

VAT on Digital Services in Grenada – What You Need to Know

by The Tax Experts

As Grenada moves to implement VAT on digital services, many are asking, “*What does this really mean for me?*”

First, it’s important to understand that services in Grenada have always been subject to VAT, unless specifically exempt. This amendment doesn’t introduce something entirely new, it simply makes it clear that digital services (like Zoom, Spotify, Netflix, and other online platforms) are included.

So, what changes?

If you or your business use digital services from overseas providers, you may now be required to apply what is called the **reverse charge**—meaning you account for the VAT yourself. This could increase costs and add some compliance responsibilities, especially for businesses.

For the bigger picture, this move aims to reduce the amount of money leaving Grenada’s economy and create a more level playing field for local businesses offering similar services.

However, there are still some concerns:

- The bill does not clearly state the VAT rate or threshold, which creates uncertainty.
- If the rate is too high, it could lead to higher costs, avoidance, or informal activity.
- There are questions about enforcement and whether systems are in place to track compliance effectively.
- Many persons are still unfamiliar with how VAT (and reverse charge) works, which could lead to unintentional non-compliance.

While this amendment brings clarity to the treatment of digital services, its success will depend on clear guidelines, proper systems, and public education.

If you use or pay for digital services from overseas, now is the time to get familiar with how this may affect you.

As always, staying informed is key.

Check out our Facebook page or website for more information as this comes into effect.