

# GLOSSARY

## Assessable Income

"**Assessable Income**" means the income from the sources described in section 3 computed in accordance with the provisions of Parts II, III, IV and V of this Act;

**Income Tax Act Cap 20.22 (Section 2)**

<https://www.skniird.com/UserFiles/TaxLib/190426075803.pdf>

## Body of Persons

"body of persons" means any body politic, corporate, or collegiate and any company, fraternity, fellowship, or society of persons whether corporate or not corporate; **Income Tax Act Cap 20.22 (Section 2)**

## Business Enterprise

**Business Enterprise** means business or trading operations that are physically located within the Federation, conducted along commercial lines for profit and shall be inclusive of (but not limited to) business or trading operations conducted through the following, to the extent they are located within the Federation:

- a) An office, branch, place of business or seat of management
- b) A factory, plant, industrial workshop or assembly shop
- c) A construction project in progress
- d) An agency or premises for the purchase and sale of goods
- e) An agent or representative

<https://www.skniird.com/wp-content/uploads/2020/10/SKN-Guidance-Tax-Residence-and-Business-Enterprise-Sept2020.pdf>

## Change in Activities

This includes acquiring, holding, owning or dealing with new assets or engaging in new business ventures.

## Consolidated Group or Consolidated Corporation

"**Consolidation**" means a procedure whereby any two (2) or more corporations consolidate into a new corporation incorporated by the consolidation;

"**Consolidated Corporation**" means the new corporation into which two (2) or more constituent corporations are consolidated;

"**Constituent Corporation**" means an existing corporation that is participating in the merger or consolidation with one (1) or more other corporations;

"**Corporation**" or "**Domestic Corporation**" means a corporation incorporated, merged or consolidated under this Ordinance, or a foreign corporation which has been redomiciled to Nevis and registered under this Ordinance. **Nevis Business Corporation Ordinance, 2017 (Section 2)**

"**Consolidation**" means a procedure whereby any two (2) or more limited liability companies consolidate into a new limited liability company formed by the consolidation;

"**Consolidated Company**" means the new limited liability company into which two (2) or more constituent companies are consolidated;

"**Constituent Company**" means an existing limited liability company that is participating in the merger or consolidation with one (1) or more other limited liability companies;

**“Corporation”** means a corporation incorporated under the Nevis Business Corporation Ordinance 2017 or a corporation which was incorporated under the laws of a foreign domicile which has been redomiciled to Nevis under such law.

**Nevis Limited Liability Company Ordinance, 2017 (Section 2)**

### **Gross Turnover**

Gross revenue refers to earnings before deducting any expenses.

Turnover is the total sales generated by a business in a specific period; sometimes referred to as gross revenue, or income. Therefore, **gross turnover** is the total sales generated by a business before deducting any expenses in a specific period.

### **Income**

Money an individual or business receives in exchange for providing labor, producing a good or service, or through investing capital. Individuals most often earn **income** through wages or salary. Businesses earn income from selling goods or services above their cost of production.

### **Intellectual Property**

A category of property that includes intangible creations of the human intellect. Examples include but not limited to copyrights, trademarks, patents, geographical indications, trade secrets etcetera.

### **Persons**

Includes a body of persons; **Income Tax Act Cap 20.22 (Section 2)**

### **Related Persons**

- (a) a natural person and a relative of that natural person;
- (b) a trust and a person who is or may be a beneficiary in respect of that trust or whose relative is or may be a beneficiary;
- (c) a partnership or company limited by shares and a member thereof who, together with shares or other membership interests held by persons who are related to such member under another paragraph of this definition owns 25% or more of the rights to income or capital of the partnership or company;
- (d) a shareholder in a company limited by shares if the shareholder, together with shares held by persons who are related to such shareholder under another paragraph of this definition
  - (i) controls 25% or more of the voting power in the company limited by shares; or
  - (ii) owns 25% or more of the rights to dividends or of the rights to capital; or
- (e) two companies, if a person, either alone or together with a person or persons who are related to such person under another paragraph of this definition
  - (i) controls 25% or more of the voting power in both companies; or (ii) owns 25% or more of the rights to dividends or of the rights to capital in both companies; andfor purposes of paragraphs (c), (d), and (e) of this definition a person shall be treated as owning, on a pro rata basis, shares or other membership interests which are owned or controlled by such person indirectly through one or more interposed persons and the expressions “related to” or “a person related to”, shall be construed accordingly;”

**Income Tax Act Cap 20.22 (Section 2 as amended by No 10 of 2012)**

<https://www.skniird.com/UserFiles/TaxLib/190426075803.pdf>

## **Tax Exemptions**

The process of being free from an obligation or tax liability imposed on others through the powers conferred under Section 224 of the Companies Act, Section 136 of the Nevis Business Corporations Ordinance or Section 96 of the Nevis Limited Liability Company Ordinance.

## **Tax Resident**

A company will be deemed to be a tax resident in the jurisdiction in which the management and control of the company reside. See "Guidance on Tax Residence and Taxable Presence in the Federation".

<https://www.skniird.com/wp-content/uploads/2020/10/SKN-Guidance-Tax-Residence-and-Business-Enterprise-Sept2020.pdf>

## **Legislative Links**

***Companies Act 21.03 and Companies (Amendment) Acts***

<https://www.fsric.kn/law-library/companies>

***Nevis Business Corporation Ordinance 2017 and Amendments***

<https://www.nevisfsric.com/services/ibcs/>

***Nevis Limited Liability Company Ordinance***

<https://www.nevisfsric.com/services/lcs/>

***Income Tax Act Cap 20.22***

<https://www.skniird.com/UserFiles/TaxLib/190426075803.pdf>