

National Assembly Debates

**PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF
THE SECOND SESSION (2002-2005) OF THE EIGHTH PARLIAMENT
OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE
REPUBLIC OF GUYANA HELD IN THE PARLIAMENT CHAMBER
PUBLIC BUILDINGS, BRICKDAM, GEORGETOWN**

72nd SITTING

2.00 PM

Thursday 10 November 2005

MEMBERS OF THE NATIONAL ASSEMBLY (68)

Speaker (1)

The Hon. Hari N. Ramkarran, S. C., M. P. - *Speaker of the National Assembly*

Members of the Government - People's Progressive Party/Civic (34)

The Hon. Samuel A.A. Hinds, M.P.	<i>- Prime Minister and Minister of Public Works and Communications</i>
The Hon. Reepu Daman Persaud, O.R., J.P., M.P.	<i>- Minister of Parliamentary Affairs</i>
The Hon. Clement J. Rohee, M.P.	<i>- Minister of Foreign Trade and International Co-operation</i>
The Hon. Harripersaud Nokta, M.P.	<i>- Minister of Local Government and Regional Development</i>
The Hon. Gail Teixeira, M.P.	<i>- Minister of Culture, Youth and Sport</i>
The Hon. Dr. Henry B. Jeffrey, M.P.	<i>- Minister of Education (Absent)</i>
The Hon. Saisnarine Kowlessar, M.P.	<i>- Minister of Finance</i>
The Hon. Shaik K.Z. Baksh, M.P.	<i>- Minister of Housing and Water</i>
The Hon. J. Ronald Gajraj, M.P.	<i>- Minister of Home Affairs; Region No. 3-Essequibo Islands/ West Demerara</i>
The Hon. Rev. Dr. Ramnauth D.A. Bisnauth, M.P.	<i>- Minister of Labour, Human Services and Social Security</i>
The Hon. Clinton C. Collymore, M.P.	<i>- Minister in the Ministry of Local Government and Regional Development (Absent)</i>
The Hon. Satyadeow Sawh, M.P.	<i>- Minister of Fisheries, Other Crops and Livestock (Region No. 5-Mahaica/Berbice)</i>
*The Hon. S. Rudolph Insanally, O.R., C.C.H., M.P.	<i>- Minister in the Office of the President with responsibility for Foreign Affairs</i>

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- *The Hon. Doodnauth Singh, S.C., M.P. - *Attorney General and Minister of Legal Affairs*
- The Hon. Dr. Jennifer R.A. Westford, M.P. - *Minister of the Public Service*
- The Hon. C. Anthony Xavier, M.P. - *Minister of Transport and Hydraulics (Absent)*
- The Hon. Bibi S. Shadick, M.P. - *Minister in the Ministry of Labour, Human Services and Social Security (Region No. 3 - Essequibo Islands/ West Demerara)*
- **The Hon. Manzoor Nadir, M.P. - *Minister of Tourism, Industry and Commerce*
- The Hon. Carolyn Rodrigues, M.P. - *Minister of Amerindian Affairs*
- * The hon. Harry Narine Nawbatt, M.P. - *Minister of Transport and Hydraulics*
- The Hon. Dr Leslie S. Ramsammy, M.P. - *Minister of Health*
- Mr S. Feroze Mohamed, M.P. - *Chief Whip*
- Mr Cyril C. Belgrave, C.C.H., J.P., M.P. - *(Region No. 4 - Demerara/Mahaica)*
- Mr. Donald R. Ramotar, M.P.
- Mr Husman Alli, M.P. - *(Region No. 7 - Cuyuni/Mazaruni)*
- Mr. Komal Chand, C.C.H., J.P., M.P.
- Mrs Indranie Chandarpal, M.P.
- Mr Bernard C. DeSantos, S.C., M.P. - *(Region No. 4 - Demerara/Mahaica)*
- Mrs Shirley V. Edwards, J.P. M.P.
- Mr Odinga N. Lumumba, M.P.
- Mr Heeralall Mohan, J.P., M.P. - *(Region No. 2 - Pomeroon/Supenaam)*
- Mr Ramesh C. Rajkumar, M.P. - *(Region No. 6 - East Berbice/Corentyne)*
- Dr Bheri S. Ramsaran, M.D., M.P.
- Mrs Philomena Sahoye-Shury, C.C.H., J.P., M.P. - *Parliamentary Secretary, Ministry of Housing and Water (Region No. 1 - Barima/Waini) (Absent)*
- Mrs Pauline R. Sukhai, M.P.
- Dr. Moti Lal, C.C.H., M.P.
- Mr Zulfikar Mustapha, M.P.
- Mr Neendkumar, M.P. - *(Region No. 4 - Demerara/ Mahaica)*
- Mr Khemraj Ramjattan, M.P. - *(Region No. 6 - East Berbice/ Corentyne)*

