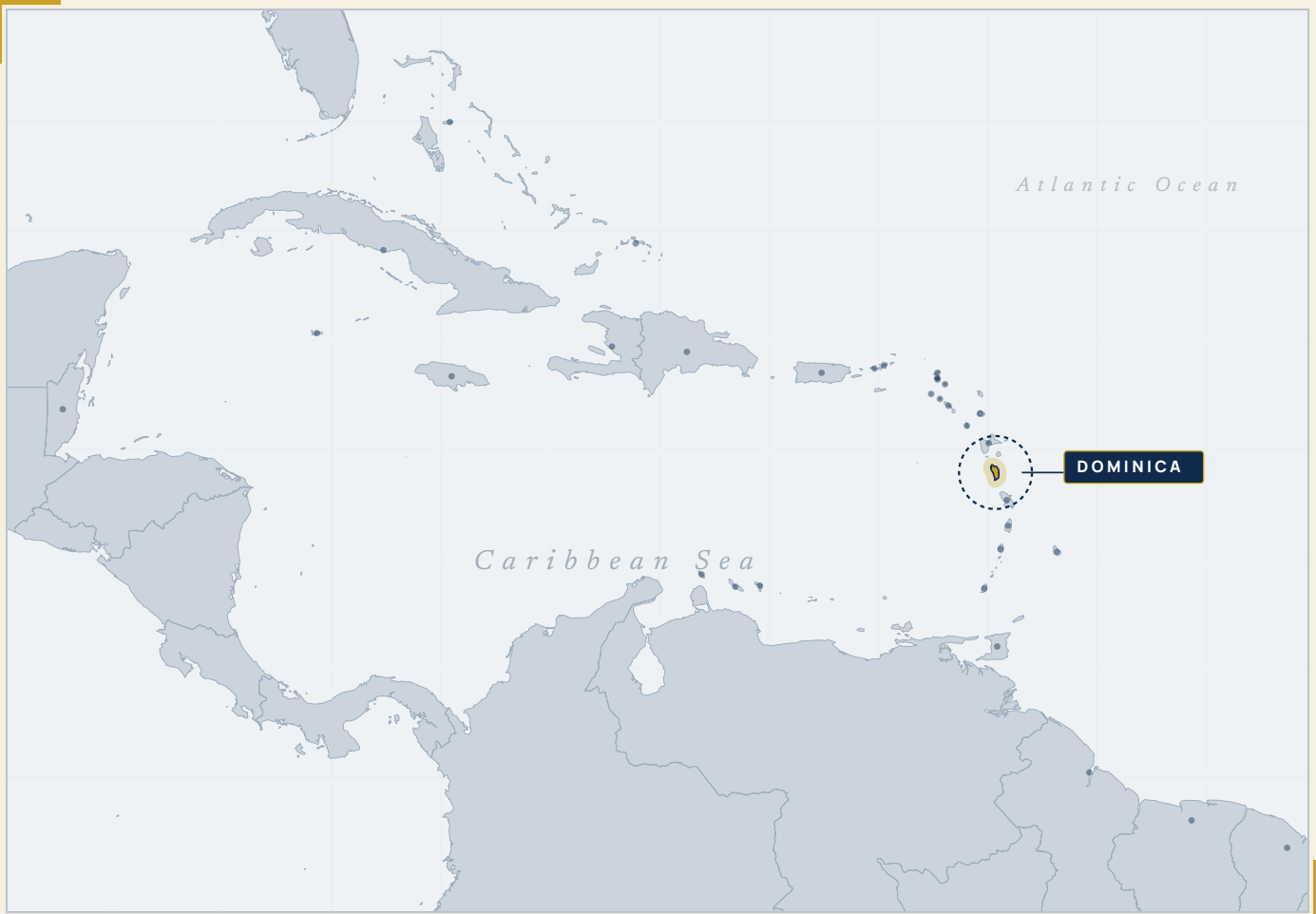




CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN

Dominica

Tax Guide

A guide to corporate, personal and indirect taxes in Dominica

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FOREWORD

Dominica's tax system is compact and familiar, but it is changing. The 2026/27 Budget proposes the most significant reform of personal income tax in a generation.

