

**THE OFFICIAL GAZETTE
LEGAL SUPPLEMENT – C**

30TH JULY, 2003

BILL No. 16 of 2003

Wednesday 30th July, 2003

PARLIAMENT OFFICE,
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Georgetown
Guyana.

30th July, 2003

The following Bill which will be introduced in the National Assembly is published for general information.

S. E. Isaacs,
Clerk of the National Assembly



GUYANA

BILL No. 16 of 2003

**FISCAL ENACTMENTS (AMENDMENT) (No. 2) BILL 2003
ARRANGEMENT OF ARTICLES**

Section

1. Short title.
2. Amendment of section 5A of the Motor Vehicles and Road Traffic Act.
3. Amendment of section 6 of the Financial Administration and Audit Act.
4. Insertion of new section 6A, in the Financial Administration and Audit Act.
5. Insertion of new section 6B in the Financial Administration and Audit Act.
6. Amendment of section 12A of the Tax Act.
7. Amendment of First Schedule to the Tax Act.
8. Amendment to section 56 of the Tax Act.
9. Amendment to section 57 of the Tax Act.
10. Amendment of section 14 of the Consumption Tax Act.
11. Repeal and re-enactment of section 18 of the Consumption Tax Act.
12. Amendment to section 3 of the Travel Voucher Tax Act.
13. Insertion of new section 28 in the Income Tax Act.
14. Insertion of new section 37A in the Income Tax Act.
15. Repeal of section 70(5) of the Income Tax Act.
16. Amendment of section 60 of the Income Tax Act.

- 17. Amendment to section 97 of the Income Tax Act.
- 18. Repeal and re-enactment of section 99 of the Income Tax Act.
- 19. Repeal and section 105 of the Income Tax Act.
- 20. 20. Repeal and re-enactment of section 108 of the Income Tax Act.
- 21. Amendment of section 2 of the Income Tax (In Aid of Industry) Act.
- 22. Repeal of section 12 of the Customs Act.
- 23. Insertion of new section 23 in the Customs Act.



GOVERNMENT OF GUYANA

BILL No. 26 OF 2003

LEGAL ENACTMENTS (AMENDMENT) (No. 2) BILL 2003
ARRANGEMENT OF ARTICLES

1	Section
2	Amendment of section 2A of the Motor Vehicle and Road Traffic Act.
3	Amendment of section 6 of the Forest Management and Conservation Act.
4	Insertion of new section 25 in the Forest Management and Conservation Act.
5	Insertion of new section 25B in the Forest Management and Conservation Act.
6	Amendment of section 25A of the Tax Act.
7	Amendment of Part Schedule 1 of the Tax Act.
8	Amendment to section 26 of the Tax Act.
9	Amendment to section 27 of the Tax Act.
10	Amendment of section 14 of the Consumption Tax Act.
11	Repeal and re-enactment of section 12 of the Consumption Tax Act.
12	Amendment of section 2 of the Taxed Vehicle Tax Act.
13	Insertion of new section 2B of the Income Tax Act.
14	Insertion of new section 17A in the Income Tax Act.
15	Repeal of section 10(2) of the Income Tax Act.
16	Amendment of section 20 of the Income Tax Act.

3

**A BILL
Intituled**

AN ACT to amend the Motor Vehicles and Road Traffic Act, the Financial Administration and Audit Act, the Tax Act, the Consumption Tax Act, the Travel Voucher Tax Act, the Income Tax Act, the Income Tax (In Aid of Industry) Act, and the Customs Act to institute certain tax policy reforms as regards remission of tax, adjustment of tax rates and allowing tax administration resources to be used more efficiently.

A.D. 2003 Enacted by the Parliament of Guyana.

Short title.
Cap. 51:02
Cap. 73:01
Cap. 80:01
Cap. 80:02
Cap. 80:09
Cap. 81:01
Cap. 81:02
Cap. 82:01

1. This Act, which amends to the Motor Vehicles and Road Traffic Act, the Financial Administration and Audit Act, the Tax Act, the Consumption Tax Act, the Travel Voucher Tax Act, the Income Tax Act, the Income Tax (In Aid of Industry) Act and the Customs Act, may be cited as the Fiscal Enactments (Amendments) (No. 2) Act 2003.

