



ANGUILLA

IRD

GOODS & SERVICES TAX

HOSPITALITY

HOSPITALITY SECTOR

- Hotels
- Restaurants
- Villa rentals
- Villa Managers
- Car Rentals
- Travel Agents
- Tour Operators
- Concierge Services
- Other

Agenda

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

Objectives

1. Revenue target
2. Why a new Tax / Why GST / What's different about GST ?
3. Are you a taxable person?
4. Transaction examples – Hospitality
5. Should you be GST registered?

QUESTIONS

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

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Will be repealed and replaced by GST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 net with a tax based on consumption

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 - All goods and services covered by the repealed taxes plus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?

- July 1st 2022
- Registration process anticipated to start in early 2022
- Transitional arrangements (from repealed taxes to GST) being developed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?

STANDARD RATE (examples) GST on related purchases is recoverable	ZERO RATE SCHEDULE GST on related purchases is recoverable	EXEMPT SCHEDULE GST on related purchases not recoverable
Short-term accommodation let <i>(up to 182 days)</i> Spa Services Sale, new accommodation Rental, commercial premises Restaurants Construction Vehicle rentals Telecommunications Most retail/ wholesale sales Professional services Sale, new home Sale, commercial property Insurance	Export goods and services Essential Foods Farming & Fishing goods Manufacturing (all above, to be defined in regulations)	Long-term accommodation <i>(from 183 days)</i> Sale, second hand accommodation Education Health (including prescription drugs) Care Home (Seniors) Day Care Finance (certain supplies) Life/ International insurance Sale, second hand home Sale, vacant land Let, agricultural land (all above, to be defined in regulations)

Accommodation Providers

SPECIFIC ISSUES:

- Short term let – up to 182 days - is GST standard rate
- Long term let – 183 days or more – is exempt
(this change from 90 days brings it into line with residency status)
- Sale of new property = GST standard rate
- Sale of second hand property = Exempt

Sale means full or fractional

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)
- Natural person
- Trust
- Company
- Partnership

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
- Government
- Auctioneers

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

EXAMPLE

HOTEL

EXAMPLE: SMITH'S HOTEL (Family owned Company)

Activity	GST liability	Managed by	Turnover	Taxable Person?
Villa (Long-term rental)	Exempt	Mr Smith	Exempt - not applicable	Yes Company Total taxable turnover from all businesses included
Rooms (Short-term rental)	Standard Rate	Mr Smith	Above threshold	
Conference facilities	Standard Rate	Mr Smith	Below threshold	
Restaurant	Standard Rate	Mrs Smith	Above threshold	
Boutique	Standard Rate	Ms Smith (daughter)	Below threshold	
Spa and Fitness	Standard Rate	Mr Smith (son)	Below threshold	

Taxable Person – is GST registered or should be GST registered

EXAMPLE

Restaurant and Catering

EXAMPLE: Foodies (Mr Smith, sole proprietor)

Activity	GST liability	Turnover		Taxable Person?
Sit-down Restaurant	Taxable	Below registraton threshold	Jointly, above threshold	Yes Sole Proprietor Total taxable turnover from both businesses included
Catering	Taxable	Below registraton threshold		

Taxable Person – is GST registered or should be GST registered

EXAMPLE

TRAVEL AGENT/ TOUR OPERATOR

EXAMPLE: TRAVELFIX (husband, wife and son partnership)

Activity	GST iability	Managed by	Turnover	Taxable Person
Travel Agency	Standard Rate	Mrs Smith	Below threshold	Yes Partnership Total taxable turnover for both businesses included
Island Tours	Standard Rate	Mr Smith	Above threshold	
Taxi	Standard Rate	Mr Smith (son)	Below threshold	

Taxable Person – is GST registered or should be GST registered

Are you a taxable person?

If you are a 'person' engaged in taxable activity described below, you are a taxable person:

- As an individual, with a turnover liable to register for GST
- As an individual engaged in multiple taxable activities with a turnover liable to register for GST
- Engaged with others undertaking one or more taxable activities - you should contact the IRD to help determine your 'taxable person' status

Are you a taxable person? (cont'd)

Comptroller can register two or more persons as one taxable person where:

- They are related
or
- They act in concert in making taxable supplies or taxable imports
and
- Jointly, are trading above the registration threshold

Recommendation

- Contact IRD if in doubt about your GST 'taxable person' status

(Better to get it right from the start than have to correct and backdate)

EXAMPLES

TRANSACTIONS AND GST

EXAMPLE HOSPITALITY

Business	Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Hotel	Room let for 1 month	Standard Rate	Yes	Yes
Hotel apartment or villa	Accommodation let for 1 year	Exempt	No	No
Spa	Annual Membership	Standard rate	Yes	Yes
Taxi	Pick up, contracts	Standard rate	Yes	Yes
Villa Management	Managing property in Anguilla for USA-based client	Standard Rate	Yes	Yes
Private villa owner	Rental of whole villa as accommodation for 8 months	Standard Rate	No	No
Private villa owner	Rental of whole villa as accommodation for 1 year	Exempt	No	No
Travel Agent	Service to USA-based client	Standard rate	Yes	Yes
Restaurant	Service Charge	Outside Scope	No	No

SHOULD YOU REGISTER FOR GST?

