



Focus on the Guyana Budget 2020

On 9 September 2020, the Honourable Minister of Public Works, Mr. Juan Edghill M.P. delivered the Budget for Financial Year 2020 under the theme *'Our Plan for Prosperity: Protecting our People in a COVID-19 Environment; Strengthening Democracy and the Rule of Law; Incentivising Economic Growth and Job Creation; and, Enhancing Welfare.'*

Budget Economics

PROJECTED FY 2020

\$226.5b

Central Government revenue

\$214.5b \$12.0b

Tax revenue

Non-tax revenue

PROJECTED FY 2020

\$329.5b

Central Government expenditure

The size of the Budget 2020 is \$329.5 billion which is 9.6% or \$28.8 billion above that of 2019.

The overall deficit is projected to be 6.5% of GDP, compared with 2.8% at the end of 2019. This deficit represents 8% of non-oil GDP.



EDUCATION

\$52b
or 15.8% of total budget



SECURITY

\$38.9b
or 11.8% of total budget



AGRICULTURE

\$18.4b
or 5.6% of total budget



HOUSING

\$3b
or 1% of total budget



HEALTH

\$51.7b
or 15.7% of total budget



INFRASTRUCTURE

\$34.4b
or 10.4% of total budget



ICT DEVELOPMENT

\$5.2b
or 1.6% of total budget

*Unless otherwise stated, all figures referenced in this document are in Guyanese currency.



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Macroeconomic Indicators

The following are extracts taken from the Budget speech of the Honourable Minister.



The official exchange rate of the GYD to USD remained unchanged at GYD \$208.5 to US\$1.00 in December 2019, compared with December 2018.



Export earnings are projected to increase by 58.4% to US\$2.5 billion, supported by the exports of crude oil in 2020.



The gross international reserves of the Bank of Guyana rose to US\$575.9 million or 1.6 months of import cover for FY19, when compared to US\$528.4 million or 1.8 months for FY18.



The 12-month inflation rate was 2.1% in December 2019, up by 0.5% for the corresponding period of the prior year.



The commercial bank weighted average lending rate declined to 9.18% in 2019, down 85 basis points from 2018.



Statistics from the quarterly Labour Force Survey, published by the Bureau of Statistics, reveal a declining labour force participation rate, falling from 54.5% in quarter 4 of 2017, to 49% in quarter 4 of 2019. Over the same period, the unemployment rate increased from 12.2% to 13.4%.



For the first half of 2020, real GDP is estimated to have grown by 45.6% on account of the petroleum sector, while the non-oil economy is estimated to have contracted by 4.9%. Projections indicate a real growth rate in GDP of between 48.4% and 51.2% for FY20, attributable to the petroleum sector, while the non-oil economy is expected to contract by between 1.4% and 4.3%.



Public debt increased to US\$1.79 billion or 32.6% of GDP in 2019.



In the Ease of Doing Business index for 2020, Guyana was ranked 134th out of 190 countries.



Foreign direct investments increased by US\$463.6 million in 2019, when compared with 2018, reaching US\$1.7 billion.



According to the 2019 Annual Report of the Bank of Guyana, the value of remittances stood at US\$374 million, the largest contributor to foreign inflows other than gold.



Summary of Fiscal Measures

The following fiscal measures were proposed by the newly installed Government to provide, inter alia, relief to citizens on account of the hardship caused by the pandemic.

► **Highpoints of the Budget**

The following are the highpoints of the Budget:

- Special incentives to select industry sectors.
- Removal of VAT on several items such as machinery and equipment used in mining, forestry, agriculture and manufacturing sectors.
- Exemption from corporation tax for private education.
- Exemption from corporation tax for private healthcare.