Dominica offers investors an English-speaking, common-law jurisdiction in the Eastern Caribbean Currency Union, with a 25% corporate income tax, no capital gains tax, a 15% value added tax and incentives for approved projects. Land, stamp duty and the Alien Landholding Licence need careful planning, and the Inland Revenue Division expects timely filing and prepayment.

This guide explains the main taxes on companies and individuals in plain language, current to October 2026 and including the 2026/27 Budget proposals, such as the planned flat 10% personal income tax, which still needs legislation. It is written for investors, finance teams and individuals with interests in Dominica.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in Dominica. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

Dominica uses the Eastern Caribbean dollar, pegged to the US dollar, and IFRS-based reporting. Domestic taxes are administered by the Inland Revenue Division (IRD).

CORPORATE INCOME TAX**25%**

On net profit; branches also pay 15% remittance tax

VALUE ADDED TAX**15%**

10% on hotel accommodation and diving; registration above EC\$250,000

PERSONAL INCOME TAX**15% to 35%**

Above an EC\$30,000 allowance; flat 10% proposed from 2027

WITHHOLDING TAX**15%**

On dividends, interest, royalties and fees paid to non-residents

SOCIAL SECURITY**8% employer**

6.75% employee, on earnings up to EC\$7,000 a month

CAPITAL GAINS**None**

Stamp duty applies to land and some share transfers

Currency and foreign exchange

The Eastern Caribbean dollar (XCD) has been pegged at EC\$2.70 to US\$1 since 1976. Exchange control legislation remains in place, but profits and capital can generally be repatriated through banks. Tax is assessed and paid in XCD.

Accounting and audit

Companies prepare financial statements under IFRS, or IFRS for SMEs where eligible, and file them with the corporate tax return. Public and regulated companies have their statements audited; other companies should check the Companies Act and any lender or licence conditions.

Principal business entities

Private company

Public company

External company (branch)

Partnership

Sole trader

Non-profit company

Companies are taxed as separate entities. Partners and sole traders are taxed personally on their share of profits.

The tax system

Income tax, VAT, PAYE, withholding tax, stamp duty and business licences are administered by the IRD. Customs and Excise collects duties; Dominica Social Security collects contributions.

BUSINESS TAX

02 Corporate taxation

Resident companies pay tax on worldwide income; non-resident companies pay tax on Dominica-source income, including branch profits.

Residence and basis

A company is resident if it is incorporated in Dominica, or if it is incorporated abroad but managed and controlled in Dominica. A branch is taxed on its profits at the same rate as a local company.

Taxable income

- ◆ Gains or profits forming assessable income, starting from net profit before tax in the accounts
- ◆ Expenses deductible if incurred in producing taxable income
- ◆ Capital allowances under the Income Tax Act replace book depreciation
- ◆ Donations to Cabinet-approved institutions may be deductible
- ◆ The 2026/27 Budget proposes deductions for qualifying commercial rental buildings and approved business disaster funds

Taxpayer	Rate
Resident companies	25%
Branches of non-resident companies	25%, plus 15% branch remittance tax
Approved enterprises under the Fiscal Incentives Act	Tax holiday of up to 15 or 20 years, subject to conditions
Approved hotels under the Hotels Aid Act	Concessions as granted
Cabinet-approved developments above EC\$3 million	Concessions as granted

Minimum tax and surtax

There is no surtax and no alternative minimum tax. Tax is charged on chargeable income at the single 25% rate, which has applied since 1 January 2016.

Practical points on taxable income

The tax computation starts from IFRS accounts, adjusted for non-deductible items and capital allowances. Keep evidence that each expense was incurred to produce income, and keep the fixed asset register in line with the allowance claims. Concessions under incentive orders apply only to the approved activity, so keep it separate in the accounts.

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Dividends paid to residents carry no withholding tax; dividends paid to non-residents carry 15%. Dividends received by resident companies and individuals form part of income, with a dividend tax credit where the law provides one.

Capital gains

There is no capital gains tax. Stamp duty applies to transfers of land, and to share sales in companies whose assets are mainly Dominica land.

Losses

Trading losses may be carried forward for up to five years. There is no carry-back.

Foreign tax credit

A credit is available for foreign tax even without a treaty, limited to the lower of the foreign tax and the Dominica tax on the same income. The CARICOM agreement also gives relief.

Holding companies and groups

There is no participation exemption or holding company regime. Consolidated returns and group loss relief are not available: each company files its own return.

