

# DOING BUSINESS

IN SAINT LUCIA



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business

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# 1 – INTRODUCTION

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UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in 101 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Saint Lucia has been provided by the office of UHY representatives:

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You are welcome to contact [Anthony Walcott](#) for any enquiries you may have.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at December 2020

We look forward to helping you do business in Saint Lucia.

## 2 – BUSINESS ENVIRONMENT

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Saint Lucia, also known as “Helen of the West Indies” became an independent state on February 22<sup>nd</sup> 1979. It is a small, beautiful island located to the eastern [Caribbean Sea](#) on the boundary with the Atlantic Ocean.

### THE POLITICAL SYSTEM

#### EXECUTIVE BRANCH

The chief of state, Queen ELIZABETH II is represented by Governor General **Sir Emmanuel Neville Cenac**.

The elected prime minister is the head of the party which wins the most seats. Saint Lucia’s prime minister is elected every 5 years. The last election took place June 6<sup>th</sup>, 2016. The Cabinet of Ministers is appointed by the governor general on the advice of the prime minister.

#### LEGISLATIVE BRANCH

The Legislature has two chambers. The Senate, which consists of 11 senators; six members appointed on the advice of the prime minister, three on the advice of the leader of the opposition, and two after consultation with religious, economic, and social groups) and the House of Assembly, which has 17 members; which is elected by popular vote to serve five-year terms.

#### JUDICIAL BRANCH

St. Lucia has an independent judiciary composed of district courts and a high court. Cases may be appealed to the Eastern Caribbean Court of Appeals and, ultimately, to the Judicial Committee of the Privy Council in London. St. Lucia has no army but maintains a paramilitary Special Service Unit within its police force and a coast guard.

### GEOGRAPHY

Saint Lucia is a windward island located in the [Caribbean](#). It is found between the [Caribbean Sea](#) and North [Atlantic Ocean](#) with Martinique and St. Vincent as neighboring islands. The total land area of Saint Lucia is 616 km<sup>2</sup> (238 sq. mi) and its coastline is 158 km (98.2).

Saint Lucia has beautiful sandy beaches; clear rivers perfect for fishing and exotic waterfalls which gives Saint Lucia its unique appeal. The tallest mountain is called Mount Gimme which reaches 950 m (3117 ft) above sea level. St Lucia is also known for its twin Pitons, aka the “World Heritage site” and the world’s only drive through volcano called the Sulphur Springs which is located in the town of [Soufrière](#). Gros Piton measures up to 798.25 m (2,618.9 ft) high and Petit Piton is 743 m (2,438 ft) high.

Saint Lucia is made up of a dry and wet season. The dry season is from December to June, and the rainy season is from June to November. Since the island is close to the equator, its average temperatures is 30 °C (86.0 °F) during the day and 24 °C (75.2 °F) during the night.

## POPULATION

According to the United Nations Data the estimated population of Saint Lucia is 183,950.

Saint Lucia's population is made up of 85.3% African, 10.9% mixed, 2.2 % East Indians and 1.6% unspecified ethnic groups.

The island's population is divided in urban and rural areas. The capital city of Saint Lucia is [Castries](#), where about one third of the population lives. Major towns include [Gros Islet](#), [Soufrière](#) and [Vieux Fort](#).

## CURRENCY

The national currency used in Saint Lucia is Eastern Caribbean Dollars (XCD). (US \$1 = EC \$2.70)

## LANGUAGE

The official language in Saint Lucia is English but French Creole is also spoken among citizens.

## ECONOMY

Saint Lucia had an estimated per capita gross domestic product (GDP) of USD \$11,611 in 2019, a **2.23% increase** from 2018.

Saint Lucia's economy depends primarily on revenue from the tourism sector which accounts for about 40 % of GDP, the banana production and contribution from small-scale manufacturing. All sectors of the economy have benefited from infrastructure improvements in roads, communications, water supply, sewerage, and port facilities. These improvements, combined with a stable political environment and educated work force, have attracted foreign investors in several different sectors.

## UNEMPLOYMENT

The unemployment rate in Saint Lucia is 16.8% as of 2019.

## BANKING & FINANCE

Saint Lucia is home to major international banks providing financial support services. Additional information on these banks can be obtained from the Bankers Association of Saint Lucia Inc. A special request has to be made to the Government for permission to operate a US Dollar account. The following are members of the Association are:

- 1st National Bank Saint Lucia Limited
- Bank of Saint Lucia Limited
- CIBC First Caribbean International Bank
- RBC Royal Bank Canada
- Republic Bank Limited
- Saint Lucia Development Bank

## 3 – FOREIGN INVESTMENT

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The Government of St. Lucia strongly encourages foreign direct investment, particularly in industries that create jobs, earn foreign currency, and have a positive impact on its citizens. The government has a number of incentive programs in place to attract foreign investment, available through the National Development Corporation, also known as “Invest St. Lucia,” the country’s the principal investment promotion agency. The incorporation and registration of a company must be done through the Registry of Companies and Intellectual Property. (ROCIPI).

### REGISTRATION OF A FOREIGN COMPANY

A foreign company seeking to establish in Saint Lucia must:

- a) Request for Name Search and Name Reservation (Form26) - Business name search must be submitted for approval by the Registrar.
- b) On approval, the following documents must be submitted to the Registrar:
  - Application for Registration of External Company (Form 21)
  - Copy of Corporate Instruments of the Company Statutory Declaration by a director of the company verifying the particulars in the statement.
  - Statutory Declaration by an Attorney-at-Law.
  - Power of Attorney and consent to act as Attorney must be submitted to the Registrar.
  - Approved Name and Search Request (form 21) and an EC\$ 2.50 stamp is required for each declaration.
  - Upon submission and approval, a Certificate of Registration is issued after the prescribed fee of EC \$3,125.00 is paid to the Registrar.

