

What is Withholding Tax?

Withholding tax is a tax charged at 15% on any payment made to a non-resident of the Federation of St. Christopher and Nevis, This amount must be withheld and paid to the Inland Revenue Department (IRD) quarterly.

What transactions are subject to Withholding Tax?

The following transactions are subject to Withholding Tax when paid to non-residents:

- A dividend interest, annuity, premium or discount.
- Rent, lease, contract, royalty payment
- Natural resource payment
- Commissions, remunerations, fees and licences
- Charges for the provision of personal services (e.g. commercial advice and managerial skills)
- Technical, professional, vocational and any other service fees
- Accounting, actuarial, legal and audit expenses.
- Administrative, management and office expenses.
- Profits
- Non-life insurance premiums
- Any other annual or periodic payment, or distribution, made to a non-resident



Who must pay Withholding Tax?

Withholding Tax is charged on non-residents benefiting from the transactions outlined above. However, it is the responsibility of the “registered person” (the St. Christopher and Nevis resident who is making payments to the non-resident), to deduct and remit Withholding Tax to the Inland Revenue Department (15% of the total payment).

A person does not have to be registered for Income Tax to pay Withholding Tax.

When and how do I register for Withholding Tax?

If you expect to, or have made a payment to a non-resident under any of the transactions listed above, you must contact the IRD’s Taxpayer Services Division. Contact details can be found on the back panel.

When must I file my returns and make payments?

Withholding Tax filings and payments must be made on or before the 15th day of March, June, September, and December. The tax withheld is to be remitted to the IRD, within 15 days after the end of each quarter, in which the transaction occurred.

Where these dates fall on a weekend or public holiday, payment must be made by the next working day.

Where there are no transactions which attract Withholding Tax in a given period, the return should be filed indicating “nil”.

Can I file my returns and make payments on-line?

If you have registered with the IRD to use its e-services, you may file returns and make payments electronically. For additional information see our brochure entitled “e-Services.”

How do I calculate Withholding Tax?

You must first sum all of the monies being paid to a non-resident. For example, where marketing expenses, interest, and consulting fees are paid in a period, they should be totalled and the total is then used to calculate the Withholding Tax at 15% as in the example below :

Marketing Expenses	\$15,000
Interest	\$10,000
Consulting Fees	\$25,000
Total Remitted	\$50,000
	x15%
Withholding Tax Due	\$7500

What can I do if the IRD assesses my tax liability higher than my own assessment?

You have the right to appeal an assessment, to the Comptroller, within one (1) month of the date of issue of the Notice of Assessment.

If you are not satisfied with the Comptroller’s response, you have the right to take your objection to the Tax Commissioners.

If you are still not in agreement with the Tax Commissioners’ decision you may appeal within 14 days of the issue of the decision to a judge of the High Court.

What is meant by “indemnification of persons?”

Indemnification of persons refers to the protection of local businesses from non-residents desirous of bringing any law suits against them for the withholding of the 15% of funds payable to the IRD. This is stated in the Income Tax Act CAP 20.22.

At what point would my e-filing submission be considered to be late?

Any payment intended to be remitted to a non-resident but is retained or reinvested as directed by the non-resident, is deemed remitted and is therefore subject to Withholding Tax. If an amount to be remitted to a non resident is accrued in the accounts of a business during a particular period, the amount is deemed to have been remitted and is subject to Withholding Tax.

Example: Business (A) provides services for local business (B) and instructed B to remit its payments into a bank account at a local bank. B is responsible for withholding 15% of A's funds and to pay the funds into the IRD, since the funds are considered paid.

Note: If the company is not locally registered, then it is considered non-resident.

What are the penalties for late returns or failure to make payments?

- Late payment attracts a 10% penalty charge of the tax owing.
- \$100 per month, or part thereof, during which failure to file continues.
- 1% interest per month for payments received after the due date.
- Underpayment of tax owing due to fraud, negligence, or material omission on a tax returns filing, attracts a fine of 25% of the underpaid tax.



**SAINT CHRISTOPHER AND NEVIS
INLAND REVENUE DEPARTMENT**

WITHHOLDING TAX

This brochure has been prepared by the Saint Christopher and Nevis Inland Revenue Department. If after reading you require additional information, see our contact details on back panel.

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St. Kitts and Nevis Inland Revenue Department



**Building Our Nation
Through Responsible
Tax Administration**