arising out of the OECD Global Forum review and progress was reported at the Global Forum in September 2012.
- The International Financial Services Authority (IFSA), as the national regulatory body for the international financial services (IFS) sector, officially ended its operations on 11 November 2012. Its operations were subsumed under one umbrella organisation, along with that of two other SVG government departments, into the Financial Services Authority which became responsible not only for regulatory and supervisory oversight of the IFS, but also the non-bank financial services sector in SVG.
- The FSA, as the single regulatory body, was thus established on 12 November 2012 pursuant to the provisions of the *Financial Services Authority Act, No. 33 of 2011*.
- The establishment of the FSA is a major development for SVG, because for the first time in the history of financial services regulation in SVG, there is a single regulator of distinct regulatory bodies merged into one organisation, which allows for maximising economies of scale and scope and contributing to a better use of resources. The FSA is fully operational and

has successfully established the administrative framework to carry out its significant regulatory functions.

- SVG has signed more than 20 tax information exchange agreements (TIEAs) to date and work continues on the negotiation of additional TIEAs with other countries and TIEA-related matters. These TIEAs are at different stages of progress.

Legal system

SVG's legal system is similar to the English legal system. The lower courts are the Magisterial District Courts which exercise both civil and criminal jurisdiction. There is a separate Family Court, presided over by a President, which deals exclusively with family and domestic matters. The primary court of first instance is the High Court of Justice, from which appeal is made to the Eastern Caribbean Court of Appeal. Both derive their jurisdiction from the *Eastern Caribbean Supreme Court Act*. Civil and criminal matters at the High Court are presided over by puisne judges. Her Majesty's Judicial Committee of the Privy Council in London, England is the final court of appeal.

INHERITANCE AND SUCCESSION

Succession

A beneficiary can inherit the estate of another where the testator has left a valid will. A grant of probate will be issued and assets can be transferred to the beneficiary in accordance with the will. Where one dies intestate one can benefit from the deceased's estate based on *The Non-Contentious Probate Rules 1987* (England) which sets out the order of priority for inheritance in cases of intestacy.

Key legislation:

- *Administration of Estates Act*, Chapter 486 of the *Revised Laws of Saint Vincent and the Grenadines, 2009* (the Revised Laws).
- *Wills Act*, Chapter 495 of the Revised Laws.
- *Estate and Succession Duties Act*, Chapter 490 of the Revised Laws.

- *Probates (Resealing Act)*, Chapter 492 of the Revised Laws.
- *Trustees Act*, Chapter 494 of the Revised Laws.
- *Mental Health Act*; Chapter 294 of the Revised Laws.

Family law and defined inheritance rules

Rule 22 of *The Non-Contentious Probate Rules 1987* (England) which was adopted in Saint Vincent and the Grenadines by virtue of Section 11 of the *Eastern Caribbean Supreme Court Act*, Chapter 24 of the Revised Laws stipulates the order of priority in which family members can inherit the deceased's estate, where the deceased died intestate.

Probate process

An application for a grant is made by lodging the requisite documents in the probate section of the High Court's Registry. The nature of the documents submitted will depend on the type of grant that is sought such as grant of probate, grant of letters of administration, grant of letters of administration with will annexed and grant de bonis non administratis.

After the documents are lodged in the Registry and the appropriate stamp duties are paid, a file is opened and the papers are checked by the Estate Clerk at the High Court to ensure that they are correct and in order.

When the estate includes land, a valuation certificate is included with the documents. The Estate Clerk completes a memorandum and a check of valuation form in accordance with the information contained in the valuation certificate. This form is submitted to the Valuation Department of the Ministry of Finance where the land is assessed to determine whether the valuation as stated on the certificate is fair and accurate. Once the valuation is accepted the memorandum is signed by the Valuation Officer and the Chief Surveyor and returned to the Estate Duty Division where the Probate Clerk will calculate the probate fees and estate duties if any, that are payable.

A fiat for issue of the grant to the applicant is then prepared by the Estate Clerk for signature by the Registrar. The Registrar then examines the papers to ensure accuracy. Once the Registrar is satisfied with the papers he/she signs the fiat. The

grant is prepared and issued which is signed by the Registrar in duplicate.

Mental capacity

In order to make a valid will, a testator must comply with the statutory formalities with respect to the execution of the will and must also have the relevant *animus testandi*. It must be established that the testator had the mental capacity to make the will.

ESTATE PLANNING

Use of trusts in estate planning

A testator may state that an asset be given to a named beneficiary but that it be held on trust by the executor until the beneficiary obtains the age of majority. Additionally, where one dies intestate and there are children under the age of majority the administrator may hold that portion of the child's estate on trust until the age of majority is attained.

Use of foundations in estate planning

NOT APPLICABLE

Types of entities

NOT APPLICABLE

TAXATION

Income tax system

All taxes on income in SVG are governed by the *Income Tax Act*, Chapter 435 of the Revised Laws.

