



GST

ANGUILLA

1 July 2022

PROMOTERS OF PUBLIC ENTERTAINMENT

FARMING

FISHING

Agenda

- GST legislation is being drafted
- This legislation affects your sectors
- Share key information that could affect you
- Listen to your views as legislation is being shaped
- Answer your questions

TOPICS

REVENUE TARGET -- GST OVERVIEW -- DEFINITIONS

TAXABLE PERSON -- REGISTRATION -- SUPPLIES -- TRANSACTIONS --- PURCHASES

Q&A

RECORDS --- RETURNS – INTEREST & PENALTIES -- OBJECTIONS & APPEALS

TRANSITIONING TO GST -- 'TO-DO' LIST -- IRD SUPPORT -- NEXT STEPS

Q&A

REVENUE TARGET 2022

GoA needs to generate revenue

- \$79.4m (in 2022)
 - \$57m already projected from existing taxes being replaced by GST
 - \$22m projected from additional GST
 - Uplift from import IGT tax to tax on consumption
 - Apply GST on supplies not previously taxed

Why a new tax?

To help generate revenue, these existing five taxes....

Accommodation Tax; Environmental Levy; Communications Levy; Public Entertainment Act; Interim Goods Tax

Will be repealed and replaced by GST

GST will:

- Promote voluntary compliance
- Create more sustainable and reliable public finances
- Widen the tax base

Why GST?

- A proven 'revenue-raising' tax - exists in 160+ countries worldwide (100+ in last 10 years)
- Taxes most goods and services:
 - All goods and services covered by the repealed taxes plus
 - Goods produced locally and services supplied locally and imported
- In its basic form it is regarded as simple and easy to operate

What's different about GST?

Existing taxes

- Multiple rates from 7% to 15%

GST

- A single positive rate
- Broad based
- Zero rated for certain goods and services
- Exempt status for essential goods and services
- GST recovered on business purchases / GST paid on business sales
- Essential services such as health and education exempted
- Legal requirement to keep books and records
- Defaults (filing/ paying) trigger automatic interest and penalties

When will GST be here?

- 1 July 2022
- Registration process anticipated to be in early 2022
- Should be registered by 30 April 2022 (if making taxable supplies)
- Transitional arrangements (from repealed taxes to GST) being developed

What will GST be charged on?

GST CHARGED ON (Examples, standard rate)	GST <u>NOT</u> CHARGED ON (ZERO RATE SCHEDULE)	GST <u>NOT</u> CHARGED ON (EXEMPT SCHEDULE)
Non-essential foods Fuel Utilities Clothing Vehicles	Essential foods (e.g. flour, bread) Farming/ Fishing supplies Export of goods Export of services (Regulations to state specific items)	Health, Education services Care home services Religious services (Regulations to state specific items)
Note: Can claim GST on purchases if registered	Note: Can claim GST on purchases if registered	Note: <u>Cannot</u> claim GST on purchases if registered

WHAT DO THESE MEAN?

PROMOTER OF PUBLIC ENTERTAINMENT

FARMING

FISHING

Promoter of Public Entertainment

A Promoter is:

A person who arranges the staging of public entertainment, including licensees and proprietors of places of public entertainment and others organising public entertainment

Promoter of Public Entertainment (cont'd)

Public Entertainment is:

Any musical entertainment, sporting event, theatrical performance, comedy show, dance performance, circus show, any show connected with a festival, or any similar show to which the general public is invited

but does not include.....

Promoter of Public Entertainment (cont'd)

Public Entertainment does not include entertainment organised by—

- (a) an educational institution; or
- (b) the board of management or a parent teacher association of an educational institution; or
- (c) an approved religious organisation;
- (d) a charity
- (e) a person who provides entertainment as part of their taxable supply

FARMING and FISHING

FARMING

In the business of animal or crop farming, with associated outputs such as animal or produce sales or charges for labour (services)

FISHING

In the business of fishing, with associated outputs such as produce or charges for labour (services)

HOW DOES GST WORK?