A company seal is not required for incorporation; however, company seals may be required for registering certain documents e.g. at the Land registry. A company can obtain a rubber-stamp seal locally in seven (7) days. If a more formal embossed seal is required, it can be sourced overseas, usually within ten (10) working days.

### INVESTMENT INCENTIVES

The Government of Saint Lucia provides incentives to encourage investment in productive sectors by providing tax and non-tax concessions to facilitate businesses that are capable of adding value to the economic development of the country. Approval of an enterprise for these incentives is granted by the Cabinet of Ministers upon application, taking into consideration the type, size, scope and employment potential of the business. To qualify for incentives offered by the Government of Saint Lucia, an enterprise should meet the following thresholds:

- The enterprise must be incorporated and registered in Saint Lucia.
- The enterprise must contribute to the economic development of Saint Lucia.
- The Country’s human and natural resources must be utilized.
- The enterprise must train local personnel and upgrade its plant through technological transfer.
- The enterprise must form linkages with other economic sectors.
- The enterprise must contribute to the Country’s foreign exchange earnings.

## FISCAL INCENTIVES

The Fiscal Incentives Act is the primary legislation governing the award of incentives to manufacturing, service or processing industries. Fiscal incentives were introduced to facilitate local and foreign investment in the productive sector of the economy. These exemptions are:

- Corporate Income Tax for up to 15 years
- Waiver of Import Duty on imported plant, machinery and equipment.
- Waiver of Import Duty on imported raw and packaging materials.
- Carry forward of losses
- Unrestricted repatriation of Profits and Capital
- VAT Exemptions - capital goods imported subject to the following conditions: the company is duly registered, the importer has not commenced taxable activity and the importer has a valid license under the Fiscal Incentives Act. Goods are consigned directly to the approved importer capital goods will be used in a taxable activity.

## TOURISM INCENTIVE ACT

- Exemption from Corporate Income Tax for up to 15 years.
- Exemption from import duty on building materials, articles, furnishings and equipment.
- Limited Liability Corporation entitled to distribute profits as capital free of tax for two (2) years after the end of the tax holiday.

## SPECIAL DEVELOPMENT AREAS

- Exemption on interest received during development.
- Exemption from import duty, stamp duty on inputs for construction of new building or renovation or refurbishment of existing buildings.
- Exemption from stamp duty on construction inputs and initial purchase of property.
- No land and house tax.
- No Alien Landholding License fee.
- Corporation tax is at the rate of 20%
- Industrial building allowance: Initial allowance of 20% and Annual allowance of 5%.

## FREEZONE BENEFITS

The Saint Lucia Freezone is located in Vieux Fort and is within 200 meters of the Hewanorra International Airport and a five-minute drive from the Vieux Fort Sea Port, which boasts all modern containers handling equipment. The incentives that a company may qualify for based on its location operating within the Free Zone include:

- Exemption from custom duties, taxes and related charges on all classes of goods entering the Free zone for commercial or operating purposes.
- No restriction or taxes on foreign exchange transactions.
- No taxes on dividends for the first 20 years of operation.
- No work permit fees for management personnel of Free zone businesses
- No import or export licenses
- No price control
- No Corporate Income Tax for the first five years, thereafter very limited tax range.

## TRADE LICENSE

All foreign individuals and companies who intend to conduct business in St. Lucia require a trade license which is issued by the Ministry of Commerce, Industry and Consumer Affairs. A company is considered a foreign company if more than 49% of the company's shares is owned by foreign nationals. The application which is completed in triplicate is considered by the Trade License Advisory Board. The trade license is an annual one which expires on December 31st in the year that it was granted. Applications for renewal must be made every year. License fees are one thousand Eastern Caribbean dollars (ECD \$1,000.00) for a period of one year and shall be renewed thereafter.

## WORK PERMITS

Under the Foreign National and Commonwealth Citizens (Employment) Regulation, anyone outside of the Organization of Eastern Caribbean States (OECS) wanting to conduct business or be gainfully employed in Saint Lucia must apply for a work permit. Applications can be obtained from the Labour Department.

When applying for a work permit in Saint Lucia you must:

- a) Collect a completed 'A' Form from the Work Permit Officer at the Department of Labour. Pay the relevant non-refundable fee of \$100.00 to the Accountant General at the Government Treasury located in Castries (the completed 'A' form must be presented at the time the payment is made). The treasury receipt which you will receive is required and is addressed to the Work Permit Officer, who will then issue the Work Permit Application.
- b) Submit the Work Permit application form. Take the Treasury receipt back to the Work Permit Officer at the Department of Labour who will then provide you with a Work Permit application form.
- c) Complete the Work Permit application form. The Work Permit application form must be thoroughly and correctly completed providing all requested details. The following documents are attached before submission to the Work Permit Officer:
  - A Police record from the country where the applicant last resided.
  - Certified documentary proof of qualifications.
  - Trade License (where applicable).
  - Copies of advertisements for the posts.
  - Evidence that income tax has been paid, where applicable (Income Tax Clearance Certificate).
  - Two (2) passport size photographs.
  - Letter from Employer (Former or Current).
- d) Collection of Approved Work Permits -The Work Permit officer will notify you of the status of your application. If approval is granted, a fee (based on your current nationality) must be paid to the Government Treasury.
- e) Present the Treasury Receipt to the Work Permit Officer who will then present the applicant with the approved work permit.

## WORK PERMITS FEES

Application for	Cost
(a) Caribbean Commonwealth Nationals	EC\$2000.00 for each desired year of employment.
(b) Other Commonwealth Nationals	EC\$7500.00 for each desired year of employment.
(c) Foreign Nationals	EC\$7500.00 for each desired year of employment.
(d) Citizens or persons belonging to any Country at (a), (b) and (c) above for a period not exceeding one month for which the permit is valid.	EC\$400.00
(e) Unskilled persons under categories (a), (b) and (c) above for every period of 12 months or part thereof for which the permit is valid	EC\$200.00
(f) Commercial Sales Personnel/professionals per entry	EC \$300.00

This procedure is repeated every year until the applicant becomes a citizen of Saint Lucia. A person that has gained resident status is NOT EXEMPT from a Work Permit and is required to apply according to the above procedures. All applications should be submitted to the Work Permit Officer at least two (2) months prior to the date which you propose or plan to be employed. While the application is in process, the applicant should NOT engage in any kind of employment.