Personal income tax rates

TAX CODE 175 EFFECTIVE 1 JANUARY 2009	
CHARGEABLE INCOME	TAXABLE RATES (PER ANNUM)
Where chargeable income ≤USD5,000	10%
Where chargeable income >USD5,000 but ≤USD10,000	USD500 plus 20% of the amount by which chargeable income >USD5,000
Where chargeable income >USD10,000 but ≤USD30,000	USD1,500 plus 30% of the amount by which chargeable income >USD10,000
Where chargeable income >USD30,000	USD7,500 plus 32.5% of the amount by which chargeable income >USD30,000

Corporate income tax rates

Corporate tax is charged on all income received by a corporation from sources in or out of Saint Vincent and the Grenadines.

Tax on the chargeable income of a company is 32.5 per cent. There is a 30 per cent tax on the chargeable income of companies operating a hotel.

International business companies registered with the FSA are exempt from paying taxes in the state. However, they may elect to pay 1 per cent income tax, in which case, they will then be liable to pay taxes in the state in accordance with the provisions of the *Income Tax Act*.

Additionally, taxes on companies which manufacture goods are as follows:

TAXES ON COMPANIES MANUFACTURING GOODS	
ON CHARGEABLE INCOME DERIVED FROM:	RATE OF TAX:
Local markets and exports to the OECS Markets	10%
Exports to Non-OECS CARICOM Markets	25%
Exports to the extra-CARICOM Markets	15%

Capital gains tax

NOT APPLICABLE

Non-residents taxable on

Any income which accrues directly or indirectly to a non-resident person from carrying on business or the exercise of employment in SVG shall form part of his/her assessable income (section 7(5) of the *Income Tax Act*).

Withholding tax rate (non-treaty)

Withholding taxes are applicable to income of non-residents derived from the following (*Income Tax Act*, Schedule 3):

- Interest of discounts.
- Rental, lease, premium or licence in respect of real property.
- Royalties and rentals of moveable property.
- Management charge.
- Commission or fee, not being in respect of an employment to which deduction of tax by employers applies. It is provided that all commission, advertising and other promotional payments made by hoteliers and exporters in Saint Vincent and the Grenadines to non-residents for the sale of goods and services performed outside the state are exempt from paying income tax.
- Annuities or other periodic payments, including payments of alimony or maintenance.
- The distribution of income of a trust, where the income is specified in sections above.
- Insurance premiums (this excludes re-insurance premiums).
- Any other payment of an income nature.

WITHHOLDING TAX	
WITHHOLDING TAX APPLICABLE TO:	RATE OF WITHHOLDING TAX:
Property rental	10%
Inter-corporate dividends	15%
Any other payments	20%

Withholding tax rate (treaty)

The *Income (Tax Double Taxation Relief) (Caribbean Community Agreement) Order, 2000* made into law an agreement between SVG and CARICOM to prevent residents of member states of the agreeing countries from being subject to double taxation. Accordingly, income of whatever nature accruing to or derived by such person shall generally be taxable only by the member state in

which the income arises. Income derived from interest and management fees shall be taxed at a rate not exceeding 15 per cent.

Taxation at death

Scale of rate of estate duty Schedule 1, *Estate and Succession Duties Act*, Chapter 490 of the Revised Laws.

WHERE THE PRINCIPAL VALUE OF THE ESTATE EXCEEDS:	ESTATE DUTY SHALL BE PAYABLE AT A RATE OF:
USD500 to <USD1,500	1%
USD1,500 to <2,500	1.5%
USD2,000 to <USD5,000	2%
USD5,000 to <USD7,500	2.5%
USD7,500 to <USD10,000	3%
USD10,000 to <USD15,000	3.5%
USD15,000 to <USD20,000	4%
USD20,000 to <USD30,000	5%
USD30,000 to <USD40,000	6%
USD40,000 to <USD50,000	8%
USD50,000 to <USD75,000	10%
USD75,000 to <USD100,000	12%
USD100,000 to <USD150,000	14%
USD150,000 to <USD200,000	16%
USD200,000 to <USD250,000	18%
USD250,000 to <USD300,000	20%
USD300,000 to <USD400,000	25%
USD400,000 to <USD500,000	30%
>USD500,000	40%

Scale of rate of succession duty Schedule 2, *Estate and Succession Duties Act*, Chapter 490 of the Revised Laws, see the following table.

WHERE THE VALUE OF ANY SUCCESSION EXCEEDS:	WHERE THE SUCCESSOR IS:		
	(i) A husband, a lineal descendant or ancestor of the predecessor	(ii) A brother or sister or their descendant of the predecessor	(iii) A person in any another degree or a stranger in the blood to the predecessor
USD96 to <USD2,400	0.625%	2.25%	6.25%
USD2,400 to <USD4,800	1.25%	4.5%	6.5%
USD4,800 to <USD9,600	1.75%	6.25%	12.5%
USD9,600 to <USD14,400	2.25%	7.5%	12.5%
USD14,400 to <USD24,000	2.25%	10%	12.5%
USD24,000 to <USD33,600	2.5%	10.5%	20%
USD33,600 to <USD48,000	2.5%	12%	20%
USD48,000 to <USD72,000	2.5%	14%	25%
USD72,000 to <USD96,000	3%	16%	30%
USD96,000 to <USD192,000	4%	17.5%	35%
USD192,000 to <USD288,000	6%	20%	40%
USD288,000 to <USD384,000	8%	25%	50%
>USD384,000	10%	30%	60%

