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BUSINESS ADDRESS

GUYANA REVENUE AUTHORITY SECRETARIAT

Commissioner-General
357 Lamaha & East Streets, Georgetown,
Guyana, South America
Tel: 227-8814 Fax: 227-8347

Deputy Commissioner-General
357 Lamaha & East Streets, Georgetown,
Guyana, South America
Tel: 227-8787

INTERNAL REVENUE

Commissioner
Internal Revenue
GPO Building
Robb Street, Georgetown,
Guyana, South America.
Telephone # 225-7282 Fax # 225-5588

CUSTOMS & TRADE ADMINISTRATION

Commissioner,
Customs & Trade Administration,
34 Main Street,
Georgetown, Guyana,
South America.
Telephone # 225-9102 Fax # 226-2128

LICENCE REVENUE OFFICE

Smyth & Princess Streets,
Georgetown, Guyana,
South America.
Telephone # 225-6143 or 223-5501

Customs & Trade Administration Branch Offices

Linden
Linmine Compound, Linden,
Guyana, South America.
Telephone # 444-2513

Internal Revenue Branch Offices

New Amsterdam
Vryman's Erven, New Amsterdam,
Berbice, Guyana,
South America.
Telephone # 333-4898 or 4899

New Amsterdam
5 Stand, New Amsterdam,
Berbice, Guyana,
South America.
Telephone # 333-2513

Linden

Republic Avenue,
Linden,
Guyana,
South America.
Telephone # 444-6341 or 4163

Corriverton Office
Berbice Anti Smuggling Squad
78 Village, Corriverton, Berbice,
Guyana, South America.
Telephone # 339-2727

Corriverton

8 Calcrin Skeldon,
Corriverton, Berbice,
Guyana,
South America.
Telephone # 339-2659 or 2654

Lethem
Takutu Guest House,
Lethem, Guyana,
South America.
Telephone # 772-2033

Anna Regina - Tax/Customs Office
Anna Regina Office Complex,
Essequibo Coast,
Guyana,
South America.
Telephone # 771-4593 or 4176



BUSINESS ADDRESS

SERVICE DIVISIONS

HUMAN & FINANCIAL RESOURCES

19 Middle Street,
Georgetown, Guyana,
South America.
Telephone # 227-8222

PLANNING, COMMUNICATION & OPERATIONAL PROCEDURES

Customs House
34 Main Street,
Georgetown, Guyana,
South America.
Telephone # 223-9323

INFORMATION TECHNOLOGY

G.P.O. Building,
Robb Street,
Georgetown, Guyana,
South America.
Telephone # 225-5586

LEGAL SERVICES

357 Lamaha & East Streets,
Georgetown, Guyana,
South America
Telephone # 226-1256.

ENFORCEMENT, INTELLIGENCE & QUALITY REVIEW

Customs House
34 Main Street
Georgetown, Guyana,
South America.
Telephone # 225-6931

AUDIT & VERIFICATION

GPO Building
Robb Street,
Georgetown, Guyana,
South America.
Telephone # 226-8411

INTERNAL AUDIT

19 Middle Street
Georgetown, Guyana,
South America.
Telephone # 227-8313

INTERNAL AFFAIRS

357 Lamaha & East Streets
Georgetown, Guyana,
South America.
Telephone # 231-4707

REMISSION UNIT

357 Lamaha & East Streets
Georgetown, Guyana,
South America.
Telephone # 227-8542

VAT IMPLEMENTATION UNIT

19 Middle Street,
Georgetown, Guyana,
South America.
Telephone # 227-7867

PROJECT EXECUTION UNIT

357 Lamaha & East Streets
Georgetown, Guyana,
South America.
Telephone # 225-5051

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GOVERNING BOARD

Mr. Clyde Roopchand Chief Planning Officer State Planning Secretariat	...	Chairman
Dr. Ashni Kumar Singh Director, Office of the Budget Ministry of Finance.	...	Member
Mr. Lennox Benjamin Chief Statistician Bureau of Statistics.	...	Member
Mr. Lawrence Williams Governor Bank of Guyana	...	Member
Mr Khurshid Sattaar Commissioner-General Guyana Revenue Authority	...	Member



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LETTER OF TRANSMITTAL

Honorable Saisenarine Kowlessar
Minister of Finance
Ministry of Finance
Main & Urquhart Streets,
Georgetown, Guyana.

Dear Minister,

As provided under section 28 of the Revenue Authority Act, No.13 of 1996, I have the honor to submit to you the Report of the Governing Board, on the activities, financial affairs, operations and performance of the Revenue Authority for the year ended 31st December 2005, together with the audited Balance Sheet and Income and Expenditure Account.

Yours Sincerely,

Clyde Roopchand
Chairman
Governing Board

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MISSION STATEMENT OF THE GUYANA REVENUE AUTHORITY

The mission of the Guyana Revenue Authority is to promote compliance with Guyana's Tax, Trade and Border Laws and Regulations through education, quality service and responsible enforcement programmes, thereby contributing to the economic and social well-being of the people of Guyana.

CORE VALUES

The Core values of the Guyana Revenue Authority are:

- ❖ **Integrity**
- ❖ **Professionalism**
- ❖ **Respect**
- ❖ **Cooperation**

Integrity is the corner stone of our Administration. Integrity means treating all concerned fairly and applying the law fairly and consistently. This implies acting with honesty and openness.

Professionalism is the key to success in fully discharging our mission. It means being committed to the highest possible standards of conduct. Professionalism also implies performing duties with integrity, dedication and skill.

Respect is also a basis for dealing with colleagues and clients. It means being sensitive and responsive to the rights of individuals. Respect also involves acting with courtesy and consideration at all times.

Co-operation is the means by which future challenges will be met. This involves building partnerships and working together towards common goals. Co-operation involves followership as well as leadership.



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OUR VISION

The Revenue Authority looks forward to being recognised and respected by clients and stakeholders for its integrity and fairness in administering high quality yet affordable programmes.

Our proactive approach must encourage new and better inter-agency and international partnerships, while fostering improved government efficiency and stronger economic linkages.

The Revenue Authority's good standing will be earned through:

- ❖ quality services and client education that meet the needs of our diverse client base;
- ❖ responsible enforcement of the laws, based on the application of sound risk management principles and practices;
- ❖ fair, impartial and timely redress processes;
- ❖ our sensitivity to the effects of administrative and legal requirements that we must impose on our clients, and our efforts to ease the burden and the cost of compliance;
- ❖ skilled, knowledgeable and professional people, working in an environment that encourages and supports their personal and professional development, and
- ❖ our commitment to open, transparent, and accountable administration.

REVENUE AUTHORITY ORGANISATION

The restructuring process for the organisation continued in 2005 in accordance with the conditionalities of the Inter American Development Bank's (IDB) loan agreement and as set out in the Tax Reform Action Plan measures and the Fiscal and Financial Management Programme for the strengthening and capacity building of the Guyana Revenue Authority. Among the organisational changes approved by the Governing Board and implemented in 2005 were:

- ❖ establishment of the Human and Financial Resources Division whose head reports to the Commissioner – General;
- ❖ restructuring of the Customs and Trade Administration which is headed by a Commissioner who is assisted by a Deputy Commissioner and three Assistant Commissioners, one each for Customs Operations, Wharves and Warehouses and Regional Offices;
- ❖ the Enforcement, Intelligence Quality Review Division was de-linked from Customs and Trade Administration to become a Common Service Division.

These changes are expected to make the organisation more effective and efficient, provide for better taxpayer/customer service and ensure a coordinative approach to decision making.

The revised Organisation chart is depicted at Appendix 1.

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REPORT OF THE GOVERNING BOARD

INTRODUCTION

During the six (6) years in which the Guyana Revenue Authority has been operational, revenue collected has shown an upward trend over the period. In 2005, revenue collected continued to rise and was recorded at \$53B, an increase of 9.7% over the 2004 collection. This is indeed a commendable achievement despite the many challenges which the organisation continues to face, but which, we, the members of the Governing Board, are assiduously working towards overcoming.

In 2005, we focused our attention on improving the effectiveness and efficiency of the organisation by ensuring the implementation of various strengthening measures identified in the Tax Reform Action Plan and the Fiscal and Financial Management Programme. In this regard, the Project Execution Unit was resuscitated and a Project Manager appointed. The Unit was instrumental in ensuring the appointments of various Consultants for the TIN, preparing the VAT laws and regulations and preparing the regulations for Presumptive Income Tax respectively in accordance with the conditionalities of the IDB Loan agreement, signed by the Government of Guyana.

Reforming the System of Taxation

In 2005, Parliament passed the Value Added Tax Act No. 10, VAT Regulations and the Excise Tax Act. These acts which reform the system of Taxation in Guyana will be implemented from 1st January 2007. The regulations set the VAT rate at 16% and a threshold of \$10M for the registration of business entities. This new system of Taxation will replace various acts which are currently administered by the Guyana Revenue Authority and include the Consumption Tax Act, Cap 80:02, the Travel Voucher Tax Act, Cap. 80:09, the Hotel Accommodation Tax Act, Act No. 14 of 1993 and the Entertainment Tax (Duty) Act, Cap. 80:01. The benefits expected by the implementation of VAT include:-

- ✓ Improving the competitiveness of exported goods in the export market by the removal of the tax content from exported goods.
- ✓ The system is less complex to enforce and less open to abuse.
- ✓ Provides relief from tax on capital goods to encourage investment.

VAT is designed to allow for taxation on all forms of consumer spending in an equitable manner. Under VAT, the full burden of the tax falls on the final selling price paid by the consumer.

A Department will be established to administer this new system of taxation and the VAT Implementation Unit was charged with the responsibility of ensuring the successful implementation of VAT when it is formally introduced in January 2007.



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Institutional Strengthening Measures

In 2005, the organisation underwent significant changes which were aimed at improving the organisation's effectiveness and efficiency in carrying out its mandate of administering the Tax, Trade and Border Laws and Regulations of the Authority. The organisational changes which were implemented include: -

- ✓ The de-linking of the Enforcement, Intelligence and Quality Review Division from C&TA as at 31st March 2005, to become a Common Service Division, to be headed by an Assistant Commissioner.
- ✓ The establishment of a Human and Financial Resources Division as at 1st July 2005, and which merged the Finance and Administration Section and the Human Resources Division.
- ✓ The establishment of a VAT Implementation Unit.
- ✓ Customs and Trade Administration was restructured, whereby the Department is managed by a Commissioner who is assisted by a Deputy Commissioner—Customs Operations and three (3) Assistant Commissioners, one each for the respective Division viz Customs Operations, Wharves & Warehouses and Regional Offices including the Airport.
- ✓ A Manager was appointed to head the new Information Technology Division, which was created as a separate Division and established in late 2004. Also various consultants were employed to render service for the establishment of the Tax Payer Identification Number (TIN) etc.
- ✓ Various Technical Committees and Sub Committees were established to meet the conditionalities of the Tax Reform Action Plan and the Fiscal and Financial Management Programme (FFMP). These committees were chaired by Managers within the Guyana Revenue Authority.

Enhancing the Information Technology Capabilities of Guyana Revenue Authority

Under Sub Component 1, "Tax Policy and Tax Administration" of the Fiscal and Financial Management Programme which is funded by the IDB loan, the focus was on enhancing the information technology infrastructure and building the database capacity of the Guyana Revenue Authority. In this regard, Crown Agents of the United Kingdom were the successful bidder for the supply of the new Information Technology system for the Guyana Revenue Authority. The new computerised system, Total Revenue Integrated Processing Systems (TRIPS), brings together all registered VAT, Internal Revenue, Licence Revenue and Customs and Trade taxpayers onto a single database previously separated and stored separately by the individual Departments. TRIPS allows taxpayers to register for taxes, to submit declarations electronically, access public information and taxpayers can enquire about the status of their accounts or the progress of goods through Customs. The historic signing of the contract was done in London by Mr. K. Sattaur, Commissioner-General and Mr. David Evans, Deputy Director – Information Technology of Crown Agents. In mid-December 2005, a two (2) person mobilisation team came to Guyana to set the groundwork for the permanent team to continue work in January 2006. The programme also provided for strengthening the management of the Information Technology Department. For this purpose a separate Information Technology Division was established and a Manager appointed to head the new IT Division. With this new integrated Information Technology system within the Guyana

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Revenue Authority and the introduction of TIN, many of the problems that the organisation now faces especially as they relate to revenue leakage, will be minimised. In the interim, however, while the organisation awaits the implementation of this integrated Information Technology system, the IT Division developed and/or maintained various computer applications to enable the various activities within the Internal Revenue and Customs and Trade Administration Departments to function properly.

Training / Bursary Awards

Much emphasis, during 2005, was placed on ensuring that our staff were exposed to training, both locally and overseas. Staff also participated in local and international conferences and represented the organisation on various committees. We, the members of the Governing Board, recognize the need to have a cadre of trained personnel in pursuit of our vision of gaining the recognition and respect of our clients and other stakeholders.

