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MINUTES OF THE 95th MEETING OF THE TWELFTH ANGUILLA
EXECUTIVE COUNCIL HELD ON THURSDAY 30th JUNE 2022 AT 8.00 AM

- PRESENT: Her Excellency the Governor, Ms Dileeni Daniel-Selvaratnam
The Honourable Premier and Minister for Finance and Health,
Dr Ellis Webster
The Honourable Deputy Governor, Mr Perin Bradley
The Honourable Minister for Home Affairs, Immigration, Labour,
Human Rights, Constitutional Affairs, Information and Broadcasting,
Lands and Physical Planning, Mr Kenneth Hodge
The Honourable Minister for Infrastructure, Communications,
Utilities, Housing and Tourism, Mr Haydn Hughes
The Honourable Attorney General, Mr Dwight Horsford
Clerk to Executive Council, Mrs Angela Hughes
- IN ATTENDANCE: Hon Parliamentary Secretary for Economic Development,
Mrs Quincia Gumbs-Marie
Hon Special Ministerial Assistant to the Hon Minister for Social
Development/Education, Mr Merrick Richardson
Financial Specialist, Mr Stephen Turnbull
- ABSENT: The Honourable Minister for Social Development, Cultural Affairs,
Youth Affairs, Gender Affairs, Education and Library Services,
Ms Dee-Ann Kentish-Rogers

EX MIN 22/220

CONFIRMATION OF THE MINUTES

Hon Parliamentary Secretary for Economic Development, Hon Special Ministerial Assistant to the Hon Minister for Social Development/ Education and Financial Specialist remained.

Council confirmed the Minutes of the 94th Meeting of Executive Council held on Thursday 23rd June, 2022 and the Minutes of the Special Meeting of Executive Council held on Sunday 26th June, 2022, full and short form.

MATTERS ARISING FROM THE MINUTES

Ex Min 22/200 required a conflict check for a member of the Minimum Wage Committee. Council noted that the conflict of interest check was completed and no conflict was identified.

EX MIN 22/221

EX MEMO 22/159 PROVISIONS FOR THE MANUFACTURING SECTOR TO SUPPORT IMPLEMENTATION OF THE GST REGULATIONS 2022

Hon Parliamentary Secretary for Economic Development, Hon Special Ministerial Assistant to the Hon Minister for Social Development/ Education and Financial Specialist remained.

The Hon Premier briefed Council. The benefits of the zero-rated supply for manufacturers have been articulated as this has been approved by Executive Council via its endorsement of the Goods and Services Regulations 2022, which have been approved by the House of Assembly. The Ministry's proposals would:

- Establish clear guidelines for the administration of the concession.
- Reduce revenue loss by limiting the types of manufacturing businesses which can benefit.
- Ensure minimum requirements are established for businesses to access the concession.
- Reinforce the need for businesses accessing the concession to be committed to the employment and development of local talent.

Over the period 2000 to 2020, manufacturing has seen periods of sporadic growth and decline. For the period 2018 to 2020, annual manufacturing activity measured on average \$14.31 million representing 2.66% of total economic activity in Anguilla. The highest dollar-value of output observed was between 2007 and 2009 (before the global financial crisis) when manufacturing contributed an average of \$27.38 million and comprised 3.96% of economic activity.

Recognising the importance of the sector for entrepreneurship, innovation and small business development, the Ministry of Economic Development, Investment, Commerce, Information Technology and Natural Resources is currently finalising a policy for the promotion of the manufacturing sector. One incentive is relief from the payment of Goods and Services Tax (GST) on imported items that are to be used in the manufacture of products. This policy measure is given legislative effect in the Goods and Services Tax Regulations 2022 wherein Schedule 1 Table 3, goods used in the course of manufacture in Anguilla are zero-rated. According to the Regulations, the list of goods that will be zero-rated must be approved by the Ministry of Economic Development. Given the imminent implementation of GST on 1st July 2022, the Ministry proposes to advance this policy measure at this time.