* *Non-Elected Minister*

** *Elected Member from The United Force*

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Members of the Opposition (30)

(i) People's National Congress/Reform (27)

Mr. Robert H. O. Corbin, M. P.	- (AOL)
Mr. Winston S. Murray, C.C.H., M.P.	
Mrs Clarissa S. Riehl, M.P.	- Deputy Speaker of the N.A
Mr. E. Lance Carberry, M.P.	- Chief Whip
Mr. Ivor Allen, M.P.	- (Region No.2-Pomeroon/Supenaam)
Mrs. Deborah J. Backer, M.P.	
Mr. Deryck M.A. Bernard, M.P.	
Mr. C. Stanley Ming, M.P.	
Mr. Vincent L. Alexander, M.P.	- (Region No.4-Demerara/Mahaica) (AOL)
Mr. Basil Williams, M.P.	
Mrs. Volda A. Lawrence, M.P.	
Dr Dalglish Joseph, M.D., M.P.	- (Region No.5-Mahaica/Berbice)
Miss Amna Ally, M.P.	- (Region No.10-Upper Demerara Berbice)
Miss Sandra M. Adams, M.P.	- (AOL)
Mr. Jerome Khan, M.P.	- (AOL)
Dr George A. Norton, M.P.	
Miss Myrna E. N. Peterkin, M.P.	- (Region No.4-Demerara/Mahaica) (AOL)
Mr. James K. McAllister, M.P.	- (Region No.3-Essequibo Islands West Demerara)
Dr Carl Max Hanoman, M.P.	
Miss Lurlene A. Nestor, M. P.	- (Region No.4-Demerara/Mahaica) (Absent)
Mr Abdul Kadir, J.P., M.P.	- (Region No.10-Upper Demerara/Berbice)
Mr Ricky Khan, M.P.	- (Region No.1-Barima/Waini)
Mr. Raphael G. C. Trotman, M.P.	- (Absent)
Mrs. Rajcoomarie Bancroft, M.P.	- (Region No.8- Potaro/Siparuni)
Mr Nasir Ally, J.P., M.P.	- (Region No.6-East Berbice/Corentyne)
Miss Judith David, M.P.	- (Region No.7-Cuyuni/Mazaruni)
Miss Genevieve Allen, M.P.	- (Region No.4-Demerara/Mahaica)

(ii) Guyana Action Party/Working People's Alliance Party (2)

Mrs Sheila V.A. Holder, M.P.	
Mrs Shirley J. Melville, M.P.	- (Upper Takutu/Upper Essequibo)

(iii) Rise, Organise and Rebuild Party (1)

Mr Ravindra Dev, M.P.	- (AOL)
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OFFICERS

Mr Sherlock Isaacs, Clerk of the National Assembly

Mrs Lilawtie Coonjah, Deputy Clerk of the National Assembly

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PRAYERS

The Deputy Clerk reads the Prayer

OATH OF A NEW MEMBER

Hon Harry Narine Nawbatt

Honourable Members, Mr Harry Narine Nawbatt was Minister of Transport and Hydraulics with in effect from 1 November 2005. Mr Nawbatt is not an elected Member of the National Assembly, but by virtue of holding the Office of Minister, he has become a Member of the Assembly, in accordance with Article (105) of the Constitution.

Before Mr Nawbatt can take part in the proceedings of the Assembly, he will have to make and subscribe The Oath of Office, as required by Article (167) of the Constitution. As Mr Nawbatt is present, he can now make and subscribe the Oath, which will be administered to him by the Clerk.

[The Oath of Office was administered to and made and subscribed by Mr Harry Narine Nawbatt]

ANNOUNCEMENTS BY THE SPEAKER

Honourable Members, I have been informed that the former Minister of Transport and Hydraulics, the Honourable Carl Anthony Xavier, has been re-designated the Minister of Culture, Youth and Sport. I have also been informed that former Minister of Culture, Youth and Sport, the Hon Gail Teixeira, has been appointed Minister of Home Affairs.

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I extend my best wishes to the Honourable Members Carl Anthony Xavier and Gail Teixeira in their new positions.

Congratulations to a new Minister

Honourable Members, I would like, on behalf of Members of the Assembly, and myself, to congratulate Hon Harry Narine Nawbatt, on his appointment as Minister.

I welcome him to the Assembly, and I extend best wishes to him for a successful term of office. *[Applause]*

PRESENTATION OF PAPERS AND REPORTS, ETC.

By the Speaker of the National Assembly:

- (i) The Minutes of the Proceedings of the 14th Meeting of the Committee of Selection held on 27 October 2005.