Amendment
of section
5A of the Motor
Vehicles
and Road Traffic
Act.
Cap. 51:02

2. Section 5A of the Motor Vehicles and Road Traffic Act is hereby amended by the insertion immediately after subsection (1) of the following as subsections (1A), (1B) and (1C) -

“(1A) The motor vehicle purchase tax shall be remitted on the import or purchase of a motor vehicle by a person eligible for remission of import duty under section 23 of the Customs Act:

Provided that section 23(3) of the Customs Act shall as it applies, inter alia, to foregone duty due and payable thereunder apply mutatis mutandis to foregone purchase tax that may become due and payable under this subsection in circumstances mentioned in section 23(3) of the Customs Act.

Cap. 82:01 (1B) The motor vehicle purchase tax shall be remitted on the import or purchase of a motor vehicle by a person listed in the First Schedule, Part III(B), to the Customs Act, in accordance with regulations.

Cap. 81:02 (1C) On the import or purchase of a motor vehicle for use in an activity granted a tax exemption under section 2 of the Income Tax (In Aid of Industry) Act, the motor vehicle purchase tax thereon is remitted with respect to a vehicle placed in service during the period of exemption, subject to such restrictions and limitations as may be provided by regulations made by the Minister under this subsection.”.

Amendment of
section 6 of the
Financial
Administration and
Audit Act.
Cap. 73:01

3. Section 6(1) of the Financial Administration and Audit Act is hereby amended by the substitution therefor of the following as subsections (1) to (1E) –

“Limitations on discretionary re-missions of tax; control of expenditure. (1) Save as may be expressly provided by any law for the time being in force, no expenditure involving a charge on the revenue shall be incurred; nor shall any sum due to the revenue be remitted, unless the Minister is empowered by the specific provisions of the relevant tax Act to permit the remission or by Order or other subsidiary legislation made under such Act.

(1A) Except as provided in subsection (1C), no remission, concession, or waiver of tax is valid unless the remission is expressly provided for in a tax Act or subsidiary legislation.

(1B) No remission, concession, or waiver of tax by Order or other subsidiary legislation is valid unless the Act under which the

subsidiary legislation is made expressly permits the Minister to provide such a remission, concession, or waiver.

(1C) The Minister may make regulations or other subsidiary legislation to release the taxpayer under the procedure and conditions specified therein in whole or in part from the liability to pay tax otherwise due in cases where the taxpayer's ability to pay tax due has been affected by natural disaster, disability, mental incapacity, or death, or if the taxpayer has been rendered homeless or destitute.

(1D) The Minister has the power to issue a notice making an adjustment in the tax rate so as to take into account fluctuations in the price of essential imported goods (for example, fuel); provided, however, that the effect of the change is at least revenue neutral.

(1E) Nothing in this section shall be construed to limit or restrain the Minister in the exercise of his duty to enforce the law and to exercise oversight in respect of the operations of the Ministry.

insertion of new
section 6A in the
Financial
Administration
and Audit Act,
cap. 73:01

4. The Financial Administration and Audit Act is hereby amended by insertion immediately after section 6 of the following as section 6A –

<p>“Goods for public works funded by grants free of import duty and tax.</p>	<p>6A. Goods imported in relation to a public works project funded by grants or loans supplied by an international agency shall be free of import duty and tax; regulations may be made under this section specifying such conditions as may be appropriate to prevent abuse.”</p>
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Insertion of new
section 6B in the
Financial
Administration and
Audit Act.
Cap. 73:01

5. The Financial Administration and Audit Act is hereby amended by insertion immediately after section 6A of the following as section 6B -

“Standard interest charged on late tax payments. 6B.(1) Interest is charged on all late payments of tax payable under the tax Acts administered by the Guyana Revenue Authority.

(2) The Commissioner-General shall specify quarterly by public notice the rate of interest applicable to tax arrears, using the average market rate of interest for the preceding quarter.

(3) For purposes of this section, “market rate of interest” means the prime lending rate, as published by the Bank of Guyana, plus 500 basis points.

(4) Interest charged under this section shall be deemed to be part of the tax assessed and shall be recoverable accordingly; provided, however, that if under any provision of the tax Acts the Minister or the Commissioner-General has the authority to reduce or waive the amount of penalty related to the tax on which interest is charged, a reduction or waiver of interest due is also permitted, subject to the same restrictions and limitations that attach to exercise of the penalty waiver

(5) Nothing in this section shall alter any penalties imposed under the affected Acts.”