► **COVID-19 Relief and Cost of Living Measures**

The Government recognizes the economic slowdown caused by the pandemic and the additional financial burden placed on households and businesses. In light of this, the Minister proposes the following:

- An allocation of \$4.5b to provide \$25,000 per household.
- An allocation of \$150m to support frontline workers.
- A bonus of two-weeks tax free salary to members of the Joint Services¹.
- Removal of VAT from electricity and water to bring immediate relief to households and businesses². This measure takes effect from 1 October 2020.

► **Investment Promotion**

1. **MANUFACTURING**

As a matter of priority, the Government intends to establish industrial parks or estates for manufacturing, both in the coastal and hinterland regions. This is a welcomed initiative to stimulate manufacturing and exports.

2. **AGRO-PROCESSING FACILITIES, COLD STORAGE AND PACKAGING**

The Government proposes to offer tax concessions on investments in Agro-Processing Facilities, Cold Storage and Packaging to incentivize much needed growth in value added production within the agriculture sector.

3. **AGRICULTURE**

The Minister indicated that the Government intends to ensure no effort is spared in diversifying the economy by promoting and expanding production of non-traditional crops. In that regard, special incentives will be made available for planting of corn and soybean to satisfy the demands of local and regional mills.

Additionally, the Government has set aside an allocation of \$3b for the recapitalization of Guyana Sugar Corporation (GUYSUCO) and an additional \$2b as required.

4. **PRIVATE EDUCATION**

The Government proposes to exempt private education from corporation tax. This measure is expected to attract educational investments and expand affordable quality education while generating critical skills needed to realise the country's accelerated development trajectory.

1. Joint Services comprise the Guyana Defence Force, the Guyana Police Force, the Guyana Prison Service and the Guyana Fire Service.

2. Currently, VAT applies on electricity and water above a monthly threshold of \$10,000 and \$1,500 respectively.

5. PRIVATE HEALTH CARE

The Government also proposes to exempt private health care from corporation tax. This measure is expected to attract investment in specialty health services in Guyana, while making private health care affordable to the average Guyanese, especially those who wish to have a choice of health care providers.

6. HOTELS, HOUSING AND CONSTRUCTION

In anticipation of the expanded economic activity from the growing petroleum sector, the Government is developing a special incentive package to attract new investments that will result in four new hotels.

Further, to continue the development of the construction sector, the Minister proposes to remove VAT on buildings and construction materials, where such VAT was imposed after 2014.

7. SMALL BUSINESS DEVELOPMENT

The Minister proposes the following measures to stimulate the growth of small businesses:

- ▶ Allocation of \$100m for the Small Business Development Fund.
- ▶ Allocation of \$212.1m to the Small Business Bureau.
- ▶ Allocation of \$105m for the Sustainable Livelihood and Entrepreneurial Development Programme.

▶ Value Added Tax

The Minister proposes to implement the following VAT measures³:

- ▶ Removal of VAT from electricity and water⁴.
- ▶ Removal of VAT on cellular phones.
- ▶ Removal of VAT on construction and building materials.
- ▶ Removal of VAT on medical supplies.
- ▶ Removal of VAT on all terrain vehicles, machinery and equipment used in mining, forestry, agriculture and manufacturing sectors.
- ▶ Removal of VAT on machinery and equipment used in mining, forestry, agriculture and manufacturing sectors.
- ▶ Removal of VAT on fertilisers, agrochemicals, pesticides and key inputs in the poultry industry including poultry feed, building materials and packaging.
- ▶ Removal of VAT on hinterland travel.

3. It is not entirely clear whether all measures will come into effect from 1 October 2020.

4. Currently, VAT applies on electricity and water above a monthly threshold of \$10,000 and \$1,500 respectively.

- ▶ Exports and poultry industry would be re-classified from exempt supplies to zero-rated supplies which would now allow for the recovery of input VAT incurred.

▶ Banking

Consistent with the Government's intention to continue the development of the construction industry, the Minister proposes to increase the Mortgage Interest Relief (MIR) from \$15m to \$30m. Consequently, first-time homeowners should be eligible to receive a tax deduction for the interest payable on mortgages up to \$30m.