Other taxes
NOT APPLICABLE

Tax treaties

- *The Income (Tax Double Taxation Relief) (Caribbean Community Agreement) Order, 2000.*
- *Income Tax (Double Taxation Relief) (Sweden) Order, 1976.*
- *Income Tax (Double Taxation Relief) (United Kingdom) Order, 1948.*
- *Income Tax (Double Taxation Relief) (Taxes on Income) (Canada) Order, 1952.*
- *Income Tax (Double Taxation Relief) (Taxes on Income) (New Zealand) Order, 1952.*
- *Income Tax (Double Taxation Relief) (Norway) Order, 1956.*
- *Income Tax (Double Taxation Relief) (Denmark) Order, 1956.*
- *Income Tax (Double Taxation Relief) (USA) Order, 1959.*
- *Income Tax (Double Taxation Relief) (Switzerland) Order, 1965.*

Tax information exchange agreements

SVG has TIEAs with the following countries: The Kingdom of the Netherlands with respect to Aruba, Australia, Austria, Belgium, Canada, Denmark, The Faroes Islands, Finland, France, Germany, Greenland, Iceland, Liechtenstein, the Netherlands, the Netherlands Antilles, New Zealand, Norway, Sweden and the United Kingdom.

RESIDENCE AND DOMICILE

Special rules on becoming resident

To become a resident of SVG one must apply for a permit which allows for either a temporary or permanent residency. The permit is granted by Cabinet. The permit may not be transferred or assigned to any other person by the owner thereof.

Special rules on ceasing residence

When a permit is cancelled a written notice of the cancellation is prepared by the Minister of National Security (formerly the Minister of Home

Affairs) and issued to the holder of the permit.

The cancellation will give notice of the effective cancellation date. The holder of the permit must surrender the permit to the Minister of National Security or an Immigration Officer.

Where the permit has been endorsed on the holder's passport, the permit holder has to take the passport to the Immigration Office to cancel the permit.

Domicile concept for gifts and inheritance
NOT APPLICABLE

Taxation of holdings by non-residents on

- Gifts.
- Death.

Non-residents are charged 20 per cent on any payment which may be deemed income in accordance with withholding taxes.

Reporting/auditing requirements

Reporting requirements:

TYPE OF TAX	PERIOD	PENALTY
Personal income tax (Resident)	By 31 March, annually	USD20 per month in default. 1.5% interest monthly on late payment
Withholding tax (non-resident)	By 15th day of the following month	1.5% per month
Corporate tax	Three months after the financial year end	USD20 per month in default; 1.5% interest monthly on late payment

OTHER RELEVANT INFORMATION

Asset protection laws

The *International Trusts Act Chapter 491* of the Revised make provision that an international trust will be valid, when registered, although it is deemed, under the laws of another country, to have been invalid when established or that it will

become invalid at a later date.

Additionally, orders made in foreign courts will have no effect in the state as the Act requires claims to be made in state. The period of limitation to bring a claim against an international trust is two years.

Foreign currency restrictions

Foreign currency restrictions include:

- Restricting the exchange of currencies to licensed commercial banks and other such entities.
- Transaction amounts which exceed USD10,000 must be accompanied by a source of fund declaration in accordance with the anti-money laundering statute.
- The application of a fixed exchange rate for the buying and selling of United States dollars in cash or bank draft.

SVG's currency transactions:

CURRENCIES	CASH	BANK DRAFT	WIRE TRANSFER
Sterling Pounds	yes	yes	yes
Canada Dollars	yes	yes	yes
Euro	yes	yes	yes
Swiss Franc	no	yes	yes
Barbados Dollars	yes	yes	yes
Trinidad Dollars	no	no	yes
Guyana Dollars	no	no	yes
United States of America Dollars	yes	yes	yes

Foreign ownership restrictions
NOT APPLICABLE

AML/due diligence and other requirements and regulatory procedures for advisors

- To establish a trust.
- For incorporation.
- To open a bank account.

Registered agents and trustees and financial intermediaries are regulated in accordance with the *Proceeds of Crime and Money Laundering (Prevention) Act, 2002*. Bank account opening procedures must comply with the regulations of the aforementioned Act. Proof of identity of account holders and beneficial owners must be maintained throughout the business relationship.

Other points of interest

The *Proceeds of Crime and Anti-Money Laundering (Prevention) Act, 2001* is being

reviewed to reflect recommendations from the last mutual evaluation conducted in 2009. The Act is also being updated to include the FATF's revised 40 recommendations.

Key resources for further information**WEBSITES**

- Bank of Saint Vincent and the Grenadines:
www.bosvg.com
- Financial Services Authority:
www.fsa.com Hon. Attorney General:
ag@gov.vc

- Inland Revenue Department:
office.inlandrev@mail.gov.vc
- Registrar of the High Court:
office.registry@mail.gov.vc