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## Country Profile: St. Kitts and Nevis

## The Facts

Location	Islands in the Caribbean Sea, about one-third of the way from Puerto Rico to Trinidad and Tobago
Languages	English
Nationality	Kittitian, Nevisian
Religions	Mainly Anglican, other Protestant and Roman Catholic
Government	Parliamentary democracy and a Commonwealth realm
Head of Government	Prime Minister
Legislature	Unicameral National Assembly
Constitutional Document	Saint Kitts and Nevis Constitution
Economy	Tourism, export-oriented manufacturing and offshore banking play major roles in St. Kitts & Nevis' economy. St. Kitts & Nevis has a stable political environment and currency, a well regulated financial services sector and investor friendly government. The government offers generous incentive package including corporate tax incentives, exemption from import duties, exemption from withholding taxes and export allowance for qualified investments
Currency	East Caribbean Dollars (XCD)
GDP (2011)	Total – XCD 1.93 billion Per capita – XCD 34,400
Population	50,800 (approx.)
Percentage of population	Mainly black, some British, Portuguese, and Lebanese
Area	261 km <sup>2</sup>
Time zone	AST (UTC -4)
Public Holidays	National holidays – 15
Climate	Tropical

Sources: Central Intelligence Agency, SKIPA



## St. Kitts and Nevis

The Federation of Saint Christopher (St. Kitts) and Nevis, commonly referred to as St. Kitts and Nevis, is a Caribbean state with population of nearly 51,000. It is one of the smallest countries in the world, with total area of 104 sq miles. According to 2012 Doing Business Report by the World Bank group, St. Kitts and Nevis ranked 92nd out of 185 economies in the world, in terms of ease of doing business. After its independence from Britain in 1983, the country has seen steady economic growth. According to statistics from the United Nations' Economic Commission for Latin America and the Caribbean, economy of St. Kitts and Nevis grew by 4.5 percent in 2011. The government of St. Kitts and Nevis is very keen on attracting more foreign investment to the country. To this end, they have introduced many investment-friendly policies. These policies together with the country's robust market potential make it a safe haven to foreign investors. Here are some major reasons why foreign investors should invest in the country.

## The St. Kitts and Nevis Business Climate

There are several reasons to invest in St. Kitts and Nevis:

- **Political advantage:** St. Kitts and Nevis is a member of several international trade organizations, such as WTO, GATT, and the Caribbean Community and Common Market (CARICOM). Moreover, the country is a beneficiary of the Caribbean Basin Initiative, and Lomé agreements. This benefits a business in St. Kitts and Nevis to qualify for trade incentives when doing business the European Union (EU), Canada, and the USA. In addition, the country has double taxation agreements with the United Kingdom, Norway, Denmark, and Sweden, and free trade agreements with the Dominican Republic and Costa Rica.
- **No restriction on repatriation of profit:** The government of St. Kitts and Nevis allows free transfer and repatriation of profits. There is no restriction on transfer of funds. Not to mention, this is extremely beneficial to any foreign company doing business in the country.
- **Huge investment opportunity:** The government offers special trade incentives to investment into some selected sectors, such as, agriculture, financial services, limited light manufacturing, information technology, tourism, and education services. All investments are subject to approval by the St. Kitts Investment Promotion Agency (SKIPPA). Moreover, the government has setup four industrial sites in order to bring more foreign investment to the country. There are special concessions for setting up a business in one of these four industrial sites.
- **Transparent legal system:** The country's legal system has been inspired by the British common law system. Administered by the Chief Justice and the Attorney General, the reliable and transparent legal system of the country enables any company to get timely justice. St. Kitts and Nevis is member of WTO and the International Center for the Settlement of Investment Disputes (ICSID). Thus, some trading disputes can be resolved through settlement panels of these organizations as well.



- **Fiscal incentives:** The government of St. Kitts and Nevis offers several fiscal incentives to encourage foreign companies invest in the country. Under the Fiscal Incentives Acts, a registered company in St. Kitts and Nevis qualifies for the following incentives:
  - a) Doesn't require paying custom duty when buying equipments or raw materials for establishing or updating a business
  - b) Enjoys tax holiday for up to 15 years
  - c) No restriction of repatriation of profits, capitals, royalties, and dividends
  - d) Additional tax rebates of up to five years
  - e) No capital gains tax
  - f) Only 35 percent corporate tax on net profit
- **Political stability:** St. Kitts and Nevis benefits foreign companies and investors with corruption-free and politically stable environment. This enables a company to maximize growth in quick turnaround time.
- **Skilled and educated workforce:** The country has a literacy rate of around 98 percent. The country's workforce is highly educated and skilled. English is the main language used for communication. The workforce of the country has access to high standard technical education in different fields, such as engineering, motor mechanism, law, information technology, and medical. As such finding skilled and experienced workforce will not be a problem in the country.