Furthermore, based on discussions with the local banking sector, the Minister proposes to increase the limit for low income loans for corporation tax relief from \$8m to \$10m.

▶ Children and Senior Citizens

The following measures are proposed to assist children and senior citizens:

- ▶ \$15,000 cash grant for school children and a uniform voucher allowance of \$4,000 per child, with effect from 1 January, 2021.
- ▶ Increase in Old Age Pension from \$20,500 to \$25,000, with effect from 1 January, 2021.
- ▶ Provision of free water service to pensioners.

▶ Measures to support Indigenous People

The Government intends to implement the following measures for the development of Indigenous communities:

- ▶ The implementation of a programme that will see 25,000 solar units being distributed.
- ▶ \$800 million for the Amerindian Development Fund (ADF) which will include the reintroduction of the Community Service Officers programme aimed at developing young Amerindians in various villages and communities by building capacity and strengthening their individual interests, while creating job opportunities for approximately 2,000 youth.
- ▶ \$300 million from the ADF for investments in productive assets including tractors, trailers and agriculture tools.
- ▶ \$10 million for commencement of the design of the National Toshias Council Headquarters.
- ▶ Resumption of the Amerindian Land Titling programme.
- ▶ Construction of three multi-purpose sports complexes in Regions 2, 6 and 10.
- ▶ Removal of VAT on hinterland travel.



Summary of Fiscal Measures *cont'd*

► **Miscellaneous Measures**

The following are miscellaneous measures proposed by the Minister:

- ▶ Removal of the ban on the importation of used tyres, half-cut vehicles and vehicles over eight years old.
- ▶ Reduction in license fees by 50% where such fees were increased after 2014. It is not clear whether the 50% reduction applies to the amount of the increase or the full amount of the fee.
- ▶ Removal of police clearance requirement for miners to transport fuel in their own vehicles.
- ▶ Removal of requirement to register and obtain a road license for mining equipment.
- ▶ Change to the national policy to allow saw millers to export logs.
- ▶ Reversal of land lease fees for all sectors to 2014 rates.
- ▶ Reversal of water charges, land taxes and drainage and irrigation charges for the agricultural sector to 2014 rates.

► **Proposed Additional Amendments by EY**

We would recommend that the newly installed Government give consideration to the following additional amendments:

1. VAT REFUNDS

A number of companies have expressed frustration with the length of time it takes to obtain VAT refunds. In 2019, the VAT Act was amended to allow the GRA to issue VAT refunds directly from VAT revenue as opposed to relying on a budgetary allocation. Steps should be taken to operationalize this provision to bring relief to those companies entitled to refunds.

2. VAT ON IMPORTATION OF SERVICES

Currently, VAT applies on the importation of services where the recipient uses the services to make exempt supplies. Given that the recipient cannot recover the input VAT on exempt supplies, it becomes a cost of doing business. In that regard, consideration should be given to amending the VAT Act to remove the application of VAT on the importation of services.

3. MINIMUM TAX

Section 10 (1)(b) of the Corporation Tax Act (CTA) establishes the rate of corporation tax for a commercial company at forty percent of the chargeable income.

Where 40% of chargeable income is less than 2% of turnover, the commercial company would be required to pay upfront corporation tax at the rate of 2% of turnover (referred to as 'minimum tax'). Where the Guyana Revenue Authority (GRA) is satisfied with the company's calculation of chargeable income, the CTA stipulates that the company's tax liability shall be limited to 40% of chargeable income. The excess minimum tax may be carried forward and available for offset, only in situations where the corporation tax liability exceeds the minimum tax liability.

Consequently, commercial companies that have minimum tax liabilities in excess of the corporation tax liability on a recurring basis, would not be in a position to take advantage of the carry forward and set off provisions as outlined in the CTA.