Officers from Customs and Trade Administration and the Internal Affairs Division attended training programmes overseas which were funded by international agencies. The courses attended by the Officers included, 'Integrity Training and Anti Corruption Measures,' 'Container and Passenger Profiling.' Also an Officer from the Audit and Verification Division and one from Customs and Trade Administration attended the Commonwealth Association of Tax Administrators (CATA) and the UNCTAD Round Table on World Trade Organisation (WTO) Trade Facilitation and Negotiation Conferences. The attendance of Officers at these Conferences is of significant importance to the organisation for it provides an opportunity to share experiences and exchange ideas and opinions, on issues/challenges affecting Customs and Tax Administrations.

Officers also represented the organisation by their membership/participation in various national and international committees. Such committees included the Inter Ministerial Consultative Committee on the CSME, the Council for Trade and Economic Development, Rules of Origin and the ICC Cricket World Cup 2007 Security Committee.

During 2005, sixteen (16) children of parents/guardians employed by the organisation received Bursary Awards from the Guyana Revenue Authority. The granting of Bursary Awards which is part of the organisation's Welfare Programme, is an annual feature intended to reward the children for their excellent achievement at the SSEE examination and to assist them in acquiring their school supplies. The Regional Customs tournament which was to be held in Guyana in 2005 and which was postponed because of the floods in January 2005, is scheduled to be held in Guyana during April 2006. A Committee is planning the logistics for the Tournament. This is a significant sport event for which the organisation is taking a leading role in ensuring its success.

Outlook For 2006

The Guyana Revenue Authority will continue to implement the measures identified in Sub Component 1 – Tax Policy and Administration, of the Fiscal and Financial Management Programme (FFMP), which is aimed at modernizing GRA, and which in 2006, will focus on the implementation of new operational procedures and a modern Information Technology System.

Crown Agents will continue working with the agency to ensure the successful implementation of the new computerised system (TRIPS) and to provide training for employees to enable them to operate



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the new system. The Tax Payer Identification Number (TIN) is expected to be introduced in 2006 as the means for integrating the systems of the Guyana Revenue Authority. Moreover, measures to strengthen the organisation and management of the Guyana Revenue Authority will continue, with emphasis on strategic planning and Human Resource Management. Training of staff at all levels to ensure a cadre of trained personnel within the organisation and the development of an incentive package, to further boost the morale of staff, are the main elements of the human resource strengthening measures for the organisation.

Information on Value Added Tax (VAT) will be vigorously disseminated in 2006, with the appointment of a Public Relations Consultant who will sensitise the public about various laws and procedures relating to VAT and Excise Taxes, so as to enable its smooth implementation in January 2007.

A Department for the administration of VAT and Excise Taxes will be established and a separate building has been identified for housing this Department.

The drafting of the legislation for the Presumptive Method for taxing self employed persons is in progress and is expected to become law in 2006. Also the use of the commercial invoice for VAT will be incorporated into the TRIPS system.

Within the next two (2) years, the Guyana Revenue Authority is expected to be transformed into a modern organisation with state of the art technology, a trained workforce and a new system of taxation. Employees have a major role to play in ensuring the successful transformation of the organisation.

We, the members of the Governing Board, wish to thank the management and staff of the Guyana Revenue Authority for the professional way in which they conduct themselves in executing their duties as revenue officers and for their commitment to ensuring that the objectives of the organisation are achieved.

REVENUE COLLECTION

Total Revenue Collection for the year 2005 was \$53 Billion. This surpassed the approved budget of \$49 Billion by \$4.0 Billion or approximately 8.16%. When compared to actual total collection in 2004 of \$48.4 Billion, revenue collection in 2005 increased by \$4.6 Billion or 9.5%.

Revenue collected by Internal Revenue for 2005 was \$27.2 Billion and \$25.8 Billion was collected by the Customs and Trade Administration.

For the year 2005 our cost of collection was approximately 3.7%. The cost of collection for the year 2004 was 3.5%.

Table I shows details of the Budgeted and Actual Collections for the Revenue Authority for the period under review.

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TABLE I
BUDGETED AND ACTUAL COLLECTIONS (\$BILLION)

	2004	2005		
	Actual	Budget	Actual	Variance
Internal Revenue	24.8	25.6	27.2	1.6
Customs and Trade Administration	23.6	23.4	25.8	2.4
Total:	48.4	49.0	53.0	4.0

DIVISIONAL PERFORMANCE

The performance of the various Service Divisions/Units, the Heads of which report to either the Commissioner-General or the Deputy Commissioner-General are provided hereunder.

A: HUMAN AND FINANCIAL RESOURCES DIVISION

This Division is mandated to facilitate the recruitment of the highest quality human resources, to provide them with a competitive compensation package, to implement training and other developmental programmes and to provide high quality financial and administrative support services to assist the Authority in achieving its goals.

HUMAN RESOURCE

STAFF ESTABLISHMENT

To carry out this mandate, the organisation had an actual staff strength of 909 or 87% of the approved staff establishment of 1,041. Of the total of 909 employees, 428 or 47% were male while 481 or 53% were female. The staff strength at the end of the previous year was 880. There was therefore a net increase of 29 persons.

During 2005, 101 persons comprising 59 males and 42 females were recruited. Separations which included deaths, dismissals, terminations and resignations accounted for 72 persons resulting in a staff turnover of 7.9% relative to 7.1 % in 2004. A total of 33 persons resigned while 30 persons were dismissed as management continued its efforts to stamp out malpractices within the organisation.

TRAINING/CONFERENCES

Training and development of staff is viewed as a key ingredient in achieving the organisation's vision of gaining recognition and respect from its clients and other stakeholders. In this regard staff at all levels attended various training programmes held internally and externally.



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❖ INTERNAL TRAINING

During the month of April, management training was given a boost when several senior managers attended a four-day seminar on Leadership and Management skills. The programme was sponsored by the Guyana Revenue Authority in collaboration with the Caribbean Region Technical Assistance Centre (CARTAC).

Approximately 70 Customs Officers completed a 'Train the Trainers' programme on the Monitoring and Control of Ozone Depleting substances. The programme was organized by the Guyana Revenue Authority in collaboration with the United Nations Environmental Programme, the Hydrometeorological Office and the Ministry of Agriculture. The objective of the programme was to provide the Officers with the skills to monitor and control the import and exports of products containing Chlorofluorocarbons and Ozone Depleting Substances.

In pursuit of its goal of promoting a customer friendly organisation, the Revenue Authority conducted 'Customer Care' workshops for over forty (40) of its staff members. The one-week workshop was aimed at providing staff with skills which would ensure that quality service is provided both internally and externally. The training also exposed participants to customer relation practices at other organisations through practical exercises.

One hundred and thirty-five employees participated in Orientation programmes which enabled recruits to gain an understanding and appreciation of the mission, vision and mandate of the organisation while at the same time expose them to the role and functions of the various Departments/Divisions of the Organisation.

❖ EXTERNAL TRAINING (LOCAL)

Four Customers Officers successfully completed a one-month course in Internal and Criminal Investigative Techniques which was conducted by Mr. Errol Vannooten, a Criminologist and Private Investigator/Consultant. The course content included Investigative and Interrogative Steps, non-verbal behaviour and bating techniques among other things.

❖ EXTERNAL TRAINING/CONFERENCES (OVERSEAS)

Several staff members also attended Training programmes/conferences which were conducted overseas and funded either wholly or in part by international agencies such as the United Nations Environmental Programme, Caribbean Law Enforcement Council and United Nations Council for Trade and Development.

The Caribbean Customs Law Enforcement Council hosted a three-day Border Security Conference in the Dominican Republic which was attended by Ms. Ingrid Griffith, Deputy Commissioner, Customs and Trade Administration. The conference provided a forum for law enforcement officers to discuss border security challenges and cooperation between Law Enforcement Agencies and the Private Sector.

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The United Nations Environmental Programme funded a four-day Green Customs Initiative which was held during the month of August in Trinidad and Tobago and was attended by Ms. Roslyn Corlette, Customs Officer and Mr. Anthony Johnson, Training Officer. The objective of the programme was to increase the awareness of the trade aspects and control requirements of the Multilateral Environmental Agreements and the role of Customs Departments in enforcing these agreements.

Also in the month of August, Mr. Robert James, Deputy Commissioner (ag), Audit and Verification attended the Commonwealth Association of Tax Administrators' 26th Annual Technical Conference in Ottawa, Canada. The conference provided a forum for the exchange of ideas on policies and programmes which have been developed and implemented by various countries. It also allowed for the identification and detailed discussion of similarities and differences in each country's experience relating to tax avoidance, tax evasion and customer service.

The Government of Japan hosted a Customs Administration II training programme over the period August 23rd to October 1st. The programme, which was attended by Mr. Iqram Ali, Assistant Commissioner, Customs and Trade Administration, was aimed at clarifying problems experienced by Customs Administrations and formulating proposals to solve such problems. In addition, the KYOTO convention was revised and international standards such as the WTO Valuation Agreement was verified and measures to enable member countries to satisfy these standards were examined.

'Integrity Awareness' was the theme of a four-day programme hosted by the Organisation of American States in Barbados during September. This programme was aimed at providing participants with the basic framework of integrity awareness and the principles of an anti-corruption plan and was attended by Ms. Elin Hinds-Johnson, Director, Customs and Trade Administration.

Ms. Hinds-Johnson also attended a two-day Round Table conference on WTO Trade Facilitation Negotiations. This conference was funded by the United Nations Council for Trade and Development and provided a forum for the exchange of views on GATT 1994 Articles V, VIII and X and the potential impact of proposals discussed at WTO Negotiating Group on Trade Facilitation.

The Caribbean Customs Law Enforcement Council hosted a Senior Command Course for the Caribbean Security Sector in Jamaica. The programme, which commenced in October and lasted for a period of two months was attended by Mr. Whentworth Tanner, an Investigator attached to the Internal Affairs Division. It was aimed at improving the quality of leadership in the security sector and to enable the reduction of crime/lawlessness and with a view of having a safer environment.

'Mastering Enterprise Networks using Windows 2000' was a Certificate course which was conducted by Tata Info Tech of India. The course was held over the period November 9, 2005 to December 20, 2005 and was attended by Ms. Nita Bridgmongal, Programmer attached to the Information Technology Division. The programme was aimed at educating Information Technology professionals and Network Administrators to manage, monitor, design and maintain their networks through the use of Windows 2000 Professional and Server.



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WELFARE PROGRAMMES

❖ BURSARY AWARDS

During the year, a total of sixteen (16) children of employees received Bursary Awards. The year 2005 was the fifth year in the organisation's history for the granting of such awards.

At a simple ceremony, which was organised to mark the occasion, Master Saideed Khalil who achieved the highest marks received the maximum award of \$15,000.00 per annum while the second-highest award of \$12,000.00 per annum was received by Ms. Salma Ali. The other awardees each received \$10,000.00 per annum.

The criteria for obtaining the award are the achievement of 75% of the total score outlined by the Ministry of Education and a minimum of one year's service with the Authority by the child's parent.

❖ PENSION SCHEME /MEDICAL SCHEME

The Authority continued to contribute to the Retirement Plan (Pension Scheme) and the Medical Scheme administered by Colonial Life Insurance Co. (CLICO).

With regards to the pension scheme, contribution to which scheme is voluntary, employees are required to contribute 4% of their basic salary towards the scheme while the Authority contributes on behalf of each employee 8% of their basic salary.

In relation to the Medical Scheme all employees are enrolled in this scheme. This scheme is a combination of health and insurance benefits for each staff member. The Authority pays the contribution for each staff, however staff with registered dependants are required to contribute for their dependants at prescribed rates.

ADMINISTRATIVE SERVICES

Maintenance and rehabilitation of buildings housing Departments/Divisions of the Authority were undertaken during the year. Major rehabilitation works were carried out on the Customs and Trade Administration office as well as buildings housing staff which are located in New Amsterdam. Maintenance work was also done at the Customs area at the Cheddi Jagan International Airport, the Internal Revenue office, Corriverton, the Office Complex as well as staff residence at Anna Regina and offices at Linden. In addition, construction of facilities such as guard huts, commenced on the building which was identified to house the VAT Implementation Unit and the Information Technology Division.

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Attention was also focused on improving security at various locations. To this end, alarm systems, armored doors and grillwork were installed at office buildings. In addition, armed guards were provided for several offices while armed escorts were provided for staff members who were required to travel with the Government's revenue between office locations.

The operation of a vehicle pool commenced during the year under review. At the end of the year, twenty-two (22) vehicles and nineteen (19) drivers were assigned to the pool.

FINANCIAL RESOURCE

CURRENT EXPENDITURE

The total appropriated expenditure for the Guyana Revenue Authority was \$1.9 Billion for the year 2005 and a further \$63.5 M was released for the payment of retroactive salary increases. Current expenditure for the year was \$1.94 B. At the end of the year a balance of \$23 Million remained and this was repaid to the Accountant General. These figures are all reflected in the Financial Statements.

