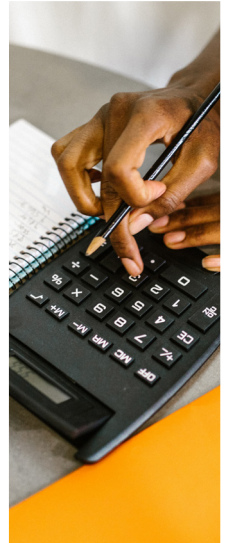




Goods & Services Tax Guide



**AUGUST
2022**

DISCLAIMER

These notes are for guidance only. They reflect the law and the tax position at the time of publication. They do not replace the legislation or affect your right to object and appeal.

If in doubt, you should consult the Inland Revenue Department.

You may find the following documents useful for further explanation on specific issues:

GST Act 2021

GST Regulations 2022

Specific Sector Guides

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GOODS AND SERVICES TAX
“Growing Sustainably Together”

1.0 INTRODUCTION

The Goods and Services Tax (“GST”) Guide aims to provide a general understanding of how GST works. This guide should be read in conjunction with the Goods and Services Tax Act 2021 (“GST Act”) and the Goods and Services Tax Regulations 2022 (“GST Regulations”).

2.0 GOODS AND SERVICES TAX (GST)

2.1 GST Mechanism

Most goods and services imported into or supplied in Anguilla are charged GST. The GST charged and collected by registered businesses is referred to as **output tax**. A business also pays GST on goods and services it buys from its suppliers or imports into Anguilla. This is referred to as **input tax**.

GST registered businesses will offset the input tax against the output tax. The difference between output tax and input tax is remitted to the Comptroller.

GST is ultimately paid by the consumer but collected by government on the profit (the value-added) at each stage in the supply chain as depicted in the figure below.

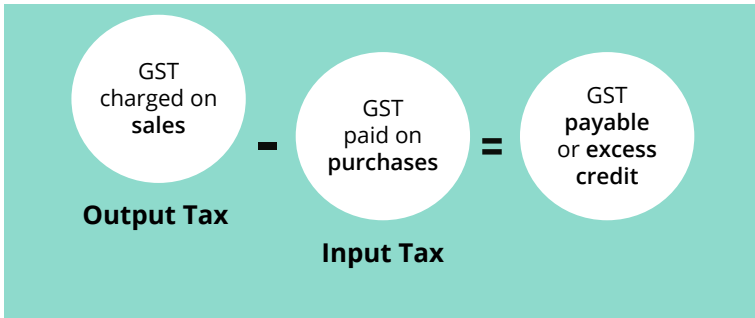


Figure 1: The GST Mechanism

GOODS AND SERVICES TAX (GST)

GST is a broad-based tax on consumption of goods and services that is ultimately paid by the final customer. It is collected and remitted to the Comptroller of Inland Revenue ("Comptroller") by businesses that are registered.

2.2 Requirements for Registration for GST

A business that supplies goods or services that are subject to GST (“taxable supplies”) must register for GST if they either:

- a. Make taxable supplies and the value of these supplies for the previous 12 months met or exceeded the GST registration threshold of EC\$300,000; or
- b. At the beginning of any 12-month period, expect the value of taxable supplies to meet or exceed the threshold in the next 12 months.

The following sectors listed in Table 1 are required to register at the time indicated regardless of the registration threshold requirement.

Table 1: Mandatory Registration for GST

Sector	When to apply for registration
Auctioneer	On the date on which they become an auctioneer.
Short term Accommodation Provider	On the date of commencement of activity.
Promoters of Public Entertainment	At least 7 days before the commencement of the public entertainment or first sale of tickets for the event, whichever is the earlier.
State and Statutory Bodies	On the date of commencement of activity.

2.3 Failure to Apply for Registration for GST

A business that is required to register and fails to apply for registration will be registered from the date determined by the Comptroller and will account for GST on taxable supplies and remit tax payable even if they have not charged it.

2.4 Voluntary Registration for GST

A business may apply for registration if they make or intend to make taxable supplies, even if the registration threshold is not met and the Comptroller may approve voluntary registration in accordance with the regulations.

2.5 Certificate of Registration

Once registered for GST, the business is issued a Certificate of Registration and certified copies of the certificate if operating from branches and divisions. The certificate must be displayed in a prominent place at each location where business is conducted. This is so that customers can verify that the business is registered and can charge GST. The registered business will also be provided with a tax identification number (TIN) which must be included on any return, tax invoice, sales receipt or any other document prescribed.

A taxpayer register will be maintained by the Comptroller containing the relevant details of all GST taxable persons. The register will be accessible to the public at all reasonable times and available on the IRD website at www.ird.gov.ai.

Please refer to GST Registration Guide for further information.

