

Dominica

KPMG Budget Commentary

July 29, 2022

On July 26, 2022, Hon. Roosevelt Skerit, Prime Minister and Minister of Finance, of Dominica presented the Budget 2022 - 2023 under the theme "Rising Above the Challenges, Seeing Beyond the Horizon, Embracing all Opportunities to Deliver Dynamic Dominica".

Several areas of note are as follows:

Introduction of tax on Abandoned Properties

Rationale – This is not a revenue measure. Instead, it is for the safety and health of residents and users of the city, and to improve its aesthetics. It is the Government's hope that the introduction of this surcharge will encourage owners to put their properties into good use.

Measure – The surcharge will be applied at a rate of 50 cents per square foot, per year payable by August 20 every year for the immediate 12 months ending July 31, or part of the 12 months when the property was vacant. This surcharge takes effect from August 1, 2022. Therefore, the first payment is due on August 20, 2023.

Removal of Charges and Taxes applicable to the import of Pleasure Crafts

Rationale – To further stimulate yachting activities.

Measure – With effect from September 1, 2022, the Government will remove all duties, taxes, levies and charges on all pleasure crafts and engines of pleasure crafts, imported into Dominica.

Establishment of a Small Ships Registry for Pleasure Crafts

Rationale – To encourage pleasure craft owners from neighboring islands to register their vessels and make Dominica their home.

Measure – With effect from September 1, 2022, the Government will create a small ships registry opened to small pleasure boats of up to 75 feet long at a cost of US\$250 for one year or US\$650 for three years. This small ship registry

will only be open to pleasure boat owners from Dominica, other CARICOM Member States, Dutch St. Maarten, and the French overseas territories of Martinique, Guadeloupe, Marie Galante, the Saints and St. Martin.

Removal of VAT on Agricultural Tools and Potting Soil

Rationale – To support efforts in achieving increased production in agriculture.

Measure – Effective September 1, 2022, Government will remove VAT on agricultural tools and potting soil.

Grants to First Time Home Buyers

Measure – The maximum EC\$10,000 grants to first time home buyers and builders which started in September 2020 will continue this year.

Permanent Reduction of Land Transfer Fees

Measure – Effective November 1, 2022, the following fees will be applicable on the transfer of land:

Stamp duty – 2 percent

Judicial fee – 1 percent

Assurance Fund – 1 percent

Fee to Lawyers – maximum of 2 ½ percent

The fees payable by the seller of the land will remain at 2 ½ percent

With effect from August 1, 2022, persons who have lost their certificates of title and seek to obtain replacement titles, will only be required to pay to the Government the lesser of the current fees or \$5,000.00.

Temporary Reduction in Motor Vehicle Licenses and Removal of Highway Levy

Rationale – Concerned of the impact of the increased fuel prices on the people who provide transport services, for example bus, taxi and truck owners.

Measure – Grant a 50 percent reduction in the motor vehicle licenses on:

1. Public service vehicles used for carrying passengers, for example, taxi and public buses;
2. Trucks and dumpers available for hire.

This measure will be for one year, effective August 1, 2022, to July 31, 2023.

In addition, Government will discontinue the Highway Maintenance Levy which was imposed in September 2015 also effective August 1, 2022.

Reduction of VAT on Electricity

Rationale – The rising price of fuel, has caused electricity bills to increase sharply since January 2022.

Measure – Effective August 1, 2022, the Government will increase the number of VAT free units from 100Kwh to 150 Kwh of electrical energy provided by DOMLEC to domestic consumers per billing period.

In addition to this, effective August 1, 2022, there will be no VAT on fuel surcharge charged on DOMLEC Bills. This complete removal of VAT on fuel surcharge on electricity bills will apply to all category of consumers, namely, domestic, commercial, industrial, Government and hotels.

How can we help?

KPMG can work with you to provide additional details regarding the measures.

Contact us

For additional information or assistance, please contact your local tax professional or one of the following professionals with KPMG in Barbados and the Eastern Caribbean*:



Grant McDonald
Partner, Head of Tax
+ 246 233 7866
grantmcdonald@kpmg.bb



Marianne Greenidge
Senior Manager
+ 246 230 2059
mariannegreenidge@kpmg.bb



Juan Wright
Senior Manager
+ 246 253 4736
juanwright@kpmg.bb

*Barbados, Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines

home.kpmg.bb

kpmg.com/socialmedia



© 2022 KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The KPMG logo and name are trademarks of KPMG International. KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever. The information contained in herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.