**OTHER PERMITS****LAND DEVELOPMENT**

An investor, who is desirous of developing land, must apply for permission from the Planning Department, which is currently under the auspices of the Ministry responsible for Ministry of Agriculture, Fisheries, Physical Planning, Natural Resources and Cooperatives. The application must be made in triplicate and should be accompanied by maps and plans. Failure by the authorities to give a decision for development approval within ninety (90) days may be deemed a refusal. The applicant however, has the right to appeal.

**ENVIRONMENT IMPACT ASSESSEMENT**

In cases where the proposed development may have environmental implications, the Ministry responsible for Agriculture, Fisheries, Physical Planning, Natural Resources and Cooperatives would require an Environmental Impact Assessment (EIA) to be conducted, the results of which would determine approval.

**HEALTH AND SAFETY PERMIT**

In the case of food operations, a permit is required from the Division of Public Health in the Ministry responsible for Health and Wellness. These permits are granted on an annual basis and must be renewed.

## 4 – SETTING UP A BUSINESS

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There are different ways in which business entities can set up in Saint Lucia.

The following are forms in which a business can be created:

- Private Company
- Public Company
- Partnerships
- Branches
- Sole Traders

### **CORPORATION**

A corporation is a legal entity created by individuals, stockholders, or shareholders, with the purpose of operating for profit. Corporations are allowed to enter into contracts, sue and be sued, own assets, remit federal and state taxes, and borrow money from financial institutions. All companies registered in Saint Lucia are governed by the Companies Act, 2008.

#### **PRIVATE COMPANIES**

This is a registered company formed and owned by individuals other than the public. Its name will always end with the word "limited". Private Companies do not invite the public to buy their shares or debentures.

The following are the types of private companies that can be incorporated:

- a) Private Company limited by shares.

Companies limited by shares have a share capital and are formed or incorporated for purposes of carrying on business to derive a profit. A Private Limited Company may not have more than fifty (50) shareholders. It nevertheless may have the capacity to enter into any type of legal activities as long as its articles do not restrict it. As stated above, this type of company is prohibited from making any invitation to the public to purchase its shares or debentures. And in case it winds up and its assets are insufficient to cover its liabilities, the liability of its shareholders is limited to the amount left unpaid on their shares.

- b) Company limited by Guarantee.

A company limited by guarantee does not have a share capital and is not permitted to carry on business for the purpose of making a profit for its members or for anyone concerned in its promotion or management. These are normally formed in order to help the community benefit from a certain project. Mostly, these are organizations such as churches, foundations, trusts etc.

At the time of formation, each member must sign a declaration of guarantee, specifying the amount he undertakes to contribute if the company is wound up. And in case it winds up and the assets are insufficient to cover its liabilities, the liability of its members is limited to the amount so guaranteed.

### c) Unlimited Company

An Unlimited Company is one that has a share capital but whose members have unlimited liability for the company's debts and liabilities. In other words, whatever is incurred by the company is also deemed to have been incurred by the members.

### PUBLIC LIMITED COMPANY

A Public Limited Company states in its articles of association that it is a "Public Limited Company". Its name always ends with the words "Public Limited Company" mostly abbreviated as "PLC". It has the capacity of entering into any business activity unless restricted by its articles. This type of Company can invite the public to buy its shares. It can therefore list its shares on the Stock Exchange. If it winds up and its assets are not sufficient to cover its liabilities, the liability of the shareholders is limited to the amount left unpaid on their shares.

### PARTNERSHIPS

A St. Lucia partnership is formed when two or more individuals agree to enter business together under a joint name. The persons belonging to the partnership are severally and jointly liable for the liabilities of the partnership, while losses and profits recorded are passed on to the partners. The partners decide on how profits and losses are handed over or allocated to themselves and exercise the right to establish rules and guidelines on how certain issues that may present troublesome situations in the future are to be dealt with.

### FORMATION PROCEDURES FOR PRIVATE AND PUBLIC COMPANIES (PROFIT)

#### REGISTRATION AND INCORPORATION

A corporation can register to carry out business under a business name. A 'firm' is an unincorporated body of two (2) or more individuals and/or corporations that have entered into partnership with one another with a view to carrying on business for profit. Applicants must:

- Complete the Company Name Search & Reservation process (Form 26) - this ascertains whether a desired name is available and acceptable.
- Once the Company Name Search is approved, complete the Business Registration Form (Application for Registration by a Corporation Form 3.)
- Complete the Company Statutory Declaration Form and have this Statutory Declaration notarized by an Attorney-at-Law or a Justice of the Peace.
- Submit the following documents below with the requisite application fee of \$850.00 which must be paid to the Registrar and a \$2.50 stamp purchased at any local post office must also be submitted with the application for declaration.
  - (a) Approved Company Name Search (Form 26)
  - (b) Articles of Incorporation (Form 1)
  - (c) Notice of Directors. (Form 9)
  - (d) Notice of Address. (Form 4)
  - (e) Completed Company Registration Form (Form 3).
  - (f) Notarized Statutory Declaration Form.
- After completion and submission of the following documents a certificate of incorporation is issued by the Registry of Companies.

## **BRANCHES**

Branches in St. Lucia are usually setup by foreign enterprises. Establishing a branch of a foreign company in St. Lucia is done by submitting an application to the Government of St. Lucia. Any application must first receive the government's approval before any business is carried out. St. Lucia branches are regulated by the Companies Act and are subject to the same taxation of the St. Lucia company with limited liability.

## **SOLE TRADERS**

In St. Lucia, sole traders are people who undertake business on their own, agreeing to bear the responsibility of the debts and obligations of the business. St. Lucia requires all sole traders to register the names of the business, which does not have to be the person's name but instead a company name in view of the business carried on.