By the Minister of Finance:

- (i) Report on the Value-Added Tax Regulations 2005.
- (ii) *The Excise Tax Regulations 2005.*

By the Minister of Parliamentary Affairs on behalf of the Minister of Education:

- (i) *Annual Report on the Ministry of Education 2004.*

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By the Minister of Labour, Human Services and Social Security:

- (i) *The Minimum Wages (Watchmen) (Amendment) Order No. 34 of 2005*
- (ii) *The Minimum Wages (Employees in Dry Goods Stores) (Amendment) Order No. 35 of 2005.*
- (iii) *The Minimum Wages (Employees in Drug Stores) (Amendment) Order No. 36 of 2005.*
- (iv) *The Minimum Wages (Employees in Hardware Stores) (Amendment) Order No. 37 of 2005.*
- (v) *The Minimum Wages (Employees in Groceries) (Amendment) Order No. 38 of 2005.*
- (vi) *The Minimum Wages (Mechanical Transport Employees) (Amendment) Order No. 39 of 2005.*
- (vii) *The Minimum Wages (Employees at Petrol Filling Stations) (Amendment) Order No. 40 of 2005*
- (viii) *The Labour (Conditions of Employment of Certain Workers) (Minimum Rate of Wages) (Amendment) Order No. 41 of 2005.*

QUESTIONS TO MINISTERS

The Speaker: There are two questions on the Order Paper by the Honourable Member, Mr Abdul Kadir. These questions are for written replies. The answers have therefore been circulated in accordance with the Standing Orders.

1. PAYMENTS OF WATER RATES

By Mr Abdul Kadir

Will the Minister of Housing and Water state whether persons in the areas of Retrieve and North Mackenzie, who were previously supplied with water from the water Treatment Plant located in the Alumina Plant compound, be required to pay water rates to the Guyana Inc.?

Written reply submitted by the Minister of Housing and Water

Customers at Retrieve and North McKenzie have been paying water rates to the Guyana Water Inc., and before to Guyana Water Authority.

2. DRAIN CLEANING IN LINDEN/REGION 10

Would the Minister of Agriculture, who is responsible for Drainage and Irrigation (D&I), state the following:

- (i) What is the total number and value of Drainage and Irrigation contracts issued for cleaning drains in Linden for 2005?
- (ii) Were the contracts for drain-cleaning in Linden/Region 10 approved by the Regional Procurement board of Region 10?

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- (iii) Which agency will monitor the implementation of the contracts issued for drain cleaning in Linden?

- (iv) What is the total length and volume of the drains to be cleaned for each of the areas in Linden, for which contracts were issued, and what is the value of the contracts for each area?

- (v) What is the unit rate paid for cleaning/excavation of drains in Linden?

- (vi) What are the comparative unit rates for cleaning drains in each of the ten regions?

Written replies submitted by the Minister of Agriculture:

(i) No. of Contracts	Description of works	Qty	Cost G\$
24	The works involve manual cleaning, de-silting and maintenance of earthen and concrete drains, and weeding of parapets.	23,433 rods	22,845,160

See Appendix I for additional information.

- (ii) All 1 contracts undertaken in Region No. 10 by the National Drainage and Irrigation Board are approved by the Ministry of Agriculture Procurement Board.

These contracts are procured as follows:

Project proposals from CDC and any other groups must be acknowledged by the National Director of Community Development councils before consideration is given for them to be engaged in any Drainage and Irrigation works.

These proposals are referred to the RNC No. 10 for recommendation and to avoid duplication of works.

The recommended proposals are then technically examined and submitted to the Ministry of Agriculture Procurement Board for approvals.

- (iii) Contracts awarded by the National Drainage and Irrigation Board are being monitored by the NDIB, RDC No.10 and CDC groups.
- (iv) See Appendix I
- (v) There is no fixed unit rate paid for cleaning/excavation of drains in Linden. The unit rate differs for each project. The unit rate is calculated, based on the project size, complexity, condition, and nature of works to be undertaken.

(vi)	Description of Works	Quantity	Rate G\$
Regions Nos. 2-6	Mechanical clearing and grubbing of embankment (20' wide), cleaning and excavation of channel (30' below existing bed level of channel) and place material to form embankment.	1 rod	2,000 - 2,500
Region No. 10	The works involve manual clearing, de-silting and maintenance of earthen and concrete	1 rod	400 - 700

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drains, creeks, weeding of
parapets and carting-away material.

INTRODUCTION OF BILLS

Presentation and First Readings

HIGH COURT (AMENDMENT) BILL 2005 – BILL NO. 17/ 2005

*By the Attorney General and Minister of Legal Affairs, on behalf of
the Government*

COMPETITION AND FAIR TRADING BILL 2005 –BILL NO. 18/2005

*By the Minister of Tourism, Industry and Commerce, on behalf of
the Government*

PUBLIC BUSINESS

MOTIONS

ITEM 1 - CONFIRMATION OF THE VALUE-ADDED TAX REGULATIONS 2005.

