

## A GUIDE TO GUYANA'S EXCISE TAX LEGISLATION

*As part of the Government's plans to modernise and streamline Guyana's taxation system, Value Added Tax (VAT) will be introduced in Guyana from 1st January 2007. It will replace six existing taxes, including Consumption Tax.*

*However, VAT on its own will not raise the amount of revenue previously collected through the taxes it replaces. In order to make up the shortfall, therefore, an Excise Tax will also applied to a limited number of goods from January 1st, 2007.*

*This leaflet is one of a series produced by the Guyana Revenue Authority that deals with various aspects of VAT and Excise Tax. It provides a summary of the provisions of the Excise Act and Excise Regulations and guidance for those wishing to examine the Act and the Regulations in more detail.*

*As such, it is not legally binding. Whilst care has been taken in preparing this leaflet, readers are advised to consult the Guyana Excise Tax Act # 11, 2005 and the Excise Regulations for authoritative text. In cases of conflicting interpretation, the legislation takes precedence.*

### **The Guyana Excise Tax Act**

The Guyana Excise Tax Act # 11, 2005 provides for the imposition of an Excise Tax from 1st January 2007. It comprises fifteen sections, as follows: -

**Section 1 (Short title and commencement)** cites the Act as the Excise Tax Act 2005 and enables it to come into force on a date ordered by the Minister of Finance (1st January, 2007).

**Section 2 (Interpretation)** describes the terms used in the Act.

**Section 3 (Imposition and payment of tax)** states that Excise Tax will be paid on. -

- (a) taxable goods imported and not warehoused;
- (b) taxable goods imported and warehoused and removed from the warehouse; and
- (c) taxable goods manufactured in Guyana and removed from the warehouse;
- (d) taxable goods manufactured and sold in Guyana;

at the rates specified by Regulations made by the Minister, provided that no Excise Tax shall be paid on exported goods.

Under this section, a manufacturer of taxable goods who cannot account to the Commissioner General of the Guyana Revenue Authority for any quantity of goods

manufactured or warehoused by him is deemed to have removed those goods for consumption in Guyana during the month in which the deficiency arose.

**Section 4 (Value and quantity)** states that the 'chargeable value' of goods (i.e. their value for the purposes of taxation), shall be calculated on an amount equal to.

(a) (in the case of imported goods) the value of the goods as it would be determined under the Customs Act for the purpose of ad valorem duty of customs on the goods, whether ad valorem duty of customs is payable or not; and the amount of any taxes, duties, fees, or other charges (other than Value Added Tax and the Excise Tax itself), that are payable upon entry of the goods into Guyana; and

(b) (in the case of goods manufactured in Guyana) after deducting any amount of Value Added Tax.

Where the tax is payable on goods by volume or weight, and the goods are for sale in a container, the quantity identified by any mark or label on the container will be deemed to be the minimum quantity in the container.

**Section 5 (Payment of tax by manufacturer)** states that, in relation to goods manufactured in Guyana and sold in Guyana, or manufactured in Guyana and removed from a warehouse, payment of tax must be no later than 15 days after the end of the month in which they were sold or removed. In cases where goods are imported and not warehoused, or imported, warehoused and removed from the warehouse, payment shall be made on importation or removal from the warehouse.

This section also establishes the conditions for removing goods from a warehouse and the penalty for defaulting payment.

**Section 6 (Payment of tax by an importer)** states that where tax is imposed on the importation of goods, the importer is required to pay the amount due before the goods are cleared for use in Guyana.

**Section 7 (Excise Tax returns)** requires every registered manufacturer to file an accurate Excise Tax return each month in a prescribed form and with prescribed information, regardless of whether any tax is due. A person who ceases being a registered manufacturer is also required to file, not later than 15 days after the date of cessation.

**Section 8 (Temporary importation)** enables the Commissioner General to grant permission for the temporary importation of goods, subject to certain conditions.

**Section 9 (Relief for raw materials)** states that where the Commissioner General is satisfied that taxable goods, whether imported into Guyana, or manufactured in Guyana, are intended to be used by the registered manufacturer as raw materials for the manufacture of other taxable goods, he may require the deposit of a security instead of payment of the tax in full. When the Commissioner General is satisfied that the goods

have been so used, the tax payable on the raw materials shall be remitted and applied against any tax that becomes payable on the sale of other taxable goods.

