



GOODS & SERVICES TAX

Government Departments  
&  
Statutory Bodies

# Agenda

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

# Objectives

1. How does GST affect Government?
2. Revenue target
3. GST Overview
4. Are you a taxable person?
5. Transaction examples – Government
6. Should you be GST registered?

## QUESTIONS

7. Records
8. Objections and Appeals
9. GST Return / Payment / Refund
10. Transitioning / Taxpayer 'To Do' list / IRD Support
11. Questions/ Next Steps

# How does GST affect government?

- Governments pay GST on goods and services bought
- GST and VAT laws recognise that Governments and Statutory Bodies may sell goods or services that are taxable
- If a GoA department or a Statutory Body makes taxable supplies, it is a taxable person

# 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Will be repealed and replaced by GST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  - All goods and services covered by the repealed taxes plus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

# How does GST work?

GST is ultimately paid by the consumer but collected by government on the profit (the value-added) at each stage in the supply chain.



# What is charged with GST?

<b>STANDARD RATE</b> (examples) <b>GST on related purchases is recoverable</b>	<b>ZERO RATE</b> <b>SCHEDULE</b> <b>GST on related purchases is recoverable</b>	<b>EXEMPT</b> <b>SCHEDULE</b> <b>GST on related purchases not recoverable</b>
Water Electricity Training Courier (home shopping/ e'zone) Money Gram Rental, commercial premises Professional Services Stationery Over the counter medication	Export goods and services Essential Foods Farming & Fishing goods Manufacturing (all above, to be defined in reguations)	Long-term accommodation rental <i>(from 183 days)</i> Sale, second hand accommodation Education Services Health (including prescription medication) Care Home (Seniors) Day Care Finance (certain supplies) Life/ International insurance Sale, second hand home Sale, vacant land Rental, agricultural land (all above, to be defined in reguations)

# What does exempt mean?

Some activities are exempted from GST

- Primary governmental services – sensitive to tax – e.g. education services; health

GST impact:

- No GST charged on exempt supplies but no GST recovered on related purchases
- Where activities are both taxable and exempt (mixed), GST is not recovered on the exempt business part

# 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:

- State
- An agency of the State (including Authority or Board)  
*(see following slide for GST Act interpretation of State and Statutory Body)*
- Natural person
- Trust
- Company
- Partnership



# Interpretations

## *State*

- The Government of Anguilla

## *Statutory Body*

- Body corporate established under any Act (other than the Companies Act) or any board, body, commission or authority that is not incorporated—
  - (a) that is in receipt of a contribution from the public funds of the Islands; or
  - (b) the operations of which may, under the Act establishing the same or under any Act relating thereto, impose or create a liability on the public funds of the Islands

# 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
- Public Entertainment Providers
- Auctioneers
- **Government**

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

# Does GoA have to register for GST?

Yes, if it makes any taxable supplies it must register for GST

- Example taxable supplies made by government are:  
*Educational books, Rental of a premises, External training*
- Government accounting systems are capable of administering GST
- A GST registered Government does not have any advantage over commercial competitors

# When will GoA have to register?

- Making taxable supplies now? – at 30 April 2022
  - Registration process anticipated to start early 2022
  - Transitional arrangements (from repealed taxes to GST) are being developed
- 
- Makes taxable supplies in the future? – when taxable supplies begin

QUESTIONS

# GST and Government – in practice

The following slides show how GST impacts on Government supplies and purchases



**SUPPLIES**

# Supplies (cont'd)

## Place of a supply

- Where the goods are delivered or services performed

## Value of a supply

- The total price paid or payable before GST is added
- The fair market value where no monetary value is attached

## Time of a supply

The earliest of:

- Goods made available
- Services are performed
- Invoice is issued by the supplier
- Any consideration for the supply is received (i.e. payment)

# 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**

# Input Tax credit

Generally, you can recover as input tax:

- GST on the purchase of goods and services in relation to your taxable activity

# Input Tax credit (cont'd)

Specifically..