In light of this, consideration should be given to further amending the CTA to allow companies to offset excess minimum payments against future minimum tax liabilities where the excess minimum tax cannot be offset against future liabilities of corporation tax.



Oil & Gas Sector Policy

The eagerly anticipated commercial production of hydrocarbons from the Stabroek Block commenced in the fourth quarter of 2019. In this regard, the Honorable Minister took the opportunity to articulate the strategy for the Oil and Gas Sector of the newly installed Government on the backdrop of yet another announcement of exploration success in the said Block.

The strategy is premised on three main pillars, namely building a framework for proper management of the resources, ensuring transparency/accountability and securing benefits for the people of Guyana.

With a view to achieving these objectives, the Minister outlined the intention of his Government to execute on, inter alia, the following:

- ▶ The immediate engagement of the oil and gas companies in better contract administration/renegotiation;
- ▶ The establishment of a model Production Sharing Agreement based on industry-wide standards and best practices, to maximize benefits for Guyana, without disincentivizing investors;
- ▶ The establishment of an arm's length Sovereign Wealth Fund insulated from political interference, with specific rules governing fund flows and transparency; and
- ▶ The training of thousands of Guyanese at every level to develop the human capital in the sector.

The pillars unpinning the strategy and the associated initiatives generally appear noble. Moreover, the move toward pursuing greater transparency, strengthening the workings of the Sovereign Wealth Fund, enhancing the skillset of the Guyanese people and securing local content through the establishment of a dedicated committee are all steps in the right direction. Of particular concern, however, is the language around “contract renegotiation”. This is a very delicate issue and we would caution against approaching this subject without careful thought.

It should be noted that the most commonly utilized fiscal system governing oil and gas operations is either an Exploration and Production (E&P) License or a Production Sharing Agreement (PSA), the characteristics of which are outlined hereunder:

- ▶ An E&P License, also referred to as a Tax & Royalty system, contemplates that the Operator (i.e. energy company) invests in the exploration, development and production of the hydrocarbon resources within a licensed area and is liable to royalties (as specified in the license) and taxes (as stipulated in law).
- ▶ A PSA, on the other hand, establishes a structure whereby the Operator underwrites all of the risk capital and shares the production with the State. On account of this production sharing arrangement, the State settles the taxes associated with the petroleum operations on behalf of the Operator.

By its very nature, the PSA provides the Government with revenue flows very early into the contract cycle, as hydrocarbon production is shared between the parties from inception. Under the E&P License arrangement, the Operator is entitled to all of the production and is liable to taxes, which crystallizes in a somewhat deferred timeline as capital allowance claims typically shelter the profits of the Operator in the earlier years of production. In addition, any change to the statutory rates of tax generally has implications for the E&P License Holder, as the Operator bears the burden of such tax. In the case of the PSA, however, the Operator benefits from the fiscal stability afforded under the PSA, as the Government is contractually obligated to settle the taxes on behalf of the Operator.

Any unilateral alterations to the PSA would, in effect, constitute a disregard of the fiscal stability formerly granted and would establish an extremely dangerous precedent, as sanctity of contract is of critical importance in a sector that has a long-term business horizon.

In summary, the option selected by the Government to pursue the exploitation of the hydrocarbon through the PSA was to trade-off fiscal stability of the Operator for earlier cashflows for the State and considerable thought should be given before interfering with this at this stage. Having said that, the Government has every reason to revisit the Model PSA, as contemplated, and should do so with the mindset of being more bullish in its future negotiations of new contracts.



