



ANGUILLA

IRD

GOODS & SERVICES TAX

SERVICE SECTOR

SERVICE SECTOR

- Telecommunications
- Property and Construction
- Finance and Insurance
- Legal and Accounting
- Agents/ Brokers
- Salons
- 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. GST Overview
3. Key Terms
4. Should you be GST registered?

QUESTIONS

5. Supplies/ Transaction examples
6. Purchases / Exemption
7. Records
8. Objections and Appeals
9. GST Return / Payment / Refund
10. Transitioning / Taxpayer 'To Do' list / IRD Support
11. 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Will be repealed and replaced by GST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
- Broaden 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 - All goods and services covered by the repealed taxes plus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
- Transitional arrangements (from repealed taxes to GST) being developed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 rental <i>(up to 182 days)</i> Spa Services Rental, commercial premises Professional services Vehicle rentals Construction Telecommunications Insurance Most retail/ wholesale sales Sale, new home Sale, commercial property Sale, new accommodation Restaurants	Export goods and services Essential Foods Farming & Fishing goods Manufacturing (all above, to be defined in regulations)	Long-term accommodation rental <i>(from 183 days)</i> Finance (certain supplies) Life/ International insurance Rental, agricultural land Education Services Health (including prescription medicine) Care Home (Seniors) Day Care Sale, second hand home Sale, vacant land (all above, to be defined in regulations)

What does exempt mean?

Some activities are exempted from GST, including:

- In Finance, on transactions it is difficult to attach GST to; typically these are on interest rate adjustments

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)
- 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:

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

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

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)

The following demonstrate whether a person is a taxable person, i.e. should be registered

EXAMPLE

BANK

EXAMPLE: XYZ Bank			
Taxable activity	GST liability	Turnover	Taxable Person?
Fixed or % fees charged: e.g. ATM, Wire Transfers, account fee	Taxable	Above the registration threshold	Yes
Variable: Interest Charges	Exempt	Not applicable	Taxable activity above threshold

Taxable Person – is GST registered or should be GST registered

EXAMPLE

CONSTRUCTION

EXAMPLE: XYZ Construction (Company)			
Activity	GST liability	Turnover	Taxable Person?
Builds new house for customer	Taxable	Above registration threshold	Yes Company
Extends a customer's existing property	Taxable		
Buys, renovates and sells second hand house	Exempt	Not applicable	Taxable activity above threshold

Taxable Person – is GST registered or should be GST registered

EXAMPLE

ELECTRICIAN

EXAMPLE: XYZ Professional Electrical Services (sole proprietor)

Activity	GST liability	Turnover	Taxable Person?
Professional advice provided in Anguilla to customer in St Maarten	Taxable at zero rate	Above registration threshold	Yes Sole Proprietor
Fits new generator at school	Taxable at standard rate	Below registration threshold	Taxable activity above threshold Must include <u>all</u> taxable activity

Taxable Person – is GST registered or should be GST registered

EXAMPLE

PROPERTY RENTAL

EXAMPLE: PROPERTY4YOU (Partnership)			
Activity	GST liability	Turnover	Taxable Person?
Rents out own accommodation (apartment, house) for 1yr	Exempt	Not applicable	Yes
Rents out own accommodation (apartment, house) on short-term 4 month lets	Taxable	Above threshold	Partnership Taxable activity above threshold

Taxable Person – is GST registered or should be GST registered

Taxable activity - GST on related purchases can be recovered.

Exempt activity - GST on related purchases **cannot** be recovered.

GST on purchases not able to be attributed (to taxable and exempt) - must be apportioned

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)

SHOULD YOU REGISTER FOR GST?

Registration

Three types of registration

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

Registration (cont'd)

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 June 2022 = \$90,000	No	-
@ end July 2022 = \$95,000	No	-
@ end August 2022 = \$100,000	Yes By 15 September 2022	1 September 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 July 2022 = \$60,000	No	-
@ start August 2022 = \$80,000	No	-
@ start September 2022 = \$100,000 (e.g. new customer added)	Yes By 15 September 2022	1 September 2022

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

Registration (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 June 2022 = \$70,000	-	-
@ end July 2022 = \$50,000	-	-
@ end August 2022 = \$60,000	September 2022	1 October 2022

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

Registration (cont'd)

Compulsory

An unregistered taxable person who does not apply to become GST registered can be registered by the Comptroller

(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 (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)

