

Official Report

PROCEEDINGS AND DEBATES OF THE NATIONAL ASSEMBLY OF THE FIRST SESSION (2015-2017) OF THE ELEVENTH PARLIAMENT OF GUYANA UNDER THE CONSTITUTION OF THE CO-OPERATIVE REPUBLIC OF GUYANA HELD IN THE PARLIAMENT CHAMBER, PUBLIC BUILDINGS, BRICKDAM, GEORGETOWN

59TH Sitting

Friday, 6TH January, 2017

Assembly convened at 2.44 p.m.

Prayers

[Mr. Speaker *in the Chair*]

PUBLIC BUSINESS

GOVERNMENT BUSINESS

BILLS – Second Readings

INTOXICATING LIQUOR LICENSING (AMENDMENT) BILL 2016 – BILL No. 32/2016

A BILL intituled:

“AN ACT to amend the Intoxicating Liquor Licensing Act.” [*Minister of Finance*]

Mr. Speaker: Hon. Members, I must begin by acknowledging our late start and apologising for that. There are two matters which I would like to comment on. First of all, it is to say to Hon. Members, in relation to the information which is to be supplied to questions raised during the debate, that having looked at what is required of us in relation to dissemination of the questions, of the answers to the questions raised, we are proposing that the answers be disseminated by way of soft copy and that hard copy be provided to the questioner. It is proving financially laborious. It will prove that way if we were to supply hard copies of all the answers to all the questions to every Hon. Member in this House. I repeat, we will provide the questioner with the hard copy

and to all other Hon. Members we will supply soft copies of the answers. I hope that will prove satisfactory to Hon. Members.

Secondly, Hon. Members, the two Chief Whips and I have had a conversation on the progress of our work. What we propose to do today is that we will not treat with the order in which the listing now exists, so that Income Tax (Amendment) Bill 2016 – Bill No. 31/2016 will not be treated now. We will, in fact, proceed directly to the next item which is the Intoxicating Liquor Licensing (Amendment) Bill 2016 – Bill No. 32/2016. The intention is to deal with all the Bills following Financial Administration and Audit (Amendment) Bill 2016 – Bill No. 36/2016 and then to return to the Income Tax (Amendment) Bill 2016 – Bill No. 31/2016. The intention is to enable us to complete our work today and the suggestion is that we will work until 12 o' clock midnight and not beyond. I hope Hon. Members will find this change..., I would not say agreeable, but that they will agree to the change so that we can hopefully have all our work completed today.

Minister of Finance [Mr. Jordan]: I rise to move that the Intoxicating Liquor Licensing (Amendment) Bill 2016 – Bill No. 32 of 2016 published on 2016-12-20 be now read a second time.

Relative to what we did yesterday, these are more intoxicating matters and together with the Bill following this Bill, Bill No. 33, will complete a series of increases of various fees, fines and penalties that had been languishing for as long as 25 years. Indeed, in this case the last time increases in fees were done was in 1992. So, after 25 years, we are seeking to increase these fees - almost in all cases, by 100%. In the case of the fees for hotels, off-licence liquor restaurants, spirit shops and members clubs, I do not believe in the scheme of things that these fees should pose any great disturbance or consternation with the House and, indeed, with the larger population. Indeed, in the economic literature, we always profess to be able to tax 'sin goods' with some ease, and one of those goods is alcoholic beverages.

Importantly, in passing, it always seems amazing that despite how much you increase the taxes on these types of beverages, the profit seems to soar. Only this morning, I think, a well-known beverage company was declaring record profits and it is about to hold its shareholders' meeting shortly. I do not believe that we can spend the precious time that you just indicated we have

today poring over details of a Bill intoxicating as it is, whose increases are relatively small compared to the passage of 25 years within which they were last increased. I think, as the explanatory memorandum, indicates the Bill seeks to amend the Act to increase the fees and penalties and I commend it to the House for passage. [*Applause*]

Bishop Edghill: I rise to speak to Bill No. 32 of 2016, a Bill that really, as the Hon. Minister just indicated, speaks to what I would call huge increases in fees on businesses that sell alcoholic beverages. The Hon. Minister just indicated that, in economic language, the ‘sin tax’ is a tax that you hardly get any outcry on. I will say to this House that this Bill and the increase in the penalties is not an increase on tax and alcohol, it is an increase on the businesses. This is an anti-business approach. No amount of vilification by any comments from anyone in this House will prevent me from making my point. I do not stand here as a supporter of the use of alcohol, but I am dealing with a principle.

2.59 p.m.

When we come to this House to legislate, what is before us are not our opinions and moral values alone, but what are also there are the principles that are involved.

This year, the Hon. Minister would be garnering \$3.947 billion as revenue from the sale of alcohol. If he really wanted to get more revenue, he should have taxed the alcohol more because that is the problem and, in my presentation, you will see why I am going there.

These 20 increases of which the nation is not aware, except that they have a copy of the Minister’s book and I do not think that some of the members of the media were able to get it...

The penalty for selling malt, liquor or wine without a licence is 100% increase, from \$3,000 to \$6,000 and \$15,000 to \$30,000. The penalties for selling spirituous liquor without a licence are \$5,000 to \$10,000 and \$50,000 to \$100,000. [*Interruption*]

Mr. Speaker, I ask for your protection. If Members continue to use that language, I would be forced to respond to them. I will not allow any form of disrespect to myself or my ecclesiastical office while I practise in this House.

Mr. Speaker: Hon. Member, it is enough if you bring it to the Speaker's attention, but, if you are going to sound as if you are issuing threats, then I do not believe it is appropriate to address the Speaker in that way.

Bishop Edghill: It is happening in full view of the House and there is no intervention; that is why I am bringing it to your attention.

Mr. Speaker: It is not appropriate for you to address the Speaker by words which suggest threats.

Bishop Edghill: Sir, I am asking for your protection on this matter.

Mr. Speaker: You are entitled to that and you will have that but you will not issue threats when you speak to the Speaker.

Bishop Edghill: I did not issue a threat. I am saying that I will be forced to respond because it cannot continue in this House in this manner. I am emphasising that.

Mr. Speaker: Hon. Member, are you speaking?

Bishop Edghill: Yes, Sir.

Mr. Speaker: You have the floor.

Bishop Edghill: Thank you. The issue here in these measures, the bottom line is, whether it is a liquor restaurant, a member's club - and I am not a part of the users fraternity - whether it is an ordinary shop, the fact is that they have to pay more for licences. It would not only be passing on to the users of alcohol but on to the people who use the shop.

If a shop that is at the corner of Middleton Street sells spirituous liquor and has to pay more for its licence to sell alcohol and that shop also sells aerated drinks, malt, confectionery and other things, the users of alcohol would not be the only people that would be affected by this. If you want to increase the sin tax, go for the sin tax but do not go with an anti-business measure that would affect the entire population. That is the point that we are making in all 20 sections - the increases.

We have to look at what is taking place here in a particular context. Every time the Hon. Minister rises to speak, he emphasises how many years this tax or this fee was not raised. The Hon. Minister must also say to this House that, even though we did not raise the tax on licences for businesses that sell alcohol and deal with alcohol, the economy was still booming. People's lives were still better. Why is it that we have to keep raising taxes on every single thing that exists?

Last year, we had a situation where fees and fines on a number of agencies and activities were increased. We are coming here now and this will directly affect businesses. I made it clear but let me emphasise it: I am not speaking to the righteousness or the rightness of the use of alcohol. We are speaking here about an anti-business approach. If the issue here was about safeguarding our society to deal with the issues of underage drinking, which is becoming a big issue in Guyana, or if we were dealing with the issue of the effects of the use of alcohol and its impact on our health care services... I think that there was a survey that was done. I know some of the young people who participated in it at the Georgetown Public Hospital Corporation for us to be able to get an idea of the impact of alcohol and the use of alcohol on the healthcare system, for example, how many of the people who come in there are as a result of the abuse or the use of alcohol.

There are other initiatives that could have been taken but this is simply increasing fees and penalties for businesses. If we were going in that direction, then there were a number of suggestions that I could have given.

It is clear that, from what we are seeing here, the driving force and the thinking were, "Let us have more money; let us increase taxes." I wish if the Hon. Minister would tell this House what was the study or what were the considerations that were given or used to increase these licences for businesses. In the absence of that, we would have to say that it is purely another taxation measure because it would appear that the philosophy and the *modus operandi* of this Government is tax, tax, tax, increase, increase, increase and not thinking about how they affect the lives and livelihoods of our people.

I am sure that we would have been happy to have a very informative debate if a Bill had come to us that would have reflected the following considerations: a Bill that speaks to providing

leadership, awareness and commitment to deal with the impact and the use of alcohol in our society. We would have been prepared to speak to the impact of the use of alcohol on our healthcare services and our healthcare response. We would have been prepared to speak to community action and how could the community get involved. We would have been prepared to speak to a Bill that addresses drunk driving policies and the consequences as a result of that. We would have been prepared to speak to a Bill that addresses the availability of alcohol even to minors. We would have been prepared to speak to a Bill that deals with pricing policies as it relates to alcohol. We would have been prepared to speak to a Bill that deals with greater monitoring as it relates to the use of alcohol and those who have become addicted to it.

This Bill, in its present form, the only thing that we could say is that this will just drive up the cost of business. This is not only the big businesses where the people go and sit and drink but the small businesses where ordinary people who have to have access and benefits from those places would have to pay the cost because anything that has increased in this country, the cost is passed on to the customer. That would mean that even for those of us in this country who do not drink alcohol and buy alcohol, the cost will be passed on to us when we go to those businesses because they have to hang those licences and they have to pay more for it. That is the bottom line.

I am suggesting to the Hon. Minister that there be some more thinking, there be some more analysis as to the measures that we implement and it is not just an easy way to raise money but we must look at how this impacts the wider society. These 20 increases must be seen in a light and I have outlined that. That light is that it is affecting businesses and I am particularly concerned about the impact that this will have on small businesses across the country.

I suggest to the Hon. Minister, as I close, if he had wanted to increase revenue as dealing with the sin tax, do not target the businesses but target the users. That is where the real problem is. That is why we have a difficulty with it. Thank you very much. [*Applause*]

Mr. Jordan (replying): Thank you, Mr. Speaker. Before I go into my extremely brief rebuttal on this matter, please permit me to extend birthday greetings to my Colleague, Vice-President Allcock, whose birthday is today, and to the Hon. Minister, Lt. Col. (Ret'd) Joseph Harmon, who will be celebrating his birthday tomorrow.

Mr. Speaker, it has become increasingly difficult to understand, nay appreciate, some of the interventions on some of these Bills. The one that I just heard is no different, in this regard.

3.14 p.m.

We are talking about increasing licence fees, fees that have not been increased for 25 years, fees for which an administrative cost is attached, and for which the drinker and non-drinker, as taxpayers, are paying but not benefitting, in that regard. It is because these fees are well below the cost of administering them. And, in many respects, many businesses neglect to even bother to take them out, knowing fully well that, if they are caught, then the fines are of no particular use. I mean they could just immediately go and pay the fines.

It is not to say that these increases will diminish such behaviour in an appreciable manner but it will point to a direction into which we are going, that is: one, fees must stay in line with some administration cost, whether fully or partly borne by the individual or business and partly borne by the State; two, we are not going to wait 25 more years to increase these fees and they will be under constant review; and three, anti-business: Oh my goodness! Increasing a fee from \$2,000 in 1992 to \$4,000 on a hotel is anti-business? Increasing a fee from \$3000 to \$6000 on a liquor store is anti-business?

The public out there must understand this: an Opposition Hon. Member of this House is indicating that increasing a licence fee from \$3,000 to \$6,000 or from \$5,000 in 1992 to \$10,000 today is anti-business – a liquor store. This is coming from an Hon. Member of the religious faith. Who would have believed that this could have happened in this modern day?

As I said, there is nothing much to rebut here. The Hon. Member did indeed make a few good points but to the wrong Bill.

Hon. Member Dr. Vindhya Persaud brought to this House before a motion that pertained to domestic abuse and something to do with alcohol, and it was a wonderful debate on the social impact. The Hon. Member, Bishop Edghill, apparently missed that debate. We are talking about increasing the fees for intoxicating liquor licences. Not that it is not important, but we had that debate before and we could have that debate again because it is not a one-off story when it comes

to domestic abuse, and the implications that alcohol and the excessive use of alcohol have on that. And we could also have the health debate.

Short of going back to the prohibition days when alcohol was outrightly banned, it has to continue to be taxed, and it is, of course, one of the sins which the society is not going to be attacking too much.

So, that is all I wanted to say because there are a lot more weightier matters to deal with today. I commend this Bill to the House for passage.

Question put and carried.

Bill read a second time.

Assembly in Committee.

Bill considered and approved.

Assembly resumed.

Bill reported without amendments, read the third time and passed as printed.

MISCELLANEOUS LICENSES (AMENDMENT) BILL 2016 – BILL No. 33 of 2016

A Bill intituled:

“An Act to amend the Miscellaneous Licences Act.” [*Minister of Finance*]

Mr. Jordan: Mr. Speaker, I rise to move that the Miscellaneous Licenses (Amendment) Bill 2016 – Bill No. 33 of 2016, published on the 20th December, 2016, be now read a second time.

I made passing reference to this Bill just a few minutes ago and it completes the series of licences and penalties we intended to increase. The Miscellaneous Licenses (Amendment) Bill 2016 seeks to amend the Act by increasing most of the prescribed fees therein. In the case of this Miscellaneous Licences Act, a range of fees exists there and those fees exist unchanged, in many cases, as far back as 1958. Just to give an idea of this at Section 27 of the Act, for example, non-production of a licence when required, the current penalty is \$75. It cannot even buy a Chubby Kids Soft Drink. Of course, the proposal there is to increase it to \$7,500. And there is a range of

other fees that is being increased by various amounts to capture both inflation and current realities of administering these taxes. And, as hinted by Hon. Member Bishop Edghill, all of these fees have multi-purposes. They are administrative, legislative because they may be required by legislation, they may be regulatory and, of course, they are also revenue-raising to the extent that moneys are collected. So, it is not something that can be denied, as such. All fees, in some way or the other, are also revenue-raising.

So, this again, I propose, is a non-contentious Bill. After almost 60 years, these fees are being increased by various amounts. They are neither burdensome nor onerous given today's reality and the passage of time.

Thank you very much, Mr. Speaker. [*Applause*]

Mr. Seeraj: Thank you, Cde. Speaker.

This Miscellaneous Licenses Act, we can say, without fear of contradiction, has nothing to do with a sin tax because it excludes wine or malt liquor or spirituous liquor but there are still massive increases here in both fees and penalties. So, the justification that we heard before about there being no hesitation in applying increased taxes to commodities that can be well described or that falls under the umbrella of sin does not apply here. Some of these increases are over 800 times, some of them 50,000 %, 83,000 % and 6,000% increases.

When we spoke yesterday about renewable energy and the need to bring in and capture other forms of renewable energy besides wind and solar, the Minister said that *Rome was not built in a day* and that will come subsequently but here the Minister is attempting to build Rome in a few hours. The Minister, with the stroke of a pen, is causing increases in fees and penalties under the Miscellaneous Licenses Act that go way beyond 50%, like the increase in the Cabinet's salary and it goes way beyond 100%. Like I said, some are as much as 50,000 times – 50,000 % increase, 833 times the amount.

And so, what does this Act state? And, in the interpretation of this Act, what are we talking about? Local Craft: This Act captures vessels, boats, ballahoo, punt, creal – a creal is made from a tree trunk that is dug out either using a broad axe or, in the real olden days, fire scientifically applied to the log to dig it out so that it could be used for buoyancy as one crossed our vast

rivers. This Act captures craft like that; it is not capturing Mercedes Benz, Land Cruisers and Prados. But we are seeing increases here on these simple forms of transportation, including on land transportation such as the horse carts, donkey carts and such types of contraptions that are used in the day-to-day lives of our ordinary people.

3.29 p.m.

The fact that the Minister can tell us that simply because some of these rates were not increased since 1992... There is a reason why the rates were not increased since 1992. It was because the People's Progressive Party/Civic (PPP/C) Administration had sympathy for people and, of course, has a soft heart as it relates to taxation, fines and penalties. We sought to bring the good life to people not by way of increased taxation, but by improvement in the economy, by targeted interventions and policies in the different areas which brought the better life to our people.

We did not spell it out budget after budget. We know that, in 2015, the theme was, *A Fresh Approach to the Good Life*. In 2016, it was, "...the Good Life Beckons" and, in 2017, "...the Good Life to All Guyanese". In 2015, the mantra on the campaign was associated with these slogans. When we are going to bring about measures which will have impacts on the lives of our people that are not in keeping with what we promised them, that is a breach of contract. It is a breach of contract that brought the Alliance For Change/People's National Congress (AFC/PNC) into Government. They did not tell the population that they were going to increase all these fines, penalties and taxes. They did not say to the owner of a dray cart that, if the licence or number is not painted in white over black or black over white, the fine would be increased by 6,000%. They did not tell the ordinary person operating a vessel on the river, a craft or a ballahoo, for example, that, if some numbers are not painted on white over black, or black numbers over white background, the penalty would be increased 600 times. But, presented here, in this House, are increases way beyond the normal. I am not speaking about 50% or 100%. I am speaking about 23,000% and 600 times increases. Where are we going with these increases? What is the rush? Notwithstanding the Government not saying anything at all about increases in fines, licence fees and penalties, we could appreciate a small yearly increase as we go along. But it seems that this Government, in order to bridge the fiscal gap and to reach the \$250 billion, is going out of its way to tax the ordinary people - the owners of ballahoos, dray carts and creal - with humungous increases. That is indecent. It is not supposed to be. We should be looking at other ways and

means of financing our huge increases in salaries and in financing our extended Cabinet as against going after the owners of ballahoos and others.

The Minister of Finance, in a previous life, must have been a three-card player, one with extraordinary skill and talent. In that game, it is said that the red you win, the black you lose. This Minister is saying, "Heads I win; tails you lose." Or he is saying, "Red you win and black I win." In this move to perpetuate these increases on ordinary people, it is being promoted that the increase is a little and not much. That little is going on a population that Hon. Members, on the other side, only two years ago, were saying was overtaxed. I remember Hon. Member Mr. Nandlall saying that before and quoting some of the Members over there who referred to the population as a heavily overtaxed population when they were in the Opposition. I think the Hon. Member and Vice-President, Mr. Ramjattan, said that a tax is a tax, opposing any slight increase of taxation. These are not slight increases, as I said. Those words seems to have *gone with the wind* because, now, our ordinary people are being taxed and taxed and taxed by huge increases which will affect their daily lives. The increases might not mean anything to persons who are earning \$1 million, in the context of the fees from \$300 to \$1,500, but it means a lot to persons who are earning \$15,000 per week. If someone is faced with paying a licence fee or a penalty that is the equivalent of 25% of his or her salary, it means a lot to him or her. That is what we have to be careful about. That is why we have to say that we cannot go in this direction. Although we recognise that, yes, taxes have not been increased in 25 years or since 1992, as the Minister said, we cannot move in the direction of increasing taxes to this extent. The increase should be a gradual approach, an incremental increase in taxation. Just as the Minister said that *Rome was not built in a day*, we should not seek to burden our people with increases in excess of 10,000% on penalties and licence fees which must be purchased in order for people to go about their day-to-day lives.

We must register our objection to these humungous increases, this burden being placed on the backs of our people. We must register our concern about that. The Minister must take note of that and seek to implement incremental increases.

We appreciate the fact that Government must have revenue, that there must be a system of taxation. It was mentioned here before, not today, and I do not think yesterday, but previously, that Government cannot finance its expenditure on taxation alone. A modern government must

ensure that it puts in place policies which would generate income for one and all and not depend on taxation. It seems that this Government does not have options or, if it does, it does not have good options. If the Government had options, they have run out of options to finance the huge budgets it brings year after year, and that is why the Government has resorted to go against stated promises of not taxing our people to increasing the taxes on our people as a way of financing budgetary expenditure.

With those few words, I want, on behalf of this side, to register our opposition to these kinds of increases going to 600 times, to 6,000% to 18,000% increases on fees and penalties listed in this schedule that the Minister is proposing. We, on this side of the House, object to this kind of humungous increase.

Thank you, Sir. *[Applause]*

Mr. Mustapha: Mr. Speaker, like my Colleague, I rise to support the agreement he put forward regarding the Miscellaneous Licenses (Amendment) Bill No. 33 of 2016.

The year 2017 will be remembered as a year of taxes and increases in many fees. These fees and taxes will break the backs of Guyanese and further cripple a once booming economy that was left by the PPP/Civic Government.

On the first day of this year, the toll to cross the Demerara Harbour Bridge was doubled. On the second day, fuels prices were increased. After this Bill is passed, scores of fees will be increased like economic pit bulls on the backs of Guyanese.

The list of these increases is so long that time would not permit me to go through all. I just want to select a few to mention. Painting the name and number on cart or carriage for hire moved from \$150 to \$5,000 - 3,233% increase. Painting of certain particulars on cart not kept for hire moved from \$150 to \$10,000 – 6,566% increase. Painting of numbers on local cart moved from \$75 to \$7,500 – 9,900%. Who uses these carts? They are used by poor labourers who provide a service to ease the burden of others who want to move goods from one point to another, either for a person who sells wholesale or those who buy retail. These are persons who work in very challenging conditions and get a small return for their efforts. These are people who move goods at wharves, for example, the Parika Stelling and the New Amsterdam Stelling, and from

Stabroek, Bourda and the Port Mourant Markets. These are hardworking, honest Guyanese trying to earn a living. These are the people who, despite the small returns, have a family to take care of. These are the unsung heroes in our country whom this Government finds are not important people anymore. Prior to 11th May, 2015, these were the important people. These are the people whom my Hon. Colleague just said they went to and made a lot of promises. They told them that they would increase wages and salaries and give them a better life.

My Colleague just quoted parts of the themes of the budgets that were passed in this honourable House. Deception to the Guyanese people has become the nature of this Government; deception has become its trademark. As my Hon. Colleague, Mr. Seeraj, said, to those who earn just around \$10,000 to \$15,000 a week, the \$7,500 or \$10,000 is a lot of money for these people. These are the people who ease our burden when we want to move something around the market or from the wharf. This Government is adding an additional burden on those people. These are the people whom they claim are their supporters, people who carry loads from the Bourda and Stabroek Markets, people who work at the waterfront. As I am saying, fees can be increased but they have to be gradual. Increase fees on the rich people but not the poor, ordinary, downtrodden working people of this country.

3.44 p.m.

What is this Government and the Minister pushing these people to do? They are just taking bread from these people's mouths. They will be unable to maintain these fees and as a result of that, they will have to come out of employment. The Hon. Minister is not creating employment. He is taking away employment from the poor and ordinary workers of this country, people who work for an honest day's living. Could the Minister think of the impact this will have on the ordinary people? As I said, it will create more unemployment. Instead of easing the burden, he is adding more burdens on the ordinary workers.

Again, it demonstrates how deceptive this Government is; how deceptive the three budgets were. It is just like the boasting of the greening of the economy, but it has been done by the painting the Ministry of the Presidency and Government buildings in green. That is the greening of the economy. All this Government is doing is just talk. They are not doing anything to alleviate the problems and plights of the Guyanese people. As the Hon. Colleague said, we have difficulty in

supporting a Bill that will impose more economic hardships on the hard-working people of our country.

I would like to say that we take objection to this Bill; we cannot support this Bill. The Minister should put this Bill on hold and I want to speak on behalf of the poor people, the people who are earning an honest daily living in this country. Put it on hold and let these people earn an honest day living so that they can survive in a country that is going down every single day, where the economic plight of the people in this country is increasing every day because of the mismanagement and *visionlessness* of this Government. So I would like to join my Colleague and say that we cannot support this Bill and that the Minister should put it on hold.

Thank you very much. *[Applause]*

Mr. Charlie: Mr. Speaker, at the break of 2017, majority of the citizens of our country, instead of signalling greetings of Happy New Year, alluded to the year 2017 as a year of tax, more taxes and higher tax increases. What a Government of tax galore? The citizens already sense an increased burden on them since they are already experiencing a hard life in what we now call a *hard guava season time*. I had carefully looked at the Miscellaneous Licences (Amendment) Bill 2016, Bill No. 33 of 2016, and to my surprise it is an amendment of high licence increases. To justify this, the Hon. Minister of Finance, in his Budget Speech, paragraph 7, page 86, alluded that:

“...many custom taxes are over 20 years old and cannot cover the administrative and other cost attached to performing the service...”

But yesterday, the same Hon. Minister of Finance told this House that the Government will be going after the crooks and he sent a strong message that enough is enough. Be reminded, a Government of high taxes, that what goes around comes around and it will come back to haunt. Did the Government tell the Guyanese crooks that it will be going after them when they give the Government what it so wanted? The citizens of Guyana will soon tell the crooks that it is time.

How did our country develop under the successive People’s Progressive Party/Civic (PPP/C) without high increases? This clearly shows that the present Government is incompetent and, to *ice the cake*, sky high increases of the miscellaneous licences and telling the citizens that they

will have a 'good life', but this is not so. It is because high tax rates do have consequences, as I alluded to.

Inadequate incomes – the total income of all of the negative impacts as a result of large tax burdens, workers would feel the brunt of this burden because workers create wealth. When all of these effects are combined, the tax burden is on the average worker. People cannot live on their incomes - low wages and I join with my Colleagues who first spoke about the ordinary horse cart man. This Government levied so many taxes on businesses that taxes are the highest budget item on the paperwork of most businesses. These taxes take away some of the moneys otherwise used to pay wages. So employers cannot pay good wages. Families will suffer from the high prices. Businesses will have to raise prices to get money to pay these high imposed taxes, so products prices will go up and this will lead to inflation.

Did the Minister of Finance think about this? Product unavailability and I can go on and on, foreclosures, evictions and homelessness will have a great impact on our people across this country. This is because the taxes will be so high that people, who had originally entered into mortgages or rental contracts with the ability to pay them, will no longer have the money to pay the monthly payments. Mr. Speaker, think about the landlords who will also be unable to pay their taxes and their mortgages, causing the loss of rental units.

Thus, high taxes will have foreclosures and evictions in our country. With the foreclosures or evictions, homelessness is caused because these victims of Government's greed can no longer afford to pay rent or mortgage payments, so high taxes too will cause homelessness. Poverty and high crimes were not considered when this particular increase was proposed because more people will not be able to afford to live on their incomes. The poverty rate will definitely go up and this means that each poor person cannot get enough to live on in this country, in this *hard guava season* time. Many poor people will be unable to find jobs because the Government overtaxed the economy and so they will turned to crime to get money needed to support their families. This will cause the crime rate to go up and since many of those crimes will be robberies, the violent crimes in this country will definitely rise too. This Government will cause its own revenue shortages by wanting more money than it should have; a victim of its own greedy ways. The size of the Government is naturally limited by the size of its economy around

it. Attempts to make the Government larger than this limit can cause economic troubles, and that is what every Guyanese is seeing in this country.

Did the citizens of this country asked for the increase in the miscellaneous licences? At this time, majority of the Guyanese are shocked by this moved, since the people who said that taxes must be raised to help the economy are out of their minds. Instead, this desire to help the economy causes inadequate income, high prices and I can go on with all the negative impacts. To the masses out there, it is time to end the power of this Government that is creating messes with high tax burdens. This is a signal of serious times for every Guyanese.

Hon. Finance Minister, take this Bill back for reconsideration because it is too early for the Guyanese people. We are already experiencing the hard life and high cost of living. This amendment will do no good but add increasing burdens on ordinary people who are already in hard times in our country. I stand here with my Colleagues, asking the Minister to reconsider this amendment. It is already hard for every Guyanese, especially for the ordinary citizens in our country.

I thank you. *[Applause]*

Mr. Bharrat: Hon. Members, ladies and gentleman, good afternoon. Mr. Speaker, allow me please to extend best wishes for 2017 to you, all the Hon. Members of this House, staff of Parliament Office, media personnel and to all Guyanese, as we move into an era of great uncertainty and in anticipation of the elusive ‘good life’ as promised by the Coalition Government.

I rise in support of my Colleagues, who spoke before me, to strongly denounce the proposed amendments to the Miscellaneous Licences (Amendment) Bill 2016, Bill No. 33 of 2016, and to demand the withdrawal of the obtrusive penalties seeking to be implemented and forced onto our people.

The justification made by the Hon. Minister is that these penalties were not raised since 1958. The last World War was started in 1939, so should we start another one because of time? With the proposed increase in penalties, Guyanese will further be burdened with higher cost for goods and services. It is a known fact that when supply decreases, demand increases and so too prices

for goods and services. With the proposed hefty penalties, it is foreseen that many small entrepreneurs will close shop. The People's Progressive Party (PPP) is not and will never seek to condone wrongdoings of any sort.