In business – GST registered

As a buyer

You pay GST (at import or to supplier) and claim it back from Government

As a seller

You charge GST to customer and pay it to Government

In business – not GST registered

As a buyer

You pay GST (at import or to supplier) but do not claim it back

As a seller

You do not charge GST to customers

AS THE CONSUMER

Buy from GST registered seller

You pay GST to the seller and they pay it to Government

Buy from non-GST registered seller

You do not pay GST to the seller

Key terms:

1. Taxable Activity

2. Person

3. Taxable Person

4. Registration Threshold

Taxable activity

What it is:

- Activity carried continuously or regularly by a person— in Anguilla, including all the Cays forming part of Anguilla or partly in Anguilla; whether or not for profit, that involves or is intended to involve, in whole or in part, the supply of taxable goods or services to any other person for consideration.

What it is not:

- (a) Any activity carried on by a person essentially as a private recreational pursuit or hobby; or
- (b) Activity involved in making exempt supplies (e.g. education, health)

What is a 'person'?

Any one of the following:

- Natural person
- Partnership
- Company
- Trust
- State / Agency of the State (including Authority or Board)

What is a taxable person*?

Any 'person' involved in a taxable activity and registered or required to be registered for GST

Taxable persons supply taxable goods or services to any other person

*often called taxpayer

Registration Threshold (general)

If your turnover – annual value of taxable supplies (standard rate and zero rate) – reaches the registration threshold, you must register for GST

Registration Thresholds (specific sectors)

Some sectors must register for GST regardless of the value of their annual sales:

- Accommodation Providers
- Auctioneers
- Government
- **Promoter of Public Entertainment**

* Turnover, meaning taxable supplies made at the standard rate or zero rate

Registration

Mandatory

As a taxable person, you must register when, at any time:

- Your turnover within the last 12 months has reached the registration threshold

OR

- You believe your turnover in the next 12 months will reach the registration threshold

Note:

- Turnover means taxable supplies (sales) made at the standard rate or zero rate
- IRD can compulsorily register you if you should be registered and don't apply

QUESTIONS

SUPPLIES

WHEN IS GST DUE?

GST is due on a supply (sale) at the earliest of when:

- Goods delivered or service performed
- Invoice raised
- Payment received

(declared on relevant GST return)

Supplies (cont'd)

Sales Invoice*

A taxable person supplying taxable goods or services:

- Is required to issue a sales invoice for the supply, or

**Contains description, price before GST, GST amount and the GST inclusive price*

Sales Receipt**

A taxable person supplying taxable goods or services:

- May issue a sales receipt where the price paid is in money and does not exceed \$1,000

***Contains description, GST rate and GST inclusive price*

PURCHASES

PURCHASES YOU CAN RECLAIM GST ON

GST on purchase of goods and services relating to taxable activity, such as:

- Goods for resale
- Overheads
- Capital assets

Keep invoice as proof of purchase

PURCHASES YOU CANNOT RECLAIM GST ON

- Passenger vehicle (unless you hire out for business)
- Entertainment (unless acquired for the business of such entertainment)
- Membership of club, association and similar

EXAMPLES

TRANSACTIONS AND GST

FISHING

Supplies (sales)		Related purchases	
Example Supply	Charge GST?	Example purchases	Reclaim GST?
Sale of catch	No (zero rate)	Boat purchase/ build/ repairs Materials to make nets and cages	Yes
Rent out storage	Yes (standard rate)	Maintenance and repair of storage (rented out)	Yes
Sale of boat	Yes (standard rate)	Renovating, advertising	Yes

FARMING

Supplies (sales)		Related purchases	
Example Supply	Charge GST?	Example purchases	Reclaim GST?
Produce / animal	No (zero rate)	Machinery, fertilizers	Yes
Labour (self or employee)	Yes (standard rate)	Fuel, tools	Yes
Sale of tractor	Yes (standard rate)	New tractor	Yes