Tax incentives in brief

Incentive	Main benefit
Fiscal Incentives Act	Income tax holidays of up to 15 or 20 years and duty relief for approved manufacturing, agro-processing, ICT and services
Hotels Aid Act	Concessions for approved hotel and resort projects
Approved developments	Concessions for Cabinet-approved projects above EC\$3 million
VAT relief	Exemption on capital imports for approved entities until taxable activity starts
Employment tax rebate	Reintroduced from 1 October 2026; conditions set by the IRD

The Invest Dominica Authority reviews applications and recommends concessions; Cabinet decides.

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

Withholding tax is deducted at source from payments to non-residents and paid to the IRD within 15 days after the end of the month of payment.

Payment	Resident	Non-resident	CARICOM agreement
Dividends	None	15%	0%
Interest and discounts	None	15%	15%
Royalties	None	15%	15%
Management, technical and other fees; commissions	None	15%	15%
Rent for land, buildings, plant and equipment	None	15%	Confirm with the IRD
Annuities, trust distributions and other income payments	None	15%	Confirm with the IRD
Branch remittances	—	15%	Confirm with the IRD

The payer files a return showing the tax deducted. Interest of 1% a month runs on late payments and falls on the payer, and a penalty of up to 10% of the tax applies for late payment, failure to deduct or an incorrect return.

Tax treaties

Dominica's only double taxation agreement in force is the CARICOM agreement (Double Taxation Agreement Order 2008). It also has tax information exchange agreements, including with the United Kingdom and Australia, which do not reduce withholding rates.

CARICOM agreement

Covers Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. Dividends are exempt; interest, royalties and fees are taxed at 15%.

Claiming relief

Hold evidence of the recipient's residence before applying the CARICOM rate. Without it, deduct at the domestic rate. A Dominica taxpayer that suffers foreign withholding tax claims a credit on its return, within the limits above.

INTERNATIONAL RULES

05 Anti-avoidance and international rules

Dominica has few specific anti-avoidance rules, but it has adopted international standards on transparency and country-by-country reporting.

Transfer pricing

There are no specific transfer pricing rules or documentation requirements. Transactions with related parties should still be on commercial, arm's-length terms that can be supported if the IRD queries a return.

Interest limits

There are no thin capitalisation or interest limitation rules. Interest is deductible when incurred in producing taxable income. Interest paid to non-residents carries 15% withholding tax.

CFC rules

There is no controlled foreign company regime, although resident companies are taxed on worldwide income.

General anti-avoidance

There is no statutory general anti-avoidance rule. The IRD may estimate income where returns are not filed, and reviews returns in the ordinary course of assessment.

Economic substance

There is no separate economic substance regime following the closure of the international business company regime in 2022.

Country-by-country reporting

Legislation introduced in May 2025 requires reports from multinational groups with consolidated revenue above US\$850 million, for fiscal years from 1 January 2025. Reports are due within 12 months of the year-end.

Pillar Two

Dominica has not committed to introducing the 15% global minimum tax rules.

Information exchange

- ◆ **FATCA:** Model 1 agreement with the United States
- ◆ **CRS:** signed the multilateral competent authority agreement in 2019
- ◆ **Exchange on request:** tax information exchange agreements
- ◆ **Beneficial ownership:** kept by companies under anti-money laundering law

CORPORATE COMPLIANCE

06 Compliance for corporations

Companies self-assess, prepay tax in three instalments and file the annual return with financial statements.

Tax year and returns

Companies are taxed on their financial year. There are no consolidated returns: each company files its own. For a December year-end the dates are:

1

First prepayment

25% of last year's tax or of the current estimate.

31 MAR

2

Second and third prepayments

35%, then 40%, of the same base.

30 JUN, 30 SEP

3

Annual return and balance

Within three months of the year-end, with financial statements.

31 MAR

Penalties and interest

Late filing attracts a penalty of 5% of the tax due, and late payment a penalty of 10% of the unpaid tax. Interest runs at 1% a month or part of a month. The IRD may estimate the income of a company that does not file.

Audits, records and rulings

The IRD may examine returns and raise assessments within the time the Income Tax Act allows. Keep books, records and supporting documents for the period the law requires. Rulings may be requested from the IRD.