WHEREAS section 95 of the Value-Added Tax Act 2005

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(Act No. 10 of 2005) requires that regulations made under Section 95(3) be subject to Affirmative Resolution of this National Assembly;

AND WHEREAS it is desirable for such regulations to be subject to the scrutiny of the Assembly before their affirmation,

BE IT RESOLVED:

That the Value-Added Tax Regulations 2005, made under Section 95(3) of the Value-Added Tax Act (Act No. 10 of 2005) on 31 October 2005, and published in the Gazette on 31 October 2005, be referred to a Special Select Committee for consideration, without any question being put thereon, and no further proceedings be taken until the Committee has reported thereon.

The Speaker: The Honourable Minister of Finance

Hon Saisnarine Kowlessar: Mr Speaker, you would recall that on 18 July of this year, the Value-Added Tax Act, which is commonly referred to as VAT and the Excise Tax Act were passed by this National Assembly.

With the passage of those Acts, Mr Speaker, the way was paved for the drafting of the Value-Added Tax Regulations, as provided for in Section (95) of the Value-Added Tax Act and the Excise Tax Regulations as provided for in Section (15) of the Excise Tax Act.

In August of this year, in excess of five hundred copies of the draft VAT Regulations were printed and distributed throughout the country through the offices of the Guyana Revenue Authority. In addition, copies of both the Value-Added tax and the draft regulations were posted

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on the Guyana Revenue Authority's website, for easy access by all concerned parties. Citizens were invited to review the draft regulation, and to submit their comments to the Guyana Revenue Authority.

On September 29, a consultation seminar was held by the Ministry of Finance in collaboration with the Guyana Revenue Authority, and the draft VAT Regulations were formally presented to the general public.

Mr Speaker, as a result of those consultations, the draft Regulations have undergone expensive review and today I present to this House, the result of those consultations and reviews.

To support the proper administration of the Value-Added Tax Act as is provided for in Section (95) of the Act, regulations have been made that deal with the following:

- *Rate of the tax under Section 9 (1) of the Act*
- *Registration threshold*
- *Criteria for voluntary registration*
- *Sales invoices*
- *Form and manner of filing returns*
- *Credits carried forward and refund claims*
- *Refund for International Organisations and Departing non-residents*
- *Record-keeping requirements*
- *Printing and use of tax invoices*
- *Financial Services*
- *Medical Services*

With respect to food items, the Government is committed to making provisions for basic food commodities, which are currently zero-rated under the present C-tax regime.

Mr Speaker, in the furtherance of the Government's commitment to ensure that the legislation passed in this House in July of this year can be administered, I wish to inform this House that after extensive discussions, the Government has agreed on a sixteen percent rate of tax and on a threshold of \$10 million. This rate of sixteen percent and the threshold were arrived at after review of a sensitivity study conducted with financial support provided by the Caribbean Regional Technical Assistance Centre, known as CARTAC. A Barbados firm, LH Consulting Limited, a reputable firm, which has done sensitivity studies in other countries of the Caribbean conducted this study, and put forward various proposals, which were closely examined, and which have informed decisions on the rate and threshold.

The study involved a series of simulation exercises before arriving at those recommendations. And I wish to inform the House that this study will be made available to the members of the Special Select Committee at an appropriate time.

A VAT rate of sixteen percent, coupled with the various rates of Excise Tax on the four items which will be now subject to Excise, will serve to ensure that the revenue to be given up from the repeal of those eight taxes referred to before will be recouped.

As you are aware, those eight taxes are:

- the C-tax;
- Travel voucher tax;
- Service tax;
- Premium tax;

- Hotel accommodation tax;
- Entertainment tax;
- Purchase tax;and
- Telephone Tax.

All these taxes will be repealed.

Mr Speaker, the \$10 million threshold will also facilitate the work of the VAT unit by eliminating, from the VAT administration, those businesses that may not be able to comply with the record-keeping requirements of the tax, thereby enabling the VAT department to focus its resources on persons whose gross earnings exceed this threshold. At the same time, the Regulations also provide for persons to be registered voluntarily, and so remove the disadvantage which may be faced by a person operating below the threshold.

It is to be noted that the rate of VAT proposed in the Regulations compares favourably with what obtains in other countries that operate the VAT system. And just to mention a few examples:

- in Jamaica the rate is currently 16.5 percent, while
- in Barbados and Trinidad, whose economies are heavily dependent on Tourism, the rate is 15 percent.

One noteworthy provision of the draft VAT Regulations is that all persons registered for VAT must seek the Commissioner's permission for the use and printing of VAT invoices. Under the VAT, tax invoices are very critical control mechanisms, that one person's input tax is another's output tax.

