



# GUYANA REVENUE AUTHORITY



**Annual Report**  
And Statement Of Accounts  
For year ending  
31st December 2010



# GUYANA REVENUE AUTHORITY



**DRAFT**  
**ANNUAL REPORT**  
**AND STATEMENT OF ACCOUNTS**  
**FOR YEAR ENDING**  
**31ST DECEMBER 2010**

## CONTENTS

	Page No.
<i>Business Address</i>	5
<i>Members of the Governing Board</i>	9
<i>Letter of Transmittal</i>	10
<i>Mission Statement</i>	11
<i>Core Values</i>	11
<i>Revenue Authority Organisation</i>	12
<i>Report of the Governing Board</i>	13 - 15
<i>Revenue Collection</i>	16
<i>Performance of Service Divisions</i>	17
<i>Human Resource</i>	
Staff Establishment	17
Training	18
<i>Training</i>	18 - 21
<i>Finance</i>	
Current Expenditure	21
Capital Expenditure	22
Un-audited Financial Statements	21 - 22
<i>Communication &amp; Tax Advisory Services</i>	23 - 25
<i>Internal Audit</i>	25 - 26
<i>Internal Affairs</i>	26 - 27
<i>Audit and Verification</i>	27
<i>Legal Services</i>	27
<i>Tax Exemption Processing &amp; Verification</i>	28
<i>Information Technology</i>	28 - 30
<i>Law Enforcement &amp; Investigation</i>	30 - 31

## CONTENTS

	Page No.
<i>Facilities Management &amp; Operational Support Services</i>	31 - 32
<i>Debt Management</i>	33
<i>Intelligence &amp; Special Investigation</i>	33
<i>Planning &amp; Analysis</i>	34
<i>Revenue Protection &amp; Post Clearance</i>	34
<i>Departmental Performance</i>	
<i>Tax Operations and Services Department</i>	
<i>Central Data Processing</i>	35 - 37
<i>Internal Revenue Taxes Operations</i>	
Gross Revenue Collection	38 - 40
Refunds and Net Revenue Collection	41
Taxpayer Services	
- Tax Compliance Certificates	41
Regional Offices	
<i>Value Added and Excise Taxes Operations</i>	
Gross Revenue Collection	43 - 45
Refunds Verification and Processing	46
Examination	46
Regional Offices	
Licence Revenue Office	47 - 48
Objections	49 - 50
<i>Customs and Trade Administration</i>	
Gross Revenue Collections	51
Commercial Operations	
- Declarations	52 - 53
- Weight of Imports and Exports	
- Value of Imports and Exports	
- Revenue from Imports and Exports	
Regional Offices and Airport	
- Regional Offices	54 - 55
- Cheddi Jagan International & Ogle Airports	
Remission of Duties and Taxes	56 - 57
Un-audited Financial Statements	58 - 71

# CONTENTS

Page No.

**Highlights**

**72 - 73**

**Appendices**

<b>1 Organisation Chart</b>	<b>75</b>
<b>2 Individual Tax Rates</b>	<b>76 - 77</b>
<b>3 Company Tax Rates</b>	<b>78</b>
<b>4 Withholding Tax Rates</b>	<b>78</b>
<b>5 Premium Tax Rates</b>	<b>79</b>
<b>6 Personal Income Tax Deduction</b>	<b>79</b>

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# **BUSINESS ADDRESS**

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## **GUYANA REVENUE AUTHORITY SECRETARIAT**

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

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

### **DEPARTMENTS**

#### **TAX OPERATIONS & SERVICES DEPARTMENT**

##### **Head**

**Tax Operations & Services**  
210E Albert & Charlotte Sts.  
Georgetown, Guyana  
South America.  
Telephone # 227-7672

#### **INTERNAL REVENUE OPERATIONS**

**Deputy Head**  
Internal Revenue  
GPO Building  
Robb Street, Georgetown,  
Guyana, South America  
Tel. # 225-9260

#### **VAT & EXCISE TAX OPERATIONS**

**Deputy Head**  
VAT & Excise Tax  
210E Albert & Charlotte Sts.  
Georgetown, Guyana  
South America.  
Tel. # 227-8480

#### **CUSTOMS AND TRADE ADMINISTRATION**

##### **Head**

**Customs and Trade Administration**  
Customs House  
34 Main Street  
Georgetown, South America.  
Telephone # 225-9102 Fax # 226-2128

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# BUSINESS ADDRESS

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## INTEGRATED REGIONAL TAX OFFICES

Head  
Integrated Regional Tax Offices  
Customs House  
34 Main Street  
Georgetown, South America.  
Telephone # 225-6935

**New Amsterdam**  
5 Stand, New Amsterdam,  
Berbice, Guyana,  
South America.  
Telephone # 333-2513 or 3524

**Corriverton**  
80 Calcairn, Skeldon,  
Corriverton, Berbice,  
Guyana,  
South America.  
Telephone # 339-2819 or 2324

**Parika**  
Parika Highway  
East Bank Essequibo  
Guyana, South America.  
Telephone # 260-4046

**Linden**  
Causarina Drive,  
Linden,  
Guyana, South America.  
Telephone # 444-2918 or 6341

**Anna Regina**  
Takuba Lodge,  
Anna Regina,  
Essequibo Coast,  
Guyana, South America  
Telephone # 771-5266/7

**Lethem**  
Multipurpose Complex,  
Lethem, Guyana,  
South America.  
Telephone # 771-2257

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## **BUSINESS ADDRESS**

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### **SERVICE DIVISIONS**

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#### **HUMAN RESOURCE MANAGEMENT**

216-217 Lamaha Street,  
Georgetown, Guyana,  
South America.  
Telephone # 227-0471

#### **COMMUNICATION & TAX ADVISORY SERVICES**

210E Albert & Charlotte Sts.  
Bourda  
Georgetown, Guyana,  
South America.  
Telephone # 227-8432

#### **INFORMATION TECHNOLOGY**

210E Albert & Charlotte Sts.  
Bourda  
Georgetown, Guyana,  
South America.  
Telephone # 227-7672 ext

#### **LEGAL SERVICES**

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

#### **LAW ENFORCEMENT & INVESTIGATION**

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

#### **FACILITIES MANAGEMENT & OPERATIONAL SUPPORT SERVICES**

216-217 Lamaha Street  
Georgetown, Guyana  
South America  
Telephone # 223-5106

#### **AUDIT & VERIFICATION**

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

#### **INTERNAL AUDIT**

Customs House  
34 Main Street,  
Georgetown, Guyana,  
South America.  
Telephone # 227-8313

#### **INTERNAL AFFAIRS**

216-217 Lamaha Street,  
Georgetown, Guyana,  
South America.  
Telephone # 226-9901

#### **TAX EXEMPTIONS PROCESSING & VERIFICATION**

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

#### **FINANCE**

216-217 Lamaha Street  
Georgetown, Guyana,  
South America.  
Telephone # 227-8222

#### **INTELLIGENCE & RISK MANAGEMENT & SPECIAL INVESTIGATION**

Customs House  
34 Main Street,  
Georgetown, Guyana,  
South America.  
Telephone # 227-8782



**DEBT MANAGEMENT**

GPO Building  
Robb Street,  
Georgetown, Guyana,  
South America.  
Telephone # 225-5600

**PLANNING & ANALYSIS**

357 Lamaha & East Streets  
Georgetown, Guyana,  
South America.  
Telephone # 225-6658

**TRAINING & DEVELOPMENT**

Customs House  
34 Main Street,  
Georgetown, Guyana,  
South America.  
Telephone # 226-1298

**REVENUE PROTECTION & POST  
CLEARANCE AUDIT**

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

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## GOVERNING BOARD

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

**LETTER OF TRANSMITTAL**

**The Honourable Mr. Winston Jordan  
Minister of Finance  
Ministry of Finance  
Main & Urquhart Streets,  
Georgetown, Guyana.**

**Dear Honourable 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 31<sup>st</sup> December 2010, together with the audited Balance Sheet and Income and Expenditure Account.**

**Yours sincerely,**

A handwritten signature in black ink, appearing to read 'KS', is written over a horizontal dotted line. A long, sweeping flourish extends from the end of the signature down and to the left.

**Khurshid Sattaur  
Commissioner-General**

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## MISSION STATEMENT OF THE GUYANA REVENUE AUTHORITY

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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.

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### CORE VALUES

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**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

In a continued effort to improve efficiency, remove duplication of activities and promote transparency, the Authority undertook the re-structuring of several areas of operation. Among the major changes implemented were:

- ❖ the establishment of an Integrated Regional Tax Office Division, which was an expansion of the Corriverton Integrated Tax Office Pilot project. Additional Integrated Regional Tax Offices were established and fully operationalised at Anna Regina, Linden and New Amsterdam. Infrastructural work and other activities commenced for the establishment of Integrated Offices at Lethem and Parika. This Division is being managed by a Head, who is assisted by a Branch Manager for each Regional Office. This move was intended to provide taxpayers with a one-stop office where all the services provided by the Authority can be accessed.
- ❖ the de-linking of the Commercial Cargo Service at the Cheddi Jagan International Airport from passenger service and incorporating it within the Wharves and Boathouse Division of the Customs and Trade Administration.
- ❖ the establishment of a Scanner Operations, Import/Export Verification Section and a Drug Enforcement Section within the Law Enforcement and Investigation Division. These Sections are headed by Managers who report to the Senior Manager, Law Enforcement and Investigation.
- ❖ the expansion of the Debt Management and Audit and Verification Divisions to include a Regional Operations Section in each Division. The staff of these Sections will be located in each Regional Integrated Office but will report directly to a Senior Manager who will be heading the Section.
- ❖ the disbanding of the Project Management/Coordination Unit, which was mandated to coordinate, monitor and give support to all projects within the Authority to which consultants were attached. This Unit was disbanded upon completion of the GTCP/IP during the year under review.

The Organisation chart is depicted overleaf.

## **REPORT OF THE GOVERNING BOARD**

### **INTRODUCTION**

The Guyana Revenue Authority (GRA) undertook several initiatives and implemented various debt management, compliance, educational and enforcement measures during the year under review and these have resulted in a commendable performance with respect to revenue collection.

The revenue estimate which was approved by Parliament for the year 2010 was **\$94.0B**. Revenue collected during the year amounted to **\$100.9B**. This amount exceeded the approved estimate by **\$6.9B** or **7.3%** and the revenue collected for the year 2009 by **\$11.9B** or **13.4%**.

### **OTHER ACHIEVEMENTS**

#### **New Building on High Street**

Major works have been completed and arrangements are currently in progress for work to commence on the interior of the building on High Street which will house all of GRA's main administrative operations. The design and estimates for the construction and installation works for the interior of the building were completed and preparations were underway to commence the tendering process for the installation of the electrical and air conditioning fittings. It is expected that all administrative offices will be relocated to this single location by the last quarter of 2011. This move is expected to result in improved efficiency; reduction in the time taken to process transactions; reduction in administrative cost; one-stop access to all services administered by the GRA; increased taxpayers' satisfaction; improved compliance; and increased revenue collections.

#### **Construction of the State Warehouse**

The GRA completed major construction works at the State Warehouse at Eccles, East Bank Demerara, which is to be used for storage of seized and want-of-entry cargo. Vehicles were relocated from the warehouse at Good Hope, East Coast Demerara to the Eccles Warehouse; furniture and equipment were procured and installed; and staff were deployed in order to make the Warehouse fully operational.

These measures were aimed at facilitating more timely storage of seized and want-of-entry cargo, more frequent auction sales, more want-of-entry charges being collected and an increase in revenue collections.

Arrangements commenced for the construction of a building at the site to house GRA's Vehicle Maintenance Workshop.

#### **Acquisition of a Container Scanner**

In order to facilitate a more advanced and efficient system of examination of imported and exported containerized cargo, the GRA acquired a container scanner. Cabinet recently mandated the GRA to utilise the scanner to screen all exports for narcotic substances which is in keeping with the international requirement which was initiated by the United States of America (USA) for implementation on January 1, 2011.

Preparatory construction and electrical works were completed at the site, which is located in the Guyana National Shipping Corporation (GNSC) compound, for the installation of the scanner; a generator was procured; testing of the electrical works commenced; procedures for operation of the scanner were developed; GRA's organizational structure was revised and approved to facilitate the execution of the new mandate; staff were identified to fill the relevant positions and arrangements were put in place for the staff to be trained to operate the scanner.

It is expected that the container scanner will be installed and put into operation by the end of the first quarter in 2011 and is likely to result in more timely examinations and clearance of containerized consignments, impact positively on revenue collections, facilitate the sharing of critical information among GRA and the relevant stakeholders and aid in the detection of narcotic substances that may be included in cargo to be exported.

## **Establishment of GRA Intranet and Web Service**

A server and intranet software were installed and an Intranet is now available and accessible to all staff of the Guyana Revenue Authority. It is a web based application, where staff can access, via the web browser, general information regarding the Guyana Revenue Authority, training material, notices and Standard Operating Procedures (SOPs) in order to assist them in performing their duties.

The Authority is currently focusing on further populating the intranet site with Management Information System reports and other dynamic reports which will provide information on key performance indicators to facilitate the targeting of areas which require urgent attention. This will enable Managers to be more effective in managing their resources and identifying critical issues that need to be addressed.

## **Establishment of Customs Checkpoints**

As part of ongoing efforts to strengthen its enforcement capacity, during the year 2010, the GRA was engaged in several construction and enhancement projects to facilitate the establishment of Customs checkpoints at Crab Island, Charity and Kurupukari. These included the construction of a building at Crab Island for officers assigned to that location; construction of a Boathouse, office building, living quarters and bond at Charity; and an office building and living quarters at Kurupukari. In addition, human and other resources were provided/added to these operational areas in order to make them fully operational.

The establishment and operationalisation of these checkpoints have shown positive results which are expected to be sustained. These include an increase in the number of patrols conducted; the detention of more vehicles conveying un-customed goods; the detection of imported goods that have been under-declared and/or under-invoiced; verification of taxes paid on goods conveyed by vehicles; more timely response to information on smuggling activities; increased monitoring of incoming and outgoing coastal, riverain and international vessels; improved storage facilities for seized goods; and increased revenue collection.

## **Development of a Performance Management System**

In keeping with the new organizational structure, in 2009 the GRA embarked on the development of a Performance Management System (PMS) which includes management and evaluation of staff performance, compensation packages and incentives.

A consultant was recruited to support the development and implementation of the System. During the year 2010, performance indicators/standards were developed and finalized for each position within the various functional areas of GRA. The Performance Management System is expected to be implemented in 2011.

## **Tax Compliance, Education and Public awareness Activities**

The GRA continued to conduct activities aimed at informing, educating and assisting taxpayers to understand their rights, responsibilities and obligations with respect to the various Tax Laws and policies, and encouraged them to comply voluntarily in 2010. These activities included advisory and compliance visits to taxpayers and VAT registrants; seminars and information sessions for taxpayers and other stakeholders; publishing of policies; conducting television talk shows; and providing information, advice and assistance to walk-in taxpayers and via hotline. Assistance was also given to staff of various functional areas of GRA.

## **Transparency in processing Customs entries**

Measures were put in place to foster transparency in the processing of entries at the Customs and Trade Administration. These included the acquisition and installation of equipment and implementation of a system to track and display the status of customs transactions/entries. A large monitor was installed at Customs House to facilitate this process which allows importers to ascertain the status of their entries.

## **Risk Management of Imported Goods**

A Risk Management system for imported goods was implemented during the year under review; the system involves the profiling of imports for examination, enforcement checks and document checks, based on risk assessment.

This initiative has resulted in improved efficiency in the management of Customs operations; reduced the opportunities for collusion between importers and GRA staff; reduced the incidence of corrupt activities; allowed for the exposure of non-compliant importers; improved compliance and significantly increased revenue collection.

## **Use of Cameras for examination of Imported Goods**

In an effort to obtain and maintain details of the examinations conducted on imported goods, two mobile cameras along with supporting equipment were acquired and are being utilized to record the examination process for imported goods which have been selected for such examination through the Risk Management System.

This measure has served as a means of verification of the actions taken and the results achieved with respect to the actions recommended by the Risk Management system. It is a deterrent to corrupt activities; and has resulted in improved compliance and increased revenue collections.

