

# Guide to Buying in St Lucia

## Location and Features

St Lucia, one of the Windward Islands, is situated between the Caribbean Sea and the North Atlantic Ocean, north of Trinidad & Tobago, North West of Barbados. The island has a mountainous terrain with broad fertile valleys. The island is 238 sq. miles (616 sq. km) - 27 miles long, 14 miles wide - with a combination of high mountains, forests, low lying lands and beaches.

A central mountain range runs the length of the island, with peaks ranging between 1000 and 3145 feet. Forests dominate the mountains, while jasmine, scarlet chenille and wild orchids provide splashes of colour to the lush green slopes.

The two towering volcanic cones on the southwest coast, Gros Piton (797m) and Petit Piton (750m) are one of the Caribbean's most famous landmarks, a UNESCO World Heritage Site and said by Oprah Winfrey to be one of the top five places in the world that you must visit before you die. The volcanic origin of the island provides visitors with an opportunity to visit a "drive-in volcano" and take a dip in the reputedly therapeutic Sulphur springs.

St Lucia has also become famous for its Jazz festival in May. Since its establishment in 1992, St. Lucia Jazz has grown in magnitude and stature, making it the most important marketing activity of the St. Lucia Tourist Board. It is considered by patrons and the press as the "Premiere Jazz Festival" of the Caribbean region. George Wein (producer of over 30 Festivals worldwide) ranked St. Lucia Jazz among the top three Festivals in the world. St. Lucia Jazz has surpassed the objectives set out for it and continues to attract international and regional media attention to the island. Visits to St. Lucia due to awareness of the island generated by Jazz continue well beyond the May period. Extensive international media coverage on television, radio and print media has resulted in added exposure; the estimated cost of which surpasses the Board's overall annual budget.

## Politics

The head of state in St Lucia is Queen Elizabeth the second, represented by her appointed Governor General. The Head of government is the Prime Minister who appoints his/her cabinet. There is a house of Assembly that comprises of 17 members elected on a first past the post basis for a period of five years. There is also a senate, consisting of 11 members, 6 appointed on the advice of the PM, 3 on the advice of the leader of the opposition, and 2 by the Governor General. The last general election was in December 2006 with the United Workers Party (UWP) elected. The Prime Minister is John Compton.

St Lucia celebrated 25 years of independence in 2004.

## Legal System

The English common law system prevails. Local legislation recognises UK trusts and there are many other avenues of holding land including the incorporation of local ordinary companies. The land registration system is similar to that of England and Wales and the Crown guarantees title. All beachfront property is 'Queen's Chain'. This means that the properties are on a 75 or 99 year leasehold (depending on location on the island), with a 25 year queens chain extension applied for every 25 years.

## Economy

The economy is based on Tourism and Agriculture, with some financial services. Income derived from Tourism represents around 15% of the country's GDP and there is government commitment to promoting the island and the sustainable use of its natural resources that are vital to the industry. The Tourist board is working closely with hotels to raise standards in order to underpin the future of tourism on the island.

Tourism and some diversification of agriculture are St Lucia's future, with the government recently hosting the World Trade Organisation to discuss the way forward. There is a growing rate of literacy with training and skills programmes being established so that the island can provide more and better jobs for its youth.

The official currency is the Eastern Caribbean Dollar (ECD) made up of 100 cents. It is pegged to the US\$ at a rate of US\$1 = 2.70 ECD.

## **Taxation**

On the whole there is very little taxation on the island and it could be described as a tax haven. There is no VAT, no Capital Gains, no estate duties. Income tax exists on rental income. There are tax breaks available dependant on individual circumstances, so seek advice from your local lawyer or tax specialist. This is worthwhile doing for other reasons as well. (See Real Estate Fees below).

To buy a property on the island you would need to gain an Aliens Landholding Licence, this would cost you US\$1,850. (see below)

There is an annual property tax of 5% of the annual unfurnished rental value of the property.

### **Real Estate Fees**

Stamp duty is payable on the purchase of real estate at a rate 2%.

When you sell your property there is a vendor tax, payable at a rate of 5% for locals, 10% for foreigners. However there is a way around this. If the property is purchased by a locally set up corporation, and is the only asset of that corporation, there is a share transfer tax of 0.5%.

To form a local company you are required to give three names in priority order, and it costs about £1000. It is applied for by a local lawyer, his premises can be used as the registered office. The annual costs for such a corporation would be between £600 and £700.