Council:

- 1) noted that to benefit from GST credit for items purchased in Anguilla businesses will need to be GST registered. Noted that while some items may be imported at a zero-rate, this does not mean that the products are then sold without GST;
- 2) noted that the Ministry should define the details of the proposed goods in consultation with the businesses and add the details to the licence. The categories should not be expanded artificially;
- 3) noted that the proposed categories of items to be zero-rated are:

- Goods that a manufacturer imports as raw materials or intermediate goods, which to the satisfaction of the Ministry of EDCITENR, are for direct use in the manufacture of goods in Anguilla by that manufacturer.
- Goods that a manufacturer imports as consumables, which to the satisfaction of the Ministry of EDCITENR, are directly consumed or expended in the manufacture of goods in Anguilla.
- Goods that a manufacturer imports as packaging materials, which to the satisfaction of the Ministry of EDCITENR, are used to package goods manufactured in Anguilla by that manufacturer.
- Equipment and machinery (including parts thereof) imported by a manufacturer, which to the satisfaction of the Ministry of Economic Development and Commerce, are for direct use:
 - a) in the manufacture of goods in Anguilla by that manufacturer; or
 - b) for quality control testing, packaging, or climate-controlled storage of such products by that manufacturer.

This exemption does not apply to vehicles used for the distribution of the manufactured product;

- 4) discussed the definition of manufacturing and agreed that the parameters were not to be extended beyond those outlined in the table below. Agreed that the relief shall apply to all manufacturing businesses and approved the category of goods which will be zero-rated in accordance with the Goods and Services Tax Regulations, 2022 as outlined below;

Division	Group	Class	Description	Example
10	107	1071	Manufacture of bakery products	Baked goods (i.e. bread, cakes, pastries etc.)
	107	1073	Manufacture Of Cocoa, Chocolate And Sugar Confectionery	Ice cream, pops
	107	1079	Manufacture Of Other Food Products Not Elsewhere Classified	Condiments and preserves
11			Manufacture of beverages	Beverages Bottled water
13			Manufacture of textiles	Textile, leather and related products
14			Manufacture of clothing	Clothing
18	181	1811	Printing	Printed products
20	202	2023	Manufacture Of Soap And Detergents, Cleaning And Polishing Preparations, Perfumes And Toilet Preparations	Cosmetics
23	239	2395	Manufacture Of Articles Of Concrete, Cement And Plaster	Blocks, concrete
25			Manufacture of fabricated metal products except machinery and equipment	Gates, railings

30	301	3011	Building Of Ships And Floating Structures	Boats
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- 5) noted that an indicative list of proposed items to be zero-rated for each industry outlined was provided for Council. A final list was not presented given the dynamic nature of the sector. The Ministry wishes to have the flexibility to scrutinise the manufacturers' requests and make a determination as to what is to be included on or excluded from the list for each industry. In making that determination, the Ministry must have regard to whether an item is likely to be used for purposes other than manufacturing. Agreed that Council approval must be sought prior to the addition of any items to the list;
- 6) agreed the eligibility and procedural arrangements for the application of the zero-rate to manufacturing businesses, as outlined below:

For manufacturing businesses to access this concession they must:

- Have a valid business licence.
- Present a tax clearance certificate from the Department of Inland Revenue.
- Have a minimum ratio of Anguillian to non-Anguillian employees of 3:1.
- Comply with the laws of Anguilla including work permit requirements in relation to their non-Anguillian employees.

It is proposed that the manufacturing business must apply to the Ministry on an annual basis using the prescribed form and also provide the supporting documentation to demonstrate that the requirements above have been met. For renewals, it is also proposed that businesses meet the additional requirement of completion of the Annual Business Survey issued by the Anguilla Statistics Department, which is used to compile the national accounts, as this data will be

instrumental in analysing the effectiveness of the policy measure.

Once the requirements are met, the Ministry will certify its approval of the business by issuing a certificate. The certificate will also include a list of the specific items that the Ministry has approved to be zero-rated for the business for the purposes of GST. The certificate must be presented to the Customs Department to have the zero-rate applied; and

- 7) instructed the Attorney General's Chambers to submit the Regulations to Council for approval prior to execution.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, EDCITENR; HON, PREM

EX MIN 22/223

EX MEMO 22/161 APPLICATION FOR ISSUE OF LICENCE UNDER THE ALIENS LAND HOLDING REGULATION ACT – REGISTRATION SECTION WEST CENTRAL, BLOCK 28309 B, DESCRIBED AS PARCEL 44, BEING 0.79 OF AN ACRE OF LAND

Hon Parliamentary Secretary for Economic Development, Hon Special Ministerial Assistant to the Hon Minister for Social Development/ Education and Financial Specialist remained.

