



GUYANA REVENUE AUTHORITY



Annual Report
And Statement Of Accounts
For year ending
31st December 2008





GUYANA REVENUE AUTHORITY



ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR YEAR ENDING 31ST DECEMBER 2008



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Guyana, South America
Tel: 227-8814 Fax: 227-8347

Deputy Commissioner-General
357 Lamaha & East Streets, Georgetown
Guyana, South America
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DEPARTMENTS

TAX OPERATIONS & SERVICES DEPARTMENT

Head

Tax Operations & Services

210E Albert & Charlotte Sts.
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Telephone # 227-7672

INTERNAL REVENUE OPERATIONS

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Internal Revenue Operations Branch Offices

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Corriverton

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Anna Regina

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VAT & EXCISE TAX OPERATIONS

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Linmine Compound, Linden,
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(cont'd)**

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Anna Regina
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**Corriverton Office/
Berbice Anti Smuggling Squad**
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Telephone # 339-2727

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

Anna Regina
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BUSINESS ADDRESS

SERVICE DIVISIONS

HUMAN RESOURCE MANAGEMENT

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COMMUNICATION & TAX ADVISORY SERVICES

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INFORMATION TECHNOLOGY

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LEGAL SERVICES

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LAW ENFORCEMENT & INVESTIGATION

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34 Main Street
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FACILITIES MANAGEMENT & OPERATIONAL SUPPORT SERVICES

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AUDIT & VERIFICATION

GPO Building
Robb Street,
Georgetown, Guyana,
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INTERNAL AUDIT

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FINANCE

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INTELLIGENCE & RISK MANAGEMENT

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PLANNING & ANALYSIS

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South America.

Telephone # 225-6658

GOVERNING BOARD

| | | |
|--|-----|----------|
| Mr. Clyde Roopchand Chief Planning Officer State Planning Secretariat | ... | Chairman |
| Ms. Sonya Roopnauth Director of Budget Ministry of Finance | ... | Member |
| Mr. Lennox Benjamin Chief Statistician Bureau of Statistics. | ... | Member |
| Mr. Lawrence Williams Governor Bank of Guyana | ... | Member |
| Mr Khurshid Sattaur Commissioner-General Guyana Revenue Authority | ... | Member |

LETTER OF TRANSMITTAL

**The Honorable Mr. Winston Jordan
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 2008, together with the audited Balance Sheet and Income and Expenditure Account.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'KS', is written over a horizontal dotted line. A long, sweeping flourish extends from the left side of the signature across the page.

**Khurshid Sattaur
Commissioner-General**

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.

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

During 2008, the Authority undertook major re-organisation initiatives. These initiatives, which were part of the Guyana Threshold Country Plan/Implementation Programme, sought to restructure the Authority along functional lines as opposed to "tax type" as was previously the case. Among the major changes implemented were:

- ❖ the establishment of a Law Enforcement and Investigation Division, an expansion of the former Enforcement Division which operated solely within the ambit of the Customs and Trade Administration. The new Division will conduct enforcement activities with respect to all Laws and Regulations administered by the Authority and is managed by a Senior Manager.
- ❖ the establishment of an Intelligence and Risk Management Division which is mandated to obtain, analyse and disseminate information identifying possible impediments to revenue collection is headed by a Senior Manager.
- ❖ the establishment of a Debt Management Division aimed at improving the collection strategy to ensure the timely recovery of tax debts hence maximizing revenue collection. This Division is also administered by a Head.
- ❖ the establishment of a Communication & Tax Advisory Services Division comprising the former Corporate Communication Unit, Tax Advisory Services Section and Planning, Communication and Operational Procedures Division. The Head of this Division is assisted by three Senior Managers.
- ❖ the merger of Value Added Tax, Excise Tax and Internal Revenue functions under the newly established Tax Operations and Services Department. The head of this Department is assisted by two Deputy Heads and three Senior Managers.

- ❖ the formation of a Facilities Management and Operational Support Services Division which comprise the former Facilities Management Unit and Transportation Section. A Senior Manager is heading the Division.

Concomitant with the functional organisational design was the change in management position titles. The title of Commissioner was changed to Head and that of Deputy Commissioner to Deputy Head, except in instances where a Deputy Commissioner heads a Division then the title will be Head. Further the title of Assistant Commissioner was changed to Senior Manager and that of Director to Manager.

These changes are intended to modernize the organisation, remove duplication of activities and enhance the ability to bring more persons into the tax net.

The revised Organisation chart is depicted at Appendix 1.

REPORT OF THE GOVERNING BOARD

INTRODUCTION

The Guyana Revenue Authority has completed its ninth year of operations during which revenue collection has maintained its upward trend. Total collection during the year under review amounted to \$81.3 B, an increase of \$2.8 B or 3.6 % over the \$78.5 B collected in 2007. However, net collections totalled \$79 B since \$2.3 B was refunded to taxpayers by the former Value Added and Excise Taxes Department.

During the year, attention continued to be focused on measures intended to improve organizational capacity and efficiency. In addition, the Authority efficiently implemented the Value Added Tax and Excise Tax Acts and throughout the year paid particular attention to educating taxpayers and consumers on various aspects of those Acts.

Legislative Changes

Income Tax

The National Assembly approved on March 10, 2008 an amendment to the Income Tax Act Chap.81:01 to reflect changes to the Income Tax threshold. With effect from year of assessment commencing January 1, 2009, the Income Tax threshold has been increased from G\$336,000 per annum to G\$420,000 per annum.

On July 31, 2008, the National Assembly approved the Fiscal Enactments (Amendment) Act 2008 which also amended the Income Tax Act Chap. 81:01 by the insertion of a new section 105. The amendment authorises the Minister of Finance to make regulations, subject to negative resolution of the National Assembly, to provide for the remitting wholly or in part of the tax payable by any person or category of persons as may be specified in the regulations.

Excise Tax

The Excise Tax Amendment Act was also passed in the National Assembly on March 10, 2008. The amendment gives the Minister of Finance the power to amend, by Regulations, the list of taxable goods

without first seeking the approval of the National Assembly. The amendment also gives the Minister the authority to specify, by Regulations, the rates of tax imposed without seeking the approval of the National Assembly.

Income Tax (In Aid of Industry) Act

The Fiscal Enactments (Amendment) Act 2008 also amended section 2 of the Income Tax (In Aid of Industry) Act Chap. 81:02 by the substitution of a new subsection (1). This amendment authorises the Minister of Finance to grant exemption from Corporation Tax with respect to income from new economic activity. The new legislation restricts the granting of the exemption to new economic activity of a developmental and risk bearing nature provided that the activity creates new employment in specific regions of the country or in specific fields of economic activity.

The amendment now allows for exemptions to be granted for additional economic activities which include value-added wood processing; textile production; bio-technology; the development and manufacture of new pharmaceutical products, chemical compounds and the processing of raw materials to produce injectables; and infrastructural development (including the production of electricity using renewable sources of energy). The Minister may also specify, by Order, subject to negative resolution of the National Assembly, other regions or other fields of activity for which exemptions may be granted.

The legislation allows for the granting of exemptions for a period of 5 years for activities in specific regions and 10 years in other cases. However, in the case of infrastructural development the Minister may grant an exemption for periods in excess of ten years.

Institutional Strengthening Measures

Guyana Threshold Country Project/Implementation Plan (GTCP/IP)

During the year under review the Authority commenced institutional strengthening initiatives under the Guyana Threshold Country Project/Implementation Plan (GTCP/IP) which are being funded jointly by the Millennium Threshold Account Programme and the Government of Guyana. These initiatives include the development of an integrated Tax Administration, strengthening of the Customs & Trade Administration, a review of tax reforms, the enhancement of VAT education and publicity programmes, the improvement of forecasting analysis capabilities and comprehensive training of staff at all levels. Integral to these initiatives is the restructuring of the Authority along functional lines rather than "by tax type" as was previously the case.

This restructuring has engaged the attention of Consultants attached to the Millennium Challenge Account headed by local Chief of Party Dr. Coby Frimpong, collaborator for GRA Mr. Basil Joseph and a select group of senior staffers who developed a new structure for the organization, more specifically integrating the revenue functions, administration of Value Added, Excise and IR taxes, while streamlining other areas along functional lines. Customs & Trade Administration (C&TA), because of the uniqueness of their function, will in essence remain intact.

The re-organisation is aimed at modernizing the Authority and enhancing its ability to bring more persons into the tax catchment thus augmenting revenue collection.

TIN Implementation

After an extensive public awareness campaign, the use of the Taxpayer Identification Number was fully implemented by the Authority at the commencement of the year under review. Prior to this, the mandatory use of TIN was limited to registrants for Value Added and Excise Taxes only, although registration for TIN was ongoing for other categories of taxpayers to facilitate full implementation. All taxpayers and other persons conducting business with the Guyana Revenue Authority are now identified by this unique number which is critical to the operation of the Total Revenue Integrated Processing System (TRIPS).

New Manifest Module for Shipping Agents

A new manifest module for shipping Agents was implemented on February 18, 2008. Under Section 67 of the Customs Act Chap 82:01 and the Customs (Advance Passenger and Cargo Information) Regulations 2007, the master of any aircraft or ship or his agent, which is expected to arrive in Guyana, must provide advance cargo manifests on board such aircraft or ship in both hard and soft copy formats. The information must include both cargo which is intended for discharge and also cargo which is not intended for discharge. The system is meant to ensure more control over cargo entering the country and to reduce processing time while increasing transparency and accountability.

Training / Bursary Awards

Attention was also focused on maintaining a skilled and professional workforce. Hence, staff members were exposed to workshops, seminars, conferences and training programmes held both locally and overseas.

Areas on which training programmes/workshops were held included, Export of Forestry Products, Customer Care, Convention on International Trade in Endangered Species, Ozone Depleting Substances, Border Security, Maritime Security and Detection of Counterfeit Currency.

Conferences, training programmes and workshops which were held overseas included Collection Enforcement and Modern Information and Technology Systems which were both held in Barbados. The Annual Conference of the Caribbean Customs Law Enforcement Council (CCLEC) was held in the Grand Cayman Islands under the theme "Security and Facilitation: the way of the Future" and the Fifth Meeting of the CARICOM Standing Committee on Immigration and Customs. In addition, there were the CARICOM/WTO Regional Workshop on Non-Agricultural Market Access Negotiations for Caribbean Countries which was held in Jamaica and the 20th General Assembly and Technical Conference of COTA which was held in Belize under the theme "Building Efficient Tax Administrators Towards Promoting National and Regional Development".

During 2008, a total of twenty-one (21) children of employees 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 National Grade Six Assessment examination and to assist them in acquiring their school supplies.

Occupational Safety and Health

Sixty (60) staff members participated in the Phillip Van der Hyden Walk which took place on September 26, 2008 in support of persons living with or affected by HIV/AIDS. In addition, locations within Customs House, the building housing VAT operations and the GPO building were designated Temporary HIV/AIDS Testing Sites on National Testing Day and one hundred and fifty-three (153) persons inclusive of staff and members of the public took the opportunity to get tested. Additional testing and counselling, conducted

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under the auspices of the International Labour Organisation, took place at Customs House and the Human Resource Division Conference Room and ninety-four (94) persons were tested. In observance of World AIDS Day, staff members who were trained as Peer Educators distributed ribbons, conducted HIV/AIDS educational sessions and made contributions on behalf of the Authority to the Lifeline Services Children Programme and the Guyana Business Collation on HIV/AIDS.

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

Revenue collection for the year 2008 totalled \$79 Billion. This exceeded the approved budget of \$78.1 Billion by \$0.9 Billion or approximately 1.1 %. When compared to actual total collection in 2007 of \$77.3 Billion, revenue collection in 2008 increased by \$1.7 Billion or 2.2 %.

Revenue collected by Internal Revenue for 2008 was \$34.5 Billion while \$7.4 Billion was collected by the Customs and Trade Administration and \$37.1 Billion collected by the Value Added and Excise Taxes Department. Value Added and Excise Taxes collections were net of \$2.3 B which was refunded to taxpayers.

For the year 2008 our cost of collection was approximately 3.0 %. The cost of collection for the year 2007 was 2.8%.

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

TABLE I
BUDGETED AND ACTUAL COLLECTIONS (\$BILLION)

| | 2007 | 2008 | | |
|---|-------------|-------------|-------------|--------------|
| | Actual | Budget | Actual | Variance |
| Internal Revenue | 32.5 | 30.1 | 34.5 | 4.4 |
| Customs and Trade Administration | 8.1 | 6.6 | 7.4 | 0.8 |
| Value Added and Excise Taxes | 36.7 | 41.4 | 37.1 | (4.3) |
| Total | 77.3 | 78.1 | 79.0 | 0.9 |

DIVISIONAL PERFORMANCE

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

A: HUMAN RESOURCE MANAGEMENT DIVISION

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

The Division continued to carry out its functions which included recruitment, leave management, time management, probation assessments, and job evaluation among others. Since the commencement of the restructuring process, the Division was integrally involved with the Consultants in the preparation of job descriptions and has also drafted a Human Resource Policy Document which was submitted to the Consultant for review and comment.

STAFF ESTABLISHMENT

The approved staff strength of the Authority during the year was one thousand, two hundred and forty-six (1,246) while the actual staff strength was one thousand and eighty-four (1,048) or approximately 84% of the approved complement. Of the one thousand and eighty-four (1,048) persons on staff at the end of the year, five hundred and eighty one (581) or 55% were females and four hundred and sixty-seven (467) or 45% were males. At the end of the previous year the staff strength was one thousand and thirty-two (1,032) reflecting an increase of sixteen (16) persons.

During the year under review, a total of ninety-six (96) persons were recruited comprising fifty (50) females and forty-six (46) males. Separations amounted to eighty (80), resulting in a staff turnover of 7.6% as compared to 8.4 % in 2007. A total of forty-seven (47) persons resigned, eleven (11) were dismissed, sixteen (16) had their services terminated, two (2) persons retired and four (4) persons died.

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.

◆ INTERNAL TRAINING

Thirty-six (36) staff members attached to the Customs and Trade Administration attended a one-day seminar which was facilitated by personnel attached to the Guyana Revenue Authority and the Guyana Forestry Commission and was aimed at sensitizing them on issues related to the export of Forestry products. A further forty-three (43) Officers benefited from a one-day workshop conducted by the Wildlife Division to increase staff awareness of the Convention on International Trade in Endangered Species.

Personnel attached to the Authority's Information Technology Division conducted several training sessions for staff attached to various Divisions of the Authority on the use of the Total Revenue Integrated Processing System (TRIPS). Twenty-three (23) staff members were the recipient of such training.

Twenty-five (25) senior and middle management staff participated in a one-day stress management workshop while thirty (30) Customs Officers participated in a Border Security Training programme which was conducted jointly by the Guyana Revenue Authority and the Guyana Police Force as part of preparations for hosting Carifesta X activities and a further seventy-one (71) Officers participated in refresher training on Ozone Depleting Substances.