## **REGISTRATION**

This process is required by an individual who is 18 years and older and wishes to carry on a business under a business name. Applicants must:

- Complete the Business Name Search process.
- Once the Business Name Search is approved, complete the Business Registration Form (Application for Registration by an Individual Form 1.) / (Statement of Particulars).
- Complete the Statutory Declaration Form (Form 11) and have this Statutory Declaration notarized by an Attorney-at-Law or a Justice of the Peace.
- Submit the following documents below with the requisite application fee of \$125.00 which must be paid to the Registrar and a \$2.50 stamp purchased at any local post office must also be submitted with the application for declaration.
  - i. Approved Business Name Search Form.
  - ii. Completed Business Registration Form (Form 1).
  - iii. Notarized Statutory Declaration Form (Form 11).
- After completion and submission of the following documents a certificate of registration is issued by the Registry of Companies.

## **NATIONAL INSURANCE CORPORATION REGISTRATION**

Every employer and employer must be registered with the NIC office where a registration number will be issued. The required document are as follows:

1. Submit an application for registration of the Business Name as an employer, supported by the Statement of Particulars and Certificate of Registration of the business name.
2. The application for registration of a company as an employer must be supported by the Certificate of Incorporation, Notice of Directors and Notice of Registered Office.

## **TAXPAYER REGISTRATION**

A taxpayer identification number is obtained and a registration form must be completed and submitted to the Inland Revenue Department. The completed registration form must be signed by the company's director and secretary. It must accompany the certificate of incorporation with a list of employees, their National Insurance numbers and dates of employment with the company.

## 5 – LABOUR

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The labour laws in Saint Lucia are to ensure that there is great communication between employees and employers and also provide a safe environment to work. All labour guidelines are governed by the Labour Code 2006.

### EMPLOYMENT

The minimum employment age is sixteen (16). If an employee is below this age, the employer is required to keep a juvenile register.

### TYPES OF EMPLOYMENT CONTRACTS

- Permanent Employment: a contract without reference to limit of time.
- Fixed Term Employment: a contract for a specified period of time.
- Contract of Service: a contract of employment for a specific task/service.

### WRITTEN CONTRACT

- Within fourteen days from the date on which employment commences, an employer may prepare a written contract correctly describing the terms and conditions of employment that have been agreed upon by the employer and employee.
- A written contract shall include the particulars specified:
  - (a) The names of the employee and employer.
  - (b) The term of the employment if other than indefinite.
  - (c) The probationary period, if any.
  - (d) The scale or rate of remuneration and the method to be used for calculating the remuneration; the intervals at which remuneration is to be paid.
  - (e) Normal hours of work and rest periods.
  - (f) Leave entitlement.
  - (g) Maternity leave.
  - (h) Any provision for the termination of the contract other than those provided by the Labour Code.
  - (i) Any provision for pensions or National Insurance Schemes.
  - (j) The length of notice which the employee is obliged to give and entitled to receive to determine the contract of employment.
  - (k) The period of time for such apprenticeship or training, if any.
  - (l) Any other term or condition of employment that has been agreed upon.
- The employer shall give the employee a signed copy of the written contract. Where a contract of employment is not written, the employer shall explain to the employee the contents of the contract of employment and the explanation shall comply with the provisions of the written contract.
- Any provision in a written contract which contravenes a provision of this Code to the extent that it provides for lower standards than those established under the Labour Code shall be null and void.

## HOURS OF WORK

- An employee should work a maximum of forty hours during a work week, excluding overtime.
- An employee should work a maximum of eight hours and is required a one-hour meal interval after 5 hours of continuous work.
- An employer and employee may agree in a contract of employment to flexible hours of work which do not exceed forty hours per week. Split shifts and occasional shifts.
- It is not acceptable for an employer to require an employee to work for more than 6 consecutive days without a 24 hr. rest period.

## OVERTIME

- In addition, to normal working hours, an employer shall not authorize an employee to work overtime or on public holidays except with an agreement concluded between the employer and the employee.
- An employer shall pay to an employee who works overtime an amount calculated at a rate of not less than one and one-half times the wage for each hour in respect of the overtime worked, or twice the wage for each hour in respect of the overtime worked on a Sunday, public holiday or, in respect of a shift worker, the worker's day off.

## WAGES

- All wages due to an employee under his or her contract of employment shall be paid to him/ her in legal tender.
- An employer shall pay wages to the employees employed by him/ her at regular intervals, on the agreed pay day, which may be daily, weekly, fortnightly or monthly. Pay periods may be fixed by contracts, collective agreements, arbitration awards or the Minimum and Equal Wage Commission or the Labour Commissioner.
- The national minimum wage in St. Lucia is EC\$60 per day.

## LEAVE

### SICK LEAVE

An employee is entitled to be paid sick leave for actual illness or actual physical incapacitation without requirement of medical certification where:

- (a) Each such period of sick leave does not exceed two days.
- (b) The aggregate of such periods of sick leave does not exceed twelve days per annum.

Where a period of sick leave exceeds two days, the employee shall produce a medical certificate certifying the illness or injury and the duration of sick leave from a medical practitioner for the period commencing on the third day of sick leave in order to be entitled for paid sick leave.

### VACATION LEAVE

At the end of his or her first year of employment an employee shall be entitled to annual vacation leave with pay for a period of working days between Monday and Friday.

Where a public holiday occurs during any period of vacation leave taken by an employee, the period of vacation shall be increased by one day in respect of each Saturday, Sunday or public holiday, as the case may be.

#### VACATION DAYS

<b>Period of Employment</b>	<b>Days</b>
Up to 5 years	14 days
5 years and more	21 days

#### AGE OF RETIREMENT

According to the National Insurance Corporation Act, the age of retirement/pensionable age for all employees are 65 years old.

