

**ARRANGEMENT OF CLAUSES**

1. Short title and commencement
2. Amendment to section 36A of principal Act
3. Amendment to section 36AB of principal Act
4. Amendment to section 50 of principal Act
5. Repeal of Sixth Schedule





**ACT NO. 8 OF 2016**



**I assent,**

CÉCILE E. F. LA GRENADE

*Governor-General.*

*6th April, 2016.*

AN ACT to amend the Income Tax Act, Chapter 149.

*[ By Order ].*

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives and by the authority of the same as follows—

**1.—(1)** This Act may be cited as the—

**INCOME TAX (AMENDMENT) ACT, 2016**

Short title and commencement.

and shall be read as one with the Income Tax Act, Chapter 149 hereinafter referred to as the “principal Act”.

(2) This Act shall come into force on such a day as the Minister of Finance may appoint by Order in the *Gazette*.

**2.** Section 36A of the principal Act is amended—

Amendment to section 36A of principal Act.

(a) in subsection (1) by deleting the words “Sixth Schedule” and substituting therefor the words

“Investment Act, 2014 and any regulations made thereunder” where they appear;

- (b) in subsection (2) by deleting the word “nine” and substituting therefor the word “fourteen”, where it appears; and
- (c) in subsection (4) by deleting the number “5C” and substituting therefor the number “5A” where it appears.

Amendment  
to section  
36AB of  
principal Act.

**3.** Section 36AB of the principal Act is amended by inserting after subsection (2) the following new subsection—

“(3) For the purposes of this section, “agriculture, agricultural products, or agribusiness” means any business activity that contributes to the creation of jobs or generation of income and foreign exchange of the agriculture sector to the national economy and is certified by the Ministry of Agriculture, and includes the following—

- (a) the cultivation of plants for their aromatic, savoury or medicinal properties;
- (b) the cultivation of flowers, fruits, vegetables and ornamental plants in a garden, orchard or nursery;
- (c) the cultivation of plants in liquid nutrient;
- (d) the breeding, feeding and rearing of domestic animals;
- (e) forestry and mining;
- (f) fisheries;
- (g) processing services that add value to any activity under paragraphs (a) to (f).”

4. Section 50 of the principal Act is amended by inserting after subsection (4) the following new subsections—

Amendment  
to section 50  
of principal  
Act.

“(4A) Notwithstanding subsection (1), a person with a qualifying investment in tourism accommodation, or health and wellness, for the purposes of the Investment Act, 2014 and any regulations made thereunder shall be exempted from liability to pay withholding tax as follows—

- (a) in the case of qualifying costs exceeding thirty million dollars but not exceeding eighty million dollars, 50% waiver of withholding tax on interest charges for the purpose of financing the qualifying investment, and on royalties, associated with a person who is not a related person within the meaning of section 5 of the Value Added Tax Act;
- (b) in the case of qualifying costs exceeding eighty million dollars, 100% waiver of withholding tax on interest charges for the purpose of financing the qualifying investment, and on royalties, associated with a person who is not a related person within the meaning of section 5 of the Value Added Tax Act.

(4B) Subject to subsection (4C), where the qualifying costs do not satisfy the requisite threshold as prescribed under subsection (4A) upon—

- (a) completion of the qualifying investment;  
or

- (b) expiration of the period specified in an investment agreement for the purposes of the qualifying investment,

whichever first occurs, the person in respect of which the withholding tax was waived under subsection (4A) shall pay to the Comptroller the waived withholding tax no later than two months thereafter, after which all interests and penalties under the Tax Administration Act, 2016 shall be applicable.

(4C) The Comptroller, in consultation with the agency responsible for promotion and facilitation of investment, may grant an extension, not exceeding twelve months, to the time prescribed under paragraph (a) or (b) of subsection (4B) for satisfaction of the respective requirement.”

Repeal of Sixth  
Schedule.

5. The Sixth Schedule to the principal Act is hereby repealed.

Passed by the House of Representatives this 19th day of February, 2016.

WILLAN A. THOMPSON  
*Clerk to the House of Representatives.*

Passed by the Senate this 1st day of March, 2016.

WILLAN A. THOMPSON  
*Clerk to the Senate.*

GRENADA

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