## **Strengthening of Licence Revenue Operations**

The comprehensive Licence Revenue Office automated system was extended to GRA's Regional locations. This system, which is linked to TRIPS, utilizes documents with enhanced security features and facilitates the sale of motor vehicle licences at GRA's Regional Offices located at Parika, Anna Regina, Linden, Corriverton, New Amsterdam and Lethem. This move was intended to modernize the GRA's operations; improve efficiency and tax compliance; reduce tax evasion and other corrupt/fraudulent activities; provide better access to services and improved quality of services to taxpayers; and ultimately increase revenue collection.



## REVENUE COLLECTION

### *Internal Revenue*

The approved revenue estimate for Internal Revenue taxes for the year 2010 was **\$38.6B**. Collections by Internal Revenue amounted to **\$43.3B** which represented an increase of **\$4.7B** or **12%** over the approved estimate for the year and **\$6.6B** or **18%** over the total collected for the year 2009.

### *Customs & Trade Administration*

The revenue estimate approved by Parliament for the Customs and Trade Administration for the year 2010 was **\$8.3B** while revenue collected amounted to **\$9.2B**. The amount collected represents an increase of **\$0.9B** or approximately **11%** above the approved estimate for the year and **\$1.5B** or **19%** above the total collected for the year 2009.

### *VAT & Excise Tax*

The estimate approved by Parliament for VAT and Excise Tax for the year 2010 was **\$47.1** Collections (after payment of refunds) amounted to **\$48.4** which represents an increase of **\$1.3B** or **2.7%** above the approved estimate and **\$3.8B** or **8.5%** over the total collected for the year 2009.

For the year 2010 our cost of collection was approximately 3.07%. The cost of collection for the year 2009 was 3.37%.

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)**

	2009	2010		
	Actual	Budget	Actual	Variance
<b>Internal Revenue</b>	36.7	38.6	43.3	4.7
<b>Customs and Trade Administration</b>	7.7	8.3	9.2	0.9
<b>Value-Added and Excise Taxes</b>	44.6	47.1	48.4	1.3
<b>Total</b>	89.0	94.0	100.9	6.9

## **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, maintenance and retention of the highest quality human resources with a view to ensuring that the services required of the Revenue Authority by the various clients are delivered on a timely basis.
- establish the image of the Revenue Authority as an attractive employer, through the provision of competitive compensation and benefits package and other awards.
- establish and maintain standards of technical performance and disciplined behaviour amongst all managers and employees.

### **◆ STAFF ESTABLISHMENT**

To carry out its mandate, the Authority had actual staff strength of one thousand and thirty-six (1,036) members of staff or approximately 72% of the approved staff establishment of one thousand, four hundred and forty-seven (1,447). Of the one thousand and thirty-six (1,036) employees, four hundred and forty-eight (448) or 43% were male while five hundred and eighty-eight (588) or 57% were female. For the corresponding period, the staff strength of the Authority for 2009 was one thousand and eighty-eight (1,088) employees reflecting a reduction of fifty-two (52) persons as at December 2010.

Recruitment during the period under review totalled sixty-eight (68) employees while promotions amounted to thirty-eight (38). Separations totalled one hundred (100); comprising forty-five (45) resignations, twelve (12) dismissals, twenty-three (23) terminations and twenty (20) instances of retirement.

### **◆ PENSION PLAN/HEALTH PLAN**

Due to the collapse of the Colonial Life Insurance Company (CLICO), it became necessary for the Authority to identify an alternative Insurance Company for its Group Life, Health and Pension Plans. To this end, the Authority solicited and analysed proposals from several Insurance Companies.

Based on the analyses carried out, the benefits, terms and conditions of service and premiums of the Demerara Mutual Life Assurance Society were found to be the most favourable and closest to that previously offered by CLICO. As a result, recommendations which were made to the Governing Board were approved and subsequently ratified by the Minister of Finance. Staff were then sensitized about the features of each Plan and were registered.

Contribution to the Pension Plan is voluntary and employees are required to contribute 4% of their basic salary towards the Plan while the Authority contributes 8% of the basic salary on behalf of each employee. In relation to the Life and Health Plans, the Authority pays the contribution for each staff member. However, staff with registered dependants on the Health Plan are required to contribute for their dependants at prescribed rates.

## **B: TRAINING DIVISION**

One of the institutional strengthening recommendations under the GTCP/IP was for the removal of the training function from within the Human Resource Management Division and the creation of a separate Training Division. This recommendation was implemented and the Division is currently headed by a Senior Manager and is mandated to arrange, coordinate and implement training and other developmental programmes for the staff of the Guyana Revenue Authority with the aim of developing their full capacity to assist the Authority in the achievement of its goals.

### **◆ INTERNAL TRAINING**

During the year under review, staff members at all levels of the organization benefited from several training programmes/workshops which were conducted internally.

Sixteen (16) members of staff comprising participants from the Law Enforcement and Investigation Division, BASS and the Training and Development Division attended the programme 'Operations of Boats Techniques, Skills and Maritime' which was held at the Customs Training Room and the GDF Coast Guard. The facilitators were drawn from the GDF Coast Guard and Nunez Pantera Boats Inc. A total of sixty (60) staff members participated in training on 'Basic VAT' while forty (40) were beneficiaries of training on 'Basic Tax Laws', twenty-five (25) attended the programmes on 'Tax Monitoring Procedures' and 'Interviewing Taxpayers'. 'E-learning' was the focus of several training programmes which were attended by a total of thirty-seven (37) staff members from across the organisation, while 'Counterfeit Detection' was attended by twenty (22) staffers and facilitated by personnel from the Bank of Guyana.

The Institute of Internal Auditors, Guyana Chapter, facilitated a two-day workshop which was attended by twenty-five (25) staffers from the Internal Audit Division. The workshop focused on improving the level of performance of staff when conducting special assignments and imparting a greater understanding of international standards. An additional five (5) staff of the said Division also participated in a one-day programme which focused on the 'Role of Internal Auditors and Fraud Risk Indicators'. Staff of the Audit and Verification Division were exposed to training on, 'Audit Planning and Interviewing Skills' and 'Refunds Verification'. Facilitators for both programmes were drawn from within the very Division.

Twenty-five (25) Officers attached to the Enforcement Division and the Customs and Trade Administration (C&TA) were trained on the identification of precursor chemicals while a further thirty-two (32) were trained on the Identification and Control of Narcotic Drugs and Psychotropic Substances. The facilitators for both programmes were drawn from the Ministry of Home Affairs, the Customs Anti Narcotic Unit (CANU) and the Food and Drug Department. A Training Program

for supervisors was also conducted at the Customs Training Room and was attended by eight (8) Supervisors from across the Authority who were given the prerequisites for supervising and the necessary knowledge and skills to perform their functions effectively.

Standard Operational Procedures (SOP)/TRIPS Training saw the attendance of a total of one hundred and sixty-seven (167) members of staff from various Departments/Division within the GRA, namely, Tax Operations, Debt Management, Audit and Verification and the Branch Offices. Facilitators for this training were drawn from various Divisions within the GRA. Training on the 'Examination of Goods for Export to Detect Narcotic Drugs' saw the attendance of fourteen (14) members of staff from the Law Enforcement and Investigation Division and the Berbice Anti Smuggling Squad (BASS). This programme was conducted by the Customs Anti Narcotics Unit (CANU) and it was held in the Board Room at the Customs and Trade Administration Building. Training on the 'Processing of Declaration (C72 and C73)' was also conducted at the Essequibo Branch Office which saw attendance of ten (10) staff members. The facilitators were Mr. T. Bowen, Mr. A. Marshall, Ms. C. Baldeo-Worrel and Ms. F. Downes.

'Evidence Gathering' and 'Excise Tax Licencing' saw the attendance of several members of staff who were drawn from the Internal Affairs and Law Enforcement and Investigation Divisions and other staff from the Regional Offices. These programmes were facilitated by Mr. Brian Wilson, Investigator, Internal Affairs and Mr. Royston Tudor, Supervisor, Customs and Trade Administration. Eight (8) members of staff representing the Licence Revenue Office (LRO) and Central Data Processing Unit (CDPU) were exposed to training in 'Registration' which was facilitated by Ms. Corrine Wilson, Supervisor, CDPU.

In addition, members of staff also benefited from training programmes/workshops which focused on areas such as High Quality Customer Service, Basic Accounting Techniques, Curriculum Development, Oral and Written Communication, Industrial Relations, Occupational Safety and Health, Conflict Resolution, Basic English, Debt Management, Compliance, Objection Processing, Valuation and Integrity.

## **◆ EXTERNAL TRAINING (LOCAL)**

'Anti-Terrorism' and 'Narcotics Trafficking' were the focus of programmes which were conducted by the Ministry of Home Affairs and attended by eleven (11) staff members attached to the Law Enforcement and Investigation Division. Thirteen (13) members of staff also benefited from the 'Peer Education Training' which was conducted by the International Labour Organisation while the Supervisor of the Central Stores benefitted from training on 'Effective Inventory Management'.

Staff members attached to the Information Technology Division benefitted from training on Windows Server 2008 which included 'Active Director configuration', 'Network Infrastructure configuration', 'Applications Infrastructure configuration' and 'Enterprise Administration'. Staff also benefitted from training on Windows 7 computer software.

'Principles of Supervisory Management' and a seminar for Office Assistants, which were attended by three (3) Administrative Assistants and three (3) Office Assistants respectively, were conducted by the Public Service Management (PSM) while one staff member attended the '5th Pan Caribbean Business Coalition Forum on HIV/AIDS'.

## **◆ EXTERNAL TRAINING/CONFERENCES (OVERSEAS)**

Mr. Mahendra Satram, Senior Manager, Wharves & Boathouse, attended a two-day workshop on Commodity Identification while Mr. Colin Moore, Manager, Law Enforcement and Investigation, benefitted from training on Intellectual Property Enforcement and Combating Counterfeit Products. Further, Mr. David Hermonstine, Supervisor, Customs and Trade Administration, participated in a programme on the regulation of precursor chemicals which was hosted by the European Development Fund. All of the aforementioned programmes were conducted in Trinidad and Tobago.

The 21<sup>st</sup> General Assembly and Technical Conference of the Caribbean Organisation of Tax Administrators (COTA) was held in Barbados and attended by Mr. Clement Sealey, Deputy Commissioner-General and Ms. Hema Khan, Head, Tax Operations and Services while COTA's 35<sup>th</sup> Executive Council Meeting, which was held in Belize, was attended by Ms. Hema Khan.

Ms. Karen Chapman, Senior Manager, Commercial Operations, Customs and Trade Administration, attended the Special Meeting of Comptrollers of Customs on the Advanced Cargo Information System (ACIS) and the three-day CARICOM/WTO Regional Workshop on Market Access for Non-Agriculture Products of Caribbean Countries which was held in Trinidad and Tobago.

The CCLEC XXX Annual Conference, which was held in the Dominican Republic, was also attended by Ms. Karen Chapman while the CCLEC-WCO Caribbean Customs Enforcement seminar and a Product Identification seminar which were held in St. Maarten and Barbados respectively were both attended by Mr. Roby Benn, then Senior Manager, Law Enforcement and Investigation. In addition, other staff members attended training programmes on various issues such as Insurance Concepts, Public Policy and Management, Law Enforcement at Sea, and Rules of Origin in the CARIFORUM-EC Economic Partnership agreement.

## ***WELFARE PROGRAMMES***

### **◆ BURSARY AWARDS**

During the year, a total of seventeen (17) children of employees received Bursary Awards. The granting of these awards has been a yearly occurrence since the organisation's inception.

At a simple ceremony, which was organised to mark the occasion, Miss Waynace Forde 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 Zawadi Vyphuis. The other awardees each received \$10,000.00 per annum. In addition continuing bursaries were issued to sixty-three (63) 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.

## ***OTHER ACTIVITIES***

Peer Educators and other staff members participated in the Phillip Vanderhyden Walk in support of persons affected by or living with HIV/AIDS. One hundred and twenty-five persons participated in the Walk which was held under the theme "Universal Access and Human Rights". In observance of the National Day of Testing, staff of the Training and Development Division, in collaboration with the Ministry of Health, National Aids Programme Secretariat, established temporary HIV testing sites at three (3) locations, namely Customs House, GPO Building and the VAT Building. Staff of the Authority along with members of the public took the opportunity to get tested. In addition, staff also conducted Mini Exhibitions, discussions and condom demonstrations at the New Amsterdam Regional Office, Internal Revenue Division, Customs and Trade Administration and the GRA Secretariat in observance of World Aids Day.

During the year under review, staff of the Training and Development Division were also involved in several other activities which included Blood Drives, Fire Safety Discussions, and the re-launching of the Occupational Health and Safety Committee.

## **C: FINANCE DIVISION**

### **CURRENT EXPENDITURE**

Total releases to the Authority from the Ministry of Finance amounted to \$3,117.2 Million while a Grant of \$0.3 Million was received from the National Ozone Action Unit via the Ministry of Agriculture. This brought the total to \$3,117.5 Million. The current expenditure for the year was approximately \$3,111.0 Million. At the end of the year a balance of \$6.5 Million remained and is to be repaid to the Accountant General. These figures are all reflected in the un-audited Financial Statements.

### **CAPITAL EXPENDITURE**

The Ministry of Finance released \$22.36 Million of which \$22.15 Million was expended. The balance of \$0.21 Million is to be repaid to the Accountant General. The breakdown of capital expenditure is shown in the chart and table overleaf.

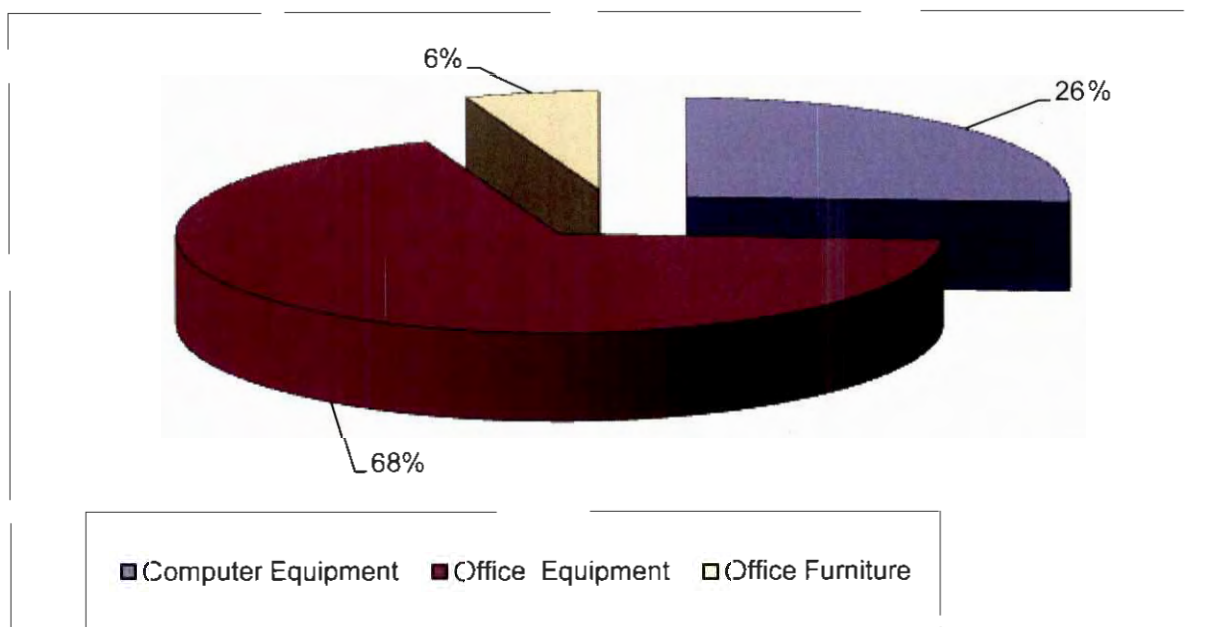
### **FINANCIAL STATEMENTS**

The audited Financial Statements which form part of this report are contained in pages 58 to 70.