However, we are convinced that other measures and policies can be implemented and enforced to bring greater control to the way in which Guyanese conduct or ply their daily trade in order to gain a living in an already heavily taxed economy. It is our view that a Government should manage the affairs of a country in a business-like manner. Having said this, Mr. Speaker, you would agree with me that the uttermost importance of a business is not profit maximisation, but to satisfy its customers' wants and needs and in doing so, will result in profits and sustainability. I mentioned this to draw comparison with the Government of Guyana's seemingly lust for revenues through increases in tax and penalties on its customers – the Guyanese people. This is certainly the wrong approach.

It is a proven fact that the increase in the disposal income available to people will result in an increase in business activities, which in turn results in more revenue for a Government. That is the approach that should have been taken by this Government, not to reduce the spending power of the ordinary person through taxes and penalties. It is almost criminal for a Government to penalise a poor Guyanese with a pushcart or a donkey cart, who is plying his/her trade honestly to put food on the table for his/her family. Ten thousand dollars - an increase from \$150; \$10,000 is an average week pay for these persons - just for not painting certain particulars on that cart or a small shop owner who may have missed the deadline by a day to renew his or her licence, an increase in penalty from \$6 to \$10,000. This is a savage act against our poor working class people. This may lead to frustration and eventual insolvency resulting in unemployment, further hardships and possible escalation in crime.

3.59 p.m.

Most of the penalties proposed are anti-people, anti-working class and anti-development. It is a known fact that increases in tax and penalties instituted by a Government lead to poor income for the working class people, due to large tax burdens and high penalties.

When all of these effects are combined, the burden on the average person is currently very high in Guyana, so people cannot live on their incomes. Worse yet, there are additional penalties for trivial misdemeanours which can be dealt with in a more humane manner.

This is certainly the wrong approach being taken by the Government to promote entrepreneurship and to create employment, especially among young people who are already faced with so many challenges. His Excellency, President David Granger, has mentioned, on several occasions, his Government's support for entrepreneurship, more so youth entrepreneurship. But will this amendment encourage this? I certainly do not think so.

Instituting such penalties on push carts, donkey carts, sweets and cigarette vendors is saying to the poor Guyanese that they do not have a place in this country. I am sure that there are many other ways in which these people can be asked to comply with the regulations which have been specified. We are already saddled with an increased cost of living, thanks to the last three budgets and the failing productive sector, increasing unemployment and now the implementation of the parking meters. I ask: Is this the right time to increase penalties for trivial acts by the poor people of this country? Do we not care about the poor people anymore? Have we become so high-handed that we have no regards for the people who struggle on a daily basis to feed their families? Maybe the Government has lost its way and has lost sight of reality. I would like to quote, briefly, from a Bangladeshi professor, who was also the winner of the Nobel Prize in 2006:

“In my experience, poor people are the world's greatest entrepreneurs. Every day they must innovate in order to survive. They remain poor because they do not have the opportunities to turn their creativity into a sustainable income.”

What is needed from this Government, instead, is the reducing and not the increasing of fees and penalties which would hinder growth in the productive sectors of the economy and add pressure to the already disadvantaged small entrepreneurs, thereby creating thousands of jobs for the young people in our country.

In conclusion, I join with my Colleagues and ask that the penalties proposed be reconsidered and that the ordinary people – the working-class Guyanese – be relieved of this plight of being faced with exorbitant and unjust penalties in their daily grind to provide for their families.

Thank you. *[Applause]*

Ms. Pearson-Fredericks: I rise to make my contributions to the debate on Bill No. 33 of 2016 – Miscellaneous Licences (Amendment) Bill. We do agree that there is need for some increases in the various licences and fees. However, the exorbitant hike in fees listed in this amendment Bill can be described as overbearing and as more pressure on the poor people. It will be burdensome. It will have negative effects on the ordinary people, small business operators, rural butcher shops, donkey cart owners, push cart owners – as was said by my Colleagues who spoke before me.

With this increase, it seems as though hardship measures are now being let loose on the people. The question is: Where is the ‘good life’ that was promised to all Guyanese? Is this delivering a ‘good life’ to all Guyanese?

In Guyana, we are already severely under pressure. In common language, we are just surviving. With the increases in all of the taxes, licences and fines, that we spoke about yesterday and today, it is as though – as I said before – something has been let loose to get us.

I wish to turn my attention to the proposed increase in section 10 – Issue of Licences. The Marginal note states:

“Not taking out licences when required.”

The amendment proposes that if one does not take out a licence, when required, the sum of between \$5,000 and \$10,000 would be charged.

It seems as though if we examine every clause, whoever – I want to use the word whoever because I am not quite sure if our Hon. Minister of Finance had the time to sit down and go through the Act section by section and increase the fines and penalties – but whoever was tasked with the responsibility to set the increase only knows about \$5,000 and \$10,000. This is because, in most of the areas, the fine is \$10,000. The increase for the licence is \$5,000.

Marking of Licensed Vehicles, Craft and Premises: The speakers before me spoke on it and I think that it is very important that, once again, I bring to this House some real life situations. According to the Interpretation Section of the Miscellaneous Licences Act:

“local craft” extends and applies to any local schooner, sloop, vessel, boat, bateau, punt, corial, or craft.”

As I speak, in our rural communities, rivers and lakes, there are boats, not schooner or sloop, and corial, which are transporting people from one point to the other. My concerns are that failing to be licenced, if there is need to be licenced, and failing to make markings on one’s boat, one would now have to face the penalty of a \$10,000 fine. This is most unreasonable.

As I said before, there is need for increase, but why such huge hikes in these fines and these increases? From my point, it looks as though someone is in a haste to get at the poor people. It is taxes and more taxes, penalties and more penalties. It is as though the Government must get persons. They either buy the licence or pay the fine. *It is either yam or sam*, as is commonly said. If one cannot afford to buy the licence, how will one pay the penalty? What is the Government saying here? I am particularly talking about rural areas. One speaker before me said that maybe the big businesses can pay, but I am particularly taking about the rural areas. **[An Hon. Member:** It could be an ounce of gold.] Many of our rural areas do not have gold, so the one ounce of gold would not work.

I want to point out that carts – push carts and donkey carts as we call it...we are living in the real world. The Hon. Minister Allicock would know what I am talking about when I say the real world. In many of our villages, we have All Terrain Vehicles (ATVs) which are pulling little carts behind them. Minister, you know about that. I know that many of the operators of those carts do not have a licence. It is the real world that we are living in. If there is need for them to be licensed, why the huge price? Failing to take out that licence, they would be faced with a penalty. Those carts provide a service to the people. Much needed food items and fuel are being transported with those carts. In my region, Region 2, we are farmers. We use carts to bring out our produce, also. **[Mr. Adams:** It is to sell.] Yes. Of course, we have to live. My point is that, even if I have my private cart that I am not using for hire – I am a farmer and I would use my cart to bring my produce from the *backdam* to where the market is – failing to put markings on it, I will face a fine of \$10,000. What is the Government saying?

If we market those produce, again somebody will bear the penalty. Of course, the price would go up. It is because we now have to pay more. So, the price of the goods would go up. The price of

the goods that would be taken to Paramakatoi or Bamboo Creek would increase. It is because the people, with the little carts behind their ATVs, would be required to purchase licence and so the prices will go up. What are we saying, Hon. Minister? We are living in a real world and we are dealing with people who are very poor, people who do not have regular incomes and people who do not have everyday jobs. Those are the people we are dealing with.

My concerns are also about section 22 which talks about affixing notice boards. I do not want to talk about the alcohol shops. I want to talk about the butcher shops. Failing to put up that notice board, there would also be a fine. The butcher shops in Georgetown are okay, but we are talking about butcher shops out there in the interior. Maybe, some of you do not have an idea where I am talking about, but I know that the Hon. Member Bancroft would know what I am talking about.

I am also talking about section 23 – “Butcher’s Notice and Return”. If we go through it, word by word, we would see what I am talking about.

4.14 p.m.

Now, failing to do these things, failing to inform the police...The police station is not always nearby to where we should be slaughtering the cow and the bull, or whatever. Sometimes it would not be real to inform or to get all the things done that are listed in this Act. We would like to do it. We would like to follow the guidelines. We would like to do things right, but sometimes, in the real world, where we live in the rural area, it would not be possible. It is not practical. Then if we go at the end, in the same Act, the police officer has the right to demand to see your licence and ensure he sees this and ensure he sees that. Yes, and if you do not have everything in order you would be faced with fines.

We are living in a real world where people might or would want to do the right things but circumstances do not permit them to get everything right. This is what I would like to say, and I am talking particularly, because there are a lot of things listed here, which has to be done. I know many times it is not practical that it be done, so that you can be in line with the law. Not being in line someone can step up at the same time and you can be penalised and the fines that can be... That is what I am worried about, Mr. Speaker.

I am worried about if the people at the Capoey Lake top next week or next month will be charged or will be fined. If the people in my lake, who run their little tourist, or whatever, will be charged and fined because they fail to mark.... If it is the boy who pulls my cart, bringing out my produce now, I will have to go and find some paint. Maybe I could find the paint, but how many people can do that? That is what I am saying, that, in fact, many of these things there are doable. What I am saying... Why is there the hike in the fines and the fees? Why are they so high? We are dealing with poor people who we are dealing with small business. We are dealing with the 'donkey cart', the 'drink cart'. Those are the people who we are talking about. We are dealing with the people with *corial*. What is a *corial*? It is a canoe. It is a small boat. We are dealing with people with small *ballahoo*.

If we go now to Capoey village, people are transporting with a small boat. Most of the persons, who are doing that, are single parents. Women are operating those boats; women earn a living by doing those things. What are we going to say now? It is already difficult for us to put food on the table for our children. Therefore I am saying that this amendment, or these amendments, is bringing more hardship to the people. We have seen or we have heard all about the taxes, the increase. I wish to remind the Members on the other side of the House, and this is in your manifesto, page 39, it speaks about taxation. It states:

“The present tax system is highly inequitable and unjust.’

This is the last manifesto. It continues to state:

“The PPP/C reform of the tax system came to a drastic halt after the passage of the VAT and Excise tax legislation and the windfall it provided. PPP pledges to complete the reforms have proved to be insincere.”

I wish to read that again.

“PPP pledges to complete the reforms have proved to be insincere.”

“The overall tax burden in Guyana is considerable. The ratio of central government revenue to GDP is the highest in the Caribbean.”

This is what was said by the coalition Government. This is when they were campaigning. I wish to quote the last line.

“The ratio of central government revenue to GDP is the highest in the Caribbean.”

That was said then. What are we saying now? Maybe it would be the highest in the world. This is your manifesto. I just wish to remind you of one other point that I will like to raise here, again, it is in the manifesto and I wish to quote:

“The coalition will and first: Emphasis on consultation.”

I will like to ask the question: How many consultations or who was consulted with regard to the raise and all the taxes, the fees, fines, and all that has been brought to this House? What consultation was done? Where and with whom was consultation done? This is your promise. It is time that we respect each other, that we respect the citizens of the country. You said that it is time for change, I would like to ask that you change your ways and be honest and live up to the expectation and to the promises that you made in this manifesto.

As I close, because I would not want to go through clause by clause, as it was said before by previous speaker, I had never seen things increase two thousand and how many thousand per cent on in each of this proposed amendment, all the increase in taxes. As I said, before the increase in taxes would allow me to say that within the next two years who is not dead is badly wounded, and it looks as though none shall escape.

In closing, I wish to say that may the good Lord help us in this time of chastisement, because it seems as though the Guyanese population is now being chastised by this Government.

Thank you very much. [*Applause*]

Mr. Speaker: Hon. Members, we are now at 20 minutes after 4 o'clock. It was my hope that we might have been able to complete this before we take the suspension. There are two other speakers, and if Hon. Members would agree we would complete that and then we will take the suspension.

Mr. Croal: I rise, as my colleagues on this side of the House, to express my disapproval in this the Miscellaneous Licences (Amendment) Bill 2016 from the angle of the draconian increase in

the percentage that is been proposed on this Bill. Much has been said by the Hon. Minister of Finance, boasting about when last there was an increase on the miscellaneous licence, but the fact that under the People's Progressive Party/Civic (PPP/C) Government you would not have had to touch increases under these licences and the economy was doing so well shows the prudent management of our economy under the PPP/C.

Our objection here has to do, as I said, to when we look to the percentages and they vary. We are speaking about 13 sections and about 15 categories of penalties of fees that are being increased with the lowest percentage that is under section 12, starting with 3,233% increase going to as high as 83,233% increase under section 10 (1). While one argument may look at what is the present penalty, it is also important to look at how we are gradually moving. May I say that this is nothing but gradual. I want to start off also by reading from, it was a New Year's day message, the editorial of the *Sunday Stabroek News*, January 1st 2017. It states:

“We now stand on the first rung of the 2017 ladder. What we know the year won't bring is the 'good life' - whatever that was supposed to mean. And that is the problem; it never meant anything in particular. It was just one of those vapid phrases dreamed up by politicians to persuade the voters to mark their 'x' in a certain space on the ballot paper.”

We have seen approximately 47 taxation measures on the Budget 2017, and if you summarise under the period under the coalition Government, we are talking about over 185 taxation measures that have brought increase hardship on the citizens on our countries.

I want to briefly summarise, and much has been said on our side, that we are clear in the message that we have brought out. We have said that we have nothing against increasing fines and penalties for 'sin tax' but it is how you go about doing. Everyone has been touched over this period of the coalition Government. The last speaker would have spoken about the 'dray carts' and the average worker out there who has been affected. Starting immediately in 2017, the disposable income available to our Guyanese citizens has decreased. We must also not pass the buck where we look at ensuring that there is enforcement of the regulations as against looking to pass it on to increased penalties.

Briefly, if I am to look at some of the sections, we can start with section 10 which speaks about when one does not take out a licence when it is required. I am focusing here on our lower income

and our rural communities, because everyone here, as I said, has been affected who makes a small turnover in communities by selling few items. Moneys that they use to send their children to school, and what have you, we are asking them to pay thousands of dollars in fees and, hence, bring the increase hardship. You can think about the domino effect this can have on an immediate measure.

Even looking at section 12 where you are acting just without a licence, Guyana's unique geography of our location of our communities hinterland as well as our further rural poses challenge. We admit, yes, we do have a lot of 'bottom house' businesses, but many of them are even miles away from the established institution that are required to have them renewed and to have them licensed. To have such draconian increase, it brings additional times and frustration it takes to get registered or to get renewed, then think about the increase hardship immediately and who is affected. It is passed on to the consumers.

Even looking at section 17, where we are speaking about training under other licence, poor families in rural communities and the outskirts, as I said, in urban communities, they continue, they operate under 'bottom houses.'

4.29 p.m.

There are a lot of 'bottom house' businesses and so these increased fines, we are talking about 33,233% immediate increase in penalty, or even looking at subsection (b) which has a 566% increase. This cannot be pro-business or small business friendly. This is killing the small businesses. Small business owners will be affected, maybe it will be useful to ask them to come to these chambers for them to state and testify exactly how these Bills will affect them and how these amendments are going to affect them.

Even looking at section 18, how many of us know this is referring to the painting on the carriage carts that are used for hire? How many of us are aware of the net income for many of these pushcart owners? As I said, the net income, it is not necessarily their monthly sales revenue. Probably the truth is to be told, and many of us do not know. I have done some digging and I say probably it is on an average of minimum of about \$20,000 a month. Instituting a 3,233% increase in fine immediately is bringing nothing more than financial repression.

Even if you look at section 19 which speaks about parking too, similarly there is a 6,566% increase. I can go on.

Section 23 and the previous speaker would have alluded to this one, as I said, of our geographical representation. How many of us in these communities...? How long does it take probably to find the police or the constable to be able to attend to an emergency? Look at the distance which many of them have to traverse. Logically, if we cannot find some of them or get some of them to reach to some of their locations in an immediate or an urgent time, let us look how this will affect those persons in those communities when we fine them over 6,566%, an increase on that percentage simply for when we want to slaughter animals.

I agree that we must have rules, regulations and systems in place to have law and order. I agree. We are not saying that we must not. What we are saying, with penal measures, is that we must also take into consideration the situation underground and our people at hand.

Even if you look at section 33, we are increasing from \$30 to \$16,000, a 52,233% increase. This is absurd, the percentage increase I am referring to when - probably if you look at the fine this is more severe - the increase in fine is probably more than some of the severe penalties and misdemeanours that someone may commit on another charge.

Looking at section 37, in addition to asking persons to pay over 19,900% increase for minor errors that can be considered outrageous, in terms of the increase, we may be encouraging bribery. What kind of society are we creating here? On the right, the Government is embarking on the biggest transfer of wealth from the people to the Government, its self, paying themselves huge increases and then on the left we are creating a perverse incentive for corruption and impoverishing of our poor Guyanese. Anyone who is concerned about impoverishing our Guyanese people can be considered as unconscionable and should not support this Bill as it is.

[**An Hon. Member:** As is.]

Thank you for the correction, no problem.

In conclusion, may I summarise that these amendments can be summed up in one sentence in addition to being draconian as extracting wealth from the poor Guyanese and putting it in the hands of the Government. Or maybe it can be put differently, this Government is intending to tax and penalise Guyanese into poverty. Is this the “good life” that we are referring to? Is this the “good life” we are talking about? These provisions, increased draconian provisions make little

economic or financial sense when we are looking at the increase and these provisions would only accomplish draining the blood of our poor Guyanese and putting them much more in to destitution.

What plans, therefore, does the Government have to explain these amendments to the Guyanese people in order to avoid breaches in ignorance? Would the coalition Government explain to the Guyanese people these changes? Some politicians are probably not aware even before today of these laws, let alone the average Guyanese. For the Guyanese, who are pushing the cart, they risk getting fined for breaches for simple penalties. We are saying very clearly, in final conclusion, that we object and we do not support the amendment of this Bill as it is taking into consideration, the draconian increase, the 15 measures that I would have seen in the Bill, and we are asking therefore that the Government reconsiders the percentage increases. *[Applause]*

Mr. Jordan (replying): Ever since we started the debate on these measures, yesterday, and it seems continued today, it seems from the Oppositions contributions to these measures that there is great sympathy for tax cheats, tax dodgers, unlawful behaviour, and so forth. The passion with which these groups are represented is, I think, unbelievable in the first part and in many ways unbecoming. You speak about increasing fees, fines and penalties. A \$75 fine in 1958, I do not know how many of us existed then, at the age, to understand what \$75 should be, but I will tell you something. In 1974, when I attempted to get into university it was \$100 per year at the University of Guyana. **[Ms. Teixeira:** That was a long time ago boy.] A long time ago, but you would have been lucky if you could have got one dollar, the \$100 was so prohibitive. Seventy five dollars, can you imagine what it would have been in 1958? It was prohibitive, but it was meant to act as two things: one a deterrent and, two, if you got caught a punishment - seventy five dollars. Sixty years afterward, it has gone up by a couple dollars. I see people can do magic with \$5,000. It does not stretch; it does not go a long way, and so on.

We are beating the dray cart person, the person with the *ballahoo* the “this person” and “that person”. I grew up and many people in this House grew up, including Hon. Member Rohee, seeing that black mark on the ‘dray cart’, seeing “Hackney Carriage five only” on a car, and so on. It was put there because if the fine was \$75 there was no way they could get it and the ‘bongo’ van would be coming for you. It would carry you down as a criminal and society outlawed it. You know what we have today, and it is all we know. We dismiss the broken glass

theory. The little tap that you have in front of your house, when it starts dripping one bit, you do nothing about it. A couple days after when it starts dripping a bit more, you do nothing about it, but in the meanwhile it is creating a little hole in the concrete that is there. Sooner or later it becomes a big splash and you get a big hole in the concrete. The little works that you should have captured from day one, you allow to become a big problem and this is what has happened to this society.

We see people jumping traffic lights and we shake our heads. We do nothing. We see 'dray carts' which are not stopping at traffic lights, we do nothing, and where, before, Your Honour, in the colonial time a little bag had to be put there to collect the waste of the horse or the donkey. They go click clatter, click clatter with this waste coming down all over the place, messing it up, and so on. Nobody cares. We talk about increasing fines for littering but you drive and somebody throws out one of their cups and it hits your windscreen and goodness.

The point is that our society is slipping on the slope of increased lawlessness because we failed to do something about it. We failed to do something about it. Now, who are these penalties and fines going to be targeted to? It is those who break the law. If you paint your little sign on your 'donkey cart' and you show whatever you have to show, as the law asks you to do this, and so on, simple things, you do not have anything to be afraid of. You do not have to pay any money. I really cannot understand why we have spent over the last hour and a half, almost two hours, agonising over something where you could not pay it in 1958. Even with these, you call it humongous increases, what I do know - from the little stats that I know - it is that if I have a dollar today and tomorrow you give me \$10 the increase is 900% - 900%.

4.44 p.m.

If I have \$1 today and you give me \$50 tomorrow, that would be 4,900%. You could make magic with statistics the way you want it. The reality is that you could not pay \$75 in 1958 but, today, you are laughing at me even as I increase it to \$15,000, \$2,000 and so on. It is still within the realm. Even the Opposition has said that these fees have to be increased. The question is whether you want to increase them from \$75 to \$100 or we increase them from \$75 to \$15,000. We can stay here and argue over that. The point is that the principle has been established.

These fees mean nothing at the moment and we have to make them into something. A point was made by, I think, the Hon. Members, Mr. Seeraj and Mr. Mustapha, that we should increase these fees incrementally. If the PPP/C Government had started in 1992 to increase them incrementally, they would not have been here today. After today, when this Bill has been passed, we will take your advice and, henceforth, increase them incrementally.

I think the Bill, notwithstanding all the contributions made by our Hon. Friends on the opposite side, is a reasonably straightforward Bill. It seeks to do exactly what it says, to bring up to date some fees that time forgot, nearly 60 years ago. I would not detain the House any longer. I commend this Bill to the House for passage.

Question put and carried.

Bill read a second time.

Assembly in Committee.

Mr. Chairman: Please turn to Bill No. 33 of 2016.

Clause 1

Clause 1, as printed, agreed to and ordered to stand part of the Bill.

Clause 2 (including Table of Amendments)

Opposition Chief Whip [Ms. Teixeira]: Division.

Mr. Chairman: A division is called.

Division bell rang.

Assembly divided, Noes 29, Ayes 33, as follows:

Noes

Mr. Bharrat

Ms. Veerasammy

Mr. Gill

Mr. Anamayah

Mr. Dharamlall

Mr. Charlie

Mr. Damon

Mr. Chand

Mr. Neendkumar

Ms. Pearson-Fredericks

Mr. G. Persaud

Mr. Mustapha

Ms. Selman

Dr. Westford

Dr. Ramsaran

Ms. G. Persaud

Mr. Croal

Ms. Chandarpal

Dr. V. Persaud

Mr. Seeraj

Bishop Edghill

Mr. Lumumba

Ms. Campbell-Sukhai

Dr. Anthony

Mr. Nandlall

Mr. Ali

Ms. Teixeira

Mr. Rohee

Mr. Jagdeo

Ayes

Mr. Rutherford

Mr. Rajkumar

Mr. Seepersaud

Mr. Figueira

Mr. Carrington

Mr. Allen

Mr. Adams

Ms. Bancroft

Ms. Wade

Ms. Patterson

Ms. Henry

Ms. Broomes

Dr. Cummings

Mr. Sharma

Ms. Garrido-Lowe

Ms. Ferguson

Ms. Hastings-Williams

Mr. Holder

Mr. Gaskin

Ms. Hughes

Mr. Patterson

Ms. Lawrence

Mr. Trotman

Mr. Jordan

Dr. Norton

Mr. Bulkan

Dr. Roopnaraine

Lt. Col. (Ret'd) Harmon

Ms. Ally

Mr. Williams

Mr. Ramjattan

Mr. Greenidge

Mr. Nagamootoo

Motion carried.

Clause 2, with Table of Amendments, agreed to and ordered to stand part of the Bill.

Assembly resumed.

Bill reported without amendments, read the third time and passed as printed.

Mr. Speaker: Hon. Members, I think that we have completed consideration of the Miscellaneous Licenses (Amendment) Bill 2016. We will take a suspension and we will return at 5.55 p.m.

Sitting suspended at 4.57 p.m.

Sitting resumed at 6.01 p.m.

TAX (AMENDMENT) BILL 2016

A Bill intituled:

“An Act to amend the Tax Act.” [*Minister of Finance*]

Mr. Jordan: I rise to move that the Tax (Amendment) Bill 2016, Bill No. 34 of 2016, published on 20th December, 2016, be now read a second time.

6.03 p.m.

In accordance with Section 56 (2) of the Tax Act, Cap 80:01, every traveller is required to pay travel tax or what is commonly called departure tax every time he or she leaves Guyana for any place outside of Guyana. Thus, the routine is, one checks in at the check-in counter and, just before he or she proceeds to immigration, he or she has to stop at the departure tax booth that is manned by the Guyana Revenue Authority (GRA) at the Cheddi Jagan International Airport where \$4,000 is paid or its equivalent in US dollars, CAD dollars or £ and a ticket is given; one is retained by the tax booth and the other is given to the traveller which is shown at immigration.

In the case of the \$4,000, as is well known, even though it is called a departure tax, it has two parts: \$2,500 is for the travel tax and, being generous to a sister organisation, \$1,500 is collected on behalf of the Airport as a security tax. So, that part is remitted to the Airport and the \$2,500 is collected in accordance with Section 2 of the Travel Tax (Amendment) Regulations 1998.

It is slightly different at the Eugene F. Correia International Airport where a traveller proceeding to an external destination – external to Guyana – is only required to pay \$2,500, in keeping with Section 2 of the Travel Tax (Amendment) Regulations 1998, and is not required to pay the security fee. I do not know how much longer that will be because security is a major issue at every airport. [Mr. Patterson: And it is expensive.] Of course, it is expensive and I do not know how much longer it can be that generous. The thing is though, at Eugene F. Correia International Airport, payment is only accepted in cash; debit cards, credit cards or any other forms of payment are not accepted. And where payment is made in US dollars, there is not a bank there, so whatever rate is quoted by the customs that is what is paid. Every month, I sign an order for the rates for that month. That rate tends to be less than the going commercial bank rate. So, the point that I am making there is that, if one turns up there and has to pay with US dollars, he or she will lose slightly on the exchange rate, whereas, in the case of the Cheddi Jagan International Airport, there is an automated teller machine (ATM) and a bank with a station.

Apart from joining lines - and I must say I am using “apart” loosely because it can be a real pain at peak season... *Kaieteur News*, Wednesday 4th January, 2017, had a picture in the newspaper and it is captioned, TOO MANY LINES, and it stated:

“This was the scene on Monday at the Departure Tax booth. Passengers using the Cheddi Jagan International Airport (CJIA), Timehri, are calling on authorities to make some changes to speed up the processing. The line was curling.

Passengers said they have to join at least four lines- Check-in; Departure Tax booth; Immigration; and then one to board the plane.”

If *Kaieteur News* wanted to be generous, having put all of this here, and it did make the news, *Kaieteur News* would have indicated also that we did say, in the Budget 2017 presentation, and it is right there in the speech, that we were indeed going to get rid of these lines. And so, today, the Bill is before you that is intended to get rid of these lines.

In fact, sometimes I do not know if it is because we are at the bottom of the chain, starting from maybe Jamaica coming down, but we seem to be slow sometimes in making changes, even as we watch our neighbours in the Caribbean Community (CARICOM) making changes. I might be correct in saying that we perhaps are the last in, at least, CARICOM to be having a scenario

where one has to go and pay departure tax at a booth. Other countries in CARICOM have gone past this already and so there is the feeling of why one has to pay departure tax in Guyana whereas when he or she goes to Trinidad and Barbados, one does not have to pay such tax.

Optical illusion is as good...and Harry Houdini would tell you. One will be able to hoodwink a lot of people with optical illusion and feel fine. Why am I paying departure tax in Guyana when all of these other countries I can go to and I do not have to pay any departure tax? It is because that means one does not have to go to a booth as we have here in Guyana. So, we intend to change that.

This Bill seeks to amend Section 56 of the Tax Act of Cap 80:01 of the laws of Guyana to confer on the Commissioner General of the Revenue Authority the power to appoint collection agents for the collection and remission of travel tax and this can either be done by the airline or through a collection agent. And my understanding is that the Commissioner is already in discussion with both the airline and a collection agent with the view to having this tax collected. It will then be in the airline ticket when it is purchased and it will be remitted to the Guyana Revenue Authority on such occasions and time, as agreed. So one advantage of this Bill is that it will eliminate one of the four lines that we just alluded to when travelling out of Guyana. We cannot do anything about the other three lines. Those are not within our domain – one must check-in with immigration and security no matter how long the lines are. And unless we want to run and overrun the plane, an orderly line has to be formed to board the plane, so those three lines will remain; but, at least one line has gone.

