

GRENADA

STATUTORY RULES AND ORDERS NO. 32 OF 2016

THE MINISTER IN EXERCISE OF THE POWERS CONFERRED ON HIM BY SECTION 15 OF THE INVESTMENT ACT NO. 42 OF 2014 HEREBY MAKES THE FOLLOWING REGULATIONS—

(Gazetted 27th April, 2016).

**1. Citation and commencement.** These Regulations may be cited as the

INVESTMENT (PRIORITY SECTORS) REGULATIONS, 2016

and shall come into force on the 1st day of May, 2016.

**2. Definitions.** In these Regulations—

“agriculture, agribusiness, and agricultural research” means any business activity that enhance contribution of jobs, income and foreign exchange of the agriculture sector to the national economy and is certified by the Ministry of Agriculture, and includes the following—

- (a) the cultivation of plants for their aromatic, savoury or medicinal properties;
- (b) the cultivation of flowers, fruits, vegetables and ornamental plants in a garden, orchard or nursery;
- (c) the cultivation of plants in liquid nutrient;
- (d) the breeding and rearing of domestic animals;
- (e) forestry and mining;
- (f) fisheries and aquaculture;
- (g) processing services that add value to any activity under paragraphs (a) to (f);

“Bureau of Standards” means the Bureau of Standards established under section 3 of the Standards Act, Chapter 310;

“business processing outsourcing” means any business activity engaged in back office outsourcing, to include data claims processing, order fulfilment, telephone and direct mail sales, computer aided design geographic information, electronic publishing, voice center operations, remote secretarial services, customer and technical support services, indexing and abstracting services, research and technical writing services;

“creative arts” means any business activity that involves the use of creative talents for the creation of wealth, foreign exchange earnings and employment, and includes the following—

- (a) production of films and film strips;
- (b) television production;
- (c) video and sound recordings;
- (d) production of digital media;
- (e) theatrical productions;
- (f) publishing of books including textbooks, atlases, maps, brochures, pamphlets, music words, newspapers, journals, comics, engravings, postcards, forms, posters, reproduction of art, magazines, catalogues, periodicals, playing cards, albums, diaries, business forms;
- (g) photography;
- (h) art and handicraft;
- (i) mass performers and designers;

“education” means any business activity that involves the imparting of knowledge and skills, for local, regional or international clientele, and is licensed by the Ministry of Education, and includes the business activities of schools, colleges, universities, technical and vocational institutions, but excludes the business activities of non-profit, public and publicly funded entities;

“energy” means any business activity that involves the production of energy, including fuel extraction, manufacturing, refining and distribution;

“Grenada Tourism Authority” means the Grenada Tourism Authority established under section 3 of the Grenada Tourism Authority Act, 2013;

“guest house” means any building or facility that is available for the accommodation of paying short term guest, is built in accordance with the accommodation standards, is licensed in accordance with the Grenada Tourism Authority Act, 2013 and contains the following—

- (a) a minimum of ten bedrooms situate within the same grounds;
- (b) a minimum of 250 square feet for each bedroom (exclusive of closet space);
- (c) a common entrance lobby and reception facilities;
- (d) a common kitchen or dining room; and
- (e) adequate parking facilities;

“health and wellness” means any business activity that provides health and wellness services to local, regional or international clientele and is certified by the Ministry of Health, and includes the business activities of health clubs, gyms, spas, retirement homes, rehabilitation centers, hospitals, health clinics, medical facilities and veterinary institutions;

“hotel” means any building or facility contained within the same premises that is available for the accommodation of paying short term guest, is built in accordance with the accommodation standards, is served by a common maid service, is licensed under the Grenada Tourism Authority Act, 2013 and contains the following—

- (a) a minimum of ten bedrooms, apartment units or cottages situate within the same grounds;
- (b) a minimum of 350 square feet for each bedroom (exclusive of closet space);
- (c) a common entrance lobby and reception facilities;

(d) a restaurant and bar or common kitchen or dining room or self-contained kitchen facilities; and

(e) adequate parking facilities;

“information technology service” means any business activity that enhances foreign exchange earnings or savings through the use of information and communication technology, including customised software development, animation and the development of applications for mobile devices;

“manufacturing” means any business activity that utilises raw materials or immediate components, involves industrial processing or physical or chemical transformation of the raw materials or intermediate components into new products, and adheres to all manufacturing requirements as regulated by the Bureau of Standards;

“marina services” means any business activity that provides services to marine craft, including repair and maintenance services with berthing facilities for a minimum of ten marine crafts and equipped with showers, change facilities and receptacles for the disposal or treatment of sewage or waste for the visiting vessels and may be equipped with yard space for maintenance activities and receptacles for recycling oil, glass and batteries;

“medical services” means any business activity that provides medical services to local, regional or international clientele for the prevention, diagnosis, or treatment of human disease, pain, injury, deformity, or physical condition, and is certified by the Ministry of Health, and includes the business activities of diagnostics centers, dialysis centers, fertility clinics;

“priority sector facility” means a facility in a priority sector;

“restauranting” means any business activity that provides creole, regional or international specialty cuisine or a fast food operation that is certified by the Ministry of Health, and provides the following—

(a) an a la carte or table d’hôte food menu;

(b) a table service by a uniformed staff;

(c) a minimum of thirty seats or employment for a minimum of twenty-five employees; and

(d) adequate parking facilities;

“sports” means any business activity that provides sporting activities to regional or international clientele, and includes the business activities of the following bowling alleys, driving ranges, shooting ranges, gymnasiums, golf courses, skating rinks, squash courts, tennis courts;

“telecommunication services” means any business activity with the core function of electronically transporting information primarily via a landline or wireless medium, using internet, cable or satellite;

