

# GUIDELINES FOR THE GRENADA TAX AMNESTY

## Overview

The Government of Grenada is committed to a tax system that is simple, equitable and easy to administer. Government is also committed to improving the business climate thereby allowing businesses to thrive. Finally, Government is working to improve the efficiency of its tax collection effort.

Based on the foregoing, Government has observed that many taxpayers have significant arrears with Inland Revenue. These arrears are not only impacting negatively on government's revenue collection but also business performance and expansion. Some taxpayers in arrears are almost paralyzed by the magnitude of their arrears. Still others appear to have given up furthermore, some, businesses are unable to access concessions for expansion because of tax arrears.

Against this backdrop and consistent with its priority of stronger economic management, Government has decided to implement a tax amnesty.

What is this tax amnesty? For a very limited period, Government is offering taxpayers with arrears, the opportunity to pay off their taxes without interest and penalties. In many cases, the interest and penalties are more than the actual taxes because of the delay in the payment of these taxes. Where a taxpayer agrees to promptly settle all outstanding taxes Government will grant a 100% waiver on interest and penalties between November 17, 2008 and March 31, 2009.

Which taxes are eligible? All taxes. However, the major tax types are Corporate Income Tax, General Consumption Tax, Personal Income Tax and Property Tax. The amnesty will cover all arrears up to December 31, 2007.

Who is eligible? All taxpayers. The amnesty will also extend to persons who are registered taxpayers but have not filed their returns and paid their taxes. Such persons can file and pay, without interest and penalty, in the period of amnesty. Also, the amnesty allows persons/businesses, who have not registered to register, file and pay during the amnesty, without interest and penalty.

How can a person take advantage of this limited offer? Persons can call the Inland Revenue to clarify their tax balances or make an appointment to discuss their accounts. Special arrangements are being made to facilitate taxpayers who wish to take advantage of this opportunity. These include field collection by bailiffs and a dedicated staff in Inland Revenue to expedite the payment process.

For the taxpayer who is ready to pay, he or she can simply go into the Inland Revenue Department and pay by cash or cheque. Persons who have previously written "bounce" cheques to Inland Revenue will be required to pay by bank draft.

What if a taxpayer cannot immediately settle all outstanding taxes? The taxpayer may elect to settle one or more outstanding taxes or enter into a payment plan with Inland Revenue during the period of the amnesty. It should be noted that persons who are currently on payment plans may alter their plans to benefit from the amnesty.

Why is this tax amnesty a good idea for taxpayers? First, it is considerable cheaper to pay off taxes without interest and penalties. Second, it is even cheaper to borrow money to pay off the outstanding taxes (typical bank rates are between 9% and 11%) compared with interest charges by Inland Revenue which are between 18% and 24%. Third, it cleans the slate in readiness for the introduction of the Value Added Tax.

What happens if tax payers do not seize this opportunity? Inland Revenue will aggressively enforce tax laws such as seizure of property and other assets to satisfy outstanding taxes. Furthermore, Government may consider the imposition of a tax compliance certificate in order to access certain basic services. The requirement for this certificate may also extend to persons who have not paid licenses such as business, drivers or motor vehicles.

Consultation before Implementation: Government has raised the idea of a tax amnesty with selected stakeholders during the recent budget consultations. There is broad support.

However, concerns have been expressed about Government's commitment and capacity to enforce after the period of the amnesty.

As indicated, several steps will be taken including the requirements for a tax compliance certificate to access certain services. Anyone with comments or suggestions on these guidelines may call 440-3556, 435-6945; 435-6956; 435-0057 or send an e-mail to [finance@gov.gd](mailto:finance@gov.gd).

Implementation Period: The tax amnesty will commence on November 17, 2008 and end on March 31, 2009.

