

# CIT-101 RETURN GUIDELINES

St. Kitts and Nevis



*Revision Date: November 1, 2020*



## **ACRONYMS AND ABBREVIATIONS**

BEPS	Base Erosion and Profit Shifting
CIT	Corporate Income Tax
EU CoCG	European Union Code of Conduct Group
FHTP	Forum for Harmful Tax Practices
IBC	International Business Corporation
IP	Intellectual Property
LLC	Limited Liability Company
OECD	Organization for Economic Co-operation and Development
SKN	St. Kitts and Nevis
SKNIRD	The St. Kitts and Nevis Inland Revenue Department
IBCO	International Business Company Ordinance
LLCO	Limited Liability Company Ordinance
MNE	Multinational Enterprise



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## 1. Introduction

In March 2018, the Federation of St. Kitts and Nevis (The Federation) was listed by the European Union Code of Conduct Group (EU CoCG) as a non-co-operative jurisdiction. Considering the unfavourable listing by the EU CoCG and the Organisation for Economic Co-operation and Development Forum for Harmful Tax Practices (OECD FHTP), the Federation implemented necessary legislative reforms to the Companies Act Cap 21.03, the Nevis Business Corporation Ordinance, 2017 and the Nevis Limited Liability Company Ordinance, 2017 to comply with international tax good governance principles. These reforms were done ahead of the agreed deadlines and resulted in the Federation receiving a rating of Largely Compliant by the OECD FHTP in February 2017 and being removed from the EU's list of non- co-operative jurisdictions in February 2020.

The Federation, in addition to amending the above-mentioned regimes, instituted grandfathering provisions to ensure that entities registered before January 1, 2019 can continue to benefit from the exemptions within the regimes for a period of 3 years until June 2021. Therefore, in an effort to maintain our Largely Compliant rating and ensure compliance with its international obligations, the Federation must put procedures in place to monitor the implementation of the grandfathering mechanisms and ensure its policies are working as designed.

The Government of St. Kitts and Nevis values the importance of the Financial Services Sector and is taking all necessary steps to ensure these vital services within the industry continue to develop and deliver important economic benefits to the Federation. As the Competent Authority designate for tax purposes, the St. Kitts and Nevis Inland Revenue Department (SKNIRD), will continue to educate stakeholders on their obligations and any other relevant policy information.

For more information on the OECD Base Erosion and Profit Shifting (BEPS) Action 5 Initiative you may visit the OECD's website at <http://www.oecd.org/tax/beps/beps-actions/action5/>

## 2. General Information

### Purpose of CIT-101 Return:

The CIT-101 Return should be submitted for all entities registered as at December 31, 2019 as Exempt Companies under the Companies Act Cap. 21.03 of the Revised Laws of St. Kitts and Nevis (SKN) 2017, Nevis International Business Corporations (IBCs) under the Nevis Business Corporation Ordinance, 2017 (NBCO) and Nevis Limited Liability Company (LLCs) under the Nevis Limited Liability Company Ordinance, 2017 (NLLCO). The primary purpose of the CIT-101 Return is to meet the requirement of the OECD BEPS Action 5 Minimum Standard, on Harmful Tax Practices. This Return is geared towards monitoring data on grandfathered Non-IP regimes but also includes some enhanced transparency requirements as set out in paragraph 63 to 66 of the 2015 BEPS Action 5 Report for IP regimes of existing FHTP members. Responses provided within the Return may give rise to spontaneous exchanges under the Common Reporting Standard (Automatic Exchange of Financial Account Information) Act, No. 13 of 2016 and denial of the grandfathering benefits contained within the laws by which relevant entities are governed; more details can be found below in Section headed 'CIT-101 Return guide'.

### OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), its purpose and the Federation of St. Kitts and Nevis' obligations under this initiative:

On November 14, 2017, SKN joined the OECD Inclusive Framework on BEPS as a requirement under the OECD's good governance standards. St Kitts and Nevis joined in collaboration with over 125 countries. According to the OECD, BEPS refers to "tax planning strategies used by multinational enterprises (MNEs) that exploit gaps and mismatches in tax rules to avoid paying tax". The members of the Inclusive Framework are collaborating on the implementation of a [15 actions](#) plan with four minimum standards which are a stepping stone in equipping governments with domestic and international instruments to address tax avoidance, whilst ensuring that profits are taxed where economic activities and generated and where the value is created. Each of the four BEPS minimum standards is subject to peer review in order to ensure timely and accurate implementation across BEPS member jurisdictions.