Proposed Tax Rates for 2020

CORPORATE TAX

Corporate tax rates

▶ Telephone company	45%
▶ Commercial company ¹	40% ²
▶ Non-commercial company ³	25%
▶ Investment company	Exempt
▶ Capital gains tax rate	20% ⁴

Withholding tax rates

Payments to non-residents

▶ Interest	20%
▶ Royalties	20%
▶ Rents	20%
▶ Management charges or charges for personal services and technical managerial skills	20%
▶ Premiums, commissions, fee or licences	20%
▶ Discounts, annuities or other annual or periodic payments	20%

Dividends and distributions

20%

Branch profits remittance

20%

Payments to residents

▶ Inter-company distributions	Exempt
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Net operating losses (years)

▶ Carry back	Not Applicable
▶ Carry forward (corporation tax)	Unlimited ⁵
▶ Carry forward (capital gains tax)	24 years

CAPITAL ALLOWANCES

Petroleum sector

▶ Petroleum capital expenditure	20% per annum
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Diamond and gold mining sector

▶ Exploration and development expenditure	20% per annum
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¹ A commercial company is a company where at least 75% of its gross income is derived from trading in goods not manufactured by it and is defined to include commission agencies, banks and insurance companies carrying on insurance business other than long term insurance business.

² Where 40% of chargeable income is less than 2% of turnover, the commercial company would be required to pay up front corporation tax at the rate of 2% of turnover (referred to as 'minimum tax'). Where the Guyana Revenue Authority (GRA) is satisfied with the company's calculation of chargeable income, the GRA would allow the company's tax liability to be limited to 40% of chargeable income and any excess minimum tax paid may be carried forward and offset against future corporation tax liabilities with certain restrictions.

³ Any company that does not fall within the definition of commercial company would be regarded as a non-commercial company, including manufacturers and service companies.

⁴ In the case of capital gains arising within a period of 12 months, such chargeable gains shall form part of chargeable income subject to tax.

⁵ The loss to be set off in future years may not exceed 50% of the amount of tax payable had the set off not occurred. This limitation does not apply to petroleum operations..

CAPITAL ALLOWANCES CONT'D

Other sectors

Asset	Rate ⁶
▶ Aircraft	33.3%
▶ Boats	10%
▶ Buildings (housing machinery).....	5% on cost
▶ Buildings used for providing services and warehousing	2% on cost
▶ Furniture and fittings	10%
▶ Motor vehicles	20%
▶ Electronic office equipment.....	50%
▶ Other office equipment	15%
▶ Plant and machinery	20%
▶ New equipment for industries harnessing alternate energy through wind, solar, water and biomass technologies	capital expenses to be written off within two years

VALUE ADDED TAX

▶ Supply and import of most goods and services	14%
▶ Supply of financial services	Exempt
▶ Rental of residential property	Exempt
▶ Essential food items.....	Exempt
▶ Exports of goods	0%
▶ Certain supplies of services to non-residents	0%

PROPERTY TAX RATES – COMPANIES AND INDIVIDUALS

Net property value

▶ On the first GYD 40m of net property	Nil
▶ For every dollar of the next GYD 20m of net property	0.5%
▶ For every dollar of the remainder of net property	0.75%

INCOME TAX RATES – INDIVIDUALS

Band of Taxable Income (GYD).....	Rate
▶ Taxable income up to 1,560,000	28%
▶ 1,560,001 and over	40%

Personal allowances

Basic deduction – greater of \$780,000 or one third of total income from all sources excluding income subjected to withholding taxes

▶ Mortgage interest	100% of interest paid (conditions apply)
▶ Employee NIS contributions	100%

Employee national insurance contributions

National insurance contributions (% of maximum insurable earnings of GYD \$280,000 per month)

National Insurance	Employee (%)	Employer (%)	Total (%)
Employed persons	5.6	8.4	14
Self-employed persons	–	–	12.5

⁶ Allowances may be claimed on a reducing balance basis or straight line basis. Where the latter basis is applied, allowances are limited to 90% of the cost of the asset.