The right of a registered person to claim a refund of VAT is contingent on the persons or the VAT registrant's ability to produce an invoice showing the amount of VAT paid by the person.

This provision will serve to secure the VAT revenue collection by allowing the VAT administration to control the use of invoices by giving them the ability to effectively monitor the use of invoices

Where it is not properly controlled, the use of fictitious invoices can lead to considerable losses in revenue resulting from fraudulent claims for VAT refunds.

The draft VAT Regulations detail the record-keeping requirements, which registered persons must meet, to allow the VAT department to be able to make a determination of the tax that can be claimed at purchases, and the tax to be accounted for on a registered person's sales.

The Regulations also address the manner in which a claim for refund of tax is to be made.

Mr Speaker, these remarks illustrate the work we have been doing with respect to the regulations before this House this afternoon.

So I wish to commend this motion for the approval of this Honourable House. It is indeed a bold step forward to modernize the tax system in Guyana, as it can only bring positive benefits to the people of Guyana. Thank you. *[Applause]*

The Speaker: Honourable Member Mr Winston S Murray.

Mr Winston S Murray: Mr Speaker, this afternoon we are embarking on a rather unusual, if not unique, procedure. I do not recall, in my twenty years in this National Assembly, ever having seen Regulations referred to the Special Select Committee. But I believe it is to the credit of the Government that they have taken this, albeit unusual, if not unique, procedure. In that, I believe, they did understand that we had very strong reservations about the non-inclusion of the rates in the legislation itself. And I must say, in the work of the Special Select Committee, they proposed this as one way out, which is that providing an opportunity for

an examination of the rate would be through this unusual, if not unique, procedure. And I want to acknowledge that I believe this is a good thing.

Now, having decided that we will support the resolved clause of sending this Bill to a Special Select Committee, I would not utilise time to treat with the substance of the Regulations at this point, since we could hope that we could, in the other forum where there is usually a greater tendency to give and take, in trying to deal with the matters that we may wish to raise. But I would like to take the opportunity, Sir, if I may, to set this procedure that we are about to adopt in a particular context or the context that we see as being relevant.

I heard the Minister say that there have been consultations on the Regulations, and I think he said, the draft Regulations for the Value-Added Tax Act. Noticeable, however, that draft that was circulated and commented on, did it not have the rate. It is only the formal Regulations that were subsequently produced that contained the rate and one of the critical elements in being able to assess, what one believes the impact will be of the VAT would be the rate itself. So I hope that the Minister, in referring to consultation, does not rule out the possibility of the need, and indeed, the usefulness to have consultations on the rates itself, and indeed, to provide interested parties with an opportunity to represent their views on the rate itself within the frame work of the Special Select Committee. I hope that is not asking too much.

I firmly believe that one has nothing to loose by bending backwards in the direction of a consultative process.

At the end of the day the Government has to make the decision and it has the majority with which, to make a decisions that find favour with it. But at least, by allowing for a process of consultations and representations, at the level of a Special Select Committee, I think we will be upholding the tenets of transparency, which I understand we all adhere and which we all subscribe to. So that is the context in which I make that observation.

I have, in fact, been in touch with the private sector, individual members, and at the levels of the Commission; and I am aware that the discussions the Minister referred to were held. I am also aware, however, that they sent the Minister a slew of approximately fifteen recommendations or thereabouts and have since heard nothing in respect to those recommendations. Maybe, it is that they did not find favour and I would have suggested that the way to have done it is to at least respond and explain, for whatever reason, the basis on which the recommendation could not have been accepted. So I hope that we do not rule out the possibility of providing them with an opportunity to come to the Special Select Committee, because we were not part of that consultative process, and we do not wish to engage in a consultative process outside of the framework of a Select Committee. We would rather it be done there. So if that is not too difficult a request, I would strongly suggest that we allow that mechanism to function as the Special Select Committee considers the matter.

Now, I heard the Minister refer to a sensitivity study. At the time when the Special Select Committee on the VAT Bill met, we were made aware of the fact, because we raised questions in that Special Select Committee, as to how the Government intended to arrive at a rate for VAT and were informed that a sensitivity study was commissioned, and would form the basis on which a rate would be determined. We had expressed the view, in hope that this information would be forthcoming during the lifetime of the committee, that the committee should have the benefit of a presentation by the agency that did the sensitivity study so that we ourselves . . . certainly we, on the Opposition benches, could understand the full context in which the rate has been arrived at. Not that we would object to the rate, but I believe such a process would be helpful to us in understanding the basis on which it was arrived at, and if it was a reasonable basis, then it would have become easier for us to agree to the rate.