Registration

Three types of registration

1. Mandatory Registration
2. Voluntary Registration
3. Compulsory Registration

When to register

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

Turnover means taxable supplies (sales) made at the standard rate or zero rate

Last 12 months

Registration annual threshold EC\$100,000

Turnover (last 12 months)	Must Notify?:	Will be registered on:
@ end February 2022 = \$90,000	No	-
@ end March 2022 = \$95,000	No	-
@ end April 2022 = \$100,000	Yes By 15 May 2022	1 May 2022

GST Act s10(1)(a) and s11(4)(a)

Next 12 months
Registration annual threshold EC\$100,000

Turnover (Next 12 months)	Must Notify?:	Will be registered on:
@ start March 2022 = \$60,000	No	-
@ start April 2022 = \$80,000	No	-
@ start May 2022 = \$100,000 (e.g. new customer added)	Yes By 15 May 2022	1 May 2022

GST Act s10(1)(b) and s11(4)(b)

When to register (cont'd)

VOLUNTARY

If your turnover does not reach the threshold, you can still apply to the Comptroller for consideration to be registered.

- Pros:
 - Can recover GST on purchases of goods and services in relation to making a taxable supply
 - Can recover GST on eligible capital items
 - GST charged on taxable supplies can be recovered by GST registered customers
- Cons
 - Have to charge GST to all customers, not just those GST reg'd
 - Have to stay registered for two years

Voluntary Registration

Registration annual threshold EC\$100,000

Turnover (last 12 months)	Chooses to apply during:	Comptroller accepts application. Registered on:
@ end February 2022 = \$70,000	-	-
@ end March 2022 = \$50,000	-	-
@ end April 2022 = \$60,000	May 2022	1 June 2022

GST Act s10(5) and s11(4)(c)

When to register (cont'd)

Compulsory

An unregistered taxable person who does not apply to become GST registered can be registered by the Comptroller from the time they should be registered under mandatory circumstances

(GST Act s11(3))

Recommendation

- Start keeping a record of your turnover
(daily sales/ invoiced sales)
- Be alert to announcement of registration threshold
- Gauge whether you should register
- Contact IRD if unsure

(Better to get it right from the start than have to correct and backdate)

QUESTIONS

SUPPLIES

Supplies

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 or partial monetary value exists and supplied to related person or, e.g charity

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

Supplies (cont'd)

Supplies include:

- Sales made in course of business
- Goods for own consumption (where GST has been recovered)
- Sale of capital assets such as pick-up truck, computer hardware

Supplies (cont'd)

GST Sales Invoice

(Contains description, price before GST, GST amount and the GST inclusive price, customer GST number)

- Transactions between two GST registered persons

GST Sales Receipt

(Contains description, GST rate and GST inclusive price)

- Transactions from a GST registered person to a non-registered person or an exempt person or a consumer

See GST Act Schedule 3, items 1 and 2 for full descriptions of a GST invoice and a GST receipt

It should be prominently displayed on the premises that prices include GST

PURCHASES

Input Tax credit

To claim input tax credit:

- The import or purchase must have been made in relation to your taxable activity
- It must not relate to:
 - 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
- An invoice or sales receipt or Customs GST payment document must be held
- The claim must be made in the month the cost was incurred
- Pre-registration input tax: GST paid within 12 months of registration date allowed where the goods are on hand at date of registration

IMPORTS

Difference between IGT and GST

With IGT

- Pays IGT at import; no recovery
- Covers IGT cost in the retail price

With GST

- Pays GST at import and recovers it
- Charges GST within the retail price and pays to IRD

RECORD KEEPING

Advice on what sales and purchase records to keep will be provided as part of the public awareness campaign

Records

Records are 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 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 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:

- Move from Repealed taxes to GST
- Goods in stock at implementation date
- Work in progress at implementation date

Taxpayer 'To Do' list

Registration

- Keep an eye on your taxable turnover
- 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

QUESTIONS

Next Steps

- First Reading has happened – Today
- 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 – three months before implementation
- Support to taxpayers and public - continuous

END