Status of Fiscal Measures Budget Statement 2019

PROPOSED MEASURES	IMPLICATIONS	STATUS
PERSONAL ALLOWANCE	With effect from 1 January 2019, individuals received a personal allowance of GYD780,000 or one-third of total income, whichever is greater.	Enacted in the Income Tax (Amendment) Act 2019
CORPORATION TAX	Commencing income year 2019, the corporation tax rate applicable to a non-commercial company, such as a manufacturing or service company, was reduced from 27.5% to 25%.	Enacted in the Corporation Tax (Amendment) Act 2019
2% CONTRACTOR TAX	The Income Tax Act was amended to bring clarity to the application of the 2% Contractor Tax. A 'contractor' was defined as <i>'any person who is a resident and who has been awarded a contract for providing or supplying independent personal services for reward, other than an employee'</i> .	Enacted in the Income Tax (Amendment) Act 2019
WEAR AND TEAR ALLOWANCES	Wear and Tear Allowances at the rate of 2% was granted in respect of any building used for warehousing purposes or for the provision of services.	Enacted in the Income Tax (Amendment) Act 2019
INITIAL ALLOWANCES	Initial Allowances were granted in respect of any building used for warehousing purposes or for the provision of services.	Enacted in the Income Tax (In Aid of Industry) (Amendment) Act 2019
EXPORT ALLOWANCE	Export allowance to exporters of non-traditional products was extended to markets outside of CARICOM.	Enacted in the Income Tax (Amendment of Fifth Schedule) Order 2018
VALUE-ADDED TAX	To ensure consistency with the Income Tax Act, the Minister of Finance was granted the power to make regulations to remit, in whole or in part, the VAT and the interest on VAT payable by any persons, where good cause is shown.	Enacted in the Value-Added Tax (Amendment) Act 2019
PROPERTY TAX	<p>The threshold for the filing of Property Tax Returns was increased to GYD 40m for both companies and individuals.</p> <p>The Property Tax Rates and bands were also changed as follows for both companies and individuals:</p> <ul style="list-style-type: none"> ▶ On the first GYD 40m of net property – Nil ▶ For every dollar of the next GYD 20m of net property – ½% ▶ For every dollar of the remainder of net property – ¾% 	Enacted in the Property Tax (Amendment) Act 2019

PROPOSED MEASURES	IMPLICATIONS	STATUS
CAPITAL GAINS TAX	<p>Threshold for the levy of capital gains tax arising from sale of property was increased from GYD1,500 to GYD500,000.</p> <p>Exemption from capital gains tax was granted in respect of the gains arising from the sale of a property used for private residence where the proceeds from the sale are used for the purchase of a property used for private residence of greater or equal value during the year of assessment or within 60 days of the end of the year in which the property is sold.</p> <p>Repeal of the exemption which was granted for capital gains arising more than 25 years after the date of acquisition of the property.</p>	Enacted in the Capital Gains Tax (Amendment) Act 2019
CORPORATION TAX CREDIT FOR VAT PAID ON ELECTRICITY AND WATER¹	Exporters granted a tax credit equivalent to VAT paid in relation to water and electricity. This credit will be granted provided it is proven to the satisfaction of the Commissioner General that such VAT was charged and paid in relation to goods manufactured locally and exported from Guyana.	Enacted in the Income Tax (Amendment) Act 2019
REFUNDS OF OVERPAID TAXES	Refunds of Customs Duty and income tax may be made out of Customs Duty and income tax revenue respectively.	Enacted in the Income Tax (Amendment) Act 2019 and the Customs (Amendment) Act 2019 respectively.
GOLD MINING TAX	The taxation of income of individuals from gold mining activities was made a final tax.	Enacted in the Income Tax (Amendment) Act 2019
TOURISM SECTOR	<p>A tax credit was introduced equal to 75% of income and corporation tax payable on profits from tourism activities in Regions 1, 7, 8, 9 and 10.</p> <p>Initial allowance granted to Hotels in Regions 1, 7, 8, 9, and 10.</p> <p>Reduction in Excise Tax on the importation of overland transportation for tourism purposes in Regions 1, 7, 8, and 9 was extended to Region 10.</p> <p>Exemption from Excise taxes and import duties was granted on the importation of motor buses not exceeding 4 years old with 12 or more seats that are purchased and used exclusively for the transportation of tourists anywhere in Guyana.</p>	<p>Enacted in the Income Tax (In Aid of Industry) (Amendment) Act 2019</p> <p>Enacted in the Excise Tax (Amendments) Regulations 2018</p>
MEASURES TO PROMOTE THE GREEN ECONOMY	<p>Companies harnessing alternate energy through wind, solar, water and biomass technologies were granted the following on the new equipment:</p> <ul style="list-style-type: none"> ▶ Capital expenses to be written off within two years. ▶ Exemption of import duty and VAT. <p>In order to reduce vehicle emissions, the following concessions were granted:</p> <ul style="list-style-type: none"> ▶ Exemption from Customs Duties on the importation of hybrid and electric vehicles with a capacity equivalent to 2000 cc in watts. ▶ Exemption from VAT and Customs Duties on the importation of change-over kits. ▶ Exemption from Excise Tax on all electric motorcycles. 	<p>Enacted in:</p> <ul style="list-style-type: none"> ▶ the Income Tax (Amendment) Act 2019 ▶ the Value-Added Tax (Amendment of Schedule II) Order 2018 ▶ the Customs (Amendment of Schedules) Act 2019 ▶ the Excise Tax (Amendments) Regulations 2018

