

Vehicles four years and older  
Computers

### Items Exempted

Kerosene  
Propane (cooking gas)  
Gasoline  
Diesel

### Consumer and corporate responsibility

Consumers as well as the business community have to ensure VAT's seamless implementation and operation.

Consumers must:

- Look for registration certificates; ask business representatives whether they are registered/authorised to charge VAT.
- Request a receipt/Invoice.
- Report suspected fraud to GRA.
- Be aware of the amount of tax payable.
- Encourage supplier to register for VAT.

### The Guyana Revenue Authority

- The GRA is the agency responsible for VAT's implementation.
- It will institute measures for detection and apprehension of inaccuracies and practices, which

seek to undermine the functioning of the new taxation system.

- Public awareness material in various forms are being disseminated to reach a broad section of the population.
- GRA's TRIPS programme includes a component which facilitates staff training for businesses to equip them with skills required to efficiently effect VAT charges.

### Corporate views on VAT's implementation



**Travis Gomes**  
**ACCOUNTANT –**  
**AINLIM**

"I think VAT will have a positive impact on business and the wider society given

the amendments they made to the VAT Act. It will impact positively on consumer spending because it was not designed to impose additional costs on business. Hence it's a good move for the economy."



**Manichand Rai**  
**MANAGER –**  
**S A R A H**  
**SUPERMARKET**

"First of all I think the VAT implementation is a good thing for

this country. Some of the prices would be affected while some may not, but generally it's a good idea and it would encourage people to continue shopping at Sarah Supermarket because once we pay lower prices, we will offer lower prices to our customers."



**Representative**  
**COMPUTER CITY**

"Well as it stands VAT wouldn't really affect the technology business much because the way I understand it, computers and other IT related accessories would continue to be exempted. A lot of businesses would be trying to get off the current stock before January since the prices will be reduced but that wouldn't affect us. In terms of prices if I might dare say... technology will become more feasible."



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*Value Added Taxes*

# VAT



## What is Value Added Tax?

Value Added Tax is an improved system designed to ensure broader participation in the taxation system through extending the tax base to all involved in the purchase of goods and services.

## Why is Guyana implementing VAT?

- Private individuals and corporate citizens have endorsed VAT as “the only equitable taxation system.”
- A main deficiency to be addressed by the implementation of VAT is the removal of an isolated tax burden on the working class.
- Self-employed persons as well as those in other unregulated trades tend to evade taxes, thus increasing the burden on compliant individuals/companies.
- VAT will ensure an even spread of tax remittance, in addition to creating a level playing field for businesses.

## VAT's effects on consumer purchasing power

- The replacement of the consumption tax (average 30%) with VAT would reduce the cost of most items.



- Several other items will be completely exempted from VAT.
- Access to educational and medical goods will be increased following VAT's implementation.

## Modernisation

- VAT will enable Guyana to join its regional and international counterparts in the introduction of an upgraded taxation system.
- More than 100 countries, including six in CARICOM, have successfully integrated VAT into their taxation system.
- Instead of imposing six separate taxes on persons to whom some may not be applicable, VAT will extend an even tax distribution on everyone, irrespective of their employment
- VAT is part of Total Revenue Integration Processing System (TRIPS)

## VAT will replace:

1. **Telephone Tax**- payable on local and overseas calls.
2. **Purchase Tax**- payable on consumer goods and passed on to retailers and customers by wholesalers
3. **Service Tax**- payable for selected services such as legal fees.
4. **Entertainment Tax**- payable on events involving foreign artistes and fund raising activities
5. **Consumption Tax** – payable on most commodities (approximately 30, but can range between 10 and 128 percent).
6. **Hotel Accommodation Tax**- payable on hotel and other accommodation services.

- An additional benefit of the taxation system is to ensure that proceeds from informal factions of the economy such as the lottery, contribute towards the building of the country.

## International Competitiveness and Investment

- With VAT Guyana will become more attractive for investment. Exports too, will become more competitive.
- Local exports are adversely affected by the current tax system

which allows for duplicate domestic taxation.

- The current system does not allow for recovery of taxes paid on inputs that go into goods produced locally for export; and, as a result, these goods become less competitive since their prices include a significant amount of domestic taxes.
- Capital goods currently attract consumption taxes, which are generally not refundable.
- VAT will relieve the tax paid on capital and other taxable business expenses by allowing registered businesses to recover taxes paid.

## Zero Rated items



Basic Food Items  
Medical Services  
Educational Services and materials  
Electricity  
Utilities (except telecommunications)  
Locally produced building materials