**TABLE II  
CAPITAL EXPENDITURE FOR THE YEAR ENDING 2010  
BY TYPE OF ASSET**

Category of Asset	Amount \$ M
Computer Equipment	5.75
Office Equipment	15.15
Office Furniture	1.25
<b>Total</b>	<b>22.15</b>

**CHART I  
CAPITAL EXPENDITURE 2010**



## **D: COMMUNICATION AND TAX ADVISORY SERVICES**

This Division comprises the Public Relations Section, the Publication and Operational Procedures Section and the Tax Advisory Services Section. The Division is mandated to ensure that all strategic, operational, procedural, communication and 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 transportation facilities, inadequate and/or malfunctioning equipment such as computers, printers and cameras, inadequate staff and periodic difficulty accessing the server and internet.

### **Public Relations**

The television, radio and print media were utilized to publish advertisements which promoted a positive image of the organisation, aided taxpayers in complying with the Laws and Regulations and to promote the sale of Motor Vehicle Licences and the changes in the system for the issuance of Certificates of Compliance among other issues. A total of three hundred and six (306) television, one hundred and forty-two (142) radio and three hundred and sixty-four (364) print advertisements were prepared and published during the year under review.

The pre-recorded radio programmes, 'Revenue Update' and 'Let's Talk Tax' and the pre-recorded television programme 'Focus on GRA', were frequently aired with the aim of educating taxpayers on various tax-related issues. There were one hundred and eighty-three (183) programmes of 'Revenue Update', fifty (50) 'Focus on GRA' and one (1) 'Let's Talk Tax' during 2010. Further, staff also appeared on the live television programme 'Guyana Today' and the live radio programme 'Let's Gaff'. These appearances, which numbered thirty-two (32), were aimed at educating taxpayers and promoting compliance and covered issues such as the procedures for obtaining Compliance Certificates and Liability Statements, smuggling and Value Added Tax.

During the month of April, staff of the Section, along with those from other Divisions, manned tax sites which were established at several locations around the city. These sites were aimed at making taxpayers aware of their responsibilities under the various Tax Laws and promoting compliance with the deadline for submission of Tax Returns. Promoting compliance was also the aim of the various workshops which were hosted by staff members. A combined total of eighty (80) such workshops and/or tax sites were facilitated.

Distribution of Tax Policies to stakeholders of the Authority amounted to fifty-eight (58) while sixteen (16) visits to Regional locations were completed. Further, staff issued a total of ninety (90) press statements, arranged several press conferences and participated in special events such as the University of Guyana's Career Day activities, GuyExpo, Berbice Expo, Linden Career Day and the Essequibo Night Exhibition. Booklets, brochures and other tokens were distributed during these events.

### **Tax Advisory Services**

For the period under review, one thousand two hundred and forty-three (1,243) tax-related queries were received and processed over the telephone. This amount exhibited an increase of 94% when compared to the previous year and can be attributed to the establishment of the '24 Hour Hotline' facility which was introduced in May 2010 and the increased publicizing of GRA's advisory services. Guidance was also given



# **ANNUAL REPORT & STATEMENT OF ACCOUNTS**



to six hundred and twenty-three (623) taxpayers and members of the public who visited the Section seeking advice on the taxes administered by the GRA while seven hundred and one (701) calls were made to taxpayers to invite them to workshops/seminars hosted by the Section, to follow-up on unanswered queries on tax issues and promote voluntary compliance.

During 2010, twenty-six (26) seminars were conducted with VAT consumers while thirty-three (33) workshops were conducted for other stakeholders. These seminars focused mainly on areas outside of Georgetown and included Region 3, Kuru-Kururu, Essequibo and Berbice. One of the major activities carried out by the staff centered on responses to written requests for interpretation and application of the tax laws. Collectively, there were two hundred and sixty-four (264) responses to such requests which were received via the post and email.

Staff also worked diligently on the preparation of Tax Policies and fourteen (14) such policies were prepared. These focused on issues related to VAT, Customs and Internal Revenue. These policies provided clarification on areas of the laws where ambiguity existed. One booklet and four (4) brochures were also prepared. Staff also participated in compliance and advisory visits to taxpayers and paid four hundred and fifty-eight (458) such visits to new VAT and other tax registrants, fifty (50) follow-up visits to address unanswered queries and in the process distributed two thousand, five hundred and forty-four (2,544) policies, letters and other educational materials. Four hundred and forty-seven reports on compliance and advisory visits were compiled and entered into TRIPS.

Assistance was also provided to personnel of other Divisions within the organisation by answering queries, providing clarification and legislative interpretation, both verbally and in writing. Staff also made appearances on the live television programme, 'Guyana Today', and participated in pre-recorded programmes such as 'Focus on GRA' and 'Let's Gaff'.

## **Publication and Operational Procedures**

One of the responsibilities of the Section is the preparation of the Authority's Annual Report and to this end staff received and analysed performance reports of the various Divisions/Departments of the Authority for inclusion in the draft Annual Report for 2009 while the Annual Report for 2008 was finalized with the receipt and inclusion of the audited Financial Statements.

Staff of the Section focused to a large extent on the preparation and review of Standard Operating Procedures (SOPs) and the maintenance of the SOP database. Under the supervision of Ms. Grace McCalman - Senior Manager, Information Technology, staff reviewed the narrative of all SOPs which were on the database to ensure that the language was standardised. In addition objectives were prepared for two hundred and seventy-two (272) SOPs and uploaded to the database while the charts for two hundred and twenty-five (225) SOPs were verified with their narratives to ensure accuracy.

Further, staff also drafted SOPs for several functional areas which included Information Technology, Law Enforcement, Revenue Protection and Post Clearance Audit, Customs and Trade Administration (Airport Operations) and Facilities Management and Operational Support Services while charts were prepared for the SOPs relating to the Legal Services Division. These SOPs were then sent to the respective Division Head for review.

Under the direction of the Deputy Commissioner-General, the staff continued to work to improve the efficiency and effectiveness of various functional areas. To this end, the structures for the Audit and Verification and the Debt Management Divisions were amended to include Regional Operations for each Division while all outlying offices were brought together under the Integrated Regional Tax Offices. Further, the Risk Management Section was removed from the Risk Management and Revenue Protection Division

and a Post Clearance Audit function was added. The Division was then renamed Revenue Protection and Post Clearance Audit. The Risk Management function was added to the Intelligence and Special Investigation Division, hence it was renamed the Intelligence, Risk Management and Special Investigation. The Law Enforcement and Investigation Division was also restructured to include Regional Enforcement, State Warehouse, Scanner Operations and Drug Enforcement Sections. Justifications were prepared for the restructuring of each functional area while Job Descriptions were drafted for the new positions. An Implementation Plan was also prepared for the operationalisation of the Scanner Operations Section.

All amendments to the Acts and Regulations administered by the Authority and all orders and resolutions relating to the Acts and Regulations were indexed and copies printed and distributed to Heads/Senior Managers. In addition, all Tax Acts were updated where necessary and staff commenced the in-house printing of these Acts for distribution to Heads/Senior Managers.

The year 2010 witnessed the continuation of the upgrade of the Learning Resource Centre, which commenced in 2009. A consultant, Ms. Hetty London, was engaged to provide training services for staff attached to and to advise on the upgrade of the Centre. During the year several key pieces of equipment, furnishing and other tools were acquired. These included several computers for the use of the staff attached to the Centre and for other users to access the internet. In addition, the Library of Congress headings, a scanner and bar coding labels were acquired while two (2) databases, JSTOR and Directory of Open Access Journal, were added to the resources of the centre.

Staff attached to the centre commenced the classification and cataloguing of all materials. Catalogue cards were prepared and filed and the catalogued information was entered on the KOHA database, which allows for access to the Centre's collection. The digitizing of old and brittle material and that used for training purposes also commenced during the year under review.

## **E: INTERNAL AUDIT DIVISION**

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

The Internal Audit Division comprises two (2) Sections; Internal Audit and Quality Review. The Internal Audit Section is responsible for conducting audits and special assignments at the Tax Operations and Services Department and the Common & Corporate Services Divisions while the Quality Review Section is responsible for conducting all audits and special assignments at the Customs & Trade Administration.

Throughout the year under review, the Division was hampered by inadequate training for staff in areas such as auditing techniques, TRIPS and Microsoft Office, the lack of timely response to audit reports and delayed approval of budgets for travelling to locations in the Regions. In spite of these setbacks, the Division was successful in achieving approximately 94% of its target.

During the year, the Internal Audit Division completed a total of one hundred and sixteen (116) audits. Of these, sixty-seven (67) audit assignments were conducted by the Internal Audit Section and forty-nine (49) were done by the Quality Review Section. This total includes forty-two (42) special assignments which were conducted at the request of the Commissioner-General or the Internal Audit Committee.

# **ANNUAL REPORT & STATEMENT OF ACCOUNTS**



The Internal Audit Section conducted forty-two (42) audit examinations. Of this amount, fourteen (14) audits were conducted at each of the following functional areas: Internal Revenue Operations, VAT and Excise Tax Operations and Corporate/Common Service Divisions.

Of the audits conducted at the Internal Revenue Operations, seven (7) reports were finalized and submitted to the Commissioner-General, four (4) reports were awaiting responses from the relevant Heads to facilitate finalisation while three (3) audits were ongoing. Areas audited included Estate Duty, Liability and Compliance Certificates, Travel Tax Tickets, Dishonoured Checks, and various activities at the Linden, New Amsterdam and Corriverton Offices.

Of the audits conducted at the VAT and Excise Tax Operations seven (7) reports were finalized and submitted to the Commissioner-General, six (6) were in the process of being finalized while one audit was in progress. Audits covered areas such as Registration and De-registration of Taxpayers, Public Entertainment, Refunds Verification and activities at the New Amsterdam, Rosignol and the Corriverton Offices.

Reports resulting from ten (10) audits of the Divisions which comprise the Corporate and Common Services were finalized and sent to the Commissioner-General while four (4) were awaiting responses in order to be finalized and submitted. The audits were conducted on areas which included Local Travelling and Subsistence, Salaries and Deductions, State Overtime, Procurement and Stores, Telephone, Water and Electricity charges among others.

The Quality Review Section generated thirty-two (32) reports after numerous examinations and monitoring of the Customs & Trade Administration (C&TA). Of these, twenty-six (26) reports were finalized with responses and thirteen (13) reports were finalized without responses. There were six (6) audits incomplete at the time of reporting.

## **F: INTERNAL AFFAIRS DIVISION**

This Division is mandated to ensure that the actions and practices of staff in the course of executing their responsibilities and duties are conducted in conformity with established laws, policies, procedures and rules of conduct in order to promote the image of the GRA and to secure public confidence in the integrity of its staff.

For the period January to December 2010, a total of forty-eight (48) investigations into allegations and complaints originating both internally and externally were conducted. Twenty-four (24) investigations were conducted as a result of allegations made by members of staff while a similar amount of investigations arose from allegations made by members of the public.

Verification of Certificates of Compliance submitted by contractors to the National Procurement & Tender Administration Board (NP&TA Board) and/or the Regional Democratic Councils (RDCs) continued to be carried out by staff of the Division and three hundred and ninety-nine (399) such certificates were verified correct. CCTV surveillance cameras located at the Cheddie Jagan International Airport (CJIA) and various transit-sheds continued to be monitored. For the period under review, staff completed three hundred and sixty-five (365) surveillance activities at the Cheddie Jagan International Airport and two hundred and forty-nine (249) at the various Transit sheds.

Staff of the Division also completed twenty-seven (27) special reports and an additional four (4) special assignments during the year under review at the behest of the Commissioner-General and Deputy Commissioner-General. The monitoring of activities at GRA locations across the country and the

investigation of the rapid accumulation of unexplained wealth by staff were also conducted but on a limited scale.

## **G: 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.

During the period under review staff members conducted ninety (90) audits on various categories of taxpayers which comprised seventeen (17) desk and seventy-three (73) field audits. The audits were conducted on thirty-six (36) self-employed persons, thirty-four (34) VAT registrants, six (6) corporate taxpayers and fourteen (14) on the PAYE system.

Eighty-one (81) of the audits conducted identified \$934.5 M in additional taxes for recovery. There were sixty-three (63) instances where taxpayers entered into agreements to pay \$590.5 M in additional taxes while assessments amounting to \$344 M were raised in eighteen (18) instances. A further analysis reveals that \$276.1 M was identified for recovery from self-employed persons, \$301.4 M from Companies, \$313.4 from VAT registrants and \$43.6 from persons remitting taxes under the PAYE system.

## **H: LEGAL SERVICES DIVISION**

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

During the year the staff of the Division continued to prosecute ongoing matters in both the High and Magistrate's Court. There were one thousand, eight hundred and seventy-nine (1,879) ongoing matters and the defendants were charged with offences including Non-Remittance of PAYE, Non-Remittance of VAT and violation of the Customs and Income Tax Acts among others.

Further, the Division commenced the institution of legal proceedings in the High and Magistrate's Courts for seventy-three (73) cases. The offences in these matters included the non-submission of VAT Returns, non-submission of PAYE Returns and fraudulent evasion of Customs Duties. Staff also 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 eighty-one (281) in comparison to two hundred and fifty-three (253) in 2009.

The preparation and service of demand letters, which is a prerequisite to the preparation, service and enforcement of 101 Certificates, were also carried out. One hundred and seven (107) such letters were prepared and served. During the year under review eighteen (18) Judgments were granted in favour of the Authority which amounted to four hundred and twenty-four million, one hundred and seventy-six thousand and fifty-seven dollars (\$424,176,057).

## **I: TAX EXEMPTION PROCESSING AND VERIFICATION DIVISION**

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.

During the year under review the Tax Exemption Processing and Verification Division verified and processed a total of fifteen thousand, four hundred and sixty-nine (15,469) applications for exemption/remission of duties and taxes exhibited; an increase of approximately 9.5% when compared to the amount processed during the previous year. This processing and verification exercise resulted in a total of thirteen thousand, nine hundred and forty-seven (13,947) approval letters and one hundred and seventy-eight (178) denial letters being prepared and dispatched to taxpayers. Staff also updated TRIPS with information from eleven thousand, seven hundred and seven (11,707) of the approval letters.

Four hundred and sixty-two (462) meetings were held with applicants, both internally and externally, to clarify issues, five hundred and sixty (560) applications were referred back to applicants for the provision of additional information while seven hundred and seventy-nine (779) applications were queried. Approval was granted to three thousand and twenty-two (3,022) applications by importers for use of the Prior to Processing facility while a total of two hundred and forty (240) pre approval and one hundred and thirty-seven (137) post approval verifications were conducted. The post approval verifications resulted in \$34.6 M in additional revenue being identified for recovery.

Further, staff members completed four hundred and forty-three (443) special assignments on Legislation and Policy and facilitated the review of one hundred and twenty-two (122) Investment Agreements on behalf of the Minister of Finance. Of the Investment Agreements reviewed, one hundred and twenty (120) were recommended.

## **J: 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.

In keeping with this mandate, the Information Technology Division commenced the year with a work plan which contained fourteen (14) key items. However, an additional twenty-one (21) items were added due to the inclusion of the Business Support work that was being done through the USAID and requests from various Divisions throughout the Authority. Overall, approximately sixty-two percent (62%) of the projects and activities were completed whilst the remaining projects are to be carried over to 2011.

The Division's inability to complete the slated projects included delays in equipment procurement, changing of priorities, lack of full support from user Divisions to properly state individual requirements and the project management issues that would naturally arise when difficult and unplanned requests would have been made. An additional challenge faced by the Division was the inadequate training for its complement of staff, resulting in on-the-job and in-house training programmes being resorted to resolve this issue.

# **ANNUAL REPORT & STATEMENT OF ACCOUNTS**



Projects undertaken by the Division comprised Application Development Projects, Application Support Projects and Business Revenue Support Projects.

