

Interest Rate

Interest of 1.5% per month or part monthly will be charged on unpaid balances. Unpaid balances are compounded monthly.

Penalties

Late Filing: You have ninety (90) days after your accounting period to file your return. If you fail to file a return on time, a penalty equal to the greater of ;

- 5% of the amount of tax owing plus a further 1% for the amount of tax owing for each month or part of a month during which failure to file continues, and
- \$500, plus a further \$100 for each month or part of month the failure to file continues.
- **The late filing fee is limited to \$10,000.**

Late Payment: A taxpayer who fails to pay all or part of the tax due on or before the due date specified on the Return will be liable to a late payment fee equal to 20% of the amount of the tax due but not paid.

2. A person who fails to pay all or part of an installment required according to the Income Tax Cap 149 within 14 days of the due date for the installment is liable to a late payment fee equal to 10% of the amount of the tax due but not paid.

Appeals - Any person who is aggrieved by a reviewable decision made by the Comptroller may in writing object to the decision.

Process of Appeal:

- This request should be made to the Comptroller no later than 30 days after the taxpayer receives notice of the decision, setting out in detail the grounds upon which the request was made.
- After considering the taxpayer's request for a review, the Comptroller shall notify the taxpayer in writing within 90 days of his/her decision providing reasons for such.

- If the objector is still aggrieved by the decision taken after lodging an objection, the objector can further appeal to the Appeals Commissioner.
- Upon hearing of an appeal, the Appeal Commissioners may reduce or increase the amount of the assessment in cases of overcharging or undercharging.
- Notice of an appeal shall be given in writing to the Comptroller within ninety days from the date of decision of the Comptroller.

What Income are exempted?

- Pension income for an approved pension plan or payments made in lieu of Personal Income. **Effective January 1st 2017**
- Benefits from National Insurance Scheme (NIS)
- Income accruing to retirees from a source outside Grenada who prior to retirement was a non resident
- Any travel, subsistence or transport allowance paid to any member of Parliament or any Public Officer
- First \$36,000 of your personal income

There are other exemptions for Income Tax, please refer to Section 25 in the Income Tax Act 1994.

NB: Information is subject to change based on amendments .



For further information contact our Division at:

**Tel: (473) 440-3556/2731/
435-1905/6853
Email: gndird@ird.gd**



Personal Income Tax (PIT)

What you Need to Know....



**Inland Revenue Division
Ministry of Finance
Financial Complex Bldg
Carenage
St. George's
Grenada**

All you need to know about Personal Income Tax !

This brochure is intended to give a brief overview of the treatment of Income for Personal Income Tax purposes.

What is Income Tax?

Income Tax - is a tax charged on the income of personnel, employees, Sole proprietorship and individual partners in a partnership.

Who is required to pay Personal Income Tax?

Sole traders, partners within partnerships and all employees who earn in excess of \$3,000. monthly or \$36,000 per annum.

What is Employment Income? (Employees)

Section 31 of the Income Tax Act of 1994, states that Employment Income of any person of assessment shall include:

- Any amount accrued by way of wages, salary, leave pay, fee (including director's fee), commission, bonus or gratuity in respect of employment in Grenada.
- Any travelling, entertainment or other allowance to the extent to which it does not represent a repayment to the employee of moneys wholly, exclusively and necessarily expended by him in the performance of the duties of the employment.
- The rental value of any quarters or residence provided by reason of the employment.
- The value of any other benefit or advantage received or enjoyed by the employee by reason of the employment.
- Any loan or advances by a controlled company to a shareholder deemed to be employment income.

Sole Trader

Net Profit of a sole proprietor plus any other benefit.

What are the rates of Personal Income Tax?

- There are two rates for calculation of Personal Income Tax
- The first \$36,000. per annum is exempt
- \$36,001 up to \$60,000. at the rate of 10% - **Effective 1st January, 2017 (2014-2016 tax period rate was 15%)**
- In excess of \$60,000 at the rate of 30%

Every person who is resident in Grenada is entitled to a deduction of \$36,000. from his/her assessable Income. (Prior to 2014 the exemption was \$60,000).

Example 1:

Employment income	\$48,000.00
Exempt amount	\$36,000.00
Total taxable income	\$12,000.00
Tax payable at 10%	<u>\$1,200.00</u>

Example 2:

An employee receives the following gross income per annum:

Salary	\$ 40,000.00
Housing allowance	\$ 18,000.00
Entertainment allowance	\$ 9,000.00
Total:	<u>\$ 67,000.00</u>

The following Income tax deductions are made from his/her salary :

Total income from above	\$67,000.00
Exempt amount	<u>\$36,000.00</u>
Excess	<u>\$31,000.00</u>

To arrive at the Total Income Tax due, the first 24,000 of the excess amount should be multiplied by 10%.

$$60,000 - 36,000 = 24,000$$

Therefore \$24,000. x 10% = \$2,400.00

And 67,000 - 60,000 = \$7,000.

Therefore \$7,000. x 30% = \$2,100.00

Total Income Tax Due **\$4,500.00**

NB The income from all the sources have to be reported.

Example 3:

Employee salary	\$40,000.00
Benefits	\$27,000.00
Profit from business	\$10,000.00
Salaries from other employment	<u>\$20,000.00</u>
Total	<u>\$97,000.00</u>
Less exempt Income	<u>\$36,000.00</u>
Total taxable Income	<u>\$61,000.00</u>
Tax payable at 10% 60,000 - 36,000	
24,000 x 10%	\$2,400.00
Tax payable at 30% 97,000 - 60,000	
37,000 x 30%	<u>\$11,100.00</u>
Total Tax Payable	<u>\$13,500.00</u>

When I should I file and pay?

The Tax is due and payable within ninety (90) days after the end of your financial year, but deducted monthly by the employer in the case of an employee and paid within seven (7) days after the end of the month during which the tax was deducted.

Every employee and Sole Proprietor who earns in excess of \$36,000 per annum is required to submit an Annual Income Tax Return within ninety days after the end of the accounting period (fiscal year). Any amount due should be paid when submitting the return.

Where can I pay?

The tax can be paid to Inland Revenue Division, or any District Revenue Office. Cheque(s) should be written to the Government of Grenada. Online payment is also available. Log on to www.eservices.gov.gd.