

# ***Inland Revenue Department***



## **Unincorporated Business Tax (UBT)**

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### ***Frequently Asked Questions***

**Ministry of Finance and Corporate Governance**

**Inland Revenue Department**

**Woods Centre, Friars Hill Road**

**St. John's, Antigua**

## **Unincorporated Business Tax (UBT) FAQ**

### **1. When did the UBT come into effect?**

**Answer** The Unincorporated Business Tax came into effect from July 1, 2016 after the repeal of the Personal Income Tax (April 2005-June 2016)

### **2. What income is subject to tax under the UBT?**

**Answer:** All self-employed business income from sole-proprietorships, partnerships and any other businesses deemed an unincorporated business.

### **3. What types of businesses are commonly registered as Unincorporated Businesses?**

**Answer: These include but are NOT limited to;** persons involved in the rental of commercial and residential property, car rentals and used car dealers, hairdressers, barbers, food vendors, taxi operators, car rentals, entertainment operators (DJs, promoters), night club operators, photographers, tailors/seamstresses, online importers, lawyers, doctors, engineers, retail businesses (home-based, online etc.), hucksters, landscapers and grass cutters, village shops, boat maintenance personnel and all other sole- traders and partnership businesses

### **4. What is the UBT charged on?**

**Answer:** UBT is charged on the **net income** of the business; i.e. the sales minus expenses exclusively for the operation of the business (not including personal domestic expenses).

## **5. Do I have to register my business at the Intellectual Property Office?**

**Answer:** If the business is operating in the given name of the owner (as stated on the owner's birth certificate) then the owner can come directly to the Inland Revenue Department and register his/her business. If the business is operating in another name then the business must be registered at Intellectual Property before registering at Inland Revenue.

## **6. What documents do I need to have when registering my Unincorporated Business at the Inland Revenue Department?**

**Answer:** Business owners must have the following:

- Both certificates from Intellectual Property (see question 5 above)
- Passport/Birth certificate and Social Security picture ID
- Non-nationals: Passport along with Self-employed work permit

The business owner will be required to fill out the UBT 001 form and the F16 form in order to complete the registration.

## **7. What are the filing obligations for an Unincorporated Business?**

**Answer:** All businesses are required to file the following:

1. Registration Fee (R02) Form-due on or before January 31<sup>st</sup> each year.
2. Quarterly Forms (F14)- March 31<sup>st</sup> due April 15<sup>th</sup>  
June 30<sup>th</sup> due July 15<sup>th</sup>  
September 30<sup>th</sup> due October 15<sup>th</sup>  
December 31<sup>st</sup> due January 15<sup>th</sup>
3. Annual return (F15 form) – due March 31<sup>st</sup> each year

**8. What kind of expenses am I allowed to claim when making my UBT annual filing (F15 form)?**

**Answer:** The general rule as outlined in the tax law is that a business owner can claim all expenses that are incurred in order for the business to earn income. No personal (expenses outside of the business) are allowed.

**9. Is there a fee that I should pay in order to register my business at the Inland Revenue Department?**

**Answer:** There is **no mandatory fee** that is required in order to register a business at the Inland Revenue Department. The registration fee form is a filing requirement for all registered unincorporated businesses. This should be filed by January 31<sup>st</sup> each year **or within one (1) month of registering a new business**. The amount to be paid is based on the gross income for the previous income year (see below). For newly registered businesses, the amount to be paid is based on the projected income for that business and should be done in consultation with an IRD Officer. **The registration fee paid goes towards the annual tax liability and is the minimum tax liability for the business.**

Category	Gross Income	Annual Registration Fee
1	\$0 to \$29,999	0 (file a nil remittance form)
2	\$30,000 to \$60,000	\$200
3	\$60,001 to 300,000	\$300
4	\$300,001 and over	\$400

## 10. What are the tax rates for UBT?

**Answer:**

<b>Unincorporated Business Type</b>	<b>Tax Band (Chargeable Income)</b>	<b>Rates</b>
Sole Trader	\$0 to \$42,000	0%
	\$42,001 to \$186,000	8%
	\$186,001 and over	25%
Partnership Two Partners	\$0 to \$84,000	0%
	\$84,001 to \$228,000	8%
	\$228,001 and over	25%
Partnership Three Partners	\$0 to \$126,000	0%
	\$126,001 to \$270,000	8%
	\$270,001 and over	25%
Partnership Four Partners	\$0 to \$168,000	0%
	\$168,000 to \$312,000	8%
	\$312,001 and over	25%
Partnership Five Partners and Over	\$0 to \$210,000	0%
	\$210,001 to \$354,000	8%
	\$354,001 and over	25%

## 11. If I own and rent property in Antigua and Barbuda but I do not reside on island, how am I taxed?

**Answer:** Non-residents who earn rental income are taxed at a rate of 12.5% on every dollar earned (Withholding tax). The property owner is required to retain a property management agent who will be responsible for filing the return to the Inland Revenue Department no later than fifteen (15) days after making the payment.

## **12. Will I be penalized not filing by the due date?**

**Answer:** Yes you will be penalized for failure to submit your tax filing by the required due date. See question #7 for due dates.

Penalty is equal to the greater of:

- a. 5% of the amount of tax owing
- b. Penalty of \$500

## **13. If I am registering for the first time what amount do I pay in quarterly instalments?**

**Answer:** For a newly registered business, the amount that should be paid on the quarterly forms should be decided in consultation with an IRD Officer. Both the taxpayer and the Officer will look at the projected income of the business (this could be based on the industry that business is operating in or the business plan for the business) to see if it is likely that at the end of the income period the business will have a tax liability. If it is likely that the business will have a tax liability then payments should be made on the quarterly remittances.

Amounts paid on the quarterly remittances are offset against the final tax liability for the business.

## **14. I am registered with the Inland Revenue Department but have changed my business name. What do I do?**

**Answer:** If the business is registered at Intellectual Property, the change must be made there first. The change document must then be presented to the Inland Revenue Department. **You are required to complete the UBT001 registration form indicating “modify an existing enterprise” and attaching a copy of the change document.** Presenting your request in letter form and attaching a copy of the change document is also acceptable.

**15. Do I have to re-register with the Intellectual Property if I expand, add multiple business activities or change the amount of owners for my business?**

**Answer:** If your current business is a sole proprietorship, then no, you need not re-register if you add multiple business activities. However, Intellectual Property will have to add the new business activity to your current registration. You will then present this change to your registration to the Inland Revenue Department for your records to be updated.

Once you are changing to a partnership (changing from a sole proprietorship to a partnership), then yes, this is a new registration that should be made at the Intellectual Property office. The Inland Revenue Department process is the same as in 5, 6 and 9 above.

**16. What do I do if I decide to close my business, whether on a temporary basis or go out of business altogether?**

**Answer:** Once the decision is made to go out of business altogether, the Inland Revenue Department must be notified in writing. The letter should state the effective date of closure. All outstanding filing and payment obligations will have to be made up to the official date of closure.

For temporary closure the Department must also be notified in writing. The temporary closure date must also be stated in the letter. All payment obligations must be made up to the official date of temporary closure. You are required to submit nil forms to the Department during this time. Once the business resumes operations, the Department must again be notified in writing and the official re-start date must be stated in the letter.

**\*\* All correspondences written to the Department must be addressed to:**

Commissioner of Inland Revenue  
Woods Centre, Friar's Hill Road  
St. John's, Antigua

*This document was prepared by the Inland Revenue Department. Should you have questions or need further clarification please see our contact information below.*

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