### Setting up a Business in St. Kitts and Nevis

St. Kitts and Nevis ranks 62 out of 185 countries in terms of ease of starting a business, according to 2012 Doing Business Report by the World Bank Group. The report also revealed that it takes around 19 days to start a business in the country. Following are some important procedures to complete for establishing a business in St. Kitts and Nevis:

- **Choosing a name of the proposed company:** One can search and reserve a company name from the catalog developed by the Financial Services Department. Completing this procedure takes one business day, and requires paying XCD 54.
- **Preparing company documents:** The next step is to prepare documents of the company. It usually takes another business day. If the company chooses to hire a lawyer for this, it may cost around XCD 2500 on account of lawyer's fees.
- **Getting certificate of incorporation:** Upon registering with the Commercial Registry, the company will get a certificate of incorporation. Completing this process may take two or three working days. The registration fee is XCD 270, as of 2012.
- **Getting a company seal:** By law, each registered company in St. Kitts and Nevis should have a company seal. Alternatively, a company can buy ink stamp. Purchasing company ink stamp usually requires paying anything between XCD 60 and XCD 190.
- **Obtain business license and tax identification number:** The next step is to get business license from the Ministry of Finance, and the tax number from the Inland Revenue Department. Finally, the company should be registered with the Social Security Office.

## Types of Business Structures in St. Kitts and Nevis

St. Kitts and Nevis recognizes various forms of business. Knowing about these different business structures enables a business to select one that suits the best with their individual requirements. Here is a look at some major business types possible in St. Kitts and Nevis:

- **Private company:** This type of business can be formed with a minimum of one and a maximum of 50 shareholders. A private company may either be limited guarantee or by shares. The name of the company must end with the word, 'Limited' or 'Corporation.' It is mandatory for a private company to have at least one director and to hold an annual meeting.
- **Public company:** This type of company should have at least 50 shareholders. Shares of a public company are allowed to sell in public. It is mandatory to have at least three directors of the company. Two out of these three directors should not be an employee of the company, or related companies.
- **Exempt private company:** This business entity is perfect for those who intend to do business only with non-residents of the federation. They don't require paying capital gains, income tax, withholding tax, or stamp tax.
- **International business company:** This can be perfect choice for those who intends to setup an investment company or a holding company in the country. An international business company enjoys total tax exemption, and can be formed with only one shareholder. There is no minimum capital requirement, and it takes only one or two days to setup this type of company.
- **Limited partnership company:** This type of company can be formed with a minimum of one limited partner and one general partner. While liability of general partners is restricted to their shares in the capital, limited partners are not liable for the company's losses and debts. The name of a limited liability company must end with the phrase 'limited partnership' or its short form (LP).
- **Limited liability company:** This is one of the most popular forms of business in the country. The name of this type of company should end with the phrase 'Limited Liability Company' or its abbreviated forms, such as LLC and LC. A limited liability company doesn't require filling annual reports. They get exemption from withholding tax, corporate tax, asset tax, income tax, exchange controls and other taxes.

St. Kitts and Nevis also allows doing business through trusts and foundations.

## Taxation

Only the profit earned by a business is considered as taxable income. St. Kitts and Nevis charges only 35 percent corporate tax on the net profit of a business. A foreign company doesn't require paying gift tax or estate duty when doing business in the country. Additionally, depending upon nature of a business, some company may enjoy full exemption from corporate tax for up to 15 years. Remit the profit to foreign countries is subject to 10 percent deduction on account of withholding from profits, royalties, non-life insurance premiums, technical service fees, rent, and administration expenses. However, a business entity that qualifies under the Fiscal Incentives Act to enjoy certain benefits doesn't require paying any withholding tax on profit.



## Immigration and Visa Requirements

Foreign nationals from almost all countries require a valid passport to enter into St Kitts and Nevis. The passport should be valid for six months following the date of departure from Saint Kitts Nevis. Citizens of the USA and some other selected countries do not require a visa to visit the country, provided that the duration of stay is less than 90 days. Following are some documents required when applying a visa for St Kitts and Nevis:

- A duly filled visa application form
- Two passport-size photographs of the applicant
- Three months' bank statement
- A passport valid for six months after the date of return journey
- Visa fees
- Proof of a valid return or onward ticket
- Proof of adequate funds required to cover duration of the stay

## Banking Requirements

Documents required for opening a bank account in St Kitts and Nevis may vary slightly depending upon policies and regulations of a bank. In general, the following documents are required when applying for a corporate bank account in the country:

- Copy of passport
- A document that states the status of the company
- Original copy of the company's Certificate of Incorporation
- **An address proof:** This can be a utility bill, such as electric bill or water bill.
- Original copy of the statement of shareholders
- Original copy of the Board of Resolution for opening a bank account

## Reference

SKIPA	<a href="http://www.stkittsipa.org">www.stkittsipa.org</a>
Government of St. Kitts and Nevis	<a href="http://www.stkittsnevisuk.com/index.php/doing-business-in-st-kitts-and-nevis">www.stkittsnevisuk.com/index.php/doing-business-in-st-kitts-and-nevis</a>
Central Intelligence Agency	<a href="http://www.cia.gov">www.cia.gov</a>
International Monetary Fund	<a href="http://www.imf.org">www.imf.org</a>
U.S. Department of State	<a href="http://www.state.gov/e/eb/rls/othr/ics/2012/191225.htm">www.state.gov/e/eb/rls/othr/ics/2012/191225.htm</a>
Wikipedia	<a href="http://en.wikipedia.org/wiki/St._Kitts_and_Nevis">en.wikipedia.org/wiki/St._Kitts_and_Nevis</a>
LOWTAX	<a href="http://www.lowtax.net/lowtax/html/stkitts_nevis/jnvcos.html">www.lowtax.net/lowtax/html/stkitts_nevis/jnvcos.html</a>
The World Bank	<a href="http://www.doingbusiness.org/data/exploreeconomies/st-kitts-and-nevis/starting-a-business">www.doingbusiness.org/data/exploreeconomies/st-kitts-and-nevis/starting-a-business</a>

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