Customer Service was the focus of a one-day training programme attended by twenty-eight (28) staff members and facilitated by personnel of the Institute of Private Enterprise Development Training Centre while thirteen (13) staffers were the recipients of training on Intelligence/Risk Management which was provided by the Crown Agents Consultants attached to the Authority. Fourteen (14) Peer Educators were provided with refresher training by the International Labour Organisation and thirteen (13) Drivers benefited from a one-day programme on defensive driving provided by RK's School of Driving.

◆ EXTERNAL TRAINING (LOCAL)

Staff members attached to various Departments/Divisions of the Authority benefited from several training programmes which were conducted by the Public Service Ministry. These programmes covered areas such as Supervisory Management, Human Resource Development, English Language for the Office, Procurement and Stores Management and Occupational Health and Safety. A total of twenty-eight (28) staff members benefited from those programmes.

The Organisation of American States, Inter-American Committee against Terrorism (CITCE) conducted Phase II of their Maritime Security training programme which was attended by ten (10) Officers attached to the Customs and Trade Administration. Officers were updated on issues relating to port security. Further, facilitators from the Bank of Guyana conducted training programmes which focused on the Detection of Local Counterfeit Currency and Problem Solving Techniques and Risk Based Auditing. These two programmes were attended by a total of seven (7) staff members of the Authority.

Emergency Life Saving Procedures and Airside Vehicle Operation and Control were the content of training programmes which were attended by three (3) staff members of the Authority and facilitated by personnel attached to the Art Williams and Harry Wendt Aeronautical Engineering School, while a one-day workshop on the Terminal Phase out Plan of Ozone Depleting Substances was conducted by personnel of the Hydrometeorological Office and attended by a Customs Officer.

Under the auspices of the Guyana Threshold Country Plan/Implementation Project (GTCP/IP), a total of sixty-four (64) staff members from throughout the Authority participated in a four-day Training of Trainers Workshop which was conducted by resource persons drawn from the Cave Hill School of Business, University of the West Indies, Cave Hill, Barbados. An additional eight (8) Customs Officers were enrolled in Portuguese classes which were conducted by the Centre for Brazilian Studies; this training was intended to facilitate efficient customs operations at the Guyana end of the Takutu Bridge linking Guyana with Brazil.

◆ EXTERNAL TRAINING/CONFERENCES (OVERSEAS)

Six (6) members of staff attached to the Collections Section of the Tax Operations and Services Department of the Authority participated in a training programme on Collection Enforcement. The programme was conducted by the Caribbean Regional Technical Assistance Centre (CARTAC) and was held in Barbados over the period January 28 – February 1, 2008.

Ms. U. Jack, Senior Manager – Internal Audit attended a workshop on Modern Information and Technology Systems in Barbados. The workshop was hosted by the Caribbean Regional Technical Assistance Centre (CARTAC) and among its objectives was identifying the requirements and specifications of a modern tax administrative Information Technology system and reviewing the types of systems which are available in the market with a view to considering how they meet those requirements and specifications.

The 30th Annual Conference of the Caribbean Customs Law Enforcement Council (CCLEC) was attended by Mr. C. Ramsarup, then Commissioner – Customs and Trade Administration. The Conference was held in the Grand Cayman Islands over the period May 19 to May 23 under the theme “Security and Facilitation: the way of the future”.

The Fifth Meeting of the Caricom Standing Committee on Immigration and Customs was held in the Bahamas over the period May 29 to May 30, 2008 and was attended by Ms. Ingrid Griffith, Deputy Commissioner, Customs and Trade Administration.

The CARICOM/WTO Regional Workshop on Non-Agricultural Market Access Negotiations for Caribbean Countries was held in Jamaica over the period June 11 to June 13 and was attended by Mr. Gavin Lowe, Senior Manager attached to the Customs and Trade Administration. The workshop was intended to facilitate more effective preparation and participation by Caricom member states in ongoing WTO/DOHA negotiations.

Mr. Lowe also participated in a Customs Modernisation Training programme which was held in Singapore during the month of June. The training programme was intended to enable participants to better understand the role and functions of Customs and its management in their respective countries.

Mr. Clement Sealey, Deputy Commissioner – General attended the 20th General Assembly and Technical Conference of COTA which was held in Belize under the theme “Building Efficient Tax Administrations Towards Promoting National and Regional Development”.

WELFARE PROGRAMMES

◆ BURSARY AWARDS

During the year, a total of twenty-one (21) children of employees received Bursary Awards. The year 2008 was the ninth year in the organisation’s history for the granting of such awards.

At a simple ceremony, which was organised to mark the occasion, Master Michael Haynes 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 Master Joel Richards. The other awardees each received \$10,000.00 per annum. In addition continuing bursaries were issued to thirty-nine students.

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.

B: FINANCE DIVISION

CURRENT EXPENDITURE

Total releases to the Authority from the Ministry of Finance amounted to \$2,383.6 Million while grants from the Fiscal and Financial Management Project (FFMP) and for training on Ozone Depleting Substances amounted to \$4.4 Million. Current expenditure for the year amounted to \$2,384.1 Million. At the end of the year a balance of \$3.9 Million remained and this is to be repaid to the Accountant General. These figures are all reflected in the Audited Financial Statements.

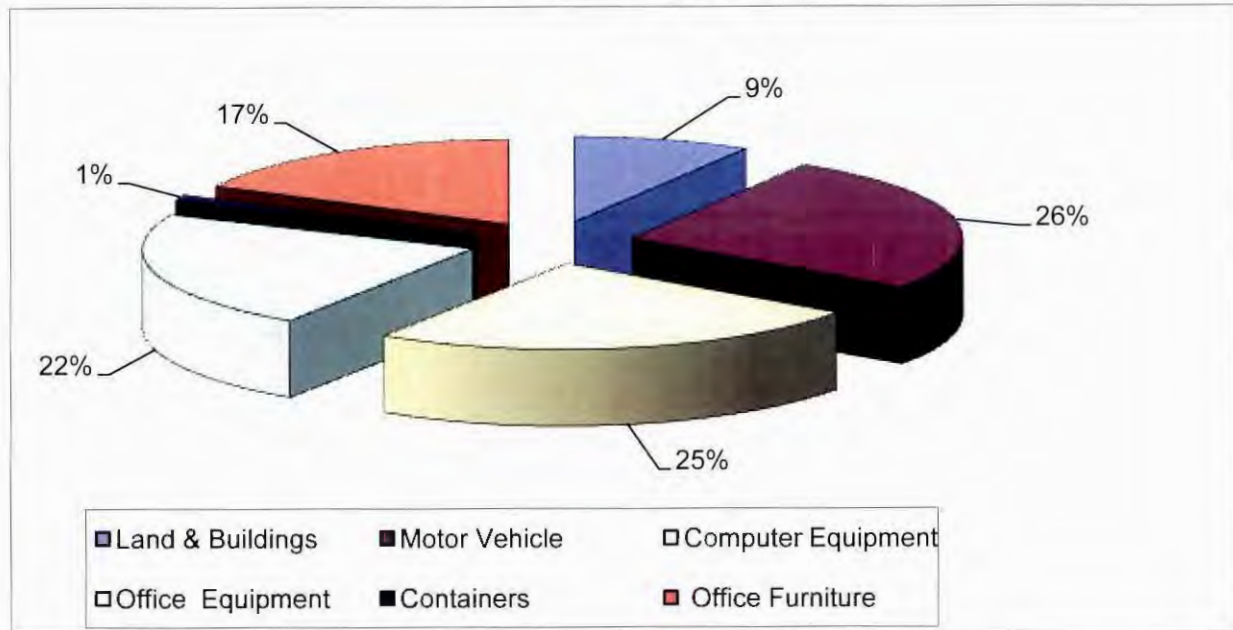
CAPITAL EXPENDITURE

Total funding for capital expenditure amounted to \$184.6 Million of which \$70 Million was released by the Ministry of Finance and \$114.6 Million was Millennium Challenge Account/Government of Guyana counterpart contribution. Expenditure on fixed assets by the Authority amounted to approximately \$47 Million while \$78 Million represented capital work in progress. The remaining \$59.6 Million was committed to payment for projects upon their completion and for the delivery of assets. The breakdown of capital expenditure is shown in the chart and table overleaf.

FINANCIAL STATEMENTS

The Audited Financial Statements which form part of this report are contained in pages 56 to 70.

**CHART I
CAPITAL EXPENDITURE 2008**



**TABLE II
CAPITAL EXPENDITURE FOR THE YEAR ENDING 2008 BY TYPE OF ASSET**

| Category of Asset | Amount \$ M |
|--------------------|----------------|
| Land & Buildings | 4.1 |
| Motor Vehicle | 12.3 |
| Computer Equipment | 11.5 |
| Office Equipment | 10.5 |
| Office Furniture | 8.1 |
| Containers | 0.4 |
| Total | 46.9 |

C: COMMUNICATION AND TAX ADVISORY SERVICES

This Division, which was established under the new functional organisation structure, comprises the Public Relations Section (formerly Corporate Communication Unit), the Publication and Operational Procedures Section (formerly the Planning, Communication and Operational Procedure Division) and the Tax Advisory Services Unit (formerly Legislation, Tax Advisory Services and Objections Section). The Division is mandated to ensure that all strategic, operational, procedural and communication advisory needs of stakeholders of the Authority are met in a timely manner and that all information disseminated is accurate, timely and reliable and in keeping with the laws and regulations governing the Authority.

During the year under review, the Division was able to achieve most of its targets despite the challenges faced. The major challenges included inadequate staffing, inadequate transportation facilities, inadequate and/or malfunctioning equipment such as computers, printers and difficulties accessing the server and internet.

Public Relations

This Section organised several live call-in/discussion programmes on both radio and television which focused on educating taxpayers on the various taxes, their rights and obligations. "Focus on GRA", a pre-recorded weekly television programme and "Revenue Update", a weekly radio programme, were produced and presented by staff of the Section and covered activities of various operational areas of the Authority. Staff also issued in excess of eighty (80) press statements to the media to clarify issues relating to VAT, Licensing, and TIN among others, maintained a weekly VAT Policy corner in the print media and utilised all forms of the media to publish tax-related and other advertisements.

Further, a quarterly newsletter was produced to inform and sensitise staff on organizational policies and changes while the Authority's website was maintained. Staff also highlighted the Authority's activities and educated taxpayers and members of the public at events such as the Annual Berbice Expo and Trade Fair, the Annual Tax Site which was located at the City Mall during the month of April, the University of Guyana Annual Open/Career Day activities which were held at the Turkeyen campus and the Region No. 2 Career Day activities which were held in Essequibo.

Tax Advisory Services

Staff attached to this Section researched the various Acts and Regulations administered by the Authority in order to respond to requests for interpretation of the Acts by taxpayers and other stakeholders and for the preparation of tax policies which were published in the print media. Written responses to one hundred and Fifty-three (153) requests for interpretation were prepared while the formulation of tax policies amounted to 48.

Staff also provided help-desk services to one thousand, two hundred and sixty-seven (1,267) persons who used the call-in facility and two hundred and seventy-one (271) walk-in taxpayers. In addition, one thousand, three hundred and seventy-three (1,373) telephone calls to taxpayers were initiated by staff to provide guidance and promote voluntary compliance. Compliance and advisory visits paid to newly registered taxpayers and potential registrants amounted to eight hundred and fifty-one (851). These visits were conducted to ensure that taxpayers were fully aware of their rights and responsibilities under the various Tax Acts and to determine whether potential VAT registrants have satisfied the requirements for registration. Further, staff conducted fifty-one (51) seminars with consumers and participated in call-in and discussion programmes on both radio and television to educate taxpayers and consumers.

Publication and Operational Procedures

For the period under review the major achievements of the Section were the publication of the Excise Tax and Value Added Tax Acts and Regulations, the Customs Act and Regulations and the completion of the Authority's 2007 Annual Report and Statement of Accounts. Staff also prepared proposals to improve the efficiency and effectiveness of the services provided by the organisation. To this end, proposals for the Governing Board's consideration were prepared for the restructuring of the Human Resources and Finance Divisions and the Transportation Section. Proposals were also prepared for the granting of duty free concessions on vehicles for senior staff members of the Authority and the establishment of the Debt Management and Intelligence/Risk Management Divisions.

The preparation of manuals and standard operational procedures (SOPs) were also undertaken. Areas for which manuals were prepared included Licence Revenue Office, Tax Exemption Processing and Verification (formerly Remission Unit) and the Communication and Tax Advisory Services Division. Procedures were also prepared for the Importation and Exportation of Firearms and for Procurement. Updates on the operations of the Authority were prepared and submitted to organisations such as COTA and CATA for publication in their newsletter. Charts for the restructured Divisions under the new functional structure were prepared in PowerPoint, disseminated to senior personnel and the MCA liaison officer for use in presentations to members of staff of the Authority on the functional organisation.

D: INTERNAL AUDIT DIVISION

During the last quarter of 2008 the Division, as part of the overall re-structuring of the Authority, was re-organized to include the Quality Review section which was formerly a part of the Customs and Trade Administration. The Division is headed by a Senior Manager who is now assisted by two Managers and is tasked with the responsibility of auditing the accounting and internal control systems of the Authority to ensure compliance with standards and procedures.

Throughout the year under review, the Division was hampered by inadequate transportation, constant malfunctioning of equipment and the absence of training for newly recruited staff members. In spite of these setbacks, the Division was successful in achieving its targets.

During 2008, the Division conducted thirty-one (31) audit examinations at the Tax Operation and Services Department. Of these examinations, thirty (30) reports were finalized. The areas audited included dishonoured cheques, estate duties, issuance of compliance and liability certificates, revenue collection and taxpayers' files and returns. In addition, the operations of the Licence Revenue Office as well as the branch offices located at New Amsterdam and Anna Regina were also audited.

Fourteen (14) audit examinations were conducted at the Customs and Trade Administration by the Quality Review Unit of the Division and all reports were finalised despite the non-response to six (6) of the reports by Heads of Divisions. Collection procedures, dishonoured cheques, the Permit for Immediate Delivery facility as well as the operations at the Wharves, Corriverton, Lethem and Anna Regina Branch Offices were among the areas audited.

Of the fourteen (14) audit assignments conducted at the Corporate Services Divisions, a total of ten (10) reports were finalised with two (2) being finalised without response from the relevant Heads of Divisions. Areas examined included salaries, procurement, contracts for the provision of various services to the Authority and the operations of the Transportation section.

Thirteen (13) special investigations were also completed during the year under review at the request of the Commissioner-General, the Deputy Commissioner – General and the Internal Audit Committee. Among the areas examined were the sale of tender documents by the Facilities Management and Operational Support Services Division, the sale of Travel Tax Tickets, the system for Motor Vehicle Registration, currency statements prepared at the Cheddi Jagan International Airport, cashiering systems at Customs House and the acquisition of Information Technology equipment by the FFMP and the Authority.