## **The major Application Development Projects included:**

- ✓ **New Licence Revenue Processing System (LRPS):** this system will be used by the three functional areas of the Licence Revenue Office (LRO) – drivers, motor vehicle and trade and miscellaneous licence. The initial development process has been completed for vehicle registration and yearly license processing and a parallel run is slated to begin in latter part of January 2011.
- ✓ **Old LRO/MIS Enhancements:** this required enhancements to protect data integrity in the areas of Cashiering, Motor Vehicle Licence Updates, User Access Security and Auditing Changes Made. All enhancements to the application were completed and data cleansing activities necessary to populate the newly developed system commenced.
- ✓ **Implementation of GRA's Internet (External Facing Website):** the technical implementation of this project was completed by an external contractor while the updating is to be done by staff of the Communication and Tax Advisory Services Division under the supervision of the Information Technology Division. The launch of the Website is planned for January 2011.
- ✓ **Implementation of GRA's Intranet (Internal Facing Website):** this site was developed and the technical implementation was completed. The site will be updated by staff of the Communication and Tax Advisory Services Division under the supervision of the Information Technology Division.
- ✓ **Development and Implementation of a Query Desk Application for Customs and Internal Revenue;** this project was intended to facilitate a query desk application for managing queries made by the general public but was expanded to accommodate facilities for Customs, LRO and Tax Operations Services. The specifications were close to completion and will be continued in 2011.
- ✓ **Declaration Status Publishing:** two phases were completed and these included the implementation of a Rolling TV Display and an Interactive Kiosk at Customs House. Additional monitors are to be placed at the Wharves.

Additionally, staff of the Division completed the development of several other applications which included a system to capture employee information for PAYE where no TIN can be established from the submission, a background utility in TRIPS to capture the date and time at lodgment when using the Supervisor Lodgment for backdating, an application to modify TRIPS tax return lodgment dates without violating business rules and an application to maintain and access information on returns that were not received in good order and require resolution with the taxpayer. Further, an application to randomly select a declaration for goods inspection based on pre-determined criteria was developed, demonstrated to the users and is ready for implementation.

## **Application Support Projects included:**

- ✓ **Implementation of the Human Resource/Payroll System:** this project, which commenced in 2009, will facilitate Organizational Management, Personnel Administration and Payroll. The process of customizing the software to GRA's needs has been completed and full functional onsite testing and personnel training exercises will commence in 2011

- ✓ **TRIPS Modifications:** requirements were established for fixes in TRIPS to support late filing as well as late payment for the Debt Management module. These fixes will be implemented when received from Crown Agents. Work also commenced on the establishment of specifications for Manifest Operations and the establishment of business rules for the implementation of a Tax Accounting module. The changes to the Tax Accounting module was tested by Crown Agents and implementation will be done in 2011.
- ✓ **TRIPS Online Taxpayer Services (OLTS):** an OLTS website prototype was built by external contractor LeLogix and was re-established on the server but did not achieve connectivity to the TRIPS Acceptance Testing server. A Customs Testing Team will be established for the site which will be used for the online declaration module. In addition, an alternative method to cash payments is to be institutionalized using the OLTS. A proposal including costs for this project has been submitted by Scotia Bank and a decision by Management is being awaited. This project will be carried over to 2011.

#### **Business Revenue Support Projects included:**

- ✓ **Standard Operating Procedures (SOP):** TRIPS related SOPs were built to facilitate the usage of customized reports. SOPs for Debt Management and Audit remain to be finalized after further testing. SOPs for other areas such as Cashiering and Taxpayer Services have been prioritized and numerous reports have been completed in these areas. In addition, numerous SOPs relating to Corporate functions have been revised and new ones were added to the Intranet with the assistance of staff from the Publication and Operational Procedures Section.
- ✓ **Enhancement of Taxpayers' Notices/Certificates/Letters;** the presentation and accuracy of all notices to taxpayers were revised and enhanced. The Central Data Processing Section is currently verifying the refund values on the notices prior to printing for dispatch.

Staff of the Division worked towards the improvement of server and application monitoring, implemented back-up systems for all Virtual servers, completed the configuration of Outlook web access, upgraded the router at Customs House and installed and configured Tape Drive which adds another layer of back-up to the file server. Resolution of all Information Technology related issues at the Regional Offices were also completed. The Division found itself in a better position to handle the numerous requests with the full implementation of the Service Desk at the end of 2009. For the period under review, in excess of seven thousand (7,000) requests were recorded and resolved.

A tremendous amount of time and effort were spent reviewing the functionalities of TRIPS and determining what changes and improvements were required. This effort to date has been fruitful since the Crown Agents agreed to resolve all of the issues identified.

## **K: LAW ENFORCEMENT AND INVESTIGATION DIVISION**

During the year 2010, several re-structuring initiatives were undertaken within the Division to improve efficiency and to undertake an expanded mandate. Two new Sections, Drug Enforcement and Scanner Operations – Import and Export Verification, were added to the Division. As a result, the Division comprised the following Sections:

- ❖ Surveillance and Anti-Smuggling
- ❖ Marine and Regional Operations
- ❖ Drug Enforcement
- ❖ Scanner Operations – Import and Export Verification

The Drug Enforcement Section was mandated to prevent the passage of narcotic and psychotropic substances through Guyana's ports of entry/exit while the Scanner Operations – Import and Export Verification Section ensured that containerized cargo was consistent with their declarations by utilising GRA's Portal Scanner.

In addition to the re-structuring initiatives, the Division also implemented strategies to combat smuggling activities with the stationing of its Officers at newly established offices located at Crab Island, East Berbice and also in Lethem.

Staff of the Division conducted surveillance and anti-smuggling exercises throughout the country to ensure compliance with the Tax Laws. One hundred and ninety-four (194) such exercises were conducted with one hundred and seventy (170) conducted on land and twenty-four (24) on water. The Christmas season witnessed increased anti-smuggling activities and resulted in significant quantities of firecrackers and foreign alcoholic beverages being seized. The investment in a fleet of three (3) vessels to equip the Marine Operations Section with sea patrol capabilities was rewarded with the detention and seizure of \$7,111,531 worth of illegal foreign alcoholic beverages.

Profiling of high risk importers and exporters was also undertaken in addition to the monitoring of imported and exported goods for verification purposes. Such activities amounted to three hundred and sixty-six (366). There were twenty-three (23) instances where staff of the Division coordinated efforts with other Divisions to ensure taxpayers complied with the Tax Laws.

Whenever necessary, staff of the Intelligence, Risk Management and Special Investigation Division referred matters to Law Enforcement and Investigation for further investigation. During the year under review, only four (4) such matters were referred and investigations were completed. Several non-compliant individuals opted to settle matters with the Division by remitting the necessary duties and taxes and paying the necessary fines. This resulted in only three (3) offenders being prosecuted for non-compliance. A total of six hundred and eleven (611) reports on investigations conducted were also produced.

In addition, the Division also dealt with eighty-five (85) matters which were brought forward from 2009. These involved the detention and seizure of a variety of items which included assorted alcoholic beverages, clothing, cellular phones, motor vehicles and motor vehicle parts. In several cases, settlements were arrived at with the offenders who agreed to pay outstanding duties, taxes and fines. In other instances the offenders were instructed to provide additional supporting documents to enable Officers to accurately assess the duties and taxes payable.

The total revenue collected for the period January to December 2010 amounted to approximately fifty-eight million, four hundred and ninety-four thousand, one hundred and seventy-eight dollars (\$58,494,178). This total exhibited a decline of 24% when compared with the revenue collected in 2009 which amounted to seventy-seven million, three hundred and forty-nine thousand, seven hundred and sixty dollars (\$77,349,760).

## **L: FACILITIES MANAGEMENT & OPERATIONAL SUPPORT SERVICES DIVISION**

This Division is mandated to promote a safe, healthy, comfortable and clean working environment for staff of the Guyana Revenue Authority by facilitating the maintenance and renovation of buildings occupied by



# **ANNUAL REPORT & STATEMENT OF ACCOUNTS**



the various Departments/Divisions of the organization, managing and maintaining a pool of motor vehicles and the servicing and maintenance of equipment in a timely and efficient manner.

During the year under review, the Division supervised the construction of several new buildings. These included a building for living accommodations at Kurupukari and infrastructural works for the installation of Container Scanner at the Guyana National Shipping Corporation (GNSC) Compound which is expected to be operational by January, 2011. The Division also supervised the construction of a State Warehouse facility which commenced in 2008 but only became operational in 2010. A building designated as a Customs Boathouse at Charity was constructed during the year under review but is still to become operational. The Division also supervised the commencement of construction works on the building designated as GRA's Centralized Office at, 44 High Street, Georgetown. However, to date this building is still incomplete.

Staff of the Division also managed to supervise the completion of construction works on several buildings which commenced in 2009. These included the completion of a building for living accommodations and to house the Authority's Regional Integrated Tax Office at Parika and the completion of a new building for use as a Customs Check Point at Crab Island. The construction of a building at Kurupukari for living accommodations and office use was completed in 2009 as per contract and handed over to the GRA however, extension works were undertaken on the said building and were completed in 2010. These included the construction of a concrete walkway, revetment works, cashier cage and counter.

During the year under review the Division executed maintenance, repairs and servicing of generators, air conditioners and UPS which were carried out at all GRA locations country wide. The Maintenance Unit also dealt expeditiously with requests for plumbing works and repairs to building.

A fleet of twenty (20) vehicles were being used in the Vehicle Pool and ten (10) of these were deemed unserviceable and slated for auction. However, due to consistent requests received for use of motor vehicle, it was decided to retain five (5) vehicles which will be disposed of when GRA can find replacements for same.

Staff also implemented changes to the Canteen Facilities to improve its service to staff, lunches are now being prepared from Monday to Friday and catering is done for Training Programmes held by the Authority and other special occasions (e.g. Retirement Functions).

The Division also continued to monitor and where necessary strengthen the security services provided at all GRA locations. This resulted in the reduction of security breaches, fire related hazards, thefts and break-ins. During the year under review, there was the need for the provision of additional security services for several locations since the Authority operationalized several of its newly constructed buildings/facilities. These included State Warehouse Facilities, Container Scanner Terminal and the Regional Integrated Tax Office at Parika.

The Division encountered several challenges during the year under review. These included the great need for servicing and maintenance of vehicles which were acquired through want-of-entry process and as such had deteriorated due to prolonged exposure on the wharfs. Hence, huge sums of monies were expended to make these vehicles road worthy. Also, due to the constant use of vehicles and the distances covered by them, servicing and maintenance costs were high. The Facilities Management Section was constrained in the execution of its functions by the difficulties in obtaining transportation while another major challenge was encountered in the efforts to provide janitorial services. Throughout the year 2010 the Division was unable to provide adequate janitorial services to all GRA locations due to the shortage of Janitorial staff resulting from the retirement and resignation of several members of staff.

## **M: DEBT MANAGEMENT DIVISION**

This Division is mandated to utilize the investment made in automation combined with efficient collection strategies to ensure that taxes which are due and debts which are outstanding are collected/recovered in a timely manner thereby maximizing revenue collection.

Staff of 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 nine hundred and ninety-four (994) tax files were cleared comprising three hundred and forty-six (346) which were related to Companies and six hundred and forty-eight (648) to Individual taxpayers. As a result of the file clearing exercise, a total of \$5.4 Billion in arrears taxes were identified and collection proceedings commenced with the dispatch of liability letters to Companies and Individual taxpayers. The Division has collected in excess of \$8.9 Billion in total arrears for the year 2010.

The Division is currently unable to determine the total arrears taxes unpaid to December, 2010. Recurring difficulties over the years have affected its ability to maximize its full potential in the collection of outstanding taxes. These include taxpayers not being easily located, the time lapse between the time taxpayers are eventually located and their readiness to respond, taxpayers reverting to other schemes in attempts to frustrate the efforts of the Revenue Authority in its collection drives, the inordinately long time in which matters before the Courts are dealt with and difficulties locating taxpayers' assets when judgment is granted in favour of GRA.

For the year under review, no special exercise was conducted to collect outstanding taxes. This is an ongoing exercise and strategies are presently in place to aid in the collection of taxes which include visits and telephone calls.

## **N: INTELLIGENCE AND SPECIAL INVESTIGATION DIVISION**

This Division 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. Despite constraints which included insufficient technical staff, equipment and transportation, the Division was able to perform creditably.

Staff of the Division performed two hundred and sixteen (216) random clandestine visits and surveillance operations at homes and business places of tax evaders across the country and prepared twenty-one (21) Intelligence reports on non-compliant taxpayers. There were thirty-one (31) instances where intelligence gathered was disseminated to the Law Enforcement and Investigations Division and other Divisions within GRA for appropriate action to be taken. In addition, the monitoring and updating of the Intelligence database continued throughout the year. There were fifty (50) instances where the database was updated based on complaints/hotline reports

Ninety-six (96) taxpayers were profiled for investigation and new investigations were commenced in fifty-five (55) cases. Reports were completed for thirteen (13) of the cases investigated. Revenue identified for recovery for the year under review amounted to \$127M which surpassed the amount of \$64.5M which was identified in 2009 by approximately 97%. One special report was prepared on behalf of the Commissioner-General, while the Division interacted with external Intelligence Agencies on two occasions to facilitate the sharing of information.

## **O: PLANNING AND ANALYSIS DIVISION**

The Planning and Analysis Division is mandated to ensure that Guyana Revenue Authority's mandate is fulfilled through effective planning, forecasting, coordinating, organizing, monitoring and evaluating of financial and non-financial work program commitments; analyzing results achieved by the various operational areas in relation to their respective Annual Work Programs in order to improve tax administration, resolve non-compliance and generate increased revenues.

For the reporting period, January to December 2010, the Division coordinated the preparation of the Annual Work Programs for all the functional areas and compiled the Authority's Annual Work Program which was presented to the Governing Board by the Commissioner-General. The results achieved in relation to the Work Program Commitments by the various operational areas were monitored and analyzed on a monthly basis by staff of the Division and analytical reports were prepared and submitted to the Commissioner-General to provide updates on the progress made, highlight areas that achieved satisfactory and unsatisfactory results and identify areas that required urgent attention/remedial action by management.

The Division successfully coordinated three (3) Executive Management Meetings and three (3) General Management Meetings during the year. These meetings were held to provide opportunities for Managers to be informed of developments across GRA, discuss the progress made with respect to their work Programs, and raise and resolve issues affecting them in their respective operational areas.

Revenue Collections were monitored and analyzed on a monthly basis to determine reasons for significant variance between the revenue collected and the amounts projected for each tax type so that appropriate corrective actions could be taken in a timely manner. Further, the Division generated ninety-four (94) reports from TRIPS for Senior Managers across GRA in order to assist them to manage their respective operational areas and to facilitate the targeting of areas that require special attention. This figure saw an increase over 2009's total of forty-three (43) resulting in an increase of fifty-four percent (54%). In addition, thirty-nine (39) specialized reports were generated for external agencies.

Staff also provided support and feedback to the Office of the Budget by supplying information relating to revenue achievements, revenue analysis, revenue projections and other pertinent information as and when required.

## **P: REVENUE PROTECTION & POST CLEARANCE AUDIT DIVISION**

This Division is mandated to enhance revenue collection by ensuring that duties and taxes on imported goods are correctly assessed and to ensure that the TRIPS valuation database is maintained in a timely manner.

As at December 31, 2010, staff of the Division had selected a total of three thousand, seven hundred and six (3,706) declarations for review to ensure that duties and taxes therein were correctly assessed. Of the amount selected, reviews were completed on two thousand, seven hundred and eighty nine (2,789) or approximately 75% of the declarations. Of the total declarations for which reviews were completed, one thousand, four hundred and thirty-six (1,436) reviews resulted in additional revenue being collected while the remaining declarations were accepted as stated.

For the period January to December 2010, additional revenue collected based on reviews amounted to three hundred and sixty-three million, one hundred and seventeen thousand, one hundred and fifty-seven dollars (\$363,117,157.00). Of this total, the period recording the highest additional revenue was that of December 2010 with a value of \$40.7M or 11.2% of the total while January 2010 recorded the lowest amount of \$15.7M or 4.3% of the total.

**DEPARTMENTAL PERFORMANCE****TAX OPERATIONS AND SERVICES****CENTRAL DATA PROCESSING****REGISTRATION**

For the year 2010, a total of two hundred and sixty-six (266) registration packages were issued to potential Value Added Tax (VAT) registrants. However, only one hundred and eighty-nine (189) applications for registration were received and registration was completed for one hundred and ninety-eight (198) such applicants. Applications for registration of Excise Tax taxpayers amounted to eleven (11) and registration was completed for all applicants. Staff also completed de-registration activities for twenty-four (24) VAT registrants.