Objections and appeals

Object to the Comptroller of Inland Revenue in writing within 30 days of service of an assessment. Appeal to the Appeal Commissioners within 30 days of the Comptroller's decision, and then to the courts.

Practical points

For a December year-end, the annual return, the balance for the prior year and the first prepayment for the current year all fall on 31 March, so plan cash flow early. Reconcile PAYE, VAT and withholding filings to the accounts before the return, and answer IRD queries in writing within the time stated.

BEYOND INCOME TAX

07 Other taxes on corporations

Tax	Rate and base	Who pays
Social security	8% of earnings up to EC\$7,000 a month (7.75% for employees outside the Protection of Employment Act); 6.75% employee share	Employer, plus employee share
Property tax	No national property tax. Municipal land and house rates apply in Roseau and some other council areas, at rates set by each council	Owner of property
Stamp duty on land	2% paid by the buyer and 2.5% by the seller; also applies to share sales where land is more than half the company's assets	Buyer and seller
Transfer fees	Assurance fund fee 1% and judicial fee 1% of value	Usually the buyer
Alien Landholding Licence	10% of the market value of land acquired by non-citizens, where a licence is required	Non-citizen buyer
Stamp duty on money transfers	2% on transfers abroad through money transfer companies	Sender
Capital duty	None	—
Business licences	Annual store, parlour, professional and liquor licences, due by 31 January or 31 December	Licensed businesses and professionals
Customs charges	Customs service charge and environmental levy on imports	Importers
Excise tax	Specific or ad valorem rates on goods such as fuel, alcohol, tobacco and motor vehicles	Importers, manufacturers

Financial services are generally exempt from VAT. Business taxes and contributions incurred in producing income are usually deductible. Confirm on each land deal whether an Alien Landholding Licence is needed: Invest Dominica can advise on the thresholds.

INDIVIDUALS

08 Personal taxation

Residents pay income tax on worldwide income above an EC\$30,000 allowance. The 2026/27 Budget proposes a flat 10% rate and taxation of Dominica-source income only from 1 January 2027.

Basis of taxation

- ◆ **Resident:** worldwide income, with the EC\$30,000 resident allowance
- ◆ **Non-resident:** Dominica-source income only, with no resident allowance; many payments carry 15% withholding tax
- ◆ **Retirees:** individuals who retire to Dominica, not previously resident, may be exempt on foreign-source income; confirm the conditions with the IRD

Residence tests

An individual present in Dominica for 183 days or more in a year is generally resident. Citizenship, including citizenship by investment, does not by itself make a person resident.

Filing status

Spouses are taxed separately. There is no joint filing.

Taxable income

Employment, business and professional income, rents, royalties, interest, discounts, premiums, commissions, fees and annuities.

Chargeable income (residents)	Rate
First EC\$30,000 (resident allowance)	0%
Next EC\$20,000 (to EC\$50,000)	15%
Next EC\$30,000 (to EC\$80,000)	25%
Above EC\$80,000	35%

Monthly, the first EC\$2,500 is free of tax. These rates apply for 2026.

Proposed flat 10% rate

The 2026/27 Budget (4 August 2026) proposed a single 10% rate from 1 January 2027, keeping the EC\$30,000 allowance, with residents and non-residents taxed only on Dominica-source income. This is a proposal pending legislation; until the amending law is passed, the current bands apply.

INDIVIDUALS

09 Personal taxation (continued)

Capital gains

There is no capital gains tax. Stamp duty and transfer fees apply when land changes hands, including transfers between family members.

Deductions and reliefs

- ◆ Mortgage interest on an owner-occupied home, up to EC\$25,000 a year
- ◆ Student loan interest relief, up to EC\$5,000 a student a year, on conditions
- ◆ Donations to Cabinet-approved institutions and funds
- ◆ Contributions of EC\$1,000 to EC\$20,000 to the Carnival organising committee fund
- ◆ Expenses necessary to produce business or employment income

Pensions and employment benefits

Benefits in cash or kind generally form part of employment income. The treatment of pension contributions and pensions depends on the scheme; confirm it with the IRD.

Citizenship by Investment

Citizenship is available from a US\$200,000 contribution to the Economic Diversification Fund, or approved real estate of at least US\$200,000 held for at least three years, plus government fees. It does not create tax residence.

