



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

Tax Advisory

BASSETERRE, ST. KITTS, July 30, 2021 (Inland Revenue Department) – The St. Kitts and Nevis Inland Revenue Department (SKNIRD) wishes to advise the general public that the Government of St Kitts and Nevis has further extended the Covid-19 Stimulus measures for the reduction in Corporate Income Tax (CIT) to 25% and Unincorporated Business Tax (UBT) to 2%, until December 31, 2021. These measures seek to provide continued relief to taxpayers who were affected by the Coronavirus pandemic.

Additionally, on July 8, a further Stimulus measure was announced, reducing the Value Added Tax (VAT) rate on commercial rent for small businesses for three (3) months. The VAT rate for the three months, July to September 2021, will be reduced from 10% to 5% on commercial rent for businesses that qualify for this relief.

Businesses are eligible for the 5% reduced VAT rate on commercial rent once they meet the following criteria:

- 25 or fewer employees and
- Hold a valid Business Licence.

Businesses that rent commercially are eligible for the reduced rate and should inform their landlord affirming their eligibility in writing. Businesses will have to provide some additional information to their landlord for monthly reporting purposes to the Department.

The Department has amended the Value Added Tax Return by adding two (2) new lines and modifying two (2) existing lines to facilitate this 5% reduced rate.

New line items

- Line 106 Value of Supplies at 5% (Covid Relief) – The VAT Inclusive amount charged on commercial rent at the reduced rate of 5% should be reported on this line.
- Line 131 VAT Payable on Supplies at 5% (Line 106 x 5/105) – The VAT amount only charged on commercial rent at 5% should be reported on this line.

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 Charlestown, St. Kitts and Nevis, West Indies.



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Existing line items

- Line 120 Total Supplies (add lines 100+105+106+110+115) – Line updated to include the amount reported on line 106 to be included in the calculation.
- Line 150 Total Output Tax (add line 125+130+131+135+145) – Line updated to include the amount reported on line 131 to be included in the calculation.

Additional Information to be Submitted with VAT Return

VAT Registered entities must also provide supplemental information with their VAT Returns for each tax period of this measure. The following information must be obtained from each tenant and reported:

- The Registered Name of the tenant as it appears on their Business Licence;
- The Tax Identification Number (TIN) of the tenant;
- The number of employees employed by the tenant and
- The invoice number, VAT exclusive rent amount, VAT charged, and invoice total.

This supplemental information should be duly signed by an authorized person and dated.

What Happens if Rent was Previously Collected at the 10% Rate

Where a landlord invoiced the eligible tenant for July 2021 and charged VAT at the rate of 10%, that landlord must issue a credit note per Section 42 of the VAT Act, whether the amount is refunded in cash or is applied to a subsequent period.

The credit note should contain the particulars prescribed by Schedule 2 of the VAT Regulations. The VAT amount noted on the credit note should be included on line 225 (VAT Adjustments) of the landlord's r July 2021 VAT return. If the tenant is also registered for VAT, the VAT on credit note should be reported on line 135 (VAT Adjustments) of their July 2021 VAT Return, while the total amount of the VAT charged on the invoice for that month will be claimed as Input Tax Credit.

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

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