

**GOODS & SERVICES TAX**

**RETAIL & WHOLESALE**

# 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. Should you be GST registered?

## QUESTIONS

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

# 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?

The 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Will be repealed and replaced by GST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 old 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

- Broad based
- A single positive rate
- Zero rated for exports
- GST recovered on business purchases / GST paid on business sales
- Exemptions for essential services such as in health and education
- Legal requirement to keep books and records
- Defaults (filing/ paying) trigger automatic interest and penalties

# When will GST be here?

- 2022
- Registration process anticipated to start three months before implementation
- Transitional arrangements (from repealed taxes to GST) being developed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.



# 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

Annual value of taxable supplies (standard rate and zero rate) that qualifies a person to be registered for GST

# 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

**EXAMPLE**

SOLE PROPRIETOR



**EXAMPLE: Mr Smith, a sole trader**

Taxable activity	Turnover		Taxable Person
Hardware store	Below registration threshold	Joint turnover is above registration threshold	<p><b>Sole Proprietor</b></p> <p>One taxable person with two taxable activities</p>
Electrician services	Below registration threshold		

*Taxable Person – is GST registered or should be GST registered*

EXAMPLE

PARTNERSHIP

EXAMPLE: Mr and Mrs Jones, a partnership

Taxable activity	Run by	Turnover	Taxable Person
Hardware store	Mrs Jones	Above registration threshold	Partnership  One taxable person with two taxable activities
Boutique	Mr Jones	Below registration threshold	

*Taxable Person – is GST registered or should be GST registered*

**EXAMPLE**

INCORPORATED COMPANY

**EXAMPLE: XYZ Incorporated Company (a family run company)**

Taxable activity	Managed by	Turnover	Taxable Person
Superstore (East)	Mother and daughter #1	Above registration threshold	<b>Incorporated Company</b>  One taxable person with four taxable activities
Boutique	Daughter #2	Below registration threshold	
Vehicle Sales (East)	Father + son #1	Above registration threshold	
Car Hire (West)	Son #2	Below registration threshold	

*Taxable Person – is GST registered or should be GST registered*

# Are you a taxable person? (cont'd)

Comptroller can register as one taxable person, two or more persons 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

### Example 1: 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

### Example 2: 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)

# 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

### Example 3: 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)

# 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

## 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 a forklift or van

# 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 at the premises that prices include GST*

**PURCHASES**

# Input Tax credit

To claim input tax credit:

- The 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

<b>TIN:</b>				
<b>Taxpayer Name:</b>				
<b>Trade Name:</b>				
<b>Tax Period:</b>				
<b>Due Date:</b>				
<b>Note: Enter all amounts in Eastern Caribbean Dollars (XCD)</b>				

### Section B - OUTPUT TAX (supply/sale of goods and services)

Zero-Rated Supplies	1	0.00		
Exempt Supplies	2	20,000.00		
<b>Taxable Supplies at Standard Rate (10%)</b>				
Value inclusive of GST	3	120,000.00		
GST (L3 X (R/1+R))			4	10,909.09
<b>Reverse Charge GST on imported Services</b>				
Adjustment for the period			5	0.00
Supplies, excluding GST			6	0.00
Taxable Supplies (L1 + L3 - L4)	7	109,090.91		
Total Supplies (L2+ L7)	8	129,090.91		
<b>TOTAL OUTPUT TAX (L4 + L5 + L6)</b>			<b>9</b>	<b>10,909.09</b>

### Section C - INPUT TAX (Imports and Purchases)

<b>Domestic Purchases</b>				
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
<b>Imports</b>				
Value of Imports of consumer goods and services including capital goods (exclusive of GST paid on Imported Goods)	12	5,000.00		
			13	500.00
<b>Total Amount of Claimable Input GST (L11+L13)</b>			<b>14</b>	<b>3,000.00</b>
<b>Adjustment for the period</b>			<b>15</b>	<b>0.00</b>
<b>TOTAL INPUT TAX ( L14+L15)</b>			<b>16</b>	<b>3,000.00</b>

### Section D - GST Liability or GST Credit

<b>GST Payable or GST Credit (L9 - L16. Can be negative)</b>			<b>17</b>	7,909.09
<b>GST credit carried over from prior taxable period</b>			<b>18</b>	0.00
<b>Net GST Payable or GST Credit (L17- L18)</b>			<b>19</b>	7,909.09

### Section E - Fines and Interest

Note that if you are filing past the due date without prior authorization, a late-filing penalty will be applied in addition to any amounts payable indicated above.

Additionally, any amount that remains owing past the due date will result in both a late-payment penalty and interest being applied as well.

Following filing, you will receive a Notice of Assessment indicating the total amount of tax, fines and interest that is due, if applicable, as of the moment of processing your return. In order to avoid accruing further interest, taxpayers **must** settle any amounts owing without delay.

### Section F - DECLARATION

I \_\_\_\_\_, hereby certify that the information submitted is true, accurate and completed.

Signature	Title	Date
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# 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:

- Goods in stock at implementation date and
- 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](mailto:GST@gov.ai)

# QUESTIONS

# Next Steps

- Public consultation
- Revision of GST Bill and drafting of Regulations
- Readings of the GST Bill in House of Assembly
- Bill enacted
- Support to taxpayers and public
- Register taxpayers – three months before implementation
- Support to taxpayers and public - continuous

END