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

EXAMPLES

TRANSACTIONS AND GST

EXAMPLE SERVICES – TELECOMMUNICATIONS

Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Pre-paid credit	Standard Rate	Yes	Yes
Post paid (contract)	Standard Rate	Yes	Yes
Domain Name Registration	Standard Rate	Yes	Yes
Spectrum	Exempt	No	No

EXAMPLE SERVICES - CONSTRUCTION

Business	Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Builder	Constructing customer's new house	Standard Rate	Yes	Yes
Builder	Building extension to customer's house/ office	Standard Rate	Yes	Yes
Electrician	Repairing air con. at private school	Standard Rate	Yes	Yes
Plumber	Replacing water pipes at a Government hospital	Standard Rate	Yes	Yes

EXAMPLE SERVICES – PROPERTY

Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Build and sell new property	Standard Rate	Yes	Yes
Buy, renovate and sell second-hand property	Exempt	No	No
Build new property, live in it as main home (self or immediate family) for 2+ years <i>Exempt supply only when no GST on related purchases recovered</i> <i>Standard rated supply when GST on related purchases has been recovered</i>	Exempt	No	No
Rental of accommodation property, 5 month contract <i>(182 days or less)</i>	Standard Rate	Yes	Yes
Rental of accommodation property, 1 year contract <i>(183 days or more)</i>	Exempt	No	No
Rental of office, 3 year contract	Standard Rate	Yes	Yes
Rental of agricultural land (any length of time)	Exempt	No	No

EXAMPLE SERVICES – FINANCE and INSURANCE

Business	Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Bank	Fees for managing accounts or using ATM, or wire transfer	Standard Rate	Yes	Yes
Bank	Variable charge: e.g. through interest rates, foreign exchange	Exempt	No	No
Foreign Exchange	% fee for sending money abroad	Standard Rate	Yes	Yes
Insurance	Vehicle/Home insurance	Standard Rate	Yes	Yes
Insurance	Life Insurance	Exempt	No	No
Insurance	International travel insurance	Exempt	No	No

EXAMPLE SERVICES – Professional Services

Business	Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Architect	From Anguilla office, designs house in St. Maarten for Anguillian based in Anguilla	Zero Rate	No	Yes
Lawyer	Legal advice to Anguillian customer based in Anguilla	Standard Rate	Yes	Yes
Accountant	Tax advice to Canadian customer based in Anguilla	Standard Rate	Yes	Yes
Accountant (based in St. Maarten)	Tax advice to a customer based in Anguilla	Only applies if service purchased is for your exempt business	Yes	No

EXAMPLE SERVICES – AGENT and AUCTIONEER

Business	Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Customs Broker	Service provided	Standard Rate	Yes	Yes
Auctioneer	Property sale (S/Hand property) Commisssion on the sale	Exempt Standard Rate	No Yes	No Yes
Auctioneer	Property sale (new) Commisssion on the sale	Standard Rate Standard Rate	Yes Yes	Yes Yes
Auctioneer	Non-property Commisssion on the sale	Standard Rate Standard Rate	Yes Yes	Yes Yes

EXAMPLE SERVICES – OTHER

Business	Supply made	GST liability	GST due on sale?	GST recoverable on costs?
Rental Car	Rents a Car (any length of time)	Standard Rate	Yes	Yes
Lottery	Tickets	Standard Rate	Yes (Ticket sales less winnings paid out)	Yes
Church	Religious service	Exempt	No	No
Church	Gift Shop	Standard Rate	Yes	Yes
Pleasure Craft	Tourist boat/ plane around the Island	Standard Rate	Yes	Yes
Ferry	Foreign-going service	Zero Rate	No	Yes

EXAMPLE BUSINESS TRANSACTIONS

(Service only provider)

GST registered service provider (one tax period)

COSTS		Professional Fees	GST Output Tax	GST Return	
Paid out	GST Input Tax				
Import					
Computer (CIF) 5,000					
10% Customs Duty 500					
1% Customs Service Fee <u>50</u>					
5,550		Fees 10,000		(SALES) Output Tax 1,000	
10% GST <u>555</u>	555.00	+10%	1,000	(PURCHASES) Input Tax <u>625</u>	
Total paid 6,105		Total 11,000		NET PAYABLE 375	
Local purchases					
Utilities 500					
Stationery 150					
Other <u>50</u>					
700					
10% GST <u>70</u>	<u>70.00</u>				
Total paid 770					
Total costs excl GST 6,250					
GST <u>625</u>	625.00				
Total costs incl GST 6,875					

QUESTIONS

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
TOTAL				8,500

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

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 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 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:

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

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 – 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

END