In addition, staff of the Quality Review Section of the Division verified one thousand, six hundred and eighty-six (1,686) aircraft and four hundred and sixty-eight (468) ships' files closed, verified eight hundred and ninety-eight (898) customs declarations with cashiers' listing and verified the classification and valuation of imported items.

E: INTERNAL AFFAIRS DIVISION

This Division is mandated to ensure that the conduct of staff in the course of executing their duties is in conformity with established rules, policies and practices in order to promote the image of the Authority.

During 2008, staff of the Division conducted thirty-six (36) investigations into allegations made against members of staff. Eighteen (18) of those allegations originated from within the Authority while the remaining were from members of the public. Further, twenty-two (22) reports were prepared upon completion of special investigations.

Staff also monitored the clearance of goods which were imported in commercial quantities at the Cheddi Jagan International Airport and goods released via the PID facility. These activities were however discontinued towards the end of the year as a result of the revision of the Division's mandate due to the restructuring of the Authority.

Staff also verified two thousand, two hundred and eighty-eight (2,288) certificates of compliance which were issued by the Authority while the examination of containers and cargo which were profiled by TRIPS amounted to one thousand, seven hundred and seventy-seven (1,777) and the observation of the trans-shipment of cargo and motor vehicles from various Transit Sheds amounted to nine hundred and three (903). The monitoring of activities of staff located at various regional offices was also undertaken during the year under review.

F: 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 promoting compliance with the Tax, Trade and Border Laws and Regulations.

Staff of the Division conducted two hundred and twenty-one (221) audits on various categories of taxpayers during 2008. This amount comprised one hundred and nineteen (119) audits on self-employed persons, fifty-five (55) on corporate taxpayers, 40 on VAT registrants and seven (7) on the PAYE system.

Of the two hundred and twenty-one audit examinations conducted, one hundred and fifty-five (155) or 78% resulted in \$1,164.2 M in additional taxes being identified for recovery. There were eighty-eight (88) instances where taxpayers entered into agreements to pay a total of \$560.1 M in additional taxes while assessments amounting to \$604.1 M were raised in sixty-seven (67) instances. The remaining sixty-six (66) audit examinations did not result in the recovery of additional revenue.

G: 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.

Staff of the Division continued with the prosecution and defense of ongoing matters in both the High and Magistrates' Courts. There were four hundred and six (406) ongoing matters during the year under review. Offences included those related to VAT, failure to remit PAYE deductions, failure to submit Employers' Returns, smuggling and making false declarations.

Legal proceedings were also initiated during the year under review and amounted to forty-one (41) while staff prepared opinions and responses to requests for legal advice from the Commissioner-General and other Departments/Divisions of the Authority which amounted to two hundred and twenty (220). The preparation and service of demand letters, which is a prerequisite to the preparation, service and enforcement of 101 Certificates, were also carried out. Seventy-four (74) such letters were prepared and served. Judgments granted in favour of the Authority during the period under review amounted to seventeen (17).

H: TAX EXEMPTION PROCESSING AND VERIFICATION

This Division 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 Guyana Revenue Authority.

The Division received a total of thirteen thousand and fifty-nine (13,059) applications for exemption/remission of duties and taxes of which eleven thousand, six hundred and seventy-nine (11,679) or approximately 89% were verified and processed. Of the amount of applications processed, eleven thousand, four hundred and forty-four (11,444) were approved and two hundred and thirty-five (235) were denied and letters to that effect were prepared and dispatched to the applicants.

In addition, the Division granted approval to four thousand and thirty-eight (4,038) applications by importers for the use of the Prior to Processing facility and completed five hundred and thirty-five (535) special assignments. Staff also held four hundred and nine (409) meetings with applicants seeking exemption/remission of duties and taxes in order to clarify or obtain additional information, prepared and dispatched one hundred and fifty-seven (157) responses to requests for information and performed seventy-seven (77) post approval verifications.

I: 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 staff undertook the implementation and management of the Wide Area Network which is used mainly for TRIPS, Internet access and file transfer. The network was implemented at the building housing the Human Resources and Finance Divisions while there was monitoring and maintenance at several sites including Customs House, Secretariat, Licence Revenue Office and the building located at Charlotte and Albert Streets.

Installation of Guyana Telephone & Telegraph Co. DSL Service (dedicated IP circuits) for sharing data and running TRIPS along with the necessary infrastructure, financed under the FFMP, were completed at twenty-

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two (22) locations while the CITRIX application server was deployed at all locations except the GPO and Charlotte and Albert St. buildings. Staff of the Division along with staff attached to the Intelligence/Risk Management Division and a Consultant commissioned/re-commissioned and maintained surveillance cameras at several locations. A stand-alone database and the necessary application were also provided to the Guyana Police Force to access Motor Vehicle Registration data.

The technical and software teams of the Division successfully implemented the TRIPS cashiering module at several locations including the Charlotte and Albert St. office, CJIA and Muneshwar's wharf while testing and implementation of changes were made to the Licence Revenue Office Management Information System to facilitate the printing of drivers' licences. Modifications were also made to the salaries software to accommodate TIN and changes to tax calculations. Technical support was also provided to the users of Internal Revenue legacy applications such as TAXADMIN and PC Tax which were run alongside TRIPS pending their phase out in 2009.

Several back-up and recovery measures were also put in place or strengthened and these included disaster recovery simulations, tape back-ups, off-site data storage and cross-server backup among others. Equipment procured by the FFMP and the Guyana Revenue Authority were deployed throughout the organisation and these included approximately one hundred and seventy (170) personal computers, four (4) Dell Poweredge servers, twelve (12) Dell laptops, forty-three (43) UPS, approximately ninety (90) printers, receipt printers, data card printers computer parts and accessories.

J: LAW ENFORCEMENT AND INVESTIGATION

This Division provides the necessary investigative and enforcement 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 the year, the Division received and investigated three hundred and fifteen (315) reports of breaches of the Tax and Customs Laws and Regulations and conducted two hundred and eighty (280) routine exercises to intercept persons involved in illegal activities. As a result of those investigations and exercises, eighty-five (85) persons involved in smuggling activities were detained, there were seventy-five (75) instances of detention of goods and forty-seven (47) seizures. A total of one hundred and eighteen (118) cases were settled departmentally with persons paying the necessary fines and additional duties and taxes while charges were instituted against two (2) persons. At the end of 2008, there were six (6) matters pending. Goods confiscated included alcoholic and non-alcoholic beverage, electronic and other household appliances. Revenue collected by the Division for 2008 is shown in the table below.

TABLE III
REVENUE COLLECTED - S

| Activity | 2007 (revised) | 2008 | Quantity Variance | % Variance |
|--------------------|----------------|-------------|-------------------|------------|
| Fines/Compensation | 24,949,673 | 39,544,498 | 14,594,825 | 58 |
| Additional Taxes | 20,401,367 | 186,062,952 | 16,661,226 | 812 |
| Sale of Seizures | 64,332,506 | 11,119,265 | (53,213,241) | (83) |
| Initiative | - | 25,000 | 25,000 | 100 |
| Total | 109,683,546 | 236,751,715 | 127,068,169 | 116 |

K: FACILITIES MANAGEMENT & OPERATIONAL SUPPORT SERVICES

The Division is mandated to ensure that the construction, maintenance and renovation of buildings to be occupied/occupied by the various Departments/Divisions/Units of the Guyana Revenue Authority are completed in a timely manner and that the assets of the Authority are properly secured.

During the year under review, the Division supervised the construction of several new buildings. These included buildings for office accommodation at Charity, office and living accommodation for staff located at Kurupukari and Lethem and a building to house the Customs checkpoint at Crab Island in Berbice. The construction of a new building to house the Authority's operations at Linden, which commenced in 2007, was completed during 2008.

Renovations and maintenance were also carried out on existing buildings and these included refurbishment of the charity Boathouse and the living accommodation for staff at Charity. Throughout the year maintenance was carried out on equipment such as air conditioners and stand-by generators. Old and malfunctioning air conditioners were also replaced.

In order to adequately secure the Authority's assets, additional security personnel were deployed to monitor various locations while the installation of glass and grillwork on cashier cages and counter areas was completed.

L: DEBT MANAGEMENT

This Division was established under the re-structured Authority and consists of staff of the former Arrears Collection Division of the Internal Revenue Department. It is mandated to utilise the investment made in automation combined with efficient collection strategies that will encourage defaulting taxpayers to comply with the Laws and pay outstanding tax balances.

The Division continued to monitor collections of outstanding tax balances and was able to determine arrears taxes partly through the process of file clearing. During the period under review a total of two thousand, four hundred and seventy-six (2,476) tax files were cleared manually inclusive of seventy-six (76) which were related to companies and one thousand, four hundred and twenty-seven (1,427) to individual taxpayers. As a result of the file clearing exercise, a total of \$4.2 Billion in arrears taxes were identified and collection proceedings commenced with the dispatch of demand letters to the defaulters. However, at the present time the Department is still unable to determine accurately from the system, all taxes assessed for prior years for which payments are still outstanding.

M: INTELLIGENCE AND RISK MANAGEMENT

This Division was also established under the restructured Authority. It is headed by a Senior Manager and is mandated to manage a centralized database through ongoing collection of data which is tested and analysed to determine tax fraud, insolvency, smuggling or any other activity which presents a risk to the operations and objectives of the Authority and to disseminate such information to management to protect and enhance revenue collection.

Staff of the Division conducted random clandestine visits at the homes and places of business of suspected smugglers and at other locations with a view to detecting possible evasion of taxes and duties. Surveillance operations were also conducted at ports of entry/exit and other locations across the country which are

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considered susceptible to smuggling. The Division continued to update the Third Party database on TRIPS and disseminated intelligence gathered to other Divisions for appropriate action. Further, staff gathered information on defaulting importers/exporters/taxpayers from both internal and external sources, updated the Intelligence database, maintained the Intelligence hotline, utilized the Intelligence MIS module to monitor operational data on TRIPS and monitored and updated the TRIPS valuation database.

Monitoring of the CCTV cameras which are positioned at various locations including the Cheddi Jagan International Airport, the Licence Revenue Office and Transit Sheds among others, was undertaken by staff who also ensured that the cameras were maintained. The Division also facilitated the viewing of CCTV footage by other security agencies.

DEPARTMENTAL PERFORMANCE

TAX OPERATIONS AND SERVICES

INTERNAL REVENUE OPERATIONS

The mandate of the Internal Revenue Operations Division 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.

GROSS REVENUE COLLECTION

During the year 2008 the actual revenue collection amounted to \$34.5B while the budgeted figure which was approved in the National Assembly was \$30.1B. Actual collections exceeded the budgeted amount by \$4.4 B or 14.6%. Total revenue for 2008 by tax type is set out in the table overleaf. As can be observed from the table, revenue collection under various heads exceeded the estimates by \$5.2B. Income Tax and Corporation Tax were the major contributors to the increase in collection and accounted for more than \$4.3B of the excess. Collections under other heads were under the estimates by \$0.8B. During the year, revenue amounting to \$34.5B was deposited in the Consolidated Fund.

Revenue collected during 2008 was greater than that collected during the preceding year. The actual collection for the year 2007 was \$32.5B. Revenue collections for 2008 exceeded this amount by \$2B or 6.1%. Corporation Tax and Income Tax continued to be the two major heads of revenue contributing \$14.1B and \$14.3 B or 40.8% and 41.4% respectively to total revenue. This is shown in Table IV overleaf while Cart II compares revenue collection in 2008 with that of 2007.

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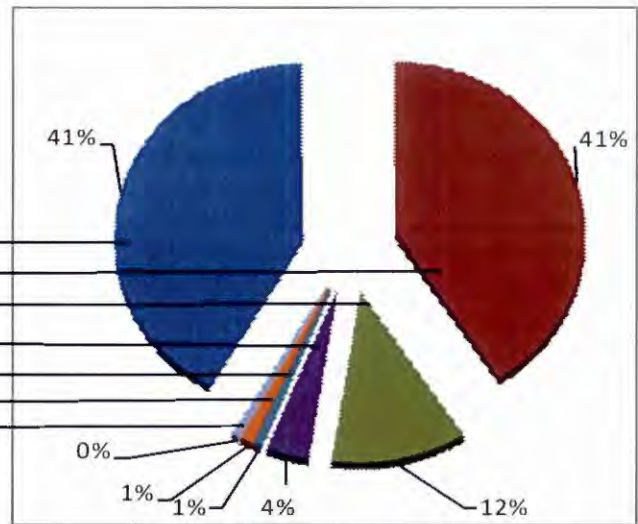
**TABLE IV
REVENUE COLLECTION
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2008 (\$ 000)**

| DESCRIPTION | APPROVED BUDGET | AMOUNT COLLECTED | AMOUNT PAID INTO CONSOLIDATED FUND | UNDER THE ESTIMATE | OVER THE ESTIMATE |
|----------------------------|-------------------|-------------------|------------------------------------|--------------------|-------------------|
| INCOME TAX | 11,568,614 | 14,327,011 | 14,327,011 | | 2,758,397 |
| PAYE | 10,327,527 | 12,673,968 | 12,673,968 | | 2,346,441 |
| SELF EMPLOYED | 1,241,087 | 1,652,740 | 1,652,740 | | 411,653 |
| COMPANIES | 0 | 303 | 303 | | 303 |
| PRIVATE SECTOR | 0 | 303 | 303 | | 303 |
| PUBLIC SECTOR | 0 | 0 | 0 | | |
| CORPORATION TAX | 13,228,285 | 14,159,232 | 14,159,232 | | 930,947 |
| PRIVATE SECTOR | 11,953,786 | 13,556,690 | 13,556,690 | | 1,602,904 |
| PUBLIC SECTOR | 1,274,499 | 602,542 | 602,542 | (671,957) | |
| MISCELLANEOUS TAXES | 3,408,538 | 4,022,922 | 4,022,922 | | 614,384 |
| WITHHOLDING TAX | 2,160,910 | 2,755,333 | 2,755,333 | | 594,423 |
| PROCESS FEE | 23,044 | 27,606 | 27,608 | | 4,564 |
| TRAVEL TAX | 556,865 | 514,784 | 514,784 | (42,081) | |
| PREMIUM TAX | 73,915 | 90,155 | 90,155 | | 16,240 |
| PROFESSIONAL FEES | 5,623 | 6,300 | 6,300 | | 677 |
| TRAVEL VOUCHER TAX | 588,161 | 626,743 | 628,743 | | 40,562 |
| NET PROPERTY TAX | 1,062,552 | 1,253,785 | 1,253,785 | | 191,133 |
| CAPITAL GAINS TAX | 267,199 | 218,252 | 218,252 | (48,947) | |
| NATIONAL DEVELOPMENT TAX | 0 | 44 | 44 | | 44 |
| LICENCES | 354,911 | 356,213 | 356,213 | | 1,302 |
| MOTOR VEHICLES | 330,882 | 336,545 | 336,545 | | 5,663 |
| OTHER VEHICLES | 176 | 195 | 195 | | 19 |
| TRADING | 14,756 | 10,600 | 10,600 | (4,158) | |
| MISCELLANEOUS | 9,097 | 8,873 | 8,873 | (224) | |
| PURCHASE TAX - CARS | (1) | 7,458 | 7,458 | | 7,459 |
| M/VEHICLES & RD TRAF ACT | 236,475 | 202,828 | 202,828 | (32,647) | |
| D/C FEES | 0 | 0 | 0 | | |
| GRAND TOTAL | 30,125,573 | 34,547,745 | 34,547,745 | (800,012) | 5,222,085 |