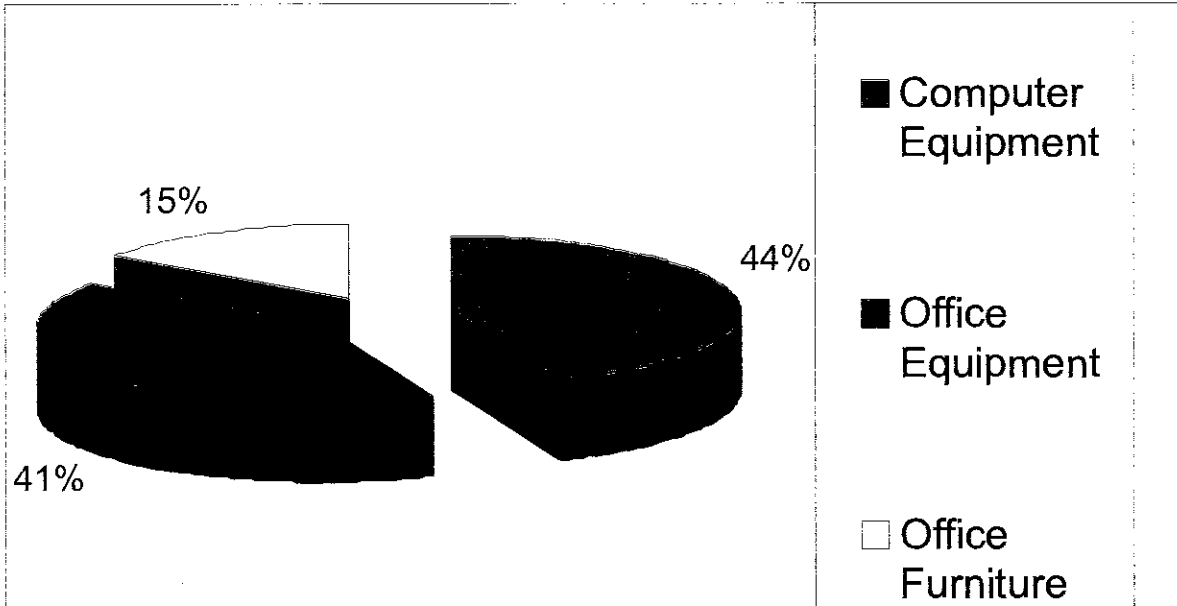
CAPITAL EXPENDITURE

The Capital Budget approved for the Guyana Revenue Authority was \$75 Million. The Ministry of Finance released the full amount while \$73.4 Million was expended towards capital items for the year. The breakdown of Capital Expenditure is shown in the chart overleaf and in Table II. The balance of \$1.6 Million was paid over to the Accountant General.

FINANCIAL STATEMENTS

The Audited Financial Statements which form part of this report are contained in pages 44 to 56.

**CHART I
CAPITAL EXPENDITURE 2005**



**TABLE II
CAPITAL EXPENDITURE FOR THE YEAR ENDING 2005 BY TYPE OF ASSET**

Category of Asset	Amount (\$)
Computer Equipment	32,127,757
Office Equipment	30,158,515
Office Furniture	11,066,650
Total	73,352,922

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B: PLANNING, COMMUNICATION AND OPERATIONAL PROCEDURES DIVISION

This Division is mandated to promote a positive image of the organisation, effectively communicating information to all stakeholders on the organisation's mission, laws etc., monitoring operational plans and ensuring that the operational support needs of the organisation are met.

During the year under review, the Division conducted a number of public education/awareness programmes in pursuit of its motto 'To promote voluntary compliance with the Tax, Trade and Border Laws and Regulations of the Guyana Revenue Authority'. Weekly radio programmes were aired covering various topics which included the filing of tax returns, Consumption Tax, Tax Practice Certificate, Compliance Certificate, Motor Vehicle Registration, Liquor Licensing, Tax Exemption/Remission and Employers' Returns. In addition, tax sites were set up at strategic locations around Georgetown to aid members of the public with the completion and timely submission of their tax returns. Bulletins, booklets and handbooks covering areas such as tax exemptions, prohibited and restricted items were prepared and circulated internally and to the public. Over 1,000 copies of the quarterly newsletter, 'Revenue News', were prepared, printed and circulated to members of staff and to some interested stakeholders.

Several proposals for organizational strengthening were also prepared. These proposals were related to the rationalisation of the Customs and Trade Administration, the integration of Guyana Revenue Authority's Region 2 offices, the establishment of an Enforcement and Revenue Protection Division and a VAT and Excise Department. Policy documents were also prepared for several areas of the Customs and Trade Administration including Permit for Immediate Delivery, Prior to Processing and a cashiers' policy.

The revised Income Tax Act Chap 81:01 was printed during the year while revision of the Consolidated Tax Act Vol. II was completed and preparations began for the reprinting of the Regulations to the Customs Act, Chap 82:01.

C: INTERNAL AUDIT DIVISION

The Internal Audit Division is tasked with the responsibility of auditing the accounting and internal control systems to ensure compliance with standards and procedures.

During 2005, the Division conducted thirteen (13) audits at the Internal Revenue Department of which twelve (12) reports were finalized. The audits were conducted on areas such as dishonored cheques, collection procedures, taxpayers' returns, withholding tax, Licence Revenue Office, Travel Tax tickets, refunds and Travel Voucher Tax.

Fifteen (15) audits were completed at the Customs and Trade Examination. However, only eleven (11) of those reports were finalized. Audits were carried out in areas which included the ASYCUDA system, collection procedures, want of entry, seizure of goods, inventory of firearms, remission of duties, intoxicating liquor licences, consumption tax, bills of sight and merchants' overtime



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Examinations were also carried out on accounting records/documents at the Human and Financial Resources Division. Eight (8) examinations were completed in the areas of salaries and wages, bank accounts and reconciliation, imprest, contracts and vehicle log books.

Special investigations were also conducted at the request of the Commissioner-General. Seven (7) such investigations were conducted in relation to irregularities perpetrated by staff members.

D: INTERNAL AFFAIRS

This Division is mandated to conduct investigations into allegations of corruption against members of staff and also to investigate their assets.

During 2005, a total of 115 investigations were conducted. Forty (40) investigations resulted from complaints which were made by members of the public against staff members while nine (9) resulted from allegations against staff which originated from within the Revenue Authority. Allegations made against staff members ranged from fraud, forgery and extortion to general misconduct. There were also sixty-six (66) special investigations which were related to the release of want of entry vehicles, under-invoicing of imported goods and evasion of taxes.

Amendments to the policy relating to 'Permit for Immediate Delivery' and a review of the system used to process documents for imported firearms and ammunition were also completed. The Division also monitored various aspects of Customs operations at Wharves, Transit Sheds and the Cheddi Jagan International Airport. Activities monitored included the examination of goods imported and exported using the PTD and PTP facilities, movement of goods from wharves to private warehouses and examination of containers.

E: AUDIT AND VERIFICATION DIVISION

The Audit and Verification Division is mandated to provide high quality audit services to enable the Revenue Authority to achieve its mission of compliance with the Trade and Border Laws and Regulations.

The Division conducted a number of field and desk audits and special investigation exercises on returns submitted by both individual and corporate taxpayers during the year 2005. Thirty-two (32) audits, comprising 10 field and 22 desk audits were completed during the year under review.

Of the 10 field audits, eight (8) were on individual taxpayers and 2 on corporate taxpayers. With respect to the desk audits, 14 audits were related to individuals and 8 to corporate taxpayers. Twenty-two (22) special investigations were also completed by the Division along with 29 audits of consumption taxes and 524 post assessment verifications. During 2005 the Division carried out an exercise designed to identify new taxpayers and 211 such taxpayers were identified and placed on the tax register.

As a result of the audits completed, the Division was able to recover a total of \$318 M in additional revenue. Of this amount, \$130M was based on agreements which were arrived at with taxpayers.

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F: LEGAL SERVICES DIVISION

This division is responsible for the safe-keeping and control of all legal files, drafting of legislation, prosecution of defaulters and, in collaboration with the Director of Public Prosecution and Attorney General, to defend the Authority in the Court of Law.

During 2005 the Division dealt with 275 matters in both the Magistrate and High Courts. The defendants were charged with offences which included failure to remit PAYE deductions, smuggling and making false declarations. In addition, several individuals and companies challenged the Authority's assessment of various taxes and duties. The Division also dealt with requests for legal advice from the Commissioner-General and other Departments of the Authority and responded to seventy-three (73) such requests. Preparation, filing and serving of demand letters, which is a prerequisite to the filing of 101 Certificates, was also undertaken by the Division. However, due to administrative setbacks, only 14 demand letters were prepared and filed during 2005. Charges were also prepared for eight (8) cases for non-submission of Employer's Returns.

G: REMISSION UNIT

This Unit is tasked with the efficient and effective administration of the various categories of exemption and remission of duties and taxes in accordance with the Tax, Customs and other Laws and Regulations administered by the Revenue Authority.

The Unit received a total of seven thousand, six hundred and eighty-three (7,683) applications for tax exemptions/concessions. Of this amount, seven thousand, six hundred and twenty-eight (7,628) or 99% were verified, processed and approval letters prepared and dispatched. In addition, the Unit dealt with 3,884 instances of request for information, 1,991 Customs Declarations which were verified and processed and 1,956 cases of transfer of rights.

Further, the Unit held meetings, both internally and externally, with applicants seeking duty-free concessions in order to clarify information or obtain additional information or documents as may be required. Seven hundred and sixty-five (765) of those meetings were held internally while sixty-seven (67) meetings were conducted externally. Post approval verifications were conducted for 114 cases and 310 special assignments were carried out.

H: INFORMATION TECHNOLOGY DIVISION

The mandate of the Information Technology Division is to provide coordinative, innovative, practical and timely information technology solutions to solve the business problems of the Revenue Authority.

During the year under review, the Division developed and/or maintained various computer applications. The ASYCUDA report application, used to generate management statistics, Advanced Self-employed Tax application and Container Tracking were among the applications completed. In addition, a Travel Tax application for the Travel Tax office at the Cheddi Jagan International Airport and a Remission application were also completed but not yet implemented.



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Development work continued throughout the year on several applications which included Update Status, Refund Cheques to Non-Individual taxpayers for the Internal Revenue Department, Licence Revenue, Valuations for Customs and Trade Administration and Accounting applications.

Maintenance of existing applications was also carried out. Applications maintained included the Corporation Tax, Admin Reports, Transfer application, Estate Duty, VOLTS, a double entry accounting software, and the Hardware Tracker used by the Information Technology Division to keep track of computer equipment. The Division continued to print Assessment notices, Taxpayers' Profiles, refund cheques and other reports for the Internal Revenue Department.

Several personal computers, printers and computer accessories were acquired during the year as the Division sought to improve the efficiency of the various Divisions/Departments. A Wide Area Network was established and ASYCUDA was expanded via the WAN to enable its use at the Cheddi Jagan International Airport. The Division also prepared Bid Documents and evaluated Bids for the supply of an Integrated Computerised System for the Guyana Revenue Authority and gave support to the Project Execution Unit in the development of an application for the introduction of the Taxpayer Identification Number (TIN).

I: ENFORCEMENT DIVISION

This Division provides the necessary investigative, enforcement and intelligence programmes which are aimed at promoting compliance with the Customs, Trade and Border laws of Guyana. Infractions of the Customs Laws resulted in the seizure of goods/articles and the imposition of fines.

During 2005, the Unit conducted exercises to intercept persons involved in smuggling activities and 290 such exercises were conducted. The unit also received 265 reports of breaches of the Customs Law and all reports were investigated resulting in 49 persons being apprehended. From among those matters investigated, 54 cases were settled departmentally with persons paying the necessary fines and additional duties and taxes while in other instances the goods were confiscated and sold via the tender process. Goods confiscated included alcoholic and non-alcoholic beverage, electronic and other household appliances. Revenue collected by the Division for 2005 is shown in the table below.

**TABLE III
REVENUE COLLECTED - \$**

Activity	2004	2005	Quantity Variance	% Variance
Fines/Compensation	18,301,178	11,592,026	(6,709,152)	(36.6)
Additional Taxes	15,868,567	11,055,423	(4,813,144)	(30.3)
Sale of Seizures	22,084,653	5,137,460	(16,947,193)	(76.7)
Total	56,254,398	27,784,909	(28,469,489)	(50.6)

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J: VAT IMPLEMENTATION UNIT

In accordance with the Government's policy of introducing Value Added and Excise taxes, the VAT Implementation Unit was established to ensure the smooth implementation of these taxes.

VAT and Excise Tax Bills were drafted by Ms Jennifer Brooks, consultant, and were reviewed by Mr. Hutton, VAT Policy Consultant, the Chief Parliamentary Counsel, Legal Officers of the Revenue Authority and the members of the VAT Implementation team. The VAT team carried out a comparative analysis of fines, penalties and time periods of the proposed VAT and Excise tax legislation with current tax laws and prepared Explanatory Memoranda for the Bills. The Bills were presented to Parliament and subsequently sent before a Parliamentary Select Committee where members of the public were invited to make written and/or oral presentations before the committee. Members of the VAT team documented issues which were raised by members of the public and stakeholders and, with the assistance of the Chief Parliamentary Counsel, provided suggestions and explanations to the Bills. The Acts were subsequently approved by the National Assembly on July 18, 2005.

The regulations to the Acts were also drafted by Ms. Jennifer Brooks and submitted in August 2005. Members of the VAT Implementation team along with the VAT consultant and the Chief Parliamentary Counsel reviewed the draft regulations to ensure that all regulations were included. A sensitivity study was conducted by LH Consulting Ltd., reviewed by Mr. Anand Persuad, a local consultant and a report was submitted to a Cabinet Sub Committee. This report was used as the basis for arriving at the VAT rate, the VAT threshold and the rates for the four excisable goods. The Regulations were presented in Parliament on November 10, 2005 and were sent to a Parliamentary Select Committee for review before passage in the National Assembly.