#### [Four \(4\) Minimum Standards the Federation must implement:](#)

##### ***Action 5 - Countering Harmful Tax Practices More Effectively, Taking Into Account Transparency and Substance***

There are two aspects to the **Action 5 minimum standard**. There is a process for (i) reviewing preferential tax regimes to identify features of such regimes that can facilitate base erosion and profit shifting, and therefore have the potential to unfairly impact the tax base of other jurisdictions; and (ii) a commitment to transparency through the compulsory spontaneous exchange of relevant information on taxpayer-specific rulings. The Federation is currently undergoing a peer view under Action 5 which is being led by the OECD FHTP. The Companies Act, NBCO and NLLCO were found to be providing preferential tax treatment to entities that were incorporated/formed under those legislation. As a consequence, they were amended in December 2018 to close off potentially unfair tax benefits to entities that were formed on or before December 31, 2018 and by introducing grandfathering provisions to those entities until June 2021. Further amendments were made in December 2019 to make provision for the treatment of the acquisition of Intellectual Property assets (IP assets) by grandfathered entities from related parties. These amendments are in line with the OECD FHTP requirements. The Federation is required to ensure those grandfathered entities are monitored by the SKNIRD and confirm whether or not they acquired IP assets from related parties during the Relevant Period.

##### ***Action 6 - Preventing the Granting of Treaty Benefits in Inappropriate Circumstances***

This Action requires the inclusion of provisions within members' tax treaties dealing with treaty shopping. This is to ensure a minimum level of protection against treaty abuse. In particular, members are required to include an express statement on non-taxation (generally in the preamble) and one of three methods of addressing treaty shopping.

##### ***Action 13 - Transfer Pricing Documentation and Country by Country Reporting***

The objective of Country-By-Country reporting is to provide Tax Administrations with a high-level overview of the operations and tax risk profile of the largest multinational enterprise groups (MNE Groups).

##### ***Action 14 - Making Dispute Resolutions more effective***

This action ensures that treaty related disputes, mainly of double taxation, imposed on a taxpayer would be resolved in line with international standards. See our established [Mutual Agreement Procedures \(MAP\) Guidelines](#) and forms used to facilitate the process of a taxpayer filing for the resolution of treaty issues.

## [The roles of the OECD Forum on Harmful Tax Practices \(OECD FHTP\) and the European Union Code of Conduct Group \(EU CoCG\)](#)

The FHTP has been conducting reviews of preferential regimes since its creation in 1998 in order to determine if the regimes could be harmful to the tax base of other jurisdictions. The current work of the FHTP comprises three key areas; assessment of preferential tax regimes, monitoring of the transparency framework and the review of substantial activities requirements.

The Code of Conduct is not a legally binding instrument, but is a **political commitment by participating states to:**

- re-examine, amend or abolish their existing tax measures that constitute harmful tax competition (**rollback process**); and
- refrain from introducing new ones in the future (**standstill process**).

Whilst the original focus of the Code of Conduct was on EU member states, member states also committed to promote the adoption of its principles by **third countries** and in territories to which EU treaties do not apply.

### [Enhanced Transparency requirements](#)

Safeguarding measures to mitigate the risk of new entrants seeking to benefit from the existing IP regimes by requiring **spontaneous exchange of information on the identity of the new entrant**. The closing off of a regime is intended to not just prevent new entrants from accessing the regime, but to preclude new activities from benefitting from the regime. Grandfathering rules are therefore required to ensure that entities grandfathered under the prior regimes are not permitted to introduce new assets and activities that could benefit from the tax exemptions. Specific to this, Annex B of the OECD 2017 Progress Report on Preferential Regimes states: “Closing off an existing regime means that no new entrants are permitted to enter the regime, and that the scope of benefits in the existing regime cannot be substantially expanded for existing beneficiaries (such as making sure that existing beneficiaries are not able to bring new activities or assets under the regime).”

The Enhanced Transparency Requirements relate only to the IP aspects of the grandfathered regimes. A taxpayer would not be subject to these requirements if not a new entrant into the IP regime nor benefitted from IP Income during the period August 31, 2018 to December 31, 2018.