**CHART II
REVENUE COLLECTION
ANALYSIS**

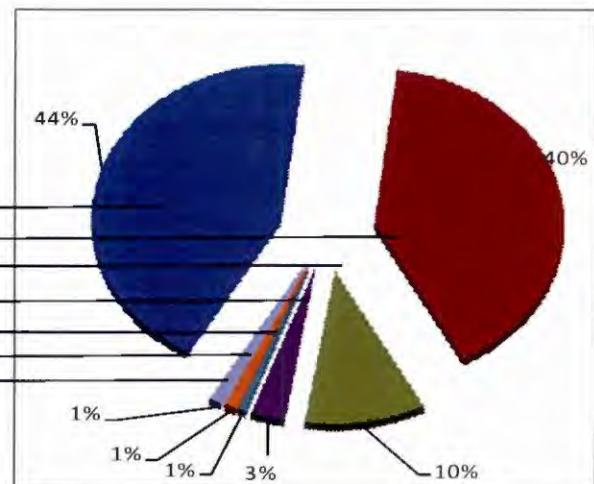
2008

| DESCRIPTION | AMOUNT COLLECTED |
|---------------------|-------------------|
| Income Tax | 14,327,011 |
| Corporation Tax | 14,159,232 |
| Miscellaneous Taxes | 4,022,922 |
| Property Tax | 1,253,785 |
| Capital gains Tax | 218,252 |
| Licences | 356,213 |
| Others | 210,330 |
| TOTAL | 34,547,745 |



2007

| DESCRIPTION | AMOUNT COLLECTED |
|---------------------|-------------------|
| Income Tax | 14,143,597 |
| Corporation Tax | 13,087,996 |
| Miscellaneous Taxes | 3,366,588 |
| Property Tax | 942,991 |
| Capital gains Tax | 229,490 |
| Licences | 331,325 |
| Others | 379,868 |
| TOTAL | 32,481,855 |



REFUNDS AND NET REVENUE COLLECTION

During the year 2008, refund of taxes amounting to \$63M was paid to taxpayers of the various categories as is shown in Table V below. A realistic estimate of the unpaid refunds at 31st December, 2008 was \$92M of which Corporation Tax represented 87% or \$80M of the unpaid refunds. Non-payment of refunds was largely on account of the inadequate provision of funds for this purpose in the 2008 Budget.

TABLE V
NET REVENUE COLLECTION 2008 (\$000)

| DESCRIPTION | GROSS COLLECTIONS | REFUNDS | NET COLLECTIONS |
|----------------------|--------------------------|----------------|------------------------|
| INCOME TAX | 14,327,011 | 10,023 | 14,316,988 |
| CORPORATION TAX | 14,159,232 | 50,492 | 14,108,740 |
| PROPERTY TAX | 1,253,785 | 428 | 1,253,357 |
| WITHHOLDING TAX | 2,755,333 | 635 | 2,754,698 |
| OTHER TAXES & DUTIES | 2,052,384 | 1,428 | 2,050,956 |

FILING OF TAX RETURNS

During the year under review, the Internal Revenue received a total of seventy-three thousand and five (73,005) tax returns filed by various categories of taxpayers. Employed taxpayers continue to be the main category of taxpayers filing returns. The table below shows a comparison of filers by various categories of taxpayers over the years 2003 to 2008.

**TABLE VI
RETURNS FILED BY TAXPAYER TYPE**

| YEAR | EMPLOYEES | SELF-EMPLOYED | COMPANIES | TOTAL | INCREASE/DECREASE OVER PREVIOUS YEAR | |
|------|-----------|---------------|-----------|---------------|--------------------------------------|------|
| | | | | | AMOUNT | % |
| 2003 | 39,101 | 18,195 | 2,147 | 59,443 | (30,041) | (51) |
| 2004 | 40,812 | 26,924 | 1,987 | 69,723 | 10,280 | 15 |
| 2005 | 36,637 | 18,148 | 1,335 | 56,120 | (13,603) | (24) |
| 2006 | 35,662 | 21,416 | 1,392 | 58,470 | 2,350 | 4 |
| 2007 | 37,254 | 24,366 | 1,384 | 63,004 | 4,534 | 7 |
| 2008 | 51,052 | 21,186 | 767 | 73,005 | 10,001 | 15 |

RETURNS ASSESSED

The assessment process requires the examination and data entry of all returns received prior to the issue of the notice of assessment. The table overleaf shows details of returns for which data entry was completed during the year under review.



**TABLE VII
DETAILS OF RETURNS ASSESSED**

| TAXPAYER | INCOME TAX | CORPORATION TAX | PROPERTY TAX |
|---------------------------|-------------------|------------------------|---------------------|
| Employees & Self-Employed | 67,308 | - | 6,472 |
| Corporations | - | 1,100 | 630 |

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 2008.

A comparative analysis of the various types of Tax Compliance certificates issued during 2007 and 2008 is outlined in Table VIII. A total of twelve thousand, three hundred and sixty-three (12,363) compliance certificates were issued during the year. Of that total, three thousand, five hundred and forty-two (3,542) certificates were issued for Land and Buildings, six thousand, four hundred and ninety-one (6,491) for motor vehicles and two thousand, three hundred and thirty (2,330) for tender purposes.

**TABLE VIII
CERTIFICATES OF COMPLIANCE ISSUED**

| TYPE OF CERTIFICATE | GEORGETOWN OFFICE | | BRANCH OFFICES | | TOTAL | |
|----------------------------|--------------------------|--------------|-----------------------|--------------|---------------|---------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| Land | 2,586 | 2,595 | 1,037 | 947 | 3,623 | 3,542 |
| Motor Vehicles | 5,174 | 5,461 | 1,122 | 1,030 | 6,296 | 6,491 |
| Tender | 1,642 | 1,791 | 465 | 539 | 2,107 | 2,330 |
| Total | 9,402 | 9,847 | 2,624 | 2,516 | 12,026 | 12,363 |



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

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 18,151.5 | 16,924.6 | 19,293.9 | 19,947.6 | 22,904.2 | 25,524.0 | 28,730.2 | 28,803.8 | 30,288.5 |
| | 772.6 | 2,767.4 | 2,835.1 | 2,444.6 | 1,917.3 | 1,675.7 | 1,781.1 | 3,678.0 | 4,259.2 |
| | 18,924.1 | 19,692.0 | 22,128.0 | 22,393.2 | 24,821.5 | 27,199.7 | 30,511.3 | 32,481.8 | 34,547.7 |
| | 95.9 | 85.9 | 87.19 | 89.08 | 92.28 | 93.84 | 94.16 | 88.7 | 87.7 |
| | 4.1 | 14.1 | 12.81 | 10.92 | 7.72 | 6.16 | 5.84 | 11.3 | 12.3 |
| | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |



INTERNAL REVENUE REGIONAL OFFICES

The Internal Revenue Operations Division has offices located in New Amsterdam, Corriverton, Linden and Anna Regina. During the year under review, staff continued to register and finalise taxpayers' objections to assessments for both Income and Property Taxes. During 2008, officers registered a combined total of seventy-one (71) objections relating to Income Tax assessments and two (2) relating to Property Tax. At the end of the year there were thirty-nine (39) objections relating to Income Tax and 1 relating to Property Tax remaining to be registered. In addition, seventy-nine (79) Income Tax and fourteen (14) Property Tax objections (including those outstanding from the previous year) were finalised.

Staff of the Regional offices also issued compliance certificates to taxpayers to facilitate the transfer of ownership of motor vehicles, title to land and buildings and to satisfy regulatory requirements for the issue of tenders. A total of two thousand, five hundred and sixteen (2,516) compliance certificates were issued for motor vehicles, nine hundred and forty-seven (947) for land and buildings and five hundred and thirty-nine (539) for tender purposes.

Further, through the process of file clearing, staff were able to monitor the collection of outstanding tax balances. During the year under review, officers cleared a total of one thousand, five hundred and four (1,504) tax files manually. Revenue collected by the regional offices amounted to \$1.08 Billion

**TABLE X
REVENUE COLLECTION**

| LOCATION | 2007 | 2008 | VARIANCE (%) |
|----------------------|-------------|---------------|---------------------|
| New Amsterdam | 385,930,973 | 364,949,309 | (5.4) |
| Corriverton | 48,902,241 | 60,410,896 | 23.5 |
| Linden | 359,498,777 | 460,762,969 | 28.2 |
| Anna Regina | 174,446,634 | 190,952,045 | 9.5 |
| TOTAL | 968,778,625 | 1,077,075,219 | 11.2 |

VALUE ADDED AND EXCISE TAXES OPERATIONS

The mandate of the Division is to collect all Value Added and Excise Taxes through the efficient administration of the Value Added Tax Act No. 10 of 2005, the Excise Tax Act No. 11 of 2005, their regulations, and the Spirits Act.

GROSS REVENUE COLLECTION

Revenue collected during the year under review was \$39.4 Billion which was \$2.0 B or 4.8 % below the estimate of \$41.4 B which was approved by the National Assembly. Revenue collected under various heads exceeded the estimate by \$2.4 B while collections under other heads were under the estimate by approximately \$4.4 B. This is shown in Table XX overleaf.

Actual revenue collection during the previous year was approximately \$37.8 B. The collection for 2008 was therefore \$1.6 B or 4% greater than that for 2007. After payment of refunds, revenue amounting to \$37.1 B was paid into the Consolidated fund. The major factor contributing to actual revenue collection being below the budgeted amount was the reduction in the Excise Tax rate on petroleum products which were made several times during the year under review to cushion the impact of increasing oil prices.

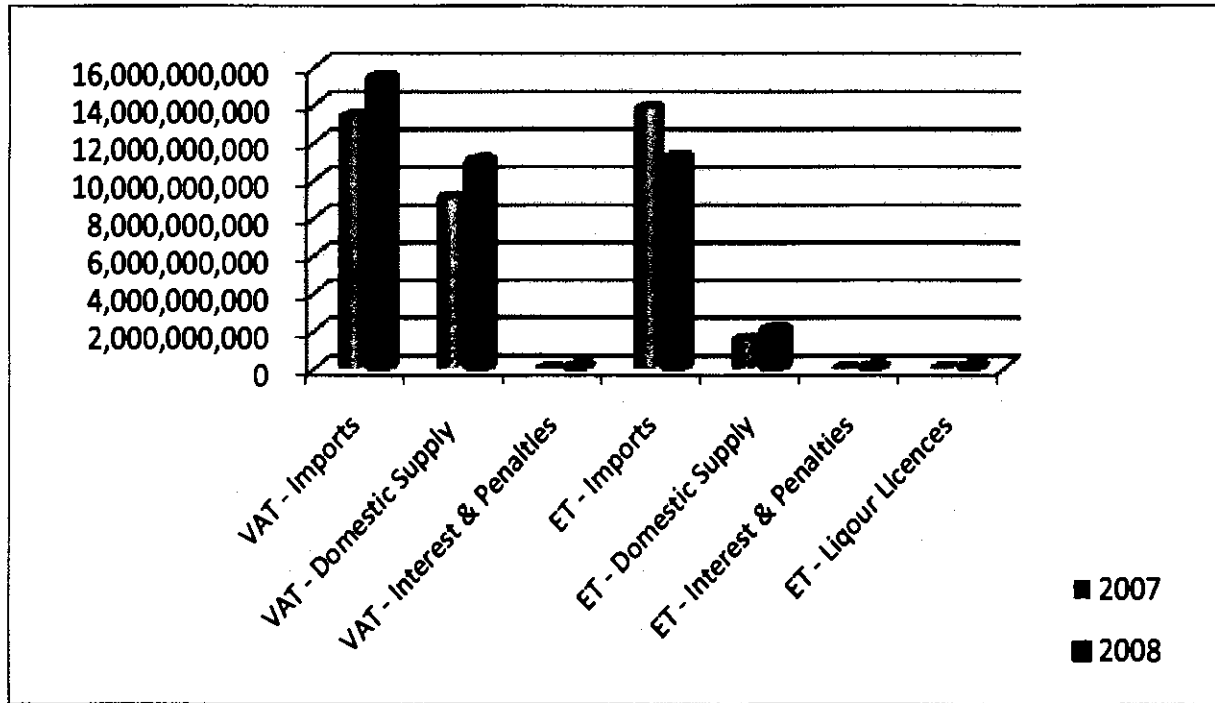
ANNUAL REPORT & STATEMENT OF ACCOUNTS



**TABLE XI
REVENUE COLLECTION
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2008 (\$ 000)**

| Sub-Head Revenue | Approved Budget | Amount Collected | Amount Paid into Consolidated Fund | Under the Estimate | Over the Estimate |
|---|-------------------|-------------------|------------------------------------|--------------------|-------------------|
| 591 Imports | 15,105,361 | 15,346,878 | 15,346,878 | | 241,517 |
| Goods | 15,074,731 | 15,197,129 | 15,197,129 | | 122,398 |
| Services | 30,630 | 149,749 | 149,749 | | 119,119 |
| 592 Domestic Supply | 9,946,008 | 10,945,003 | 10,945,003 | | 998,995 |
| Goods | 9,946,008 | 10,945,003 | 10,945,003 | | 998,995 |
| Services | - | - | - | | |
| 598 Miscellaneous - VAT: | 11,227 | 23,414 | 23,414 | | 12,187 |
| Interest | 3,211 | 8,829 | 8,829 | | 5,618 |
| Penalties | 8,016 | 14,585 | 14,585 | | 6,569 |
| 595 Imports | 14,587,976 | 11,123,610 | 11,123,610 | (3,464,366) | |
| Motor Vehicles | 5,122,187 | 5,832,706 | 5,832,706 | | 710,519 |
| Petroleum Products | 8,068,002 | 3,869,785 | 3,869,785 | (4,198,217) | |
| Tobacco Products | 1,014,647 | 860,932 | 860,932 | (153,715) | |
| Alcoholic Beverages | 383,140 | 560,187 | 560,187 | | 177,047 |
| 596 Domestic | 1,764,874 | 1,979,750 | 1,979,750 | | 214,876 |
| Alcoholic Beverages | 1,764,874 | 1,979,750 | 1,979,750 | | 214,876 |
| 599 Miscellaneous - Excise: | - | 10 | 10 | | 10 |
| Interest | - | - | - | | |
| Penalties | - | 10 | 10 | | 10 |
| Licence Fees | 14,259 | 10,299 | 10,299 | (3,960) | |
| Liquor Licence | 14,259 | 10,299 | 10,299 | (3,960) | |
| TOTAL | 41,429,705 | 39,428,964 | 39,428,964 | (4,355,892) | 2,355,151 |
| Refunds Paid | | | 2,316,950 | | |
| Funds transferred to Consolidated Fund (net) | | | 37,112,014 | | |

CHART III
REVENUE COLLECTION ANALYSIS



REGISTRATION

During the year staff issued four hundred and thirty four (434) registration packages to potential registrants. However, registration was completed for one hundred and ninety six (196) Value Added Tax registrants and one (1) Excise Tax registrant. Registration certificates were issued to all of them. De-registration activities were also conducted for one (1) Excise Tax and thirty-eight (38) Value Added Tax registrants while such activities were pending for another Excise Tax and sixty-two (62) Value Added Tax registrants.