My understanding is that the collection agent has already been identified as International Air Transport Association (IATA). IATA is going to be collecting the travel tax on our behalf.

So, some of the benefits of this Bill are: one, an improvement in travellers' experience since travellers will no longer be burdened to join an additional line to pay the travel tax since this will now be included in their tickets.

Two, there will be a reduction in the cost and administration burden presently on the Guyana Revenue Authority. They always have to be one step ahead of people who would like to counterfeit the ticket or scam the ticket, and these are not necessarily external people to GRA. They have had their instances and moments when they had to investigate certain shenanigans

that occurred at that booth. So, the idea now of printing tickets and having to put security features comes at a cost. Now, that entire cost will be eliminated – no more printing of tickets.

A law would just be passed that the departure tax will now be included in the ticket. So that particular burden, as it relates to cost will now be removed. The burden in terms of human personnel will be removed so that those persons can be reassigned to high-risk and high-volume areas where they are needed, rather than sitting in a booth all day waiting for a plane to come at any hour. That takes about two persons and also security has to be there to collect the cash afterwards. An auditor or accountant has to come and look at the cash takings and there also must be clerks internally to match the departure tax with people who went out, *et cetera*. So, all of that will go. And, of course, an important resource called time will also be saved as a result of all of this.

Three, Guyana will now be utilising a collection arrangement that is consistent with international practices in the travel agency.

For collecting this departure tax, IATA will be charging a commission equivalent to 1.5% which, in terms of 2016 figures, if we were using IATA, would have been roughly \$10.9 million; it really is quite a considerable saving.

In addition, we will join the family of nations that have already gone this route, leaving behind those who are still using booths – and there are a couple of them. I have travelled extensively and still saw one or two countries where one still has to go over and buy a ticket to depart. But, of course, we are not saying that everything is *hunky-dory*, *rosy* and so on.

There are risks involved in this. Of course, we have a lot of examples, particularly in this country, and we have spoken yesterday in relation to the Value Added Tax (VAT) Bill, I believe, of people collecting money on behalf of the Government and not remitting it, not remitting it on time and not remitting it in the amounts they collected.

We have gone down this road before when, I think, GRA was then the Inland Revenue Department, when it used to use local travel agents to collect the departure tax on its behalf and I think the experience was nothing to write home about; it was not a stellar experience and the

long and short is that the Department had to discontinue that arrangement and go back to the arrangement that we currently have.

I am told that IATA is a very reputable agency, being used by almost all of the countries that have gone this route and it has proven its worth. So, I think, from that standpoint, we can feel more confident than we were in the past when we attempted to go this route. But then again, this does not absolve GRA from putting in strict debt collection and debt enforcement arrangements to ensure that the money is transferred on time and in the amounts that were collected. And, of course, part of these arrangements must include heavy fines and penalties for not remitting the moneys both on time and in the amounts that were collected.

The airlines have already been consulted. There have been discussions with them already and they have been consulted. They have been given ample notice of this impending change and their response is that they are ready and willing to carry out this additional responsibility as soon as we give them the go ahead.

So, in short, again, this is a win for the populace in terms of a benefit going to them in terms of what I have indicated; and it is a win for us, as a Government and as a collection agency, in that we are going to have enhanced tax administration and the release of human resources to, in the context of our tax reform efforts, look at more high-risk areas of tax collection.

Mr. Speaker, with those remarks, I commend this Bill to the House for passage. Thank you very much. *[Applause]*

6.18 p.m.

Ms. Burton-Persaud: Mr. Speaker, I rise to speak to this Bill before us as it relates to the Travel Voucher Tax (Amendment) Bill. I have listened carefully to what the Hon. Minister of Finance was saying to us. Indeed, as we have increases, we need to get on par with what we see as we travel around the world. I am looking at this Amendment from a different perspective, the perspective of the fact that this Bill is an amendment to an old Act. We heard, in the Budget speech, about the increase of the tax. When I look at this Bill before me, what I am seeing spells out nothing about increases. I am looking at...

Mr. Speaker: Hon. Minister, do you rise on a point of order?

Mr. Jordan: Yes, Mr. Speaker, Standing Order No. 40(a): Before the Hon. Member treads on a road away from this Bill, if she checks the next Bill, she will find exactly what she is talking about. If she stays on point with this Bill we are talking about, we will get out of here faster. What she is talking about is in the next Bill that is coming up.

Mr. Speaker: I thank the Hon. Minister. Hon. Member, please proceed.

Ms. Burton-Persaud: Thank you, Mr. Speaker. I will like to inform the Hon. Minister that I am not straying away from the Bill. We all just heard the Hon. Minister telling us about the payments that have to be made at the Airports and so on, but the amendments are not here. I know it is in the other Bill. We are talking about amendments to the Travel Voucher Tax Act. If we are going to talk about amendments, then they must be holistic; they must be all inclusive; they must not be partial. When I look at the amendments to this Bill, I am seeing partiality. I am seeing partiality because we talk about win-win situations... The Hon. Minister of Finance yesterday repeatedly stated that the various tax increases and regulations would not affect the small man as we, on this side of the House, are trying to project to mislead the public. He said that the increases are mostly to go after the errant big fishes. This is not so in the case of this Amendment. This Amendment is not going after any big fishes. The big fishes are the ones who will benefit. The small man is the one who is affected by whatever increase there would be. I say so because, if one looks under the section that states who are exempted from the payment of travel tax, it is not the small person but the very important persons (VIPs), as we call them. That is why I am saying the Amendment is not holistic. I am saying so because of the fact that, if we want to help the small man to be able to cushion the effects of all the various increases and regulations, we would put something in some of the Bills for them.

As I sat here from yesterday and I listened, there is nothing coming to the smaller man. I would have liked to see certain things under the exemption list of the Travel Voucher Tax (Amendment) Bill that we are talking about. I am talking here from a gender perspective. If the Hon. Minister wants to say that I am going off-track, he can say so. Under the tax exemption, section 56 (3)(a) states,

“the President, his wife and children under 21 years.”

If a Bill is being amended, let us try to amend it as much as we could. I would have liked to see 'the President, spouse and children under 21 years'. Am I to imply here, as we talk about gender equality, that we are saying that no female would become the president of this country? Or until that happens then we will come back to this House and ask for an amendment to be done in the wording? I am saying to the Hon. Minister that, when looking at the Amendment, let us put the word 'spouse' so we do not have to come back to this House to make another change. As I said earlier, I am looking at the Bill from a different perspective.

Under section 56 (3) (b) and (c) of the exemptions of travel tax, the cater for members of foreign missions, their spouses and children, but sub-section (g) caters for "any child under the age of seven years." That is in Guyana. I would have like to see that sub-sections (a) to (c) grant exemptions to children of officials under the age of 21 years, whether Guyanese or not. It would have been great to see an amendment which grants exceptions to children of Guyanese birth, who reside in Guyana, 12 years and under. We would have upped the age limit a bit. Why am I going that route? I am going that route because we now have an increase of \$1,000 on the tax. When we listen to the Ministry of Tourism and what is to be done for destination Guyana and all that we want to do to enhance the lives of Guyanese and give the good life, I am saying that, if we exempt children 12 years and under - because at the age of 12 a child is still a child - who live and reside in Guyana, we will be able to encourage more family vacations. As it is now, if a family has four children and two or three of them are not seven years or under, then there is an additional \$1,000 that has to be paid. So we are upping the cost in the pockets of the small persons. What we are saying is that, if one is rich and wealthy, one can afford the increase, but, if one is just the ordinary person who just wants to give his or her family, including the children, the once in a lifetime vacation abroad - and the fact is that a lot of Guyanese have received visas recently - then there is an added cost.

I listened to the Hon. Minister and was glad when he identified the agent to collect the increase in the travel tax. My concern is what happens in the instance when the ticket is purchased by international organisations for persons in Guyana to attend conferences, workshops or seminars. Will they be paying that increase on the ticket or is it left for the person in Guyana to pay that travel tax? What I am aware of is that, when an agency purchases a ticket for someone, that person still has to go to the Cheddi Jagan Airport and pay the departure tax. Are you saying now,

Hon. Minister, that these persons will now be informed by the international organisations that there is an inclusive cost of the departure tax on the ticket?

My other concern is that the regulations state, and we heard the Hon. Minister say, that this amount could only be paid in cash. I think he specifically said at the Eugene F Correia International Airport, known as the Ogle Airport. We sat in this House and we talked about the advancement of technology and going digital. How soon will we be able to see measures put in place where one could be able to pay that fee *via* credit or debit card? We need that to happen. As I continue to say, I am looking at this Amendment from a different perspective because all that is needed is not there. We are amending a Bill. Are we just amending the money to increase the cost? What happens to the other aspects of this Bill? Are we just going to deal with money as we get into the pockets of the citizens of this country and then we come back at some later date to do another amendment? It is best for us to do a holistic amendment.

This tax is unimpressive for me. It is unnecessary and it is burdensome. I stated the reasons why it is burdensome. We are not encouraging family vacations and family time. We are putting an added cost on them. I am saying also that it is unnecessary at this point in time if we are not going to amend in a holistic way, if we are just going to amend in a piecemeal fashion. I am saying it is unimpressive because, at the end of the day, all that we are looking to achieve is an increase and, as we say, to get rid of the lines, which is good. One does not have to go to the Airport and go in a line. But, as it is, this Amendment does not stand to benefit the ordinary person.

We heard the Hon. Minister say that all the tax increases and all the regulations are there to go after those who are the errant big fishes. Are we saying that, with this increase, which will not be attached to the big fishes or the VIPs, the ordinary persons are errant and so we are going after them?

I want to know, at this point in time, when we look at the exemptions, could we not find a way to look at the persons to be exempted? I know the Hon. Minister would say that it is in the Bill that is coming. What about persons who are going overseas for medical treatment who have to pay departure taxes? I know, as I checked the Guyana Revenue Authority documents, that, once someone presents certain documents, he or she does not have to pay the travel voucher tax. How

about the departure tax? If one is ill and going overseas for treatment, money has to be spent, so an exemption could be an ease. Often in the media we see reports of lots of children and other persons who have to go abroad for emergency treatment. That is why I said that I am looking at the amendments to this Bill from a different perspective, not from the dollars and cents entirely. I am looking at amendments that would be holistic. [Hon. Member: We will transfer you to GRA.] I do not have a problem with that. I want to work with you.

The Amendment to the Travel Voucher Tax Act is partial and lacks a lot of transparency. We are hearing one thing, as we say, *word of mouth*, and, when we look at the document, we are not seeing it there.

6.33 p.m.

As we saw in the Budget speech that spoke to increases, this Bill, in itself, mentions nothing about those increases but, rather, it addresses just a few changes to some unimportant things, like the occupational names and those things, and the collection from agencies. It is in that stead that I cannot support the amendments since they are without merit and they reek of suspicion and ulterior motives.

Thank you. [Applause]

Ms. Teixeira: There are three matters before this House, the Tax (Amendment) Bill No. 34, the Travel Voucher Tax (Amendment) Bill, which is No. 35, and then the Affirmation of the Travel Tax Regulations that we will come to later. There are all interconnected because what the Government is trying to do or appears to be trying to do, is to bring something different in and also to amend the sister acts. So that what is in the Travel Voucher Tax Act and what is in the Tax Act, are stating the same thing and there is a reason for that. Then, of course, we come to the Regulations later. I think there is a lot of confusion as to what we are calling a Travel Departure Tax, which is non-existent, it is not real and it does not exist. What is there is a Travel Voucher Tax, which is covered under the Travel Voucher Tax Act, which was brought in 1973 and in which, even my friend, Mr. Greenidge, who is not here, made the last Order in terms of changing the fee in 1987.

The Travel Voucher Tax, very clearly states... and when one looks at the amendment that the Hon. Minister is bringing, in the amendment, in section 56 of the Tax Act, he refers to the insertion of a new paragraph in which it is referring 2 (a)(b) and states:

“The travel tax may be paid to the Commissioner or to an Agent, *et cetera*, in accordance with Section 10 of the Travel Voucher Tax.”

In addition, in the amendment to section 56, at sub-clause (b), it states the “Travel Tax ticket” and to add the words “which may form part of and be included in the travel itinerary or travel ticket issued by the carrier”. This is to bring this in compliance with the Travel Voucher Tax Act, section 3, Chapter 80:09. What we have are amendments that were made and the Travel Voucher Tax Act, Chapter 80:01, where certain changes were brought in, which overtime, for some reason, was not necessarily reflected in the Tax Act. Both referred to the Travel Tax as a tax on the ticket. So the Travel Voucher Tax states very clearly that it is to be paid by every traveller in respect of every occasion which he/she leaves Guyana for any place outside of Guyana, *et cetera* and it is to be collected at the time of the payment of the ticket.

Then there is the Tax Act, section 56, which also defines, and that is Chapter 8:01, where it refers to the Travel Tax.

The Minister is correct in that this is an old issue that has been knocking around for a long time, and that in the 70s and 80s, when the Travel Voucher Tax was brought in 1973, when persons bought tickets at the travel agency, they would be given a slip of paper which had the serial number and one would pay their Travel Tax or what was called Travel Voucher Tax at that time. The fee varied.

Originally, in the Act, it talked about the percentage of the fare. In fact, in his presentation, it started out at one time at \$50 then went up to \$500 and when Mr. Greenidge bought an amendment in 1987, he reduced it from what was 50% of the fare to 23%. So after that something happened where there was a complaint that the travel agents were not remitting the amounts to the Government, the Commissioner-General of the Guyana Revenue Authority (GRA).

Administratively, there is no regulation, amendment or rule that was changed after 1987, 1989 or so forth, to administratively change the collection of the Travel Voucher Tax to the Airport Tax. So, we began going to the airport and paying what we, in vernacular or in popular parlance, call the Departure or Airport Tax, but, in fact, it is a Travel Ticket Tax or a Travel Voucher Tax. When one looks at both the Tax (Amendment) Act and Travel Tax Act, they both define the Travel Ticket Tax in the same way.

So, we are now at what exists, administratively, in practice, when we look at page four of the Volume One of the *2017 Budget Estimates*, we would see what was the revenue collected for Travel Tax and it is rather impressive, so I am sure that the Minister of Business may be interested to know. This is because a reflection of the increase in the revenue from the Travel Tax, without having increased it for quite a number of years, may be of interest to the Minister of Business. In 2015, the actual amount collected was \$1.65 billion; in 2016, it was projected that we would make \$1.7 billion; and in fact, in the revised 2016 Budget, we collected \$2 billion. It is projected in the 2017 Budget the revenue to be collected as \$2.3 billion. In other words, almost \$300 million more is being collected than before.

So, in other words, we are not losing money under the Travel Tax. We have made \$3 billion and it was collected at the Cheddi Jagan International Airport (CJIA) and at the Eugene F. Correia International Airport, Ogle. I am not aware of any other place where it is collected. It takes, approximately, 24 hours per day, 365 days with the aircraft leaving, two persons on each shift, we are talking about a minimum of six persons at the CJIA and four persons at the Eugene Correia International Airport, and the airport at Ogle does not operate for 24 hours. With that small group of eight persons, per day, we were able to collect \$2.3 billion.

The Minister comes to the House and says that it is an administrative burden, it costs money, that the Government is doing a favour and that, therefore, the Government had a new way in doing it. He stated that the Government was going to bring in the International Air Transport Association (IATA) to handle the collections and that they will receive a commission of 1.5% and it was going to pay IATA \$10.9 million. Why? It makes absolutely no sense. Why I said it does not make sense is because the amendment that was brought to this House by Minister Jordan, deals with someone purchasing a ticket in Guyana to travel outside of Guyana. Therefore, in no way is the Government including the number of Guyanese, particularly the younger Guyanese who do

not go to travel agents. This is because they buy their tickets on the internet from Expedia and other sites and the Travel Voucher cannot be collected that way. This is because it has not been put into the Laws of Guyana or the law has not been amended in Guyana to include the necessity to allow for the collection of that money, external to Guyana.

The amendment which is in the law and that parts which have not been amended, states that the Travel Tax is to be collected on a fare purchased for someone travelling, leaving Guyana for external. If one wanted to deal with modern times and the digital life and world, particularly for the young people of this country, one would have had to amend that section that states that we are going to collect external too. For example, when someone living in Guyana uses Expedia to buy a ticket and wants to travel to Miami, they will pay the tax.

Mr. Speaker, the problem is that if we live in the 70s and 80s and we do not come out of the 1970s and 80s, in the world of 2016, 2017 and 2018, we will be losing all the time. We anticipate that in 2017 we are going to make \$2.3 billion, so the 1.5% that the Hon. Member has quoted as the commission for IATA has to be based on the revenue. Maybe the 1.5% that we are paying cannot be for last year because this Bill did not exist last year. It was not passed as yet and the President did not sign it. The Government cannot be giving IATA a commission until this is put into place. If the projection \$2.3 billion is right, then the 1.5% commission for IATA is not \$10.9 million – mathematically it is not. But why would we do that?

The Hon. Minister spoke about saving staff, when there are two persons per shift at CJIA, two – four persons maxed at the Eugene F. Correia International Airport per day and that is 10 persons per day, \$365 per day. The materials are being printed here and are being sold there and the Government is telling us that it going to be giving IATA 1.5% of the commission.

This again, does not make sense because the Government has also stated that the Commissioner-General is going to have Collection Agents and that he will prescribe to these Collection Agents what the penalty is. Except, under section 56 (2)(C), which is being amended, the penalty under sub-section 12, which is in the Principal Act, has a penalty of summary conviction and a fined of \$500. So what is the big deal? That is why my Colleague, Ms. Burton-Persaud, is correct that this is a piece-meal, hodgepodge, hurry-put-together, not thinking about things and as I was trying to ask my Colleagues, what was it that I was trying to think about..., *penny wise pound*

foolish and *cut your nose to spoil your face* are the two points which I would like to bring out in this Bill.

Outside of what the impact would be on the traveller because some way, along the line, the traveller is going to pay more for a ticket in Guyana. If a traveller sees that he/she could buy a ticket cheaper, externally, he/she will do it. They will not worry about the travel agencies in Guyana. That has another impact, in terms of the travel agencies that employ people to sell tickets and all of those things.

The Hon. Member, spoke about collection in Guyana. The Travel Tax in the United States of America, which is automatically placed on one's ticket, if a ticket is purchased there, is \$10. The quality of life in America is far higher than that in Guyana on what is called the Human Development Index. Guyana has moved from what is the equivalent of GY\$2500, which is the equivalent to US\$12.5, depending on the going rate, to a US\$17.5 and I am only dealing with the increase from GY\$2500 - \$3500.

Now the Hon. Member is saying that there would be one less line. But that is not true either because the security fee still has to be paid and the security fee is not a tax. It is nowhere in any legislation. It is what the airport imposes and, therefore, creates a security fee. So years ago one would just pay the Travel Voucher Tax at the booth, it then went up to include a security fee of \$1500. There is no tax in any part of our laws, in which it states anything about a security fee. That is an administrative imposition to collect for the airport. I have no problem with that, the airport needs it. But telling me that when I buy my ticket at some travel agency and I am given my receipt that states that I have paid for my travel voucher, I still have to get in the line somewhere at CJIA to pay my security fee of \$1500. Why I am saying that is because the amendment that was brought in 2016, after the budget, stated that every person over the age of 65 would be exempt from the travel tax, **excluding the security fee**, which must be paid.

6.48 p.m.

That was never properly stated in the budget debate in 2016. It was when one saw the amendment that one realised that all of this talk about travel voucher, which ordinary people thought was about the \$4,000 persons were getting an exemption on, if they were 65 years and

older – I have not reached that age as yet, but I am looking forward to not paying it when I get to that age...They suddenly discovered that they have to pay the \$1,500. So it is also not true

Where is one going to pay the \$1,500 for security fee? The Government is saying that it is going to introduce it at the Eugene F. Correia International Airport. Is the Government going to convert the people who are selling the tickets into the people who are collecting the security fee or would that be another set of people? That is an airport issue and not a GRA issue. I see that the powers of the Commissioner-General have been expanded more, so I do not know if he is going to take over that job as well. As far as I know, the security fee has nothing to do with the Guyana Revenue Authority and nothing to do with taxation. It is a specific fee, not a tax anywhere in law.

We cannot talk about the Tax (Amendment) Bill without talking about the Travel Voucher Tax (Amendment) Bill, which has been brought, and without the regulations.

This Bill, other than trying to bring some harmony between the two Acts – the Tax Act and the Travel Voucher Act...There is also an Act called the Sale of Travel Tickets Act, which is in these books and which imposes on airline carriers coming into Guyana certain responsibilities with their licences, selling tickets, *et cetera*. I am not a draftsman, but if it is that the Government wants to have a bond as part of the arrangements with the carriers or the travel agents, would it not have been smarter to put it in that Act?

We are trying to encourage people to invest here. I see the Government talking about entrepreneurship and self-employment and a lot of the travel agencies are exactly that. They are entrepreneurs. The carriers coming in have responsibilities under the law. The Government is imposing now a bond.

Under sub-section (c), in the amendment, it talks about the penalty that is put under subsection (12) of the Principal Act, which is a penalty and which is prescribed in the law and you have not touched that. The Government then goes to (d) which talks about a bond to ensure the payment of travel tax.

When one looks at the Sale of Travel Tickets Act, there is no requirement for the carrier to have a bond when they are selling tickets or to be able to have responsibility so that if the flight gets

cancelled or the airline falls apart, they would then have to honour the bond. Amendment (d), Minister, deals with the carrier. Amendment (e) states:

“Where a carrier fails to remit travel tax to the Commissioner or an agent when it becomes due, the carrier shall be liable on summary conviction to a fine imposed under subsection (12)...”

Which I said is about \$500.

“...and to forfeiture of the bond executed under paragraph (d)”.

As I said, these three pieces of legislation are a hodgepodge higgledy-piggledy mess. If the Minister wants to increase the fee from \$2,500 to \$3,500, there is a way to do it in a very neat drafting way.

In the Travel Voucher Tax (Amendment) Bill and in this Bill, the Commissioner-General would be having collection agents. In the Travel Voucher Tax (Amendment) Bill, a number of collection agents have been appointed to collect the money. That is more bureaucracy. Now the Commissioner-General would have inspectors – I am just being facetious but I would call them that – or monitors, who would check out the travel agents to make sure that they are selling the tickets and remitting the money. It is more bureaucracy. Whereas, all there was there at the airport was that someone could have gone and gotten it.

I have not travelled as extensively, maybe, as Mr. Jordan and maybe as a number of people in this House. But I have had, like everybody else, as a Minister or not, to stand in line - when one goes to buy a British West Indian Airline (BWIA) ticket in Miami; when one has to go through security check with the Americans; and then there is another line when one has to go and board. We take off all of our boots and everything else and we go through it. We are very obedient and we do it. We find it undignified and humiliating, but we do it. We have to take off our boots and our belts and take our keys out of our pocket – almost undress. God help us if one has any wire on them. You and I in this room who are women know what I am talking about, if there is a wire and what happens to us when the wire is found. Then they put you aside and you have to spread. We do not say anything about that. We do not have any problem with that because we would comprehend security issues.

If it is that there are all of these people (in line), employ more people to sell the tickets at the airport. You know that at certain times in the year more people would come in and go out. If it is 2nd January and more people are flying back home because they have to work the next day, put four or five additional persons at the Cheddi Jagan International Airport (CJIA). Do not leave the two people, who are probably recovering from the night before, anyway.

This is short-sightedness. This is creating more bureaucracy. It is putting an increased cost on the person travelling because now that person would have to pay \$1,000 more. It is also in no way solving the problems of the lines at the airport.

One thing that I love about Guyanese is our ingenuity. In the hard times and in the bad times, Guyanese have been able to survive. My friend who spoke earlier today said that “we are supporting criminals and tax dodgers”. We were called “lawless” the day before. But it was the ingenuity of the Guyanese people who broke the law when goods were banned. They went to Trinidad and Tobago and Barbados with gold in their back pockets and they sold it and brought stuff back or they hid bora and pineapple in their suitcases and went and sold them.

Maybe, according to the Hon. Minister, these are all “dodgers and criminals”. I call it survival. When one looks at many countries in the world where people are under severe duress, they have to bend the law sometimes. What we seem to have great easiness in doing is making it harder for the ordinary people. Some of the penalties which I have seen in these tax bills are worse than some of the penalties for crimes that are committed in this country. Yet, the penalties have now been increased.

This is a modern world. If tickets are being bought, digitally, on the websites, then the Minister cannot tell people that they are paying a commission on that. It is because IATA cannot put the US\$17 on a ticket being bought outside of Guyana, unless the law is amended to allow for that.

Therefore, I believe that the Hon. Minister should pause these three pieces of legislation, go back and consider and come back to the House with something that makes greater sense, *et cetera*.

If it is that IATA is going to be getting a commission of 1.5 %, there has to be accountability of how this is going to work. The 1.5% would be calculated on the tickets sold in Guyana, according to the law of Guyana. It cannot be \$10 million, if the revenue that the country is

collecting is \$2.3 billion, unless my Mathematics is wrong. The Minister said that it is a commission fee of 1.5%. Either the Minister may have been looking at last year's figures, which would understandably be approximately that, or he is not looking at the 2017 figures, which he has projected. Maybe, they are wrong. Who knows?

This Bill which talks about collection agencies and bonds was, in fact, the same Tax Act... The Minister can make regulations to bring to the House. Why was one of the regulations under the Travel Voucher Tax Regulations or Tax Regulations not include what is the quantum of the bond required to be established by the carriers in order to be accountable for these travel tickets? Where would that be done, by the way? Would it be by some regulation out of the blue or is this at the whims and fancies of the Commissioner-General who would decide what the bond, to be put up by the carrier, would be? That is not clear in the Bill. It is absent from the Bill. It is absent from what the Minister presented to this House today. So, we are still in the dark. Whilst it is nice to know that he has told the travel agencies to get ready because they are going to have to implement this as soon as it is passed, I am sure that their questions are the same as mine.

Mr. Speaker, I thank you and I hope that the Minister would seriously consider that this needs to be looked at again, in greater depth. We are willing to work with him to make sure that we have a better Bill than what is before us today. *[Applause]*

Mr. Jordan (replying): Let me just thank the two speakers from the Opposition for their contributions to the debate on this Bill. I still remain perplexed as to whether we are dealing with this Bill or whether we are dealing with the other but I want to stay on point. **[Ms. Ally:** Deal with both at the same time.] I am not dealing with both. When we come to the other one, we will deal with the other one. Let us deal with this Bill, which is a Bill that seeks to change the way that we collect what we call "Departure Tax". I had carefully put up, earlier, an article from the *Kaieteur News* newspaper that showed the long line and somebody had said that we must do something about it.

Before they had said that, we had said in the 28th November, 2017 Budget presentation that we were about to do something about it. Is it not amazing that all over the world, bar a few countries, the Travel Tax is in everybody's ticket? It happens in the entire Caribbean Community (CARICOM). Guyana is the only place where persons line up at a booth. Yet, we are coming

here and hearing what it is we are doing, what it is that we are trying to advance. We are trying to join the family of nations that have gone this route. We are hearing that we should pull back and stop and do not go. [Ms. Charles-Broomes: Stay in the dark.] Stay in the dark. It is so that we can be beaten and flogged because we are not going forward. I am sure that this Coalition Government was not elected to be flogged like a horse to go forward. We do not need to be flogged to go forward. We go forward if it is advancing the cause of the nation. What we are saying is that we are not inventing any wheel. We are not experimenting with anybody like guinea pigs. This has been done all over the world. All this talk about if one buys a ticket online or on Expedia, Inc.; everybody is buying tickets on Expedia, Inc. online and are collecting all of the taxes. If one buys a ticket from Caribbean Airlines, that person is told about the security tax for Trinidad, security tax for the United States, John F. Kennedy Airport (JFK) tax, this tax and that tax.

7.03 p.m.

All the taxes are there. It is same thing we are doing. Whatever taxes we are collecting we are asking somebody to collect it. We are not changing anything. We are not changing the method of collecting the tax. This Bill only deals with the method of collecting the tax. It does not deal with tax increases and whatever else you have heard all night. That is the next Bill. You are wasting our time. This Bill deals with the method of collecting the existing tax. That is all we are doing. Instead of having the booths and all these places, and it is not free.