### [Multinational Enterprise \(MNE\) Group](#)

Any Group that (i) includes two or more enterprises, the tax residence for which is in different jurisdictions, or includes an enterprise that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction, and (ii) is not an Excluded MNE Group.

### [Excluded MNE Group](#)

A Group that is not required to file a CbC Report on the basis that the consolidated revenue of the Group during the fiscal year immediately preceding the reporting fiscal year, as reflected in its consolidated financial statements for such preceding fiscal year, is below the threshold defined in domestic law by the jurisdiction and being consistent with the February 2015 guidance as may be amended following the 2020 review contemplated therein.

### [Constituent Entity](#)

A constituent entity is (i) any separate business unit of an MNE Group that is included in the consolidated financial statements for financial reporting purposes, or would be so included if equity interests in such business unit of an MNE Group were traded on a public securities exchange (ii) any separate business unit that is excluded from the MNE Group's consolidated financial statements solely on size or materiality grounds and (iii) any permanent establishments of any separate business unit of the MNE Group included in (i) or (ii) above provided such business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes.

### [Reporting Entity](#)

A constituent entity that is required to file a CbCR on behalf of the MNE group. The reporting entity may be the Ultimate Parent Entity, the Surrogate Parent Entity, or any entity designated by the group.

### [Who is responsible for completing the CIT-101 Return?](#)

The obligation to provide the information to complete the CIT-101 Return is ultimately the responsibility of the IBCs, LLCs or Exempt Companies registered as at **December 31, 2019**. The submission of the information to the SKNIRD can be facilitated through a Service Provider or Registered Agent. Information for companies incorporated under the relevant laws after **December 31, 2019** would not be required as this filing is applicable to the 2019 calendar year.

### [Penalties for non-compliance](#)

Penalties are levied on a registered entity, such as an IBC, LLC or Exempt Company for any non-compliance and not the Service Providers/Registered Agent who may be acting on their behalf. Penalties are prescribed in Section 82(c) the Income Tax Act Cap 20.22 which states, 'any person who without reasonable excuse, whether or not liability to tax is involved, refuses, fails or neglects to furnish when



required any accounts or particulars; commits an offence, and shall be liable, on summary conviction, to a penalty not exceeding \$10,000.00’.

[Contact Information for the Comptroller of Inland Revenue](#)

*Mr. Edward Gift  
Comptroller  
St. Kitts and Nevis Inland Revenue Department  
P.O Box 34, Bay Road  
Basseterre, St. Kitts  
(869)465-8485 EXT 3530  
Email: [comptroller@ird.gov.kn](mailto:comptroller@ird.gov.kn)  
Inquiries Email: [aeoi.skn@sknird.com](mailto:aeoi.skn@sknird.com)*

### 3. CIT-101 Return Guide

**Company Registration No.** - Mandatory field and pertains to the registration number the entity was assigned upon registration.

**Taxpayer Identification No.** - Non-mandatory field that is only applicable if the entity is registered with the SKNIRD.


**Corporation Name** - Mandatory field that refers to the name of the registered entity.

**Tax year to which the return applies** - Mandatory field of the preceding calendar year. E.g. 1/1/2019 to 31/12/2019.

**Each address is specific to its own category.**

**The head office address** - Mandatory field and refers to the headquarters of the Registered Entity.

**The St Kitts-Nevis address** - Refers to the local address of the Registered Entity (if applicable).

SAINT CHRISTOPHER AND NEVIS INLAND REVENUE DEPARTMENT		CORPORATE TAX RETURN			
<b>CIT-101</b>					
Filing of the CIT-101 is only accepted electronically through the online filing portal available on <a href="http://www.sknird.com">www.sknird.com</a> .					
This editable Return should be used ONLY for information purposes, and is applicable to Exempt Companies, International Business Corporations and Limited Liability Companies that are duly incorporated/registered as at December 31, 2019 under the Companies Act 21.03, Nevis Business Corporation Ordinance, and Nevis Limited Liability Company Ordinance respectively.					
<b>* INDICATES REQUIRED FIELD</b>					
* COMPANY REG. NO.:	<input type="text"/>	TAXPAYER IDENTIFICATION NO.:	<input type="text"/>		
* CORPORATION NAME:	<input type="text"/>				
* TAX YEAR TO WHICH THIS RETURN APPLIES:	FROM:	<input type="text"/>	TO:	<input type="text"/>	DAY / MONTH / YEAR
* ADDRESS OF HEAD OFFICE :	<input type="text"/>				
* CITY:	<input type="text"/>	* COUNTRY:	<input type="text"/>	ZIP:	<input type="text"/>
ST. KITTS / NEVIS ADDRESS IF DIFFERENT FROM ABOVE:	<input type="text"/>				
CITY:	<input type="text"/>	COUNTRY:	<input type="text"/>	ZIP:	<input type="text"/>