Tax	Position for individuals
Social security (employee)	6.75% of earnings up to EC\$7,000 a month
Self-employed contributions	At rates set by Dominica Social Security
Stamp duty on land	2% buyer, 2.5% seller
Alien Landholding Licence	10% of market value, where required
Municipal rates	Land and house rates in some council areas
Inheritance and estate tax	None
Gift tax	None; stamp duty may apply to gifts of land
Net wealth tax	None
Capital acquisitions tax	None

Citizens of Dominica, including those approved under the Citizenship by Investment Programme, do not need an Alien Landholding Licence.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Most employees meet their obligations through PAYE. Residents with business, rental or other income must file a return and make prepayments.

Employees and PAYE

The tax year is the calendar year. Employers deduct PAYE each pay period and pay it by the 15th of the next month, with social security due by the 14th. The employer's annual return of wages and PAYE (TD5) is due by 31 January. Employees whose only income is employment income below EC\$30,000 need not file.

Self-employed and other income

When	What
15 January	Mortgage interest statements for PAYE adjustments
31 March	Annual return and balance for the prior year; first prepayment (25%)
30 June, 30 September	Further prepayments (35% and 40%)

Late filing attracts a 5% penalty and late payment 10%, plus interest at 1% a month.

Non-residents and expatriates

- ◆ Each taxpayer needs a taxpayer identification number from the IRD
- ◆ Pay for work done in Dominica is taxable, whoever pays it
- ◆ Non-residents do not receive the EC\$30,000 resident allowance
- ◆ Rent, fees and other payments to non-residents carry 15% withholding tax
- ◆ Residents are currently taxed on worldwide income; the 2026/27 Budget proposes a Dominica-source basis from 2027
- ◆ Foreign staff also need a work permit from the Labour Division

Plan for the reform

If the flat 10% rate and Dominica-source basis are enacted from 1 January 2027, review payroll settings, prepayment estimates and the treatment of foreign income before the 2027 tax year begins.

INDIRECT TAXES

11 VAT and customs

Value added tax (VAT) is charged on most goods and services supplied in Dominica and on imports.

Rate	Applies to
15% standard	Most goods, services and imports
10%	Hotel accommodation and diving activities
Zero-rated	Exports and listed goods, including some basic foods and medical supplies
Exempt	Listed supplies, including financial services and certain health and education services

Registration and returns

Registration is required once taxable supplies exceed EC\$250,000 a year (since 1 September 2016), and is voluntary below. Returns are due within 20 days after each tax period, with payment by the 20th of the next month, even when no tax is payable.

Relief on essential goods

VAT and import duty relief on a range of essential goods, extended in the 2026/27 Budget, ran until 30 September 2026. Check with the IRD or the Customs and Excise Division whether any relief has been extended further.

Input tax recovery

Registered businesses credit VAT on business purchases and imports against output tax. Exempt suppliers cannot recover input tax. Late returns attract EC\$100 a month, late payment 10%, and interest 1% a month.

Imported and digital services

The recipient accounts for VAT on imported services. There is no separate regime for foreign suppliers of digital services; confirm the position with the IRD.

Customs and excise

Import duty follows the CARICOM Common External Tariff, plus the customs service charge, environmental levy, VAT and, for some goods, excise tax. From 1 October 2026, VAT and excise on imports are charged on the CIF value only.

ADMINISTRATION

12 Tax calendar and administration

Main tax laws

Income Tax Act (Chap. 67:01); Value Added Tax Act 2005; Stamp Act; Aliens Landholding Regulation Act; Social Security Act; Customs Act; Excise Tax Act; Fiscal Incentives Act (Chap. 84:51); Hotels Aid Act (Chap. 85:04); Caribbean Community Double Taxation Agreement Order 2008.

Authorities

The IRD administers income tax, VAT, PAYE, withholding tax and stamp duty. The Customs and Excise Division collects duties. Appeals go to the Appeal Commissioners, then the courts.