#### TERMINATION OF EMPLOYEMENT

On the termination of a contract of employment, an employer, if so requested by the employee, shall provide the employee with a certificate of termination.

Any notice of termination of employment given by an employer to an employee during a vacation leave shall not be effective.

If an employee, after being warned two more times after the first warning, is again found to be in breach of his/ her terms and conditions of employment, is guilty of any misconduct or is unable to perform duties in a satisfactory manner, the employer may dismiss the employee.

#### REDUNDANCY PAY

- An employee, who has completed no less than two years of continuous employment, and who is terminated due to redundancy, is entitled to redundancy pay:
  - (a) First three years - One week pay per year.
  - (b) Four to seven years - Two weeks pay per year.
  - (c) Over seven years - Three weeks pay per year.

#### TRADE UNIONS

Every employee has the right to be a member of a trade union or an employer's organization, to hold office or take part in any lawful trade union activity.

## 6 – TAXATION

The department which is responsible for the collection of taxes in Saint Lucia is Inland Revenue Department. (IRD). All residents, corporations, partnerships are required to file an income tax return each income year.

The major taxes imposed in Saint Lucia are:

- Tax on Income
  - Personal Income Tax
  - Corporate Income tax
  - Withholding Tax
  - Contract Tax
- Domestic Sales Taxes
  - Value Added Tax
  - Travel Tax
- Property Taxes
  - Land Tax
  - Capital Allowances
  - Commercial Property
  - Residential Property
- Payroll Taxes
  - P.A.Y.E
  - National Insurance Contributions
- Other Taxes
  - Aliens Landholding Licensing
  - Telecommunications Tax License
  - Stamp Duty
  - Custom Duties
  - Excise Tax

### PERSONAL INCOME TAX

Individuals are taxed on salaries, wages, interest, dividends which they earn throughout the year.

#### PAYMENT OF TAXES

- A tax return must be filed by individual taxpayers by the due date. This form can be found on their website([www.ird.gov.lc](http://www.ird.gov.lc))
- The due date for filing income tax returns for individuals is 31<sup>st</sup> March of each year. There is a penalty charged for late submissions, this is 5% on chargeable income.

#### TAX RATES ON CHARGEABLE INCOME:

Taxable Income(XCD)	Tax Rate
Up to \$10,000	10%
\$10,000 to \$20,000	15%
\$20,000 to \$30,000	20%
Over \$30,000	30%

**HOW TO REGISTER WITH IRD (INDIVIDUALS)**

- The completed registration form must be submitted to the IRD with a suitable form of identification e.g. passport, driver's license, national ID or National Insurance card.
- The self-employed must register according to the normal process for an individual as well as submit a certification of registration for their business.

**CORPORATE INCOME TAX**

A company is deemed to be resident if it is either incorporated in St. Lucia or it is centrally managed and controlled in St. Lucia. A resident company is taxed on worldwide income. A non-resident company is taxed on income derived or sourced from St. Lucia.

**PAYMENT OF TAXES**

- Corporate tax returns must be filed within three months of the financial year end date of the company along with financial statements and payment of any tax due.
- A tax return filing extension should be requested at least two weeks before the company's fiscal year end.
- Tax is due to be paid by instalments due in March 25<sup>th</sup>, June 25<sup>th</sup> and September 25<sup>th</sup>. Each instalment is based on 1/3 of the last tax return filed. Late payment penalties are levied at 5% of the tax payable plus 10% of the tax unpaid and interest of 1.04 % per month.

**CORPORATE TAX RATES**

- Corporation Tax 30%
- Withholding tax 25% (Non-CARICOM)
- Withholding tax 15% (CARICOM)

**HOW TO REGISTER TO IRD (CORPORATE)**

- Complete the registration form with the signature of a director or company secretary. The application should include a list of all the company's employees with their National Insurance Corporation (NIC) numbers and date of employment.
- An Employee Declaration Form must be submitted to IRD within 14 days of the commencement of the employees' employment to deduct the tax from employees' earnings. The tax deduction tables provided by the IRD must be used by the employer to identify how much tax should be deducted from the workers' pay based on their PAYE tax code.
- Complete the Non-individual Enterprise registration form.
- Submit both forms and the supporting documentation to the Tax Roll Unit at the IRD. The IRD will then issue a Tax Account Number.

**PARTNERSHIPS**

The registration form for a partnership should be signed by a partner and must be submitted along with:

- Certificate of registration for the partnership.
- National Insurance number for each partner.

### TAX ON INCOME PREMIUM OF INSURANCE COMPANIES

- In addition to tax paid on the income of a company, insurance companies must pay taxes to the Department on the “premium income” for every income year it is considered carrying on insurance business. This premium income entails companies that carry on both life and general insurances.
- Insurance agents of foreign insurance companies shall also “deduct or withhold an amount from the premium income” of that foreign company and must pay that amount to the Department by the 15<sup>th</sup> day of each and every month that follows the month in which that premium income was earned.
- The insurance premium income on which the tax based is calculated by taking the gross premiums received by the insurance company within Saint Lucia and deducting there from any premiums received or paid in respect of reinsurances.
- All Saint Lucia insurance premium tax laws are governed by the Insurance Premium Tax Act, 2008.

### LIFE INSURANCE PREMIUM TAX RATES

The tax rates payable by an insurance company carrying on life insurance business is as follows:

- For a resident insurance company, 1.5% of the premium income.
- For a foreign insurance company, 3% of the premium income.

### GENERAL INSURANCE PREMIUM TAX RATES

The tax rates payable by an insurance company carrying on general insurance business is as follows:

- For a resident insurance company, 3% of gross premium income.
- For a foreign insurance company, 5% of gross premium income.

### REGISTRATION OF INSURANCE COMPANY

Every insurance company shall register with the Comptroller by completing a registration form and submitting it to the Comptroller no later than 15 days after the start of business.

### WITHHOLDING TAX

The withholding tax is an income tax “withheld” from the earning of employees which is then paid directly to Inland Revenue Department.