**Business activity** – Mandatory field where a drop-down list is provided such that a selection can be made.

**Contact Information** – Mandatory fields to provide information about the Registered Entity’s contact person.

**Company Representative Information** – Mandatory fields relate to the Registered Agent/Service Provider.

<b>* BUSINESS ACTIVITY:</b>	<input type="text"/>		
<b>CONTACT INFORMATION</b>			
<b>* CONTACT NAME:</b>	<input type="text"/>		
<b>* CONTACT POSITION:</b>	<input type="text"/>		
<b>* ADDRESS:</b>	<input type="text"/>		
<b>* CITY:</b>	<input type="text"/>	<b>*COUNTRY:</b> <input type="text"/>	<b>ZIP:</b> <input type="text"/>
<b>* PHONE:</b>	<input type="text"/>	<b>FAX :</b> <input type="text"/>	<b>*E-MAIL:</b> <input type="text"/>
<b>COMPANY REPRESENTATIVE INFORMATION</b>			
<b>* REPRESENTATIVE NAME:</b>	<input type="text"/>		
<b>* POSITION:</b>	<input type="text"/>		
<b>* MAILING ADDRESS:</b>	<input type="text"/>		
<b>* CITY:</b>	<input type="text"/>	<b>*COUNTRY:</b> <input type="text"/>	<b>ZIP:</b> <input type="text"/>
<b>* PHONE:</b>	<input type="text"/>	<b>FAX :</b> <input type="text"/>	<b>*E-MAIL:</b> <input type="text"/>

**QUESTIONNAIRE AND SCHEDULES**

Answer the following questions and complete the required schedules.

	YES	NO	SCHEDULE
1. Were you incorporated before January 1, 2019?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>If YES</b> Proceed to Question 2.			
<b>If NO</b> Are you either a tax resident or a non-resident with a Business Enterprise in St. Christopher (St. Kitts) and Nevis?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>If YES</b> (A) Proceed to Step 5 (Declaration) (B) Complete the form CIT-100 (see Appendix A) (C) Submit both forms to Inland Revenue Department			
<b>If NO</b> Where are you resident for tax purposes?	<input type="text"/>		
(A) Proceed to Step 5 (Declaration) (B) Submit the form to Inland Revenue Department.			
2. Did you acquire or otherwise obtain IP assets from either a related party or non-related party during the period August 31, 2018 and December 31, 2018?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>If NO</b> Proceed to Question 3.			
<b>If YES</b> Complete Schedule 1 in relation to related party IP. Proceed to QUESTION 3			<b>SCHEDULE 1</b>
3. Have you generated any income in 2019 that would be assessable in the absence of the exemptions 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? (see Appendix B)	<input type="checkbox"/>	<input type="checkbox"/>	
<b>If NO</b> Proceed to Question 4.			
<b>If YES</b> I) has there been a change in your activities since December 31, 2018; or II) Have you acquired new assets after December 31, 2018; or iii) Have you acquired related party IP after August 31, 2018?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>If NO</b> Please complete Schedule 2 and proceed to Question 4			<b>SCHEDULE 2</b>
<b>If YES</b> (A) Complete and submit form CIT-100 (See Appendix A) (B) Proceed to Question 4.			
4. Is the corporation part of a Multinational Enterprise (MNE) group with annual consolidated group revenue of €750 million (or the XCD equivalent) in the immediately preceding fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>If NO</b> Proceed to step 5 (Declaration).			
<b>If YES</b> Is the corporation's data required to be reported as part of a Country-by-Country report to a tax authority of a jurisdiction outside the Federation?	<input type="checkbox"/>	<input type="checkbox"/>	
5. Make the declaration			

The purpose of [question 1](#) is to identify the grandfathered entities (IBCs, LLCs and Exempt companies) such that they can be afforded the benefits of the exemption until June 2021. For monitoring purposes in accordance with Annex B of the 2017 and 2018 Harmful Tax Practices Progress Report on preferential regimes, these entities would need to complete the CIT-101 Return.