Having a booth in 2016 plus cost of ticket, plus cost of staff, plus cost for security, but not costing transportation for the staff up and down, *per diem*, and all these kind of things are nearly \$30 million. The commission on 2016, we will only be paying a commission on the travel tax, the number, which you are calling, about \$2 billion, is both travel tax and travel voucher tax, which is marked with the word "travel". The \$2 billion is not the travel tax. In 2016 the travel tax was \$729 million - you can call it \$730 million - and the travel voucher tax is \$1.3 billion. That is why you got your \$2 billion, but you will only be paying 1.5% on the \$730 million. If you checked you will get roughly \$10.9 million. It (the commission) was based on the 2016 figures, I said. You can check back the *Hansard*.

All the jumping up, if they are not talking about a speed boat price increase, it is something else. They are also misrepresenting what you are saying to score cheap political points. Listen very carefully and you will be able to rebut carefully and it is not score to cheap political points on assumptions.

I am not going to get into those arguments. If it is made again on the next Bill, then I will deal with them. Staying on point, we are just trying to change the method of collecting a tax that we, the Government, are collecting through having booths and so on. We are trying to join a family of nations that are already collecting this tax via International Air Transport Association (IATA). We see nothing wrong with this Bill and we therefore commend it for passage. I believe in Mr. Fung–A- Fat, S.C., who drafted this Bill, and he assured me that this Bill is perfect in law. [Applause]

Question put and carried.

Bill read a second time.

Assembly in Committee.

Bill considered and approved.

Assembly resumed.

Bill reported without amendments, read the third and passed as printed.

TRAVEL VOUCHER TAX (AMENDMENT) BILL 2016 – Bill No. 35/2016

A BILL intituled:

“AN ACT to amend the Travel Voucher Tax Act.” [Minister of Finance]

Mr. Jordan: I rise to move that the Travel Voucher Tax (Amendment) Bill 2016 – Bill No. 35 of 2016, published on 2016-12-20 be now read a second time.

Section 8 of the Travel Voucher Tax Act, Chapter 80:09 of the laws of Guyana requires every carrier or charter to collect the travel voucher tax payable at the time of issuance of the airline ticket and remit to the Guyana Revenue Authority (GRA) in accordance to section 10 of the

Travel Voucher Tax Act. The reason why we are seeking this amendment of sections 2 and 8 of the Travel Voucher Tax Act is to confer on the Commissioner-General of the Guyana Revenue Authority the power to appoint collection agents for the collection and remission of the travel voucher tax. Essentially, this would remove the need for some airlines to directly remit the travel voucher tax to the Guyana Revenue Authority. The reason why this is being done at this time, and I am not sure why in the previous administration it was not done, given the experience with certain airlines, is because of the experience that the Guyana Revenue Authority has at the moment with a certain airline which has collected over \$100 million in travel voucher tax but the Guyana Revenue Authority is getting difficulty with this airline that always seems to have a bit of a problem. It is \$100 million which it has collected in travel vouch tax and the Guyana Revenue Authority is having a difficulty in collecting this money.

The haste to get this done is to remove the requirement that is conferred by the travel tax that all airlines must collect this tax. This amendment will give the Commissioner-General the room to determine which airlines he will thrust with collecting this money and which airlines he will make other arrangement to make certain that the moneys go directly to the Guyana Revenue Authority. *[Interruption from the Opposition Members.]* We all know the man and we all know the airline so I do not need to say the airline to them.

One of the benefits of this move here is that the Guyana Revenue Authority is seeking to have both the travel tax and the travel voucher tax collected and paid over by a collection agent as is done in most other countries. Consultation has already begun with IATA to explore the possibility of it carrying out this function for all airlines that utilise the IATA service. So far the GRA has determined that it will be capable of fulfilling our requirements, which is IATA, in terms of timeliness of payments to the Guyana Revenue Authority and the reports for consolation. The Guyana Revenue Authority is also in discussions with the airlines to get them to pay IATA for this change, based on their present relationship with IATA and the savings that will be accrued to those said airlines. This engagement is ongoing at the moment.

Another benefit of the Bill is that it will ease compliance by the airlines and simplify the administration of this tax by the Guyana Revenue Authority, while ensuring consistency with international practices in the air transport industry.

The implementation of the Bill will also seek, of course, the improved and modernised way of doing business and tax administration while assisting the Guyana Revenue Authority in enforcing the laws. I think, principally, we are moving post haste to get this Bill passed and in place so that the Commissioner-General will have full power to determine who collects the travel voucher tax and the travel tax as the new Bill that has just been passed to ensure that he collects the Government's revenue in full and on time. As we have been saying, up to yesterday, various actors, agents and individuals collecting moneys on behalf of the Government are finding it difficult to remit moneys that are not theirs, but the Government's, and using it as cash flow and otherwise. We have to put a stop to this and one way to put a stop to this is to give the Commissioner-General and the Guyana Revenue Authority wide powers to enforce new laws in relations to Government's revenue being collected on its behalf by other agents.

I commend this Bill to this House for passage. [*Applause*]

7.18 p.m.

Ms. Burton-Persaud: Once, again, I have listened to the Hon. Minister of Finance and I know again he is going to say that I am going out of context. If going out of context is what it takes to let the public understand what is happening in totality, I will go out of context. The Bill, again, is partial. It speaks to the agencies and the collecting agencies and all that there is, but it does not speak to the fact there is no inclusion in this Bill about the increase that will be on the travel voucher tax. I mentioned that specifically because the Hon. Minister of Finance can 'sand dance' a lot. He dances well. He tends to say that I do not understand what he is speaking and something is wrong with me. Something is wrong with me, because I am an ordinary citizen who might not understand the technical language and so you will need the plain text to understand it. When we sit in this House we hear about increases to taxes again and yet when the amendment comes before us it just speaks about those technical aspects, partial, about collection but we do not hear about the increases that the ordinary man out there will have to pay. Then, again, it is incorrect, it is incomplete and it is partial.

I make that reference to state that the travel voucher tax as I understand it is that percentage you pay on your ticket, fine. The Government today when in Opposition in 2013, after cutting the budgetary allocations to the transport sector, demanded that the People's Progressive Party (PPP)

administration, which was then the Government, did not increase any of the taxes on the travel voucher. The Members demanded a reduction because they stated at the time that that would have increased the cost of the airline ticket. Today, the very persons, who were Opposition then and are now in Government, have put on an increase. Will it not affect the cost of the ticket? With the added taxes that we have to pay for the travel tax, is it not increasing airfare in all aspects? What are you saying now to us?

It was not good then for the PPP Government to put an increase, but it is good now for you in Government to put those increases despite all the other tax increases that you would have put. That is where I have the problem. Once again we are digging deeper into the pockets of the ordinary man. I would like the Hon. Minister to say how was it unfair then for an increase to be had, because it would have increased airline tickets. How fair is it now for you, in 2017, to come asking for an increase, but hiding it under the shroud that you are just looking at the collecting agencies and not mentioning in this amendment the increase in cost.

Thank you Mr. Speaker. [*Applause*]

Mr. Anamayah: This is another example, I think, of when you look at the explanatory memorandum, at least the first two lines, it shows this Government's incompetence. It does not have a clue what they are doing. The explanatory memorandum states that the Bill provides for an exemption from payments of travel voucher tax of certain persons, including persons 65 years and over and children seven years of age, but this is not in the amendment. This is not in the amendment. It was not in the Hon. Minister's speech so I do not know what he is talking about. Recall earlier in 2016, in January of 2016, there was mention of the assistance to the persons 65 years and over with a waiver that will be applicable to them. It is not in this Bill, so for me it is a non-starter. Your explanatory memorandum and your actual amendments, which you are seeking, do not collate.

I listened attentively the Hon. Minister Jordan and one of the reasons he offered to the House for the necessity for these amendments was that - what I heard - there was one recalcitrant carrier. One, so why punish all? Why punish all? The GRA is vested with wide powers to recover taxes that are being defaulted. It could deal with defaulters, whether they are an airline carrier, a business or an ordinary citizen. It has overwhelming powers to recover that money and then get

judgement and then go after... If it is an airline, it must have assets so, why are we passing legislation now that will affect all the carriers and all the charterers? [Mr. Nandlall: It is because of Gerry Gouveia.] Well, I am not mentioning names.

In the previous legislation that we dealt with the Hon. Minister was saying that there was this need to move to IATA for this more or less electronic collection and remittance of the tax. It was more cost effective but here now, in this amendment, section 2 of the Principal Act, has been amended, and section 8 in particular, to confirm more powers to the Commissioner-General to appoint agents to collect. Is it not adding to the bureaucracy? A few minutes ago he was reducing and now we are adding to it, that also does not make sense to me.

Now one very important thing that the Hon. Minister did not touch on at all, besides the wide powers that are now vested in the Commissioner-General, too wide powers, in my humble view, is that the Commissioner-General, by this amendment, has the right to the powers to impose a bond on charters and airlines and it seeks to penalise for non-remittance of the tax. What is the penalty? This is a brand new introduction into the airline industry, a brand new introduction. Non-remittance of the tax. What is the penalty? This is a brand new introduction into the airline industry, so non-payment or non-remittance of the tax results in a forfeiture of this bond. It is the Commissioner-General, who it seems,...Well, there is no explanation as to how he does it, so I am assuming arbitrarily fixed the bond. He decides what the bond is. Now, in addition to the bond that the airline carriers also have to pay for the passengers, which is about US\$250,000, you are asking them to pay another bond which I anticipate might be in the same vicinity. Now this is an additional cost of doing business here in Guyana. This is an additional risk that they have to deal with and they have to find this huge sum of money and have it laid up somewhere as security for this bond.

That is putting an undue burden on the carriers and the charters. It is making the entire industry uncompetitive. How are we going to encourage new people, new carriers in the industry? Why are we spending all this money to expand the Cheddi Jagan International Airport (CJIA), if we are going to impose these kinds of measures that will drive out any potential carrier? That is what it will do. That is why we are against this bond, totally against this bond. As I said, the Commissioner-General has other means to recover the taxes. This is completely unnecessary and the sad reality is that the administration will go ahead with it and it will result in an increase in

the cost of airfare. It must. That is a necessary consequence of the imposition of a bond to further the airline carriers and the charterers to deal with it. To deal with the potential liability or the risk they will transfer it to the customers, the person who is going to pay for those tickets. That is one very good reason why this bond needs to be relooked at.

One of our previous speakers, Comrade Teixeira spoke at length about this very Travel Voucher Tax Act. It was introduced in 1973. It is a creation of the People's National Congress (PNC) and it was used in a very oppressive manner at the time of its creation. The increase the Hon. Minister spoke of what was the value of \$75 in 1973 or 1976, I think. It was indeed a lot of money. Imagine now a traveller at that time having to find Guy\$50 as a travel tax to be able to travel out of Guyana. It was a mechanism imposed at that time to try to restrict travel out of this country. Now, because of the increase in travel, the Government is receiving a windfall from this tax, and Hon. Member Ms. Teixeira quoted the figures. There is every justification now if you are amending to reduce the fare, the Travel Voucher Tax. The percentage, right now, is a percentage of the airfare. It is 15%. Reduce it significantly so it will bring down the cost of airfare or air tickets. That is a measure that will advance the interests of the country and advance our travelling public.

I encourage the Hon. Minister to relook at this and take these measures into consideration.

Thank you, Mr. Speaker. [*Applause*]

Ms. Teixeira: As I said before, the travel tax ticket is the same as the travel voucher tax and that in section 3... I hear a whisper that I am not right. Could I ask the Hon. Member to look at the law? The Travel Voucher Tax, Chapter 80:09 (3), states:

“There shall be charged, levied and collected in respect of every travel ticket a tax (hereinafter referred to as a “travel voucher tax”) calculated on the fare for the journey from Guyana, the subject matter of the ticket.”

The Bill, which you just passed, by a majority, of course, defines the travel tax ticket as the travel voucher tax so maybe you are not sure of what you are passing. However, this Bill is an old Bill of 1973 and when we look at the amendments the Hon. Member has brought, what he is

merely doing is putting into the Tax (Amendment) Bill the same Sections or similar Sections in the Travel Voucher Tax (Amendment) Bill.

7.33 p.m.

It is unfortunate that, again, and I repeat what my Colleague said, if you are going to keep the Travel Voucher Tax Act, which is an old legislation and which was brought about for many reasons, one of which was taxation and certainly not only for that... There is a funny thing in it. If you were going to clean up, as you said you want to... If you travel out of Guyana for a period not exceeding six months from the date of your last departure and, when you arrive, the Immigration Officers checks your travel documents and your travel voucher to see whether you paid your travel tax... Why would you want to keep that? I can go away for six months and come back. Do I have to produce my travel voucher tax to an Immigration Officer?

If I discover that I have lost it or, like you, who might be a Minister today and not a Minister tomorrow...some of you have had some reshuffling experiences in the last year. If you were a Diplomat and you travelled yesterday so you did not have to pay tax, when you come back six months later when you are no longer a Minister, you are now in breach and you now have to pay. If you want to retain this old piece of legislation, why do you not clean it up and make sense of it?

The issue of the bond and all that you have done...the wording is similar, if not the same, in relation to the Tax (Amendment) Bill and the Travel Voucher Bill. The Hon. Member can be obtuse in not listening to what we are saying. The issue is that the travel voucher tax and the travel ticket tax is the same thing. The Collection Agents that have been put in, whether the Commissioner General decides to have his own, to use IATA, to use Carriers, *et cetera*, they have to have a bond. There is no way, of course, in the Travel Voucher Act, that there was any such requirement for the Carriers which provide your tickets to also collect the travel vouchers. There was no requirement to have a bond and, obviously, this is something new that is being included.

The point the Minister made earlier I challenge again for the second time on this issue. The view that IATA can collect from tickets purchased from other locations other than Guyana cannot take place unless IATA is given a piece of legislation approved by this Parliament and signed by the

President to allow for the collection of the travel voucher tax and or the travel ticket tax, if you prefer that phrase, to allow IATA to do that. You cannot ask an international body to disobey the law. The IATA is a very interesting organisation under the International Civil Aviation Organization (ICAO) supervision that ensures that, if it collects tax from any country or any airline, the laws are in place to allow for that. To collect taxes outside of Guyana, this has its own interesting features in law and in international practices. It cannot be done whimsically.

You may find this funny and you may make disparaging comments about the contributions but we have some experience. For example, with CARICOM... The Hon. Minister Greenidge, my Friend, is not here. With the freedom of movements, the issues of having legislation and jurisdiction that allow for people to have national insurance... For example, the people who have worked here and are now in Barbados... It has been a challenge in the Region to get all the countries to pass legislation in a variety of ways. So too with IATA. You cannot go to IATA and say to collect for anybody buying whether digitally or otherwise without producing a document.

This House has not been given a piece of legislation that states that the collection of tickets or taxes from Guyana is being done externally. It refers to Carriers or Charters remitting due and payable. It is under Section 10 of the law which I read before but the Minister has not listened to. That basically talks about the fact that all moneys collected by a Carrier or by a Charter is due and payable to the Commission at the time when the tax shall become collected in accordance with...

The Carrier can only be dealing with the tax in Guyana. You can get Caribbean Airlines travel agents selling tickets in Guyana, but, Caribbean Airlines in Barbados cannot sell tickets unless the requisite law is brought to this House and passed to allow Caribbean Airlines to collect, in Barbados, tax for Guyana. That is simple. Yet the Ministers are obtuse and make disparaging comments.

I have no more to say on this Bill. We have a third bite on it in relation to a \$3,500 increase under the Regulations. The Minister does not wish to appreciate any kind of contribution in this House on absolutely any matter. It is, as the Minister has said on another matter, take it or leave it. Mr. Minister, you will live and die with that statement. Thank you. [*Applause*]

Mr. Jordan (replying): Thank you, Mr. Speaker. Let me thank the speakers on the Opposition benches for their contributions, as usual. I am happy that the Hon. Member, Ms. Teixeira, was able to point the Hon. Member, Ms. Burton-Persaud, to where she could find the increase in the travel tax that was announced in the Budget and Regulation No. 7 of 2016, made under the Tax Act, which will also be up for discussion if not later tonight then tomorrow morning, perhaps.

On the bond, again, we have this kind of doomsday scenario whenever we want to make a point. Hon. Member Anamayah, bonds, as you would probably know, but, if you do not know, do not necessarily come in the form of cash. It can be done by way of surety also where a banker's guarantee, insurance and so on can be used. Why scare the House for those who do not know or scare the population by saying that the people will have to find all this cash and set it aside and therefore the cash flow and tickets will go up. Henny Penny must be laughing in the sky. You do not have to just lodge money by way of bond, as we said. There are other forms of security that you can lodge.

Secondly, I think it was made clear that all airlines under regulations, and correct me, Hon. Member, have to lodge a bond anyhow for a different purpose or have insurance. We are saying here with this bond, again, that it is not for X airline that is collecting our travel voucher tax and remit it to Guyana. Why would we burden them with an extra bond? This bond, in addition to what they have to meet in terms of the civil aviation and so on is for those airlines that the Commissioner General has frequently found collecting our travel voucher tax and not remitting it. What is the problem? Is this not a simple understanding? The bond will not be for every airline. Again, like penalties that we were talking about earlier tonight, it is only targeted to those who are either running afoul of the law or, in this case, running afoul of the Guyana Revenue Authority. Do you really want us to sit back, allow these airlines to collect our travel voucher tax and keep it as their cash flow and all they have here is the deposit that they have left with the Civil Aviation Authority for different purposes? Should we just throw up our hands and say that we cannot do anything? Is there not one time that the Opposition could understand what we are trying to do and say, yes, this is in the interest of Guyana? Do we have to be against things that will advance us as Guyanese and protect our revenue and so on? Is there one tiny time when we can just say, yes, this is in Guyana's favour?

The bond that we are trying to put in place is for the recalcitrant airlines. When it reaches \$100 million, we are not talking chump change; this is serious money. Short of the Guyana Revenue Authority doing drastic measures, including going to the Court and holding the airline, seizing the plane - and we do not even know if they own it or not - this is a measure that is in keeping with a peaceful approach. If this measure does not work, of course, the Commissioner General must not have his hands tied in moving swiftly and timely to ensure that the revenues are collected.

This is not the airline's money that is due to it. It is not tickets money. It is money that the travelling public paid to the airline on behalf of the Government. The Government will have nothing to do with the airline's cash flow or anything. This is the Government's money. This has nothing to do with administrative cost. All over the world, airlines collect money.

The long and short is, again, as I said, we expect opposition but, when it comes to the best interest of the country and you look and see that this is in the best interest of the country, why can you not simply acknowledge that we are attempting to do something that is in the best interest of the country? Why can you not, in this one instance, say that we understand this now and we will support it?

When I indicate that it seems that we always want to be on the side of all these people who dodge taxes, collecting it here and there, every time we try to tighten, we get pushed back and get opposition for tightening the screws. Yet, you still ask us to continue to reduce taxes, increase threshold and all these kinds of things. These things can be done and done swiftly if we can get people to pay their fair share of taxes and if we can get people to remit the taxes that are ours, whether it is VAT, landing fees, travel voucher tax that is being collected on our behalf and remitted on time and not to be making money from Government's money. We intend to clean this up wherever we see it happening.

I do not profess to be a lawyer. I will not go down there. I will leave it to my learned friend who is the Commissioner General and Lawyer and my learned friend, Mr. Fung-A-Fatt, Senior Counsel. I am not professing to go down the road that the Hon. Member, Ms. Teixeira, keeps harping on and so on.

Laws that are brought to this House are carefully developed and drafted by the Attorney General's Chambers and are in the competent and capable hands of the Chief Parliamentary Counsel and his staff. These are people that the former Hon. Attorney General has been accustomed to and have used, have trusted and so forth.

7.48 p.m.

If they assure me that this Bill is in keeping with our laws, then I have to believe them and I have to come here and defend it. I am not going to take an unlearned person in law over a Senior Counsel in the law. And if they assure me that IATA is acting as just a clearing house, just as what happened with Expedia Inc. and all the other different people who are actually collecting taxes on behalf of airlines all over the world.... Why is this a major issue as we come out of the dark ages of having a booth at an airport? I just want you to understand: IATA is going to be a clearing house and we are going to be paying what is a relatively small commission to IATA for doing what all the other countries are doing.

So, Mr. Speaker, I believe that we have said enough on this Bill. Again, it is another non-contentious Bill and I am sorry that we are spending so much time on non-contentious Bills but I say it is in the interest of free speech. I want to just commend this Bill to the House for passage.

Thank you.

Question put and carried.

Bill read a second time.

Assembly in Committee.

Bill considered and approved.

Assembly resumed.

Bill reported without amendments, read the third time and passed as printed.

Mr. Speaker: Hon. Members, it is now 7.50 p.m. I propose we take the suspension now and return at 8.20 p.m.

Sitting suspended at 7.53 p.m.

Sitting resumed at 8.33 p.m.

FINANCIAL ADMINISTRATION AND AUDIT (AMENDMENT) BILL 2016

A Bill intituled:

“An Act to amend the Financial Administration and Audit Act.” [*Minister of Finance*]

Mr. Jordan: Thank you, Mr. Speaker.

I rise to move that the Financial Administration and Audit (Amendment) Bill 2016 – Bill No. 36 of 2016, published on the 20th December, 2016, be now read a second time.

This Bill seeks to provide for a simple interest rate of 18% per annum, instead of the current Bank of Guyana published market rate. In doing so, the Bill seeks to amend the Financial Administration and Audit Act, Cap 73:01, by repealing Section 6B (2) which states:

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

And Section 6B (3) states:

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

The Bill is attempting to repeal those two sections and re-enact as follows:

“The rate of interest applicable to late payments referred to in subsection (1) shall be eighteen percent simple interest per annum.”

The rationale for this is fairly simple in that Section 6B (2) and (3) have resulted in some very complex and problematic computations being prepared by the staff of the Guyana Revenue Authority to arrive at the correct interest that may be applicable and payment thereafter derived.

The numerous complex computations required because of the constantly changing interest rates have given rise to, in many cases, incorrect results for some tax types when using the GRA's Total Revenue Integrated Processing System (TRIPS). And it poses even more difficulty when manual preparation and calculations are pursued. Hence, there is an urgent need to simplify the interest rate, thereby making for easier computation by both the taxpayers and the tax officers. Clearly then, if this is so, it will result in more efficient administration and, hopefully, increased compliance. So, this simple act of moving to a simplified, unitary interest rate will have a number of benefits for all, as we said: easier computation for the taxpayers and tax officers, easier administration of late payment, more compliance and revenues from interests, hopefully, and, of course, more accuracy in the calculation of interest on arrears.

I commend this Bill to the House for passage.

Thank you. [*Applause*]

Mr. Ali: Thank you very much, Mr. Speaker.

In looking at this Bill, I wish to make a basic recommendation to the Hon. Minister of Finance. It is a known fact that interest rates are an important aspect of our economy and are usually regulated by the Central Bank. Revenue departments around the world ought to follow the Central Bank's interest rates with an allowance as per the original law which allows 500 points adjustment on the Central Bank's rate. So the first issue I wish to raise with the Hon. Minister is the perceived lack of confidence he and the Ministry of Finance are demonstrating in relation to the Bank of Guyana's interest rates.

There are a few very important reasons why the interest rates are regulated by the Central Banks. Interest rates are used primarily as a tool that affects monetary policies. For example, interest rates are used as a tool to slow inflation. Higher interest rates make loans more expensive, thus containing spending. If increased consumer spending is required, the interest rate is lower, thus spurring borrowing. So, interest rate is not just a simple issue that we can play around with and allow GRA to come up with its own rate, the National Insurance Scheme (NIS) having its own rate and other agencies, maybe in the future, having their own rates. Interest rates are an important tool in managing what goes on in the economy.

If GRA is allowed to apply a fixed rate that is set by law, then there is a real danger of GRA directly affecting the average interest rates of the economy instead of the Central Bank because, if one is going to use 18% as the interest rate that is going to be charged, what is the relationship between that rate and the Central Bank's rate? The other question that the Hon. Minister of Finance may want to tell us is how he arrived at the 18%. What are the parameters and assumptions used in arriving at this 18%? A fixed interest rate of 18% needs justification as to how it was arrived at. Then what happens when the Central Bank's average rates drop much lower in periods of real growth? How would the agency respond to this when there is real growth in the economy and the Central Bank's average rate drops? Let us say it drops significantly below what is there, how would you react to this? Or is it that the Government is admitting that hyperinflation is the new norm and, therefore, it cannot afford to follow its own Central Bank?

8.43 p.m.

This is a question of confidence in your Central Bank and the rates set by your Central Bank. The bottom line is that the Amendment questions the dependence of Government and its reliance or lack thereof on the Central Bank and fiscal management. It is very important that the Minister of Finance and the only agency responsible for revenue collection, the Guyana Revenue Authority, show the confidence that the rest of the financial sector and international investors would like to see in the Central Bank by following the interest rates that are set by the Central Bank. Hon. Minister of Finance, as you said, this is a very simple task. However, the task has implications for the economy and the way we view the Central Bank, the way you arrived at the 18% and its effects on the future, when the economy will have real growth. I will ask you, Hon. Minister, to reconsider the position where the Guyana Revenue Authority is setting this rate and to move back to the position to show confidence in the rate as set out by the Central Bank with the 500 points adjustment.

With that, Mr. Speaker, I want to thank you. *[Applause]*

Mr. Nandlall: Sir, there are two major issues that I want to raise. I raised them last year and I thought that the issues I raised last year would have been at least clarified by the Hon. Minister when he read the Bill for the second time. Unfortunately, that was not done. If one opens and looks at the short title of the Bill, it is Chapter 73:01. That is supposed to be the Principal Act,

the Financial Administration and Audit Act, which this Bill seeks to amend. The short title, as I said, is Chapter 73:01. When one checks the *Laws of Guyana*, Chapter 73:01 is the Audit Act. This is by the Law Revision Order of 2012. That is why I am saying that, one year ago, I pointed this out. Why could we not have it rectified?

The other significant issue is that this Financial Administration and Audit Act is not part of the *Laws of Guyana* as in these books. Whatever it is, are we not going to correct it? That is my point. Last year, I raised the same issue. One year after, you are in Government and rather than compliment me for assisting in pointing to where there are omissions and then seek diligently to rectify it, you are laughing. That is your approach to government, which is highly regrettable. Again, we are seeking to amend a law that does not seem to exist – the Principal Act. I do not know how a principal act that does not exist could be amended. Out of nothing cometh nothing.

[Hon. Members: *[Inaudible]* You do not even understand what I am speaking about.

Mr. Speaker: Hon. Member Mr. Nandlall, you do yourself an injustice by not presenting your case to the House.

Mr. Nandlall: That is the first point I wanted to make.

The other point is that the Fiscal Management and Accountability Act... **[Ms. Ally:**
[Inaudible] Sir, I do not know if someone is drinking and the alcohol is coming into the House, but I am being distracted and Your Honour is not protecting me.

The other point I want to make is that the repealed Fiscal Management and Accountability Act, on its face states:

“This Act...”

Meaning the Fiscal Management and Accountability Act.

“...repealed the Part II (excluding sections 6(1) to (IE), inclusive, 6A and 6B, now in sections 3, 4 and 5, respectively of the Fiscal Enactments (Amendment) (No.2) Act 2003 and Parts II and V of the Financial Administration and Audit Act.”

We passed this Fiscal Management and Accountability Act since 2003. It repealed two parts of the Principal Act which we cannot find. How is it that I can satisfy myself that that which we are

seeking to amend was not repealed? How do I know that? The Minister cannot tell me that? There is no principal act that he could hold up and show me that he has repealed. We do not know what exists.

Let me answer the utterances coming from the other side. We never attempted to amend the Financial Administration and Audit Act. Amendments are now being made to it and that is why the issues never arose or we would have rectified them already. We would not have waited one year after the error was pointed out. Therefore, one, we do not know where the Principal Act is. Two, we do not know whether it has been repealed. Three, the Bill itself carries a name that is not the Principal Act. It carries the chapter of the Audit Act. I am saying that laws must be certain and the lawmaking process must be certain. That is a fundamental characteristic of any law. We must know what we are amending. The people out there must know what laws they are expected to comply with. If we cannot get it right here, then something is fundamentally wrong.

I reiterate my point that I made these arguments last year. Mr. Fung-a-Fat was here but there was no rectification. He has been elevated to silk. I sent him a card offering him my most profound congratulations, but he should have rectified this. I do not blame him, but I blame the Minister because it is the Minister's Bill. The Minister should have ensured *ex abundante cautela*, that all the wherewithal would have been complied with.

