



Starting your Business on Guam

On behalf of the people of Guam, we would like to congratulate you on starting your business on Guam. Below are the Government of Guam's requirements that you must be aware of prior to starting your business. Also, a listing of the available applications and forms needed to fulfill these requirements are provided below. To obtain these applications and forms, you can visit our offices at the former Pricemart Building below Barrigada Heights or at our website and related links at www.guamtax.com. If you have an existing business, you should be familiar with these requirements.

I. **Business License Requirements:**

Generally, all persons or business entities doing business on Guam are required to be licensed with the Department of Revenue and Taxation's (DRT) General Licensing and Registration Branch. An exception to this general rule is permitted in the case of Professionals such as Certified Public Accountants, Attorneys, and Medical Practitioners. These Professionals are subject to the rules and regulations of the applicable regulating Agency or Board. However, if you are a domestic or foreign Corporation, Partnership, Limited Liability Corporation (LLC) or Limited Liability Partnership (LLP), you will be required to first **register** your Corporation, Partnership, LLC, or LLP with the Department of Revenue and Taxation's (DRT) General Licensing and Registration Branch. Registration will require notarized or certified copies of the business Articles of Incorporation, Corporate By-Laws, Partnership Agreements, the appropriately filled applications, etc... Depending on the type of business you will be conducting, you will be required to obtain clearances from various government agencies. For example, if you were to convert your home to rental property, you will be required to obtain clearances from the Department of Land Management and the Department of Public Works (DPW). For your convenience, all clearances may be obtained at the One Stop Building located at DPW. Keep in mind that in order to obtain the clearances, some agencies will require site inspections, and presentation of documentation relative to the business license application. Upon approval of the Business License, you will be issued a Gross Receipts Tax (GRT) Account Number for purposes of filing and paying your GRT.

II. **Business Privilege Tax Requirements:**

Section 26201, Article 2, Chapter 26 of Title 11, of the Guam Code Annotated (GCA), states there is hereby levied and shall be assessed and collected monthly privilege taxes against the persons on account of their businesses and other activities in Guam measured by the application of rates against values, gross proceeds of sales or gross income as the case may be. Under this local law, you are required to file a monthly or a quarterly Gross Receipts Tax Return based on the period the income was received or accrued (depending on your accounting method).

The method of reporting and the applicable percentage has changed in recent years:

From **October 01, 1997 to March 31, 2003**, the tax rate was four percent (4%). The filing requirement was changed to a quarterly basis, with the return (Form BRQ) due at the last day of the month following the end of the quarter. For example, the return for the fourth quarter (October, November, and December) of 1997 was due on January 31, 1998. Deposits of the tax, however, were required monthly. For example, a deposit for October 1997 was due November 15, 1997.

From **April 04, 2003 to March 31, 2004**, the tax rate was increased to six percent (6%). The return (Form BRQ) was still required to be filed quarterly and the deposits made monthly (same requirements as above).

From **April 01, 2004 to Present**, the tax rate decreased to four percent (4%). The filing requirements also changed. The return (Form GRT) is required to be filed on a monthly basis and is due on the twentieth (20th) day of the following month, even if no taxes are due. The payment of the tax is also due on the twentieth (20th) of the following month. For example, the return and the payment of tax for the month of April 2004 will be due on May 20, 2004.

For more details, please refer to the "IMPORTANT INFORMATION AND INSTRUCTION" section of Form BRQ and Form GRT (whichever is applicable).

The Business Privilege Tax laws provide for certain exemptions for purposes of computing the taxable amount of income for Gross Receipts Taxes purposes. For more information on "**Exemptions**" please refer to §26203, Article 2, Chapter 26, Division 2, Title 11 of the GCA.

III. **Use Tax Requirements:**

Business owners or entities may also be responsible for paying a Use Tax. Guam's Use Tax Laws may be applicable if you import any tangible personal property (i.e. equipment) to be used or consumed by your business operations. As per §28103, Chapter 28, Title 11 of the GCA, there is hereby a levy and shall be paid and collected at the times, and by the persons, hereinafter provided an excise tax upon the use or consumption of all property in Guam unless said equipment is to be exported upon completion of the project. The Use Tax is payable upon the importation of any property not held for resale.