The question asks if the entities were incorporated before January 1, 2019. A “YES” response would prompt the respondent to proceed to question #2. However, if the response is “NO” this indicates the

entity was registered in 2019 and is therefore not a grandfathered entity. A follow up question seeks to establish whether the entity is a tax resident or non-resident doing business in the Federation. If the response is, “YES” then the entity falls into the taxable net, would be asked to make the declaration and be required to complete the CIT-100 Return filed by all taxable entities. Both forms would then have to be submitted to the SKNIRD.

If the entity is neither tax resident nor non-resident carrying on business in the Federation, then the entity would be asked to declare where they are tax resident, sign the Declaration and submit this form to the SKNIRD. See the SKNIRD’s “Guidance on Tax Residence and Taxable Presence in the Federation”. If the entity is not resident anywhere, then the “No Country” option should be selected.

The purpose of [question 2](#) is to fulfill the Enhanced Transparency Requirements. These requirements relate only to the IP aspects of the regimes and applies to the period August 31, 2018 through December 31, 2018 (**Relevant Period**). The identity of the entity would have to be spontaneously exchanged if it is a(n):

- i. New entrant to the IP Regime within that relevant period. This means the entity was newly registered within that period and
- ii. Existing entity which acquired new IP assets or benefitted from IP income within the relevant period.

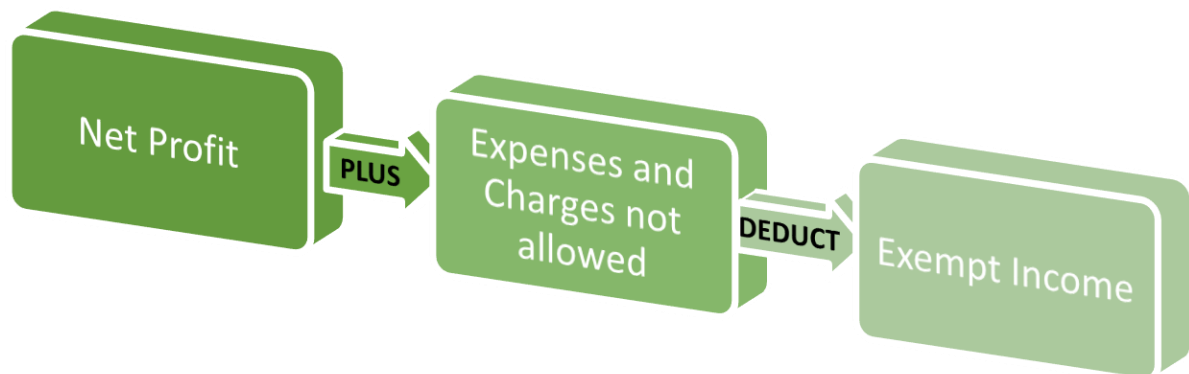
The first part of the question seeks to establish whether or not IP assets were acquired or otherwise obtained. A “NO” response would prompt the respondent to proceed to question #3. If “YES”, the respondent is asked to complete Schedule 1 (Related Party IP Schedule) before proceeding. This schedule asks that the entity describe the new IP asset or activity, the date the IP asset was acquired or the activity started, and the income earned during the relevant period.

The purpose of [question 3](#) is to identify whether the entity has income that is benefitting from grandfathering. Where income would not be taxable under the rules applying to non-grandfathered companies, there is no benefit from grandfathering and hence the answer to this question would be “NO”. This is in accordance with our requirement under Annex B of the Harmful Tax Practices - 2018 Progress Report on preferential regimes where one of the data items to be collected is the income benefitting from grandfathering in the close-off year and subsequent years where grandfathering is allowed.

The question asks whether the entity would have generated income in 2019 that would be taxable if it was not afforded the exemptions. If the entity was neither tax resident nor non-resident carrying on

business in the Federation in 2019, then the answer to this question will be “NO”. This “NO” response would prompt the respondent to proceed to question #4.