The Unit also launched an extensive public education campaign to sensitise the public and stakeholders about VAT. Several Focus group sessions, seminars, radio and television programmes were held during 2005. Training programmes were conducted for staff members from the level of Commissioner to Director as well as for staff from regional offices. In addition, several booklets including, VAT Quick Reference, VAT and the Consumer and VAT Guide, were prepared by the VAT team. Procedure manuals were also prepared.

Staff members of the VAT Unit were also subjected to training. Four staffers took part in a work attachment at the Jamaica Revenue Service which was sponsored by the Caribbean Region Technical Assistance Centre (CARTAC) while a VAT refresher course was conducted in Guyana by Mr. Paulo Dos Santos of CARTAC and Ms. Denise Dow, coordinator of VAT Implementation, Dominica. Further, three staff members from the VAT Implementation team participated in a three-day training programme on VAT legislation which was held in Dominica and conducted by Mr. Alan Schenk, Technical Advisor of the International Monetary Fund.



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DEPARTMENTAL PERFORMANCE

INTERNAL REVENUE

The mandate of the Internal Revenue Department is to collect all taxes due to the Government of Guyana through the effective and efficient administration of the income, corporate and other taxes and licences under the laws of Guyana for which it is responsible. This mandate is carried out through the three Divisions namely, Returns Processing and Taxpayer Services, Arrears Collection and Revenue Protection and Objections.

During the latter part of 2004, the Examination and Investigation Division of the Internal Revenue Department was merged with other Audit Units/Sections within the Guyana Revenue Authority and a new Division created as a Common Service Division. The Head of the new Audit and Verification Division reports to the Deputy Commissioner-General.

GROSS REVENUE COLLECTION

Actual Revenue collected by the Internal Revenue Department during the year 2005 was approximately \$27.2 Billion. This amount was \$1.6 Billion or 6% above the estimates of \$25.6 Billion approved by the National Assembly and represents a net increase. Total Revenues for 2005 by tax type is set out in the Table V below. As can be observed from the Table, revenue collection under various heads exceeded the estimates by approximately \$1.8 Billion and collections under other heads were under the estimates by \$0.2 Billion. Corporation Tax, Income Tax Others and Withholding Tax were the major tax types contributing to the increase in collection and accounting for approximately 92.6% of the excess. During the year, revenues amounting to \$27.2 Billion were deposited in the Consolidated Fund.

Revenue collected during the year 2005 increased by 9.7% over revenue collection for the preceding year 2004. The actual collection for the year 2004 was **\$24.8 Billion**. Revenue collection for 2005 exceeded this amount by **\$2.4 Billion** or **9.7%**. Corporation Tax and Income Tax "Others" continued to be the two major heads of revenue, contributing **\$10 Billion** or **36.8%** and **\$11 Billion** or **40.4%** of total revenues respectively. Arrears collections contributed **6.16%** to total revenue collected. Corporation Tax of **\$585 Million** accounted for **35%** of total arrears collection. The charts overleaf compare revenue collection for 2005 with 2004 thus reflecting the change in the collection of revenue over the period. The major factors contributing to the increase in Revenue in 2005 were increases in arrears contribution by corporate taxpayers, closer monitoring of payments for all categories of taxpayers as well as salary increases paid to employees.

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**TABLE IV
REVENUE COLLECTION
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2005 (\$ 000)**

DESCRIPTION	APPROVED BUDGET	AMOUNT COLLECTED	AMOUNT PAID INTO CONSOLIDATED FUND	UNDER THE ESTIMATE	OVER THE ESTIMATE
INCOME TAX SELF EMPLOYED	958,153	919,332	919,332	-38,821	
INCOME TAX COMPANIES:	456	871	871		415
PRIVATE SECTOR	456	871	871		415
PUBLIC SECTOR	0	0	0		
CORPORATION TAX:	9,409,292	10,016,401	10,016,401		607,109
PRIVATE SECTOR	8,542,991	9,356,888	9,356,888		813,897
PUBLIC SECTOR	866,300	659,513	659,513	-206,787	
WITHHOLDING TAX	1,399,301	1,562,446	1,562,446		163,145
INCOME TAX OTHERS	10,252,965	11,194,968	11,194,968		942,003
NET PROPERTY TAX	748,699	806,917	806,917		58,218
PROCESS FEE	19,198	21,291	21,291		2,093
ENTERTAINMENT DUTY	3,697	2,377	2,377	-1,320	
TRAVEL TAX	535,949	498,528	498,528	-37,421	
CAPITAL GAINS TAX	192,100	133,403	133,403	-58,697	
PREMIUM TAX	68,799	60,465	60,465	-8,334	
PROFESSIONAL FEES	7,799	5,945	5,945	-1,854	
TRAVEL VOUCHER TAX	725,851	665,234	665,234	-60,617	
NATIONAL DEVELOPMENT TAX	190	56	56	-134	
HOTEL ACCOMODATION TAX	107,899	99,114	99,114	-8,785	
SERVICE TAX	95,242	99,494	99,494		4,252
LICENCE MOTOR VEHICLES	271,860	275,325	275,325		3,465
LICENCE OTHER VEHICLES	240	236	236	-4	
LICENCE - TRADING	15,984	12,632	12,632	-3,352	
LICENCE MISCELLANEOUS	8,725	6,674	6,674	-2,051	
PURCHASE TAX - CARS	574,300	643,593	643,593		69,293
M/ VEHICLES & RD TRAF ACT	206,690	174,406	174,406	-32,284	
D/C FEES	0	0	0		
GRAND TOTAL	25,603,389	27,199,708	27,199,708	-253,674	1,849,993



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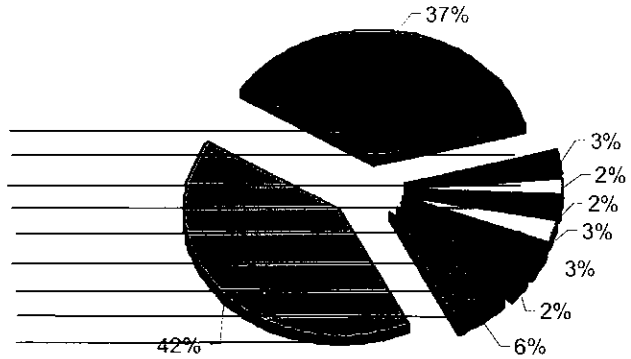
**CHART II
REVENUE COLLECTION ANALYSIS**

2005

DESCRIPTION

AMOUNT COLLECTED

Corporation Tax	10,016,401
Others	892,289
Travel Tax	498,528
Purchase Tax	643,593
Property Tax	806,917
Income Tax (Self Employed)	919,332
Travel Voucher Tax	665,234
With holding Tax	1,562,446
Income Tax Others	11,194,968
TOTAL	27,199,708

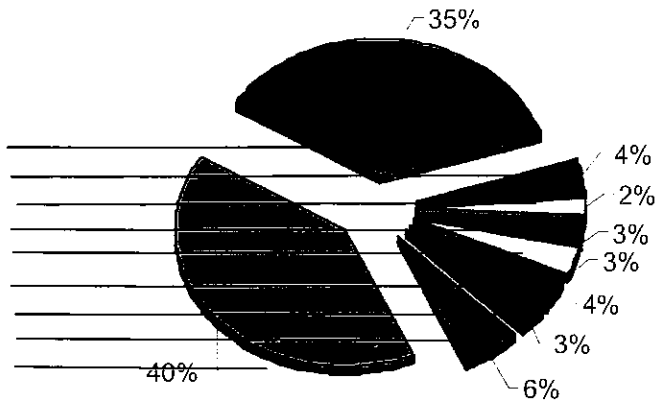


2004

DESCRIPTION

AMOUNT COLLECTED

Corporation Tax	8,972,361
Others	927,707
Travel Tax	478,044
Purchase Tax	718,205
Property Tax	747,952
Income Tax (Self Employed)	872,905
Travel Voucher Tax	667,890
With holding Tax	1,367,657
Income Tax Others	10,068,848
TOTAL	24,821,569



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REFUNDS AND NET REVENUE COLLECTION

During the period under review refund of taxes totalling \$414 Million were paid to taxpayers of various categories as is shown in Table V below. This represented approximately 29.5% of the total refunds claimed during the year and prior periods. A realistic estimate of the unpaid refunds at 31st December, 2005 was \$989 Million of which Corporation Tax represented 83 % or \$822.7 M of the unpaid refunds. This amount was owing to 220 Corporate Taxpayers. Non- payment of refunds was largely on account of the inadequate provision of funds for this purpose in the 2005 Budget.

TABLE V
NET REVENUE COLLECTION 2005 (\$000)

DESCRIPTION	GROSS COLLECTIONS	REFUNDS	NET COLLECTIONS
INCOME TAX	11,194,968	29,288	11,165,680
CORPORATION TAX	10,016,401	368,426	9,647,975
PROPERTY TAX	806,917	12,268	794,649
WITHHOLDING TAX	1,562,446	981	1,561,465
OTHER TAXES & DUTIES	3,618,976	3,034	3,615,942
TOTAL	27,199,708	413,997	26,785,711



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RETURN PROCESSING & TAXPAYER SERVICES

FILING OF TAX RETURNS

During the year 2005, the Internal Revenue received a total of fifty-six thousand, one hundred and twenty (56,120) tax returns filed by various categories of taxpayers. Employed taxpayers continue to be the main category of taxpayers filing returns. Table VI below, shows a comparison of filers by various categories of taxpayers over the years 2000 to 2005. New filers in the year 2005 in respect of Corporation Tax Returns were 684, employed persons 3,448 and self-employed were 1,783.

TABLE VI
RETURNS FILED BY TAXPAYER TYPE

YEAR	EMPLOYEES	SELF-EMPLOYED	COMPANIES	TOTAL	INCREASE/DECREASE OVER PREVIOUS YEAR	
					AMOUNT	%
2000	42,770	16,428	1,380	61,584	15,133	32.6
2001	47,247	22,813	1,389	71,449	9,865	16.0
2002	54,493	33,782	1,209	89,484	18,035	25.2
2003	39,101	18,195	2,147	59,443	(30,041)	(33.6)
2004	40,812	26,924	1,987	69,723	10,280	17.3
2005	36,637	18,148	1,335	56,120	(13,603)	(19.5)

RETURNS ASSESSED

The assessment process requires the examination and data entry (Preprocessing) of all returns received prior to the issue of the notice of assessment. Table VII, shows details of returns assessed during the year 2005

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**TABLE VII
DETAILS OF RETURNS ASSESSED**

TAXPAYER	INCOME TAX	CORPORATION TAX	PROPERTY TAX	TOTAL
Employees	28,642	N/A	243	28,885
Self- Employed	6,250	N/A	1,889	8,139
Corporations	N/A	282	385	667
TOTAL	34,892	282	2,517	37,691

TAX COMPLIANCE CERTIFICATES

The demand for motor vehicle, land and tender compliance certificates to facilitate the transfer of ownership of motor vehicles, title to land and buildings and the satisfaction of regulatory requirements in the issue of tenders, continued unabated during 2005.

A comparative analysis of the various types of Tax Compliance certificates issued during 2004 and 2005 is outlined in the Table VIII. A total of ten thousand five hundred and seventeen (10,517) compliance certificates were issued during the year. Three thousand, one hundred and fourteen (3,114) compliances were issued for Land and Buildings, five thousand, three hundred and four (5,304) for motor vehicles and two thousand and ninety-nine for tender purposes.

**TABLE VIII
CERTIFICATES OF COMPLIANCE ISSUED**

TYPE OF CERTIFICATE	GEORGETOWN OFFICE		BRANCH OFFICES		TOTAL	
	2004	2005	2004	2005	2004	2005
Land	1,825	2,179	962	935	2,787	3,114
Motor Vehicles	4,267	4,355	964	949	5,231	5,304
Tender	1,346	1,575	397	524	1,743	2,099
Total	7,438	8,109	2,323	2,408	9,761	10,517



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LICENCE REVENUE

During the year 2005, a total of fifty thousand, six hundred and thirty-seven (50,637) motor vehicle licences were processed compared with fifty-one thousand, and seventy-four (51,074) in 2004. There were seven thousand eight hundred and ten (7,810) new registrations compared with six thousand, nine hundred and thirty-two (6,932) that occurred during the year 2004. Table IX sets out the various categories of vehicles licensed and the new vehicles registered during the year 2005 as compared with 2004.