PUBLIC ENTERTAINMENT

Supplies (sales)		Related purchases	
Example Supply	Charge GST?	Example purchases	Reclaim GST?
Ticket sales	Yes (standard rate)	Concert arrangement: <ul style="list-style-type: none"> • Short term land hire • Stage Hire • Sound Equipment purchase 	Yes
Food and drink	Yes (standard rate)	Food and drink	Yes
Concessionaire fee (e.g. catering contracted out)	Yes (standard rate)	Administration costs such as paper for invoices	Yes

NOTE:
Public Entertainment Tax Act currently charges 10% on ticket sales (with no recovery of any taxes paid for related purchases)

Records – keep for 7 years:

- Sales and Purchase records
- Keep in original format, including digital format
- Produce in English

GST return and payment

For each month's trading activity:

- File a return on-line by 20th of following month
- Pay any amount payable at the same time

GST Return sections

Section A. Taxpayer Information

Section B. Output Tax (Supplies/ Sale of Goods and Services)

Section C. Input Tax (Imports and Purchases)

Section D. GST Liability or GST credit

Section E. Fines and Interest

Section F. Declaration

GST Return Form (DRAFT)

Section A - Taxpayer Information

TIN:		Taxpayer Name:		Trade Name:		Tax Period:
Due Date:	<u>Note:</u> Enter all amounts in Eastern Caribbean Dollars (XCD)					

Section B - OUTPUT TAX (supply/sale of goods and services)

Zero-Rated Supplies	1	0,00		
Exempt Supplies	2	20 000,00		
Taxable Supplies at Standard Rate (10%)				
Value inclusive of GST	3	120 000,00		
GST (L3 X (R/1+R))			4	10 909,09
Reverse Charge GST on imported Services			5	0,00
Adjustment for the period			6	100,00
Supplies, excluding GST				
Taxable Supplies (L1 + L3 - L4)	7	109 090,91		
Total Supplies (L2+ L7)	8	129 090,91		
TOTAL OUTPUT TAX (L4 + L5 + L6)			9	11 009,09

Section C - INPUT TAX (Imports and Purchases)

Domestic Purchases				
Value of Domestic Purchases of consumer goods and services including capital goods (exclusive of GST)	10	25 000,00		
GST paid on Domestic Purchases			11	2500,00
Imports				
Value of Imports of consumer goods and services including capital goods (exclusive of GST)	12	5 000,00		
GST paid on Imported Goods			13	500,00
Total Amount of Claimable Input GST (L11+L13)			14	3 000,00
Adjustment for the period			15	500,00
TOTAL INPUT TAX (L14+L15)			16	3 500,00

Section D - GST Liability or GST Credit

GST Payable or GST Credit (L9 - L16. Can be negative)			17	7 509,09
GST credit carried over from prior taxable period			18	0,00

GST Refund

Where purchase GST greater than sales GST:

- Refund rolled on for 3 months
- At 3 month point, start process to reclaim
- May be subject to audit before refunding
- Will be used first to pay off debt on any other IRD tax
- Must be above \$1,000 before being refunded

If you are in regular refund position, this timeline will be reduced

Interest and Penalties

A range of interest and penalties exists:

Interest:

- Unpaid tax – 1% per month or part thereof (by taxpayer)
- Unpaid refund – 1% per month or part thereof (by IRD)

Penalties:

- Range of Civil Penalties for, e.g. failure to register, to file
- Range of criminal penalties for, e.g. obstructing a tax officer, offences by tax officer

Objection and appeal

Three levels of appeal:

1. Objection – to IRD (independent of decision-maker)
2. Appeal – to Appeals Tribunal
3. Appeal – to High Court

All objections and appeals:

- Must be an appealable assessment or decision, e.g. tax assessment issued
- Must be made within 90 days of the decision that is being challenged

TRANSITIONAL ARRANGEMENTS

Being developed and will cover:

- Goods in stock at implementation date and
- Work in progress at implementation date

Taxpayer 'To Do' list

Registration

- Making taxable supplies? Should you register? Contact IRD if in doubt

Trading

- If registered, you must move from repealed taxes to GST
- Record your sales and purchases (keep invoices/ receipts)
- Remember you hold government (tax) money, so avoid using it because it will soon have to be paid over

