

Value Added Tax

Rate

VAT is charged at the rate of 15% on the value of a ticket; or charge for entry.

Basic Rules of VAT on Public Entertainment

- Supply of ticket, right on entry, or other right entitling a person to receive the proposed entertainment.
- A supply of merchandising products relating to the entertainment.
- A supply of a lease, licence or other right to occupy or use a place for public entertainment
- A supply in the nature of advertising or promotional services or rights, including a supply in the nature of sponsorship of the event.
- A supply of the right to sell goods and services at a place of public entertainment, at or around the time when the entertainment is to be provided.

For the purpose of securing payment of VAT that is or may become due, the Comptroller may, by notice in writing, require a person to give security in such amount and manner as the comptroller thinks fit, by the day specified in the notice.

OBLIGATIONS

All Registered Businesses/Persons must:

- File their returns on or before the stipulated due date, for payment according to Law.
- Keep accurate and proper records
- Adhere to all the requirements under the various laws governing the relevant tax types.

Under the VAT System:

- Show the VAT inclusive prices on tickets
- Submit a security deposit of 15% of the value of the tax on the ticket price or capacity of the building
- Reconcile the difference at the end of the event
- Submit your VAT returns by the 20th of the following month for the previous month.
- Price (s) advertised or quoted by a registered person for an activity must be VAT inclusive.

NB: This leaflet has been prepared by the Inland Revenue Division and provides guidance for persons involve in the entertainment industry.

For further information contact our Division at:

Tel: (473) 440-3556/435 6945/46, 435-9084.

Hotline: 435-9085

Fax: 440-6621/435-9086

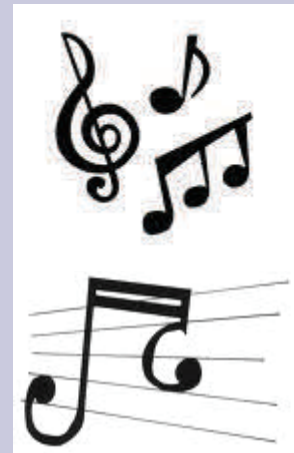
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TAXES & THE ENTERTAINMENT INDUSTRY



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What is Public Entertainment?

Public entertainment refers to any musical entertainment, theatrical performance, comedy show, dance performance, circus show, any other performance connected with a festival or any similar event to which the public is invited for a fee.

Who is a promoter of Public Entertainment?

Promoters of Public Entertainment refers to any person who arranges the staging of public entertainment, but does not include entertainment organized by:

- An approved educational institution or the board or management or a parent teacher association of such institution;
- A person who provides entertainment on a daily or weekly basis;
- A church incorporated under any Act of Parliament of Grenada or prescribed
- An approved non-profit body.

REGISTRATION

Section 65A of the Income Tax Act states that every person liable or about to become liable for the payment of tax under this Act shall register with the Comptroller and provide such information to the Comptroller as may be required by him to give effect to such registration.

Compulsory Registration:

- Registration for Income Tax is compulsory for individuals, sole proprietors, professionals and corporations.
- VAT registration is compulsory for promoters of public entertainment, or licensee or proprietor of a place of entertainment whether or not the person exceeds the threshold.

NB: Promoters of Public Entertainment shall apply for registration no later than one month before the day of the event.

TAXES Applicable:

- Income Tax
- Withholding Tax
- Annual Stamp Tax
- Value Added Tax

Income Tax

Rate:

- Companies—(30%) of the net profit,
- sole proprietors, professionals, 30% of net profit in excess of \$60,000.
- Employees- (30%) of the excess over \$60,000. per annum.

Withholding Tax (Income Tax Act No.36 of 1994)

Sec. 50 of the Income Tax Act states, where a person whether or not engaged in a business in Grenada makes payment to a non resident person of interest, the payer shall deduct tax at the rate specified in the Third Schedule of the Income Tax Act.

Application:

Every person who makes any payment by way of:

- Interest (except from bank deposits) or discounts.
- Rental, lease premium or licence
- Royalty
- Management charge
- Commission or fee, not being in respect of an employment to which Section 54 of the Income Tax Act, applies;
- Annuities or other periodic payments; or
- Any other payment to any person including a non-resident, the payer is entitled to deduct such payment in computing the chargeable income for a basis period.

Rate:

The tax shall be deducted at a rate of 15% of every dollar of such payment and shall be the final liability in respect of such income.