As a result of those few observations, I cannot find it in myself to support this Amendment. Thank you. *[Applause]*

Mr. Jordan (replying): Mr. Speaker, I think I can deal quickly with the former Hon. Attorney General. He is referring to Chapter 73:01 in this Volume here - his Volume. These Volumes, I believe, have been discredited and discarded and are of no use. As far as I can remember, Chapter 73:01 always referred to the Financial Administration and Audit Act. One could go back as far as one could and one will find Chapter 73:01 always referred to the Financial Administration and Audit Act. It is this Volume that corrupted the laws of this country at great cost and expense. These Volumes have been excluded and are not in use in any court in this country.

For the edification of the former Attorney General, Hon. Mr. Anil Nandlall, Parts II, III and V, excluding section 6(1) to 6(1E), inclusive, 6A and 6B, were repealed by Section 86 of Act No.

20 of 2003, Fiscal Management and Accountability (Amendment) Act 2003. Section 6(1) to section 6(1E), inclusive, 6A and 6B were restored by Act No. 14 of 2004, Fiscal Management and Accountability (Amendment) Act 2004. So 6B, which is still in existence by virtue of Act No. 14 of 2004, is what we are seeking to amend today. The saying is, *hard ears children does feel*. Since last year February, I taught former Hon. Attorney General Mr. Nandlall the same thing. He has come back almost one year after, making the same aspersions on the Chief Parliamentary Counsel (Acting), a man of silk and recognised rightly so.

8.58 p.m.

Proceeding on the Bill that is before this House, I have only to refer to the comments made by Hon. Mr. Irfaan Ali, who suggested two things, that we should continue to use the Bank of Guyana's rate. Well, there are so many arrangements in Guyana that apply interest rates that bears no reference to the Bank of Guyana. It does not mean that we do not have any confidence in the Bank of Guyana. Let me use one example that the Hon. former Attorney General, Mr. Anil Nandlall, is aware of. In the whole High Court, when judgements are given, the court awards 4% from the time of filing to the time the judgement is given and 6% thereafter. I believe this arrangement has been there from time immemorial. [Mr. Nandlall: It is the other way around.] Alright, 6% and 4%. Thank you very much. But the principle remains the same, that it bears no relationship whatsoever to the Bank of Guyana rate.

While the Hon. Irfaan Ali made a good point, in reality, what we are suggesting is that, since that rate moves ever so often and since, sometimes, without fail, we seem to be numerically challenged... I just had to read my Budget Speech on that one; both numeracy and literacy seem to be issues... we are shortening and simplifying things by utilising a flat rate of 18%. The Hon. Member asked where this came from. Well, it came from looking at trends from since 2004 to now in the development of Bank of Guyana's rates and these rates were as high as 19.8%. [Mr. Nandlall: Why are you moving away from that?] We are moving away to simplify the calculations, as opposed to every minute having to find out the existing rate.

So, the long and short of this is two-fold. Firstly, is that, happily, we have found out that section 6B is still valid. And secondly, we are not denying that the Bank of Guyana is the premier institution in this country, but we are saying that there is nothing that states that we have to be

wedded to the Bank of Guyana rate in the calculation of interest on penalty and arrears to be used by the Guyana Revenue Authority. Indeed, many other institutions in Guyana, including Government institutions, are using interest rates of various kinds. So this is not really a big matter and a big issue.

Mr. Speaker, let me just commend this Bill to the House for passage.

Thank you.

Question put and carried.

Bill read a second time.

Assembly in Committee.

Clauses 1 and 2 agreed to and ordered to stand part of the Bill.

Assembly resumed.

Bill reported without amendments, read the third time and passed as printed.

INCOME TAX (AMENDMENT) Bill 2016 – Bill No. 31/2016

“A Bill intituled an Act to amend the Income Tax Act.” [*Minister of Finance*]

Mr. Jordan: Mr. Speaker, I rise to move that the Income Tax (Amendment) Bill 2016 – Bill No. 31/2016, published on the 2016-12-20 be now read a second time. This is a multi-purpose Bill that seeks to amend 16 sections and repeal one section of the Income Tax Act, Chapter 81:01. This is a major reform to the Income Tax Act, so to speak, and it seeks to strengthen the arm of the Guyana Revenue Authority, on the one hand, in a number of areas and to also do some beneficial aspects to individuals, as it relates to tax threshold and the income tax rate.

This move to radically reform the Income Tax Act is not an overnight situation. Indeed, it was alluded to in the Manifesto of the Coalition Government that complaints had been made whereby persons thought that the tax system was unfair and that the rates were too high, resulting in a lot of requests for allowances and exemptions, and that it attacked work ethics, it did not reward effort and so forth. These cries were heard during the meetings, rallies and so forth, and promises

were made that we were going to look at this issue when we got into power. And promises we keep.

So having come to power and looked at the situation, what we found was quite a messy situation. So we decided that we just cannot go tinkering with something that was already messy, let us have a major study done before we made any moves. However, we did some preliminary steps in so far as we immediately increased the tax threshold, as we awaited a major study to be done not only on the Income Tax, but on taxes generally, in particular, the Income Tax and the Valued Added Tax. But I would not be dealing with that now because there is another time for that, later perhaps.

We set about establishing a Tax Reform Committee and this committee was comprised of four eminent persons, Dr. Morris Odle, a well-known Economist and International Expert, who is now the Chairman of the National Industrial and Commercial Investments Limited (NICIL), among other boards that he is on; Mr. Christopher Ram, who was pilloried by the now Opposition, but who seems to have done enough to be able to be among the cut that was nominated for possible Chairman of the Guyana Elections Commission; Mr. Godfrey Statia, a Tax Expert and a Lawyer, who serve many years in the Income Tax Department of the then Inland Revenue Department; and Dr. Thomas Singh, an Economics Lecturer at the University of Guyana. They comprised the team that looked at the tax.

The committee was charged with, *inter alia*, developing revenue neutral tax measures, examining taxation as a tool to promote balanced growth across the Administrative Regions of Guyana, reviewing distortions in the tax system and transforming tax administration. I think the committee was given four months, to the end of December 2015, to produce a report in time for study and consideration for Budget 2016. Unfortunately, that report was presented sometime in January 2016, just days before we actually made the presentation of the 2016 Budget. Be that as it may, anyhow, anticipating some of the recommendations that they might have made, we included some of those recommendations in the 2016 Budget. But the bulk of the recommendations awaited some further study and some confidence, before we took the plunge in using them as measures. In the 2017 Budget, it is the plunge so to speak. So we have these sweeping reforms being proposed to the Income Tax Act Chapter 81:01. The amendments to

sections 8, 20, 30, 6 and 60 seek to deal with the increase in the threshold and the reduction in the income tax rate.

The rationale behind the income tax threshold, when introduced in 1990, was to simplify the tax system for individuals by removing the numerous allowances, previously available at that time, among which were allowances for children and dependents, life insurance premiums and mortgage interests. So in 1990, thereabout, the then Government sought to remove all these allowances that we had...In themselves, some of them were, in a sense, contrived to be quite honest... and to just put in a threshold or one-third of salaries, whichever was greater. Of course, right away, one could have seen the benefits of such a system. Those who were progressively earning higher were going to get progressively higher thresholds, rather than a flat threshold across the board.

9.13 p.m.

In came the Government in 1992 and by 1993 it was removing this progressive approach to taxing persons, to a regressive approach where what it came and met was quickly discarded for a flat threshold and a flat tax.

Over time, this flat threshold had been increased from \$20,000 per month in 2003 to \$25,000 per month in 2007 to \$28,000 in 2008 to \$35,000 in 2009 to \$40,000 in 2011 and to \$50,000 in 2013. There was a flat rate of 33¹/₃ % on chargeable income on individuals which was then reduced, in 2013, to 30%, where it stands up to end of last year and even today. But because this Bill would give persons their benefits back to 1st January 2016 then, effectively, this 30% would have been there up to 31st December, 2016.

For years, the tax burden has been borne by salaried employees, that is, those are employees who get their moneys from an employer where they Pay As You Earn (PAYE) is taken out automatically. Therefore, these persons have had to bear the burden of taxation in this country because, technically, if that were the only source of their income, then they would have been taxed immediately. Because of the incidence of this tax, where everybody is sharing the same flat tax and everybody is sharing the same flat threshold, for example, if I am getting \$400,000, my threshold would be \$50,000; if I am getting \$55,000, my threshold would be \$5,000; if my chargeable becomes \$350,000 from \$400,000, I am being taxed at the same 30% as the

individual whose income is \$55,000 with a chargeable income of \$5,000. That person would also be taxed at 30%.

As one gets up the salary scale, this income tax arrangement works as a disadvantage and as a disincentive for people. People do not want salary anymore because it is being taxed. They want what are called perks or fringe benefits and allowances – company car, company house, company electricity, company water, *et cetera*. They are things that do not appear as one's income, but one gets the benefit of them. The reality is that, if one does check the tax code, however, those things are supposed to be counted as part of one's gross income, regardless of whether one is getting it in cash or not. It is because both cash and kind are supposed to be counted as part of one's income for the purposes of taxes. Only some allowances are, indeed, non-taxable.

As we know, some of these benefits in kind can extend to all kinds of allowances, known and contrived, and all manner of amounts. We know some of them – subsistence allowance, meal allowance, entertainment allowance, travelling allowance and other benefits *in lieu* of a salary. Of course, one knows that one's salary determines one's gratuity or pension. So, that itself, after a while, would not be able to help someone. As one is counting down one's days, one could only get a salary or pension based on the actual gross salary that one is getting today. So while one may be enjoying some of the sweet and the perks, *et cetera*, as one ages and ages out, one begins to worry because one's pension would not be reflective of both the position that the one held and the station in life that one enjoy. This approach had its problems and, of course, it led to tax avoidance and tax evasion and the tax man was the enemy of us all.

We are about to, in this budget, radically change it. First of all, every time there is a budget consultation with either the unions or the private sector, the first thing on their agenda is tax threshold increase, which is a sign that they feel that the tax rate is too high. Therefore, if there is a higher tax threshold with a so-called high rate, then it is a smaller amount that would be charged. Every year the tax system is being tampered with. So, the predictability, which is one of the assets of a fair and proper tax system, is no longer there. Every year, there has to be the determination of whether there is going to be a threshold increase or not and whether the workers angst is going to grow or lessen.

In this budget, we decided that enough is enough. We proposed the increase in the threshold, from its present \$55,000 per month to \$60,000 per month or one-third of one's gross income, whichever is higher. So, there is no longer any need for persons to come asking for the threshold to be increases. As one's salary grows and it grows out of the \$60,000, as one passes \$720,000 per year, one's one-third is supposed to start kicking in. So, we would not need to come back anymore for any gratuitous changes in this Bill.

Between 18 and 20 months of this Government being in office, we have been able to increase, at the bottom, at a minimum, the tax threshold by 20% - from \$50,000, where we met it, to \$60,000, where it would be after this Bill has been passed. That would be at a minimum because, remember, it is a minimum of 20% or one-third. Thereafter, the increase would be determined by whatever salary a person would be getting. I believe that such a benefit is welcomed by all persons. Indeed, some of the reactions that we have gotten, particularly, to this measure, have been most positive and encouraging. So, at the end of the day, people can see their way, especially the middle-class who are now about to embark on life. They might have just gotten a reasonably good job and so on. They would now be able to enjoy that fair amount. Just imagine someone earning \$360,000 per month and one's threshold now is \$120,000, as opposed to \$50,000, which it was 18 months ago. In one fell swoop, this measure would have effectively put \$70,000 more in one's pocket, just like that. From 18 months ago, when one was just being given \$50,000, now one is getting a princely sum of \$120,000.

As one's salary increases, for example to \$500,000, one-third of \$500,000 is one's right away. **[An. Hon. Member: What about \$1 million? What about your salary?]** My salary is peanuts. One-third of \$1 million is approximately \$300,000 right away in one's pocket. There is merit in such a move in that it is a win all around for workers, especially the salaried person whose PAYE is being taken right at source.

We went further than that. We were not satisfied with just giving the tax threshold increase. We did what we have been saying from the time we got in, that we will try, as hard as possible, to progressively reduce rates, the marginal rates, be it income tax or Value Added Tax. We will seek to make the environment more competitive for individuals and businessmen. *We talked the talk and we walked the walk* in this budget. We have proposed to reduce the tax rate from 30% to 28% on a person's first \$180,000 and 40% for anything thereafter. What does this mean,

effectively? It means, effectively that, at the highest level, no one will pay more than 26.7% of their total income in taxes. Just about a quarter of one's income will end up in taxes. If one is earning \$400,000, effectively, just a quarter - \$100,000 – will be in taxes. Some \$300,000 one would be taking home now. Compare that with the previous regime where a person was only allowed \$50,000 and would have had to pay 30% on \$350,000, effectively meaning that one would have carried home approximately \$200 and something thousand. Now, under this regime, one can carry home \$300,000. It is because the effective rates of taxation, of the combined rates of the 28% and 40% would effectively result in one only being taxed at an effective rate of 26.7%. Effective rate means the tax that one has to pay is divided by one's income – not one's chargeable income, but one's gross income. That would give one his or her effective tax rate.

Just by way of comparison, if one checks page 77 of the Budget Speech, there are some comparisons of the old tax regime, in 2016, and the effective tax rates and what they would look like in 2017, after both the threshold and the new marginal rates kick in. These measures combined will result, annually, in \$4 billion being available, as part of the disposable income, to individuals and workers. In other words, this is what it would cost the Treasury to implement this measure. In other words, this is money that we are putting into people's pockets at a global level. It is \$4 billion. That is money that could be either saved, used to purchase car, used to go on a vacation, buy consumer goods, purchase a house, car, *et cetera*. Individuals getting these moneys can do so much more now because the Government has decided to release the pressure which was on families – low, middle, high – so that they can be more responsible in their lives, given the income that they are getting.

Section 8 (1) and (4) of the Principal Act would be amended to put in the new \$720,000 per annum, representing the \$60,000 per month.

Section 20 of the Principal of Act would also be amended, again, to put in that \$720,000 or one-third.

9.28 p.m.

Section 36 of the Principal Act would be amended, so that instead of 30% we will be put in 38% of the chargeable income for every person less than \$1,440,000 per annum. Section 60 of the Principal Act will also be amended to include the word “seven hundred and twenty thousand

dollars” which is the new” and section 36 (A) of the Act will also be amended to state the tax of the chargeable income of every person other than a company in excess of \$1,440,000 shall be taxed at the rate of 40% which is the second rate after \$1,440,000 is passed.

The amendment of section 20A has to do with the mortgage interest relief. Currently that section state:

“Subject to this Act and the regulations made under it in a certain dischargeable income of an individual who was resident in Guyana in the year immediately preceding the year of assessment they shall be allowed a deduction of the interest paid on housing mortgage loans owed by the individual to license financial institutions or approve mortgage finance companies for -

(a) the purchase of land for constructing a residential building;

(b) the construction of a residential building; and

(c) the acquisition of a residential building to be occupied by the individual as a first time homeowner where the principal amounts of the housing mortgaging loans do not and did not at any time exceed the sum of \$30 million in the aggregate.”

This was a measure put in by the previous regime, which is a good measure indeed, but I think the intent was for it to benefit low income earners to provide them with some relief. In reality, this was not so. Essentially this measure end up benefiting more than just the low income earners that it was intended to be. It is hard to appreciate how a low income earner can be able gain a \$30 million mortgage to build any house, even by definition that would be extremely difficult. Even a figure of \$15 million may challenge a low income person, but our proposal in this amendment is to reduce this figure by high from \$30 million to \$15 million. Let it be clear that all those who are benefiting now will continue to benefit as is. This is not a retroactive Bill, but going forward from the 1st February 2017 in which it is hope that this measure will come in place that \$15 million will be the maximum of which you can claim this interest.

The Bill also seeks to amend section 33E of the Income Tax Act. That Act provides that there

“...shall be levied and paid income tax in this section referred to as gold or diamond withholding tax as the case may be as follows:

- (a) in the case of gold at the rate of 2% of the gross process realised from every sale to the central authority;
- (b) in the case of diamond at the rate of 2% on the value placed by the central authority on the amount declared by any individual whether wholly owned by that individual or by him jointly with others in partnership with others.”

Then the sections go on to indicate some other ways how the Commissioner-General will determine and charge the income at section 33 E (2) (4) and (5).

It is the experience of the Guyana Revenue Authority that there has been some level of misunderstanding by the gold and mining industry, that once gold is produced and declared then all incomes produced from gold and mining are so exempted. In other words, once you would have paid your 2% that is the be-all and end-all, but this has led to grave discrepancies between what is being declared for the purpose of income tax and what is known as your net worth, which is when you add all your assets and you take away all your liabilities of what are left. You will add up all your cars, houses, jewellery, cash in your bank book, stocks, bonds and you would minus whatever liabilities you have. The two just were not adding up. In other words, there continue to be a wide discrepancy between the declaration for the purpose of paying the 2% and net worth as calculated the Guyana Revenue Authority.

Further, even though the law provides for separate accounts to be kept, it is the experience, again, of the Guyana Revenue Authority that, in almost all cases, this has not been the case causing the Guyana Revenue Authority to use a number of ingenious methods to arrive at what is the true income of these persons when compared to the income from their gold and diamond declarations. As such the proposal for the amendment here is to repeal subsections (4) and (5) to re-just both the misunderstanding and to bring all operators within this sector under the purview of the tax Act.

As a matter of fact this is not a negative approach as it may seem or be told to the miners. Indeed it is the view of the Guyana Revenue Authority that this repeal may very well see many

gold miners receiving refunds of a portion of their 2% tax withheld upon filling their true and correct returns. There is hope here and if the truth be told to these miners they very well will be entitled to refund under this new arrangement, once they file their true and correct taxes.

Then, there is a proposal to amend section 33F (1) and (6) of the Income Tax Act. Both of these sections provide for the tributors tax. The tax on tributors has remained unchanged since 1988. As all taxpayer's tributors are required to fill their tax returns at the end of each year and pay the difference of in tax upon filling or in the alternative receive a refund of taxes over paid after allowing for threshold deductions. Unfortunately, these persons have not been compliant in filing and some employers have been tardy or outright non-compliant in the deduction and remission of tributors tax. Indeed, these iterant persons are known to be hard to find. For some of them their whereabouts are unknown so their returns remain outstanding for many years. As a result this measure seeks to increase the filling and remission compliance procedures more so to allow for increase tax collection. It should be known that tributors, as everybody else, upon filing their tax returns can be able to claim their threshold deductions and recover any taxes overpaid.

Then there is an amendment to section 39 of the Income Tax Act. This is to provide for a withholding tax on payment to all contractors. Again, this is a hard to tax group. Many independent contractors receive large sums of money from contract undertakings and are not in full compliance with their tax obligations. Furthermore, when they are compliant in filling, by failing to disclose income from all sources, these persons do not pay their fair share of taxes to the state. This measure aims to extend the tax net in keeping with one of the recommendations of the Tax Reform Committee. This withholding tax will be as an advance on your final taxes. It is in not in addition to your income tax. When you file your final taxes then at that time it will be determine whether the 2% advance is greater than the assessed taxes in which case a refund will be given, or will be applied to other areas, or go over to another time, or if it is below then you will pay the difference to the Commissioner-General.

Again, as I said it is all part of the strategy to bring in a number of hard to tax individuals of a society who have been getting away for a very long time with not paying taxes but enjoying the services provided by other tax payers in this country. It is time that we all pay our fair share of taxes and share the burden of taxes. Unfortunately taxes are unnecessarily even from which we cannot get away.

Then there are going to be some administrative tightening up in section 60A to provide for a fee for the issuance of a tax identification number (TIN) certificate. When things are free people do not understand the value. I guess it is because things are free it has no value. The air is free, so we do not have to worry, so we do not have to be burning garbage and messing with the air. Water is free and we do not have to worry, so we will end up turning on the pipe leaving it to run. Similarly, people would come in and get a free TIN certificate through it any which way and then come back very often for copies all at time, all at great expense and cost to the state. By imposing a fee we are also regulating behaviour where this is concerned. It is expected that now that you have to pay a fee for both the TIN and copies of your TIN, that there will be less demand for copies, in particular, of this important document. Indeed, the shocking statistic is that of 21,000 certificates that are issued each year, 60% are replacements.

The amendment to section 65 (4) has to do with failure to keep proper books and records. Again, this is a trouble sum are for the commissioner of income tax. It is not unheard of that there are different books being kept by various persons, one for the commissioner, one for the bankers, and the through one for you. It is not that this is going to completely eradicate this situation, but it will at least give the Commissioner-General some muscle again when dealing with certain kinds of taxpayers who play fast and loose with the taxes which are to be paid to the authority.

Also, non-resident companies that fail to keep accounting records in Guyana making it hard for the Guyana Revenue Authority to be able access income and therefore assess taxes, this section will also provide for increase penalties. Actually, it is a fine not exceeding \$1 million where such companies are fund to culpable.

9.43 p.m.

Section 99 (1) of the Income Tax Act will also be amended to increase the penalty for filing after the due date. At the moment that section provides that a taxpayer shall be liable to a penalty of 2% of the unpaid amount having filed after the due date, 3% per month or part thereof if the tax remains unpaid for the next three months, 4% for the next six months and 5% there afterwards and so on, the commissioner can enter into an arrangement with the taxpayer. That is going to change accordingly and then we will also have penalties for late filing of tax returns which under section 99 (3) of the Income Tax Act:

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

This penalty has remained unchanged for many years leading to the current high level of non-compliance for the filing of tax returns by the required due date. Further the current late filing penalty regime does not provide for penalty to be imposed on late returns disclosing losses. Of course, people say, “Look, I am making a loss too; I do not have to file in a return.” The Commissioner-General will not know that until they file. Now you will be required to file even on your return and if you do not, then there is a penalty for doing that. The law will be amended to increase the penalty of late filing to 10% and also allow that should a taxpayer fail to file a nil return or a tax return disclosing losses by specified date the taxpayer will be liable to pay a penalty of \$50,000.

Garnishment was tackled yesterday in the context of the VAT amendment. The Income Tax Act, as relates to garnishment, at the moment, provides at section 102 (1):

“When the Commissioner-General has knowledge or suspects that a person is or is about to become indebted or liable to make any payment to a person liable to make a payment of tax under this Act, he may, by registered letter or by letter served personally, require such first-mentioned person to pay the moneys otherwise payable to such second-mentioned person in whole or in part to him on account of the liability of the second mentioned person under this Act.”

Of course, as related to yesterday, the garnishment provision in this Income Tax Act is very limited, in that it does not provide the relevant authority to garnish funds from delinquent taxpayers bank accounts which is a major source of securing payment. As indicated also yesterday, this is nothing new since it is a common feature in other jurisdictions around the world and certainly many countries of Caribbean Community (CARICOM) have similar provisions in their tax laws. My readings also suggest that it is also a common feature in commercial law. As such, the introduction of this legislation is a step towards unifying the tax laws, as we did yesterday in the Value Added Tax Act, and it will allow for garnishment of funds from bank accounts after due process which allows for first obtaining judgement. It will also

strengthen GRA collection mechanism and impose compliance with payment based on the judgement obtained. As such section 102 will now be amended with the insertion of a similar insertion that was made to the VAT Act as follows:

“Where judgment is granted against a taxpayer, in favour of the Revenue Authority and the taxpayer is a customer with a bank, trust company, credit union or other financial institution the Commissioner-General shall by demand or notice require the bank, trust company, credit union or other financial institution to remit the amount payable to the Revenue Authority as a debt owed to the State”.

Then there are amendments to sections 109 to 111 provide for penalties of various kinds for acts of omission, and so on. Presently sections 109 to 111 allow for anyone guilty of an offence against this Act to be liable on summary conviction to a fine of \$15,000. This fine and penalty has remained unchanged since 1996. The amendment is to increase this fine to \$100,000. Essentially, this is the essence of the multiple changes to the Income Tax Act, Chapter 81:01 as contained in Income Tax (Amendment) Bill 2016 – Bill No. 31 of 2016 and I commend this Bill for passage in the House. [*Applause*]

Bishop Edghill: I rise to make my contribution to the Income Tax (Amendment) Bill 2016 – Bill No. 31 of 2016. I have listened very attentively to the Minister as he has outlined the case for support of this Bill. Allow me to make some comments and to put forward my position. Since I know there are a number of speakers on this Bill I will not attempt to address every one of the sections or the amendments, but I will deal with some very specific ones. The Minister of Finance regaled this House as it relates to the income tax threshold and of a truth if the threshold was just raised and that was the end-all of it which would have been a measure that could have and should have been supported. I would like to bring to the attention of this House, because when I listened to the Minister, as he presented the budget speech, shortly after there was a need for GRA to take to television, to explain to the public and I guess it is because of the feedback that they had received that persons either were not clear or persons had expressed grave concern, whether this measure that will help as it relates to carrying home more money or it will take away from you. The Minister seems to want to indicate to this House that with the one-third of your salary as your free pay, that in itself should be looked at as something that is glorious and

acceptable, but when you get down to the bottom line there are grave concerns. I will demonstrate that in a few minutes with figures.

This Bill I will describe it as the half a dozen and six phenomena. Half a dozen and six, just changing names, but you end up at the same place. More so, the measures, which are outlined, have caused me to express concern about the thinking of this APNU/AFC Government. Sitting here today listening to the various tax measures that were being implemented and the contributions of the Minister of Finance, I think these measures are being implemented with a thinking that Guyanese are tax dodgers, tax evaders and crooks. That is the language that is being used. That is regrettable. I could say one thing that the Minister could have done to improve tax collection without all of these measures, which are being put in place, is to simplify and assure Guyanese about the refund process. The refund process is what the bug bear is. If I am correct, \$7 billion or more is outstanding for refunds to Guyanese from GRA. Seven billion plus dollars are at GRA to be refunded to Guyanese. Nothing in this Bill speaks to simplifying and making and giving an assurance to Guyanese that follow the tax rules. If you are overtaxed you will get your refund from GRA. Unless we simplify the refund mechanism, there will always be people who are trying to get ways and means of dealing with tax issues.

The Minister would be aware that in the United States of America one agency that you do not play with is the Inland Revenue Service (IRS). You do not play with the IRS. As you know, Sir, one of the things with the IRS is that every American is assured that a particular time of the year they could get a cheque of their refunds. Once you have simplified the system of refunds people would be able to come into a greater mode of compliance.

This Bill, with the measures that are being requested, seems to be adding muscle to GRA as against putting in place administrative measures to what could be best described as voluntary compliance and moral suasion, in the first instance, and then administrative sanctions if you are non-compliant. This Bill, with all of the measures, seems to come from thinking and a mentality that say a strong arm is needed, so we have to put measures in place to get everybody to toe the line. I want to put that point on record, nothing in this Bill speaks about the simplification about tax refunds to Guyanese.

The third thing that I would want to bring to the attention of the House, at this very late hour on Friday night, is that this Bill seems to carry with it a philosophy that there should not be an expanding middle class in Guyana. In any country where the goal of a Government is to reduce poverty and to improve people as promised by the APNU/AFC in their manifesto, “the good life”, measures must be put in place to expand the middle class. These measures are putting pressure on the middle class.

9.58 p.m.

I will bring that point out with figures in a few moments. The professional class, the working class, the self-employed... I would agree with the Hon. Minister that we have a lot of self-employed people who are not paying their fair share of taxes. I am sure that every lawmaker in this House tonight would share that view that we need to get more compliance from the self-employed. But, like I said, the solution is in the refunds.

Let us look briefly at the calculation of income tax. I want to look at two staff members, based upon figures provided by the Hon. Prime Minister to this House during the Budget debate on incomes of persons working at the National Communications Network (NCN). The position of the Assistant Productions Manager attracts a salary...

Mr. Speaker: Hon. Member, do you have to use, as examples, the salaries of persons who can easily be identified in the context to make your point? This is what you are doing. I thought that we had agreed that we will not do that.

Bishop Edghill: I do not get the point, Sir.

Mr. Speaker: The point is precisely that you are naming people, without calling names; you are doing imprecisely that. I do not believe that that is how you should proceed.

Bishop Edghill: This is information that was shared in the House. That is why I am using it.

Ms. Teixeira: Mr. Speaker, this is information provided by the Hon. Prime Minister to the House. It was public knowledge.

Mr. Speaker: Thank you.

Ms. Teixeira: Bishop Edghill is not naming anybody. He is naming the position.

Bishop Edghill: The salary of that designation is \$198,220. That is a real position that exists somewhere out there. In the current arrangement, that person has a free pay of \$55,000. His or her taxable income would be \$143,000 of which he or she pays 30%. The tax that he or she would pay is about \$42,900.