- Additionally, withholding tax is charged on benefits obtained from pension funds and insurance policies. 10% Withholding tax should be deducted on any cash benefits to members who have withdrawn from an approved pension fund or an insurance policy that is less than ten (10) years old.
- Withholding tax is also levied on certain payments of an income nature – e.g. royalties, management charges, commissions, fees – at a rate of 10% to local residents; 15% to regional residents belonging to CARICOM states; and, 25% to non-residents.

## CONTRACT TAXES

Contract tax is levied on income earned from a contractor. A contractor is anyone who is a resident of Saint Lucia who provides or supplies independent personal services in exchange for compensation. A contractor is charged 10% of gross earnings.

A contractor is not considered an employee and is also not any of the following:

- Accountants, auditors or tax consultants.
- Business or management consultants.
- Lawyers.
- Doctors, dentists, pharmacists or nurses.
- Engineers.
- Funeral undertaking services.

## VALUR ADDED TAX (VAT)

VAT is a tax on consumption. It is charged on the value of imports and on the value added (mark-up) on goods and services supplied by one business to another or to final consumers. All goods and services are governed by the Value Added Tax Act, 2012.

### VAT RATES

- The standard rate is 12.5% and a reduced rate of 10% applies for goods and services supplied by hotels.
- Certain goods and services like Electricity and Water are zero-rated or exempt. (0%)

### THE THRESHOLD

- VAT registered taxpayers cannot claim VAT on their personal purchases. Persons and businesses that perform taxable activities are required to register and charge the VAT if they meet the required threshold. Only those businesses that are registered for VAT with the IRD can charge VAT.
- The registration threshold is a total value of supplies exceeding XCD 180,000 in the previous twelve months or less.

### HOW TO REGISTER WITH THE IRD (VAT)

- Complete and submit the registration forms to the VAT Unit or the IRD in Castries. Forms are available from the VAT Unit or the IRD.
- Sole traders - a copy of the Business Names' Certificate should be submitted.
- For a partnership, a copy of the Business Names' Certificate should be forwarded to the Department
- For a company, copies of the complete incorporation documents need to be submitted.
- Where there is a joint venture partnership, a copy of the joint venture agreement must be supplied.

## TRAVEL TAX

All rules and exemptions are governed by the Travel Tax Act, 2001.

- Travel Tax at the rate of 7.5% of the cost of the ticket shall be charged, levied and paid by a traveler in respect of every ticket issued in Saint Lucia by or on behalf of a carrier for travel overseas.

- If during the purchase of the ticket, no ticket was issued in Saint Lucia to the traveler but the ticket was paid for in Saint Lucia, the travel tax must still be paid.

#### REGISTRATION OF TRAVEL TAX

- Each carrier required to collect tax shall register with the comptroller by completing a registration form and submitting to the comptroller no later than 15 days after the end of the month.
- Any carrier, who fails to comply, will be charge a fine of \$50 each day during which the offence continues and/or to imprisonment for 6 months.

#### COLLECTION OF TRAVEL TAX

- The travel tax must be collected by the carrier at the time of the issue of the ticket or where no ticket is issued before the traveler boards the ship or aircraft.
- In the case where the ticket was issued outside Saint Lucia for travel originating in Saint Lucia, the travel tax shall be collected by the carrier who deals with the ticket in Saint Lucia.
- A carrier who fails to collect the travel tax which was payable to him or her shall pay to the Comptroller the amount of such tax as if he or she had collected the same.

#### LAND TAX

Property owners are liable to pay land tax on their property. All land and property rules are governed by the Land and House Tax Act, 2008.

#### LAND TAX RATES

Land	Tax Rate(XCD)
Up to 10 acres or less	0
10 acres – 50 acres	\$0.25 per acre
50 acres - 100 acres	\$0.50 per acre
100 acres -500 acres	\$0.75 per acre
Over 500 acres	\$1.00 per acre

#### HOW TO REGISTER WITH IRD (PROPERTY TAX)

All property owners must declare any property that they own to the IRD within 30 days of becoming the owner. The following information should be provided at that time:

- The description, Block and Parcel number and area of the property.
- The mailing address and a contact number of the owner or representative.
- In the event that additions are made to a property, the owner should inform the Department of the change.

#### CAPITAL ALLOWANCES

Deductions are allowed for the cost of commercial buildings, plant and machinery and vehicles as follows:

- An initial allowance of 20% is granted on the acquisition of industrial, agricultural, and commercial buildings (except for hotels and rental properties); on plant and machinery, including motor vehicles and furniture; and on fixtures and equipment.

- Thereafter, annual allowances for wear and tear, ranging from 10% to 33.33%, are granted on the reducing-balance method, except for industrial and agricultural buildings, which are allowed an annual rate of 5%, and commercial buildings (except for hotels and rental properties), which are allowed an annual rate of 2.5%.

#### CAPITAL GAINS

Gains from the sale of capital assets are not subject to tax in St Lucia.

#### COMMERCIAL PROPERTIES

Commercial property owners are required to pay property tax at 0.25% of the open market value.

#### RESIDENTIAL PROPERTIES

Residential property owners are required to pay property tax at 5% of the annual rental value.

#### PAY AS YOU EARN (P.A.Y.E.)

A Pay-As-You-Earn (PAYE) system is used to deduct tax from the salaries of employees. Penalties exist of 5% of the tax liability (for filing a tax return late) and 10% of the unpaid tax balance plus interest at the rate of 1.04% per month (for late payment of tax due).

#### NATIONAL INSURANCE CORPORATION (NIC)

Employers and employees must be registered in the NIC office. Contributions made to NIC is at a rate of 10% of gross salary. The employee pays 5% and the employer pays the other 5%. The maximum contribution is XCD 250 per month. (E.g. monthly salary of 5000). The national insurance covers retirement, sickness and disability benefits, funeral grants and medical expense.