**Section 10 (Refunds)** requires the Commissioner General to repay, within 90 days of an application, an amount paid on account that exceeds the actual tax that was due, provided that the application is made within three years.

**Section 11 (Relief under Customs Act)** enables Part V of the Customs Act to apply in respect of goods produced in Guyana for export and Section 18 of the Act to apply with respect to the re-importation of taxable goods.

**Section 12 (Goods diverted from exempt use)** states that, where a person, who is exempt under Section 8 in relation to the importation of a motor vehicle, is in breach of any condition, the exemption will cease to apply and the tax will become payable from the date of the breach.

**Section 13 (Registration)** requires any person who carries on the business of importing or manufacturing taxable goods for consumption in Guyana, to be registered under this Act.

**Section 14 (Administration and enforcement)** requires the Commissioner General of the Guyana Revenue Authority to administer the Act. It also states that where tax is imposed by the Act on the importation of goods, the Customs Act and any other enactment relating to the importation of goods shall apply as if the tax were a duty. Where tax is imposed on goods manufactured in Guyana, provisions of the Value Added Tax Act shall apply, as if the tax were Value Added Tax.

**Section 15 (Subsidiary legislation)** enables the Minister to make subsidiary legislation.

### **The Excise Tax Regulations**

The Excise Tax Regulations contain three sections and one Schedule.

**Section 1 (Short title and commencement)** cites the Regulations as “The Excise Tax Regulations 2005” and enables them to come into force.

**Section 2 (Taxable goods)** states that goods within the definition of 'taxable goods' are subject to an excise tax at the rates specified in the Schedule to the Regulations.

**Section 3 (Refunds)** states that a claim for a refund of tax must be submitted within three years of the date of overpayment and must include details of the claimant, the registration number of the person and details of the overpayment.

### **Schedule of taxable goods**

The Schedule imposes the following rates of tax:

**Alcoholic beverages** - a rate of 40 per cent on all alcoholic beverages.

**Tobacco products** - a rate of 100 per cent on all tobacco products.

**Petroleum products** - a rate of 50 per cent on motor spirit (gasoline) and on diesel oil and gas oil.

**Motor vehicles** - various rates according to age, engine capacity, type and usage. In addition, while some amounts of tax are calculated according to value, others are at flat rates.

*Note: The rates for motor vehicles have been set at such a level to ensure there is no overall increase in the level of tax applied before the introduction of Value Added Tax and Excise Tax. For details please see the Excise Tax Regulations, which may be viewed on the Guyana Revenue Authority's website, or contact the Guyana Revenue Authority's Help Desk - see below.*

### **How can I find out more information?**

Copies of the Excise Tax Act and Excise Tax Regulations may be obtained from The Parliament Office, Brickdam, Stabroek, Georgetown, or viewed on the Guyana Revenue Authority website [www.revenuegy.org](http://www.revenuegy.org)

The Guyana Revenue Authority has also published a series of information leaflets to assist the business community and the general public. These include. -

- An introduction to Guyana's Excise Tax
- An introduction to Guyana's VAT
- A beginner's guide to VAT for businesses
- VAT and Excise Tax Registration
- Value Added Tax, Excise Tax and Exports
- The Taxpayer Identification Number

They can be obtained from The VAT and Excise Department, Guyana Revenue Authority, 210E Albert and Charlotte Streets, Bourda, Georgetown, or they can be viewed and downloaded from our website [www.revenuegy.org](http://www.revenuegy.org)

The GRA welcomes direct approaches from the business community and the general public. We have therefore established a VAT/Excise Help Desk to provide an information service for everyone. It is available from 8.00 am to 5.00 pm Monday to Friday.

You can contact our Help Desk officers by letter, e-mail, telephone, or by visiting the VAT and Excise Department Headquarters at the above address in Georgetown. They will be pleased to answer any general questions you may have about any aspect of VAT, or arrange for an official response to be provided on a specific issue. They will also be able to arrange for an individual appointment, during office hours, if necessary, to give you the opportunity to discuss your particular business query with a specialist tax official.

**The dedicated Help Desk telephone number is 227 7929**

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