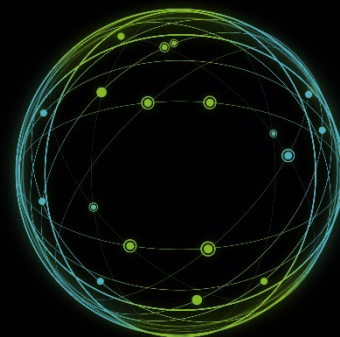


International Tax Dominica Highlights 2026

Updated January 2026



Investment basics

Currency: East Caribbean Dollar (XCD)

Foreign exchange control: The monetary authority is the Eastern Caribbean Central Bank. There are no limits on foreign exchange transactions.

Accounting principles/financial statements: IFRS applies but, in practice, the standards applicable in the country of a parent company may be used.

Principal business entities: These are the domestic company, partnership, international bank, and trust.

Corporate taxation

Rates	
Corporate income tax rate	25%
Branch tax rate	25%, plus 15% branch remittance tax
Capital gains tax rate	No capital gains tax

Residence: A company is deemed to be resident if it is incorporated in Dominica or, if incorporated outside Dominica, managed and controlled in Dominica.

Basis: A resident company is taxed on worldwide income. A nonresident company is taxed on income derived or sourced from Dominica. Branches are taxed in the same way as subsidiaries.

Taxable income: Taxable income is calculated as net profit before tax, adjusted for nondeductible expenses and allowable deductions.

Rate

General

The corporate income tax rate is 25%.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Dominica has not committed to implementing rules that generally are in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for certain multinational enterprise (MNE) groups.

Taxation of dividends: Dividends accrued to resident persons (companies and individuals) are subject to income tax and, where applicable, a dividend tax credit is allowed.

Capital gains: There is no capital gains tax.

Losses: Losses may be carried forward for a maximum of five years. The carryback of losses is not permitted.

Foreign tax relief: Foreign tax credits are granted for taxes paid in another jurisdiction, even where no tax treaty is in place that provides for a foreign tax credit. The credit is limited to the lesser of the tax payable in the other jurisdiction or the tax charged in Dominica on the income.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Incentive regimes are available under the Fiscal Incentives Act and the Hotel Aids Act.

Compliance for corporations

Tax year: The tax year is based on the company’s fiscal year end.

Consolidated returns: Consolidated returns are not permitted; each legal entity must file a separate return.

Filing and payment: The tax return must be filed and any outstanding amounts paid within three months of the company’s fiscal year end, along with financial statements.

Penalties: A late filing penalty of 5% of the tax due may apply. The penalty for late payment is 10% of the outstanding tax. Interest accrues at 1% per month or part thereof.

Rulings: Rulings may be requested.

Individual taxation

Rates		
Individual income tax rate	Taxable income (XCD)	Rate
	Up to 20,000	15%
	20,001–50,000	25%
	Over 50,000	35%
Capital gains tax rate		No capital gains tax

Residence: An individual is considered resident if the individual is physically present in Dominica for at least 183 days in a calendar year.

Basis: Resident individuals are taxed on their worldwide income. Nonresident individuals are taxed on income derived or sourced in Dominica.

Taxable income: Taxable income includes income from business, employment, rent, royalties, interest, discounts, premiums, commissions, fees, etc., less allowable deductions and allowances.

Rates: The rate is 15% on the first XCD 20,000 of income; 25% on the next XCD 30,000; and 35% on the excess.

Capital gains: There is no capital gains tax.

Deductions and allowances: The nontaxable personal allowance is XCD 30,000. Other allowances are granted for mortgage interest and approved donations.

Foreign tax relief: Foreign tax credits are granted for taxes paid in another jurisdiction, even where no tax treaty is in place that provides for a foreign tax credit. The credit is limited to the lesser of the tax payable in the other jurisdiction or the tax charged in Dominica on the income.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Individuals are required to file separate returns. Joint filing is not permissible.

Filing and payment: Tax returns must be filed by 31 March following the tax year, and the balance of tax is due upon the filing of the return. A pay-as-you-earn (PAYE) system is used to deduct tax from the salaries of employees.