#### ALIENS LANDHOLDING LICENSING

The Aliens Licensing Act (2020) regulates the holding of land, shares or debentures by "aliens," or companies under alien control, and other related matters. It is under the authority of this act that the Aliens Landholding License is given.

"Aliens" means:

- A person who is not a citizen of Saint Lucia.
- A company incorporated in Saint Lucia or in a Member State if it is under alien.
- A corporation incorporated in a foreign country.

#### REGISTRATION

It is a 3 level process:

1. Alien Certificate of Eligibility

The Due to Diligence Process is now conducted by the Citizenship by Investment Board (CIB) who have a wealth in experience in conducting due diligence of citizenship by investment applicants.

Once the applicant has met the diligence requirements, the application is issued a Certificate of Eligibility. With that the applicant can now proceed to apply for its Aliens License.

### 2. Aliens License Application

An Alien can buy or lease land in St Lucia either as an individual or a Company. The License is valid from 1 to 10 years.

The Citizenship by Investment Board (CIB) may grant approval of an application for an alien's landholding license if:

- The purchase is 1 acre or less.
- The land is part of an approved development.

### 3. Aliens Entrance Permit

Aliens Investor Entrance Permit –gives free access to the country and the alien/foreign can remain in St Lucia. This permit is valid for the duration of a valid aliens landholding investors' license.

If the alien is a company, then that company is eligible for an alien's investor entrance permit on behalf of the beneficial owner/ shareholder of 25%.

## TELECOMMUNICATIONS LICENSE

The two main classes of licenses under which most telecommunications services are classified are the Class License and the Individual License. The Application Forms for these licenses are available from the National Telecommunications Regulatory Commission (NTRC).

### CLASS LICENSE

Services that fall under the Class License are generally service-oriented applications. It also includes amateur radio, maritime mobile and aeronautical mobile services.

#### **Type of Services**

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Internet Services

International Simple Voice Resale (switchless)

Value Added Services Includes Data Services

Private Networks/Services

Aeronautical Mobile

Maritime Mobile

Land Mobile

Amateur Radio

Citizen Band Radio

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### INDIVIDUAL LICENSE

The services that fall under this license are generally infrastructure-oriented. Those services often provide the network/foundation upon which other services (such as Value-Added Services) can be supported.

### Type of Services

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Mobile/Cellular Networks/Services  
 Frequency/ Radio Spectrum  
 Fixed Public Networks/Services  
 Submarine Cable Crossing/Landing  
 Public Radio Paging Networks/Services  
 Internet Networks / Services  
 TV /Radio Broadcast  
 Community Radio  
 Subscriber Television (wireless)

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### **STAMP DUTY**

Stamp tax is charged on any document that evidences a legal or contractual relationship between two or more parties.

- Additionally, many types of commercial and legal documents such as cheques, receipts, military commissions, marriage licenses and land transactions, must be stamped as evidence of the payment of taxes.
- Stamp tax may be charged either at a fixed rate or at an *ad valorem* rate, depending, for example, on the value of the property being transferred.

In accordance with the Stamp Duty Ordinance some documents still require stamping.

Among these, include:

- Deeds of Conveyance
- Deeds of gift
- Deeds of Mortgage
- Mortgage Loan agreements
- Life Insurance Policies
- Powers of Attorney
- Transfer of Shares
- Deeds of Lease
- Bonds
- Deeds of any other kind

## STAMP TAX RATES

<b>Stamp</b>	<b>Tax Rate</b>
Purchasing of Property	2%
Document	Duty
Acknowledgment of Paternity	\$10.00
Authorization of Agent	\$10.00
Bill Of Sale (e.g. Car loan, Household appliances, Repayment agreement with bank) - Round-off to the next \$100.00	0.25%
Cancellation of Power of Attorney	\$10.00
Change of Name	\$10.00
Deed of Correction	\$10.00
Deed of Donation	\$10.00
Deed of Exchange	\$10.00
Deed of Exchange (If no consideration)	\$10.00
Deed of Partition	\$10.00
Deed Poll	\$10.00
Deposit	\$10.00
Deposit of Power of Attorney	\$20.00
Designation and Vesting Assent	\$20.00
Discharge of Hypothec	\$5.00
Hypothec (Mortgage) - Round-off to the next \$100.00	0.25%
Lease	2% of average rental value
Marriage Consent	\$10.00
Partial Radiation	\$5.00
Power of Attorney	\$10.00
Radiation	\$5.00
Revocation	\$10.00
Transfer authorized by High Court (Divorce)	\$100.00
Vesting	\$10.00
Deed of Exchange (with consideration)	2% of consideration
Deed of Transfer (Conveyance)	2% of consideration
Deed of Sale - Purchaser (Conveyance)	2% of consideration
Deed of Sale/Transfer - Vendor IS NOT a citizen of Saint Lucia or is a foreign national (Conveyance)	10%
Deed of Sale/Transfer - Vendor IS a citizen of Saint Lucia or is a foreign national (Conveyance)	First \$50,000 - Exempt Next \$25,000 - 2.5% Next \$75,000 - 3.5% Remainder - 5%
Declaration	\$10.00

## **CUSTOMS DUTIES**

Customs duties are charged on a wide range of imported goods. Exemptions are granted for raw materials and plant and machinery used in manufacturing and for certain items imported by hotels under construction, extension, or refurbishing projects. Imported goods are subject to Customs duties according to the CARICOM Common External Tariff.

## **EXCISE TAXES**

Excise taxes are imposed on four main categories of goods manufactured or imported into Saint Lucia, namely fuel, liquor, beer, and cigarettes. Most excisable goods are subject to tax at a specific rate.

The excise tax on fuel applies when the fuel is imported by a wholesaler. Tax is included on the price of fuel paid at the gas pump. The tax rate formula is based on the current price provided by the supplier and regulated price at the gas pump.

## 7 – ACCOUNTING & REPORTING

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All businesses operating in Saint Lucia must maintain adequate accounting records for each financial year.