TABLE IX
LICENCED MOTOR VEHICLES & NEW VEHICLES REGISTERED

Type of Vehicle	Licenced Motor Vehicles 2005	New Registrations		Increase/Decrease
		2004	2005	
Private Cars	15,243	1,886	2,512	626
Hire Cars	2,124	471	368	(103)
Buses/Mini Buses	6,694	320	390	70
Lorries	8,230	530	294	(236)
Jeep	1,916	267	249	(18)
Land Cruiser/Rover	771	5	18	13
Construction Vehicles	31	-	-	-
Hearses	12	-	-	-
Ambulances	4	1	6	5
Fire Appliances	-	-	3	3
Station Wagon	98	69	68	(1)
Motor cycles	10,392	2,916	3,143	227
Vans – Pickups	3,327	269	490	221
Trailers	121	146	12	(134)
Articulated Vehicles	1,322	6	229	223
Tractors	352	46	28	(18)
Total	50,637	6,932	7,810	878

Table X shows the revenue collection from the Licence Revenue Office in the year 2005 compared with 2004. During the year, a total of \$1,112 million was collected from all heads as compared with \$1,183 million in 2004. The decline in revenue collection at the Licence Revenue Office for 2005 relative to 2004 resulted mainly from the significant decrease in revenue from Purchase Tax. Although the increase in new vehicles registered was in excess on eight hundred (800), a significant number of these vehicles were duty-free. Chart III compares revenue collected for the year 2005 with the year 2004.

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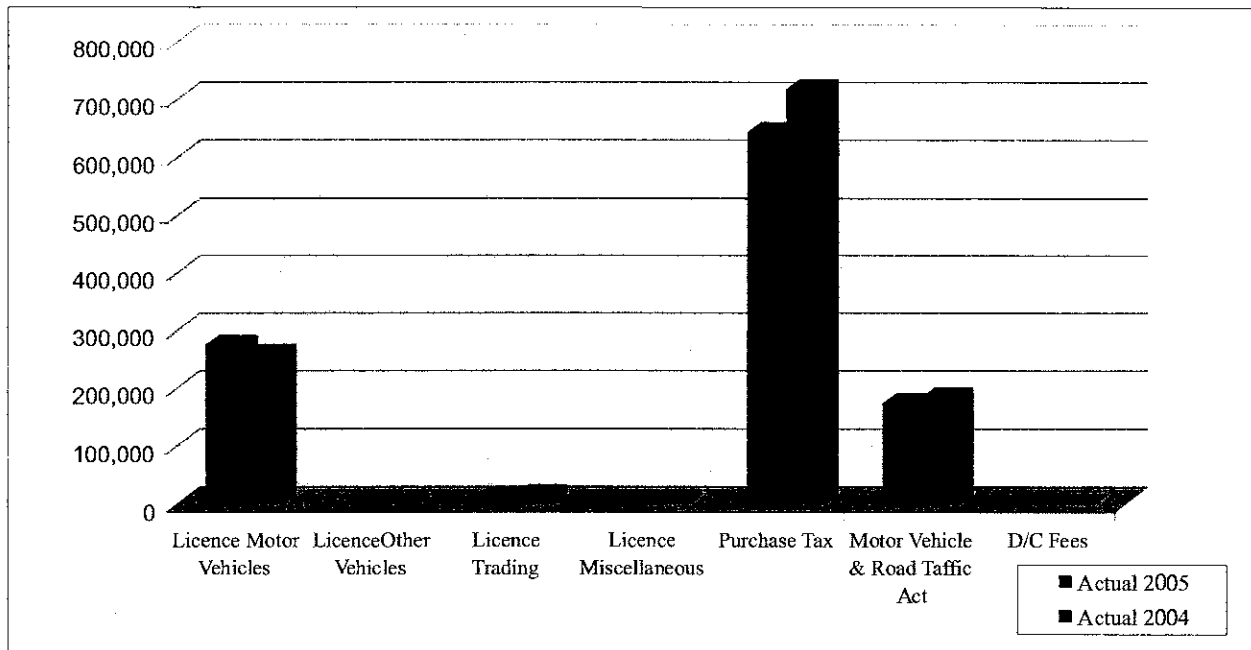
TABLE X
REVENUE COLLECTION (LICENCE REVENUE DIVISION)
(\$000)

Description	Actual 2005	Actual 2004
Licence Motor Vehicles	275,325	258,294
Licence – Other Vehicles	236	255
Licence – Trading	12,632	16,002
Licence – Miscellaneous	6,674	7,475
Purchase Tax	643,593	718,205
Motor Vehicles and Road Traffic Act	174,406	183,580
D/C Fees	0	0
Total Collection	1,112,866	1,183,811



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**CHART III
LICENCE REVENUE
REVENUE COLLECTION
FOR THE YEAR 2005 RELATIVE TO 2004 (\$ 000)**





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OBJECTION

Taxpayers continued to exercise their right of objection to assessment in accordance with Section 78 (2) of the Income Tax Act Chapter 81:01.

The objections lodged with the Department, centered around the following area: -

- Disputes over interpretation of the various acts administered by Commissioner-General of the Guyana Revenue Authority.
- Disputes over the admissibility of particular items of expenditure that were claimed as deductible expenses in computing chargeable income.
- Disputes over the admissibility of claims for deductions in computing chargeable income.

As at 31st December 2004, there were four thousand two hundred and ninety-seven (4,297) un-finalised objections on hand. Three thousand, eight hundred (3,800) of these related to individual taxpayers and the remaining four hundred and ninety-seven (497) were in respect of companies. The details are contained in Table XI.

**TABLE XI
OBJECTIONS BY TAXPAYERS**

PARTICULARS	COMPANIES 2005	INDIVIDUALS 2005	TOTAL 2005
Un-finalised at the beginning of the year	497	3,800	4,297
Registered during the year	260	1,798	2,058
Sub-Total	757	5,598	6,355
Less: Finalized during the year	245	1,724	1,969
Un-finalised at the end of the year	512	3,874	4,386

ARREARS COLLECTION AND REVENUE PROTECTION

The work in this Division, serves to reinforce the compliance and enforcement objective pursued by the Internal Revenue. Remittances of P.A.Y.E were monitored to ensure compliance with the law and to identify defaulters. In addition, P.A.Y.E audits were conducted, focusing on payment of 'Allowances' free of tax by employers. Some attempt was also made to determine arrears taxes through the process of file clearing. In this regard, during the year 2005, a total of three thousand five hundred and seventy-eight (3,578) tax files were cleared manually. Through this process, a total of \$8.44 Billion in arrears taxes were identified and letters sent to the various defaulting taxpayers. However, at the present time the Department is still unable to determine accurately from the system,



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all taxes assessed for prior years for which payments are still outstanding. Table XII, shows a ten year comparison of current and arrears taxes collected including the year of assessment 2005.

TABLE XII
REVENUE COLLECTIONS (CURRENT AND ARREARS - \$M)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Absolute Current	14,541.4	13,306.3	12,919.6	15,567.8	18,151.5	16,924.6	19,293.9	19,947.6	22,904.2	25,524.0
Arrears	396.0	1,030.4	1,202.4	398.8	772.6	2,767.4	2,835.1	2,444.6	1,917.3	1,675.7
Total Collections	14,937.4	14,336.7	14,122.0	15,966.6	18,924.1	19,692.0	22,128.0	22,393.2	24,821.5	27,199.7
Relative % Current	97.37	92.81	91.49	97.50	95.9	85.9	87.19	89.08	92.28	93.84
Arrears	2.65	7.19	8.51	2.50	4.1	14.1	12.81	10.92	7.72	6.16
Total %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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CUSTOMS AND TRADE ADMINISTRATION

The mandate of this Department is to promote compliance with Guyana's customs, excise, trade and border laws and regulations through quality service and responsible enforcement. During 2005 this Department was restructured in order to effectively carry out its mandate and now operates through three Divisions, namely, Wharves and Warehouses, Regional Offices and Airport and the Commercial Operations Division. In addition, the position of one Deputy Commissioner was eliminated and an Assistant Commissioner – Regions was appointed. Hence, the Department is now managed by a Commissioner, one Deputy Commissioner and three Assistant Commissioners.

GROSS REVENUE COLLECTION

The approved budget for the year 2005 for the Customs and Trade Administration was \$23.4 Billion. However the actual revenue collected for the period was \$25.8 Billion. This represents an increase of \$2.4 Billion or 10.25% over the approved estimates. The amount of revenue which was deposited into the Consolidated Fund, as shown in Table XIII below, was less by the amount of \$10 Million as a result of an armed robbery which occurred during the year under review.

TABLE XIII
REVENUE COLLECTION
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2005 (\$ 000)

S/HEAD NO.	HEAD OF REVENUE	Approved Budget	Amount Collected	Amount Paid into Consolidated Fund	Under the Estimate	Over the Estimate
1	Import Duties	3,741,400	3,635,516	3,635,516	(105,884)	
2	Warehouse Rent & Charges	11,494	12,682	12,682		1,188
3	Export Duties	3,401	9,471	9,471		6,070
4	Licences-Liquor	16,994	14,371	14,371	(2,623)	
5	Miscellaneous	20,894	130,701	130,701		109,807
6	Consumption Taxes	19,188,859	21,391,418	21,391,418		2,202,559
	-Oil Imports	5,722,999	6,012,049	6,012,049		289,050
	-Non-Oil Imports	8,579,701	10,350,681	10,350,681		1,770,980
	-Alcoholic Beverages	2,481,401	2,549,819	2,549,819		68,418
	-Other Local Goods	1,644,562	1,655,172	1,655,172		10,610
	-Overseas Telephone Bills	750,475	814,475	814,475		64,000
	-Betting Shops	9,721	9,222	9,222	(499)	
7	Overtime Fees	42,420	71,399	71,399		28,979
8	Departmental Fines	47,969	12,897	12,897	(35,072)	
9	Stamp Duties	6,327	8,506	8,506		2,179
10	Environmental Tax	288,001	494,151	494,151		206,150
	Sub-Total	23,367,759	25,781,112	25,781,112	(144,078)	2,557,431
	Less		10,000	10,000		
	Total	23,367,759	25,771,112	25,771,112	(144,078)	2,557,431



ANNUAL REPORT & STATEMENT OF ACCOUNTS

REMISSION OF DUTIES AND TAXES

Customs Duty and Consumption Tax

All goods imported into Guyana are subject to Customs duties and taxes as specified in the First Schedule Part I of the Customs Act Chapter 82:01, and the Consumption Tax Act Chapter 80:02, except in cases where they are specifically zero rated under the said Schedules. However, there are instances when remissions are granted for a variety of purposes under the First Schedule Part III of the Customs Act Chapter 82:01, and the Consumption Tax Act Chapter 80:02. These exemptions of Customs Duty and Consumption Tax include:

Remissions agreed to by Government of Guyana with external bilateral and multilateral agencies including CARICOM, CET.

Remissions granted on the importation of goods in relation to foreign funded projects and pursuant to the schedules made under the Customs Act.

Remissions granted to producing sectors of the economy such as mining, agriculture, tourism and information technology.

It should be emphasized that the granting of remissions does not compromise revenue but exists to facilitate trade and plays a role in the development of the economy.

Remission Policy

The remissions granted by the Guyana Revenue Authority can be broken down into two main categories. These are:

1. Unconditional Exemptions
2. Conditional Exemptions

Unconditional Exemptions

Unconditional Exemptions can be deemed as exemptions that the Guyana Revenue Authority must grant to those persons or organisations which are entitled to it. The Guyana Revenue Authority cannot, for any reason, impose restrictions or deny the granting of these types of exemptions.

Categories of Unconditional Exemptions

These include, but are not restricted to, goods imported by, for, or from the following:

1. CARICOM
2. Diplomatic Missions
3. Economic Development/Foreign Funded Projects
4. Government/Government Related
5. Motor Vehicles 4 years old and over
6. Fuel
7. Partial Scope Agreements
8. Miscellaneous (Includes other areas such as Lamps and Lanterns for illumination, samples and Mosquito nets, etc.)

Conditional Exemptions

Conditional exemptions can be deemed as exemptions which are granted subject to some condition. In other words, the applicants must satisfy some condition before the Guyana Revenue Authority grants the exemption from duties and taxes.

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Categories of Conditional Exemptions

These include, but are not restricted to, goods imported by or for the following:

1. Contracts/Agreements
2. Remigrants
3. Fishing
4. Education
5. Health Sector
6. Public Servants
7. Places of Worship/Charitable Organisations/NGO's
8. Motor Vehicles (Covers all categories of motor vehicles)
9. Mining
10. Tourism
11. Agriculture
12. Other Industry
13. Miscellaneous (Includes other areas such as Meteorological, Scientific and Archaeological, etc.)

The table below reflects the value of revenue foregone as a percentage of actual revenue collected by the Customs and Trade Administration for the year 2005 relative to the year 2004.

**TABLE XIV
REVENUE COLLECTION RELATIVE TO THE
VALUE OF EXEMPTIONS GRANTED (\$)**

	Total Revenue		Conditional Exemptions		Unconditional Exemptions		Total Exemptions	
	2004	2005	2004	2005	2004	2005	2004	2005
Total	23,600,716,000	25,781,112,000	6,047,559,565	1,332,504,841	12,570,424,697	6,502,042,613	18,617,984,262	7,834,547,454
Ratio of remission to revenue collection			25.62%	5.17%	53.26%	25.22%	78.88%	30.39%



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COMMERCIAL OPERATIONS

The operation of this Division is aimed at ensuring that the systems and procedures relating to entry processing, classification and valuation of goods and the Consumption and Excise Tax Programmes are efficient and effective.

DECLARATIONS

The Division processed a total of forty-nine thousand three hundred and three (49,303) declarations during the period under review. The amount of declarations processed during 2005 represents an increase of approximately 2 % over the 2004 figure of forty-eight thousand, three hundred and eight (48,308). The increase in trade activities, both imports and exports, was the main contributory factor for the increase in declaration processed.