### **Purchasing Procedures and Registration of Title**

The property purchasing procedure in St Lucia is similar to that in the UK, with the exception of the Alien's Landholding Licence. Foreigners wishing to purchase land in St Lucia must first acquire an Alien's Landholding License. Laws were recently changed in St Lucia to make this process quicker and more flexible. Please note the following:

- A local lawyer must register the licence.
- It is a permanent licence, which does not require renewal.
- The licence is granted for a specific property or plot of land and is not transferable.
- There is a non-refundable licence application fee of EC\$1,500.
- The license fee is EC\$5,000 for properties measuring less than one acre.
- License application takes 6 to 8 weeks to process and is normally done during the **early part of property purchasing process.**

### **Purchase Deposit**

The normal deposit for purchase is 10% of the purchase price. To prevent gazumping, a forfeiture clause is introduced into all purchasing contracts as follows:

- If the buyer pulls out the deposit is forfeited.
- If the vendor pulls out then a sum equal to the deposit must be paid to the buyer. The buyer would receive their original deposit plus the 10% forfeited by the vendor.
- If the buyer is unable to proceed due to non-granting of the Alien's Landholding License, then the 10% deposit is refunded. Note that this is a rare occurrence.

### **Residency through Real Estate Investment**

You do not need to be a permanent resident to visit St Lucia for up to seven weeks per year but anyone can apply for a permanent resident permit. Each case is considered on an individual basis and you would need to demonstrate a good income and/or skill base. There is no tax on pension income for retirees.

Owning a property is one of the main qualifications for applying for citizenship, outside of family ties and marriage.

### **Travel Information**

If you're coming from the United States, American Airlines offers a non-stop daily service from Miami, and US Airways offers non-stop weekend services from Philadelphia and Charlotte. BWIA flies weekly from Miami and New York. Delta now offers non-stop service running five days a week: Sundays, Mondays, Tuesdays, Fridays and Saturdays. American Eagle flies daily to and from Puerto Rico into George Charles Airport.

Virgin Atlantic, British Airways and BWIA fly direct between London and St Lucia.

Air Canada offers a non-stop weekly service from Toronto, Canada.

During the peak season, between mid-November and mid-March, a number of tour companies operate charters from London, Toronto, Chicago and various Caribbean destinations.

Regional carriers including Caribbean Star and LIAT offer extensive service for local Caribbean destinations.

There are 2 airports on the island: Hewanorra International Airport at Vieux Fort is located 40 miles south of Castries and George Charles Inter Island Airport is just outside Castries.

There are good taxi services from the airport. There is also a helicopter transfer service from the south of the island to the north, which takes about 15 minutes as opposed to about 1 1/2 hours by car.

### COMPARISON WITH OTHER ISLANDS

	<b>Barbados</b>	<b>Cayman Islands</b>	<b>St Lucia</b>
<b>Government</b>	Independent Commonwealth Country. Prime Minister and local officials elected every 5 years.	British Overseas Territory. Leader of Government Business and local officials elected every 4 years.	Independent, with Queen as head of state. Governor General and bicameral parliament. Senate elected every 5 years. Assembly appointed.
<b>Legal System</b>	English Common Law System.	English Common Law System.	English Common Law System.
<b>Population</b>	278,289 (2004 Est.)	44,144 (2003 Est.)	166,000 (2005 Est.)
<b>Official Currency</b>	Barbados Dollar (BBD)	Cayman Islands Dollar (KYD)	Eastern Caribbean Dollar (ECD)
<b>Growth Rate</b>	3.7% (2004)	2.7% (2003)	5.6% (2004)
<b>Annual Tourism</b>	1,294,331 (2004)	2,112,500 (2004)	800,000 (2004)
<b>Taxes</b>	No capital gains or inheritance taxes. There is an annual property tax on sliding scale dependent on property value, income tax of 35% on profit from rental, VAT at 15%.	No capital gains, VAT, income, annual property or inheritance taxes.	No capital gains, VAT or inheritance taxes. Annual property tax at 5% of unfurnished rental rate. Vendor tax at 10% or 0.5% - if local company set up. Income tax breaks available
<b>Real Estate Fees</b>	No Stamp Duty liability for purchasers. Legal fees are 1.5-2% of purchase price.	Stamp duty liability is 9% for property on Seven Mile Beach and 7.5% elsewhere. Legal fees are generally 1% of the purchase price.	Stamp Duty at 2%. Legal fees range from 3% to 5%
<b>Annual Property Appreciation</b>	5%	5-10%	15-20%