¹ Given that the Government proposes to remove VAT on electricity and water, this tax credit becomes moot.



Focus on the Guyana Budget 2020

Status of Fiscal Measures Budget Statement 2020 *cont'd*

PROPOSED MEASURES	IMPLICATIONS	STATUS
SMALL BUSINESS SECTOR	<p>The income tax and corporation tax rates for approved small businesses were reduced to 25%.</p> <p>To benefit from this concession, the small business must be registered with the Small Business Bureau and be involved in either manufacturing or construction activities.</p>	Enacted in the Corporation Tax (Amendment) Act 2019
MISCELLANEOUS AMENDMENTS TO THE INCOME TAX ACT	<p>The cost to reprint or replace a Tax Identification Number (TIN) certificate was reduced from GYD5,000 to GYD2,000.</p> <p>Removal of the requirement for the Commissioner-General to send Notices of Assessment to taxpayers whose liability is less than GYD1,000.</p> <p>Notices of Assessment may now be served either by e-services, regular post or registered post.</p>	Enacted in the Income Tax (Amendment) Act 2019
AMENDMENTS TO TAX ACT	<p>The Tax Act was amended in relating to the issue of licences to include the ten established towns of Anna Regina, Bartica, Corriverton, Georgetown, Lethem, Linden, Mabaruma, Mahdia, New Amsterdam and Rose Hall.</p> <p>The Tax Act was amended to allow practice certificates to be issued to 'tax preparers'.</p>	Enacted in the Tax (Amendment) Act 2019
DRIVERS' LICENSES	<p>The duration of a driver's license was increased from 3 years to 5 years. Consequently, the fee for a driver's license increased from GYD4,000 to GYD5,000.</p>	Enacted in the Motor Vehicles and Road Traffic (Amendment) Act 2019
RE-MIGRANTS AND RETURNING STUDENTS	<p>Exemption of customs duty, VAT and excise tax granted to re-migrants and returning students (who have completed 3 years of training overseas) on the importation of motor vehicles within 6 months of re-assuming residence and within 6 months of arrival.</p> <p>The total exemption of customs duty, VAT and excise tax shall not exceed GYD 5m.</p> <p>Removal of the requirement that the vehicle must be owned by the re-migrant for at least 6 months prior to importation into Guyana. This allows the re-migrant the option of purchasing the vehicle locally within six months of their arrival.</p>	Enacted in the Customs (Amendment) Act 2019 and the Excise Tax (Amendments) Regulations 2018

