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**MEDIA RELEASE**
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# THE CCJ UPHOLDS IMPOSITION OF WITHHOLDING TAX ON PAYMENTS BY BRANCH TO FOREIGN HEAD OFFICE

**Port of Spain, Trinidad and Tobago**. On Tuesday, 4 November 2025, the Caribbean Court of Justice (CCJ) delivered judgment in *Bank of Nova Scotia v Comptroller of Inland Revenue* [2025] CCJ 13 (AJ) LC. The Court dismissed the appeal by the Bank of Nova Scotia ('BNS') and agreed with the Court of Appeal of the Eastern Caribbean Supreme Court (Saint Lucia) that payments by BNS Saint Lucia to related foreign associates were subject to withholding tax.

The case arose from the imposition of withholding tax under the Income Tax Act of Saint Lucia on payments made by BNS Saint Lucia to its Canadian head office and regional subsidiaries for support services. The Court also considered whether interest expenses incurred by BNS in its banking operations could be classified as "cost of sales" under section 39 of the Act, thereby limiting the bank's deductibles.

In an opinion authored by CCJ President, the Honourable Mr Justice Anderson with Justices Barrow, Jamadar, Ononaiwu, and Eboe-Osuji concurring, the Court held that the payments constituted "management charges" within the meaning of Schedule 3 of the Act and were subject to withholding tax under section 76(1)(b). Applying a purposive approach to statutory interpretation, the Court emphasised that Parliament's intent in amending the legislation was to capture cross-border remittances from branches to head offices, even if labelled as reimbursements and lacking a profit margin. The Court also upheld the Court of Appeal's correction of a drafting omission in Schedule 3, finding that the exclusion of the term "branch" was a clear legislative oversight that could be judicially remedied.

Mr Justice Eboe-Osuji (with President Anderson and Justices Barrow, Jamadar, and Ononaiwu concurring) addressed the second issue and held that interest expenses incurred by BNS in its banking operations were properly classified as "cost of sales." He reasoned that the banking sector



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involves the sale of financial services and that interest paid on customer deposits is a direct cost of generating income. Drawing on accounting literature, industry practice, and comparative jurisprudence, the decision emphasised that "cost of sales" is not limited to the sale of goods but includes the cost of services in modern commercial contexts.

The Court dismissed the appeal and awarded costs to the Respondent in the sum of EC$58,061. Mr Barrie Attzs and Mr Thomas Theobalds appeared for BNS Saint Lucia. Mr Seryozha Cenac and Mr George K Charlemange appeared for the Comptroller of Inland Revenue.

**-End-**

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About the Caribbean Court of Justice

The Caribbean Court of Justice (CCJ) was inaugurated in Port of Spain, Republic of Trinidad and Tobago on 16 April 2005 and presently has a Bench of seven judges presided over by CCJ President, the Honourable Mr Justice Winston Anderson. The CCJ has an Original and an Appellate Jurisdiction and is effectively, therefore, two courts in one. In its Original Jurisdiction, it is an international court with exclusive jurisdiction to interpret and apply the rules set out in the Revised Treaty of Chaguaramas (RTC) and to decide disputes arising under it. The RTC established the Caribbean Community (CARICOM) and the CARICOM Single Market and Economy (CSME). In its Original Jurisdiction, the CCJ is critical to the CSME and all 12 Member States which belong to the CSME (including their citizens, businesses, and governments) can access the Court's Original Jurisdiction to protect their rights under the RTC. In its Appellate Jurisdiction, the CCJ is the final court of appeal for criminal and civil matters for those countries in the Caribbean that alter their national Constitutions to enable the CCJ to perform that role. At present, five states access the Court in its Appellate Jurisdiction, these being Barbados, Belize, Dominica, Guyana, and Saint Lucia. However, by signing and ratifying the Agreement Establishing the Caribbean Court of Justice, Member States of the Community have demonstrated a commitment to making the CCJ their final court of appeal. The Court is the realisation of a vision of our ancestors, an expression of independence and a signal of the region's coming of age.

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