Return and payment

- File your return by the due date and pay the money then, too
- If you can't pay immediately, you must still file your return and you must contact the IRD to discuss how to resolve the situation

IRD

- Assist IRD officers by giving access to your premises and records
- Contact IRD if in doubt on any of the above

IRD Support

The IRD will support taxpayers and their advisors, including:

- In determining if a taxpayer is registrable
- In registering a taxpayer
- In helping the taxpayer transition into GST, including:
 - Advice concerning repealed taxes
 - Advice concerning stock on hand
 - Advice concerning work in progress
- In facilitating independent consideration of objections to decisions
- And continuing, throughout a taxpayer's GST registered life-time

Any inconsistency with legislation, legislation applies

THANK YOU!

- Check out the government website for information(gov.ai)
- Send your questions to GST@gov.ai

QUESTIONS

Next Steps

- First Reading has happened – 23 March
- Public consultations continue
- Revision of GST Bill
- 2nd and 3rd Readings of the GST Bill in House of Assembly
- Bill enacted
- Draft Regulations
- Support to taxpayers and public
- Register taxpayers – start early 2022 → effective date of registration 30 April 2022
- Support to taxpayers and public - continuous

ADDED EXPLANATORY SLIDES

GST in practice

What will GST be charged on? (a reminder)

GST CHARGED ON (Examples, standard rate)	GST <u>NOT</u> CHARGED ON (ZERO RATE SCHEDULE)	GST <u>NOT</u> CHARGED ON (EXEMPT SCHEDULE)
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When activity is GST standard rate

GST CHARGED ON (Examples)	BUSINESS PRACTICE
<ul style="list-style-type: none">• Non-essential foods• Fuel• Utilities• Clothing• Vehicles	<p>PURCHASES</p> <ul style="list-style-type: none">• Pay GST (at import or to supplier) on goods for resale, overheads, assets• Declare that GST as input tax to claim on monthly return <p>SALES</p> <ul style="list-style-type: none">• Charge customers GST on supply made• Declare that GST as output tax to pay on monthly return <p>GST return</p> <p>Sales GST minus purchase GST = GST payable to or refundable from GoA</p>

When activity is GST zero rate

GST <u>NOT</u> CHARGED ON (ZERO RATE SCHEDULE)	BUSINESS PRACTICE
<ul style="list-style-type: none">• Essential foods (e.g. flour, bread)• Farming/ Fishing supplies• Export of goods• Export of services <p>(Regulations to state specific items)</p>	<p>PURCHASES</p> <ul style="list-style-type: none">• Buy goods with no GST (zero rate)• Pay GST (at import or to supplier) on other standard rate goods and services, overheads, assets related to your zero rate activity• Declare that GST as input tax to claim on monthly return <p>SALES</p> <ul style="list-style-type: none">• Sell goods or services with no GST (zero rate) <p>GST return</p> <p>No GST on sales. Purchase GST = GST refundable from GoA</p>

When activity is GST exempt

GST <u>NOT</u> CHARGED ON (EXEMPT SCHEDULE)	BUSINESS PRACTICE
<p>Examples:</p> <p>Health, Education services</p> <p>Care home services</p> <p>Religious services</p> <p>(Regulations to state specific items)</p>	<p>PURCHASES</p> <ul style="list-style-type: none">• Buy goods with no GST (exempt)• Pay GST (at import or to supplier) on other standard rate goods and services, overheads, assets related to your exempt activity• GST paid is not claimed back <p>SALES</p> <ul style="list-style-type: none">• Sell goods or services with no GST (exempt) <p>GST return</p> <p>No GST on sales and no recovery of GST paid on purchases</p> <p>Note: GST paid out is a cost to you - you will need to factor that into your sales price</p>

When activity is not GST registered

GST on purchases

BUSINESS PRACTICE

Examples:

- Goods for resale
- Overheads such as electricity
- Assets such as machinery

PURCHASES

- Pay GST at import or to supplier

SALES

- No GST charged to customer

GST return

None

Note: GST paid out is a cost to you - you will need to factor that into your sales price