7

Amendment of
section 12A
of the Tax Act.
Cap. 80:01

6. Section 12A(1) of the Tax Act is hereby amended by the insertion immediately after paragraph (b) of the following as paragraphs (c), (d) and (e) -

No. 14 of 1993

“(c) at the rate of ten percent upon the gross sum paid in respect of any services provided in a hotel subject to the Hotel Accommodation Tax Act 1993, except for gambling activities;

(d) at the rate of ten percent upon the gross sum paid in respect of any services provided by real estate agents or by professionals listed in the First Schedule to this Act.

(e) For the purposes of this section “real estate agents” means persons engaged in the business of brokering real property for sale or lease in exchange for commissions on completion of the sale or lease, or otherwise arranging for the matching of buyer and seller or lessor and lessee in a commercial transaction involving real property.”.

Amendment of
First Schedule
to the Tax Act.
Cap. 80:01

7. The First Schedule to the Tax Act is hereby amended by the substitution therefor of the following as the First Schedule—

"FIRST SCHEDULE

Person	Annual Fee
Accountant	\$250,000
Architect	\$250,000
Auditor	\$250,000
Dentist	\$250,000
Engineer	\$250,000
Legal Practitioner	\$250,000
Medical Practitioner	\$250,000
Optometrist	\$250,000
Pharmacist	\$250,000
Physiotherapist	\$250,000
Surveyor	\$250,000
Veterinary Surgeon	\$250,000

Professionals shall effect payment of fees as follows -

- (i) with respect to the practice certificates issued for 2004, 35 percent of the specified fee;
- (ii) with respect to the practice certificates issued for 2005, 70 percent of the specified fee; and
- (iii) with respect to the practice certificates issued for 2006, 100 percent of the fee ..

Provided that professionals who became qualified within five years preceding the date of application for the certificate are permitted to pay 50 percent of the stated amount in the preceding paragraph."

8. Section 56 of the Tax Act is hereby amended as follows -

- (a) in subsection (1), by deletion of the proviso;
- (b) in subsection (4) by re-numbering subsection (4)(a) as subsection (4) and, by deletion of paragraph (b);

- (c) in subsection (8)(a) and (d) by the substitution for the colons of full stops and by the deletion of the provisos;
- (d) by the insertion immediately after subsection (8) of the following as subsection (9)

(9) Entertainment tax imposed by this section shall not be charged on payments for admission to any entertainment where the takings thereof are devoted to religious, educational, scientific, philanthropic, or charitable purposes, subject to procedures and conditions specified by any regulations made under this section."

Amendment of section 57 of the Tax Act. Cap. 80:01

9. Section 57(3)(i) of the Tax Act is hereby amended by the substitution of the following subparagraph therefor -

- (i) any other person who is exempted from this tax as specified by regulations made under this section allowing exemption for humanitarian reasons or for travel by members of charitable organizations, sports teams, and official delegations."

Amendment of section 14 of the Consumption Tax Act. Cap. 80:02

10. Section 14 of the Consumption Tax Act is hereby amended in the following manner -

- (a) by re-numbering the section as subsection (1);
 - (b) by inserting immediately after subsection (1), as so re-numbered, the following as subsections (2) and (3) -
- generally (whether enacted or made before appears, any other law relating to customs goods -

(2) On the import of a motor vehicle by a person eligible for remission of import duty under section 23 of the Customs Act, the consumption tax thereon is reduced in accordance with the Table below -

TABLE

CUBIC CENTIMETERS	PUBLIC OFFICIALS		RE-MIGRANTS
	Used	New	Motor Vehicle
Less than or equal to 1500cc	US\$430	10 percent	10 percent
1501 - 2000	US\$1800	30 percent	10 percent
2001 - 2500	US\$2300	30 percent	15 percent
2501 - 3000	US\$9300	30 percent	15 percent
Above 3000	US\$10,300	30 percent	15 percent

(3) Section 23(3) of the Customs Act shall as it applies, *inter alia*, to foregone duty due and payable thereunder apply *mutatis mutandis* to foregone consumption tax that may become due and payable under subsection (2) in circumstances mentioned in section 23(3) of the Customs Act.