**TABLE XV
DECLARATIONS PROCESSED**

Month	2004	2005	Variance
JANUARY	4,150	2,945	(1205)
FEBRUARY	3,168	3,531	363
MARCH	3,841	4,025	184
APRIL	3,814	4,038	224
MAY	3,531	3,863	332
JUNE	5,182	4,239	(943)
JULY	4,179	3,947	(232)
AUGUST	4,065	3,978	(87)
SEPTEMBER	4,068	4,147	79
OCTOBER	3,823	4,495	672
NOVEMBER	4,518	5,758	1240
DECEMBER	3,969	4,337	368
TOTAL	48,308	49,303	995

ANNUAL REPORT & STATEMENT OF ACCOUNTS



WEIGHT OF IMPORTS AND EXPORTS

Approximately 3.66 billion kg of cargo was processed during the year under review. Of that amount, 1.11 billion kg were related to imports and 2.52 billion kg to exports. The amount of cargo processed during 2005 represents a decrease of 0.54 billion kg or 12.8 % when compared with the 2004 figure of 4.2 billion kg. Imports decreased by 0.18 billion kg or 14.4 % while exports decreased by 0.4 billion kg or 13.8% when compared with the year 2004. These figures are set out in the Table XVI below.

**TABLE XVI
NET WEIGHT (KG.)**

Months	2004			2005		
	Imports	Exports	Total	Imports	Exports	Total
January	178,300,000	163,900,000	342,200,000	51,800,000	151,900,000	203,700,000
February	43,700,000	142,300,000	186,000,000	132,600,000	146,900,000	279,500,000
March	128,200,000	157,000,000	285,200,000	98,300,000	72,800,000	171,110,000
April	62,400,000	72,800,000	135,200,000	51,300,000	64,800,000	116,100,000
May	91,900,000	129,000,000	220,900,000	129,600,000	265,600,000	392,500,000
June	221,500,000	134,200,000	355,700,000	168,500,000	230,500,000	399,000,000
July	94,300,000	1,033,000,000	95,603,000	95,200,000	334,400,000	429,600,000
August	85,600,000	93,000,000	85,893,000	70,900,000	358,600,000	456,500,000
September	109,100,000	137,200,000	246,300,000	71,700,000	416,300,000	488,000,000
October	69,400,000	233,800,000	303,200,000	54,500,000	79,200,000	133,700,000
November	96,200,000	261,700,000	357,900,000	125,900,000	261,800,000	387,700,000
December	117,300,000	158,100,000	275,400,000	61,300,000	143,400,000	204,700,000
Total	1,297,900,000	2,916,000,000	4,213,900,000	1,111,600,000	2,526,200,000	3,662,110,000

VALUE OF IMPORTS AND EXPORTS

The total value of imports and exports for 2005 was \$270.2 billion and represents an increase of approximately \$5.1 billion over the 2004 value of \$265.1 billion. The 2005 figure represents \$160.4 billion for import and \$109.8 billion for export value respectively, while the value for 2004 represents \$147.4 billion for imports and \$117.7 billion for exports.



ANNUAL REPORT & STATEMENT OF ACCOUNTS

TABLE XVII
VALUE OF IMPORTS AND EXPORTS (\$)

Months	2004			2005		
	Imports	Exports	Total	Imports	Exports	Total
January	32,900,000,000	20,300,000,000	53,200,000,000	9,400,000,000	5,000,000,000	14,400,000,000
February	8,200,000,000	7,000,000,000	15,200,000,000	10,100,000,000	4,900,000,000	15,000,000,000
March	11,800,000,000	8,100,000,000	19,900,000,000	13,600,000,000	8,600,000,000	22,200,000,000
April	8,500,000,000	10,000,000,000	18,500,000,000	15,100,000,000	12,000,000,000	27,100,000,000
May	7,500,000,000	6,300,000,000	13,800,000,000	16,100,000,000	10,200,000,000	26,300,000,000
June	11,900,000,000	5,400,000,000	17,300,000,000	15,900,000,000	10,400,000,000	26,300,000,000
July	10,100,000,000	10,600,000,000	20,700,000,000	15,400,000,000	5,400,000,000	20,800,000,000
August	11,000,000,000	7,800,000,000	18,800,000,000	12,100,000,000	9,800,000,000	21,900,000,000
September	12,100,000,000	9,800,000,000	21,900,000,000	11,800,000,000	14,800,000,000	26,600,000,000
October	9,800,000,000	12,200,000,000	22,000,000,000	13,000,000,000	9,500,000,000	22,500,000,000
November	12,900,000,000	10,200,000,000	23,100,000,000	16,200,000,000	10,800,000,000	27,000,000,000
December	10,700,000,000	10,000,000,000	20,700,000,000	11,700,000,000	8,400,000,000	20,100,000,000
Total	147,400,000,000	117,700,000,000	265,100,000,000	160,400,000,000	109,800,000,000	270,200,000,000

REVENUE FROM IMPORTS AND EXPORTS

Revenue collected on the value of imports and exports during 2005 amounted to \$19.5 billion and \$9.0 million respectively. The corresponding figures for 2004 were \$18.9 billion on the value of imports and \$12.1 million on the value of exports. A comparison of the collection figures for 2004 and 2005 reveals a 3.36% increase in revenue collected on imports and a 24.7% decrease in revenue collected on exports. Please see Table XVIII overleaf.

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TABLE XVIII
REVENUE COLLECTED - (\$ 000)

Month	2004				2005				Variance			
	Imports	Exports	Other	Total	Imports	Exports	Other	Total	Imports	Exports	Other	Total
JAN.	1,305,000	1,922	496,078	1,803,000	977,000	621	555,379	1,533,000	(328,000)	(1,301)	59,301	(270,000)
FEB.	1,363,000	329	328,671	1,692,000	1,446,000	395	380,605	1,827,000	83,000	66	51,934	135,000
MARCH	1,529,000	442	335,558	1,865,000	2,034,000	278	422,722	2,457,000	505,000	(164)	87,164	592,000
APRIL	1,469,000	343	372,657	1,842,000	1,221,000	2,914	512,086	1,736,000	(248,000)	2,571	139,429	(106,000)
MAY	1,284,000	358	390,642	1,675,000	2,046,000	302	448,698	2,495,000	762,000	(56)	58,056	820,000
JUNE	2,056,000	812	353,188	2,410,000	1,696,000	493	455,507	2,152,000	(360,000)	(319)	102,319	(258,000)
JULY	1,260,000	2,828	371,172	1,634,000	1,943,000	616	514,384	2,458,000	683,000	(2,212)	143,212	824,000
AUG.	1,750,000	1,134	401,866	2,153,000	1,306,000	1,200	969,800	2,277,000	(444,000)	66	567,934	124,000
SEPT.	1,583,000	383	330,617	1,914,000	1,520,000	323	464,677	1,985,000	(63,000)	(60)	134,060	71,000
OCT.	1,751,000	951	419,049	2,171,000	1,727,000	987	517,013	2,245,000	(24,000)	36	97,964	74,000
NOV.	1,836,000	1,014	417,986	2,255,000	1,651,000	554	509,446	2,161,000	(185,000)	(460)	91,460	(94,000)
DEC.	1,672,000	1,557	452,443	2,126,000	1,925,000	410	528,590	2,454,000	253,000	(1,147)	76,147	328,000
TOTAL	18,858,000	12,073	4,669,927	23,540,000	19,492,000	9,093	6,278,907	25,780,000	634,000	(2,980)	1,608,980	2,240,000



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REGIONAL OFFICES & AIRPORT

OUT STATIONS

The Customs and Trade Administration has offices located in several regions including Corriverton, New Amsterdam, Linden, Essequibo and Lethem. During 2005 staff at the various regional offices worked assiduously to achieve their objectives. Staff at the Corriverton Office cleared 755 international vessels and prepared reports on those vessels. Officers also completed incoming and outgoing ships' files, facilitated the temporary importation/exportation of vehicles and the daily clearance of the ferry operating between Guyana and Suriname.

Staff at all locations combined examined 1,443 consignment of cargo prior to release and processed 1,629 declarations while 419 vehicles were examined in the Lethem area. Officers also issued a total of 1,317 liquor licences during 2005, processed 33 new applications for licences and 156 Consumption tax returns. Revenue collected from outstations amounted to \$216,695,652.

CHEDDI JAGAN INTERNATIONAL AIRPORT

At the Cheddi Jagan International Airport officers continued to process arriving and departing aircraft and passengers. They also completed files relating to incoming and outgoing aircraft as well as processed 6,277 declarations for imported and exported cargo.

Revenue collection at CJIA amounted to \$557.9 M. Of this amount, \$369 M was collected from processing cargo, \$106.5M from airport to airport transactions, \$41.7M from processing passenger baggage, \$26.5M from processing Jet Pak services and the remaining \$14.2 M from other duties and taxes such as Stamp Duty, Export Duty, Environmental Tax, etc.

Revenue collection is shown in the table below.

TABLE XIX
REVENUE COLLECTION – (\$)

Location	2004	2005	% Variance
CJIA - Timehri	580,165,259	557,916,492	(3.83)
Anna Regina	17,407,580	17,432,414	0.14
Lethem	61,949,878	48,708,124	(27.18)
Linden	3,230,973	3,476,534	7.6
New Amsterdam	17,726,578	19,522,699	10.13
Corriverton	141,921,780	127,555,881	(10.12)
Total	822,402,048	774,612,144	(5.81)

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SHORTAGE OF RESOURCES AT OUTSTATIONS

Operations at the outstations were affected by a shortage of equipment, staff and vehicles. Several staff members from the New Amsterdam office were dismissed but there were no replacements. Vehicles are urgently needed to conduct Excise and Consumption tax activities and also enforcement activities to arrest the revenue leakage resulting from smuggling activities and other tax evasion methods used.

REHABILITATION WORKS

Rehabilitation/maintenance work was carried out at various outstations. Major rehabilitation work was carried out at the office and staff residence in New Amsterdam while repairs were made to the office in Linden and the customs area at Timehri was renovated. New/improved security measures, including armed guards and armed escorts, were also put in place at outstations.



ANNUAL REPORT & STATEMENT OF ACCOUNTS



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AG: 83/2006

30 June 2006

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GOVERNING
BOARD OF THE GUYANA REVENUE AUTHORITY
ON THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2005

I have audited the financial statements of the Guyana Revenue Authority for the year ended 31 December 2005, as set out on pages 4 to 13 in accordance with Section 27(2) of the Guyana Revenue Authority Act No. 13 of 1996. These statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets.

Respective Responsibilities of management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management of the Guyana Revenue Authority. My responsibility is to express an independent opinion on the statements based on these assertions and to report that opinion.

Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

ANNUAL REPORT & STATEMENT OF ACCOUNTS



Opinion

In my opinion, the financial statements presents fairly, in all material respects, The financial position of the Guyana Revenue Authority as at 31 December 2005 and the results of its operation and cash flows for the year ended, in conformity with generally accepted principles.



OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



ANNUAL REPORT & STATEMENT OF ACCOUNTS

Guyana Revenue Authority Balance Sheet As at 31st December, 2005

	Notes	2005	2004
Fixed Assets	2		
Land and Buildings		472,598,406	472,598,406
Motor Vehicles & Craft		78,947,390	72,297,390
Computer Equipment		132,154,608	100,026,851
Office Equipment		112,648,791	82,490,276
Office Furniture		65,693,547	54,626,897
		<u>862,042,742</u>	<u>782,039,820</u>
Capital Work in Progress		-	-
		<u>862,042,742</u>	<u>782,039,820</u>
<u>Current Assets</u>			
Inventories	3	12,081,234	15,613,948
Cash in hand	4	2,214,619	2,224,756
Cash at bank	5	37,091,703	28,445,650
		<u>51,387,556</u>	<u>46,284,354</u>
<u>Current Liabilities</u>			
Balance due to Consolidated Fund		24,694,103	,693,540
Grant	7	12,384,400	738,910
		<u>37,078,503</u>	<u>28,432,450</u>
Net Assets		<u><u>876,351,798</u></u>	<u><u>799,891,724</u></u>
<u>Financed By:</u>			
Government of Guyana Contribution	6	861,609,272	785,149,201
Public Service Technical Assistance Credit		14,742,523	14,742,523
		<u>876,351,795</u>	<u>799,891,724</u>

[Signature]
Chairman

[Signature]
Member

ANNUAL REPORT & STATEMENT OF ACCOUNTS



Guyana Revenue Authority Income and Expenditure Account

For the year ended 31st December, 2005

	Notes	2005	2004
Subsidy		1,963,869,410	1,716,583,833
Training Grant	7	14,999,950	768,000
Total Income		1,978,869,360	1,717,351,833
Wages and Salaries	8	619,964,427	554,994,798
Revision of Wages & Salaries		50,946,981	31,522,864
Overhead Expenditure	9 a&b	369,325,672	305,072,538
TOTAL WAGES AND SALARIES		1,040,237,080	891,590,200
Material Equipment & supplies	10	73,114,042	89,840,458
Fuel and Lubricants		33,655,751	28,304,238
Rental and Maintenance of Buildings	11	76,089,972	90,477,651
Transport Travel and Postage	12	76,637,069	68,139,908
Utility Charges	13	58,469,533	56,899,789
Other Goods and Services	14	105,970,061	102,437,664
Other Operating Expenses	15	59,769,234	36,643,213
Education Subventions and Training	16	3,920,035	4,395,598
Rates and taxes & Subvention to Local Authorities		-	-
Subsidies and Contribution to Local Organisations	17	5,636,792	8,036,421
REFUNDS OF REVENUE		410,677,276	314,498,387
TOTAL OTHER CHARGES		903,939,765	799,673,327
TOTAL EXPENSES		1,944,176,845	1,691,263,527
(Deficit)/Excess of Grant Over Expenditure		12,377,380	738,910
Excess of Releases Over Expenditure		23,047,025	25,349,396
		35,424,405	26,088,306