RETURNS PROCESSING

A total of twenty-six thousand, five hundred and forty-two (26,542) returns were filed by Value Added Tax registrants and twenty-four (24) by Excise Tax registrants during the year under review. Staff reviewed and processed twenty-four thousand and twenty-five (24,025) Value Added Tax Returns and all of the Excise Tax Returns while investigation into the accuracy of a further one thousand, two hundred and ninety-four (1,294) Value Added Tax returns remained pending. This is shown in Table XII below.

**TABLE XII
RETURNS FILED BY TAX TYPE**

| Tax Type | Returns Distributed | Returns Filed | Returns Processed |
|-----------------|----------------------------|----------------------|--------------------------|
| Value Added Tax | 28,904 | 26,542 | 24,025 |
| Excise Tax | 24 | 24 | 24 |
| Total | 28,928 | 26,566 | 24,049 |

REFUNDS VERIFICATION AND PROCESSING

Requests for refunds can arise in two main categories namely: refund of input tax claimed under section 35 of the VAT Act 2005 and refunds for special cases, claimed under Section 37 of the Act. Staff received a total of one thousand, five hundred and ninety-four (1,594) claims for refund of taxes amounting to \$4.4 billion. Of the total received, one thousand, four hundred and ninety-four (1,494) were processed comprising 1,242 claimed under Section 35 and 252 under Section 37 of the VAT Act. One hundred (100) claims amounting to \$114.5 million were rejected. Of the claims processed, nine hundred and fifty-four (954) were paid resulting in \$2.32 billion in taxes being refunded. This is shown in the table overleaf.



**TABLE XIII
DETAILS OF REFUND APPLICATIONS PROCESSED**

| Description | Section 35 | | Section 37 | | Total | |
|------------------|------------|--------------|------------|--------------|--------|--------------|
| | Number | Amount (\$B) | Number | Amount (\$B) | Number | Amount (\$B) |
| Received | 1,338 | 4.2 | 256 | 0.2 | 1,594 | 4.4 |
| Rejected | 96 | 0.1 | 4 | 0.00 | 100 | 0.1 |
| Processed | 1,242 | 4.1 | 252 | 0.2 | 1,494 | 4.3 |
| Paid | 800 | 2.1 | 154 | 0.2 | 954 | 2.3 |

COMPLIANCE

Activities undertaken by this Division are focused on ensuring that registrants comply with the requirements of the Value Added Tax Act and Regulations. Activities undertaken include routine compliance visits and investigations into instances of non-compliance.

Compliance officers paid routine visits to eighty-two (82) VAT registrants to ensure that they were complying with their obligations under the Act. Officers investigated two thousand, one hundred and ninety-one (2,191) cases where registrants failed to file VAT returns and forty (40) instances of failure to register. There were also nine (9) requests for time to file returns. In addition, thirteen (13) warning letters were prepared and issued to taxpayers and one hundred and fifty eight (158) reports were prepared with a view to instituting legal proceedings.

REGIONAL OFFICES

Regional Offices of the Department were established in several areas including Linden, Anna Regina, Rosignol, New Amsterdam, Corriverton and Parika. During the year under review, staff at the regional offices received four thousand and seven (4,007) Returns from VAT registrants and paid a total of five hundred and two (502) visits, comprising 285 compliance and 217 advisory visits, to registrants. In addition, seventy (70) routine audits were completed and sixty (60) businesses were registered. Two hundred and twenty two (222) applications for refunds were received and verification was completed for one hundred and fourteen (114) of those applications.

One hundred and seventy-seven (177) applications for the staging of public entertainment events were received and checks to determine the amount of Value Added Tax payable by the promoter were conducted at sixty (60) such events. Further, fifty-two control visits were paid to applicants for Liquor licences while one hundred and ninety-one (191) new licences and one thousand and fifty-two (1,052) renewals were issued. Revenue collected by the regional offices amounted to **\$820.1 Million**.

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The operations at the Regional offices were severely hampered by the lack of transportation facilities. This resulted in staff being forced to depend on public transportation to carry out visits and conduct audit exercises. Operations were also constrained by limited financial resources as offices were without imprest to conduct day to day activities for extended periods. The Total Revenue Integrated Processing System was operational at the Corriverton and Anna Regina offices only and thus limited the functions of the remaining offices.

**TABLE XIV
REVENUE COLLECTION (\$)
VAT REGIONAL OFFICES**

| Location | 2007 | 2008 | Variance (%) |
|------------------------|--------------------|--------------------|---------------------|
| New Amsterdam | 84,337,531 | 117,162,643 | 38.9 |
| Anna Regina | 58,739,953 | 81,484,788 | 38.7 |
| Linden | 22,711,192 | 28,163,132 | 24.0 |
| Lethem | 22,825,453 | 21,326,827 | 6.6 |
| Corriverton | 155,853,005 | 132,050,795 | 15.3 |
| Parika | - | 109,626 | - |
| CJIA (Packages) | 369,556,957 | 368,269,041 | (0.3) |
| CJIA (Baggage) | 42,794,491 | 71,580,483 | 67.3 |
| Total | 756,818,582 | 820,147,335 | 8.4 |

LICENCE REVENUE OFFICE

A total of fifty-two thousand, eight hundred and sixty (52,860) motor vehicle licences were processed during 2008 as compared with forty-four thousand, one hundred and eighty-six (44,186) in 2007. New registrations for the year amounted to nine thousand, one hundred and eighty-seven (9,187) while the corresponding figure for 2007 was eight thousand, seven hundred and thirty-nine (8,739). Table XV sets out the various categories of vehicles licensed and the new vehicles registered during the year 2008 as compared with 2007.

**TABLE XV
LICENCED MOTOR VEHICLES & NEW VEHICLES REGISTERED**

| Type of Vehicle | Licenced Motor Vehicles 2008 | New Registrations | | Increase/Decrease |
|-----------------|---------------------------------|-------------------|--------------|-------------------|
| | | 2007 | 2008 | |
| Agricultural | 1162 | 319 | 653 | 334 |
| Bus | 3637 | 505 | 540 | 35 |
| Cycle | 12056 | 161 | 2000 | 1839 |
| Diplomat | N/A | N/A | 61 | 61 |
| Goods | 7923 | 1218 | 1553 | 335 |
| Hire | 3583 | 601 | 575 | (26) |
| Military | N/A | N/A | 2 | 2 |
| Private | 23097 | 5762 | 3571 | (2,191) |
| Trailer | 1402 | 173 | 232 | 59 |
| Total | 52,860 | 8,739 | 9,187 | 448 |

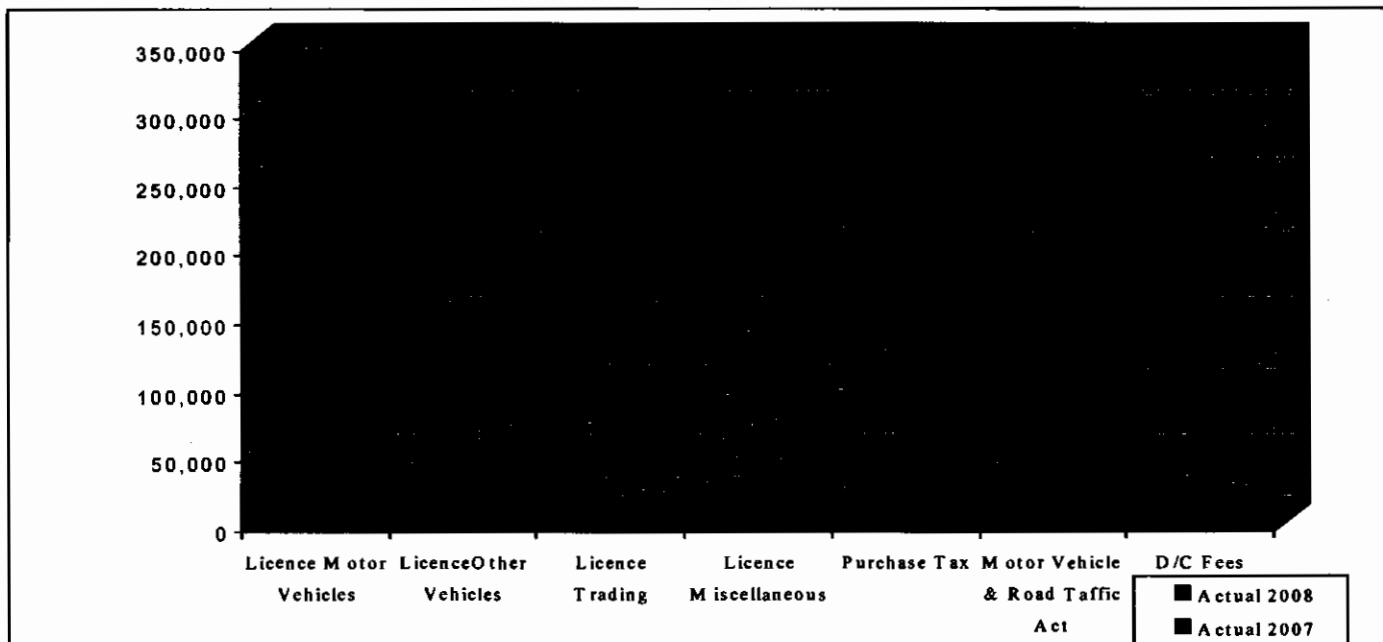
Table XVI shows the revenue collection from the Licence Revenue Office in the year 2008 compared with 2007. During the year, a total of \$566 million was collected from all heads as compared with \$711 million in 2007. The decrease in revenue collection at the Licence Revenue Office for 2008 relative to 2007 resulted mainly from the repeal of the provisions relating to Purchase Tax and the enactment of the Value Added and Excise Tax Acts. Chart IV overleaf compares revenue collected for the year 2008 with the year 2007.



**TABLE XVI
REVENUE COLLECTION (LICENCE REVENUE DIVISION)
(\$000)**

| Description | Actual 2008 | Actual 2007 |
|-------------------------------------|----------------|----------------|
| Licence Motor Vehicles | 336,545 | 309,774 |
| Licence – Other Vehicles | 195 | 173 |
| Licence – Trading | 10,600 | 13,188 |
| Licence – Miscellaneous | 8,873 | 8,189 |
| Purchase Tax | 7,458 | 158,884 |
| Motor Vehicles and Road Traffic Act | 202,828 | 220,967 |
| D/C Fees | - | 0 |
| Total Collection | 566,499 | 711,175 |

**CHART IV
LICENCE REVENUE
REVENUE COLLECTION
FOR THE YEAR 2008 RELATIVE TO 2007(\$000)**



OBJECTION

INCOME TAX

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 Division centered around the following areas: -

- 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 2008, there were four thousand, nine hundred and forty-four (4,944) un-finalised objections on hand. Four thousand, two hundred and forty-seven (4,247) of those were related to individual taxpayers and the remaining six hundred and ninety-seven (697) were in respect of companies. The details are contained in Table XVII.

**TABLE XVII
OBJECTIONS BY TAXPAYERS**

| PARTICULARS | COMPANIES 2008 | INDIVIDUALS 2008 | TOTAL 2008 |
|---|-------------------|---------------------|---------------|
| Un-finalised at the beginning of the year | 656 | 4,249 | 4,905 |
| Registered during the year | 176 | 1,232 | 1,408 |
| Sub-Total | 832 | 5,481 | 5,313 |
| Less: Finalized during the year | 135 | 1,234 | 1,369 |
| Un-finalised at the end of the year | 697 | 4,247 | 4,944 |

VALUE-ADDED TAXES

As at 31st December 2008, there were eight (8) un-finalised objections on hand and they were all in respect of companies. The details are shown in Table XVIII.

**TABLE XVIII
OBJECTIONS BY TAXPAYERS**

| PARTICULARS | COMPANIES 2008 | INDIVIDUAL 2008 | TOTAL 2008 |
|--|---------------------------|----------------------------|-----------------------|
| Un-finalised at the beginning of the year | 03 | 00 | 03 |
| Registered during the year | 21 | 27 | 48 |
| Sub-Total | 24 | 27 | 51 |
| Less: Finalised during the year | 16 | 27 | 43 |
| Un-finalised at the end of the year | 08 | 00 | 08 |

CUSTOMS AND TRADE ADMINISTRATION

The mandate of this Department is to promote compliance with Guyana's Customs, Trade and Border Laws and Regulations through quality service and responsible enforcement. This Department carries out its mandate through three Divisions, namely, Wharves and Warehouses, Regional Offices and Airport and the Commercial Operations Division.

GROSS REVENUE COLLECTION

The approved budget for the year 2008 for the Customs and Trade Administration was \$6.6 Billion. However the actual revenue collected for the period was \$7.4 Billion which represents an increase of \$0.8 Billion or 12 % over the approved estimates. Revenue collected under several heads exceeded the estimates by \$0.84 Billion while revenue collected under other heads was under the estimates by \$.01 Billion. Revenue collection for 2008 was below the 2007 collection figure of \$8.1 Billion by \$0.7 Billion or 8.6%. The higher revenue collection in 2007 was due mainly to the residual collection of Consumption Taxes during the year when the Value Added and Excise Tax Acts became effective.

**TABLE XIX
REVENUE COLLECTION
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2008 (\$ 000)**

| | Approved Budget | Amount Collected | Amount Paid into Consolidated Fund | Under the Estimate | Over the Estimate |
|--------------------------|--------------------|---------------------|---|-----------------------|----------------------|
| HEAD OF REVENUE | | | | | |
| Import Duties | 5,914,148 | 6,602,453 | 6,602,453 | | 688,305 |
| Export Duties | 8,265 | 8,629 | 8,629 | | 364 |
| Others | | | | | |
| Environmental Tax | 490,888 | 605,879 | 605,879 | | 114,991 |
| Overtime Fees | 94,919 | 96,505 | 96,505 | | 1,586 |
| Departmental Fines | 54,098 | 37,787 | 37,787 | (16,311) | |
| Miscellaneous | 56,308 | 90,493 | 90,493 | | 34,185 |
| Warehouse Rent & Charges | 19,871 | 19,760 | 19,760 | (111) | |
| Stamp Duties | 10,124 | 12,548 | 12,548 | | 2,424 |
| SUBTOTAL | 726,208 | 862,973 | 862,973 | | 136,765 |
| Total | 6,648,621 | 7,474,054 | 7,474,054 | (16,422) | 841,855 |

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 are efficient and effective.