If the entity was tax resident OR non-resident and carrying on business in the Federation in 2019, AND generated income that would have been taxable if it were not afforded the exemptions, then the response will be “YES”. **Assessable income** would then be calculated as follows:



Net Profit (See Section 3 “Charge of Income” of the Income Tax Act, Cap 20.22)


**Add:** Expenses and charges not allowed (See Section 10, “Deductions Allowed” of the Income Tax Act, Chap 20.22) for deductions allowed

**Deduct:** Exempt Income included in accounts (see Section 7 “Exemptions” of the Income Tax Act, Cap 20.22)

There are three (3) follow-up questions to be considered if the answer to the initial question is “YES”. If the response to all three (3) questions is “No”, the entity is required to complete Schedule 2 (Grandfathered Income Schedule), which seeks to gather the description of the assessable income covered by grandfathering, the classification (from which the entity would be required to choose, Related Party IP, Non-related Party IP or Non-IP), and the amount of the assessable income covered by the grandfathering.

If the response to either of the three (3) follow-up questions is “YES”, this would mean the entity is taxable and therefore be required to complete CIT-100 Return.

The purpose of [question 4](#) is to gather some information required under the BEPS Action 13 Minimum Standard which seeks to help determine whether there are any Multinational Enterprises (MNEs) headquartered in the Federation or has CbCR obligations.



Under this action, only MNEs meeting the financial threshold are required to prepare a Country-by-Country report (CbCR) with aggregate data on the global allocation of income, profit, taxes paid and economic activity among tax jurisdictions in which it operates.

This question seeks to establish whether the entity is a part of a consolidated group (related party) that is already filing a CbCR or whether the entity is designated as a “reporting entity” for CbCR purposes.

## 4. Useful Links

### ***FSRC April 2019 Newsletter***

<https://www.nevisfsrc.com/april-2019-newsletter-beps-and-its-impact-on-the-financial-services-industry/>

### ***News and Press Releases on St. Kitts and Nevis' removal from EU's list of non-cooperative jurisdictions and publication of OECD FHTP Progress Reports***

[https://www.consilium.europa.eu/en/press/press-releases/2020/02/18/taxation-council-revises-its-eu-list-of-non-cooperative-jurisdictions/?utm\\_source=POLITICO.EU&utm\\_campaign=c54d59d548-EMAIL\\_CAMPAIGN\\_2020\\_02\\_18\\_09\\_55&utm\\_medium=email&utm\\_term=0\\_10959edeb5-c54d59d548-190444085](https://www.consilium.europa.eu/en/press/press-releases/2020/02/18/taxation-council-revises-its-eu-list-of-non-cooperative-jurisdictions/?utm_source=POLITICO.EU&utm_campaign=c54d59d548-EMAIL_CAMPAIGN_2020_02_18_09_55&utm_medium=email&utm_term=0_10959edeb5-c54d59d548-190444085)

### ***Annex B of the OECD 2017 Progress Report***

[https://read.oecd-ilibrary.org/taxation/harmful-tax-practices-2017-progress-report-on-preferential-regimes\\_9789264283954-en#page28](https://read.oecd-ilibrary.org/taxation/harmful-tax-practices-2017-progress-report-on-preferential-regimes_9789264283954-en#page28)

### ***BEPS Action 5 on Harmful Tax Practices***

[https://www.oecd-ilibrary.org/search?value1=action+5&option1=quicksearch&facetOptions=51&facetNames=pub\\_igoId\\_facet&operator51=AND&option51=pub\\_igoId\\_facet&value51=%27igo%2Foecd%27&publisherId=%2Fcontent%2Figo%2Foecd&searchType=quick](https://www.oecd-ilibrary.org/search?value1=action+5&option1=quicksearch&facetOptions=51&facetNames=pub_igoId_facet&operator51=AND&option51=pub_igoId_facet&value51=%27igo%2Foecd%27&publisherId=%2Fcontent%2Figo%2Foecd&searchType=quick)

<http://www.oecd.org/tax/beps/beps-actions/action5/>

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

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

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

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

### ***Nevis Limited Liability Company Ordinance and Amendments***

<https://www.nevisfsrc.com/services/llcs/>

### ***Income Tax Act Cap 20.22***

<file:///C:/Users/Adeola/AppData/Local/Microsoft/Windows/INetCache/IE/R53PUUNX/Ch%2020.22%20Income%20Tax%20Act.pdf>





**Code of Conduct Group**

<https://www.consilium.europa.eu/en/council-eu/preparatory-bodies/code-conduct-group/>

**Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report**

<http://www.oecd.org/tax/transfer-pricing-documentation-and-country-by-country-reporting-action-13-2015-final-report-9789264241480-en.htm>

## 5. 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)**

### 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; and

"for 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)**



### *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>