Recent and upcoming changes

- ◆ **2025:** country-by-country reporting introduced
- ◆ **2026/27 Budget (4 August 2026):** employment tax rebate and CIF basis for import VAT and excise from 1 October 2026; deductions for commercial rental buildings and business disaster funds proposed
- ◆ **Proposed for 1 January 2027:** flat 10% personal income tax with the EC\$30,000 allowance, and a Dominica-source basis, pending legislation

When	What
14th monthly	Social security contributions
15th monthly	PAYE; withholding tax (within 15 days of month-end)
20th monthly	VAT return and payment
15 January	Mortgage interest statements for PAYE
31 January	Employer's annual return (TD5); return of other payments (IT24); store, parlour and professional licences
31 March	Annual returns and balance (December year-end and individuals); first prepayment
30 June, 30 September	Second and third prepayments
31 December	Liquor licences for the new year

Company dates assume a December year-end; other year-ends file within three months.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, supports companies and individuals with every Dominica tax, from registration to dispute.

Tax compliance

Corporate and personal returns, prepayments, business licences and taxpayer registration.

Corporate tax advisory

Structuring, capital allowances, losses, dividends and transactions.

International tax and transfer pricing

CARICOM agreement claims, withholding tax, related-party pricing and country-by-country reporting.

Indirect taxes (VAT and customs)

VAT registration, returns, refunds, imported services and customs reviews.

Payroll and employment taxes

PAYE, social security, TD5 returns and the employment tax rebate.

Tax disputes and authority engagement

IRD audits, objections, Appeal Commissioners and settlement of arrears.

Incentives and investment planning

Fiscal incentives, hotel concessions, approved developments and land acquisition.

Private client and expatriate tax

Residence, the 2027 reform, citizenship by investment, property and assignees.

Tax technology and reporting

Tax calendars, provisions, data and reporting processes.

Start with a conversation

Tell us about your plans or your tax question in Dominica, and we will set out the steps and timeline for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email dominica@dawgen.com or info@dawgen.global, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about Dominica

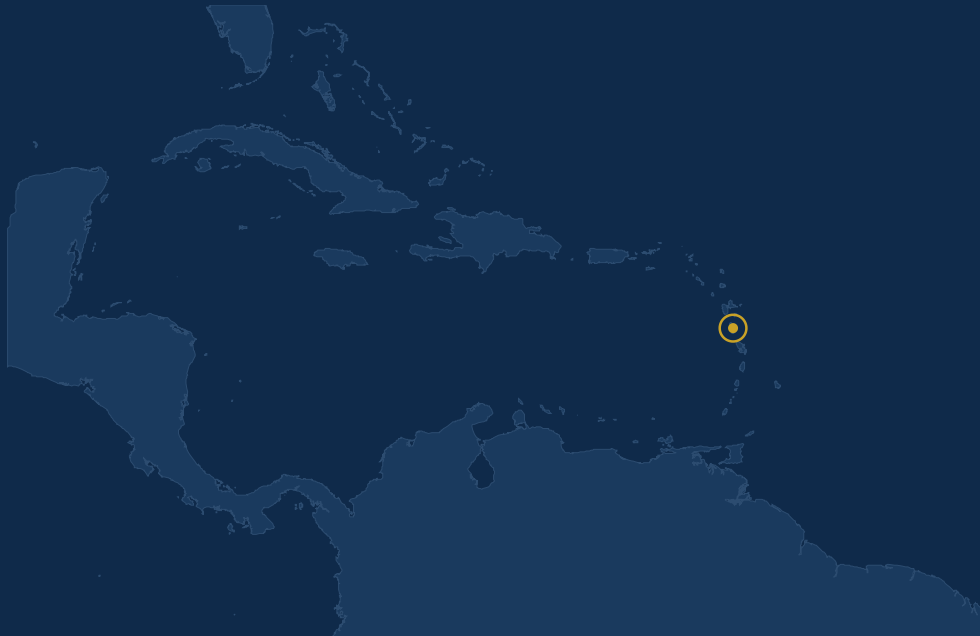
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Key official sources

- Inland Revenue Division (ird.gov.dm)
- Companies and Intellectual Property Office (cipo.gov.dm)
- Government of Dominica (dominica.gov.dm)
- Dominica Social Security (dss.dm)
- Invest Dominica Authority (investdominica.com)
- Citizenship by Investment Unit (cbiu.gov.dm)
- Eastern Caribbean Central Bank (eccb-centralbank.org)
- Government Information Service (news.gov.dm)



This publication contains general information only, current to October 2026, and is not professional advice. Tax rates, thresholds and procedures change frequently, and measures announced in the 2026/27 Budget may change before they become law; confirm the current position with Dawgen Global or the Inland Revenue Division before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.

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