PROPOSED MEASURES	IMPLICATIONS	STATUS
DIFFERENTLY-ABLED PERSONS	<p>Exemption from Excise Duty and VAT on motor vehicles designed for use by differently-abled persons or vehicles that may be converted for their use subject to the satisfaction of the Commissioner-General.</p> <p>Exemption from VAT for smartphones and handsets with special applications and accessibility features for differently-able persons.</p> <p>The exemptions would only be granted after the authority representing differently-abled persons certifies that the person, the motor-vehicle and the handset are eligible for concessions.</p>	Enacted in the Excise Tax (Amendments) Regulations 2018 and the Value Added Tax (Amendment of Schedule II) Order 2018.
PUBLIC OFFICERS AND OTHER PUBLIC OFFICIALS	Amendment to the Excise Tax Regulations to ensure that qualifying public officers and other public officials receive the same tax concessions as the general public with respect to the importation of vehicles less than 4 years old. Consequently, these persons should pay excise tax at the rate of 0% on the importation of vehicles up to 1499 cc and 10% on the importation of vehicles up to 2000 cc.	Enacted in the Excise Tax (Amendments) Regulations 2018
MISCELLANEOUS EXEMPTIONS FROM CUSTOMS DUTY, VAT AND EXCISE TAX	<p>The following measures were implemented:</p> <ul style="list-style-type: none"> ▶ Reduction of the excise tax charged on Shandy and other beverages containing less than 1% alcohol by volume, from GYD126 per litre to GYD65 per litre. ▶ Reduction in excise tax charged on indigenous wines and other fermented beverages that are manufactured using 100% local inputs, from GYD150 per litre to GYD65 per litre. ▶ Imposition of Excise Tax of GYD2,500 per 1,000 sticks of tobacco, as well as Customs Duty of 100% and VAT at rate of 14%. ▶ Exemption of pesticides used in the agricultural sector from Customs Duty and VAT. ▶ Exemption from Customs Duty for limestone used in the agricultural sector. ▶ Exemption from VAT for aircraft engines and main components/ parts. ▶ Exemption from VAT for concrete blocks used in housing and construction. ▶ Exemption from VAT on equipment and chemicals for water treatment and production plants. ▶ Exemption from VAT on orthopedic appliances and artificial parts of the body, (specifically all items contained in the First Schedule to the Customs Act under Tariff Heading No. 90.21) and artificial teeth and others. ▶ Exemption from VAT on educational robot kits. ▶ Exemption from VAT and import duty on boats used in rural and riverain areas designed for the transport of goods and persons not exceeding 7.08 cubic metres (250 cubic feet). 	<p>Enacted in:</p> <ul style="list-style-type: none"> ▶ the Excise Tax (Amendments) Regulations 2018 ▶ the Value-Added Tax (Amendment of Schedule II) Order 2018 ▶ the Customs (Amendment of Schedules) Act 2019

Tax Services

Business Tax Services

- ▶ Business tax compliance and advisory
- ▶ Tax planning
- ▶ Tax controversy/disputes
- ▶ Tax accounting

Indirect Tax Services

- ▶ VAT compliance and advisory
- ▶ Property tax
- ▶ Insurance premium tax
- ▶ Hotel accommodation tax
- ▶ Stamp duty
- ▶ Financial services tax
- ▶ Credits and incentives

People Advisory Services

- ▶ Expatriate tax compliance and advisory
- ▶ Global employment tax services
- ▶ Global business immigration services
- ▶ Work permits
- ▶ Personal tax services

International Tax Services

- ▶ Cross-border corporate income tax advisory
- ▶ Double tax treaty analysis
- ▶ Tax-effective supply chain management
- ▶ Withholding tax

Transaction Tax Services

- ▶ Evaluation of significant tax exposures
- ▶ International tax
- ▶ Tax structuring
- ▶ Identification of post-transactional tax reduction options

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