Under this new arrangement that the Minister is speaking to, the same \$198,200, one-third of that person's income would be \$66,000, which would be his or her free pay. That person's taxable income would be \$132,000. For the first \$120,000, based upon GRA's explanation to the nation, that person will pay 28%, which would be \$33,600. For the remaining \$12,000, that person will pay 40%, which would give \$4,800. On the surface of it, that employee would be paying approximately \$38,000 as against \$42,000. The whole country would clap for that.

SUSPENSION OF STANDING ORDER NO. 10 (1)

Mr. Speaker: Hon. Member, would you resume your seat so that we... Hon. Prime Minister, we would receive an extension of the hours to continue.

First Vice-President and Prime Minister [Mr. Nagamootoo]: I move that this House continues its Sitting until 12.00 midnight.

Mr. Speaker: Thank you, Hon. Prime Minister.

Hon. Members, there is a proposal before the House that we continue to sit until 12.00 midnight to complete the work which we have.

Question put, and agreed to.

Standing Order suspended.

Bishop Edghill: At the surface of it, with this new tax arrangement, it would look like that employee is saving \$4,000 every month, which is \$48,000 for the year. The Hon. Minister, in his Budget speech, indicated that, as a result of this new measure that is put in place, it would reduce the need for tax-free benefits in kind, now paid to employees in the private sector in lieu of salaries, and claimed by self-employed persons in lieu of income.

The Minister can rebut me on this: the language simply means that the allowances that were available to people will now be taxed. This person - and this is why I am using this example - has four allowances: travelling - \$10,000, duty-allowance - \$15,000, entertainment - \$7,500 and telephone - \$5,000. When you gross it, it is \$37,500 in allowances.

Based upon this new arrangement, this person's real salary is \$235,500. The person's free pay, which is the one-third, means that he or she has \$78,333 that is non-taxable. The person's taxable income would be \$156,000. On the first \$120,000, it would be \$33,600 and the \$56,000 at 40% would be \$14,400. When you add them, you end up with \$48,000 in taxation.

Mr. Jordan: Point of clarification – Standing Order 40(a): This is going out to the people and they will get the wrong impression. All four of the allowances that the Hon. Member has indicated will continue to be tax-free. They are tax-free under the existing legislation and will remain tax-free. I said nothing about allowances being taken away. I said that it will reduce the need to use extra income in the form of housing benefits and so on to cloud. I never said that we would take away peoples' allowances. I do not want the wrong impression to get out there.

The first part is absolutely correct but please do not add in the allowances now to boost up anybody's salary.

Bishop Edghill: I thank the Hon. Member for the clarification. I am sure that the people of Guyana would be very happy to hear that their allowances will not be taxed and this is a good development. I am sure that they will be happy to hear that.

Again, I am happy for the clarification. The Hon. Minister spoke to the issue of the private sector as if the private sector is specially targeted as the ones who do the tax dodging and the rest of it. How would the Hon. Minister treat with an employee whose salary is \$800,000, has a travelling allowance of \$80,000, a duty allowance of \$40,000, an entertainment allowance of \$40,000, a house allowance of \$50,000 and other allowances of \$30,000? The Hon. Minister would have a chance in his rebuttal. When you add these allowances to the \$800,000, the salary of that person is really \$1,040,000.

The issue here is that people want to be assured that we have a situation where they will get real benefits.

The second point that I want to bring to your attention relates to mortgage interest relief. I spoke about punishing the middle class and affecting the middle class. On the mortgage interest relief, the Hon. Minister is indicating that he is proposing to move the threshold from \$30 million to \$15 million. My understanding is that less than 250 persons have made use since this mechanism is in place and have benefitted from this measure.

The dream of our young professionals, the dream of our working people, is to own their own home. That is why we in the PPP/C made provision for this so that it would help in home ownership. The dream of our people is to have their own car. We saw an increase in the registration of vehicles. Series were being changed even before a year was completed.

Now, this is what is happening to the middle class: they no longer have access to mortgage interest relief up to \$30 million. It is now down to \$15 million. You cannot buy a car if it is not four years and newer. You cannot buy used tyres; you have to buy new tyres. You have to now pay VAT on goods and services that were normally free from VAT. Rather than elevating the people from below the poverty level, you are stifling them.

More importantly, we suffered, in this country, a brain drain at a particular period. If our young people do not feel rewarded and they do not feel that they could make it in Guyana and they feel they cannot get their own homes, have their own cars and raise their own families and have disposable income for their entertainment and gadgets and all the rest of it, sooner or later, they will be gone. That dream would soon die and their hopes would be diminished.

The third point that I want to highlight here tonight relates to contractors. There again, it would appear that the Hon. Minister is seeking to ensure that everybody pays their fair share of taxes. The Hon. Minister did not ask me if I want to be an agent on behalf of the GRA.

10.13 p.m.

He has made me an agent. He did not ask me if I wanted to be an agent. He has made me an agent. He does not know if I can calculate 2% correctly. He does not know if the *regular Joe* out there has the capacity to manage this. But if the *regular Joe* out there calls in a contractor – and I am using here civil works because there are other forms of contractors – a civil works contractor, to put in an enclosure to their bottom house to facilitate a daughter who is getting married or

something of the sort, that person automatically becomes a collecting agent on behalf of GRA because that person now has to get an agreement, sign it up, tell the person who is contracted that he or she is obligated under law to deduct from his or her contract sum, on signing of the contract, 2% and he or she has to pay that over to GRA, and then the contractor has to go at an appropriate time to look after taxes and then the refund is given.

I wonder if the Minister did not think that this should have been a matter that was discussed with the Guyanese people that a better way could have been found for ensuring that persons engaged in this kind of activity pay their taxes, as against making all of us – every Guyanese, the *regular Joe* – tax collecting agents. [Mr. Jordon: Why not?] And the Minister said why not? I live in the real world. If a mason is brought to your house to lay some concrete blocks and so on and he is told that taxes has to be taken out, the man is either going to walk off the job, there will be a big fight between the two persons or it becomes some big issue in the community of somebody wanting to rob somebody else.

This Bill creates tremendous problems as it relates to community relations because persons are now going to be involved in the enforcement of the law. And, by the way, if it is not done, a penalty has to be paid. So, it is no longer that it is a moral obligation or a nice thing to help to encourage people to pay. If it is not done, persons will be sanctioned and fined. Where is the consultation on this kind of measure that the Minister is bringing to the House?

It is clear and I have said it over and over. I sit here and I wonder and shudder to think of what is in the minds of the ordinary Guyanese people because we have a Government who says, “Might is right; we do what we want, when we want, how we want and you better take it or leave it.” And that approach is what is bad in this situation.

I want to close to give way to my other Colleagues because there is a lot that I can stand here and say but I know we have a lot of speakers. The issue that we have here with these tax measures which, as the Minister would want us to believe, will do us a good...

He indicated to us that there were four distinguished Guyanese - and I use that term very respectfully - who were mandated to carry out this study. At minimum, Minister, a copy of that study could have been shared with the Opposition. At minimum, Minister, a copy of that study could have been shared with other stakeholders – the unions, private sector and people – so that

we could have gotten a good understanding and thinking of what informed that study. And what is of great concern is that I am aware that the combined Unions - the Federation of Independent Trade Unions of Guyana (FITUG) as well as the Guyana Trades Union Congress (GTUC) - and the Private Sector Commission have sent a joint letter requesting a dialogue with the Government through the leader of the Government's business, the Leader of the Opposition and you, Mr. Speaker, to discuss these measures. And, as of this morning, I had a conversation with the General Secretary of the GTUC, who indicated that no response nor confirmation has been received of this meeting taking place in the soon to medium term, not even an acknowledgement of that letter, but we are coming tonight to have these measures implemented without any form of consultation.

I am sure that my other Colleagues will deal with some of the other aspects of this Bill but I wanted to bring this to your attention and hope that the Minister will recognise the impact of changes, especially in an environment where he had the opportunity to stand to say that the allowances will remain because that was not explicit and it was not known. So, clarity is needed across the country as it relates to these matters.

I thank you very much, Sir. [*Applause*]

Dr. Persaud: Thank you, Mr. Speaker.

“There is no such thing as a good tax.”

Those are the words of the famous Mr. Winston Churchill. Unfortunately though, like death, taxes are inevitable. And taxation has always been advanced as a necessary trade off. Income tax can be said to be a relatively stable income generator for Government because, once one is employed or earns an income, he or she is taxed. However, when we think of taxation, we are reminded that, once we are taxed, we lose disposable income.

The Bill advanced is one that speaks of many measures and has many implications and consequences for the public who will have to deal with income tax. The income tax structure, as proposed by the Hon. Minister of Finance, is a progressive one and, while the increase in the income tax threshold may benefit some, those who find themselves in that body called the middle class - the professionals, working class – will find their income taxed by at least 40%.

And my Colleague who spoke prior to me went through, in some detail, as to what the marginal benefits would be with all that has been advanced in terms of progressive tax. But I am a little confused because, if one looks at the page 77 of the Budget Speech, it reads:

“A new rate of 40 percent will be applied to the incomes of individuals earning in excess of \$2,160,000 per annum.”

Yet, when one reads this Bill, the Explanatory Memorandum reads as such:

“...introduces a new rate of 40 percent to be applied to the incomes of individuals in excess one million four hundred and forty thousand dollars per annum.”

As the genius, Albert Einstein, said:

“The hardest thing in the world to understand is the income tax.”

If he, being a genius, found it difficult to understand the income tax, we are asking the citizens out there to calculate and get their calculations right and to submit them on time. If not, they will be penalised harshly. And when I think of harsh penalties, I wish that when people engage in committing serious crimes, the penalties would be as harsh as these. If one looks at page 5 of this Bill, Clause 13 (c) states:

“(2A) If a taxpayer fails to file a nil tax return or a tax return which discloses a loss, under sections 60(1), (4B) or 60 (4) by the due date specified therein, the taxpayer is liable to pay a penalty of fifty thousand dollars.”

Imagine the confused taxpayer who does not understand the new rates and measures, has great difficulty in calculating all of this, if this person defaults, he or she has to find \$50,000 even though he or she owes no taxes. Then maybe a widow, a single parent or someone who is struggling to make ends meet would be told, I read Clause 13 (a) on page 4:

“(1) If a taxpayer fails to pay the income tax on or before the due date, the taxpayer shall be liable to pay a penalty of an amount equal to two percent per month of the tax outstanding, for each month or part thereof that the tax remains outstanding:”

I find these measures to be harsh. I feel as if people are being penalised and we are wondering why people are being penalised to such an extent when the entire system has now become cumbersome. And for whom has the system become cumbersome? It is cumbersome for those who are paying the tax and those who have to administer the tax. If Albert Einstein could say that income tax is the most difficult thing to understand, how could you ask the ordinary man out there to understand, get it right or god help you with all that you will have to pay?

There are so many other harsh penalties that are found throughout this Bill against people who are found to default in one way or another. But when we look at this Bill, we cannot look at the Bill in isolation we must look at it against the current situation that exists and against all the other tax measures that will be effected and people will be expected to deal with in the real world.

Let us look at a scenario. What the Bill espouses is that there is an increase in income tax threshold from \$660,000 to \$720,000 per annum. Yet, those who earn in excess of \$60,000 per month - teachers, nurses and many others who provide essential services - will not be able to retain the \$1,500 increase per month nor will those professionals earning above that \$2 million and who benefit from about \$3,900 per month be able to keep that money in their pockets or have that increase in reality as disposable income. Why am I saying this? It is because, concurrently, there is expansion of VAT by almost \$10 billion through the new retributive taxes on electricity and water, and those will be dealt with later; healthcare which was free; educational services which were free and many essential items and that will be dealt with later also. More than 100 new taxes that were there previously are the reality.

If we look at the middle class, it is President Barack Obama who said:

“If I had to, I would cut taxes, cut taxes, cut taxes because I do not want to pressure the middle class.”

And that is the last thing that we should be doing, especially as they are contributing to the economy. The middle class is comprised in a large way of professionals who would have invested in their education and continue to populate every sector in this country. Parents in the middle class who have children in private schools now have to pay 14% on school fees.

10.28 p.m.

Yesterday, you heard of \$10 on bottles for drink in lunch kits. That is not only the middle class but all of the parents out there. Fourteen per cent VAT is on the delivery of healthcare services if one visits the paediatrician; it is more for basic food items which have been removed from the zero-rated list; more than \$20,000 per month to park cars in the city if one happens to work there; 14% is on baby food and baby items; 14% on water; more on tolls when one crosses the Demerara Harbour Bridge if one lives on the West Coast of Demerara; increased gas prices and minibus fares; increased licences on small businesses. The list I am giving is by no means exhaustive. Mr. Speaker, I think, and I am sure you think, and we all know that I have long exhausted that extra \$1,500 or \$3,900 which this Bill promises to everyone out there.

Could you imagine the dilemma of the elderly, the single parent, the parents, young people, bread winners, anyone who is struggling to make two ends meet as they try to budget to cope with all the new tax measures which abound in the Bill today? People will undergo financial strangulation while the Government will bank on the millions it will rake in through taxing ordinary folks, by the expansion of the fuel tax by another \$5 billion; the introduction of the environmental levy, another \$1 billion; and the taxes on the small man in the form of miscellaneous taxes such as penalties where even beasts, not only man, can be taxed. All of those would generate an additional \$300 million. Maybe the Government is not aware of this because, unlike the ordinary taxpayers, the Ministers of Government would gain while taxpayers lose after the 2017 tax measures. That is real life.

The Hon. Minister of Finance said that it is a win-win situation. But for whom is it win-win? Compare the teacher who earns an average of \$68,743 per month, who would lose an average of \$98 per month and more from his or her salary because of Budget 2017, to the average Minister who would take home an additional \$360,000 per year in after tax income because of Budget 2017. Unlike you and I, Mr. Speaker, or unlike members of the public and I, Ministers are exempted from paying VAT on things like electricity and water. Yet, teachers, nurses, professionals and anybody out there have the financial responsibilities that must be undertaken.

When I think of what taxes do to people, they cause nothing but hardship. I mentioned the contraction of the middle class which is comprised of so many people who contribute so much to

this country in so many ways. I reiterate it here because there are people who would be paying more than one-third of their salaries to Government through taxes. There are people who have stayed here and would like to continue staying here but what this season of taxation is doing is driving people slowly but surely out of this country.

The developing world's middle class is critical to economic and social sectors because of its potential as an engine of growth, but then we have ceased to grow as was illustrated by the fall to 2.6% in real growth. Consolidating this incipient middle income group into a stable middle class could provide a solid foundation for economic progress by driving consumption and domestic demands. Middle class expectations in emerging and developing countries are rising and evolving as any country's economic situation improves. They are no longer satisfied by simple access to public service or satisfied with a particular standard of living. They are increasingly concerned with the quality of life and the enjoyment of amenities which include the owning of a nice home.

This brings me to the area of mortgage interest relief which is dealt with in this Bill. This was seen as a tangible measure to ensure that people were able not only to own homes, but own nice homes. What is wrong with that? Why are people being confined to owning a particular type, size and quality of home because it is felt that only certain people should benefit from mortgage interest relief? While I think that everyone should benefit, we should give everyone the opportunity to really benefit. When we think of mortgage interest relief, we can think of the phenomenal housing drive that existed not so long ago under the previous PPP/C Administration. Many persons became first-time home owners. They bought land and tried to construct their own homes. In 2014, over 1,500 persons applied for mortgage interest relief. When I hear that a paltry 200 odd persons benefited and that now even less would benefit, it is appalling because we want people to benefit from simple incentives like these which could make their dreams a reality. An incentive like this would abet the transformation or further transformation of the landscape of this country. Decreasing the mortgage interest relief by 50%, that is taking it down from \$30 million to \$15 million, sends a clear signal to thousands, including professionals, that they must conform; they must temper their expectations and are not going to be provided the incentives to allow them to develop, to enjoy the quality of life which everyone in this Assembly and everyone out there aspires to or should aspire to.

This country should not be about keeping people at a certain level. This country should be about elevating people's standard of living and improving their quality of life. Is this class discrimination that I speak of? Now, think of a professional who could have benefited from mortgage interest relief. More of his or her disposable income would be driven towards servicing mortgages because of this change in policy. It seems that callousness is the order of the day as not only are taxes descending with ferociousness on the heads of people, but also penalties abound in this Bill.

I took the time to do a little questionnaire to get a sense of what people are spending and how they will spend after the 2017 Budget. I just want to share a comment from a family of Crane on the West Coast of Demerara. This is a family of seven persons of different levels of employ, including a security guard, a sales clerk and a nurse aid. These are their words and not mine: "With the new tax measures, we will have to spend more money on bills and groceries, leaving us with little or no money to save for times of sickness and other problems in life. Even though new tax measures are in place, we are still working for very little in today's world." That is what people are feeling out there.

We could sit here and debate and vote, but I urge you to vote with a conscience. If there are things that could be amended to make someone's life easier out there, then let us do so.

Income tax is a direct tax on a person. While I said at the beginning that it is perhaps the necessary evil or so it seems, we should not be penalising people, taking more money out of their pockets, reducing their disposable income, giving them *God knows* what sort of sleepless nights struggling to budget and, at the end of the day, when they manage to do their budgeting, we penalise them because they are late in filing taxes which they do not owe. Worse yet, if they have to get a refund, they are yet to see that refund.

There are many things that are not right with this Bill as it is. There are many things that are not right with these amendments as they are and that is why I am not going to be long on my feet. There are so many like me who feel strongly not only about this Bill, but about many of those that are going to follow and are conscious of the hardships that people out there will face in the ensuing months. That is why I say, "Let conscience prevail." Think of the hardship and burden when you tax people to generate revenue and do not come up with creative means to generate

that revenue instead. Taxes on the backs of the people in an effort, maybe, you could say, to propel the country forward is not the way this country should go. Instead, we should look at investment and other creative measures. As such, I cannot and will not support this Bill as it stands.

Thank you. *[Applause]*

Mr. Speaker: I thank the Hon. Member for her statement. Hon. Members, we will move forward with full knowledge of the situation at which we are at the moment. Let me simply say that we have somewhere in the order of nine other speakers on this item.

We also have the Affirmation of the Travel Tax Regulations No. 7 to consider. There we have a number of speakers. We have the Affirmation of the Value-Added (Amendment) Regulations No.8 and there we have a good number of speakers. We have the Confirmation of the Customs (Amendment) of Schedule Order No. 17 and there we have at least three speakers. I say that so that we will know how we move forward because you would recall that 12.00 a.m. is our cut-off time.

Mr. Bharrat: Mr. Speaker, I rise in support of my Colleagues on the Opposition side of this House to build on our strong stance against measures outlined in Budget 2017, in particular Income Tax (Amendment) Bill No. 31 of 2016. We are in a sad state when four selected persons, not elected, can sit and make decisions, without consultations, that would affect an entire country, decisions that would affect over 750,000 without consulting a single Guyanese.

We, in the People's Progressive Party, along with the hundreds of thousands of Guyanese who stand to suffer from the draconian taxation measures now seeking to be implemented by way of amendment, say no: no to garnishing of personal bank accounts; no to the imposition of increased taxes on small entrepreneurs and contractors; and no to executive bullyism.

I wish to say, from the onset, that this Bill confirms, in my mind, that this Government is in a serious state of disillusion. Budget 2017, all the Bills that were passed yesterday and even this Bill we are currently debating speak to this fact: the fact is that this Government is instituting a first world taxation system on third world citizens in a third world economy. This is easily noticed by the comparison given by the Hon Minister of Finance.

10.43 p.m.

I have never heard the Minister comparing Guyana's taxation system with Haiti, Honduras or any other Third World country, as a matter of fact. It is always in comparison with America, England and even Bahamas was mentioned yesterday. This is the disillusion I speak of.

On page 77, of the Budget Presentation it speaks of a 2% reduction in the income tax, as proposed. This will see a meagre addition of \$18,000 per annum or \$1500 per month for low income earners, for which the majority of Guyanese falls under and \$46,800 per annum for high income earners. Let us look at a simple scenario: A person from Wales who has now lost his job at the estate may have to seek employment in Georgetown. He will have to pay the increase of \$2000 per month and this is an increase to just cross the Demerara Harbour Bridge. Added to that, as mentioned by my Colleague, VAT on electricity and water, food, medication and school supplies, the \$10 Environmental Tax and it was never mentioned in this House, of recent, that there would be 150% increase to park a vehicle at the Cheddi Jagan International Airport, increased application fee for passports, new fee for Tax Identification Number (TIN) certificates and to add insult to injury, high or increased fuel prices.

However, this seems to be the policy of the Government, to give with one hand and to take back with another, or worst yet, to give one and to take two. The unjust and sustained taxation measures being implemented by way of an amendment is as a direct result of the A Partnership for National Unity and Alliance for Change's (APNU/AFC's) Government failure to attract substantial investment, whether local or foreign. Therefore, for the selected few to enjoy the so call 'good life', fiscal space must be created and garnered from the pockets of the ordinary Guyanese through increase taxes and rigid taxation measures.

We, in the Opposition, are not and will never be in support of a Bill that will violate the civil liberties of our hardworking Guyanese brothers and sisters with the removal of powers from the judiciary to a State run entity with a proposal to allow the Guyana Revenue Authority to garnish money from the personal bank accounts of Guyanese. According to the 2017 Budget presentation and the revised Income Tax Amendment, there will be a marginal increase in disposable income, as was mentioned. However, this move will also give the Guyana Revenue Authority the power to access money from personal bank accounts and worst yet, to seize assets or properties

belonging to persons perceived to be tax dodgers, as the Hon. Minister puts it. This power, if given, can even see the Guyana Revenue Authority instituting proceedings against ordinary Guyanese at their whims and fancies, if not satisfied with what is collected as returns.

This single act, if implemented by the Government will further erode the progress of this country. It is obvious that people will withdraw their savings, even if they are not defaulters. Reducing the bank's ability to provide low interest loans, further too, prospective investors will no longer see Guyana as a place to invest.

The foreseen massive reduction of personal savings at commercial banks and the income tax generated from Pay As You Earn (PAYE) will significantly affect the amount of resources that will be available, thereby, affecting the amount of money available for the Mortgage Relief Fund for first time home owners. This cynical act is well calculated by the APNU/AFC Government, so in order to subsidise this loss, the Government is intending to increase the Mortgage Relief Fund from \$30 million to \$50 million. This is good for the Government, but bad for the people since this mechanism will bring in additional revenue, but put a strain on the working people.

There is a large percentage of homeowners with mortgages that are in excess of \$15 million. Just look at the beautiful houses built by young Guyanese in Diamond, Amelia's Ward, La Parfaite Harmonie, Tuschen, Fort Ordance, among the many new housing schemes established by the People's Progressive Party/Civic Administration. Now, this 'good life' Government is saying to these homeowners that it cannot subsidise their mortgages anymore. There are already reports of non-performing loans by commercial banks and I am afraid that this will soon increase.

What is needed from this Government is not taxes and more taxes. What is needed is to reduce the number of taxes and tax measures and instead pursue initiatives that would generate wealth, jobs, and as a result, also Government revenue.

As we know it, no Government, the world over, wishes to increase taxes on its people. The Governments, the world over, are more inclined to build on policies, systems and mechanisms that will ensure that all taxes due to the Government are collected, but not to increase taxes for it may hurt their re-election campaign. However, when a Government, as ours, seeks to increase taxes and penalties, it means there is no other source of income or investment coming into our country. So how do we fund our 'big life' expenses by way of taxes?

I know that time is of issue, so I conclude by saying that I join with my Colleagues that we in the Opposition ask for this amendment to not be supported. If this is implemented, it will bring untold hardships to every single Guyanese, regardless of political affiliation, gender, age, ethnicity or class.

I thank you. *[Applause]*

Mr. Damon: To all Members of Parliament, the press and to everyone else in this Parliament, a Happy New Year. I will base my argument on this Bill on section 14(102) – section 15 of the Principle Act which is amended by the insertion of “immediately” after section 102. This is 2017 not the 70s and 80s when Guyanese were made scared crows under the Burnham Government. This is a different generation of Guyanese. Hon. Member, Mr. Jordan. Guyanese will not sit back and say *what comes sa do* because of being scared. Guyana would resist the increases of taxes.

The 14% VAT on water and electricity would be a nightmare for poor people. I am quite certain that the public servants who would be called upon to execute the seizure of people’s building and properties would have severe confrontations, which might have severe impacts.

Hon. Member, I noted the confidence in your presentation, but those taxes are from one corner of your eyes. Look from the other corner and one would see Guyanese who are prepared to defend themselves, at all cost, against the taxes imposed on hardworking Guyanese. Hon. Minister, when did you fly in and from which country did you come? Was it Vietnam, the Far East or Germany? Hon. Minister of Finance let me remind you that, as a representative of the people, you are a Guyanese.

As I said before, one does not overtax a Third World country. Long gone are those days when Guyanese would sit back and accept a mountain of taxes from a, *I do not care*, Government. Guyanese of 2017 would never pay these alarming increases of taxes without putting up severe resistance. As the people’s representative, I now call on Guyanese from all walks of life to resist these 50 taxes being imposed on them by this dictatorship and *I do not care* Government, that is nothing else than a bunch of somnambulist walking in their sleep. The Government is the people and not a few dictators. It is the people first. The Hon. Minister of Finance sounded as if he woke one morning with his pyjamas on, after experiencing a terrific nightmare and now, through

overtaxing, wants that nightmare to be become a Guyanese reality. No way! We will not pay increases.

I thank you. *[Applause]*

Mr. Chand: Cde. Speaker, the amendments to the Income Tax Act before us, I believe, will not bring any form of relief to the Guyanese people and will definitely aggravate the hardship experienced by the ordinary people of our country. In my view, and I am sure in the view of many Guyanese, it represents yet another pressure on them by this APNU/AFC Government. More and more it seems that the APNU/AFC's 2015 Elections Manifesto was a work of fiction and the expectations it raised are dashed. In that document, on page 23, the electorate was promised a tax system based on,

“Equity and justice”

That there would be,

“An emphasis on consultation”

I ask: Where are these important promises being honoured? Certainly not in this Bill which we are presently debating. Clearly, often times, we are seeing a unilateral approach to decision-making of critical matters. I recall that the Hon. Minister of Finance, Mr. Winston Jordan, in announcing the change of the income tax regime, during his 2017 Budget Presentation on 28th November, 2016, said that the Government wish to:

“Introduce an element of progressiveness in the tax system”.

While this was indeed pleasing to the ears, the reality of the situation is quite to the contrary.

10.58 p.m.

Audit firm Ram & McRae, in its *Focus on Guyana's National Budget 2017*, on page 57, had this to say on the matter:

“Some of the budget measures were inarticulately communicated or were misconceived. For example, the so-called 40% tax rate combined with the alternative personal allowance will lead to regressivity and not progressivity in the tax system. High income

tax payers will actually pay a lower rate than lower-middle class income tax payers. In other words, instead of a progressive system, we will have one that is regressive. When combined with the changes in VAT, our tax system becomes totally regressive, which can hardly be what was intended.”

This notion was further cemented when the *Kaieteur News* newspaper, on 3rd December, 2016, in an article appearing on pages 8 and 23, referred to an advertisement from the Guyana Revenue Authority which advised that persons earning \$60,000, \$180,000 and \$300,000 per month, through the proposed amendments to the former income tax regime, would benefit from increases in their take home pay of .88%, 2.73% and 4.13%, respectively. Clearly, through the proposed tax amendments, income tax inequality would become more pronounced in our society.

This is indeed a sad state of affairs for our people and it is a situation that no right thinking, people-oriented Government should want to engender and promote. Moreover, when an account is taken of, among other things, the following measures:

- (1) the newly expanded *vatable* items, including essentials, such as, electricity and water, medical and education services;
- (2) the soon-to-be introduced parking metres in the city;
- (3) the hiking in the fees for a number of Government services;
- (4) the increase in the acquisition cost of passports, licences and even TIN certificates; and
- (5) the recent substantial hike of a number of Demerara Harbour Bridge (DHB) tolls.

On page 830 of Volume 1 of the 2017 Estimates, the revenue is projected to rise from \$492 million in 2016 to \$832 million this year.

One can only conclude that further burdens are being placed on the backs of the working people. Without any hesitation, I can safely say that the meagre and paltry relief being granted would be more than consumed by the now realities which confront the Guyanese working people.

These measures, when taken together with the thousands of ordinary poor Guyanese who have lost their jobs due to economic contraction, incomprehensive decisions such as the closure of the Wales Sugar Estate and other factors, it is without doubt that the Guyanese people's standard of living and quality of life are on the decline and their burdens are on the rise.

