



St. Christopher (St. Kitts) & Nevis Inland Revenue Department

Tax Advisory

BASSETERRE, ST. KITTS, 1st October 2020 (Inland Revenue Department) – The St. Kitts and Nevis Inland Revenue Department (SKNIRD) wishes to advise that on March 24, 2020 the Government of St Kitts and Nevis introduced the Covid-19 Stimulus Package for the three-month period April to June 2020. This sought to provide relief to all citizens of St Kitts and Nevis who would be affected by the pandemic due to reduced business activity, business closures, job layoffs, etc.

Included in the Stimulus Package was a reduction in the Corporate Income Tax (CIT) rate from 33% to 25% for the three-month period April to June 2020 with the requirement that at least 75% of the company's staff be retained. Since the initial announcement, a subsequent announcement by the Prime Minister, Hon. Dr. Timothy Harris, extended the benefits of the Stimulus Package a further 3 months inclusive of July to September 2020.

This advisory notice seeks to provide guidance on the application of the reduction to 25% in the CIT tax rate once the taxpayer meets the requirement above.

Upon completion of the Corporate Income Tax Return, the amount calculated as Chargeable Income will be apportioned based on the number of months that fell within the April to September 2020 period. For example, if a company's year-end is June 30, 2020 then three months would qualify for the 25% tax rate. The total chargeable income would be pro-rated.

Tax Calculation Example:

Company ABC has a financial year end of August 31, 2020. Total **Chargeable Income** for the period after all adjustments is \$550,000. Total Taxes would be calculated as follows:

PRE-STIMULUS CALCULATION

$(5/12 \times \$550,000) \times 33\%$	= \$ 75,624.99
$(7/12 \times \$550,000) \times 33\%$	= <u>\$105,874.99</u>
Total Taxes Due	<u>\$181,499.98</u>

STIMULUS CALCULATION

$(5/12 \times \$550,000) \times 25\%$	= \$ 57,291.66
$(7/12 \times \$550,000) \times 33\%$	= <u>\$105,874.99</u>
Total Taxes Due	<u>\$163,166.65</u>

The Inland Revenue Department is charged with administering the tax laws of the Federation in an efficient and equitable manner, to promote voluntary compliance to maximize Revenue for the development of the Federation at the least cost to the public and in a manner that warrants the highest degree of Public confidence in our integrity, efficiency and fairness. The Inland Revenue Department is the prime revenue collections agency for the Government of St. Kitts and Nevis within the Ministry of Finance, located at Bay Road, Basseterre, St. Kitts and Nevis, West Indies.



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In accordance with Sec 46(4) of the Income Tax Act (ITA) and Section 10 of the Tax Administration and Procedures Act (TAPA), the Comptroller requires businesses to attach a schedule to their Corporate Income Tax (CIT) Return, listing the total number of employees on their payroll at the end of each month within that financial year. If a taxpayer fails to attach the above-mentioned schedule upon submission of your CIT filing, the Comptroller within his powers, in accordance with Section 53 of the ITA and Section 13(3) can disqualify the application of the 25% reduced rate.

If you have already submitted your Tax Return for the year covering this period, you will be required to make a supplementary submission with the employee listing.

Please feel free to contact the Department at (869) 465-8485 or visit our website at www.skniird.com if you have any questions or need further clarification.

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