Two thousand, five hundred and thirty-eight (2,538) packages were distributed to employers to facilitate their remission of taxes under PAYE system while thirty four thousand, one hundred and twenty-two (34,122) individuals and three hundred and eighty-six (386) companies were registered for Taxpayer Identification Numbers (TIN). In addition, fifty one thousand, three hundred and seventy-four (51,374) TIN certificates were printed (inclusive of those printed for individuals and companies registered during the previous year) and dispatched to taxpayers and a total of one hundred and forty-three thousand, nine hundred and eleven (143,911) Returns for various tax types were distributed to taxpayers. The table below shows the number of taxpayers for whom registration activities were completed.

Staff of the Section also issued a total of six hundred and fifty-one (651) letters to individuals and companies who made applications to conduct public entertainment events during the year.

**TABLE IV  
NUMBER OF TAXPAYERS REGISTERED AND  
CERTIFICATES ISSUED**

<b>Description</b>	<b>VAT</b>	<b>Excise Tax</b>	<b>TIN</b>
Registration Applications Received	189	11	N/A
Taxpayers Registered	198	11	34,122
Certificates Issued	349	8	51,374

# **ANNUAL REPORT & STATEMENT OF ACCOUNTS**



## **LODGMET OF RETURNS**

For the year ending December 31, 2010, the Lodgment of various types of Tax Returns amounted to one hundred and three thousand, one hundred (103,100). Income Tax Returns totaled sixty two thousand, four hundred and twenty-four (62,424) or 60.5% of the total returns lodged while VAT and Individual Property Tax Returns totaled twenty five thousand, seven hundred and twenty-seven (25,727) or 24.9% and twelve thousand, five hundred and seven (12,507) or 12.1% respectively of the total returns lodged.

The lodgment of Employer's Returns (Form 2) amounted to one thousand, two hundred and seventy-four (1,274) while eighteen thousand, three hundred (18,300) Monthly Remittances Form (Form 5) were lodged by employers.

Verification activities were also carried out on all returns lodged to ensure that they were fully and accurately completed. As a result of such activities, five thousand, one hundred and fifty-seven (5,157) query letters were dispatched to taxpayers. The number of returns lodged by tax type is shown in the table V below.

**TABLE V  
NUMBER OF RETURNS RECEIVED**

<b>TAX TYPE</b>	<b>AMOUNT</b>
Income Tax Returns	62,424
Property Tax Returns (Individual)	12,507
Property Tax Returns (Company)	908
Corporation Tax Returns	952
Capital Gain Tax Returns	23
Excise Tax Returns	2
VAT Returns	25,727
Miscellaneous Taxes Returns	557
<b>Total</b>	<b>103,100</b>

## **DATA ENTRY AND APPROVAL**

Upon completion of verification activities, data from the tax returns are then entered into TRIPS and if correct, subsequently approved. Data from a total of ninety five thousand, seven hundred and sixty-four (95,764) returns were entered into TRIPS while approval of data entry for ninety eight thousand, nine hundred and seventy-nine (98,979) returns were completed (this figure includes approval of returns entered during the previous year). Table VI overleaf shows the number of Returns entered and approved by tax type.

**TABLE VI  
NUMBER OF RETURNS ENTERED AND APPROVED**

<b>TAX TYPE</b>	<b>DATA ENTRY</b>	<b>DATA APPROVAL</b>
Income Tax Returns	61,308	60,970
Property Tax Returns (Individual)	11,269	12,657
Property Tax Returns (Company)	874	911
Corporation Tax Returns	827	765
Capital Gains Tax Returns	21	19
Excise Tax Returns	6	4
VAT Returns	20,492	22,720
Miscellaneous Taxes	967	933
<b>Total</b>	<b>95,764</b>	<b>98,979</b>



## **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 2010 the actual revenue collection amounted to \$43.3B while the budgeted figure which was approved in the National Assembly was \$38.6B. Actual collections surpassed the budgeted amount by \$4.7 or 12.2%. Total revenue for 2010 by tax type is set out in the table overleaf. As can be observed from the table, estimates under various heads exceeded the revenue collected by \$4.8B while collections under other heads were under the estimates by \$0.1B. During the year, revenue amounting to \$43.3B was deposited in the Consolidated Fund.

Revenue collected during 2010 was greater than that collected during the preceding year. The actual collection for the year 2009 was \$36.7B. Revenue collection for 2010 exceeded this amount by \$6.6B or 17.9%. Income Tax and Corporation Tax continued to be the two major heads of revenue contributing \$17.8B and \$18.1B or 41.1% and 41.8% respectively to total revenue. This is shown in Table VII overleaf while Chart II compares revenue collection in 2010 with that of 2009.

# ANNUAL REPORT & STATEMENT OF ACCOUNTS



**TABLE VII  
REVENUE COLLECTION  
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2010 (\$ 000)**

DESCRIPTION	APPROVED BUDGET	AMOUNT COLLECTED	AMOUNT PAID INTO CONSOLIDATED FUND	UNDER THE ESTIMATE	OVER THE ESTIMATE
<b>INCOME TAX</b>	<b>16,144,190</b>	<b>17,815,892</b>	<b>17,815,892</b>	0	<b>1,671,702</b>
SELF EMPLOYED	2,325,220	2,397,286	2,397,286	0	<b>72,066</b>
OTHER	13,818,970	15,418,606	15,418,606	0	<b>1,599,636</b>
<b>COMPANIES</b>	<b>0</b>	<b>0</b>	<b>0</b>		
PRIVATE SECTOR	0	0	0		
PUBLIC SECTOR	0	0	0		
<b>CORPORATION TAX</b>	<b>15,624,878</b>	<b>18,105,084</b>	<b>18,105,084</b>	0	<b>2,480,206</b>
PRIVATE SECTOR	14,725,548	17,249,505	17,249,505	0	<b>2,523,957</b>
PUBLIC SECTOR	899,330	855,579	855,579	(43,751)	
<b>MISCELLANEOUS TAXES</b>	<b>4,573,595</b>	<b>4,890,290</b>	<b>4,890,290</b>	0	<b>316,695</b>
WITHHOLDING TAX	3,037,679	3,322,177	3,322,177	0	<b>284,498</b>
PROCESS FEE	28,619	30,544	30,544	0	<b>1,925</b>
TRAVEL TAX	561,056	505,486	505,486	(55,570)	
PREMIUM TAX	134,727	105,293	105,293	(29,434)	
PROFESSIONAL FEES	8,516	9,035	9,035	0	<b>519</b>
TRAVEL VOUCHER TAX	802,998	917,755	917,755	0	<b>114,757</b>
<b>NET PROPERTY TAX</b>	<b>1,384,662</b>	<b>1,562,174</b>	<b>1,562,174</b>	0	<b>177,512</b>
<b>CAPITAL GAINS TAX</b>	<b>234,450</b>	<b>212,136</b>	<b>212,136</b>	(22,314)	
<b>NATIONAL DEVELOPMENT TAX</b>	<b>0</b>	<b>0</b>	<b>0</b>	0	
<b>LICENCES</b>	<b>409,344</b>	<b>499,255</b>	<b>499,255</b>	0	<b>89,911</b>
MOTOR VEHICLES	379,361	469,084	469,084	0	<b>89,723</b>
OTHER VEHICLES	163	1,006	1,006	0	<b>843</b>
TRADING	10,415	16,047	16,047	0	<b>5,632</b>
MISCELLANEOUS	19,405	13,118	13,118	(6,287)	
<b>PURCHASE TAX - CARS</b>	<b>0</b>	<b>0</b>	<b>0</b>	0	
<b>M/ VEHICLES &amp; RD TRAF ACT</b>	<b>230,520</b>	<b>233,311</b>	<b>233,311</b>	0	<b>2,791</b>
<b>D/C FEES</b>	<b>0</b>	<b>0</b>	<b>0</b>	0	
<b>GRAND TOTAL</b>	<b>38,601,639</b>	<b>43,318,142</b>	<b>43,318,142</b>	(157,356)	<b>4,873,859</b>



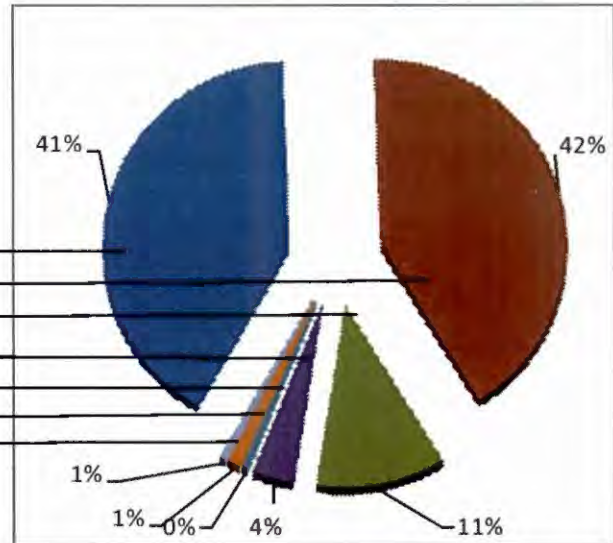
**CHART II  
REVENUE COLLECTION  
ANALYSIS**

**2010**

**DESCRIPTION**

**AMOUNT  
COLLECTED**

Income Tax	17,815,892
Corporation Tax	18,105,084
Miscellaneous Taxes	4,890,290
Property Tax	1,562,174
Capital gains Tax	212,136
Licences	499,255
Others	233,311
<b>TOTAL</b>	<b>43,318,142</b>

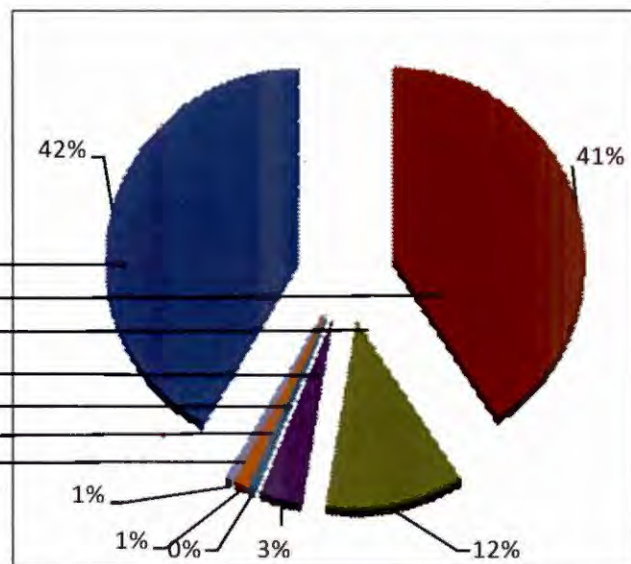


**2009**

**DESCRIPTION**

**AMOUNT  
COLLECTED**

Income Tax	15,327,099
Corporation Tax	14,982,131
Miscellaneous Taxes	4,294,945
Property Tax	1,294,124
Capital gains Tax	217,064
Licences	386,135
Others	219,608
<b>TOTAL</b>	<b>36,721,106</b>



# ANNUAL REPORT & STATEMENT OF ACCOUNTS



## REFUNDS AND NET REVENUE COLLECTION

During the year 2010, refund of taxes amounting to approximately \$455M was paid to various categories of taxpayers as is shown in Table VIII below. Refund of taxes for the previous year amounted to \$547M. The amount paid during the year under review therefore, represents a decrease of 16.8%

**TABLE VIII  
NET REVENUE COLLECTION 2010 (\$000)**

<b>DESCRIPTION</b>	<b>GROSS COLLECTIONS</b>	<b>REFUNDS</b>	<b>NET COLLECTIONS</b>
INCOME TAX	17,815,892	21,883	17,794,009
CORPORATION TAX	18,105,084	420,652	17,684,432
PROPERTY TAX	1,562,174	11,559	1,550,615
WITHHOLDING TAX	3,322,177	13	3,322,164
OTHER TAXES & DUTIES	2,512,815	1,545	2,511,270

## 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 2010.

A comparative analysis of the various types of Tax Compliance certificates issued during 2009 and 2010 is outlined in the table below. A total of thirteen thousand, eight hundred and seventy-two (13,872) compliance certificates were issued during the year. Of that total, three thousand, nine hundred and forty-seven (3,947) certificates were issued for Land and Buildings, six thousand, three hundred and fifty-nine (6,359) for motor vehicles and three thousand, five hundred and sixty-six (3,566) for tender purposes.



**TABLE IX  
CERTIFICATES OF COMPLIANCE ISSUED**

TYPE OF CERTIFICATE	GEORGETOWN OFFICE		REGIONAL OFFICES		TOTAL	
	2009	2010	2009	2010	2009	2010
Land	2,709	2,530	1,136	1,417	3,845	3,947
Motor Vehicles	5,210	4,974	1,233	1,385	6,443	6,359
Tender	1,958	2,066	589	1,500	2,547	3,566
<b>Total</b>	<b>9,877</b>	<b>9,570</b>	<b>2,958</b>	<b>4,302</b>	<b>12,835</b>	<b>13,872</b>



## **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 \$50.9B which was \$3.8B or 8 % above the estimate of \$47.1B which was approved by the National Assembly. Revenue collected under various heads exceeded the estimate by \$5.1B while collections under other heads were under the estimate by approximately \$1.3B. This is shown in Table X overleaf.

Actual revenue collection during the previous year was approximately \$47.4B. The collection for 2010 was therefore \$3.5B or 7.3 % greater than that for 2009. After payment of refunds, revenue amounting to \$48.4B was paid into the Consolidated fund. The increased collection of Value-Added Tax, more particularly on imported goods, was the major contributing factor to the increased collection in 2010.

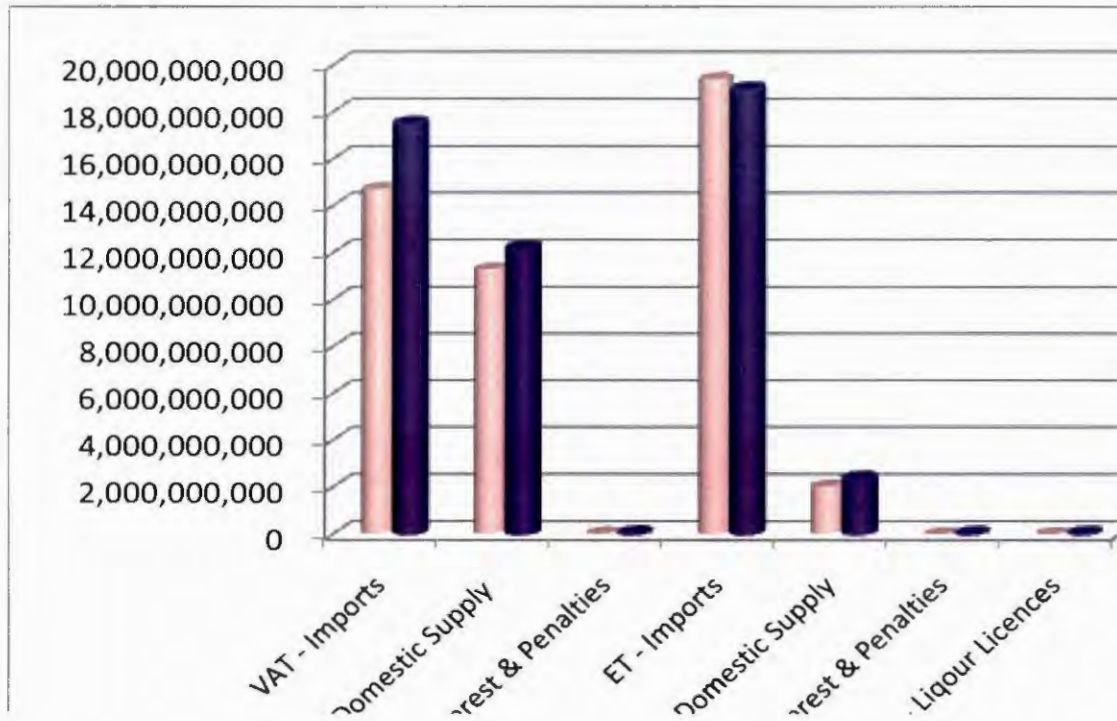
# ANNUAL REPORT & STATEMENT OF ACCOUNTS



**TABLE X  
REVENUE COLLECTION  
CURRENT REVENUE APPROPRIATION FOR THE YEAR 2010 (\$ 000)**

Sub-Head Revenue	Approved Budget	Amount Collected	Amount Paid into Consolidated Fund	Under the Estimate	Over the Estimate
<b>591 Imports</b>	<b>12,634,555</b>	<b>17,482,508</b>	<b>17,482,508</b>		<b>4,847,953</b>
Goods	12,549,025	17,417,326	17,417,326		4,868,301
Services	85,530	65,182	65,182	(20,348)	
<b>592 Domestic Supply</b>	<b>12,068,095</b>	<b>12,167,679</b>	<b>12,167,679</b>		<b>99,584</b>
Goods	12,068,095	12,167,679	12,167,679		99,584
Services	-	-	-		
<b>598 Miscellaneous - VAT:</b>	<b>44,294</b>	<b>25,552</b>	<b>25,552</b>	<b>(18,742)</b>	
Interest	30,994	11,454	11,454	(19,540)	
Penalties	13,300	14,098	14,098		798
<b>595 Imports</b>	<b>20,241,970</b>	<b>18,935,225</b>	<b>18,935,225</b>	<b>(1,306,745)</b>	
Motor Vehicles	7,714,871	7,702,351	7,702,351	(12,520)	
Petroleum Products	10,668,396	9,437,342	9,437,342	(1,231,054)	
Tobacco Products	1,176,490	1,077,028	1,077,028	(99,462)	
Alcoholic Beverages	682,213	718,504	718,504		36,291
<b>596 Domestic</b>	<b>2,178,701</b>	<b>2,358,079</b>	<b>2,358,079</b>		<b>179,378</b>
Alcoholic Beverages	2,178,701	2,358,079	2,358,079		179,378
<b>599 Miscellaneous - Excise:</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Interest	-	-	-		
Penalties	-	-	-		
<b>Licence Fees</b>	<b>10,534</b>	<b>9,553</b>	<b>9,553</b>	<b>(981)</b>	
Liquor Licence	10,534	9,553	9,553	(981)	
<b>TOTAL</b>	<b>47,178,149</b>	<b>50,978,596</b>	<b>50,978,596</b>	<b>(1,383,905)</b>	<b>5,184,352</b>
<b>Refunds Paid</b>		<b>2,612,514</b>	<b>2,612,514</b>		
<b>Funds transferred to Consolidated Fund (net)</b>			<b>48,366,082</b>		