Council agreed to issue an Aliens Land Holding Licence to hold property situate in Registration Section West Central, Block 28309 B, described as Parcel 44, being 0.79 of an acre, located at Cul-de-Sac, Anguilla for residential purposes with two (2) dwelling houses thereon, subject to the following:

(a) payment of Stamp Duties as follows:

- | | | |
|-----|-------------------------------------------------|---------------|
| (i) | under the Stamp Act – 5%
of EC\$1,948,945.00 | EC\$97,447.25 |
|-----|-------------------------------------------------|---------------|

- (ii) under the Aliens Land Holding Regulation Act – 5% of EC\$1,948,945.00 Waived

TOTAL

EC\$97,447.25

- (b) Regulations to be issued for Exemption by the Attorney General's Chambers;
- (c) the property must be used for residential purposes;
- (d) the Licencee must not rent their dwelling house without first notifying the Ministry of Economic Development, Investment, Commerce, Information Technology & Natural Resources of their intention to rent the said property;
- (e) that the Government of Anguilla forgo taxes in the amount of **EC\$97,447.25** on the grant of the Aliens Land Holding Licence;
- (f) that the Ministry of Finance records the taxes waived in the amount of **EC\$97,447.25**;
- (g) applicant be granted a waiver from the Aliens Land Holding Licence Regulation Act fee, on the grounds that he is the step-son (not legally adopted) of the current owner of the property who has executed a Last Will & Testament naming the applicant as sole heir; and
- (h) the Licensee shall fully comply with the laws of Anguilla including the Land Development Control Act, the Property Tax Act, the Building Regulations, the Labour Relations Act 2018 and Control of Employment Act Regulations, the Social Security Act, the Immigration and Passport Regulations and any statutory modification or re-enactment thereof and any rules or regulations made there under.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, HA; DLS; HON, MIN HA

EX MIN 22/224

EX MEMO 22/162 APPLICATION FOR ISSUE OF LICENCE UNDER THE ALIENS LAND HOLDING REGULATION ACT – REGISTRATION SECTION SOUTH CENTRAL, BLOCK 38611 B, PARCEL 241 BEING 0.50 ACRES

Hon Parliamentary Secretary for Economic Development, Hon Special Ministerial Assistant to the Hon Minister for Social Development/ Education and Financial Specialist remained.

Council agreed to issue an Aliens Land Holding Licence to hold property situated in Registration Section South Central, Block 38611 B described as Parcel 241 being 0.50 acres of land located at Little Harbour with a dwelling house thereon, for Tourism purposes, subject to the following:

a) Stamp duties payable are as follows:

- | | | |
|------|-----------------------------------------------------------------------------|----------------------|
| (i) | under the Stamp Act – 5%
of EC\$1,465,069.00 | EC\$73,253.45 |
| (ii) | under the Aliens Land Holding
Regulation Act – 5%
of EC\$1,465,069.00 | <u>EC\$73,253.45</u> |

TOTAL **EC\$146,506.90**

- b) with the express condition that the land is to be used for residential purposes and that the Licencee must not rent their dwelling house without first notifying the Ministry of Economic Development, Investment, Commerce, Information Technology & Natural Resources; and
- c) the Licensee shall fully comply with the laws of Anguilla including the Land Development Control Act, the Property Tax Act, the Building Regulations, the Labour Relations Act 2018 and Work Permit Regulations, the Social Security Act, the Immigration and Passport Regulations and any statutory

modification or re-enactment thereof and any rules or regulations made there under.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, HA; DLS; HON, MIN HA

EX MIN 22/225

COVID-19 UPDATE

Hon Parliamentary Secretary for Economic Development, Hon Special Ministerial Assistant to the Hon Minister for Social Development/ Education and Financial Specialist remained.