11. Section 18 of the Consumption Tax Act is hereby repealed and the following section substituted therefor -

"Application of 18. For the purposes of administration of the tax, including Customs of collection, enforcement, remission and refund of the tax or of deposits enactments made in respect of the tax -

to chargeable (a) the procedural rules set out in the Customs goods. Cap. 82:01 Act and, except where the contrary intention appears, any other law relating to customs generally (whether enacted or made before

(3) the amount to be paid by a person liable for the tax under section 3 of the

or after the commencement of this Act),

shall have effect in relation to goods

chargeable under this Act to the extent that

TABLE the afore-mentioned rules are not

inconsistent with the provisions of this Act or regulations thereunder;

(b) the rules mentioned in paragraph (a) shall be modified by regulations as necessary to take

into account the differing contexts; and

(c) items listed in the First Schedule, Part III(B), to the Customs Act may also by regulations be exempted from tax under this Act."

Amendment of section 3 of the Travel Voucher Tax Act, Cap. 88:09

12. Section 3 of the Travel Voucher Tax Act is hereby amended by the

insertion immediately after subsection (2) of the following as subsection (2A) -

"(2A) The Minister may by regulations provide specified exemptions from tax with respect to classes of persons travelling for purposes of diplomacy, military service, participation in official delegations, (for example, sports, educational, or humanitarian), or other similar causes."

Insertion of new section 28A in the Income Tax Act, Cap. 81:01

13. The Income Tax Act is hereby amended by the insertion immediately after section 28 of the following as section 28A -

Presumptive
method of determining
income of certain self-
employed individuals:

28.A(1) The Minister may by regulations prescribe a presumptive method of ascertaining taxable income for purposes of determining liability for tax on income from self-employment of individuals who have annual turnover from self-employment of less than ten million dollars.

(2) Under the presumptive method, annual taxable income for each category of self-employment shall be fixed—

(a) using factors such as size of business premises; number of employees; assets used in the business; education, training, years in practice, specialty certification, and salaries of comparable employed individuals; and

(b) specifying a standard deduction amount for each category.

(3) Tax payable under the presumptive method is due on the first day of each tax year, although by regulations made by the Minister the Commissioner-General may allow the tax liability to be paid in instalments.

(4) The Commissioner-General may, by written notice to a taxpayer submitting a presumptive tax return as provided under section 60(4B) for a year, require that taxpayer to file a regular tax return under section 60(1) with respect to the following tax year in addition to the presumptive return for that year.

(5) A taxpayer required under subsection (4) to file both a regular and a presumptive tax return for a year shall be liable in respect of income from self-employment for the higher of the presumptive tax or the regular tax, and shall be given credit against tax due for the year for any tax paid with respect to that year's tax liability.

(6) Any regulations made under this section requiring a presumptive method may phase-in the presumptive method, beginning with selected categories of taxpayers and gradually extending the reach of the presumptive regime.

(7) For purposes of this section, "turnover" shall have the same meaning as under section 10A of the Corporation Tax Act."

Cap. 81:03

Insertion of new section 37A of the Income Tax Act. Cap. 81:01

14. The Income Tax Act is hereby amended by the insertion immediately after section 37 of the following as section 37A -

"Minimum tax

37A.(1) Self-employed individuals whose turnover from the

on self-employed

performance of services exceeds the threshold specified in section

professionals.

28A(1) shall pay a minimum tax in respect of income from the

performance of services in lieu of the regular income tax in

circumstances specified in subsection (3).

(2) The minimum tax is equal to two percent of annual turnover

arising from self-employment in the performance of services.

(3) Liability for minimum tax is imposed only if the amount of income tax payable for a year is less than the amount of the minimum tax computed for the year, and is payable at the same time and subject to the same procedures as regular income tax liability.

(4) The Minister may by regulations phase-in the application of the minimum tax imposed under this section, beginning with selected categories of taxpayers and gradually extending the reach of the minimum tax regime.

(5) For the purposes of this section "turnover" shall have the same meaning as in section 28A."

Repeat of
section 70(3)
of the Income
Tax Act.
Cap. 81:01

15. Section 70(5) of the Income Tax Act is hereby repealed.

Amendment
of section
60 of the
Income Tax
Act.
Cap. 81:01

16. Section 60 of the Income Tax Act is hereby amended by the insertion immediately after subsection (4A) of the following as subsections (4B) and (4C -

"(4B) Notwithstanding subsection (1) individuals taxable on income determined by a presumptive method under section 28A for a year shall file a simplified return for that year in accordance with regulations under that section.