**CHART III  
REVENUE COLLECTION ANALYSIS**



## 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, seven hundred and sixty-two (1,762) claims for refund of taxes amounting to \$4.16 billion. Of the total received one thousand, seven hundred and forty-eight (1,748) were processed comprising one thousand, five hundred and fourteen (1,514) claimed under Section 35 and two hundred and thirty-four (234) under Section 37 of the VAT Act. Fourteen (14) claims amounting to \$51 million were rejected. Of the claims processed, one thousand, three hundred and fifty-one (1,351) were paid resulting in \$2.61 billion in taxes being refunded. This is shown in the table below.

**TABLE XI  
DETAILS OF REFUND APPLICATIONS PROCESSED**

Description	Section 35		Section 37		Total	
	Number	Amount (\$B)	Number	Amount (\$B)	Number	Amount (\$B)
<b>Received</b>	1,528	3.98	234	0.18	1,762	4.16
<b>Rejected</b>	14	0.05	-	-	14	0.05
<b>Processed</b>	1,514	3.93	234	0.18	1,748	4.11
<b>Paid</b>	1,063	2.42	288	0.19	1,351	2.61

## EXAMINATION

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.

Officers conducted routine visits to ninety (90) VAT registrants, inclusive of sixteen (16) visits to voluntary registrants, to ensure that they were complying with their obligations under the Act. Officers also conducted four (4) visits for de-registration purposes and monitored a total of one hundred and one (101) public entertainment shows.

In addition, ten (10) warning letters were prepared and issued to defaulting taxpayers and a total of one hundred and sixty-one (161) audits were completed in the year 2010, while one hundred and sixty-three (163) corrected details for VAT returns were entered in TRIPS.

## LICENCE REVENUE OFFICE

A total of eighty-eight thousand, eight hundred and fourteen (88,814) motor vehicles were processed for the sale of licences during 2010 as compared with fifty-nine thousand one hundred and twenty (59,120) in 2009. New registrations for the year amounted to twelve thousand five hundred and thirty six (12,536) while the corresponding figure for 2009 was ten thousand two hundred and eighty five (10,285). Table XIV below sets out the various categories of vehicles licenced and the new vehicles registered during the year 2010 as compared with 2009.

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

Type of Vehicle	Licenced Motor Vehicles 2010	New Registrations		Increase/Decrease
		2009 (revised)	2010	
Agricultural	5901	706	955	249
Diplomat	296	76	76	Nil
Goods	13755	1754	2128	374
Government	1652	169	380	211
Hire	11158	1228	1218	(10)
Military	17	17	20	3
Private	54625	6335	7759	1424
Other	1410	0	0	0
<b>Total</b>	<b>88,814</b>	<b>10,285</b>	<b>12,536</b>	<b>2,251</b>

Table XIII shows the revenue collection from the Licence Revenue Office in the year 2010 compared with 2009. During the year, a total of \$732.5 million was collected from all heads as compared with the figure of \$605.7 million in 2009 – an increase of approximately 20.9%. Chart IV overleaf compares revenue collected during the year 2010 with that collected during the year 2009.

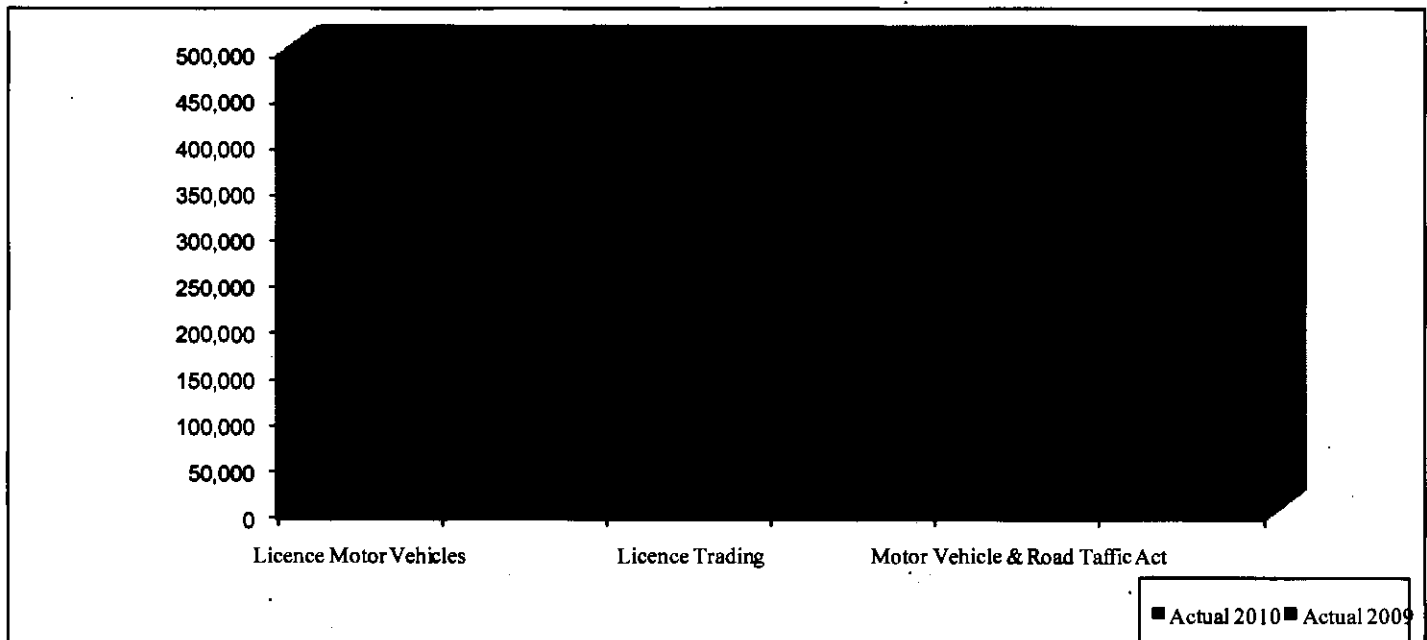




**TABLE XIII  
REVENUE COLLECTION (LICENCE REVENUE DIVISION)  
(\$000)**

Description	Actual 2010	Actual 2009
Licence Motor Vehicles	469,084	358,694
Licence – Other Vehicles	1,006	163
Licence – Trading	16,047	9,894
Licence – Miscellaneous	13,118	17,383
Motor Vehicles and Road Traffic Act	233,311	219,608
D/C Fees	0	0
<b>Total Collection</b>	<b>732,566</b>	<b>605,742</b>

**CHART IV  
LICENCE REVENUE  
REVENUE COLLECTION  
FOR THE YEAR 2010 RELATIVE TO 2009(\$000)**



## OBJECTIONS

### 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.

At the end of the period January to December 2010, there were two thousand, nine hundred and seventy-eight (2,978) un-finalised objections on hand. Two thousand, five hundred and eighteen (2,518) or 85% of the total un-finalised objections were related to individual taxpayers while the remaining four hundred and sixty (460) or 15% were in respect of companies. The details are contained in Table XIV.

**TABLE XIV  
OBJECTIONS BY TAXPAYERS**

PARTICULARS	COMPANIES	INDIVIDUALS	TOTAL
Un-finalised at the beginning of the year	528	3,324	3,852
Registered during the year	112	884	996
<b>Sub-Total</b>	<b>640</b>	<b>4,208</b>	<b>4,848</b>
Less: Finalized during the year	180	1,690	1,870
Un-finalised at the end of the year	<b>460</b>	<b>2,518</b>	<b>2,978</b>

## VALUE-ADDED TAX

Un-finalised objections on hand as at December 31, 2010 for the category of Valued-Added Taxes totaled two hundred and three (203). Fifty-nine (59) or 29% out of the total un-finalised objections were attributed to individual taxpayers while the remaining one hundred and forty-four (144) or 71% were in respect of companies. The details are shown in Table XV.

**TABLE XV  
OBJECTIONS BY TAXPAYERS**

<b>PARTICULARS</b>	<b>COMPANIES</b>	<b>INDIVIDUAL</b>	<b>TOTAL</b>
Un-finalised at the beginning of the year	97	28	125
Registered during the year	143	115	258
<b>Sub-Total</b>	<b>240</b>	<b>143</b>	<b>383</b>
Less: Finalised during the year	96	84	180
<b>Un-finalised at the end of the year</b>	<b>144</b>	<b>59</b>	<b>203</b>

## 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. The Department carries out its mandate through two (2) Divisions, namely: Wharves and Boathouse and Commercial Operations.

### GROSS REVENUE COLLECTION

The approved budget for the year 2010 for the Customs and Trade Administration was \$8.3B. However the actual revenue collected for the period was \$9.2B which represents an increase of \$0.9B or 10.8 % over the approved estimates. Revenue collected under several heads was under the estimates by \$0.038B while revenue collected under other heads was over the estimates by \$0.986B. Revenue collection for 2010 was above the 2009 collection figure of \$7.6B by \$1.6B or 21 %. The higher revenue collection in 2010 was due mainly to the increased revenue collection on imports.

**TABLE XVI**  
**REVENUE COLLECTION**  
**CURRENT REVENUE APPROPRIATION FOR THE YEAR 2010 (\$ 000)**

	Approved Budget	Amount Collected	Amount Paid into Consolidated Fund	Under the Estimate	Over the Estimate
<b>HEAD OF REVENUE</b>					
Import Duties	7,359,602	8,292,025	8,292,025		932,423
Export Duties	8,508	6,703	6,703	(1,805)	
Others					
Environmental Tax	737,829	776,113	776,113		38,284
Consumption Tax		-	-		-
Overtime Fees	87,919	61,052	61,052	(26,867)	
Departmental Fines	28,976	21,648	21,648	(7,328)	
Miscellaneous	48,738	63,101	63,101		14,363
Warehouse Rent & Charges	19,414	16,722	16,722	(2,692)	
Stamp Duties	13,822	14,753	14,753		931
<b>SUBTOTAL</b>	<b>936,698</b>	<b>953,389</b>	<b>953,389</b>		<b>16,691</b>
<b>Total</b>	<b>8,304,808</b>	<b>9,252,117</b>	<b>9,252,117</b>	<b>(38,692)</b>	<b>986,001</b>

## **COMMERCIAL OPERATIONS DIVISION**

The Commercial Operations Division is comprised of the Entry Processing Section, Private Warehouse and the Filing Room.

Staff of the Entry Processing Section, vetted a total of fifty-three thousand and eighty-seven (53,087) declarations prior to completing their data entry, assessed fifty-one thousand, one hundred and ninety-six (51,196) and queried six hundred and thirty-four (634). They also issued eight hundred and thirty-two (832) Permits for Immediate Delivery (PIDs) of goods, performed seven thousand two hundred and thirty-eight (7,238) help desk activities and processed one hundred and eighty-three (183) claims for refund of overpaid duties.

Activities in the Private Warehouse area included the examination of eight hundred and twenty-eight (828) vehicles which were received into warehouses and eight hundred and eight (808) which were delivered from warehouses. The monitoring of items received into Duty Free Shops amounted to sixty (60) while that of deliveries from Duty Free Shops was one hundred and sixty (160). In addition, the monitoring of deliveries of tyres, generators sets etc. totaled eight thousand, one hundred and forty-nine (8,149) while deliveries of machinery spares amounted to nine hundred and eighty nine (989).

In addition, inspections were conducted on Private Warehouses to ensure that the facilities continued to meet the required standards. Two hundred and twenty four (224) inspections were carried out on existing warehouses and duty free shops and four (4) inspections on prospective private warehouses. As a result of these inspections, five (5) existing warehouses and duty free shops were upgraded. Further, trade plates which are used by car dealers were also monitored resulting in six hundred and forty-five (645) such monitoring activities being conducted while there were four (4) instances of re-warehousing of goods which were also monitored.

The Customs Filing Room which became fully operational during the year 2010, witnessed increased activity during the year 2011. Staff classified/created forty-two thousand, four hundred and twelve (42,412) files, sorted one hundred and sixty-four thousand, three hundred and thirty-six (164,336) customs documents and scanned two thousand, eight hundred and twenty-one (2,821) documents. Staff also sorted two hundred and sixteen thousand, seven hundred and seventy six (216,776) ship and aircraft files, issued six hundred and forty-five (645) files to staff of various Sections of the Department and tracked seven hundred and six (706) files and other documents.

## **WHARVES AND BOATHOUSE**

Staff attached to the various Wharves participated in the examination of five hundred and twelve thousand, four hundred and seventy-nine (512,479) consignments of cargo while twenty-two thousand, seven hundred and fifty-one (22,751) containers were discharged. A total of two hundred and six (206) declarations which were processed under the Prior to Processing (PTP) facility were perfected while six hundred (600) such entries remained outstanding. Thirty-five (35) entries processed under the Permit for Immediate Delivery (PID) were perfected while two hundred and seventy-nine (279) PIDs remained outstanding. Further, staff also profiled and examined seventeen thousand, one hundred and forty-three (17,143) general containers and eight thousand, three hundred and six (8,306) containers which were leaving the transit shed. They also completed one hundred and two (102) outgoing files. Revenue collected at the various Wharves amounted to \$319,342,861.

# **ANNUAL REPORT & STATEMENT OF ACCOUNTS**



The Customs Boathouse staff loaded a total of one hundred and two (102) vessels, completed five hundred and thirty-one (531) incoming ships' files and examined five hundred and fifty-six (556) outgoing ships' files. Staff also examined and sealed six thousand eight hundred and fifty-seven (6,857) containers. Revenue collection at the Customs Boathouse totaled forty eight million, two hundred and eighty-nine thousand, six hundred and twenty-five dollars (\$48,289,625).

Staff of this Division are also located at the various branches of the Guyana Post Office Corporation. They are responsible for ensuring that incoming/outgoing postal packets, parcels and boxes do not contain prohibited/illegal items and that the correct duties are levied where necessary.