Epidemiology

Global overview

Globally, the number of new weekly cases has continued to follow the declining trend observed, since the peak in January 2022. During the week June 13 - 19, 2022, over 3.3 million cases were reported, this is a 4% decrease compared to the previous week. The number of new weekly deaths declined by 16%, as compared to the previous week, with over 7,500 deaths reported.

As of June 19, over 536 million confirmed cases and over 6.3 million deaths have been reported globally.

The Omicron VOC remains the dominant variant circulating globally, accounting for nearly all sequences reported between May 17 and June 17.

Caribbean Region

Since the previous CARPHA report of June 13, 2022, an additional 80,591 (2.1% increase) cases were confirmed, bringing the region's total confirmed cases to 3,836,332 in 35 countries/territories (including the 26 CARPHA Member States). There were 34,215 deaths recorded in the Caribbean Region as of June 21, 2022.

Anguilla

As of June 27, Anguilla has confirmed 3,456 cases of COVID-19 of which 3,426 persons have recovered and 9 have died. There are currently 21 active cases. Currently, there are three adult females admitted to the Isolation Unit – all three are fully vaccinated and have co-morbidities.

Vaccination Deployment Update

As of June 24, 2022, a total of 10,817 first doses, 10,194 second doses and 2,885 first booster doses have been administered. In an estimated population of 15,500 total persons, this would represent 70% of the total population having received the first dose, 66% of the total population having received two doses and 19% having received a first booster dose. In addition, 80% of the total eligible population (13,560) have received one dose, 75% have received two doses and 25% have received a first booster. The breakdown by age of persons having received a first dose, is as follows:

- 356 persons age 5 - 11
- 574 persons age 12 - 17
- 2993 persons age 18 - 34
- 2911 persons age 35 - 49
- 2581 persons age 50 - 64
- 1405 persons age 65+

The occupational breakdown of first doses, is as follows:

- 355 Healthcare workers
- 548 Civil and Border Protection
- 1848 Hospitality
- 1094 Retired
- 7131 Other

Distribution (Pfizer)

As of June 24, 5,229 total doses of Pfizer have been administered including 1,241 first doses, 931 second doses, 2,885 first booster doses and 172 second booster doses. This includes 574 first doses for 12 - 17 year olds; approximately 48% of the estimated 12 – 17 year old population and 383 (31%) second doses. This includes 356

(23%) first doses and 293 (19%) second doses for children aged 5 - 11 years old.

COVID -19 Exit Strategy

The Ministry has been asked to consider recommendations concerning dates for the relaxation of current COVID-19 entry measures. In the context of the continued health threat from COVID-19, the Ministry proposes the dates below provided that a continued stable international and local epidemiological situation is maintained:

Date	Measure(s)
July 15 th 2022	Discontinuation of entry quarantine measures for unvaccinated residents.
	All persons (including unvaccinated) permitted to travel for no more than one night to neighbouring islands. Unvaccinated persons must do a Day 4 test upon return for a 2 month period.
August 8 th 2022	Discontinuation of pre-arrival testing for vaccinated persons.
	Unvaccinated visitors permitted to enter Anguilla with a negative pre-arrival test. No quarantine or further testing required.

Council:

- 1) thanked the health team for their continued hard work;
- 2) noted the brief on the multi-country monkey pox outbreak in non-endemic countries and that the Ministry of Health will continue to monitor and advise on the developments; and
- 3) approved the following:
 - a) from July 15, there shall be no quarantine requirement for unvaccinated returning residents;
 - b) from July 15, all persons (including unvaccinated) are permitted to travel for no more than one night to neighbouring islands:
 - i. all persons must comply with the entry requirements for the destination that they are travelling to;