(4C) The Minister may by regulations provide that individuals having no income for a year other than employment income with respect to which tax is withheld by the employer or interest income subject to withholding tax, or both, are not

required to file a return for that year, provided that the Minister is satisfied that adequate compliance measures are in place.”

Amendment
of section 97
of the Income
Tax Act,
Cap. 81:01

17. Section 97 of the Income Tax Act is hereby amended by the insertion immediately after subsection (4) of the following as subsections (5) and (6) -

“(5) If any tax is not paid on or before the prescribed due date, the Commissioner-

General shall serve a demand note upon the persons assessed, and if payment is not made within thirty days the Commissioner-General may proceed to enforce payment by process of parate execution.

(6) Any document signed by the Commissioner-General containing a statement of the amount due in respect of income tax shall without proof of the signature or without proof of any other matter or thing be deemed by all courts to be prima facie evidence of the amount claimed being due and correct.”

Repeal and
re-enactment of
section 99 of the
Income Tax Act,
Cap. 81:01

18.(1) Section 99 of the Income Tax Act is hereby repealed and the following section substituted therefor -

“Penalties for

99.(1) If a taxpayer fails to pay income tax on or before the due

late payment

date, the taxpayer shall be liable to pay a penalty of -

and failure to

(a) two percent of the unpaid amount for each month or

file a return.

part thereof that the tax remains unpaid during the first three months after the due date;

(b) three percent per month or part thereof during the next three months;

16

(c) four percent per month or part thereof during the next six months;

(d) five percent per month or part thereof thereafter:

Provided, however, that if the taxpayer has entered into an installment arrangement with the Commissioner-General the penalty amount shall be one percent per month or part thereof beginning on the date the installment arrangement takes effect.

(2) If a taxpayer fails to file a tax return as required under section

60(1) or (4B) by the due date specified therein, the taxpayer is liable to pay a penalty of two percent of the amount of tax assessed.

(3) If a taxpayer fails to file a tax return as required under section 60(4) by the due date specified therein, the taxpayer is liable to pay a penalty of five percent of the amount of tax assessed.

(4) In the case of any penalty imposed under this section, the amount of penalty shall be deemed to be part of the tax assessed and shall be recoverable accordingly; provided, however, that nothing in this subsection shall limit the Commissioner-General's authority to reduce or waive the amount of penalty as provided in section 108."

Repeal of
section 105 of
the Income
Tax Act,
Cap. 81:01

19

Section 105 of the Income Tax Act is hereby repealed.

(d) three percent per month or part thereof during the

next three months.

Repeal and
re-enactment
of section 108
of the Income
Tax Act.
Cap. 81:01

20. Section 108 of the Income Tax Act is hereby repealed and the following section substituted therefor -

- "Remission of certain penalties.
- (1) The Commissioner-General may without the authority of any subsidiary or other legislation for good cause shown, remit the whole or part of any penalty imposed under section 99.
- (2) For purposes of this section, "good cause" means circumstances specified in section 6(1C) of the Financial Administration and Audit Act, or, with respect to a particular taxpayer, when there is doubt as to collectability that can be resolved by a whole or partial waiver of the penalty."

Cap. 73:01

Amendment
of section 2 of
the Income
Tax (In Aid of
Industry) Act.
Cap. 81:02

21. Section 2 of the Income Tax (In Aid of Industry) Act is hereby amended by the substitution for subsection (1) of the following as subsections (1), (1A) and (1B)-

"(1) Notwithstanding anything to the contrary contained in the Income Tax Act or the Corporation Tax Act, it is hereby provided that the Minister may grant an exemption from Corporation Tax with respect to income from economic activity qualifying under one of the following circumstances—

Cap. 81:01

Cap. 81:03

(a) the activity demonstrably creates new employment in one of the following regions —

- (i) Region 1: Barima-Waini
- (ii) Region 8: Cuyuni-Mazaruni
- (iii) Region 9: Upper Takatu-Upper Essequibo
- (vii) Region 10: Upper Demerara-Upper Berbice;

Proceed to Section 2
of the
Income Tax
Act

(b) the activity is new economic activity in one of the following fields—

- (i) non-traditional agro processing (excluding sugar refining, rice milling and chicken farming);
- (ii) information and communications technology (excluding retail and distribution);
- (iii) petroleum exploration, extraction, or refining;
- (iv) mineral exploration, extraction, or refining;
- (viii) tourist hotels or eco-tourist hotels.