DECLARATIONS

Fifty-two thousand, nine hundred and sixty-two (52,962) declarations were processed during the year under review. This amount represents an increase of approximately 1% as compared to the 2007 amount of fifty-two thousand, three hundred and eighty-eight (52,388).

**TABLE XX
DECLARATIONS PROCESSED**

| Month | 2007 | 2008 | Variance |
|------------------|-------------|-------------|-----------------|
| JANUARY | 2,174 | 4,546 | 2,372 |
| FEBRUARY | 3,325 | 4,238 | 913 |
| MARCH | 5,044 | 3,582 | (1,462) |
| APRIL | 4,443 | 4,465 | 22 |
| MAY | 5,418 | 4,130 | (1,288) |
| JUNE | 4,885 | 4,289 | (596) |
| JULY | 4,573 | 4,807 | 234 |
| AUGUST | 4,071 | 4,558 | 487 |
| SEPTEMBER | 4,365 | 4,812 | 447 |
| OCTOBER | 5,428 | 4,946 | (482) |
| NOVEMBER | 4,846 | 3,823 | (1,032) |
| DECEMBER | 3,816 | 4,766 | 950 |
| TOTAL | 52,388 | 52,962 | 574 |

WEIGHT OF IMPORTS AND EXPORTS

During 2008 approximately 2.7 billion kg of cargo was processed. Of that amount, 1.3 billion kg were related to imports and 1.4 billion kg to exports. The amount of cargo processed during 2008 represents a decrease of 3.8 billion kg when compared with the 2007 figure of 6.5 billion kg. Imports decreased by 0.3 billion kg or approximately 19% while exports decreased by 3.5 billion kg or 71% when compared with the year 2007. These figures are set out in Table XXI below.

TABLE XXI
NET WEIGHT (KG '000)

| Months | 2007 | | | 2008 | | |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Imports | Exports | Total | Imports | Exports | Total |
| January | 41,900 | 68,200 | 110,100 | 105,200 | 137,300 | 242,500 |
| February | 207,100 | 61,000 | 268,100 | 114,100 | 103,200 | 217,300 |
| March | 198,600 | 211,700 | 410,300 | 79,800 | 50,000 | 129,800 |
| April | 133,602 | 210,200 | 343,802 | 171,400 | 214,000 | 385,400 |
| May | 237,501 | 621,500 | 859,000 | 64,400 | 120,300 | 184,700 |
| June | 112,200 | 1,948,600 | 2,060,800 | 83,800 | 144,100 | 227,900 |
| July | 133,000 | 691,600 | 824,600 | 109,100 | 268,400 | 377,500 |
| August | 97,700 | 81,400 | 179,100 | 82,500 | 89,500 | 172,000 |
| September | 91,900 | 116,000 | 207,900 | 143,200 | 95,500 | 238,700 |
| October | 144,300 | 737,300 | 881,600 | 132,200 | 55,700 | 187,900 |
| November | 91,700 | 130,200 | 221,900 | 30,600 | 107,800 | 138,400 |
| December | 124,000 | 68,200 | 192,200 | 146,800 | 37,300 | 184,100 |
| Total | 1,613,503 | 4,945,900 | 6,559,403 | 1,263,100 | 1,423,100 | 2,686,200 |

VALUE OF IMPORTS AND EXPORTS

The value of imports and exports for 2008 amounted to \$508.3 billion representing an increase of approximately \$68.6 billion over the 2007 value of \$439.7 billion. Imports for 2008 were valued at \$329.4 billion, an increase of \$46.3 billion over the 2007 value of \$283.1 billion while exports which were valued at \$178.9 billion in 2008 exhibited an increase of \$22.3 billion over the 2007 value of \$156.6 billion. This is shown in Table XXII overleaf.

**TABLE XXII
VALUE OF IMPORTS AND EXPORTS (\$'000)**

| Months | 2007 | | | 2008 | | |
|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Imports | Exports | Total | Imports | Exports | Total |
| January | 4,500,000 | 8,600,000 | 13,100,000 | 16,100,000 | 12,200,000 | 28,300,000 |
| February | 11,200,000 | 5,700,000 | 16,900,000 | 21,200,000 | 24,000,000 | 45,200,000 |
| March | 20,100,000 | 19,100,000 | 39,200,000 | 16,600,000 | 8,400,000 | 25,000,000 |
| April | 85,173,000 | 24,100,000 | 109,273,000 | 15,900,000 | 15,600,000 | 31,500,000 |
| May | 22,536,000 | 13,443,000 | 35,979,000 | 20,800,000 | 9,000,000 | 29,800,000 |
| June | 19,300,000 | 13,500,000 | 32,800,000 | 27,600,000 | 16,100,000 | 43,700,000 |
| July | 18,100,000 | 13,000,000 | 31,100,000 | 107,500,000 | 24,400,000 | 131,900,000 |
| August | 21,600,000 | 10,600,000 | 32,200,000 | 20,400,000 | 24,300,000 | 44,700,000 |
| September | 19,400,000 | 12,500,000 | 31,900,000 | 25,400,000 | 14,400,000 | 39,800,000 |
| October | 21,900,000 | 15,700,000 | 37,600,000 | 24,200,000 | 11,600,000 | 35,800,000 |
| November | 16,500,000 | 10,900,000 | 27,400,000 | 12,700,000 | 11,700,000 | 24,400,000 |
| December | 22,800,000 | 9,500,000 | 32,300,000 | 21,000,000 | 7,200,000 | 28,200,000 |
| Total | 283,109,000 | 156,643,000 | 439,752,000 | 329,400,000 | 178,900,000 | 508,300,000 |

REVENUE FROM IMPORTS AND EXPORTS

Revenue collected on the value of imports and exports during 2008 amounted to \$6.6 billion and \$8.6 million respectively. During 2007 the corresponding figures were \$5.9 billion on the value of imports and \$8.7 million on the value of exports. A comparison of the collection figures for 2008 and 2007 reveals a \$0.7 billion or 11.8% increase in revenue collected from imports and a \$0.1 million or 1% increase in that collected from exports. Please see Table XXIII overleaf.

ANNUAL REPORT & STATEMENT OF ACCOUNTS



TABLE XXIII
REVENUE COLLECTED - (\$ 000)

| Month | 2007 | | | | 2008 | | | | Variance | | | |
|--------------|------------------|--------------|------------------|------------------|------------------|--------------|----------------|------------------|----------------|--------------|--------------------|------------------|
| | Imports | Exports | Other | Total | Imports | Exports | Other | Total | Imports | Exports | Other | Total |
| JAN. | 318,145 | 601 | 1,366,343 | 1,685,089 | 429,573 | 759 | 69,702 | 500,034 | 111,428 | 158 | (1,296,641) | (1,185,055) |
| FEB. | 378,683 | 715 | 49,972 | 429,370 | 413,645 | 578 | 49,740 | 463,963 | 34,962 | (137) | (232) | 34,593 |
| MARCH | 502,067 | 662 | 112,238 | 614,967 | 404,561 | 454 | 39,207 | 444,222 | (97,506) | (208) | (73,031) | (170,745) |
| APRIL | 446,636 | 743 | 47,427 | 494,806 | 505,556 | 993 | 99,528 | 606,077 | 58,920 | 250 | 52,101 | 111,271 |
| MAY | 440,050 | 918 | 56,739 | 497,707 | 471,167 | 459 | 55,965 | 527,591 | 31,117 | (459) | (774) | 29,884 |
| JUNE | 483,496 | 333 | 67,673 | 551,502 | 513,825 | 747 | 54,826 | 569,398 | 30,329 | 414 | (12,847) | 17,896 |
| JULY | 537,476 | 728 | 63,596 | 601,800 | 587,581 | 1,260 | 76,587 | 665,428 | 50,105 | 532 | 12,991 | 63,628 |
| AUG. | 600,232 | 676 | 49,223 | 650,131 | 623,738 | 537 | 68,198 | 692,473 | 23,506 | (139) | 18,975 | 42,342 |
| SEPT. | 490,163 | 854 | 91,455 | 582,472 | 626,936 | 991 | 55,452 | 683,379 | 136,773 | 137 | (36,003) | 100,907 |
| OCT. | 616,354 | 829 | 74,888 | 692,071 | 661,084 | 676 | 108,275 | 770,035 | 44,730 | (153) | 33,387 | 77,964 |
| NOV. | 618,885 | 910 | 92,613 | 712,408 | 606,678 | 715 | 77,681 | 685,074 | (12,207) | (195) | (14,932) | (27,334) |
| DEC. | 548,636 | 779 | 82,732 | 632,147 | 767,793 | 464 | 98,124 | 866,381 | 219,157 | (315) | 15,392 | 234,234 |
| TOTAL | 5,980,823 | 8,748 | 2,154,899 | 8,144,470 | 6,612,137 | 8,633 | 853,285 | 7,474,055 | 631,314 | (115) | (1,301,614) | (670,415) |

REGIONAL OFFICES & AIRPORTS

Operations at the Regional Offices continued to be hampered by a shortage of staff, vehicles and other equipment. Also, the relocation of staff from the current office at Lethem to the newly constructed Multi-Complex building which was scheduled to take place during the year under review was delayed.

Officers at the Corriverton office continued to facilitate the clearance of the ferry operating between Guyana and Suriname and the temporary importation and exportation of vehicles which amounted to two thousand, five hundred and eighty-five (2,585). Further, seven hundred and ten (710) incoming and six hundred and fifty-eight (658) outgoing ships' files were completed and four hundred and seventy-four (474) International vessels were cleared.

The examination of incoming and outgoing postal packages and the processing/assessment of declarations were also carried out at the offices. Staff examined a combined total of three thousand, two hundred and seventy-three (3,273) incoming packages, seven hundred and thirty-five (735) outgoing packages and processed/assessed fourteen thousand, one hundred and forty-two declarations.

The examination of vehicles and passenger baggage also continued at the Lethem location with two hundred and seventy-one (271) vehicles and one hundred and sixty (160) passengers being examined. Revenue collected from Regional Offices (excluding CJIA and Ogle) amounted to \$212.4 Million.

CHEDDI JAGAN INTERNATIONAL & OGLE AIRPORTS

At the Cheddi Jagan International and the Ogle Airports officers continued to process arriving and departing aircrafts and passengers. They also completed files relating to incoming and outgoing aircraft as well as processed declarations for imported and exported cargo. Four thousand, one hundred and thirty-nine (4,139) incoming and four thousand, one hundred and twenty-five (4,125) outgoing aircrafts were processed along with two hundred and thirteen thousand, eight hundred and eighty (213,880) incoming and two hundred and twenty-one thousand, eight hundred and fifty-seven (221, 857) outgoing passengers. The completion of incoming and outgoing aircraft files amounted to three thousand, three hundred and seventy (3,370) and three thousand, seven hundred and forty-eight (3,748) respectively.

Revenue collection at CJIA amounted to \$284.5 million and is shown in the table overleaf.



**TABLE XXIV
REVENUE COLLECTION – (\$)
REGIONAL OFFICES AND AIRPORTS**

| LOCATION | 2007 (REVISED) | 2008 | %VARIANCE |
|-----------------|---------------------------|--------------------|------------------|
| CJIA - Timehri | 286,826,810 | 284,435,781 | (1) |
| Anna Regina | 21,515,024 | 35,332,848 | 64 |
| Lethem | 21,595,060 | 31,261,911 | 45 |
| Linden | 1,940,430 | 2,040,419 | 5 |
| New Amsterdam | 9,224,373 | 5,741,386 | (38) |
| Corriverton | 215,742,060 | 137,817,016 | (36) |
| Bartica | 27,500 | 115,000 | 318 |
| Ogle | 108,634 | 140,117 | 29 |
| TOTAL | 556,979,891 | 496,884,478 | (11) |

REMISSION OF DUTIES AND TAXES

Customs Duty and Value Added 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 Value Added Tax Act No. 10 of 2005 except in cases where they are specifically zero rated and exempt 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 Value Added Tax Act No. 10 of 2005. These exemptions 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 2008 relative to the year 2007.

TABLE XXV
REVENUE COLLECTION RELATIVE TO THE
VALUE OF EXEMPTIONS GRANTED (\$000)

| | Total Revenue | | Conditional Exemptions | | Unconditional Exemptions | | Total Exemptions | |
|---|-------------------|-------------------|------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| Total | 44,871,512 | 44,586,068 | 24,551,104 | 33,867,540 | 15,871,238 | 11,479,865 | 40,422,342 | 45,347,405 |
| Ratio of remission to revenue collection | | | 54.71% | 75.96% | 35.37% | 25.75% | 90.08% | 101.71% |

Total exemptions for 2008 was \$45,347,405,549 representing 101.71% of revenue collections (from the VAT and Excise Taxes Department and Customs and Trade Administration) which amounted to \$44,586,068,000. Conditional exemptions totaled \$33,867,540,415 or 75.96% of revenue collected while unconditional exemptions represented \$11,479,865,134 or 25.75% of the revenue collected.

The increase in conditional exemptions granted during 2008 can be attributed to the increased importation of fuel from outside of CARICOM.