- ii. for all persons (vaccinated and unvaccinated) there will be no testing upon re-entry to Anguilla;
 - iii. unvaccinated persons must do a Day 4 test upon return, up until September 15. Vaccinated persons may be required to do a Day 4 test;
 - iv. for persons travelling to neighbouring islands for **more than one night** the existing protocol applies, and a pre-arrival test is required (for all persons vaccinated and unvaccinated) to enter Anguilla until August 7;
- c) from August 8, there shall be no pre-arrival testing for vaccinated persons. Unvaccinated persons shall be required to complete a pre-arrival test for entry into Anguilla; and
- d) from August 8, unvaccinated visitors are permitted to enter Anguilla with a negative pre-arrival test. There shall be no quarantine or further testing.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, HLTH; PS, FIN; PS, EDCITENR; BD; ACC, GEN;
HON, DG; HON, AG; MINS OF GOV'T

EX MIN 22/226

EX MEMO 22/163 REMOVAL OF GST ON SPECIFIED GOODS AND SERVICES

Hon Parliamentary Secretary for Economic Development, Hon Special Ministerial Assistant to the Hon Minister for Social Development/ Education and Financial Specialist remained.

The Hon Premier briefed Council.

Money Services Business

As a revenue generating measure, under the Money Transmissions Levy Act, since January 2022 a 2% Levy is charged on the gross amount of money being transmitted in these money transmission

services by Class A Licensees of the Money Services Business Act. In particular, this Levy is applied on Money Transmissions being transmitted outside of Anguilla. The revenue estimate for this Levy is EC\$800K. With the implementation of GST, the service fee for Money Services Business would attract GST. Therefore, for a money transmission there will be two taxes applied, a percentage of the sum of money being transferred, as well as a percentage on the service fee charged for such sum transferred. It is proposed to exempt Money Service Business from GST, to avoid one transaction being taxed twice and to lower the risks associated with persons seeking to evade tax on money transfers. The proposed revenue loss would be lower than the Levy at approximately EC\$153K.

Bikes and Bike Parts

To promote healthy living practices, it is proposed to remove GST on imports of bikes and bike parts. The revenue loss related to this measure would not be significant.

This is parallel to the customs duty treatment.

Financial Services

Ex Min 22/211 instructed that “the Inland Revenue Department shall review the position as it relates to levying GST on money services transaction fees, when fees are proportionate to the value of the transaction”.

The Ministry and IRD conducted such a review and consideration was given as to how the tax structure may be altered. The banks were unable to supply a breakdown of fees and hence the analysis was limited to aggregate annual taxable turnover. The review considered the fiscal impact of the proposed GST exemption for financial services.

Financial institutions are exempt from the value-added tax (VAT) in most countries on most financial services. This applies in particular to credit intermediation, i.e. the process where financial institutions accept funding such as deposits and lend these funds at higher rates, earning an interest margin. There are some difficulties in measuring the value of consideration for the financial services rendered by

banks. Ordinarily, the consideration for financial services is either an Explicit Fee Transactions or a Margin Transaction.

Conditional Exemptions

The 1991 List of Conditional Duty Exemptions, under the Integrated Customs Tariff Regulations, contains the goods that may be exempted from duty when such goods are imported by persons, enterprises or organizations in the circumstances, or for the purposes specified in the List.

These exemptions generally are in respect of the import of goods in connection with educational, health, governmental, social and cultural purposes. The current list was provided. Primarily, organisations and persons benefiting from these exemptions are governmental bodies, diplomatic and similar organisations and religious and charitable organisations.

The current practice is to offer full exemptions on import duty and tax to comply with various agreements and to support charitable causes.

The proposal to exempt such goods from GST is consistent with current practice and not anticipated to produce significant revenue losses due to the current limited scope of exemptions.

Council:

- 1) noted that the recommendations address certain concerns, about the application of the tax;
- 2) noted the potential GST Revenue annual loss of EC\$2,293,742, which equates to approximately EC\$1.1 million for 2022. Noted that the financial implications of approving the proposal need to be fully considered because of the risk of revenue targets not being realised and it is possible that the proposed changes could impact the achievement of financial targets meaning additional compensating revenue measures might be required at a future point;

3) approved the exemption of Goods and Services tax, effective July 1, 2022 on:

- a) Bikes and Bike Parts on import
- b) Financial Services
- c) Money Services Business
- d) Conditional Exemptions

4) instructed the Attorney General's Chambers to prepare the committee stage amendments to the Goods and Services (Amendment) Act.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PAS, FIN; COC; CIR; HON, AG; HON, PREM
