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Will be repealed and replaced by GST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- Transitional arrangements (from repealed taxes to GST) being developed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
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 PROPIETOR
### EXAMPLE: Mr Smith, a sole trader

<table>
<thead>
<tr>
<th>Taxable activity</th>
<th>Turnover</th>
<th>Taxable Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware store</td>
<td>Below registration threshold</td>
<td>Joint turnover is above registration threshold</td>
</tr>
<tr>
<td>Electrician services</td>
<td>Below registration threshold</td>
<td><strong>Sole Proprietor</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>One taxable person with two taxable activities</td>
</tr>
</tbody>
</table>

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

PARTNERSHIP
**EXAMPLE: Mr and Mrs Jones, a partnership**

<table>
<thead>
<tr>
<th>Taxable activity</th>
<th>Run by</th>
<th>Turnover</th>
<th>Taxable Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware store</td>
<td>Mrs Jones</td>
<td>Above registration threshold</td>
<td><strong>Partnership</strong></td>
</tr>
<tr>
<td>Boutique</td>
<td>Mr Jones</td>
<td>Below registration threshold</td>
<td>One taxable person with two taxable activities</td>
</tr>
</tbody>
</table>

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

INCORPORATED COMPANY
<table>
<thead>
<tr>
<th>Taxable activity</th>
<th>Managed by</th>
<th>Turnover</th>
<th>Taxable Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superstore (East)</td>
<td>Mother and daughter #1</td>
<td>Above registration threshold</td>
<td>Incorporated Company</td>
</tr>
<tr>
<td>Boutique</td>
<td>Daughter #2</td>
<td>Below registration threshold</td>
<td>One taxable person with four taxable activities</td>
</tr>
<tr>
<td>Vehicle Sales (East)</td>
<td>Father + son #1</td>
<td>Above registration threshold</td>
<td></td>
</tr>
<tr>
<td>Car Hire (West)</td>
<td>Son #2</td>
<td>Below registration threshold</td>
<td></td>
</tr>
</tbody>
</table>
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
As a taxable person, you must register when, at any time:

- Your turnover within the last 12 months has reached the registration threshold
- 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
<table>
<thead>
<tr>
<th>Turnover (last 12 months)</th>
<th>Must Notify?:</th>
<th>Will be registered on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>@ end February 2022 = $90,000</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>@ end March 2022 = $95,000</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>@ end April 2022 = $100,000</td>
<td>Yes</td>
<td>1 May 2022</td>
</tr>
<tr>
<td></td>
<td>By 15 May 2022</td>
<td></td>
</tr>
</tbody>
</table>

GST Act s10(1)(a) and s11(4)(a)
<table>
<thead>
<tr>
<th>Turnover (Next 12 months)</th>
<th>Must Notify?:</th>
<th>Will be registered on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>@ start March 2022 = $60,000</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>@ start April 2022 = $80,000</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>@ start May 2022 = $100,000 (e.g. new customer added)</td>
<td>Yes By 15 May 2022</td>
<td>1 May 2022</td>
</tr>
</tbody>
</table>

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
<table>
<thead>
<tr>
<th>Turnover (last 12 months)</th>
<th>Chooses to apply during:</th>
<th>Comptroller accepts application. Registered on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>@ end February 2022 = $70,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>@ end March 2022 = $50,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>@ end April 2022 = $60,000</td>
<td>May 2022</td>
<td>1 June 2022</td>
</tr>
</tbody>
</table>

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 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
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 provided 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
## Section A - Taxpayer Information

<table>
<thead>
<tr>
<th>TIN:</th>
<th>Taxpayer Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Name:</td>
<td></td>
</tr>
<tr>
<td>Tax Period:</td>
<td></td>
</tr>
<tr>
<td>Due Date:</td>
<td></td>
</tr>
</tbody>
</table>

Note: Enter all amounts in Eastern Caribbean Dollars (XCD)

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>20,000.00</td>
</tr>
<tr>
<td>3</td>
<td>120,000.00</td>
</tr>
<tr>
<td>4</td>
<td>10,909.09</td>
</tr>
<tr>
<td>5</td>
<td>0.00</td>
</tr>
<tr>
<td>6</td>
<td>0.00</td>
</tr>
<tr>
<td>7</td>
<td>109,090.91</td>
</tr>
<tr>
<td>8</td>
<td>129,090.91</td>
</tr>
<tr>
<td>9</td>
<td>10,909.09</td>
</tr>
</tbody>
</table>

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Purchases</td>
<td>Value of Domestic Purchases or consumer goods and services including capital goods (exclusive of GST)</td>
</tr>
<tr>
<td></td>
<td>25,000.00</td>
</tr>
<tr>
<td>GST paid on Domestic Purchases</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td>Value of imports of consumer goods and services including capital goods (exclusive of GST)</td>
</tr>
<tr>
<td></td>
<td>5,000.00</td>
</tr>
<tr>
<td>GST paid on Imported Goods</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Total Amount of Claimable Input GST (L14+L13)</td>
<td>15</td>
</tr>
<tr>
<td>Adjustment for the period</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL INPUT TAX (L14+L15)</td>
<td>16</td>
</tr>
</tbody>
</table>

## Section D - GST Liability or GST Credit

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GST Payable or GST Credit (L9 - L16. Can be negative)</td>
<td>17</td>
</tr>
<tr>
<td>7,909.09</td>
<td></td>
</tr>
<tr>
<td>GST credit carried over from prior taxable period</td>
<td>18</td>
</tr>
<tr>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Net GST Payable or GST Credit (L17- L18)</td>
<td>19</td>
</tr>
<tr>
<td>7,909.09</td>
<td></td>
</tr>
</tbody>
</table>

## 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

[Signature] hereby certify that the information submitted is true, accurate and completed.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
</table>
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
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