Staff received eight thousand, three hundred and sixty-three (8,363) parcels and boxes and delivered eleven thousand three hundred and thirty-eight (11,338) to members of the public. They also examined three thousand, four hundred and forty-one (3,441) of those which were outgoing and eleven thousand, eight hundred and seven (11,807) which were incoming.

Postal packets received amounted to six thousand, eight hundred and sixty-five (6,865) while those delivered totalled three thousand, four hundred and ninety-one (3,491). One thousand, eight hundred and seventy (1,870) outgoing packets and three thousand, five hundred and forty-five (3,545) incoming packets were examined.

The receipt and delivery of sealed mail bags amounted to nineteen thousand, two hundred and eighty-seven (19,287) and seven thousand two hundred and fifty-two (7,252) respectively. Revenue collection at the Guyana Post Office Corporation (Customs) amounted to sixteen million, five hundred and thirty-one thousand, four hundred and fifty-four dollars (\$16,531,454).

The constraints experienced by the Department as a whole were attributed largely to a shortage of staff and inadequately training of some staff.

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## **INTEGRATED REGIONAL TAX OFFICES**

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The integration of GRA's operations in the Regions, which commenced in 2007 with Corriverton a Pilot project, was completed during the year under review. This integration resulted in all of the services provided by the GRA in the Regions being accessible at one location with the aim of increasing efficiency and timelines of operations and hence taxpayer satisfaction.

Operations at these Offices were affected by various constraints which included inadequate staffing and transportation. Despite these constraints, the staff performed creditably.

### **Revenue Collection**

Revenue collected by the combined Integrated Regional Offices amounted to \$2.85 Billion. Revenue collection during the previous year totaled \$2.44 B. Collections for 2010 therefore shows an increase of approximately 16.8%.

### **Registration**

During the year under review, six thousand, one hundred and three (6,103) applications for Taxpayer Identification Number were processed and twenty-one (21) registration packages for VAT were issued by the Regional Offices.

### **Processing of Returns**

Twenty-nine thousand, eight hundred and seventy-one (29,871) Returns were lodged during the period under review at the various Tax Offices. A total of twenty-nine thousand, eight hundred and sixty-three (29,863) Returns were verified while thirty thousand, three hundred and fifty (30,350) Returns, inclusive of those Returns lodged during the previous year, were entered into the Authority's database and processed. The processing of VAT Returns were decentralized during the year under review resulting in the Offices processing a combined total of four thousand, one hundred and forty-seven (4,147) Returns.

### **Objections**

Staff continued to register and finalise taxpayers' objections to assessments for both Income and Property Taxes. Registration of objections for the year under review amounted to thirty-five (35) while the finalisation process conducted by officers resulted in fifteen (15) objections being finalised.

### **Compliance Certificates**

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 four thousand, three hundred and two (4,302) compliance certificates were issued; one thousand, five hundred (1,500) of those certificates were for tender purposes, one thousand, four hundred and seventeen (1,417) for land and one thousand, three hundred and eighty-five (1,385) for motor vehicles.

## **Files Cleared**

The process of file clearing saw staff monitoring the collection of outstanding tax balances. During the year under review, officers cleared a total of one thousand, five hundred and ninety-one (1,591) tax files manually. As a result of the file clearing exercise, liability letters were dispatched to some taxpayers while payment arrangements were entered into by other taxpayers to settle their outstanding debts.

## **Compliance and Advisory Visits**

For the period January to December 2010, staff conducted a total of two hundred and fifty-seven (257) compliance and advisory visits. These visits were intended to educate taxpayers, more particularly VAT registrants, on tax related issues and to ensure that they were complying with the requirements of the Act and Regulations. In addition, nineteen (19) routine audits were completed.

## **Refunds**

For the period January to December 2010, a combined total of one hundred and thirty-seven (137) verifications of applications for refund of taxes were conducted by staff of the Regional Offices prior to payment of the refunds. In addition, there were also eighteen (18) routine audits which were conducted on VAT registrants.

## **Other Activities**

Staff continued to monitor public entertainment events in the Regions and a total of sixty-eight (68) checks were conducted on such events. The issuance of new Liquor Licences and the renewal of existing Licences were also undertaken resulting in seven hundred and forty-eight (748) new and seven hundred and thirty-three (733) renewed licences being issued. A total of six thousand, three hundred and forty-six (6,346) Motor Vehicle Licences were also processed.

## **Customs Activities**

Officers at the Corriverton Regional Office continued to facilitate the clearance of the ferry operating between Guyana and Suriname and the temporary importation and exportation of vehicles via the same route. As a result, there were four hundred and thirty-four (434) instances of the ferry being cleared with forty-one thousand, five hundred and ninety-four (41,594) incoming and forty-two thousand, three hundred and thirty-five (42,335) outgoing passengers being processed while four thousand, one hundred and seventy-one (4,171) vehicles were processed for temporary importation and four thousand, two hundred and eighty-four (4,284) for temporary exportation.

Two hundred and seventy (270) International Vessels and one hundred and thirty-one (131) Coastal Vessels were cleared by Customs staff. In addition, a total of seven hundred and fourteen (714) outgoing and five hundred and sixty-eight (568) and incoming ships' files were also cleared.

The examination of incoming and outgoing postal packages and the processing of Customs declarations were also carried out at the offices. Staff examined a total of one thousand, six hundred and seventy-five (1,675) incoming packages, two hundred and eighty-three (283) outgoing packages and processed three thousand, five hundred and twelve (3,512) customs declarations.



## 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.

# ANNUAL REPORT & STATEMENT OF ACCOUNTS



## 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 and the Value Added and Excise Taxes Department for the year 2010 relative to the year 2009.

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

	Total Revenue		Conditional Exemptions		Unconditional Exemptions		Total Exemptions	
	2009	2010	2009	2010	2009	2010	2009	2010
<b>Total</b>	52,363,825	57,618,199	33,867,540	41,955,408	3,592,882	3,350,042	33,390,430	45,305,451
<b>Ratio of remission to revenue collection</b>			75.96%	72.82%	6.86%	5.81%	63.76%	78.63%

Total Exemptions for 2010 was G\$45,305,451,012 representing 78.63% of revenue collection for the period which was G\$57,618,199,000. Conditional Exemptions was G\$41,955,408,742 or 72.82% of revenue collection while Unconditional Exemptions represented 5.81% or \$3,350,042,270 of revenue collection.



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana  
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

AG: 133/2013

8 November 2013

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 2010

I have audited the accompanying financial statements of Guyana Revenue Authority, which comprise the statement of financial position as at 31 December 2010, the income and expenditure statement and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

# ANNUAL REPORT & STATEMENT OF ACCOUNTS



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Guyana Revenue Authority as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA.

# ANNUAL REPORT & STATEMENT OF ACCOUNTS



## Revenue Authority Balance Sheet As at 31<sup>st</sup> December, 2010

	Notes	2010	2009
<b>Fixed Assets</b>			
Land and Buildings	2	714,832,238	714,832,238
Motor Vehicles & Craft	2	269,312,846	255,612,846
Computer Equipment	2	419,316,740	413,560,489
Office Equipment	2	247,290,286	232,138,384
Containers/Scanner	2	209,360,100	209,360,100
Office Furniture	2	110,944,786	109,677,893
		<u>1,971,056,996</u>	<u>1,935,401,950</u>
Capital Work in Progress		-	-
		<u>1,971,056,996</u>	<u>1,935,401,950</u>
<b>Current Assets</b>			
Inventories	3	25,430,444	17,803,363
Cash in hand	4	2,219,600	2,119,929
Cash at bank	5	19,188,454	14,129,554
Receivable			
		<u>46,838,498</u>	<u>34,052,846</u>
<b>Current Liabilities</b>			
Balance due to Consolidated Fund		6,766,097	1,830,351
Grants	7	12,409,157	12,384,400
Accounts Payable	19		1,603
		<u>19,175,254</u>	<u>14,216,354</u>
Net Assets		<u>1,998,720,240</u>	<u>1,955,189,442</u>
<b>Financed By:</b>			
Government of Guyana Contribution	6	1,222,970,711	1,179,459,913
Project Financing	20	775,749,529	775,729,529
		<u>1,998,720,240</u>	<u>1,955,189,442</u>

**Guyana Revenue Authority  
Income and Expenditure Account  
For the year ended December 31, 2010**

	Notes	2010	2009
<b>INCOME</b>			
Subsidy		3,117,256,932	3,036,027,313
FFM – Reimbursements for Rent			615,260
Grant		387,300	986,490
<b>Total Income</b>		<b>3,117,644,232</b>	<b>3,037,629,063</b>
<b>EXPENDITURE</b>			
<i>Wages and Salaries</i>			
Wages and Salaries	8	1,207,937,813	1,065,605,258
Revision of Wages & Salaries		65,536,647	73,463,642
Overhead Expenditure	9 a&b	515,736,921	524,940,379
<b>TOTAL WAGES AND SALARIES</b>		<b>1,789,211,381</b>	<b>1,664,009,279</b>
<i>Other Charges</i>			
Material Equipment & Supplies	10	94,850,382	100,739,873
Fuel and Lubricants		58,747,136	59,317,518
Rental and Maintenance of Buildings	11	80,110,069	97,524,058
Transport Travel and Postage	12	69,952,490	90,171,696
Utility Charges	13	143,155,590	148,306,608
Other Goods and Services	14	215,548,106	206,409,888
Other Operating Expenses	15	77,592,945	97,227,105
Education Subventions and Training	16	8,541,608	7,770,763
Rates and taxes & Subvention to Local Authorities	17	-	-
Subsidies and Contribution to Local & Int'l Org.	18	21,379,030	16,884,176
Refunds of Revenue		551,969,595	547,439,212
<b>TOTAL OTHER CHARGES</b>		<b>1,321,846,951</b>	<b>1,371,790,897</b>
<b>TOTAL EXPENDITURE</b>		<b>3,111,058,332</b>	<b>3,035,800,176</b>
<b>SURPLUS</b>		<b>6,585,900</b>	<b>1,828,887</b>
Excess of Grant Over Expenditure			500,150
Excess of Releases Over Expenditure		6,585,900	1,328,737
		<b>6,585,900</b>	<b>1,828,887</b>

**Guyana Revenue Authority  
Cash Flow Statement  
For the year ended December 31, 2010**

	2010	2009
<b><u>Cash Flows from operating activities</u></b>		
Cash Releases from Government of Guyana	3,117,256,932	3,036,077,313
Grant	387,300	988,490
FFMP Repayment		615,260
Cash paid to suppliers and employees	(3,111,058,332)	(3,035,800,176)
<b>Net Cash flow from operating activities</b>	<b>6,585,900</b>	<b>1,828,887</b>
<b><u>Cash Flows from investing activities</u></b>		
Cash Releases from Government of Guyana	22,360,000	450,000,000
Purchase of property, plant and equipment	(22,155,046)	(449,998,933)
Capital Work in Progress		
<b>Net Cash flow from investing activities</b>	<b>204,954</b>	<b>3,067</b>
Net increase in cash	<b>6,790,854</b>	<b>1,831,954</b>
Cash at beginning of period	14,216,354	75,878,172
Cash Paid to Liability		(59,042,574)
Cash repaid to Government of Guyana	(1,831,954)	(4,470,198)
Unreconciled Difference		
<b>Cash at end of period</b>	<b>19,175,254</b>	<b>14,216,354</b>
<b>Due to Consolidated Fund</b>		
Current	6,766,097	1,250,351
ODS	6,561,143	1,128,737
FFMP	24,757	150
Capital	204,954	500,000
Liability		1,464
Grants		1,603
	12,384,400	12,384,400
	<b>19,175,254</b>	<b>14,216,354</b>

## Guyana Revenue Authority Notes on the Financial Statements For the year ended December 31, 2010

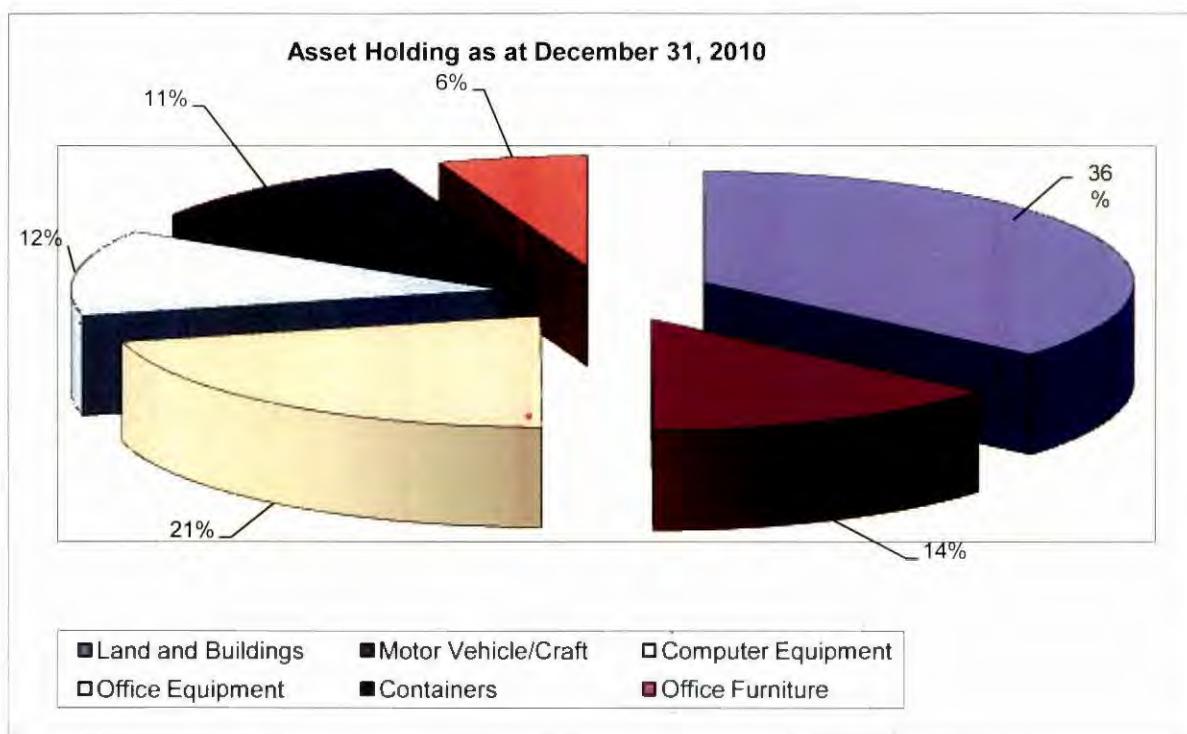
### Note 1. Significant Accounting Policies

- 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 as at 27th January 2000, were independently valued by the Chief Valuation Officer at \$485.5M.