Similar circumstances also confront many of our pensioners who receive what can sadly be described as a paltry increase in their old age pension this year. It is really absurd in our circumstances.

At the level of the National Insurance Scheme (NIS), while it is recognised that a recent increase in the minimum pension was approved as well as a 4% increase for those pensioners earning in excess of the minimum pension for the first time since 2014, this pittance-like improvement, however, will do very little to offset the steep increase of the cost of living. Some pensioners, quite obviously, may be forced to make difficult choices between the additional cost they have to pay for healthcare and other necessary services.

Also contained in the amendments being proposed is the institution of distress proceedings and garnishments. The amendments are cause for great concern as the GRA will have the authority to unilaterally seize and dispose of an individual's property in an effort to recover outstanding taxes and to recover such sums from taxpayers' bank accounts. By such an amendment, GRA's Commissioner-General would be the judge, jury and executioner.

On this matter, Ram & McRae *Focus on Guyana's National Budget 2017*, on page 43, pointed out that the amendments "are absurd". It went on to note that the GRA:

"...has enough tools at its disposal to collect the taxes due. To seek further draconian powers is offensive and dangerous."

Such a scenario in our contemporary context cannot be condoned. It also represents a marked departure where matters of such nature should be adjudicated by the courts. I see this, yet again, as another betrayal by the Government and the shirking of the rule of law in our society.

If that were not enough, some of the amendments being proposed would see a number of penalties being hiked, some by as much as 567%. This is most unbelievable, but it is the unfortunate reality which is being imposed in our country. I wish to draw to attention, for

instance, that many poor workers, whose earnings are below the threshold, should they fail to submit an income tax return, would be penalised \$50,000. It is unbelievable.

For homeowners who secure mortgages in excess of \$15 million, their mortgage interest relief stands threatened by the amendment proposed. This is applying salt in the deep wounds which were inflicted by the Government.

While the Government is seeking to compel the populace to be compliant, I feel that it is necessary to point out that excess tax payments by workers for many years are being held up for one reason or another by the GRA. There are moneys that are very much needed by the hard-pressed workers and which should be addressed in an urgent way.

All in all, the amendments being proposed point to ominous signs for the road ahead. We have seen disregarded, the worthwhile and positive proposals which emanated from the trade union movement. I just wish to recall that the Federation of Independent Trade Unions of Guyana (FITUG) had, among other things, proposed that the Government adopt a system of allowances to taxpayers with dependants and higher income tax threshold in view of the obtaining situation. Such recommendations were grounded in the principle of progressivity but it seems that the Government, through its measures, is seeking to punish and pommel the poor in our society and make it more elusive, the promise of a good life.

At this time, I urge the Government to relook at its proposals. The hodgepodge approach adopted is not in the best interest of the Guyanese working people. The draconian proposals contained in the amendments cannot be supported.

I just want to mention, at this point, the cost of \$1000 for a TIN certificate and \$5,000 for a reprinted certificate. I wish to ask the Minister to consider, taking into account our citizens from the hinterland, the waiving of the cost as far as those people are concerned, taking into account the cost to travel to the relevant places to get these certificates. I wish if the Minister could take this into account in his response.

In conclusion, I call on this Government to stop the further punishment of our working masses; our poor and vulnerable.

Thank you, Cde. Speaker. *[Applause]*

Mr. Nandlall: I rise, at this late hour, to lend my voice of protestation to the unrelenting regime of tax measures that are being imposed on the backs of the Guyanese people. As I was outside, I received a call from a very worried Guyanese and I had to explain to him that the Government is still passing more taxes in the National Assembly. The man asked me, aghast, “When shall it end?” This thing seems to have no end at all. This country is being given an education in taxation. Every part of this country is being educated. Taxes that we did not even know existed in this country – taxes about canoes, corials, *ballahoos*, push carts, signs, a butcher killing a cow. I did not even know, as a lawyer, that there were taxes for these things. All have been increased.

I say, without any doubt, that this Government would go down in the *Guinness Book of World Records* to have passed the most taxes over the last 50 years than any other Government in the civilised world, in one calendar year. It is unbelievable and we still have a bundle more to go. It is 12 o’clock. We have been passing taxes since last year. We have entered a new year and the Government is still taxing the people.

[Mr. Speaker hit the gavel.]

Mr. Speaker: Hon. Member, Mr. Nandlall, I believe that the amplification is fairly good.

Mr. Nandlall: Sorry, Sir?

Mr. Speaker: Hon. Member, Mr. Nandlall, I believe that the amplification is fairly good. Please proceed.

Mr. Nandlall: I do not understand you, Sir.

Mr. Speaker: Well, that is most unfortunate, Hon. Member, but please proceed.

Mr. Nandlall: I hope that the clock was stopped, Sir, because I have a very long time more.

We were told that four Guyanese have advised and counselled the Minister in the imposition, composition and compilation of this humungous, unquantifiable amount of taxation that has been thrust upon the backs of the Guyanese people. Names were given to us. I know of one who has spoken publicly – Lallbachan Chirstoper Ram – and he has condemned this budget and he has distanced himself from these tax measures. **[Mr. Jordan:** Judas did the same thing to

Jesus.] Now, he is being labelled a “Judas” and I want the record to reflect that

Lallbachan Christopher Ram is being labelled a Judas, but that is a matter for him and the Minister.

11.13 p.m.

The point is that this tax expert has said that his advice was not adhered to. The Government cannot shelter under this Tax Advisory Council because the only one who spoke on behalf of the council distanced himself and the natural influence to draw is that the others may hold the same view.

I turn to the first clause that I wish to take issue in this Bill and it is a clause that I find very worrisome. I do not know how and the Minister has not edified us on how he conceives these ideas. How did we come up with an idea to impose 2% withholding tax on a contractor? Where did that come from? What issues are we trying to rectify? What mischief are we trying to remedy? It is that we pluck contractors out of all the professionals and technical people in the country. We pluck one grouping called contractors, and we decide to treat them specially by imposing a regime of taxation peculiar to them alone. There must be some explanation. Why are we not doing that to doctors? Why are we not doing those engineers? Why is it only contractors? Then, when one looks at the definition of contractor in the amendment it is even wider than one thought. It is “a person who contracts goods and services of any type over and above \$500,000.” I do not understand what is the rationale for this tax.

What consultations were done? We speak about cohesion; we speak about consultative democracy; we speak about democracy and we speak about transparent Government; but all these things inherent in them is consultation. It is one common golden thread that runs through all the concepts that we love to embrace in words, but when it comes to action it is absent. Fundamental in this equation is the imposition on every single Guyanese of a legal obligation, and not a word of consultation was held with a single Guyanese, because every one of them, by this Bill, is being converted into an officer or an agent of the GRA and they are required to withhold this tax to transmit it to the GRA.

Now, ordinarily that is an onerous burden, without more. We do not know, as the Bishop Edghill explained, the capability of people to perform that function. There is no acclimatisation period. When His Excellency, on Monday morning, assents to this, Tuesday it becomes law. There is

absolutely no time given to the Guyanese people to prepare to discharge this burden that is being imposed upon them which they were not even told about, until now.

Then, the worst part of it is the regime of sanctions to which they will be exposed. They will be stop from leaving the country. Their houses are going to be ceased. They are going to be jailed. They are going to be fined percentage upon percentage and no time is being for... [Mr.

Ali: There is the raiding of their bank account.]

Yes. Their bank accounts are not safe.

[**Mr. Jordan:** There will be 18% interest.]

Eighteen per cent interest, if there is a

default. Thank you Comrade Minister. Not a day is being given to anybody, even supporters of this Government. I am sure if we go now and we ask out there whether the supporters support this measure, or any of the tax measures, a different story will be told. We, in Government today, are having our say. The people eventually will have their day - they will have their day. We can laugh and we can make this very serious matter one of levity, but it is the people out there who eventually will have to fetch this burden. One day their time will come and they will speak. I am only merely averting their attention.

The people out there do not have to be rocket scientist to know that when a Government increases taxes by 50,000% but increases their salary by only 5% what will happen. It is as simple as that. Taxes are being increased by 50,000% and fees are being increased by 50,000%, but the salaries of the people, who have to pay them, are only increased by 5%. The people know what that means and the people also know that a special grouping gets tax exemptions and get increases in salaries by 50%. At the appropriate time they will give their verdict and they will have their say. Nothing goes on forever.

We take great objection to the imposition of this sudden inexplicable withholding tax on contractors. We object vehemently to this imposition. In fact, I would say this imposition on one category of people in this country, contractors, is discriminatory. Article 149 of our Constitution states:

“(a) no law shall make any provision that is discriminatory either of itself or in its effect;
and

(b) no person shall be treated in a discriminatory manner by any person acting by virtue of any written law or in the performance of the functions of any public office or any public authority.”

This law discriminates in its effect and in its treatment to one category of persons whom it describes as contractors. In so far, as it does, it collides with article 149 of the Constitution and it is accordingly in my humble and respectful view unconstitutional. I ask the Hon. Minister to take note. I ask the Hon. Acting Chief Parliamentary Counsel to take note.

I move to my second point which has to do with the amendment to section 102 of the Principal Act. Here, again, when judgement is granted... Again I take credit because the Minister in his initial pronouncement in his budget speech wanted the GRA Commissioner to go straight into the bank account of a taxpayer who owes tax to cease money therefrom in satisfaction of arrears in taxes.

[**An Hon. Member:** We heard that argument last night.] It is the same provision. That has been pacified and adjusted and now the requirement of obtaining of a court order has been inserted in the amendment and for that we are grateful. Once you subject yourself to the court and you obtain an order of court then the court tells you how its orders are to be enforced and that is where I part company with the Hon. Minister, because in this formulation, when the order of the judge is obtained, which I argued for, the Hon. Minister then by this law authorises the Commissioner-General to write to the bank stating that judgement is obtained against Ms. Teixeira and she owes me taxes and she has an account with your bank. I want all the moneys in that account to satisfy my judgement.

Mr. Speaker, you and I know, and for the purpose of the non-lawyers, when the ordinary Guyanese citizen obtains a judgement from the court that citizen has to go through the process. If garnishee is the method that is being used to recover and enforce that judgement, then the rules of court outline a procedure by which you garnish money. We must depart from that practice from the Commissioner-General. We have equality before the law. The very foundation of the rule of law is that we are all equal before the law and that is why Madam Justice is blind. That is why there is a blindfold on Madam Justice's statue. It is because she can see no one. When I approach the court and the Commissioner-General approaches the court we are citizens. When the state approaches the court, and when I approach the court, we are the same. We are going there for justice. Justice is not different for the state and different for the individual.

Therefore when we obtain an order of court, that order must be enforced in the same way, because the justice system itself will become discriminatory. That is the basis and philosophical difference which I have with this Bill. That is why I walked with the High Court Rules that outlined how an order of this type, when obtained, and when one wishes to attach debt as this Bill seeks to do. It has the order and I will read it briefly.

Mr. Speaker: Hon. Member, in view of the time, do you need to give us....? You explained it very fully last night. I do not know whether you feel you must do that to make the point. Well then please proceed. Twelve o' clock is approaching and there is some other item.

Mr. Nandlall: Order 36, Rule 74 of the High Court Rules, explains how debt is attached. I will read it briefly:

“The court or judge may upon the *ex parte* application of any person who has obtained judgement...”

You have to go to the court to make an application when you have obtained judgement. You do not have to write a letter.

11.28 p.m.

You have to go back to the court in an *ex parte* application and then ask for the court to issue an order directing to the place where you want to go and attach the money. In this case, it is a bank. Then that order calls upon the bank to come to the court to show cause why or why not it should not comply with that order and give you that money. There is a whole process. The bank has to be heard. The bank is paid to keep my money safe. The bank will be violating the very substance of its relationship with me if the bank, by a mere letter, can release my money to give the Commissioner-General. What kind of society are we living in? That is not the rule of law. The bank will be violating all of the confidentiality and the very basis of the contract that it has with its depositors if it is going to release moneys because of a mere letter. That is why there is a process where the bank is allowed to go to the court and justify why it should or it should not release that money. We are departing from that and replacing that entire process in the year 2017 by a letter. That is not due process.

I know my honourable friend will say that a similar procedure exists in the Income Tax Act currently but, as I said, those provisions existed when we did not have a Constitution that created separation of powers. What you have here is the Commissioner-General who is an executive officer, being allowed to perform judicial functions. That could have happened before we had a Constitution. The pre constitutional law saved it as a pre-existing law. I am saying that in 2017, we cannot borrow, never mind it is in our law. We cannot borrow it and bring it over into our laws now because it cannot withstand constitutional scrutiny. That is another reason why we cannot lend our support to this amendment.

Then I come to the levy distress which is the same thing, as Your Honour knows, when you obtain judgement, that there is a procedure. You have to go to the court and then marshals execute. When I obtain a judgement, as the judgement creditor, I do not have the luxury of walking into people's houses and seizing their property. As I said, those provisions exist in the Income Tax Act which is a hundred years old and they will not survive. In 2017 no legal system will countenance that because, as I said, inherent in the procedure laid down for the enforcement of judgement are safeguards along the way. As Your Honour knows, if a property has to be sold, then it has to be advertised in the *Official Gazette* that persons are allowed to file objections. Then there interpleader proceedings that has to be filed. All of that is going to be dispensed with when the Commissioner-General is permitted by law to embark upon his own levy.

Minister of Natural Resources [Mr. Trotman]: I rise not on a Point of Order, but to invoke Standing Order 44 and ask that the question be now put, to the circumstances of the hour and the fact that this is a repetition of the argument from last evening.

Minister of Public Infrastructure [Mr. Patterson]: I just rise to second.

Mr. Speaker: Hon. Member Mr. Nandlall, before I respond to the question, that is put, you have been speaking for 22 minutes. Will you be much longer?

Mr. Nandlall: No Sir.

Mr. Speaker: What does that mean, in terms of time? You have two minutes to finish.

Mr. Nandlall: I was concluding my presentation before I was being interrupted, Sir.

Mr. Speaker: Well please conclude the presentation.

Mr. Nandall: In conclusion, natural justices, the rule of law, procedural propriety, the Constitution and, of course, the welfare of the Guyanese people are all being sacrificed. We say enough is enough. We cannot support more taxation and this type of system by which taxation is imposed. [*Applause*]

Mr. Speaker: Before the question is put, would the Hon. Minister of Finance wish to address the House?

Mr. Jordan (replying): Just two minutes I will take. I would like to thank all the speakers on the Opposition benches for their contributions, very interesting indeed. I will quickly like to state, number one, that I do not know whether I could admonish but I will caution Hon. Member Damon for the statement that he made in the House about calling on the populace not to respond or pay their taxes once these measures are passed. I think it is an irresponsible statement to be made by a Member of this House. I call upon the Speaker, if it is within his powers, to caution or apply the appropriate sanctions where necessary. We all took an oath in this House to do what is right and proper and to uphold the laws of this land.

Hon. Member Bishop Edghill talked about some outstanding refunds. I do not know about the figure at \$7 billion, I do agree with him that there are refunds that are outstanding but the Hon. Member may wish to be reminded that it is under the previous regime that a US\$10 million system called Total Revenue Integrated Processing System (TRIPS) was put in place to help with the speedy processing of these. Unfortunately it has been tripping since put in place and thereby stymieing the smooth processing of refunds. We also wish to put on record and quote the Income Tax Act, section 5 (b) (ii):

“no income tax shall be payable under this paragraph in respect of a subsistence, travelling, entertainment or expense allowance if it is proved to the satisfaction of the Commissioner-General that the allowance has been expended for the purposes in respect of which the allowance has been given;”

In short, there are allowances that are recognised by the Commissioner-General as being non-taxable and there are allowances which you are actually collecting but which are not recognised

by the Commissioner-General as being non-taxable. You can collect how much money you want from your place of employment but if it does not fall within the tax code as being non-taxable it will be put into your salary and taxed.

The issue about collecting agent, I wish to state that as everybody knows the income tax law mandates employers to take out pay as you earn (PAYE) from their employees. I think in that respect the employee can be reasonably expected to be acting as an agent on behalf of the Guyana Revenue Authority, in so far as he is collecting a tax and remitting it.

There are similar arrangements. For example there was just one where in the Travel Voucher Tax (Amendment) Bill 2016 – Bill No. 35 of 2016, airlines, under the law, have been mandated to collect the travel voucher tax and pass it on to the Guyana Revenue Authority. Clearly then the airline and the travel agencies are being implied as agents of the Guyana Revenue Authority. I therefore see nothing wrong people being asked now to collect the 2% and remit it to the Guyana Revenue Authority, being agents.

Finally, Hon. Member Nandlall talked about us plucking out contractors and singling them out for the 2%. I do not put it so dastardly. I think it is one group of hard-to-tax taxpayers and we are using every legal effort to ensure that some tax is paid. The 2% tax as we said is not a final tax, it is a tax that goes against assessed taxes at the end of the day and they will get back any refund if they have overpaid on the 2%. They will pay the difference if they have underpaid. In short, a similar arrangement exists in gold mining. Were they singled out? They only pay 'x' per cent of their declarations a final tax. Were they singled out for special treatment?

The last point that was made both by Hon. Member Nandlall and, I think, by Hon. Member Bharrat, that some four people non-elected sat in some dark room and came up with all these measures. Well, this is a very unfortunate, casting of aspersions on four well known eminent persons. [An Hon. Member: One is not known.] Hon. Member, I wrote it

down. One hundred and seventeen persons and organisations were consulted, included our Hon. Member Irfaan Ali, among the persons who were consulted. The committee went all over the country. It met with the Trades Union Congress (TUC), Private Sector Commission (PSC), Guyana Manufacturing Association, oil companies, Aircraft Owners Association of Guyana

(AOAG), Tourism and Hospitality Association of Guyana (THAG), Federation of Independent Trade Unions of Guyana (FITUG) – 117 persons.

Mr. Speaker: Hon. Member, you will have the floor immediately after to elucidate or to explain.

Mr. Jordan: We have the entire list of persons who were consulted.

In commending this Bill to the House for passage, I want to say it represents an extensive reform to the income tax system, but it will result in improved administration and efficiency, strengthen the legislative arm of the Guyana Revenue Authority in as much as bringing benefits both on the threshold side and the tax rate to individuals.

Mr. Speaker: Hon. Member Mr. Ali, you are rising to make a point or elucidation. Which is it?

Mr. Ali: I want to make a correction.

Mr. Speaker: Please go ahead.

Mr. Ali: I want to advise the Hon. Minister of Finance that I was never ...

Mr. Speaker: It is to advise the House, Hon. Member.

Mr. Ali: I was never a part of any consultation to do with the tax reform - never.

Question put and carried.

Bill read a second time.

Assembly in Committee.

Mr. Chairman: Hon. Members, there is an amendment contained that was circulated on Thursday, 5th January, 2017 contained in the Bill. Hon. Minister of Finance, would you wish to present your Bill?

11.43 p.m.

Mr. Jordan:

Clause 1(2)

“For the word “February may be prescribed”, of the word “January may be prescribed by the Minister”.”

Clause 3

“For the words “employee’s salary” substitute the words “individual’s total income from all sources excluding income subject to withholding taxes under section 39(1)”.”

Amendment put and agreed to.

Clause 3 as amended, agreed to and ordered to stand part of the Bill.

Clause 4

“Substitute the following in Section 20(A)(1) of the Principal Act is amended by the substitution for the words thirty million dollars” of the words “fifteen million dollars” and this amendment shall apply to a loan obtained on or after 1st February, 2017”.”

Amendment put and agreed to.

Clause 4 as amended, agreed to and ordered to stand part of the Bill.

Clause 6

“Substitute the following in Section 33(F)(1) of the Principal Act –

- (a) by substitution for the words “ten per cent” of the words “twenty Per cent”;
- (b) by the substitution for the full stop at the end, of a colon;
- (c) by the insertion of the following proviso –

“Provided that for the purpose of calculating the amount of tax to be withheld, there shall be allowed a deduction of seven hundred and twenty thousand dollars per annum apportioned according to the individual’s earning period”.”

Amendment put and agreed to.

Clause 6 as amended, agreed to and ordered to stand part of the Bill.

Clause 8

“In the inserted Section 36A, delete the words “tax on the”.”

Amendment put and agreed to.

Clause 8 as amended, agreed to and ordered to stand part of the Bill.

Clause 9

“Substitute the following in subsection (6), Section 39 of the Principal Act, for the words

(a) (i) in subsection (6), by the substitution for the full stop at the end, of a colon;

(ii) by the insertion of the following proviso to subsection (6) –

“Provided that this subsection does not apply to payments disbursed to contractors under subsection (13)”;

(b) by the insertion of the following subsections –

“(13) Payments disbursed to contractors in excess of five hundred thousand dollars for a contract shall be subject to a withholding tax at a rate of two per cent on every payment”.

“(14) In this section “contractor” means a person contracted with or employed directly by an owner or an agent of the owner to supply services, goods, materials, equipment, or personnel in the furtherance of the services”.”

Amendment put and agreed to.

Clause 9 as amended, agreed to and ordered to stand part of the Bill.

Clause 13

(a) “In paragraph (b), deletion of the words “(b)”.

(b) “In paragraph (c), by the substitution for the words “sections 60(1),(4B) or 60(4)” of the words “section 60(1)(b), (4) or (4B)”.

(c) “In paragraph (d), by the insertion immediately before the word “by” of the words “in subsection (3)”.”

Amendment put and agreed to.

Clause 13 as amended, agreed to and ordered to stand part of the Bill.

Clause 15

“In the inserted section 102A, for subsection 4(b) and (c), substitute the following-

“(b) in any other case within ten days after the distress is levied, the property distrained upon may be sold by public auction, or in such other manner as provided in regulations”.”

Amendment put and agreed to.

Clause 15 as amended, agreed to and ordered to stand part of the Bill.

Assembly resumed.

Bill reported with amendments, read the third time and passed as amended.

11.58 p.m.

SUSPENSION OF STANDING ORDER NO. 10 (1)

Mr. Speaker: Hon. Prime Minister, I see the midnight hour is approaching and I crave your indulgence, once again, to move an extension to enable us to conclude the work which is before us. Thank you.

Mr. Nagamootoo: Mr. Speaker, I move that this House continues its sitting in order to conclude the matters on the agenda items.

Question put and agreed to.

Standing Order suspended.

AFFIRMATION OF THE TRAVEL TAX REGULATIONS 2016 – No. 7 of 2016

“BE IT RESOLVED:

That this National Assembly, in accordance with Section 56 of the Tax Act, Chapter 80:01, affirm the Travel Tax Regulations 2016 (No. 7 of 2016) which was made on 19th December, 2016, under Section 56 of the Tax Act, Chapter 80:01 and published in the Official Gazette dated 19th December, 2016.” *[The Minister of Finance]*

Mr. Jordan: Mr. Speaker, I think we have done justice to this particular Regulation earlier when two related pieces of legislation were passed. Sufficed to say, this regulation seeks to increase the travel tax from its present \$2,500 to \$3,500. This increase is small and the overall travel tax is still very small compared to a number of countries in the Caribbean Community (CARICOM) and around the world. Just to give you some quick examples: the travel tax or the departure tax in Aruba is US\$35, Australia US\$43, Barbados US\$27.50, Belize US\$35.50 and so on. Ours is US\$17.50 with this increase.

This tax had not been increased since 1998 and I ask the House to affirm this Regulation.

Thank you very much, Mr. Speaker. *[Applause]*

Ms. Teixeira: Thank you, Mr. Speaker. I will not repeat our arguments made when we talked about the Travel Voucher Tax (Amendment) Bill nor the Tax Act. Our opposition to this is based on a number of reasons which we have amply discussed and, in particular, our opposition to the mechanism for the implementation of the Act with the new arrangements with the International Air Transport Association (IATA)... However, the Order, which we are being asked to affirm, has some problems and I ask that the drafters look back at it. This is supposed to be an amendment to the Tax Act but it refers to Section 56 of the Travel Tax Act. There is no such Act as the Travel Tax Act; Section 56 is to the Tax Act.

In fact, in my humble opinion and having looked at those amendments that were made in 1983 and 1987 through the Travel Voucher Tax Act, these were done to the Travel Voucher Act and not the Tax Act; nor was the one, I think, in 1998.

Therefore, I think this should have been an amendment or regulations to do with the Travel Voucher Act and not the Tax Act. But, as I said, there is a particular problem in the heading: Regulations made under the Tax Act, Chapter 80:01... In exercising the powers conferred upon

me by Section 56 of the Travel Tax Act, I make the following regulations – Minister Jordan. So, I am saying that this Travel Tax Act is non-existent.

The second issue is on number three of the Order; it states that the Travel Tax Regulations are revoked. We have searched for this, including on the Guyana Revenue Authority's website, which was useful to find a number of the laws, regulations, orders and amendments. It is one of the best places to find that. There are no 1977 Travel Tax Regulations that can be found. Therefore, I do not know if they are existing or not; we cannot find them.

We would like to say that our continued opposition is to the increase because of the raft of tax measures that are being pelted down on the Guyanese people. But there are some specific problems with the actual Order that whether the Minister thinks that they are correct or not should be examined and corrected or at least reviewed.

[Mr. Adams in Chair]

Mr. Jordan: Thank you, Mr. Speaker. May I crave your indulgence for one second?

[Mr. Speaker in Chair]

Mr. Jordan: I was just seeking a bit of clarification and I am assured by the Chief Parliamentary Counsel (Acting) that the Regulations being made here are quite in order and I, therefore, once again, ask that the motion be affirmed. Thank you very much.

Ms. Teixeira: Could the Hon. Minister please tell us what is the chapter number for the Travel Tax Act? It does not exist. I would like the Hon. Minister to look at the Order signed by him – Order No. 7 of 2016. We are being asked to affirm an Order which is wrong. **[Mr.**

Ramjattan: It is under the Tax Act.] Read it; I cannot read for you, Mr. Ramjattan. Section 56 of the Travel Tax Act, Mr. Ramjattan, does not exist.

[Mr. Speaker hit the gavel.]

Mr. Ramjattan: I have what is called Regulations made under the Tax Act, Chapter 80:01.

[Ms. Teixeira: Read the next part.] That is what we have here. It is No. 7 of 2016, a regulation made under the Tax Act.

Ms. Teixeira: Mr. Speaker, it continues. If the Hon. Member goes to the next line:

“...in exercise of the powers conferred upon me by Section 56 of the Travel Tax Act.”

Mr. Speaker: I thank the Hon. Member. Hon. Minister, are you in a position to clarify?

[Interruption]

[Mr. Speaker hit the gavel.]

Mr. Jordan: Mr. Speaker, we crave the indulgence of you on this matter and we thank Hon. Ms. Teixeira for the clarification and the word ‘Travel’ is to be excluded from the Regulations. With that, Mr. Speaker, we, again, ask that the motion be affirmed.

Question put, and agreed to.

Motion carried.

AFFIRMATION OF THE VALUE-ADDED TAX (AMENDMENT) REGULATIONS 2016 - NO. 8 OF 2016

“BE IT RESOLVED:

That this National Assembly, in accordance with Section 95 of the Value-Added Tax Act, Chapter 81:05, affirm the Value-Added Tax (Amendment) Regulations 2016 (No. 8 of 2016) which was made on 19th December, 2016, under Section 95 of the Value-Added Tax Act, Chapter 81:05 and published in the Official Gazette dated 19th December, 2016.” *[The Minister of Finance]*

Mr. Jordan: Mr. Speaker, this Regulation No. 8 of 2016 seeks to make the following amendments:

Regulation 2: by substituting for the words “sixteen percent (16%)”, which is the rate at which the VAT is being charged, the words “fourteen percent (14%)”, a reduction of 2% points or eight point something per cent overall, in keeping with our Manifesto promise.

Regulation 3: by substituting for the words “\$10,000,000.00” the words “\$15,000,000.00”. This is the threshold for the VAT, thereby removing a number of companies that are required to register for VAT.

Regulation 8: by deleting sub-regulations (1)(b) and (2)(d) and by the substitution for the semi-colon at the end of sub-regulation (2)(c) of a full-stop.

Regulations 13 and 14: by inserting the following regulations –

“13. Supply of electricity is zero-rated provided that the consumption of electricity does not exceed \$10,000.00 per month.

14. Supply of water is zero-rated provided that the consumption of water does not exceed \$1,500.00 per month.”.

In both cases, we have argued *ad nauseam* about the merits or demerits of this matter. I would not detain the House any further in relation to the arguments put forward on the VAT on electricity in excess of \$10,000 per month and the VAT on water in excess of \$1,500 per month.