Penalties: A late filing penalty of 5% of the tax due may apply. The penalty for late payment is 10% of the outstanding tax. Interest accrues at 1% per month or part thereof.

Rulings: Rulings may be requested.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	15%	15%
Interest	0%	0%	15%	15%
Royalties	0%	0%	15%	15%

Dividends: Dividends paid to a resident are not subject to withholding tax. The dividends form part of the recipient's assessable income and are subject to corporate or individual income tax, as appropriate. Dividends paid to a nonresident are subject to a 15% withholding tax.

Interest: No withholding tax applies on interest paid to a resident; the interest forms part of the recipient's assessable income and is subject to corporate or individual income tax, as appropriate. Interest paid to a nonresident is subject to a 15% withholding tax.

Royalties: Royalties paid to a resident are not subject to withholding tax. The royalties form part of the recipient's assessable income and are subject to corporate or individual income tax, as appropriate. Royalties paid to a nonresident are subject to a 15% withholding tax.

Fees for technical services: Technical service fees paid to a resident are not subject to withholding tax. The fees form part of the recipient's assessable income and are subject to corporate or individual income tax, as appropriate. Technical service fees paid to a nonresident are subject to a 15% withholding tax.

Branch remittance tax: A 15% branch remittance tax applies.

Other: A 15% withholding tax may apply on certain other payments to a nonresident such as commissions, annuities, distributions, management charges, and rental fees.

Anti-avoidance rules

In May 2025, Dominica enacted country-by-country (CbC) reporting legislation applicable to MNE groups with annual consolidated revenue exceeding USD 850 million. Under this legislation, a CbC report must be filed no later than 12 months after the last day of the reporting entity's fiscal year.

CbC reporting first applies to fiscal years commencing on or after 1 January 2025 and the CbC notification requirement first applies to fiscal years ending on 31 December 2025.

There are no other anti-avoidance rules in Dominica.

Value added tax

Rates	
Standard rate	15%
Reduced rate	0%/10%

Taxable transactions: VAT applies on the sale of goods or the supply of services within Dominica, and on the import of goods into Dominica.

Rates: The standard rate is 15%, and a reduced rate of 10% applies to hotel accommodation and diving activities. Certain goods and services may be zero-rated or exempt.

Registration: The registration threshold is a total value of supplies exceeding XCD 250,000 per annum.

Filing and payment: Returns and payments must be submitted within 20 days following the end of each tax period. A late filing penalty of XCD 100 may apply for each month the return remains outstanding. The penalty for late payment is 10% of the outstanding tax. Interest accrues at 1% per month or part thereof that the tax remains unpaid.

Other taxes on corporations and individuals

Social contributions and payroll taxes: The employer must contribute to social security at a rate of 8% of an employee's earnings, up to a ceiling of XCD 7,000 per month. The employee generally contributes to social security at a rate of 6.75% of earnings, up to a ceiling of XCD 7,000 per month.

Capital duty: There is no capital duty.

Real property tax: There is no property tax; however, a municipal tax is paid to the city and village councils.

Transfer tax: The following fees may apply in addition to stamp duty (see "Stamp duty," below): an assurance fund fee of 1% of the value of the property transferred; a judicial fee of 1% of the value of the property; and a solicitor's fee of a maximum of 2.5% of the value of the property, on which 15% VAT is payable.

Stamp duty: Stamp duty is imposed on the transfer of immovable property at a rate of 2.5% and is paid by the seller. In addition, the buyer pays stamp duty on the transfer of immovable property at a rate of 2%. These rates also apply where there is a sale of shares of a company if real property comprises more than 50% of the company's assets. An ad valorem charge applies on the sale of shares.

Where a transfer is between parent and child, the parent pays 2% of the value of the property.

Stamp duty of 2% applies on outbound money transfers through money transfer companies.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax, but gifts may be subject to transfer tax (see "Transfer tax," above).

Tax treaties: A treaty is in force among the Caribbean Community (CARICOM) countries.

Tax authorities: Inland Revenue Division, Dominica Social Security

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