I hope, Sir, now that the study has been done, because the Minister has so informed us and that, on the basis of that study, a rate has been proposed . . . that it would not be too late for this Committee to still have

the benefits of a presentation. I assume the persons who did this are still available to the Special Select Committee - again, we do not wish to have separate consultations. We wish to do it in the frame work of the Special Select Committee, in a transparent, open manner that we will have an opportunity to hear these persons' presentations on the assessments derived from the sensitivity study, and to offer any comments that we may wish to make in the process.

I also hope sir that that could be accommodated.

The other point that I wish to refer to is this issue of the neutrality of the tax.. Sir, it would have been useful and, if not being done today, I suppose is not the end of the matter, because it could be done during the Special Select Committee's process.

So it is our understanding, that the VAT, taken together with the Excise Tax, that these two rates will *overall* result in a neutrality of the revenue system.

Sir, I said *overall* but, of course, it could well mean that, for particular items, the taxation may increase, for other items the taxation may decrease and for others it may remain the same. But at *overall* the impact would be neutral.

Now Sir, we would like to be supplied with some information, certainly if not at this stage, at the level of the committee that will enable us to see that this is, in fact, the effect and that can be done very easily, Sir, by applying this. We know what the taxable commodities will be, we know what the exempt commodities will be, and if a 17 percent is applied across the CIF values, you will obviously arrive on what the yield is for that particular tax. And when you add on top of that for the items that are subject to Excise Tax, you add the earnings or the yield, from those taxes for those items on top of what you earn by way of the VAT, we should be able to see, pretty much, the neutrality effect of the tax. Because I do want to say this, as a concern that we have that this is not a ... (I do not like to use this word, but this is the only word coming to my

mind, well another one has come) ... façade, really, for imposing additional tax burdens. And I will tell you why it may not be a wholly unreasonable reflection, but we had suggested some more time for consultation at the time this Bill was being considered and we were told that there was a limited timeframe, that time was running out, that we want to implement by a certain date, and we had to undertake training, and so on. Now if in fact the tax is going to be neutral, and if you slip by a couple of months, the revenue would not have suffered, and we therefore sense that it is not going to be neutral at all in the end, but that in fact it is going to have a positive revenue effect, but we are open, Sir, to being convinced that that is not the case.

Those are the thoughts we would like to raise at this stage, and we look forward to working with the Government in the forum of the Special Select Committee to see if it is possible for us to come out with a consensus on the rates applicable to both the VAT and the Excise Tax. Thank you. [*Applause*]

The Speaker: Thank you, Honourable Member.

Honourable Minister of Finance

Hon Saisnarine Kowlessar: Mr Speaker, I wish to thank the Honourable Member, Mr Murray, for his comments, and for his support of the Motion that really involves putting the Regulations to a Special Select Committee. He said that it is a unique procedure, and I am sure that all Members of this House will indeed support this procedure this afternoon.

With respect to the points he has raised ... I think that he has raised some important points, and I wish to say that, at the Special Select Committee level, we will endeavour to provide information which he or the House, is seeking. As I said in the opening statement, I will endeavour to ensure that the sensitivity study to which he referred will be provided to the members of the Special Select Committee. Also, that sensitivity study is a very technical study. As I said earlier, it involves a number of

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simulation exercises, and I hope the members of the Special Select Committee would be able to understand the technical ramifications of those studies, and we would provide them, of course, to explain the rate and revenue neutrality, as he has also asked about. The sensitivity study itself will provide a lot of the information which he is seeking. I will have no objection to opening the consultation process once again to the members of the Private Sector Commission in order that they could discuss the rates and other parts of the Regulations. So, at this point, I want to thank Mr Murray for his comments, and I ask that this House support the Motion.

The Speaker: The Motion is an amended Motion as stated in the Notice Paper and I think that you have the full amended Motion before you.

Amended Motion put and carried.

[Value-Added Tax Regulations 2005 committed to a Special Select Committee]

The Speaker: Honourable Members, before we move on to the next matter, you have before you a form to be filled in connection with our conference next week. It is very important, and I know that Members of Parliament are busy people, and that you are deeply engaged with paying attention to the debate, but it is very important that we have the form filled, because we need to organise. We do not want to have twenty people turning up when we plan for sixty and waste our resources. So I will be very happy if Members can fill the forms out and get them to the Clerk or leave them on the table before you go today.

ITEM 2 - CONFIRMATION OF THE EXCISE TAX REGULATIONS 2005

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WHEREAS Section 15 of the Excise Tax Act, 2005 (Act No. 11 of 2005) requires that regulations made under Section 15 be subject to Affirmation Resolution of this National Assembly:

AND WHEREAS it is desirable for such regulations to be subject to the scrutiny of the Assembly before their affirmation,

BE IT RESOLVED:

That the Excise Tax Regulations 2005, made under Section 15 of the Excise Tax Act (Act No. 11 of 2005) on 31 October 2005 and published in the Gazette on 31 October 2005, be referred to a Special Select Committee for consideration without any question being put thereon, and no further proceedings be taken until the Committee has reported thereon.