Mr. Speaker, I now put this motion for affirmation. Thank you very much, Sir. [*Applause*]

Dr. Anthony: Thank you very much, Mr. Speaker. Hon. Members, pertaining to this particular regulation, the Minister said that regulation 2 points to the reduction from 16% to 14%. While we agree with that reduction, what is also important to note is that, in the Budget for 2016, the projection made from VAT would have been \$36 billion. But, in 2017, the projection for VAT would be \$45.3 billion, which means that, in 2017, an additional \$9.2 billion would be made.

It is not about collecting more money because of efficiency but what we noted during the debates is that much more things are brought into the tax net. In almost every sector, more services could be seen brought into the tax net; more items are being brought in. In this case, we have noted that electricity and water have also now come into the tax net.

While debating the Budget, Minister Hastings-Williams said to us, in her speech, that approximately 155,000 or 94.5% of the metered customers of Guyana Water Incorporated (GWI) normally pay \$1,500 and below.

12.13 a.m.

Therefore, the persons who will be affected by this tax are effectively 8,348 persons or 5.5%. She said that the increase, by adding this tax on water, would just be about \$1,044 monthly. If that is computed, it means that GWI would be making approximately \$8.6 million. That is not a lot of money. I do not understand why you would want to impose a tax on water just to collect \$8.6 million. It is either something is wrong with the numbers being proposed by Minister Hastings-Williams or definitely something is wrong with the arguments. The Minister said, further, that the measure would achieve exactly what it sets out to accomplish. What is that? It is to reduce inequality and better position GWI to finally achieve a financial breakeven. Apparently, what the Minister was saying was that collecting the 14% VAT on water would be used to finance GWI. Obviously, that would be illegal because the VAT has to be remitted to GRA. From the numbers given, \$8.6 million coming from VAT on water, if those numbers are to be believed, would not make GWI breakeven. So I am not sure that the arguments proffered hold any substance.

We heard also that the reason VAT is being imposed on water is that it would help us to conserve water. If 155,011 or 94.5% of GWI's customers - to quote the Minister - are already below the \$1,500 mark, then I am not sure how much more efficiency would be had by imposing the 15% VAT. Again, I would say that something is wrong with those numbers.

One of the things I think that ought to be looked at is that this measure would not reduce inequality. What you will find is that there would be a burden on poorer people to afford potable water. This also could lead to other unintended problems. If people cannot afford clean, potable water, then they might have to use contaminated water. That could lead to waterborne diseases which is something we have to guard against because we would end up paying more in terms of hospitalisation and medication. Therefore, it would have been better if the Government had provided VAT free water.

The same reasoning holds for electricity because, in raising the extra \$9.5 billion, a 14% tax is put on electricity which did not exist before. We know that if electricity is taxed, almost everyone would suffer because of the tax. It is not only the individual household which would face this type of burden, but it would also be problematic for industries because this tax would

also affect them. The bottom-line is, when we look at all the tax measures imposed in the three different Budgets the Government presented over the years, it is a burden on the ordinary people of this country. There are too many tax measures.

In this particular instance, while we support the increase of the threshold, we obviously cannot support VAT on electricity and on water. This is going to be more burdensome on the population. One is left to wonder how people are going to afford to pay for this. On the one hand, when we look at the increase of salaries, it has been relatively stagnant. If tax is being increased and wages are stagnated, people are not being lifted up to prosperity but, instead, they are being condemned to poverty. That has been the net effect of these good life Budgets and measures being presented. In these circumstances, we cannot support VAT on electricity and VAT on water. We will support the measures to increase the threshold.

Thank you very much. *[Applause]*

Ms. Campbell-Sukhai: Mr. Speaker, my contribution to the Affirmation of the Value-Added Tax (Amendment) Regulation 2016, No. 8 of 2016, takes into consideration the reduction of the VAT to 14%. The proposal by the Minister of Finance to reduce VAT to 14% comes with a lot of deception or with an intention of stealth, to cream off more hard earned money which will, obviously, impact on the poor.

For example, in 2017, the expected revenue to be garnered by the value-added tax is expected to be \$45,330,470. This increase of \$6,343,532 is quite an increase. However, what the consumers were not told, because the Coalition Government has chosen to only talk about the reduction, was that this would bring further financial burden, giving the Government a windfall in revenue despite the reduction.

Under the PPP/C Government, VAT was introduced and was mainly aimed at luxury goods, goods which were not normally purchased by the ordinary Guyanese people. Further, the ordinary Guyanese man and the poor were insulated by a long list of zero-rated items. Today, these amendments and another piece of amendment to the VAT Act, which comes later on, seek to remove those zero-rated items. It means, therefore, an additional burden and hardship will be brought again on the backs of the working masses of this country. As a representative of the Guyanese people, and as the representative for the Indigenous peoples, it is my duty to raise, in

this House, the deception being peddled with respect to the reduction in VAT because, correspondingly, with the reduction comes the abolition of the zero-rated list of items, items that form a large section of the basket of goods which the poor will normally purchase. Therefore, the truth should be told about this matter of the reduction.

With respect to the 14% to be applied to water and electricity, like my Colleague, the Hon. Dr. Frank Anthony, I will not support the amendments to the Regulations with respect to this proposal. The Guyanese nation has admitted that water does come at a cost. The evidence of that is the fact that they have been willing to pay their bills and have been doing so. What is difficult and will bring additional burden on the working class of Guyanese people will be the doubling of taxes on water. For example, while it is said that, if the water bill exceeds \$1,500, 14% VAT then kicks in, the Minister said that the \$1,500 is not an allowance. If any of the users exceed the \$1,500, then it means that VAT is applied on the whole sum, as contained in the Bill. That will also be the case for electricity.

I say that I am not in favour of the 14% that will be applied on water and electricity, but I welcome the substitution of the words “fifteen million dollars” for the words “ten million dollars” as a welcomed increase to the threshold. With these few words, I lay my case.
[Applause]

Ms. Teixeira: Mr. Speaker, with regard to Order No. 8 of 2016, this side of the House has stated publicly, on several occasions in this House, that we are prepared to support policies of the Government which will improve the quality of life of our people and the betterment of our nation. We will also oppose, vehemently, those that we believe will be harmful.

In relation to the Order and the Affirmative Motion before us, I have tabled, in my name, on behalf of our side, an amendment. I will use the opportunity to explain our thinking on this. We are asking for the Affirmative Motion to be amended to have a new ‘Be It Resolved’ Clause that deletes the amendments to Regulations 13 and 14 which relate to VAT being added to water and electricity. We then amend the original ‘Be It Resolved’ Clause that supports Regulations 2 and 3 in the table in Order of No. 8 with regard to the reduction of VAT from 16% to 14% and for the increase of the threshold for VAT from \$10 million to \$15 million.

I believe, at this hour, after a very long debate on the Budget, the Estimates and the tax measures, that an offer to the Government to amend the Affirmative Motion will allow us to reach consensus on two main issues: the reduction of VAT, something the other side has campaigned for and something we feel strongly about; and the deletion of VAT on water and electricity to ensure that the burdens on our people are not further deepened. Therefore, in good faith, we bring this amendment to the Affirmative Motion of the Government with the belief that this is one that we should and could be able to live with.

12.28 a.m.

Furthermore, with just one last comment in relation to this motion and this is a general comment in relation to a number of the Orders, Regulations and Bills that, as far as we know and as far as we can see from the printed version of the *Official Gazette* and electronic versions of the *Official Gazette*, the Appropriation Bill 2016, was passed on the 22nd December, 2016. We cannot find an assented copy as yet. We had passed a budget two weeks ago. We are rushing through to do these Bills tonight for which we were given orders that we have to finish the Bills tonight or early morning, that is now, and yet the Appropriation Bill is not publicly available as an assented document. Thank you. [Applause]

Mr. Jordan (replying): Thank you Mr. Speaker and I thank the Hon. Members on the Opposition for their contributions to this motion. I would just like to say that, indeed, we have had a long debate on VAT and I do not really want to go over it and the arguments that we have made stand. Persons think that we are going to be making large sums of money as a result of this VAT implementation. Again, I would like to say that the reason why we had to do what is...even the previous Government recognised that VAT's contribution to the revenues was going down. For example, in 2008, VAT's contribution to the total revenue intake was 30.4%. By 2016, because of the weakening of the VAT base, as a result of a lot of exemptions and lack of implementation and enforcement by the Guyana Revenue Authority, people who were collecting VAT were not reporting it and so on. VAT's contribution to the overall revenue intake had gone down to 24%. Indeed 30.4%, in 2008, was the highest percentage contribution of VAT to total revenue. So something had to be done and the last Government recognised this and so they commissioned the Duke Study. We inherited the Duke Study when we came into power in 2015. The Duke study made lots of recommendations, but the Government turned a blind eye to them.

We came in and did two things. We established the Tax Reform Committee, of which we spoke about before. Then we were not even satisfied with the Tax Reform Committee because it is a major tax, so we commissioned the Caribbean Regional Technical Assistance Centre (CARTAC). In relation to VAT, both of them had similar recommendations and, as I said in my rebuttal, it is unfortunate that the Opposition was not here at that time, but they are here now.

[Mr. Ali: I am listening.] Thank you very much. You are my friend and I know that you would listen to me. The Tax Reform Committee recommended, among other things, that we impose the VAT at a standard rate on water and electricity, which was consistent with the recommendations CARTAC had also brought to us. We said okay, but that we were not going to put VAT on the entire sum. So we are going to regulate it and allow consumers to regulate themselves by going for \$10,000. This sum is higher than every developing country. It is higher than almost all the countries that impose VAT on water and electricity that I had done research on and we have gone through the statistics and everything. You do not have to believe me, the Guyana Power and Light Inc. (GPL) or the Guyana Water Incorporated (GWI), but you will have to believe somebody. You may have to go out there and do your own survey, if you do not believe in these official sources of statistics.

We have put it out there and we have strutted it out a thousand and two thousand times. So I do not think that I need to come back here again and explain the tiny segment to which VAT would be applied. In addition, it is acting as a self-regulator because, once someone knows that if he/she goes pass \$10,000, he/she is going to pay. Therefore, he/she is going to be more of a hawk. This will help with the carbon footprint and so on. It will be less demanding on the GPL and so forth. Similarly with water, one cannot fail to look around where he/she goes and see taps running like *their head ain't good*. There are broken taps and nobody does anything about them. People shout water is free, but water is not free.

Again, this tax is for self-regulation. This is because one would know that if he/she goes pass \$1500 per month he/she will have to pay the tax – self regulation. What is wrong with us? A number of other countries have the same measure, if one would go to Barbados and other places - and these are places that we want to go on vacation - we would happily pay it there, but we would not even observe it there. Observe it because one does not have to go pass \$1500 and \$10,000.

As I said, we have gone through these arguments before and it is not a question of winning or losing, but I do not think that we will unite on this motion as proposed. We cannot agree to any variance at this time and so, in conclusion, I asked that the motion as put, be affirmed.

I thank you very much. [*Applause*]

Mr. Speaker: I thank the Hon. Minister. I will now put the motion, but Hon. Member there is an amendment to which the Hon. Ms. Teixeira has spoken. I do not know whether Ms. Teixeira wishes to present her amendment to the House?

Ms. Teixeira: Yes. Mr. Speaker, there is a motion that has been circulated in the House in my name and seconded by my Colleague Bishop Edghill. The motion calls for the deletion of the amendments put to the House in Order (No.8 of 2016) and contained at the table that puts VAT on electricity and water. I am just summarising. The clause that we are putting in and asking to be included, prior to the original, states:

“BE IT RESOLVED:

That this National Assembly, deletes the Amendments to Regulations 13 and 14 in the table contained in the Value Added Tax (Amendment) Regulations 2016.”

And that the original Be It Resolved clause be amended as follows,

BE IT RESOLVED:

“That this National Assembly, in accordance with Section 95 of the Value – Added Tax, Chapter, Chapter 81:05, affirm the Amendments to Regulations 2 and 3; the reduction of VAT and the increase in the threshold for persons being registered contained in the table of the Valued – Added Tax (Amendment) Regulation 2016 (No.8 of 2016).”

So, Mr. Speaker, we have put it to the House and we feel very strongly that VAT should be removed from electricity and water and we support the reduction of the VAT from 16% to 14% and the threshold being increased for persons being registered for VAT from \$10 – \$15 million. Sir, we believe that this is a good faith effort and it is regrettable that the response of the Minister is negative, so it is almost prophetic we know what the vote will be.

Mr. Speaker: I thank the Hon. Member. Hon. Members have heard the amendment which is proposed to Regulation (No.8 of 2016).

Amendment put and negative.

Mr. Speaker: I shall not put the motion as proposed.

Motion carried.

Mr. Speaker: Hon. Minister, please proceed with the motion.

**CONFIRMATION OF THE CUSTOMS (AMENDMENT OF SCHEDULES) ORDER
2016 – NO. 17 OF 2016.**

“BE IT RESOLVED:

That this National Assembly, in accordance with Sections 8 and 43 of the Customs Act, 82:01, confirm the Customs (Amendment of Schedules) Order 2016 (No. 17 of 2016) which was made on 19th December, 2016, under Section 8 of the Customs Act, Chapter 82:01 and published in the Official Gazette dated 19th December, 2016.” *[Minister of Finance]*

Mr. Jordan: Mr. Speaker, this Confirmation of the Customs (Amendment of Schedules) Order is intended to give effect to a number of measures outlined in the budget.

At the First Schedule – Clause Two: Reduction in the rate - this is to give effect to new tyres imported into the country being subject to a 15% customs duty, instead of the existing rate of 30%.

At Clause three – part 3 (b): These items are intended to give effect to our greening of the economy. As such, we are going to be giving tax exemptions for items used in the construction of water treatment and water recycling facilities, as determined by the Commissioner-General.

Machinery equipment to set up charging stations for electric vehicles; green houses, including their components and parts for use in the agricultural sector, as determined by the Commissioner-General; items for the construction of waste disposal facilities and recycling facilities for items such as plastic, as determined by the Commissioner-General. One would

recall that these said items were also listed for exemption under the VAT Act. Therefore, this is exempting them also from customs duties, all in a push towards greening the economy.

At clause 14, we are indicating that used tyres for motor vehicles, including motor cars, vans sport utility vehicles, pickups, buses and similar vehicles, be restricted from the 1st April, 2017. However, this restriction does not apply to heavy duty vehicles such as trucks, lorries, vehicles used in the agricultural, industrial and mining sectors and special purpose vehicles.

What we are saying too is that vehicles fitting the description of under eight years old must be brought into the country, if they are coming in with all five of their tyres – the four tyres on the vehicle plus the spare - being new tyres, with effect from the 1st April, 2017.

This is a greening Bill, so to speak, to give effect to measures in furtherance of the ‘Green Economy’. Thank you very much and I now ask that the Confirmation of the Customs (Amendment of Schedules) Order be confirmed. *[Applause]*

Mr. Ali: Mr. Speaker, I would like to ask the Minister of Finance whether he would be kind enough to reconsider the issue on used tyres. The Minister of Finance would know that a large number of investors and entrepreneurs are not only in the business of used tyres, but the used tyres are attached to vulcanising facilities at many of these locations.

12.43 a.m.

We do not have an assessment. I do not know if the Minister had an assessment of what the stock on hand is. That is the first point. Is he in a position to consult with the Guyana Used Tyres Association to come to an amicable solution that would ensure the protection and the safeguarding of all of these jobs?

The second issue that I want to raise here is that, at sections 12, 13, 14 and 15, everything is subject to the determination of the Commissioner-General. The Hon. Minister of Finance would know that when the laws were amended, prior to the amendment, everything was subject to the determination of the Minister of Finance. The funding agencies and all others thought that it was not right to have these laws, especially in the granting of concessions, subjected to an individual in the name of the Minister of Finance. I do not think that a Minister of Finance is different from a Commissioner-General. We are all humans. If the same rule is used to exclude....we must not

sell ourselves short. When we were in Government, I had said this. We use a different stick when we are talking about the powers of a Minister versus the powers of a public servant. They are the same two humans. Why is it necessary to take away the determination from the Minister of Finance, but it is not necessary to take it away from the Commissioner-General? I think it is a moral question that we all have to answer. This is a question that we faced while we were in Government too.

I think, Mr. Speaker, that the law should define what is exempted clearly and what is not exempted and it should not be left to the subjectivity of any individual or any post. Just as the Ministers were removed, I think that the argument holds true in the entire process.

There is a third issue that I want to raise. I am sure that someone would have brought this to the attention of the Hon. Minister of Finance. It is the issue of the accessories for computers, for example, is not defined as it relates to the application of VAT. The accessories to print, such as the ink, *et cetera*. That would also need some amount of clarity. Otherwise, there could be misinterpretation of what is fully exempted and what is not.

Whilst we support what is exempted, these are things that need to be clarified. I think the Minister of Finance should look at that list and he may want to add to the list of items that would be exempted under the Confirmation of the Customs (Amendment of Schedules) Order.

With that, I want to thank you and I ask the Hon. Minister to consider, actively, some of the recommendations. [*Applause*]

Mr. Jordan (replying): I thank the Hon. Member for his suggestions, recommendations and contributions. I will make two quick comments. One is that I think the Hon. Member is aware that in the 2016 Budget, we gave notice to used tyre dealers of our intent to restrict these tyres. The budget came out in January 2016 and we are putting this measure in effect from 1st April, 2017. They had roughly 15 months within which to put themselves in order for this measure. I do not think that one could fault us for not giving adequate notice where this measure is concerned. Be rest assured, as you have seen, we have retained it for heavy-duty tyres.

Secondly, I agree, in-principle, with what the Hon. Member said. I was there when we did not make the amendments to remove the discretionary powers of the Minister of Finance. I do not

remember if we had also removed it for the Commissioner-General at that time. I think that it would be difficult, at any one time, to define every single thing in an Act. There must be some residual power for the Commissioner-General. I do not believe that it should be for any politician, but certainly at the level of a technical person, such as the Commissioner-General. He has to have some flexibility in interpretation. Everything is subject to a different story. You say computer accessories and today it is a toner or a cartridge. Five years from now, when something changes, it would be a little thumb nail, *et cetera*. So, it would be very difficult. To avoid having to come back every minute to keep making changes and adding to the list, I think that it is important for the Commissioner-General to have that residual power to be able to interpret what might be a piece of equipment that is considered under the Act for greening purposes and whether that piece of equipment, rather than being used in a manufacturing or similar sense, it not being put for rental purposes in some cases or for domestic purpose in some cases. That is why we have to have those residual powers. In principle, we have some level of agreement there. It is just a question of implementation.

With that, I ask that the motion be confirmed.

Question put and agreed to.

Motion carried.

Mr. Speaker: Hon. Members, this concludes our work for today. Before I ask the Prime Minister to move the adjournment, I would like to let Hon. Members know that the Speaker of the Legislative Assembly of British Columbia, Hon. Linda Reid, will be visiting us from 16th January, 2017. This visit was suggested last year, shortly after the Parliament gave its agreement to the partnership agreement. It did not appear to me, at the time, that that was a convenient time for such a visit. I, therefore, proposed some alternative dates. They proposed early in the New Year. Since we returned, after the holidays, the wheels seemed to have turned very quickly.

I bring it to the attention of Members now because we have not had a chance to let the Parliamentary Management Committee (PMC) know and there may not be another opportunity to let Members know. We would, however, keep Members abreast of what would occur on the visit because that is still being discussed between our officers here and the representatives

through the High Commission of Canada. I thought that it was prudent to let you know now that this will take place. They have confirmed the dates, which are 16th to 18th January, 2017.

As firmer information is settled between the two parties, then, certainly, Hon. Members would be readily informed. I thank you.

There is one other matter, Hon. Members. I must express my appreciation for the efforts which we made this evening. I believe that there was a lot of give-and-take. I am deeply appreciative of it. I hope that we would try to find this line as often as the opportunity presents itself. Thank you.

Hon. Prime Minister, I ask that you move the adjournment.

ADJOURNMENT

Mr. Nagamootoo: Mr. Speaker, it is with some sense of privilege, at this early hour of the morning, that I move the adjournment of the House to Monday, 30th January, 2017.

Ms. Teixeira: Mr. Speaker, I want to move an amendment to that proposal. I have raised this matter with you, the Clerk and the Hon. Chief Whip. We have a negative resolution on the floor that will mature on 28th January, 2017, according to the Standing Orders Nos. 70 (1) and (2). Standing Order 70 (2) states:

“Where notice of a motion that any subsidiary legislation subject to negative resolution shall be annulled is given within 21 days of the date on which the subsidiary legislation is laid before the Assembly, that motion shall be debated as soon as practicable and in any event before the expiration of the period prescribed in paragraph one (1) hereof.”

Paragraph One states:

“...the Interpretation and General Clauses Act, Chapter 2:01 [which relates to subsidiary legislation subject to negative resolution of the National Assembly] shall be 40 days from the date on which the subsidiary legislation is laid before the Assembly”.

The 40 days shall come to an end on 28th January, 2017. I have appealed, since yesterday and today, to the Hon. Chief Whip to set a date that would allow this motion to be heard.

Mr. Speaker, the Government is refusing, by its representative, to concede any date prior to 28th January, 2017 so that this motion could be heard, which relates to the VAT and zero-rated and exempt matters to do with VAT.

It would be a travesty if Standing Order No. 70 is not adhered to, particularly as it relates to the Interpretation and General Clauses Act of this country. Sir, this is a serious matter. Therefore, I move that the amendment be held...The Hon. Prime Minister has named the next date for a Sitting as 30th January, 2017. I am calling for there be a Sitting on 27th January, 2017.

I have offered all of the dates to the Chief Whip and she has ignored my letter. I even wrote a private letter appealing to her and it has been ignored. I assume that the Hon. Chief Whip is like me, we work with the collective; we do not work on our own volition. Therefore, I put the onus on the entire side opposite me.

Mr. Speaker: Hon. Ms. Ally, these things are usually determined between the Chief Whips.

Minister of Social Protection [Ms. Ally]: Mr. Speaker, all I would like to say is that, unfortunately, the Government side would not be able to meet before 30th January, 2017. We would like to stick to the date that the Prime Minister has proposed for our next parliamentary Sitting.

Ms. Teixeira: Therefore, what the Hon. Member is saying is that our motion would expire and Standing Order 70 (2) would be ignored and defeated by the action of the Government.

Therefore, the Government does not want to have a discussion on the VAT or number 18 which, takes items that were zero-rated and make them exempt. Sir, this is a travesty and I am asking you, as Speaker, to intervene. Please.

If this goes down in this House that a motion brought by an Opposition, any Opposition - it does not have to be us - if it had happened when they were in Opposition, you would have had serious problems. This is a travesty and it should not be allowed. I am appealing once again. The Government has nothing to worry about.

12.58 p.m.

I have tried on behalf of our side to reach an agreement. I have given the Hon. Member dates from January 18th to January 28th and not one day, in 14 days, can the Hon. Member find a date available. I have heard about Ministers travelling, one is going to Trinidad. I do not know that Trinidad is far away, that that would take 14 days. I heard another Minister is travelling somewhere else which takes three days where he is going. Why is it between January 14th and January 28th ...? Is this Government unwilling to allow the parliamentary Opposition to bring and debate a motion which it has amended and approved? Why can it not be discussed in this House? This is a serious travesty.

Mr. Speaker: I understood the Chief Whip to be saying that it is not possible to do it before. Those dynamics, of course, both you and the Chief Whip would be *au fait* with.

Ms. Teixeira: Just to advise, one last point, that I forgot, and please forgive. The next sitting is Opposition Day. Traditionally, in this House the Opposition actually has a say on what day has chosen, which has been going on up to 2015. All of our dates, for the last four sittings for the Opposition, have been those dates that the Government has been available and we have conceded. It has never been Opposition date. Totally the Government is ramrodding its way. It is usually negotiated, but the next sitting is Opposition date and I hear that the Head of State will be coming on the Opposition day to speak.

Mr. Speaker: Hon. Member, I believe that there is a slight difference on how that date should properly be referred. It is not Opposition date. It is Private Members' day. That is the correct, lest an impression be gained that ought not to be put to that expression.

Mr. Trotman: May I proffer an opinion on this matter? Firstly, this Standing Order 70 presupposes that there are Orders which are laid only. When the Order has been laid, debated, and passed, it defeats the motion presented by the Hon. Member Ms. Teixeira. The motion presented in a sense, to use the term of art in the quote of law, is that a *in limine* motion to prevent the debate and passage of the Order that requires either negative or affirmative resolution. That is why the wording states "laid". Sir, I ask you to consider if the motion is laid and passed it defeats a motion coming afterward to annul it.

Assuming, for the sake of argument, that the Hon. Member Ms. Teixeira motion is probably before this House, this Government has no, we take no pleasure in shutting out any motion. In

fact, that is the province of the Chairman, Your Honour the Speaker. [Mr. Nandlall: You shut me down.] It is because you had to be shut down, because you were going on since yesterday about the same matter over and over. [Mr. Nandlall sucked his teeth.] You can suck your teeth if you want. You are the founder of all knowledge in Guyana. Yes, you alone know what it is about.

Mr. Speaker: Hon Minister, I am getting a bit confused. The parentheses are many.

Mr. Trotman: My apologies. Standing Order 112 allows this House to waive any Standing Order that is before it. There is no travesty that is before this House. If Your Honour rules that the motion brought by Ms. Teixeira is a valid motion, we may on the next occasion waive Standing Order 70 to allow it to be debated. This Government takes no pleasure in shutting out any motion that is copy before this House. If it is your ruling, Sir, upon consideration of the arguments, is that it is valid, even though as I have had advanced the word “laid” is different to the word “passage”, we may suspend Standing Order 70 and proceed with it. We have been debating VAT since 2016, we have entered into 2015. To say that arguments about VAT have been shut out, again, as tonight, there are repetitious. If it is that they wish to be heard and you rule that the motion is probably before the House, we will entertain it and waive it by using Standing Order 112 to have the debate. That is what I wish to submit.

Mr. Speaker: I thank the Hon. Member for his intervention. What the Speaker will do, in the light of the suggestion, is to consider the issue as it stands and very early in the new week we will issue a ruling on it.

Ms. Teixeira: It is just one issue in case the Hon. Member may have been confused. I am not sure. We dealt with Order No. 7 here on VAT, but what the Order No. 18 is an Order that was not part of the affirmative motions on the agenda and it can only come to the House by a negative resolution. The Order No. 18 is specifically to do with the series of VAT items, not the ones discussed today when we did the affirmative motion, Order No. 7, I believe. The way we will bring it to the House is under the negative resolutions as required by law, if we wish to bring it so, and we are exercising that right. The Orders were laid in the House on December 20th, where some were put into affirmative motion and some were not. This one is subject to negate. We have 40 days.

If the Hon. Speaker is going to examine Standing Order 70 to see if under the Interpretation and General Clauses Act which states specifically, the law states, 40 days from the time from which it is laid in this House. The honourable lawyer, who is Minister Trotman, and the Hon. Speaker, who is also a legal luminary, if they feel that the Standing Order would be suspended to allow us to debate the motion on January 30th, so be it and we will support it. However, we ask the question, maybe just rhetorical, what happens if the Speaker does not agree to that? Then we are all sitting with bated breath to see that the Standing Orders..., and our right to raise this issue is not allowed.

Mr. Speaker: I would not want to subject you to be waiting with bated breath, but if you are awaiting a ruling then it implies that you must await the ruling. I am aware that this matter seems to have taken on some urgency, but certainly that is what we have to do - wait.

Mr. Nagamootoo: My motion is still before the House and I ask that the question be put.

Mr. Speaker: Hon. Member Ms. Teixeira, you had proposed an amendment to the motion put by the Hon. Prime Minister to suspend until the 30th January. In the light of the exchanges which have occurred, are you still maintaining your proposed amendment?

Ms. Teixeira: Mr. Speaker, we would hope and trust that your ruling would be a wise one. Shall I repeat that for you, because after last night you may think that I am not a lady? I just want to make sure that you know.

Mr. Speaker: You place on my shoulder the burden of wisdom.

Ms. Teixeira: Yes Sir. That is the problem of being the Speaker actually.

Mr. Speaker: It is far beyond what I ought to be burdened with, but please proceed.

Ms. Teixeira: Ask the former Speakers what they have gone through. My amendment to have a date on the 27th, I will retract with the hope that your ruling, as I said, will be a wise one to allow us on January 30th to debate the motion that was laid and you have approved in this House.

Mr. Speaker: I thank the Hon. Member for withdrawing her motion. The thing about withdrawal is that it has to be a withdrawal. It cannot be a conditional withdrawal. When it is withdrawn it is dead; it is gone. It cannot be revived.

I thank the Prime Minister for his motion. The motion lives. The House stands adjourned until the 30th day of January.

Adjourned accordingly at 1.09 a.m.