(1A) Any exemption from tax granted under this section shall not exceed five years; except that, in the case of new economic activity specified in subsection (1)(b)(ii) - (iv), the Minister may grant an exemption of up to ten years.

(1B) For the purposes of subsection (1)-

“tourist hotel” means a hotel having at least thirty rooms and providing accommodation, services, and activities intended to attract visitors on holiday;

“eco-tourist hotel” means a tourist hotel in a location and having activities intended to attract persons who have an interest in the natural environment and wildlife of Guyana, and having installations and operations designed to protect and preserve the natural environment and wildlife.”

Insertion of
new section 23
in the Customs
Act.
Cap. 81:02

23. The Customs Act is hereby amended by the insertion immediately after section 22 of the following as section 23 -

"Narrow concession for duty-free Vehicle Import by public officers. 23.(1) A remission of import duty on a motor vehicle is allowed on the import of a motor vehicle by eligible public officers and qualifying re-migrants; provided, however, that the remission under this section is available to re-migrants only once, within six months of re-assuming residence in Guyana.

(2) Exercise of the right to import a motor vehicle without payment of duty by eligible public officers is permitted once in three years for a used vehicle and once in five years for a new vehicle.

(3) The foregone duty shall become due and payable, reduced pro-rata by the same percentage of the specified period as the time between the import and the transfer, lease or change of status under the following circumstances -

- (a) in the case of a public officer, the officer ceases to be an eligible public officer;
- (b) in the case of a re-migrant, the re-migrant ceases to be a qualifying re-migrant;
- (c) the eligible public officer or qualifying re-migrant transfers or leases the motor vehicle prior to the expiration of three years in the case of a used vehicle and five years in the case of a new vehicle.

(4) Public officers eligible for duty-free importation of motor vehicles under this section include members of parliament and senior public officials at or above the G\$5 of the public service salary scale or its equivalent who are travelling officers.

(5) For the purposes of this section -

“new vehicle” and “used vehicle” shall have the meaning specified in regulations;

“qualifying re-migrants” means Guyanese citizens returning to reside in Guyana after a period of continuous bona fide residence of at least five years abroad who have attained the age of eighteen as of the date of return and meet criteria specified in regulations;

“transfer or lease” means any transfer, lease, sale, gift, or other assignment or disposition of the vehicle; and

“traveling officers” has the meaning specified by regulation.

EXPLANATORY MEMORANDUM

This Bill seeks to amend a number of fiscal legislation to give effect to certain tax reform measures.

Clause 1 sets out the short title of the Bill.

The Bill seeks to amend eight Acts dealing with tax to accomplish tax reform in several areas. One is the repeal of provisions allowing unlimited exercise of discretion in the remission of tax. Another is the enactment of provisions that broaden the tax base.

Clause 2 amends section 5A of the Motor Vehicle and Road Traffic Act, Cap. 51:02 to waive the purchase tax on cars when the import duty is reduced because the importer or purchaser is a person eligible for remission of duty.

Clauses 3 eliminates broad discretionary powers to remit amounts due to the revenues: including the purchase tax on cars, remission of which is now permitted by existing practice under section 6(1) of the Financial Administration and Audit Act, Cap. 73:01. This clause also tightens in general the exercise of discretion to waive or remit tax under the tax Acts.

Clause 4 inserts a new section 6A in the Financial Administration and Audit Act. It portrays and makes transparent the existing practice of remissions of tax when required by international agencies that provide loans and grants for public works projects.

Clause 5 inserts a new section 6B in the Financial Administration and Audit Act which provides for a standard rate of interest to be charged on late tax payments. The interest charge is imposed at the prime lending rate published by the Bank of Guyana plus 500 basis points, so as to recoup the time value of money lost when a taxpayer is late in paying tax. This provision does not by its enactment alter any penalty provisions under the various tax Acts.

Clause 6 amends section 12A of the Tax Act, Cap. 80:01, to expand the categories of services subject to tax at the rate of ten percent. The additional services subject to tax are hotel services (but not gambling, which is already subject to a separate tax) and professional services (including the services of a real estate agent). This change accomplishes the goal of improving the existing services tax scheme by broadening the range of services subject to tax, thus also broadening the tax base.