Audit Office of Guyana

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AG: 3/2010

12 February 2010

**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 2008**

I have audited the financial statements of the Guyana Revenue Authority for the year ended 31 December 2008, 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

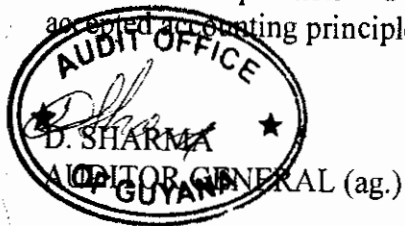
The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management of the Guyana Revenue Authority. My responsibility is to express an 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 and International Federation of Accountants (IFAC). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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 2008 and the results of its operation and cash flows for the year ended, in conformity with generally accepted accounting principles



AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Guyana Revenue Authority

Balance Sheet

As at 31st December, 2008

| | Notes | 2008 | 2007 |
|-----------------------------------|----------|----------------------|----------------------|
| Fixed Assets | 2 | | |
| Land and Buildings | | 497,976,914 | 492,594,933 |
| Motor Vehicles & Craft | | 170,027,313 | 141,672,390 |
| Computer Equipment | | 376,134,483 | 250,811,735 |
| Office Equipment | | 198,517,208 | 171,905,614 |
| Containers | | 1,895,200 | 1,402,000 |
| Office Furniture | | 101,819,514 | 99,613,203 |
| | | <u>1,346,370,632</u> | <u>1,158,009,875</u> |
| Capital Work in Progress | | 78,033,301 | 1,200,055 |
| | | <u>1,424,403,933</u> | <u>1,159,319,930</u> |
| | | | |
| <u>Current Assets</u> | | | |
| Inventories | 3 | 25,978,947 | 19,017,637 |
| Cash in hand | 4 | 2,203,691 | 2,244,957 |
| Cash at bank | 5 | 75,910,372 | 16,340,703 |
| Receivable | 7 | 615,260 | - |
| | | <u>104,708,270</u> | <u>37,603,297</u> |
| | | | |
| <u>Current Liabilities</u> | | | |
| Balance due to Consolidated Fund | | 3,854,938 | 3,903,103 |
| Grants | 7 | 12,486,150 | 12,304,400 |
| Accounts Payable | 19 | 59,556,084 | - |
| | | <u>75,897,172</u> | <u>16,307,503</u> |
| | | | |
| Net Assets | | <u>1,453,215,031</u> | <u>1,180,995,724</u> |
| | | | |
| <u>Financed By:</u> | | | |
| Government of Guyana Contribution | 6 | 1,082,465,502 | 1,048,404,071 |
| Project Financing | 20 | 370,749,529 | 132,191,653 |
| | | <u>1,453,215,031</u> | <u>1,180,995,724</u> |

Guyana Revenue Authority Income and Expenditure Account For the year ended 31st December, 2008

| | Notes | 2008 | 2007 |
|---|-------|----------------------|----------------------|
| Subsidy | | 2,383,604,707 | 2,170,304,703 |
| FFM – Reimbursements for Rent | | - | 19,500,000 |
| Grant | 7 | 4,459,000 | 1,414,215 |
| Total Income | | 2,388,063,707 | 2,191,218,918 |
| Wages and Salaries | 8 | 1,055,366,758 | 869,990,526 |
| Revision of Wages & Salaries | | - | 91,477,660 |
| Overhead Expenditure | 9 a&b | 540,456,041 | 494,527,168 |
| TOTAL WAGES AND SALARIES | | 1,595,822,799 | 1,455,995,354 |
| Material Equipment & supplies | 10 | 87,081,644 | 124,413,064 |
| Fuel and Lubricants | | 73,031,166 | 48,792,441 |
| Rental and Maintenance of Buildings | 11 | 80,590,275 | 107,298,948 |
| Transport Travel and Postage | 12 | 109,297,374 | 107,071,207 |
| Utility Charges | 13 | 109,835,430 | 83,464,518 |
| Other Goods and Services | 14 | 180,328,087 | 161,132,713 |
| Other Operating Expenses | 15 | 53,641,404 | 88,240,351 |
| Education Subventions and Training | 16 | 6,583,677 | 8,164,628 |
| Rates and taxes & Subvention to Local Authorities | 17 | - | 569,389 |
| Subsidies and Contribution to Local & Int'l Org. | 18 | 11,155,060 | 1,326,184 |
| Refunds of Revenue | | 76,740,103 | 1,260,005 |
| TOTAL OTHER CHARGES | | 788,284,220 | 731,733,448 |
| TOTAL EXPENSES | | 2,384,107,019 | 2,187,728,802 |
| Excess of Grant Over Expenditure | | 101,750 | - |
| Excess of Releases Over Expenditure | | 3,854,938 | 3,490,116 |
| | | 3,956,688 | 3,490,116 |

**Guyana Revenue Authority
Cash Flow Statement
For the year ended 31st December, 2008**

| | 2008 | 2007 |
|--|-------------------|-------------------|
| <u>Cash Flows from operating activities</u> | | |
| Cash Releases from Government of Guyana | 2,383,604,707 | 2,170,304,703 |
| Grant | 4,459,000 | 19,500,000 |
| Cash paid to suppliers and employees | (2,384,107,019) | (2,187,728,807) |
| Net Cash flow from operating activities | 3,956,688 | 3,490,116 |
| <u>Cash Flows from investing activities</u> | | |
| Cash Releases from Government of Guyana | 184,578,794 | 66,000,000 |
| Purchase of property, plant and equipment | (46,989,409) | (64,257,878) |
| Capital Work in Progress | (78,033,301) | (1,280,057) |
| Net Cash flow from investing activities | 59,556,084 | 462,967 |
| Net increase in cash | 63,512,772 | 3,952,983 |
| Cash at beginning of period | 16,327,503 | 25,264,175 |
| Cash repaid to Government of Guyana | (3,943,103) | (12,879,715) |
| Unreconciled Difference | - | (9,000) |
| Cash at end of period | 75,897,172 | 16,327,503 |
| <u>Due to Consolidated Fund</u> | | |
| Current | 3,854,938 | 3,943,103 |
| ODS | - | - |
| Capital | - | 462,967 |
| Liability | 59,556,084 | 4,406,070 |
| Grants | 12,486,150 | 12,388,800 |
| | 75,897,172 | 16,327,503 |

Guyana Revenue Authority Notes on the Financial Statements For the year ended 31st December, 2008

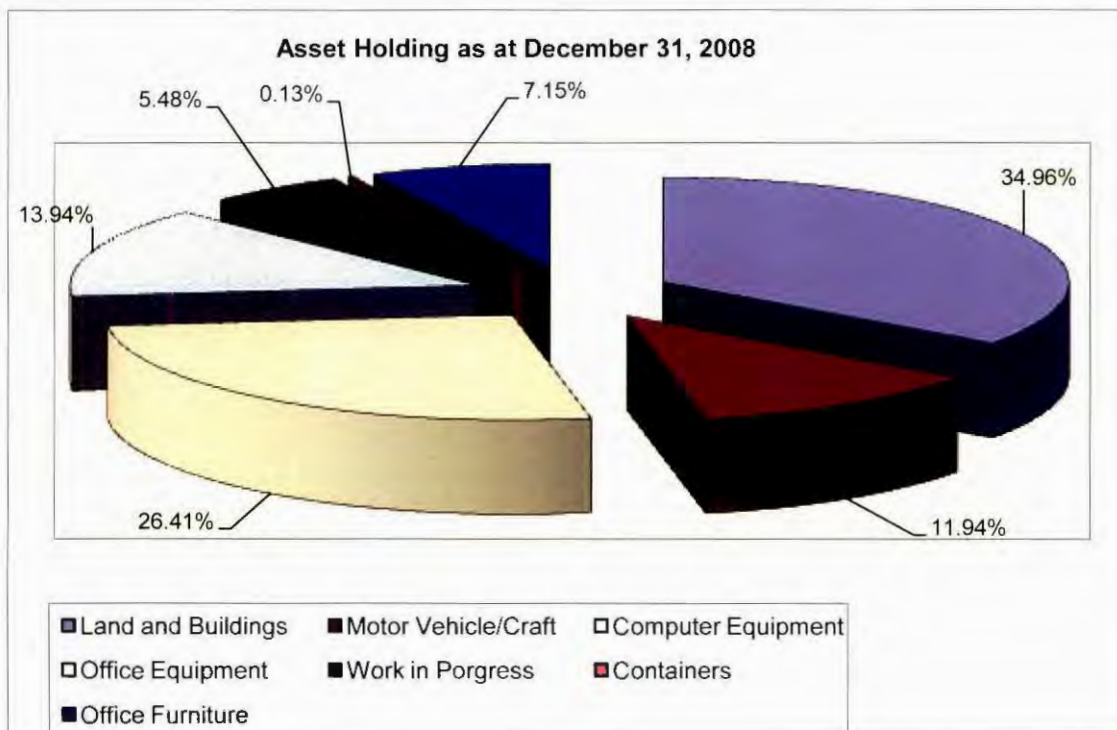
Note 1. Significant Accounting Policies

- 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 Weighted Average Cost 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. A total of 14 vehicles were added to the vehicle pool for 2008 valuing \$36.8M and 13 vehicles were disposed of valuing \$14.7M.

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 2008 is stated below.

| | Land and Buildings | Motor Vehicle / Craft | Computer Equipment | Office Equipment | Containers | Office Furniture | WIP | Total |
|---|--------------------|-----------------------|--------------------|--------------------|------------------|--------------------|-------------------|----------------------|
| Value of Fixed Assets at 1st January, 2008 | | | | | | | | |
| Comprising | | | | | | | | |
| Valuation/ | | | | | | | | |
| Cost | 492,594,933 | 141,672,390 | 250,811,735 | 171,905,614 | 1,442,000 | 99,613,203 | 1,280,055 | 1,159,319,930 |
| Additions | | | | | | | | |
| GRA | 4,102,215 | 44,072,423 | 11,501,516 | 10,493,774 | 453,200 | 8,166,281 | 18,469,878 | 97,259,287 |
| FFMP | | | 96,189,261 | 33,764,786 | | 7,676,050 | | 137,630,097 |
| MCA | | | | | | | 59,563,423 | 59,563,423 |
| Less | | | | | | | | |
| *Reclassification /Adjustment | | (1,017,500) | 17,631,971 | (17,646,966) | | (13,636,020) | | (14,668,515) |
| Total | 497,697,148 | 184,727,313 | 376,134,483 | 198,517,208 | 1,895,200 | 101,819,514 | 79,313,356 | 1,439,104,222 |
| Transfer from WIP | 1,279,766 | | | | | | (1,279,766) | - |
| Disposals | | (14,700,000) | | | | | | (14,700,000) |
| Value of Fixed Assets as at 31st December, 2008 | 497,976,914 | 170,027,313 | 376,134,483 | 198,517,208 | 1,895,200 | 101,819,514 | 78,033,590 | 1,483,967,645 |

Note 2. (b)

Audited amount for Motor Vehicle value for 2007 was adjusted by reducing the additions for Motor Vehicle by \$1,017,500. This amount was inadvertently included twice in the additions for Motor Vehicle in 2007. Reclassifications: These were items given by FFMP in 2007 and was incorrectly classified in the fixed assets Register.

Note 3. Inventories

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

| | 2008 | 2007 |
|-----------------------------|-------------------|-------------------|
| Office Materials & Supplies | 11,694,787 | 12,501,037 |
| Preprinted Forms | 14,284,160 | 6,516,600 |
| Total | 25,978,947 | 19,017,637 |

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 | 2008 | 2007 |
|--------------------------------|------------------|------------------|
| 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 | 203,402 | 244,957 |
| Total | 2,203,402 | 2,244,957 |

Note 5. Cash at Bank

This represents amount held at Bank of Guyana and floats in the Point of Sale accounts at Republic Bank.

| | 2008 | 2007 |
|--------------------------------|-------------------|-------------------|
| Bank of Guyana – Main A/c | 75,897,172 | 16,327,503 |
| NBIC POS Accounts | | |
| Customs & Trade Administration | 6,600 | 6,600 |
| Internal Revenue | 6,600 | 6,600 |
| Total | 75,910,372 | 16,340,703 |

Note 6. Government of Guyana Contribution

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 2008.

| | <i>Fixed Assets</i> | <i>Net Current Assets</i> | 2007 |
|--|----------------------|---------------------------|----------------------|
| | 1,144,577,407 | 21,275,794 | 943,345,287 |
| | 265,699,552 | 6,919,755 | 222,507,914 |
| | 1,410,276,959 | 28,195,549 | 1,165,853,201 |

Note 6a – Analysis of Movement during the Year

| | |
|--------------------------------------|--------------------|
| Purchases of Fixed Assets | 46,989,409 |
| Adjustment for Motor Vehicle on 2007 | (1,017,500) |
| MCA Work in Progress | 59,563,423 |
| GRA Work in Progress | 18,469,878 |
| Disposals of Fixed Assets | (14,700,000) |
| Inventories | 6,961,310 |
| Motor Vehicles acquired | 31,800,000 |
| FFMP Asset Acquired | 123,979,082 |
| Foreign Currency & POS Floats | (41,555) |
| Receivable (Note 7) | 615,260 |
| | <u>272,619,307</u> |

Note 6 Continued – Government of Guyana Contribution

| | | |
|---|-------------|----------------------|
| GOG Contribution As at 31 st December | | 1,438,472,508 |
| Less – | | |
| Project Exp that was reclassified on the Statement of Financial Position: | | |
| MCA – GOG Counterpart Contribution | | |
| FFMP Asset Finance | 114,578,794 | (356,007,006) |
| | 241,428,212 | |
| GOG Contribution As at 31st December | | 1,082,465,502 |

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Note 7. Grants

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 2005. The balance on these Grants at 31st December 2008 is \$12.4M.

FFMP

- The FFMP has released to the Guyana Revenue Authority in 2008 the sum of \$3.7M. This was used to finance official overseas trips for the Guyana Revenue Authority as well as training for TRIPS. The total expenditure for the aforementioned totaled \$4.3M; this is included in notes 6262 – Overseas Conference & Official Visit and 6302 – Training. The short fall of \$615,260 will be refunded to GRA by the FFMP in 2009.
- Over the duration of the Fiscal Financial Management Program the Authority benefited from the acquisition of equipment etc to the tune of \$332.6M, of which capital equipment valuing \$241.4M is included in the Fixed Assets Register. Other items remaining valuing \$91.2M are shown below.

| Category – Non Capital Items | Amt \$ |
|-------------------------------|-------------------|
| Computer Supplies | 4,680,735 |
| Office Materials and Supplies | 3,730,320 |
| Infrastructure/Works | 82,820,035 |
| Total | 91,231,090 |

ODS: Ozone Depleting Substances

The National Ozone Action Unit through Ministry of Agriculture in 2008 released \$759,000 for training for the GRA. Actual expenditure amount to \$657,250 have been included in 6302 Training (Note 16) resulting in a balance of \$101,750 remaining at 31st December, 2008.

| | 2008 | 2007 |
|----------------------------|-------------------|-------------------|
| Training Grant – ODS | 101,750 | - |
| Caribbean Development Bank | 12,384,400 | 12,384,400 |
| Total | 12,486,150 | 12,384,400 |

Note 8. Wages and Salaries

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

| Code | Description | 2008 | 2007 |
|--------------|---------------------------------------|----------------------|--------------------|
| 6111 | Administrative | 235,039,198 | 181,379,620 |
| 6112 | Senior Technical | 212,990,967 | 174,369,162 |
| 6113 | Other Technical & craft skills | 207,551,600 | 172,133,777 |
| 6114 | Clerical & Office Support | 264,520,053 | 227,240,608 |
| 6115 | Semi-Skilled and Unskilled operatives | 130,937,650 | 102,984,059 |
| 6116 | Contract Employees | 2,469,836 | 9,442,638 |
| 6117 | Temporary Employees | 1,857,454 | 2,440,662 |
| TOTAL | | 1,055,366,758 | 869,990,526 |

Note 9a. Overhead Expenditure

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

| Code | Description | 2008 | 2007 |
|--------------|---|--------------------|--------------------|
| 6131 | Other Direct Labour Costs (See Note 9b) | 254,509,077 | 257,990,779 |
| 6133 | Benefits & Allowances | 166,194,173 | 134,316,889 |
| 6134 | National Insurance | 75,037,103 | 64,190,122 |
| 6135 | Pensions | 44,715,688 | 38,029,378 |
| TOTAL | | 540,456,041 | 494,527,168 |