You can recover GST on:

- Stock bought for resale
- Costs incurred such as utilities
- Capital items such as a truck or machinery used in your taxable business

You cannot recover GST on:

- Purchase/ import of a passenger vehicle\* (unless acquired for the business of hiring out) or
- Purchase or importation for purpose of entertainment (unless acquired for the business of such entertainment)
- Membership of a club, association and similar

# Input Tax credit

To recover as input tax, you must:

- Hold an invoice or sales receipt or Customs GST payment document
- Claim the GST in the month the cost was incurred

For GST paid before you register for GST, you can claim:

- GST paid within 12 months of registration date, where the goods are on hand at date of registration and you hold an invoice or receipt for the purchase

GST registrant with:

- Taxable activity AND Exempt activity

Calculating input tax



PARTIAL EXEMPTION - calculation				
Purchases attributed to:	GST paid out	GST recovered	Calculation	GST recovered
Exempt business	3,000	0	-	0
Taxable business	8,000	8,000	-	8,000
Both taxable and exempt businesses (unattributable)	1,000	Per calculation	$  \begin{aligned}  &1,000 \\  &\times \\  &(\text{taxable turnover} / \\  &\text{total turnover}) \\  &(200,000 / 400,000) \\  &= \\  &50\% \\  &= 500  \end{aligned}  $	500
<b>TOTAL</b>				<b>8,500</b>

Turnover during period: total \$400,000 (Taxable: 200,000. Exempt: \$200,000)

**EXAMPLES**

**TRANSACTIONS AND GST**

## Government and Statutory Bodies (1 of 2)

Activity	Example purchases (where GST is paid)	GST recovered?	Supply	GST Liability	GST charged?
Hospital treatment	Medical equipment, services and devices; utilities, furniture	No	Fee	Exempt	No
Prescription medication	Medication	No	Sale	Exempt	No
Over the counter medication	Medication	Yes	Sale	Standard Rate	Yes
Day Care and Primary/ Tertiary education	Equipment, repairs, utilities, fuel, desks and chairs, paper, books, markers, pens	No	Fee	Exempt	No
Nursing home	Equipment, furniture	No	Fee	Exempt	No
Short term property let	Utilities,	Yes	Rent	Standard Rate	Yes

## Government and Statutory Bodies (2 of 2)

Activity	Example purchases (where GST is paid)	GST recovered?	Supply	Liability	GST charged?
Summer camp (up to 12yrs)	Fuel, Accommodation	No	Fee	Exempt	No
Summer camp (13 to 18yrs)	Fuel, Accommodation	Yes	Fee	Standard Rate	Yes
Government charges	Paper, toner, printers	No	Governmental-only charges, e.g.: Property taxes Licence fees	Outside Scope of GST	No
Postal	Paper, stamps	Yes	Letters/ Parcels	Standard Rate	Yes

# Reverse Charge

- If you receive services supplied from abroad, you may have to apply the reverse charge rule
- Reverse Charge is an internationally applied mechanism to provide neutrality in international trading
- It works on the *Destination Principle*, meaning for international supplies of services, GST is due in the country of destination – where the consumption takes place
- Services imported to Anguilla can be liable to GST in Anguilla

# Reverse Charge (cont'd)

How is this imported services GST applied in Anguilla?

- You treat the imported service as a supply to you as the recipient
- You charge (yourself) GST on the price you paid and pay to gov
- BUT, you need only do this if you purchase the service for your exempt activity (*because you cannot recover this, the GST is a gain to Gov*)
- No Reverse Charge applies if purchased for your taxable activity (*because you would recover it, there is no GST gain to Gov*)

# Records

## Records required to be kept for 7 years:

- A record of taxable supplies (goods or services) made
- A record of taxable purchases/ imports (goods or services) made
- A record of any exempt supplies made or received
- Copy sales invoices and sales receipts provide to customers
- Original purchase invoices and receipts received from suppliers
- A record of how the tax payable or refundable is calculated (per GST return)
- Bank statements
- Any other accounting records used in the business.

The above records and documents must:

1. Be kept in their original format, including digital format and also
2. Be produced in English

# GST return and payment

- For each month's trading activity, file a return on-line by 20th of the 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:	
Due Date:		<u>Note:</u> Enter all amounts in Eastern Caribbean Dollars (XCD)			
					Tax Period:

## 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		
<b>TOTAL OUTPUT TAX (L4 + L5 + L6)</b>			<b>9</b>	<b>11 009,09</b>

## 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
<b>TOTAL INPUT TAX ( L14+L15)</b>			<b>16</b>	<b>3 500,00</b>

## 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 your GST return shows amount refundable:

- Refund will not be paid immediately but rolls on for three (3) months
- After three (3) months, you can make claim for refund (subject to threshold, below)
- Threshold allowing refund to be made - \$1,000 (avoids IRD administering multiple small refund claims)

# 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

- If you make taxable supplies, you must register from the start
- Contact IRD as soon as you know or think you should register

## Trading

- Apply the transitional arrangements
- Record all sales. Keep copy invoices/ receipts
- Record all purchases. Keep original invoices/ receipts
- Remember you are holding 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](mailto: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