Clause 7 amends the First Schedule to the Tax Act to adjust the fee for professional practice certificates to account for the effects of inflation since the amount of the fee was last adjusted years ago. Under the existing schedule, the fee is G\$10,000 and under the new schedule it is phased in gradually until it reaches G\$250,000 in 2006.

Clause 8 amends section 55 of the Tax Act to reform the treatment of exemptions to the entertainment tax.

Clause 9 amends section 56 of the Tax Act to reform the treatment of exemptions to the departure tax.

Clause 10 amends section 14 of the Consumption Tax to allow remission of Consumption Tax in two circumstances when import duty is also reduced or remitted: the import of a vehicle by a public officer; and the purchase of goods used by activities qualifying for tax incentives under the Income Tax (In Aid of Industry) Act.

Clause 11 amends section 18 of the Consumption Tax Act to clarify the provision and to capture and make transparent existing practice of remitting in whole or part the consumption tax on goods exempted from import duty.

Clause 12 amends section 3 of the Travel Voucher Tax Act to reform the treatment of exemptions to the travel voucher tax.

Clause 13 inserts section 28 in the Income Tax Act to allow the Guyana Revenue Authority to use presumptive methods to determine the income of self-employed individuals. The changes will broaden the tax base and will enhance the capacity of the GRA to direct tax administration resources more efficiently, while easing the compliance burdens that the existing law imposes on taxpayers.

Clause 14 inserts a new section 37A in the Income Tax Act which expands application of the existing minimum income tax now applicable only to companies under section 10A of the Corporate Tax section. The amendment imposes a minimum tax on the income of self-employed individuals having more than specified amount in turnover.

Clause 15 repeals section 70(5) of the Income Tax Act, but the contents of this provision are moved to and section 99.

Clause 16 amends section 60 of the Income Tax Act to reduce the number of instances in which the filing of a regular income tax return is required. The amended section 60 will provide that a taxpayer whose income is determined by a presumptive method files a simplified income tax return rather than a regular income tax return, and empowers the Minister to make regulations to exempt individuals from the requirement to file a tax return under specified circumstances. The provision reduces the compliance burden substantially for individuals and also allows more efficient use of GRA resources.

Clause 17 amends section 97 of the Income Tax Act to insert provisions moved from existing section 99. The moved provisions set out recovery procedures and are more appropriately placed in section 97.

Clause 18 amends section 99 of the Income Tax Act to make it a true penalty provision. The penalties imposed by existing law for failure to file, now in section 70(5), and by section 99(1), are combined in revised section 99.

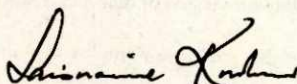
Clause 19 repeals section 105 of the Income Tax Act and thus eliminates the broad discretionary power to concede amounts of income tax payable. Under the new section 6(1C) of the Financial Administration and Audit Act, the existing broad discretion is replaced by a narrow humanitarian provision allowing remission in cases meeting specified criteria.

Clause 20 limits discretion in the waiver of penalties under section 108 of the Income Tax Act by specifying circumstances constituting “good cause.” The revised provision is also linked to the humanitarian provision of new section 6(1C) of the Financial Administration and Audit Act.

Clause 21 amends the Income Tax (In Aid of Industry), Cap. 81:01, Act to modify the tax holiday provisions of that Act. The amendments limit the exemption from corporate tax to new firms that create new employment in the specified depressed regions, and to firms that conduct new economic activity in the specified fields. The revisions to existing law are intended to aim that the benefits of a tax holiday more specifically at areas of economic activity the government has determined as a matter of policy should be encouraged. It is intended that traditional agricultural activity (for example, sugar refining, rice milling, chicken farming) will be excluded from the term “non-traditional” and thus will not qualify for the credit in subsection (1)(b). These activities would, however, qualify if instituted in one of the regions specified in subsection (1)(a) and the taxpayer thereby created new employment.

Clause 22 repeals section 12 of the Customs Act, Cap. 82:01, and thereby eliminates a broad discretionary power to remit import duties.

Clause 23 specifies the circumstances in which persons are allowed a remission of import duty for motor vehicles. The new inserted section 23 of the Customs Act limits the duty-free concession to eligible public officers and re-migrants and restricts the frequency with which the right to the concession may be exercised.



Minister of Finance.