“time share property” means any building or facility that is available for the accommodation of paying, short-term visitors, is built in accordance with the accommodation standards, certified by the Grenada Tourism Authority, is served by a common maid service, is managed by a locally registered management or hotel operating company and contains the following—

(a) a minimum of 10 resort rooms or rental units;

(b) four (4) resort rooms or units to one residential property above the minimum number of rooms or units; and

(c) central facilities with lobby or reception, supporting amenities and adequate parking facilities,

and, where all resort rooms or units—

(i) excluding residential properties, are placed within a mandatory rental pool or rental programme for use for the accommodation of paying short term guest for at least forty-eight weeks per year; and

(ii) including residential properties, grounds, common areas and common facilities must be upkeep under a mandatory management or maintenance programme;

“tourism” means any business activity that maximises the income, contribution of jobs and foreign exchange of stay-over visitors, or connects tourism to other economic sectors, and certified by the Grenada Tourism Authority and, including—

- (a) marine services;
- (b) water sporting operations;
- (c) tourist attractions and recreational facilities, whether natural, historical, cultural or man-made, including museums, monuments, historical structures and sites, botanical or zoological gardens, nature reserves and wildlife preservations, theme parks, cultural centers;
- (d) infrastructure for the specific purpose of tourist use, including ports and airports, convention centers and shopping facilities for local craft;

“tourism accommodation” means any business activity that provides accommodation in a hotel, guest house, time share property, or other similar accommodation services oriented to short-term visitors;

“water sporting operations” means sailing, motor boat racing, water skiing, scuba diving, swimming, hunting and fishing.

**3. Priority Sectors**—(1) Subject to subsection (2), the following industries shall qualify as priority sectors—

- (a) tourism accommodation;
- (b) agriculture, agribusiness, and agricultural research;
- (c) restauranting;
- (d) tourism;
- (e) manufacturing;
- (f) education;

- (g) health and wellness services;
- (h) medical services;
- (i) sports;
- (j) business processing outsourcing;
- (k) creative arts;
- (l) energy;
- (m) information technology services and telecommunication services.

(2) For the purposes of section 36A of the Income Tax Act, Chapter 149, information technology services and telecommunication services is not a priority sector.

**4. Qualifying Investment.**—(1) Subject to subsections (2) and (3), an investment shall qualify as a qualifying investment if the investment is for any of the following purposes—

- (a) the construction of a new facility for the purposes of a priority sector;
- (b) the construction of a new building or structure that forms part of a priority sector facility;
- (c) the expansion of a building or structure that forms part of a facility for the purposes of a priority sector;
- (d) the reconstruction of a building or structure that forms part of a facility for the purposes of a priority sector, if the costs of the reconstruction exceed 40% of the written down value of the reconstructed building or structure; and
- (e) in the case of a priority sector facility for the purposes of medical services—
  - (i) the installation of medical equipment in a new medical facility; or

- (ii) the installation of medical equipment in an existing medical facility, if the cost of the equipment exceeds 75% of the written down value of the existing equipment.

(2) A priority sector facility shall not be a qualifying investment by virtue of—

- (a) one or more of paragraphs (c), (d), (f), (g), (i), (j), (l) and (m) of regulation 3, unless the cumulative qualifying costs exceed three million dollars;
- (b) one or more of paragraphs (b), (e) and (k) of regulation 3, unless the cumulative qualifying costs exceed one million dollars.

(3) A priority sector facility that does qualify under subregulation (2) shall not be a qualifying investment by virtue of—

- (a) one or more of paragraphs (c), (d), (f), (g), (i), (j), (l) and (m) of regulation 3; and
- (b) one or more of paragraphs (b), (e) and (k) of regulation 3,

unless the cumulative qualifying costs exceed three million dollars.

(4) Where a facility involves a priority sector and a sector that is not a priority sector, the investment allowance shall be applied according to the following formula—

$$A \times (B/C)$$

where—

- (a) A is the total cost of building materials and construction labour;
- (b) B is the total cost of construction associated with the qualifying investment;
- (c) C is the total cost of construction.



**5. Qualifying costs.**—(1) For the purposes of these Regulations and subject to subregulation (2), “qualifying cost” means—

- (a) building materials and equipment that will become part of the buildings and equipment constructed or installed as part of the project, or that will be consumed as part of the construction or installation process;
- (b) construction labour, including construction management;
- (c) equipment and other capital goods that will be put into service upon initial operation of the project and used for operation of the project;
- (d) in the case of a qualifying investment described in paragraph (e) of regulation 4 where qualifying costs do not exceed thirty million dollars, ten percent of the cost of—
  - (i) architectural, mechanical, electrical and marine engineering;
  - (ii) environmental impact assessments and studies; and
  - (iii) soil investigations;
- (e) in the case of a qualifying investment described in paragraph (e) of regulation 4 where qualifying costs exceed thirty million dollars, twelve percent of the cost of—
  - (i) architectural, mechanical, electrical and marine engineering;
  - (ii) environmental impact assessments and studies; and
  - (iii) soil investigations.

(2) For the purposes of these Regulations, “qualifying costs” excludes the following—

- (a) planning, permitting, design, and similar costs preparatory to construction or installation;

- (b) legal or other professional fees;
- (c) the cost of land;
- (d) interest and other financing costs;
- (e) in the case of a qualifying investment described in paragraph (a), (b), (c) or (d) of regulation 4, the cost of materials that do not become part of the building or structure;
- (f) office equipment and furnishings, vehicles, aircraft, or boats.

Made by the Minister this 21st day of April, 2016.

GREGORY BOWEN  
*Minister responsible for Finance (Ag.).*

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