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 | 2008 | 2007 |
|-------------------|----------------|----------------|
| Lennox Benjamin | 144,000 | 144,000 |
| Clyde Roopchand | 180,000 | 180,000 |
| Sonia Roopnauth | 144,000 | 132,000 |
| Lawrence Williams | 144,000 | 144,000 |
| Total | 612,000 | 600,000 |

Note 10. Material Equipment & Supplies

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

| Code | Description | 2008 | 2007 |
|--------------|-----------------------------|-------------------|--------------------|
| 6221 | Drugs & Medical Supplies | 219,557 | 174,246 |
| 6222 | Field Materials & Supplies | - | - |
| 6223 | Office Materials & Supplies | 41,755,512 | 54,813,847 |
| 6224 | Print & Non Print Materials | 45,106,575 | 69,424,971 |
| TOTAL | | 87,081,644 | 124,413,064 |

Note 11. Rental & Maintenance of Buildings

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

| Code | Description | 2008 | 2007 |
|--------------|--------------------------------|-------------------|--------------------|
| 6241 | Rental of Buildings | 49,671,452 | 61,065,722 |
| 6242 | Maintenance of Buildings | 22,554,467 | 35,639,513 |
| 6243 | Janitorial & Cleaning Supplies | 8,364,356 | 10,593,713 |
| TOTAL | | 80,590,275 | 107,298,948 |

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Note 12. Transport Travel & Postage

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

| Code | Description | 2008 | 2007 |
|--------------|--|--------------------|--------------------|
| 6261 | Local Travel & Subsistence | 61,287,382 | 64,234,698 |
| 6262 | Overseas Conference & Official Visits/(FFMP* Note 7) | 4,494,227 | 1,890,183 |
| 6263 | Postage, Telex and Cablegram | 12,143,229 | 6,429,179 |
| 6264 | Vehicle Spares & Services | 30,610,056 | 33,056,589 |
| 6265 | Other Transport Travel & Postage | 562,480 | 1,460,558 |
| TOTAL | | 109,297,374 | 107,071,207 |

Note 13. Utility Charges

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

| Code | Description | 2008 | 2007 |
|--------------|---------------------|--------------------|-------------------|
| 6271 | Telephone Charges | 19,841,026 | 20,884,508 |
| 6272 | Electricity Charges | 85,316,641 | 56,671,136 |
| 6273 | Water Charges | 559,576 | 1,109,965 |
| 6274 | Wireless Charges | 2,110,184 | 2,193,116 |
| 6275 | Internet Charges | 2,008,003 | 2,605,793 |
| TOTAL | | 109,835,430 | 83,464,518 |

Note 14. Other Goods & Services Purchased

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

| Code | Description | 2008 | 2007 |
|--------------|-----------------------------------|--------------------|--------------------|
| 6281 | Security Services | 121,154,639 | 88,161,578 |
| 6282 | Equipment Maintenance | 23,082,404 | 21,712,686 |
| 6283 | Cleaning & Extermination Services | 18,293,381 | 18,225,140 |
| 6284 | Others | 17,797,663 | 33,033,309 |
| TOTAL | | 180,328,087 | 161,132,713 |

Note 15. Other Operating Expenses

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

| Code | Description | 2008 | 2007 |
|--------------|-------------------------|-------------------|-------------------|
| 6291 | National & Other Events | 4,152,870 | 8,420,929 |
| 6293 | Refreshments & Meals | 3,409,932 | 3,313,421 |
| 6294 | Others | 46,078,602 | 76,506,001 |
| TOTAL | | 53,641,404 | 88,240,351 |

Note 16. Education Subvention & Training

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

| Code | Description | 2008 | 2007 |
|--------------|--------------------------------------|------------------|------------------|
| 6301 | Education Subvention & Grants | - | - |
| 6302 | Training/ ODS Training/FFMP – Note 7 | 6,583,677 | 8,164,628 |
| TOTAL | | 6,583,677 | 8,164,628 |

Note 17. Rates and Taxes and Subventions

Expenditure under this head comprised of the following sub-heads

| Code | Description | 2008 | 2007 |
|--------------|---------------------|----------|----------------|
| 6221 | Rates and Taxes | | 569,389 |
| 6222 | Subvention to Local | - | |
| TOTAL | | - | 569,389 |

Note 18. Subsidies & Contributions to Local & International Organisations

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

| Code | Description | 2008 | 2007 |
|--------------|----------------------------|-------------------|------------------|
| 6321 | Local Organisation | 180,000 | 889,993 |
| 6322 | International Organisation | 10,975,060 | 436,191 |
| TOTAL | | 11,155,060 | 1,326,184 |

Note 19

Capital Liability:

Total funding for capital for 2008 amounted to \$184.6M, \$70M being GRA/GOG and \$114.6M being MCA/GOG Counterpart Contribution. Total expenditure for capital amounted to \$125M; this resulted in a liability of \$59.6M (see below) as at 31st December, 2008, which represent projects that are committed to be paid upon completion or delivery of assets.

Capital Liability Account

| Funding - Source | 2008 (\$) |
|-----------------------------------|-------------------|
| MCA- GOG Counterpart Contribution | 55,015,371 |
| GRA/GOG | 4,540,713 |
| Total | 59,556,084 |

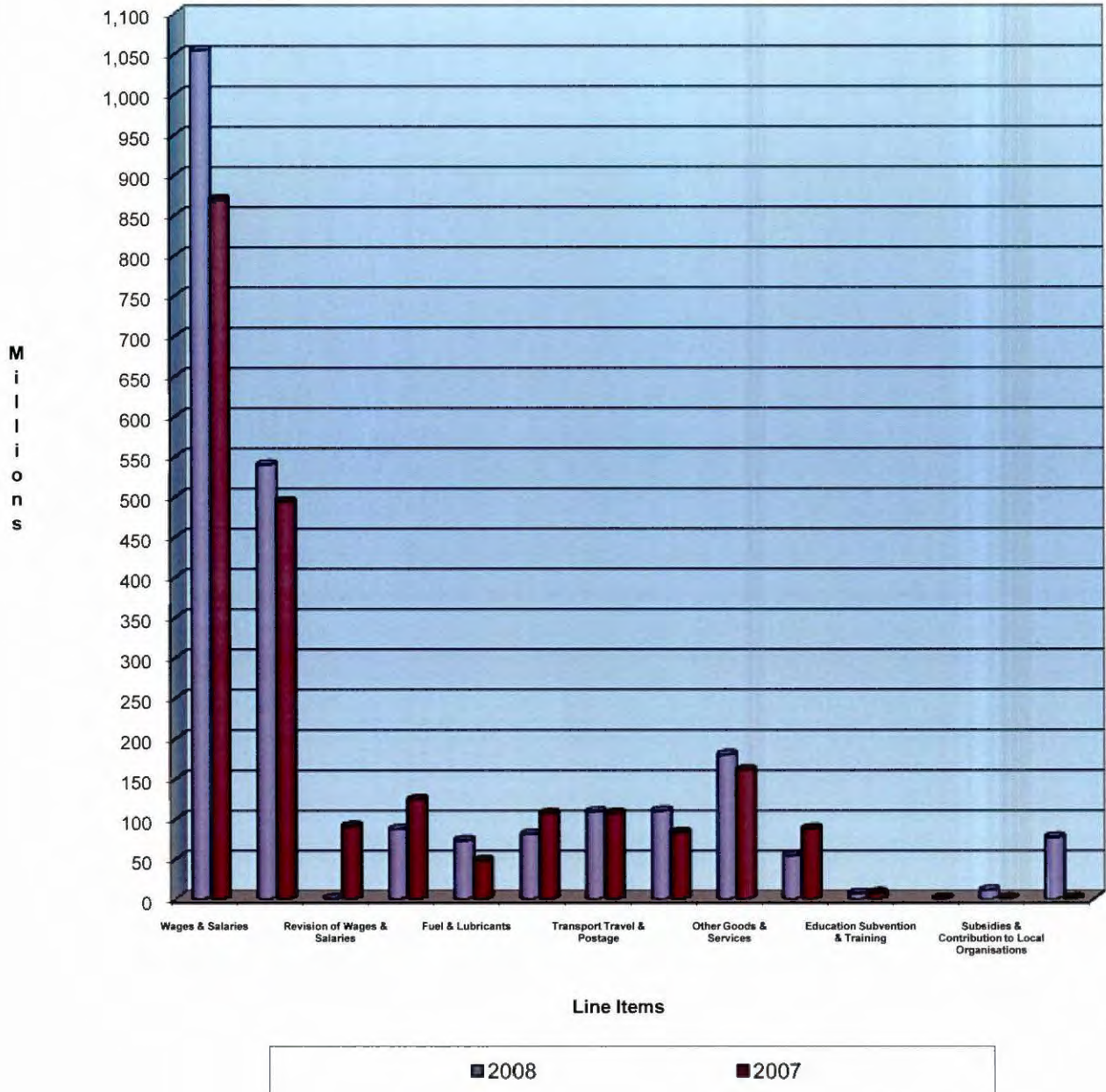
ANNUAL REPORT & STATEMENT OF ACCOUNTS



Note 20

| Project Financing | 2008 (\$) |
|---|--------------------|
| MCA- GOG Counterpart Contribution | 114,578,794 |
| FFMP Asset Finance | 241,428,212 |
| Public Service Technical Assistant Credit | 14,742,523 |
| Total | 370,749,529 |

Guyana Revenue Authority Analysis of Expenditure



Highlights



GRA participates in Career Day activities at the University of Guyana, Turkeyen Campus



Bursary Awardees with Senior Members of staff



Staff members attending to taxpayers at one of the Authority's Tax Sites

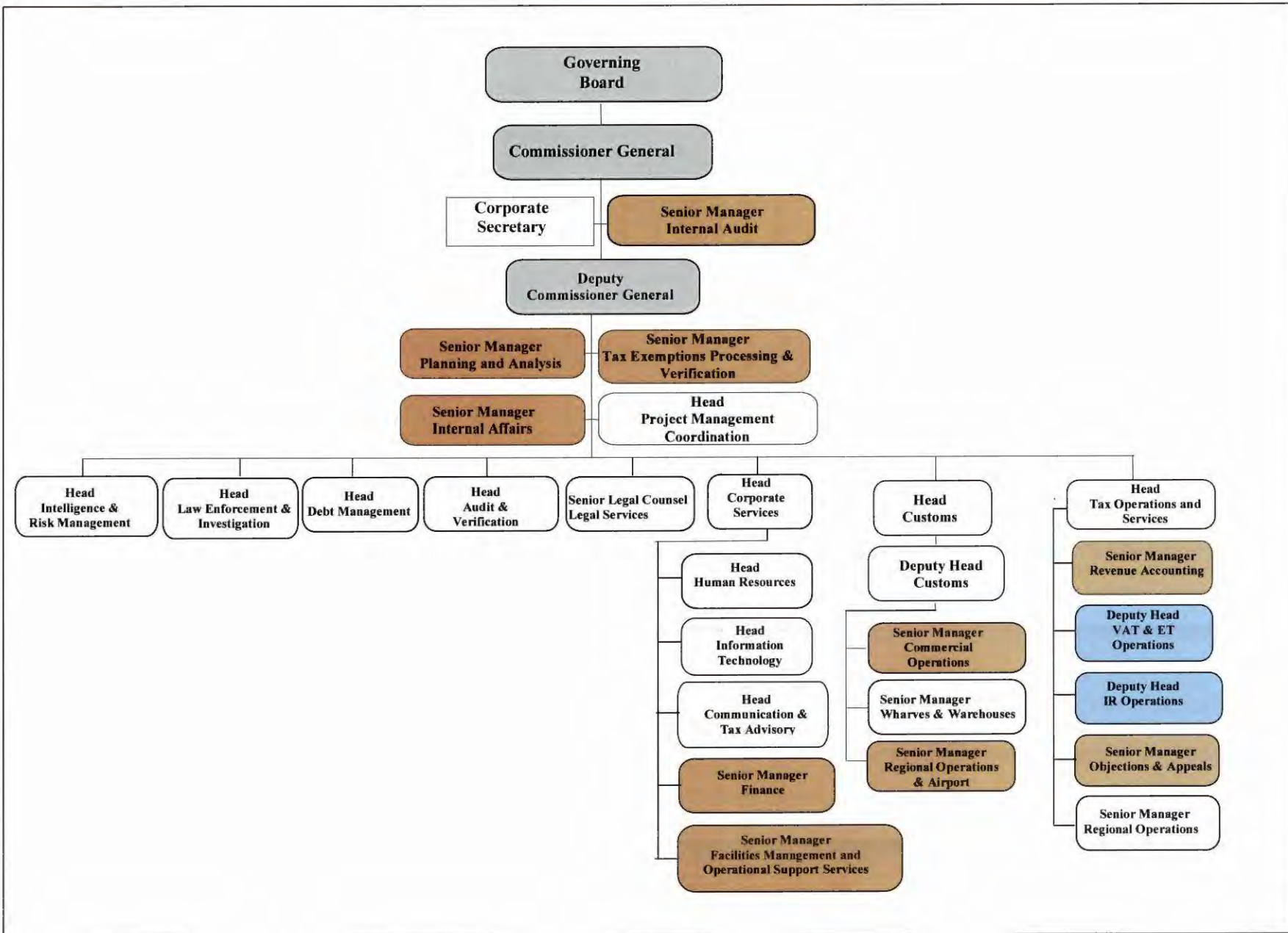


The Commissioner-General addressing participants at Workshop on Combating Illicit Products in Guyana



APPENDICES

APPENDIX I
ORGANISATION CHART
GUYANA REVENUE AUTHORITY





**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 to 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 |

Years of Assessment 2007 - 2009

| |
|--|
| 33 1/3% of the amount of Chargeable Income |
|--|

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% |
|--------------------------|------------|

PERSONAL PROPERTY TAX RATES

Years 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 | 1/2% |
| For every Dollar of the remainder of Net Property | 3/4% |

Years of Assessment 2000 to 2009

| | |
|--|------|
| On the First \$7,500,000 of Net Property | 0% |
| For every dollar of the next \$5,000,000.0 of Net Property | 1/2% |
| For every dollar of the remainder of Net Property | 3/4% |

APPENDIX 3

COMPANY TAX RATES

| | | | | |
|---|--------------------------------------|---------------------------------|--|-----|
| 1 | Minimum Tax on Turn over | Commercial Companies | Effective for YA 95-96 | 2% |
| | | Non-Commercial Companies | | |
| | | 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 Companies | | 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 – 2009 | 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 2009 |
|---|---------------------|---------------------|
| 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% |

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 |
| 2007 | \$300,000 |
| 2008 | \$336,000 |
| 2009 | \$420,000 |