The Honourable Minister of Finance

Hon Saisnarine Kowlessar: Mr Speaker, I rise to move the Motion standing in my name. As you are no doubt aware, the Excise Tax will be implemented at the same time as the Value-Added Tax and would be levied on selected goods, commonly regarded as luxury items and on the few goods that have the reputation as being regarded as sin goods. This is not an unusual phenomenon, since the same obtains in most countries where VAT was introduced to replace existing taxes that were levied at high rates - notably in Trinidad and Tobago, Barbados, and Jamaica.

The Excise Tax would be collected on the four following items classified as:

- *Petroleum products*
- *Alcoholic Beverages*
- *Tobacco and tobacco products*
- *Motor Vehicles.*

The tax will be imposed on the importation, and on the local manufacturing, of these goods.

The draft Excise Regulations present the varying rates for the four selected items.

Mr Speaker, I wish to re-emphasize that it is through the combination of a sixteen percent Value-Added Tax, and the Excise Tax applied at varying rates, that the revenue currently collected on the taxes to be repealed, will be recouped.

Under the Excise Tax Regulations, which are laid before you today with its intention to apply the rates in order to ensure the following occurs, as prescribed in the sensitivity study:

Where the current rate of consumption tax is less than the sixteen percent VAT rate, it is proposed that the Excise rate be used to collect the same amount of tax that was collected on the consumption tax.

And where the current rate of consumption tax is above the rate of sixteen percent, that the combination of VAT at sixteen percent, and the Excise rate, appropriately determined, be used, thereby allowing for the price of the commodity to remain the same as it is now, prior to introduction of the Value-Added tax and Excise tax.

Mr Speaker, bearing in mind that the aim of the Value-Added Tax, and Excise Tax, is revenue neutrality, the rates have been devised to collect the same level of revenues from the four categories of goods, as would have been the case had the consumption tax remained in operation.

VAT is to be levied on goods that are currently subject to rates of Consumption Tax that is above sixteen percent. In which case, the two taxes would be seeking to replace the revenue that currently accrues from the taxes imposed on these goods.

Finally, in keeping with the provisions of the Excise Law, as it relates to the basis on which excise is charged on locally manufactured goods,

such items that are both imported and manufactured locally have being assigned different rates of Excise Tax, since different bases are applied when computing the tax.

Mr Speaker, I wish to conclude by requesting this Honourable House to expedite the passage of these Regulations and, in keeping with the Government's commitment given when the laws were examined in the Special Select Committee, to have these Regulations taken through a similar process. The enactment of these Regulations, Mr Speaker, is critical to the Guyana Revenue Authority, since it will pave the way for the VAT implementation team to intensify its public awareness and education activities. This will ensure that the citizens of Guyana and the main stakeholders are fully acquainted with their obligations under the provisions of the Value-Added Tax Act and the Excise tax Act and their accompanying regulations. Thank you.

The Speaker: Honourable Member Mr Murray.

Mr Winston S Murray: I would be extremely brief on this particular one, because what I said before really apply, with one variation and I hope that the Minister will find it possible to accommodate it. The variation is that we do not limit the possible representation from the Private Sector Commission or representatives thereof, but allow any particular manufacturer who may be involved here, in terms of Excise Taxes and, since the intention is neutrality, if it is calculation, if it not neutral, applying the VAT and the Excise Tax together, then he should feel free to make representations to us. We should not rule out his concern. We listen to him, and, if necessary, we probably explain to him that he may be wrong so that he leaves there as a stakeholder who understands, and who is satisfied. That is the only variation I suggest. Thank you, Mr Speaker.

Hon Saisnarine Kowlessar: Mr Speaker, I thank the Honourable Member, Mr Murray. Let me assure him that as the potential Chairman of the Special Select Committee, I will ensure that the consultations will be wide as possible to involve the manufacturing sector as well. Thank you.

Amended Motion put and carried

[Excise Tax Regulations 2005 committed to a Special Select Committee]

The Speaker: Honourable Members, please do not get up as yet. I have to announce that on your programme there is a public event for next week. We did not get the place in time so we could not print it, but it will be announce publicly. I am now saying that the venue is the Conference Room of the Public Library. The public event to which you are all invited ... and I hope that we get massive support, is for this seminar and our programme next week. So the event is being taken place at the Conference Room of the Public Library.

I want to remind members to please fill your forms, and if you have not done that as yet, you can do so while having your refreshments and leave it with a member of the staff.

The Honourable Minister of Parliamentary Affairs

Hon Reepu Daman Persaud: Mr Speaker, I wish to move that the National Assembly stands adjourned until 24 November 2005.

