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## **PRESS RELEASE**

### **Public Consultation: Comments are invited on the following Draft Bills relating to the implementation of the Goods Component of the Goods and Services Tax**

The Valley, Anguilla – The Ministry of Finance, Economic Development, Investment, Commerce, and Tourism is pleased to invite members of the public and in particular business industry associations, practitioners and any other interested parties to submit comments on the following Draft Bills:

- The Customs Service Fee Bill 2019
- The Interim Goods Tax Bill 2019
- The Excise Tax Bill 2019

The aim of the consultation is to provide members of the public the opportunity to provide comments on the proposed Bills.

The Government of Anguilla as part of its Medium Term Economic and Fiscal Plan, which is a requirement of the Fiscal Responsibility Act / Framework for Fiscal Sustainability and Development, has committed to implementing Goods and Services Tax (GST) in three phases starting with the Goods Component in 2019, Stage 1 of the Services Component in 2021 and Stage 2 of the Services Component in 2023. The overall objective of GST is to provide a broad based tax which will improve fiscal sustainability and ensure that the Government of Anguilla can meet its obligations.

The Goods Component will entail introducing a new International Trade Tax Structure incorporating the following:

- (i) A reduction of the number of Import Duty (ID) rates from 8 to 4;
- (ii) A reduction of the effective weighted average import duty tariff rate from 12.9% to 8%;

- (iii) creation of a Customs Service Fee (CSF) at a rate of 1%;
- (iv) creation of a modern Excise Tax Regime incorporating selected items, and;
- (v) the transformation of the customs surcharge into the Interim Goods Tax (IGT).

In undertaking the restructuring of the International Trade Tax Structure the objective of the exercise is to maintain revenue neutrality as per Executive Council mandate – that is, the reduced revenue from the import duty tariff rate reduction will be compensated by an increase in the Customs Surcharge and the imposition of the CSF and the Excise Tax Regime. Again, to reiterate the incidence of taxation will be the same as before the introduction of the new International Trade Tax Structure. When the services component of GST is fully rolled out the IGT will be repealed.

The benefits of the new International Trade Tax Structure will include, among others:

- increased efficiencies as a result of having 4 as compared to 8 import duty rates;
- a more rational structure for taxing international trade;
- encourage domestic manufacturing;
- the introduction of a modern version of the Harmonized System (HS) of trade;
- improved compliance with international trade agreements and conventions;

Comments on the draft Bills can be emailed to the Ministry of Finance at email: [GST@gov.ai](mailto:GST@gov.ai) or submitted in writing to the Ministry of Finance.