IV. **Payroll Tax Requirements:**

If your business is a corporation or partnership or if you should have employees, you will be required to obtain an Employer Identification Number (EIN) for your business. To apply for an EIN, simply go to www.irs.org or www.irs.gov to apply online. If you do not apply online, you may apply by telephone, fax or mail to obtain an EIN (Please refer to the instructions for Form SS-4, "Application for Employer Identification Number"). If Business owners or entities have employees, they are required to file a quarterly return, Form W-1, "Employer's Quarterly Guam Tax Return" to report salary and wage withholding taxes on Guam to DRT, and are required to deposit the withholding taxes monthly using Form 500, "Guam Depository Receipt" with the Government of Guam. Pursuant to the United States Internal Revenue Code Section 7651, the income tax laws in effect in the United States are the same as the income tax laws in Guam. Therefore, Income Taxes and Wage and Withholding on Guam earned income will be paid to the Treasurer of Guam. **However, Social Security Taxes/FICA Taxes (Form 941SS) will be paid to the Treasury of the United States.**

V. **Corporate Income Tax Requirements:**

Guam has its own territorial income tax system based on the Internal Revenue Code, except that the words "United States" are replaced with "Guam" where appropriate. This mirror system of taxation remains in effect until an implementation agreement between Guam and the United States goes into force. As an owner or entity doing business on Guam, you are required report and file a Guam Territorial Income tax Return. If you are a (domestic) corporation incorporated under the laws of the Territory of Guam, you are required to file Form 1120. If you are Foreign (not incorporated under Guam laws) corporation registered with DRT, you are required to file Form 1120F to report your Guam-sourced income and expenses.

VI. **Reporting Cash Payments of Over \$10,000 Requirement:**

Title 26 and Title 31 of the Guam Territorial Income Tax Code require that you file Form 8300, "Report of Cash Payments Over \$10,000 Received in a Trade or Business", if your business receives more than \$10,000 in cash from one buyer as a result of a single transaction or two or more related transactions. Dual reporting of this information will now be made to both DRT and the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN). For more information regarding Form 8300, visit the IRS website at www.irs.gov.

A listing of the applications and forms is summarized below necessary to meet your requirements to the Government of Guam. I hope that this will help answer some of your questions. If you have any questions, you may contact the Department of Revenue and Taxation at the following telephone numbers:

General Licensing Branch	(671) 635-1826/7/8
Business Privilege Tax Branch	(671) 635-1835/6
Income Tax Processing Branch	(671) 635-1840/1

Sincerely,


ARTEMIO B. ILAGAN

Department of Revenue & Taxation
Starting Your Business on Guam
Forms/Applications/E-Services

To obtain Forms and Applications, please visit our offices located at the former Pricesmart Building, or visit our website at www.guamtax.com for applicable links. You can also file certain forms online at www.guamtax.com, and make online tax payments at www.guampay.com. These online services are specified below, where applicable.

I. Business Registration Requirements:

A. You MAY need to first register your company with our General Licensing Branch as:

Form Description	Download
Domestic or Foreign Corporation	govguamdocs.com
Domestic or Foreign Limited Liability Partnership	govguamdocs.com
Domestic or Foreign Limited Liability Company	govguamdocs.com

B. If you are not required to be licensed by the Guam Contractors License Board, you WILL need to apply for a business license:

Form Description	Download
Business License Application	govguamdocs.com

II. Business Privilege Tax Requirements:

A. Upon issuance of your business license you must then obtain a Gross Receipts Tax Account Number from our Business Privilege Tax Branch.

Applicable Period	Percentage	Form Description	Download	E-File	E-Pay
10/1/97 to 3/31/03	4%	BRQ (Revised Oct.1997)	govguamdocs.com	N/A	guampay.com
04/1/03 to 3/31/04	6%	BRQ (Revised Dec.2003)	govguamdocs.com	N/A	N/A
10/1/97 to 3/31/04		BMD (Guam Business Monthly Deposit)	govguamdocs.com	N/A	N/A
4/1/04 to Present	4%	GRT (Revised Apr. 2004)	govguamdocs.com	guamtax.com	guampay.com

NOTE: Use of online services requires online registration. Certain transactions on guampay.com may require applying for a Taxpayer PIN.

III. Income Tax Requirements:

A. At the end of your tax year, you are required to file an Income Tax Return by the 15th day of the third month following the close of your tax year.

Name	Form Description	Download
Form 1120	US Corporation Income Tax Return	www.irs.gov
Form 1120F	US Income Tax Return of a Foreign Corporation	www.irs.gov
Form 1065	US Return of Partnership Income	www.irs.gov

Note: Tax instructions can be downloaded from the IRS website (www.irs.gov).

B. You are also required to deposit Wage Withholding Taxes on a monthly basis and file quarterly returns with DRT.

Name	Form Description	Download	E-File	E-Pay
Form 500	Guam Depository Receipt	govguamdocs.com	N/A	guampay.com
Form W-1	Employer's Quarterly Guam Tax Return	govguamdocs.com	N/A	guampay.com
Form SW-2	Employer Quarterly State Wage Report	govguamdocs.com	guamtax.com	N/A
Form W-2GU	Guam Wage & Tax Statement	www.irs.gov	N/A	guampay.com
Form W-3SS	Transmittal of Wage & Tax Statements	www.irs.gov	N/A	guampay.com