The Speaker: Honourable Members, the National Assembly is so adjourned. Thank you very much.

Adjourned accordingly at 14:58h

APPENDIX I

CDC	CONTRACT	LENGTH OF DRAINS (RODS)	CONTRACT SUM
East Amelia's Ward CDC	Supply all tools and labour for the excavation of drains and weeding of parapets in the East Amelia's Ward Community Area	2500	660,000
Silvertown CDC	Weeding and de-silting of earthen and concrete drains in the Silvertown Area	3906	1,367,100
Industrial Area Community Development Committee	Supply all tools, equipment; and labour for the excavation of Industrial Area Main Drainage Canal, Industrial Area, Linden, Region 10	275	760,000
Industrial Area Community Development Committee	Provides tools and labour for excavation of 3355 feet of Channel within the Industrial Area Community Development Committee Area , Linden	280	650,870
Poker Street Development Group	Provide tools and labour for manual weeding, cleaning and excavation of creek and drains in the Poker Street Community Development Council Area, Linden	1175	2,030,300
Section "B" Christianburg	Provide tools and labour for manual weeding, cleaning, and excavation of creek and drains in the Section "B" Christianburg Area, Linden	1150	1,860,000
Victory Valley Community Development Group	Provide tools and labour for the de-silting of concrete drains at Wakanabu Creek, Linden,	451	1,820,350
Speightland Agriculture Drive	Provide tools and labour for the excavation of 5160 feet of drains and the construction of 5 culverts	860	825,600
Wismar Hill CDC	Supply all tools and labour for the de-silting of drains and weeding of parapets in the Wismar Hill Community Area, Linden	1603	519,210
North Retrieve CDC	Supply all tools and labour for the de-silting of drains and weeding of parapets in the North Retrieve Community Area, Linden	1875	675,000
Poker Street Development Group	Provide tools and labour for manual cleaning of drains in the poker street area, weeding of parapets, cleaning and de-silting of drains and the collecting of garbage along Burnham Drive, Linden, Region 10	1388	3,500,250
Section 'B' Christianburg CDC Group	Provide tools and labour for manual cleaning and de-silting of Drains within Section 'B' Christianburg CDC Area, Linden, Region 10	200	600,000
Canvas City/ Half Mile Cooperative Society Group 2	Supply all tools and labour for the manual de-silting of 2000 feet of the main drain in the Canvas City/ Half Mile Cooperative Society Area, Linden, Region 10	167	300,000
TOTAL CARRIED FORWARD		15,830	15,568,680

CDC	CONTRACT	LENGTH OF DRAINS(RODS)	CONTRACT SUM
	TOTAL BROUGHT FORWARD	15,830	15,568,680
Industrial Area Community Development Committee	Manual maintenance of drains within Industrial Area Community Development Committee Area, Linden, Region 10 (August 2005 to December 2005)	280	650,000
West Wakooka CDC Group	Provide tools and labour for the manual cleaning and de-silting of drains within West Wakooka CDC Group Area, Linden, Region 10	450	648,000
West Wakooka Development Agriculture Drive	Provide tools and labour for the manual weeding and de-silting of the drainage and Irrigation Canals in the West Watooka Area, Linden, Region 10	734	704,800
One Mile Community Development Council	Supply all tools and labour for the weeding and de-silting of the earthen drains in the Dageraad Avenue CDC Area, Mackenzie, Linden, Region 10	169	405,000
Dageraad Avenue Community Development Council	Supply all Tools and labour for the Weeding and De-silting of Earthen Drains in the Dageraad Avenue CDC Area Mackenzie, Linden, Region 10	621	298,240
Wisroc Phase Two Developers Group	Supply all tools and labour for the manual de-silting of concrete drains and weeding of parapets in the Wisroc Phase Two Developers group Area, Linden, Region 10	1491	787,160
West Watooka Development Group	Provide tools and labour for the manual weeding and cleaning of drains in the West Watooka Development Group Area, Linden, Region 10	1509	683,780
Victory Valley Community Development	Provide tools and labour for the de-silting of two tributaries to the Wakanabu Creek, and a Concrete Drain, Linden, Region 10	225	735,000
Southern Retrieve Development Committee	Supply all tools and labour for the manual de-silting of concrete and earthen drains and weeding of parapets in the Southern Retrieve Development Committee Area, Linden, Region 10	1216	729,500
Block 22 Community Development Group	Supply all tools and labour for the manual de-silting of 5280 feet of the Karia Creek, in the Block 22 Community Development Group Area, Linden, Region No. 10	440	792,000
Reflection Community Development Group	Provide tools and labour for the excavation of drains and weeding of parapets in the Reflection Community Area, Linden, Region No. 10	468	843,000
	TOTAL	23,433	22,845,160