### ACCOUNTING STANDARDS

St Lucia is a member of the Institute of Chartered Accountants of Eastern Caribbean Committee (ICAEC). Saint Lucia accounting standards basically follow the International Accounting Standards (IAS) and the International Financial Recording Standards. (IFRS).

At the end of each financial year, all businesses must prepare a financial report with comparative information and must submit to the Inland Revenue Department. The annual financial report includes:

- A statement of financial position.
- A statement of changes in equity.
- A statement of comprehensive income.
- A statement of cash flows.
- Notes to financial statements.

Any business that wants his/her accounts audited, it must be done by a certified public accountant (CPA) at the individual\company expense.

### FILLING ANNUAL TAX RETURNS

Annual Tax Returns must be submitted to the Inland Revenue Department no later than March 31<sup>st</sup>, after the end of the income year.

For a sole trader, a single tax return must be filed for the individual and his/her business. For a partnership, trust or company, they need to file an individual tax return and a separate tax return for the business.

There must be filing of an annual income tax return to report assessable income and claim any allowable deductions or offsets that reduce the amount of tax payable.

The annual returns contain details concerning:

- The share capital of the company.
- Its directors; its secretary and shareholders.
- Its indebtedness in the form of mortgages and charges.
- All business names under which the company carries on business.
- And the address of its registered office.

### RECORDING

Every business operating in Saint Lucia whether is a sole proprietorship, partnership or company is required to keep records. All businesses should retain its accounting records for no less than 6 years.

Maintaining documents such as sales and purchases invoices, cash bills, bank statements, payment vouchers, pay slips, cheque stubs, official receipts for payment, etc., must be kept to support your expenses or claims.

Setting up a system which could capture all business transactions and facilitate easy retrieval of all documents is necessary.

#### WAGE RECORDINGS

A good way of recording the wage details of your employees is by using a wage book. Recording details of employees' pay on cheque stubs is not sufficient.

The following are some helpful hints when using the wage book:

- Use a separate wage book for each tax year and give yourself space.
- As soon as an employee starts working for you, or when you are writing up the wage book for beginning of each tax year, use a fresh page in your wage book for each employee. Keep a separate page for each employee, even if he or she was only employed for one day.
- Make sure you get the employee's details such as his or her ID and NIS number, and tax code.
- Summarize the details for each employee at the end of each PAYE deduction payment period (15th of each month) in your wage book. This will be monthly.

Keep a summary sheet (at the back of the book) which shows the total of each deduction period of:

- Gross wages
- PAYE deductions
- NIC deductions
- Any other deductions

## 8 – UHY REPRESENTATION IN SAINT LUCIA

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### CONTACT DETAILS

UHY Walcott & Associates  
 12 Tapion Reef Road  
 Castries  
 Saint Lucia  
 Tel: +758 453 2223  
 Fax: +758 456 0900  
[www.apwalcott.com](http://www.apwalcott.com)

### CONTACTS

Liaison contact: Anthony Walcott  
 Email: [awalcott@uhy-lc.com](mailto:awalcott@uhy-lc.com)

Year established: 1996  
 Number of partners: 1  
 Total staff: 3

### BRIEF DESCRIPTION OF FIRM

UHY Walcott & Associates is an accounting firm which provides the best quality service to our clients and offer the most suitable solutions to establish long, trustworthy relationships. Our expertise ranges from business and tax consultancies, audit and legal services to financial management and problem solving. We also do computer training in a variety of flexible formats to help facilitate client needs.

### SERVICE AREAS

Audits  
 Personal Financial Planning  
 Accounting System Design and Implementation  
 Financial Statement Preparation  
 Tax Consultancy  
 Business Consultancy  
 Project Management  
 Staff Recruitment  
 I.T. Training

### SPECIALIST SERVICE AREAS

Taxes

### PRINCIPAL OPERATING SECTORS

Automotive  
 Information Technology  
 Financial  
 Family Owned Companies  
 Non-profit Organizations  
 Food & Drinks  
 Retail Distribution  
 Transport  
 Property & Construction

### LANGUAGES

English and French Creole

**CURRENT PRINCIPAL CLIENTS**

Partial list of clients permitting public disclosure:

St. Lucia National Housing Corporation  
National Skills Development Corporation  
Mago Estate Hotel Limited  
China Town Group  
Visual Domain Limited  
Gloger Holdings Limited  
Corporate and Business Advisory Services

## APPENDIX I- SOURCES OF INFORMATION

### FOREIGN INVESTMENTS

Invest St. Lucia

[www.investstlucia.com](http://www.investstlucia.com)

Government of St Lucia

[www.govt.lc](http://www.govt.lc)

St Lucia Business- Business Guide

[www.stlucia-business.com](http://www.stlucia-business.com)

### SETTING UP A BUSINESS

Registry of Companies & Intellectual Property

[www.rocip.gov.lc](http://www.rocip.gov.lc)

The St. Lucia Company – Go Offshore

[www.stluciacompany.com](http://www.stluciacompany.com)

### LABOUR

Ministry of Labour & Relations

### TAXATION

Inland Revenue Department

[www.irdstlucia.gov.lc](http://www.irdstlucia.gov.lc)

Customs and Excise Department

[aw.customs.gov.lc](http://aw.customs.gov.lc)

Tax Summaries

[www.taxsummaries.pwc.com/](http://www.taxsummaries.pwc.com/)

Global Property Guide

[www.globalpropertyguide.com](http://www.globalpropertyguide.com)

St Lucia Tax Guide

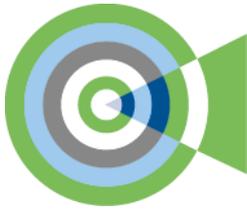
[www.pkf.com](http://www.pkf.com)

Belle Vue Properties

[belleheleneproperties.com](http://belleheleneproperties.com)

Telecommunications License Classification

[archive.stlucia.gov.lc](http://archive.stlucia.gov.lc)



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## LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

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