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





# ANNUAL REPORT & STATEMENT OF ACCOUNTS



## Note 2. Fixed Assets (cont'd)

The following table sets out GRA's Fixed Asset position as at December 31, 2010:

	Land and Buildings	Motor Vehicle / Craft	Computer Equipment	Office Equipment	Containers/Scanner	Office Furniture	WIP	Total
Cost/Valuation as at Jan. 1, 2010	714,832,238	255,612,846	413,560,489	232,138,384	209,360,100	109,697,893	-	1,935,201,950
<b>Additions</b>								
GRA		38,500,000	5,756,251	15,151,902		1,246,893		60,655,046
FFMP								-
MCA								-
Disposal/Transfer		(24,800,000)						(24,800,000)
<b>Total</b>	<b>714,832,238</b>	<b>269,312,846</b>	<b>419,316,740</b>	<b>247,290,286</b>	<b>209,360,100</b>	<b>110,944,786</b>	<b>-</b>	<b>1,971,056,996</b>
GRA WIP								-
MCA WIP								-
Cost/Valuation as at Dec. 31, 2010	714,832,238	269,312,846	419,316,740	247,290,286	209,360,100	110,944,786	-	1,971,056,996

\*Acquired through Want of Entry

## Note 3. Inventories

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

Stock Item	2010	2009
Office Materials & Supplies	13,650,020	7,322,927
Preprinted Forms	11,780,424	10,481,436
<b>Total</b>	<b>25,430,444</b>	<b>17,804,363</b>

## 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 the Cheddi Jagan International Airport, Timehri. This is set out below:

# ANNUAL REPORT & STATEMENT OF ACCOUNTS



Description	2010	2009
<b>Imprest Accounts</b>		
Customs & Trade Administration	1,000,000	1,000,000
Internal Revenue	1,000,000	1,000,000
<b>Total Imprest</b>	<b>2,000,000</b>	<b>2,000,000</b>
Foreign Currency Float	219,600	219,929
<b>Total</b>	<b>2,219,600</b>	<b>2,219,929</b>

## Note 5. Cash at Bank

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

Description	2010	2009
Bank of Guyana – Main A/c	19,175,254	14,216,354
<b>NBIC POS Accounts</b>		
Customs & Trade Administration	6,600	6,600
Internal Revenue	6,600	6,600
<b>Total</b>	<b>19,188,454</b>	<b>14,229,554</b>

## 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 31<sup>st</sup> December 2010.

Accumulated Fund	Fixed Assets	Net Current Assets
As at 1 <sup>st</sup> January 2010	1,935,201,950	20,037,492
Movement during the year (Note 6a)	35,855,046	7,625,752
As at December 31 <sup>st</sup>	1,971,056,996	27,663,244

### Note 6a – Analysis of the Movement during the year

Purchases of Fixed Assets – GRA	22,155,046	
Purchases of Fixed Assets – (Want of Entry)	38,500,000	
Purchases of Fixed Assets – MCA		
FFMP Asset Acquired		
Disposal of Fixed Assets	(24,800,000)	35,855,046
Inventories	7,626,081	
Foreign Currency & POS Floats	(329)	
Receivables	-	7,625,752

## Note 6 Continued – Government of Guyana Contribution

GOG Contribution As at 31 <sup>st</sup> December, 2010	1,998,720,240
Less –	
MCA Counterpart Contribution – 2009	(405,000,000.00)
MCA Counterpart Contribution – 2008	<b>(114,578,794)</b>
FFMP Asset Assistance	(117,449,130)
FFMP Asset Assistance	
Public Service Technical Assistance Credit	<b>(123,979,082)</b>
	<b>(14,742,523)</b>
<b>GOG Contribution As at 31<sup>st</sup> December</b>	<b>1,222,970,711</b>

## Note 7. Grants

### CDB

- 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 2009 is \$12.4M.

### ODS: Ozone Depleting Substances

- The National Ozone Action Unit through Ministry of Agriculture in 2010 released \$387,300 for training. Guyana Revenue Authority's actual expenditure amounted to \$362,543 in 2010 resulting in a balance of \$24,757 as at 31<sup>st</sup> December, 2010 (to be repaid to the Accountant General).

### Balance on Grants as at 31<sup>st</sup> December, 2010

	2010	2009
Training Grant – ODS	24,757	
<i>Caribbean Development Bank</i>	12,384,400	12,384,400
<b>Total</b>	<b>12,409,157</b>	<b>12,384,400</b>

## Note 8. Wages and Salaries

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6111	Administrative	293,153,935	246,131,655
6112	Senior Technical	236,059,888	219,126,387
6113	Other Technical & craft skills	237,386,549	210,901,839
6114	Clerical & Office Support	247,832,467	242,023,958
6115	Semi-Skilled and Unskilled operatives	147,331,532	139,906,552
6116	Contract Employees	42,253,899	5,271,186
6117	Temporary Employees	3,919,543	2,243,681
<b>TOTAL</b>		<b>1,207,937,813</b>	<b>1,065,605,258</b>

## Note 9a. Overhead Expenditure

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6131	Other Direct Labour Costs (See Note 9b)	181,582,897	233,013,549
6133	Benefits & Allowances	202,954,952	168,390,866
6134	National Insurance	80,629,381	75,850,638
6135	Pensions	50,569,691	47,685,326
<b>TOTAL</b>		<b>515,736,921</b>	<b>524,940,379</b>

## 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	2010	2009
Lennox Benjamin	144,000	144,000
Clyde Roopchand	180,000	180,000
Sonia Roopnauth	144,000	144,000
Lawrence Williams	144,000	144,000
<b>Total</b>	<b>612,000</b>	<b>612,000</b>



## Note 10. Material Equipment & Supplies

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6221	Drugs & Medical Supplies	458,450	302,330
6222	Field Materials & Supplies	-	-
6223	Office Materials & Supplies	37,113,078	42,556,058
6224	Print & Non Print Materials	57,278,854	57,881,485
<b>TOTAL</b>		<b>94,850,382</b>	<b>100,739,873</b>

## Note 11. Rental & Maintenance of Buildings

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6241	Rental of Buildings	55,815,452	54,440,452
6242	Maintenance of Buildings	16,980,084	33,915,217
6243	Janitorial & Cleaning Supplies	7,314,533	9,168,389
<b>TOTAL</b>		<b>80,110,069</b>	<b>97,524,058</b>

## Note 12. Transport Travel & Postage

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6261	Local Travel & Subsistence	39,337,651	56,525,644
6262	Overseas Conference & Official Visits/(FFMP)	2,264,714	983,116
6263	Postage, Telex and Cablegram	9,023,854	7,523,516
6264	Vehicle Spares & Services	17,877,471	21,736,280
6265	Other Transport Travel & Postage	1,448,800	3,043,140
<b>TOTAL</b>		<b>69,952,490</b>	<b>90,171,696</b>

## Note 13. Utility Charges

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6271	Telephone Charges	17,679,511	18,733,514
6272	Electricity Charges	99,684,244	115,654,722
6273	Water Charges	751,553	363,738
6274	Wireless Charges	24,754,864	13,080,631
6275	Internet Charges	285,418	474,003
<b>TOTAL</b>		<b>143,155,590</b>	<b>148,306,608</b>



# ANNUAL REPORT & STATEMENT OF ACCOUNTS



## Note 14. Other Goods & Services Purchased

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6281	Security Services	137,948,059	134,274,201
6282	Equipment Maintenance	31,446,416	25,473,363
6283	Cleaning & Extermination Services	11,009,937	18,110,601
6284	Others	35,143,694	28,551,723
<b>TOTAL</b>		<b>215,548,106</b>	<b>206,409,888</b>

## Note 15. Other Operating Expenses

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6291	National & Other Events	8,113,616	6,158,807
6293	Refreshments & Meals	4,312,668	4,150,869
6294	Others	65,166,661	86,917,429
<b>TOTAL</b>		<b>77,592,945</b>	<b>97,227,105</b>

## Note 16. Education Subvention & Training

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6301	Education Subvention	-	-
6302	Training/ ODS Training/FFMP – Note 7	8,179,065	7,770,763
<b>TOTAL</b>		<b>8,179,065</b>	<b>7,770,763</b>

## Note 17. Rates and Taxes and Subventions

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6221	Rates and Taxes	-	-
6222	Subvention to Local Authorities	-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

## Note 18. Subsidies & Contributions to Local & International Organisations

Expenditure under this head comprised the following sub-heads:

Code	Description	2010	2009
6321	Local Organisation	675,355	685,052
6322	International Organisation	20,703,675	16,199,124
<b>TOTAL</b>		<b>21,379,030</b>	<b>16,884,176</b>

**Note 19 Capital Liability:**

Total funding for capital for 2010 amounted to \$22.36M. Total expenditure for capital amounted to \$21.155M; this resulted in a liability of \$0.205M (see below) as at 31<sup>st</sup> December, 2010, to be refunded to the Consolidated Fund.

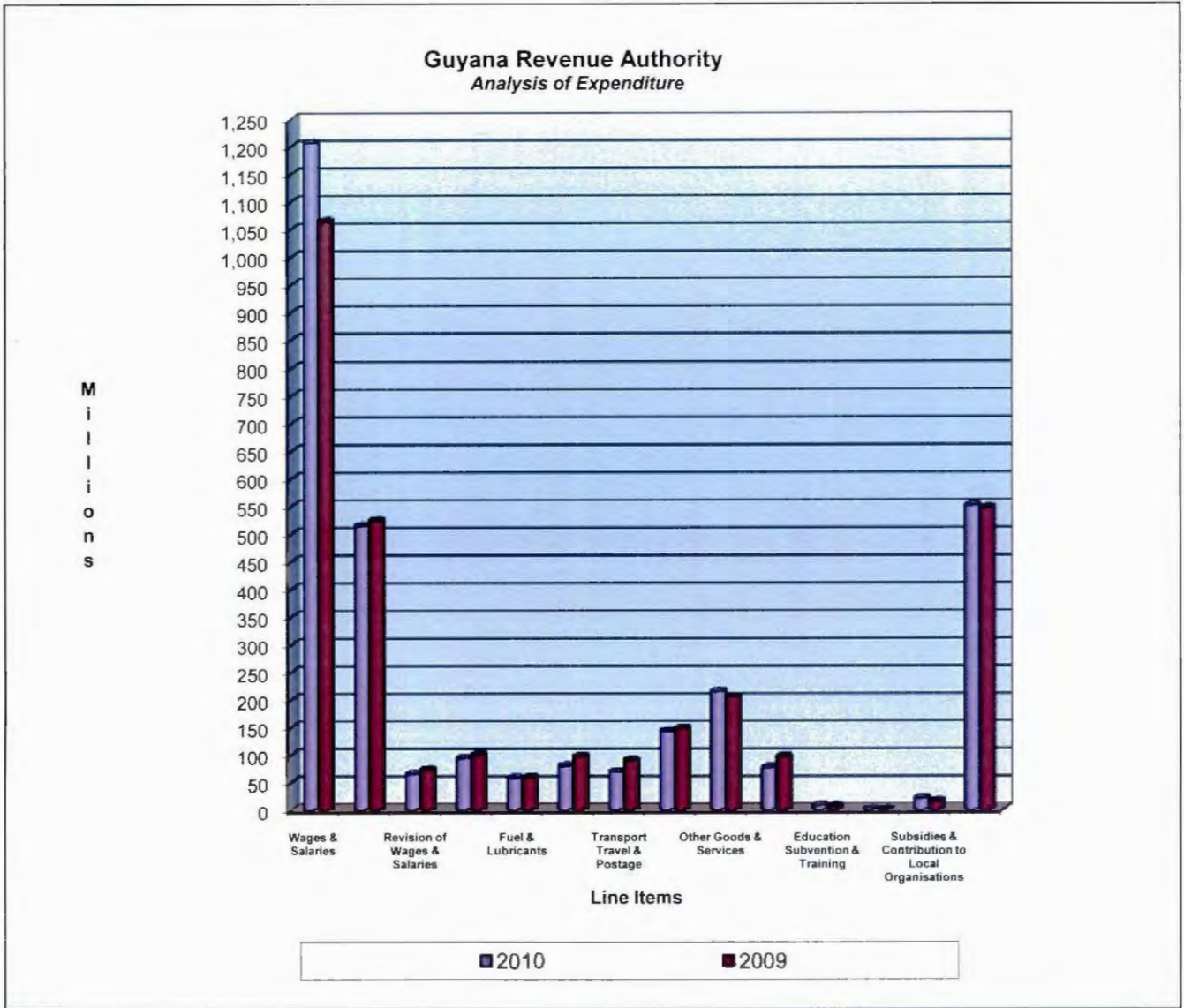
**Capital Liability Account**

<b>Funding - Source</b>	<b>2010</b>	<b>2009</b>
MCA- GOG Counterpart Contribution		1,603
GRA/GOG	204,954	1,464
<b>Total</b>	<b>204,954</b>	<b>3,067</b>

**Note 20. Project Financing**

<b>Projects</b>	<b>2010</b>	<b>2009</b>
MCA- GOG Counterpart Contribution	-	405,000,000
FFMP Asset Finance		
Public Service Technical Assistant Credit		
<b>Total</b>	<b>-</b>	<b>405,000,000</b>



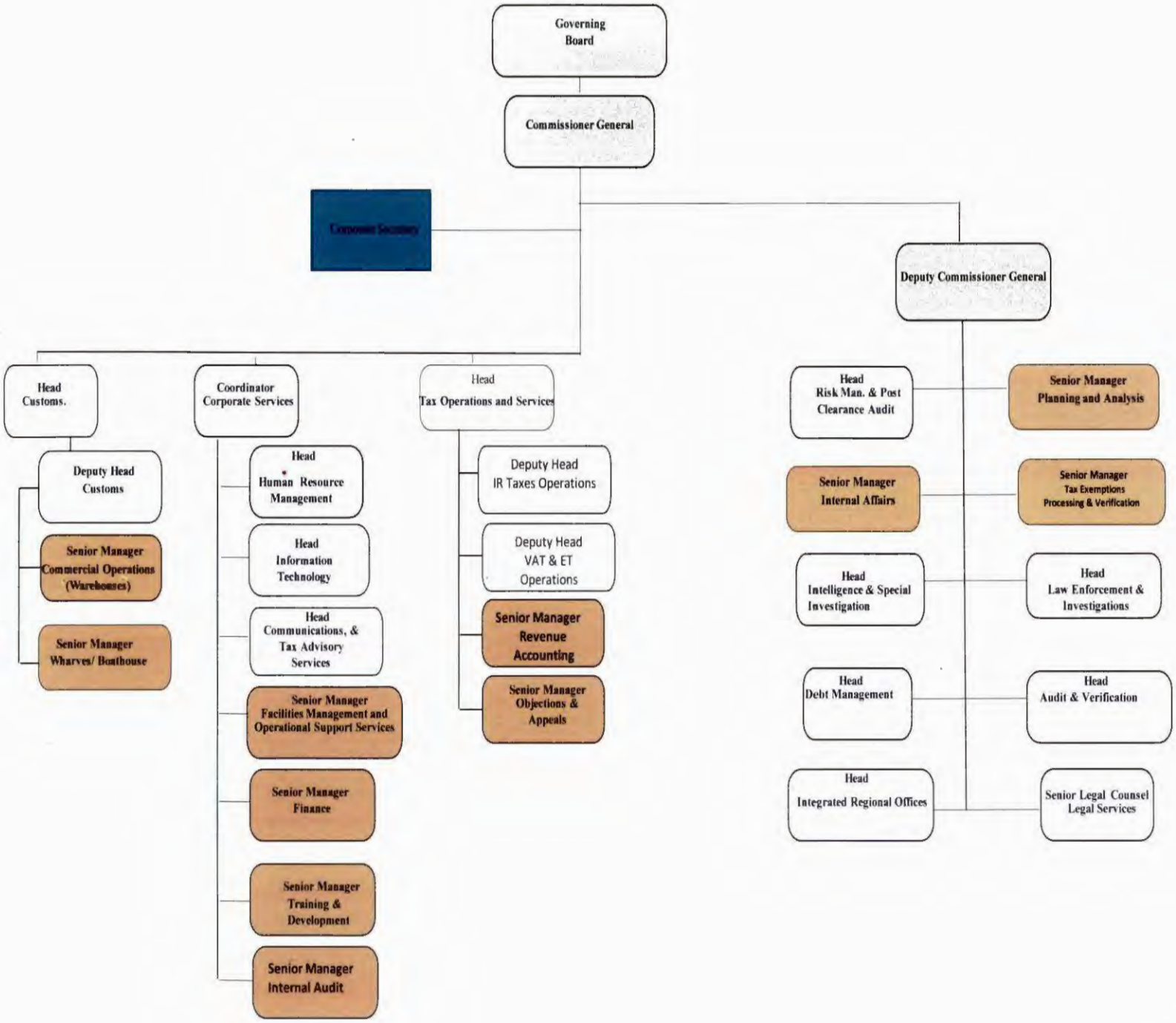




# APPENDICES



APPENDIX I  
Organisation Chart





## 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 - 2011

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

# ANNUAL REPORT & STATEMENT OF ACCOUNTS



## SELF EMPLOYED INDIVIDUALS

Effective 1<sup>st</sup> September 2003.

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

**Exceeds \$10 Million** Minimum Tax – 2%

**Less than \$10 million** Presumptive Tax Method using factors such as size of business, number of employees, assets used in the business, training and years in practice, salaries of comparable employed individuals etc.

### Capital Gains Tax Rate

Capital Gains Tax	20%
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## PERSONAL PROPERTY TAX 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 2011

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 – 2011	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 2011
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**

<b>Year of Assessment</b>	<b>Amount of Deduction</b>
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 - 2011	\$420,000