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Guyana Revenue Authority Cash Flow Statement

	2005	2004
<u>Cash Flows from operating activities</u>		
Cash Releases from Government of Guyana	1,963,869,410	1,716,583,833
Grant	14,999,950	768,000
Cash paid to suppliers and employees	(1,944,176,845)	(1,691,263,527)
Net Cash flow from operating activities	34,692,515	26,088,306
<u>Cash Flows from investing activities</u>		
Cash Releases from Government of Guyana	75,000,000	53,000,000
Purchase of property, plant and equipment	(73,352,922)	(50,655,856)
Net Cash flow from investing activities	1,647,078	2,344,144
Net increase in cash	36,339,593	28,432,450
Cash at beginning of period	28,432,450	51,572,609
Cash repaid to Government of Guyana	(27,693,540)	(51,572,609)
Cash at end of period	37,078,503	28,432,450
Due to Consolidated Fund	24,694,103	27,693,540
Grants	12,384,400	738,910
	37,078,503	28,432,450

Guyana Revenue Authority Notes on the Financial Statements For the year ended 31st December, 2005

Note 1. Significant Accounting Policies

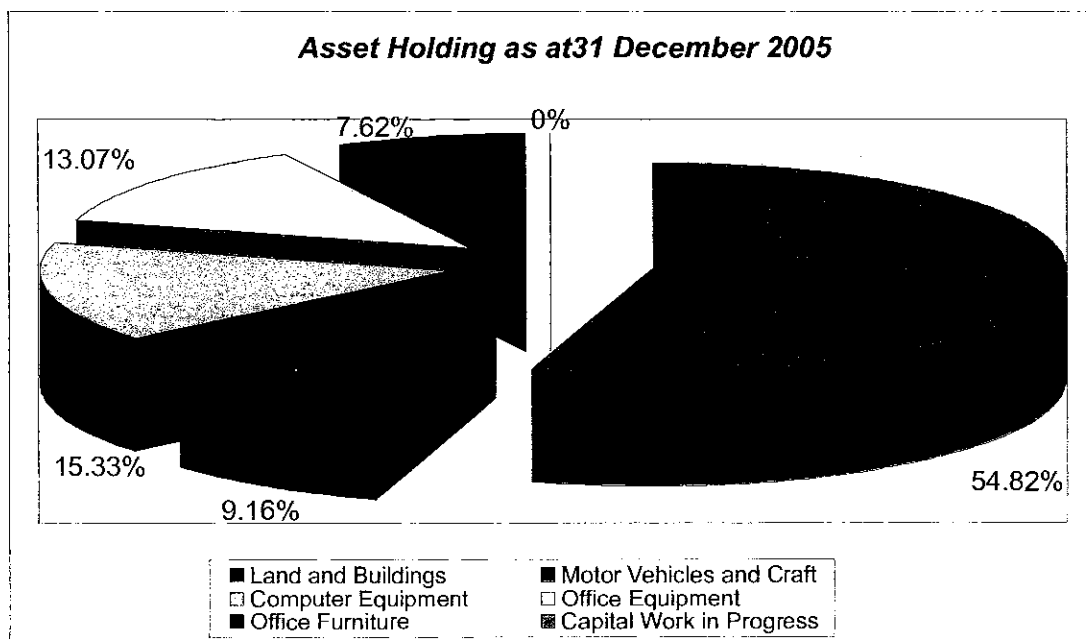
- A. The Financial Statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets
- B. No depreciation is provided on fixed assets as the Revenue Authority operates on a cash basis from an allocation provided by Parliament in the Estimates of Expenditure. In addition, revenues collected are paid into the Consolidated Fund and form part of the Guyana Revenue Authority's accounts.
- C. Inventories have been valued at lower of cost and net realisable value using the First In First Out method of valuation. Inventories are procured with funds allocated for Current Expenditure and consequently are shown as a movement in the Accumulated Fund in the Financial Statements.

Note 2. Fixed Assets

Fixed assets held by the Inland Revenue and Customs & Excise Departments at 27th January 2000, were independently valued by the Chief Valuation Officer at \$485.5M.

The Guyana Revenue Authority acquired a fleet of thirteen (13) motor vehicles during 2005. These were valued at \$15.4M by the Chief Valuation Officer and are included in the financial statements as additions to Motor Vehicles/Craft for the year.

The asset holding of the Authority is displayed on the chart below





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Note 2. Fixed Assets (cont'd)

The asset position of the Revenue Authority as at 31st December 2005 is stated below.

	Land and Buildings	Motor Vehicle / Craft	Computer Equipment	Office Equipment	Office Furniture	Capital Work in Progress	Total
Cost or Valuation at 1st January, 2005							
Comprising							
Valuation	427,150,000	68,094,390	16,997,000	15,357,600	18,642,400	-	546,241,390
Cost	45,448,406	4,203,000	83,029,851	67,132,676	35,984,497	-	235,798,430
	472,598,406	72,297,390	100,026,851	82,490,276	54,626,897		782,039,820
Additions		15,400,000	32,127,757	30,158,515	11,066,650		88,752,922
Disposals		8,750,000					8,750,000
Cost or Valuation as at 31st December, 2005							
Comprising							
Valuation	427,150,000	74,744,390	16,997,000	15,357,600	18,642,400	-	552,891,390
Cost	45,448,406	4,203,000	115,157,608	97,291,191	47,051,147	-	309,151,352
	472,598,406	78,947,390	132,154,608	112,648,791	65,693,547		862,042,742

Note 3. Inventories

The stocks held by the Authority at the end of the reporting period are as shown below

		2004
Office Materials & Supplies	10,085,882	11,748,474
Preprinted Forms	1,995,352	3,865,474
Total	12,081,234	15,613,948

Note 4. Cash in Hand

This represents the Standing Imprest held by the Revenue Authority, as well as foreign currency float held at Travel Tax Ticket booth at Cheddi Jagan International Airport, Timehri. This is set out below

Imprest Accounts		2004
Customs & Trade Administration	1,000,000	1,000,000
Internal Revenue	1,000,000	1,000,000
Total Imprest	2,000,000	2,000,000
Foreign Currency Float	214,619	224,756
Total	2,214,619	2,224,756

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Note 5. Cash at Bank

This represents amount due to Consolidated Fund held at Bank of Guyana and floats in the Point of Sale accounts at the National Bank of Industry and Commerce Ltd.

		2004
Bank of Guyana – Main A/c	37,078,503	28,432,450
NBIC POS Accounts		
Customs & Trade Administration	6,600	6,600
Internal Revenue	6,600	6,600
Total	37,091,703	28,445,650

Note 6. Accumulated Fund

The Accumulated Fund for the Authority on its formation represented the values of Fixed Assets transferred from the Inland Revenue and Customs & Excise Departments.

The table below sets out the movement in the Fund for the year ended 31st December 2005.

Accumulated Fund	Fixed Assets	Net Current Assets	Total 2005	2004
As at 1st January	767,297,297	17,851,904	785,149,201	704,849,551
Movement during the year (Note 6a)	80,002,922	(3,542,851)	76,460,071	80,299,650
As at 31st December	847,300,219	14,309,053	861,609,272	785,149,201

Note 6a - Analysis of movement during the year

Purchases of Fixed Assets	73,250,827
Disposals of Fixed Assets	(8,750,000)
Inventories	(3,532,714)
Motor Vehicles acquired	15,400,000
Foreign Currency & POS Floats	(10,137)
	76,357,976



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Note 7. Grants

The Guyana Revenue Authority received an additional grant of \$768,000 for further training on Ozone Depleting Substances in 2004. Expenditure of \$ 731,890 has been included in 6302 - Training (including scholarships) shown in Note 16.

During 2005, the Authority received a \$15M grant from the Caribbean Development Bank for capacity building. The sum of \$2.6M has been expended in this regard at the end of 2005 and has been included in 6294 – Others in Note 15. The balances on these Grants at 31st December 2005 are shown below.

	2005	2004
Training Grant – ODS	7,020	738,910
Caribbean Development Bank	12,377,380	-
Total	12,384,400	738,910

Note 8. Wages and Salaries

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6111	Administrative	131,056,097	126,457,393
6112	Senior Technical	94,438,133	74,419,983
6113	Other Technical & craft skills	129,562,359	94,204,284
6114	Clerical & Office Support	185,944,432	184,328,762
6115	Semi-Skilled and Unskilled operatives	77,503,089	74,581,379
6116	Contract Employees	-	-
6117	Temporary Employees	1,460,317	1,002,997
TOTAL		619,964,427	554,994,798

Note 9a. Overhead Expenditure

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6131	Other Direct Labour Costs (See Note 9b)	183,424,937	148,979,182
6133	Benefits & Allowances	108,330,711	88,949,535
6134	National Insurance	49,924,521	42,566,515
6135	Pensions	27,645,503	24,577,306
TOTAL		369,325,672	305,072,538

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Note 9b. Members' Emoluments

Included under 6131 – Other Direct Labour Overheads were payments made to members of the Authority's Governing Board as shown in the Table below.

Name	2005	2004
Lennox Benjamin	108,000	144,000
Clyde Roopchand	138,000	180,000
Dolly Singh	-	120,000
Ashni Singh	105,000	144,000
Total	351,000	588,000

Note 10. Material Equipment & Supplies

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6221	Drugs & Medical Supplies	185,187	186,167
6222	Field Materials & Supplies	-	250
6223	Office Materials & Supplies	40,422,408	45,481,715
6224	Print & Non Print Materials	32,506,447	44,172,326
TOTAL		73,114,042	89,840,458

Note 11. Rental & Maintenance of Buildings

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6241	Rental of Buildings	40,267,205	40,369,574
6242	Maintenance of Buildings	27,120,284	39,349,958
6243	Janitorial & Cleaning Supplies	8,702,483	10,758,119
TOTAL		76,089,972	90,477,651

Note 12. Transport Travel & Postage

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6261	Local Travel & Subsistence	38,071,743	32,004,877
6262	Overseas Conference & Official Visits	770,927	304,675
6263	Postage, Telex and Cablegram	6,112,088	6,929,865
6264	Vehicle Spares & Services	30,405,709	28,319,491
6265	Other Transport Travel & Postage	1,276,602	581,000
TOTAL		76,637,069	68,139,908



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Note 13. Utility Charges

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6271	Telephone Charges	14,294,479	12,156,466
6272	Electricity Charges	42,450,937	41,522,930
6273	Water Charges	442,117	788,768
6275	Internet Charges	1,282,000	2,431,625
TOTAL		58,469,533	56,899,789

Note 14. Other Goods & Services Purchased

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6281	Security Services	42,676,185	36,068,210
6282	Equipment Maintenance	22,991,138	20,577,880
6283	Cleaning & Extermination Services	12,084,980	10,838,139
6284	Others	28,217,758	34,953,435
TOTAL		105,970,061	102,437,664

Note 15. Other Operating Expenses

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6291	National & Other Events	2,180,986	234,696
6293	Refreshments & Meals	1,813,077	2,132,915
6294	Others	55,775,171	34,275,602
TOTAL		59,769,234	36,643,213

Note 16. Education Subvention & Training

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6301	Education Subvention & Grants	755,000	337,000
6302	Training (including scholarships) (see Note 7)	3,165,035	4,058,598
TOTAL		3,920,035	4,395,598

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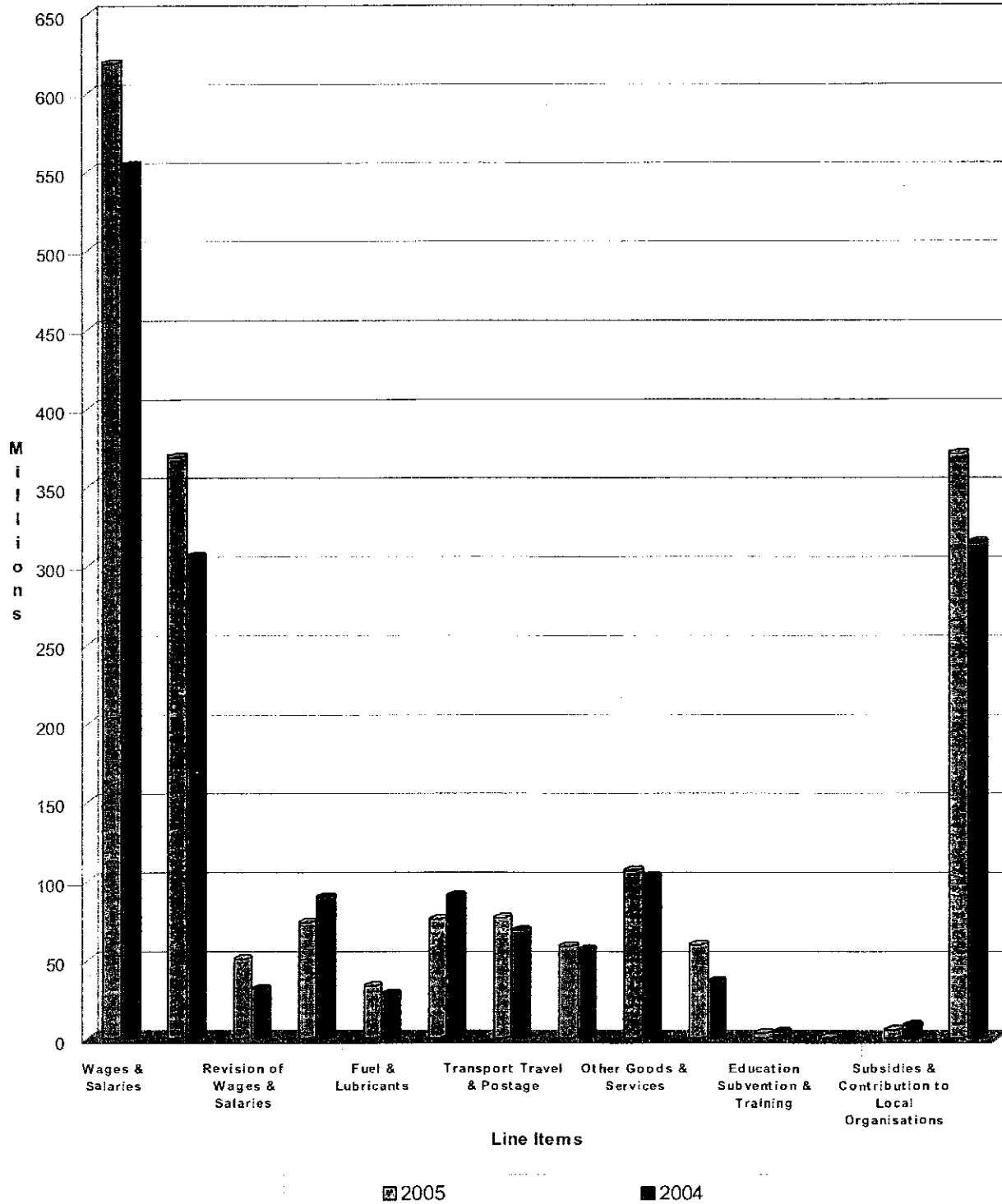


Note 17. Subsidies & Contributions to Local & International Organisations

Expenditures under this head comprised of the following sub-heads:

Code	Description	2005	2004
6321	Local Organisation	40,000	-
6322	International Organisation	5,596,792	8,036,421
TOTAL		5,636,792	8,036,421

Guyana Revenue Authority
Analysis of Expenditure



Highlights



Facilitators and GRA Managers who participated in the “Leadership and Management Skills” seminar



Recruits at the Orientation Seminar

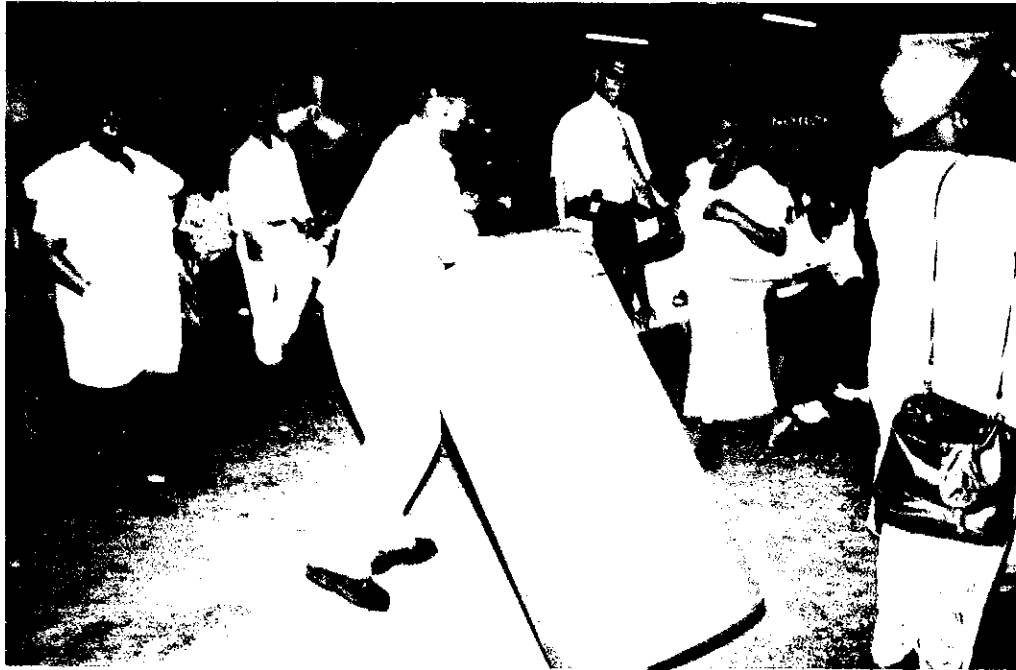


Bursary Awardees with senior staff members.



Participants of the Work Study Programme.

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Personal effects being cleared at the Laparkhan Wharf.

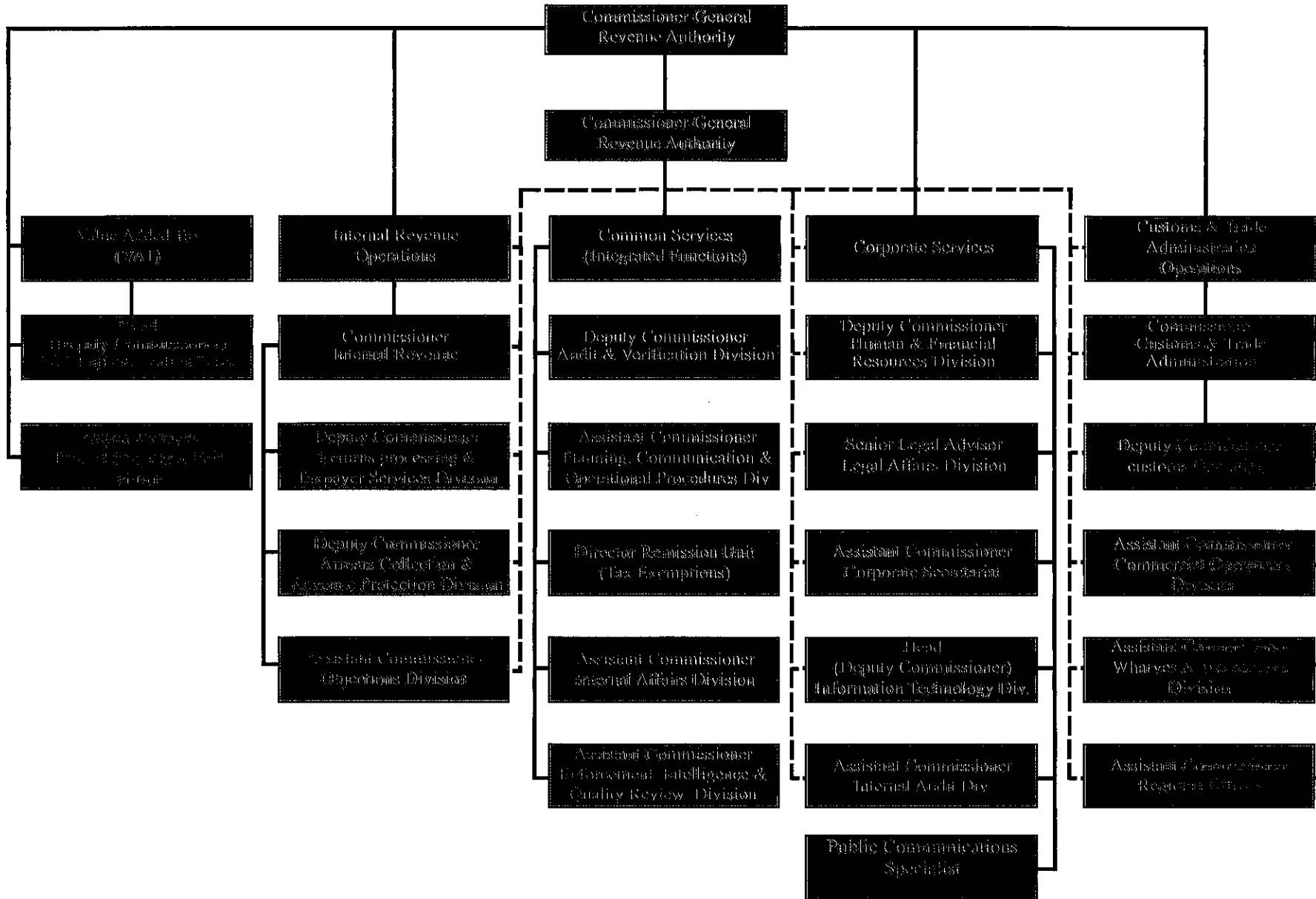


GRA staff providing assistance to members of the public at GRA's Tax Site.



APPENDICES

APPENDIX 1 GUYANA REVENUE AUTHORITY ORGANISATION CHART



ANNUAL REPORT & STATEMENT OF ACCOUNTS



APPENDIX 2 Individual Tax Rates

Years of Assessment 1992 - 1993

\$0.00	Under \$50,000	\$0.00 + 20%	On excess over \$ 0.00
Over \$ 50,000	Under \$100,000	\$10,000.00+ 30%	On excess over \$ 50,000
Over \$ 100,000	----	\$25,000.00+ 40%	On excess over \$ 100,000

Years of Assessment 1994 - 1997

Flat Rate of Tax	33 1/3% of Chargeable Income
------------------	------------------------------

Years of Assessment 1998 - 2003

20% of first \$134,000.00 of the amount of Chargeable Income
33 1/3% of the remainder of the amount of Chargeable Income

Years of Assessment 2004 - 2006

20% of first \$110,000.00 of the amount of Chargeable Income
33 1/3% of the remainder of the amount of Chargeable Income



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SELF EMPLOYED INDIVIDUALS

Effective 1st September 2003.

In respect of self employed individuals whose turnover from the performance of services:

Exceeds \$10 Million

Minimum Tax – 2%

Less than \$10 million

Presumptive Tax Method using factors such as size of business, number of employees, assets used in the business, training and years in practice, salaries of comparable employed individuals etc.

Capital Gains Tax Rate

Capital Gains Tax	20%
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PERSONAL PROPERTY TAX RATE

Year of Assessment 1993 - 1999

On the first \$5,000,000 of Net Property	0%
For every Dollar of the next \$5,000,000 of Net Property	½%
For every Dollar of the remainder of Net Property	¾%

Year of Assessment 2000 - 2006

On the First \$7,500,000 of Net Property	0%
For every dollar of the next \$5,000,000.0 of Net Property	½%
For every dollar of the remainder of Net Property	¾%

ANNUAL REPORT & STATEMENT OF ACCOUNTS



APPENDIX 3

COMPANY TAX RATES

1	Minimum Tax on Turn over	Commercial Companies Non-Commercial Coys.	Effective for YA 95-96	2%
		Commercial Companies	From YA 97 applied to Commercial Companies only	2%
2	Corporation Tax on Chargeable Income	Commercial Companies	(from Y/A 1995)	45%
		Non-Commercial Coys.		35%
3	Capital Gains Tax			20%
4	Property Tax	Years of Assessment 1986 – 1992	On the first \$500,000 of Net Property	½%
			On every Dollar of Net Property in excess of \$ 500,000	¾%
		Years of Assessment 1993 – 1999	On the first \$500,000 of Net Property	Nil
			For every Dollar of the next \$5,000,000 of Net Property	½%
			For every Dollar of the remainder of Net Property	¾%
		Years of Assessment 2000 – 2006	On the first \$1,500,000 of Net Property	Nil
			For every dollar of the next \$5,000,000 of Net Property	½%
			For every dollar of the remainder of Net Property	¾%

APPENDIX 4

Withholding Tax Rates

	YA 1993 - YA 2003	YA 2004 - YA 2006
On Distribution to Non – Residents	15%	20%
On Interest on Savings Accounts		
On Interest on Loans secured by Bonds and similar instruments	15%	20%
On Discount on Treasury Bills		
On other Interest payments to Non – Residents	15%	20%
On payments other than Interest to Non – Residents	10%	20%



ANNUAL REPORT & STATEMENT OF ACCOUNTS

APPENDIX 5

PREMIUM TAX RATES

On Insurance premiums other than long term Insurance, paid to non-resident Companies not carrying on business in Guyana	10%
On Insurance premium paid to non-resident companies carrying on business in Guyana	6%

APPENDIX 6

PERSONAL INCOME TAX DEDUCTIONS

Year of Assessment	Amount of Deduction
1992	\$48,000 or 1/3 of income whichever is greater
1993	\$72,000 or 1/3 of income whichever is greater
1994	\$120,000
1995	\$120,000
1996	\$144,000
1997	\$180,000
1998 - 2003	\$216,000
2004 - 2006	\$240,000