2.6 GST Rates

There are two rates of GST, depending on the goods or services the business provides. The rates are:

- i. Standard - 13%
- ii. Zero - 0%

3.0 TAXABLE ACTIVITIES AND SUPPLIES

3.1 Critical Elements of Taxable Supply

Taxable supply can be broken down into the following critical elements:

- i. There must be a supply of goods or services
- ii. The supplier must be a taxable person. Only persons registered under the Act can make taxable supplies.
- iii. The supply must take place in Anguilla
- iv. The supply must be made in the course of furtherance of a taxable activity. There should be taxable transactions on a regular or continuous basis
- v. The supply should not be an exempt supply; certain supplies are specifically exempt from GST and listed in Schedule 2 of GST Act and Regulations.

TAXABLE ACTIVITY

A taxable activity is an activity carried on continuously or regularly by a person—

- i. in Anguilla, including all the Cays forming part of Anguilla; or
- ii. partly in Anguilla;

whether or not for profit, that involves or is intended to involve, in whole or in part, the supply of taxable goods or services to any other person for consideration.

NON-TAXABLE ACTIVITY

A non-taxable activity is:

- i. an activity carried on by a person essentially as a private recreational pursuit or hobby; or
- ii. an activity that involves the making of exempt supplies.

TAXABLE SUPPLY

A taxable supply means a supply of goods or services in Anguilla in the course or furtherance of a taxable activity, other than an exempt supply.

3.2 Zero-rated Supplies

Zero rated supplies are detailed in Schedule 1 of the GST Act and Regulations as follows:

- a. Exports of goods and services
- b. Goods imported or supplied for the purpose of fishing or farming
- c. Goods used in the course of manufacture in Anguilla
- d. Essential foods or other goods, and
- e. A supply of electricity by ANGLEC to a domestic meter, up to 130kWh per month.

STANDARD-RATED SUPPLIES

All goods and services supplied in Anguilla which are neither zero-rated nor exempt from GST and are subject to GST at the standard rate of 13%.

ZERO-RATED SUPPLIES

These are goods and services which are subject to GST, but at the rate of zero percent. Although no GST is charged or collected on these supplies, a business that provides zero-rated supplies may register for GST and recover taxes paid on inputs used in the production of the goods or services.

3.3 Exempt Supplies

The following are exempt for the purposes of section 17 and Schedule 2 of the GST Act as amended —

- a. a supply of financial services specified in Schedule 2, Table 1;
- b. a supply of insurance services in the course of carrying on an insurance business in or from Anguilla limited only to—
 - i. life insurance, annuities and savings products,
 - ii. insurance related to the international transport of passengers and goods, and
 - iii. health insurance;
- c. a supply of medical services and devices specified in Schedule 2, Table 2;
- d. a supply of prescription drugs specified in Schedule 2, Table 3;
- e. a supply of education services specified in Schedule 2, Table 4;
- f. a supply of education materials specified in Schedule 2, Table 5;
- g. a supply of services in a qualifying nursing home or residential care facility for the aged, indigent, infirmed or disabled persons who need permanent care as specified in Schedule 2, Table 6;
- h. a supply of services rendered as day-care services, including after-school care, and summer camps for children aged under 17 years old as specified in Schedule 2, Table 7;
- i. a supply of—
 - i. a lease, licence, hire rental or other form of supply of accommodation, to the extent that it is a supply of the right to occupy or be accommodated in premises for 183 days or more,

EXEMPT SUPPLIES

Exempt supplies are goods and services which are not subject to GST.

- ii. leasehold land by way of lease (*not being a grant or sale of the lease of that land*) to the extent that the subject land is used or is to be used for the principal purpose of accommodation in a residential dwelling erected or to be erected on that land, where the lease is for 183 days or more;
- j. a supply of the following immovable property—
 - i. vacant land,
 - ii. a residential dwelling, that is—
 - A. resold by the initial purchaser including all subsequent sales of such property, and
 - B. sold by the first time owner after 2 years of continuous occupancy of such premises by the owner or his immediate family;
 - iii. a tourism accommodation development such as condominiums, villas, hotels, resorts and similar establishments and luxury real estate products as defined under the Resort Residence Annual Levy Act, 2021;
- k. a lease, licence, hire rental of land to the extent that it is to be used for agricultural purposes;
- l. a lease, licence, hire rental of land to the extent that it is to be used for tourism accommodation development;
- m. a lease, licence, hire rental of land except for in (j), where the lease is for 183 days or more;
- n. a supply of religious service by an approved religious organisation;
- o. a supply of piped water from the Water Corporation of Anguilla to consumers in Anguilla;
- p. goods imported by Anguillians returning home for permanent residence as may be provided in regulations made under this Act;
- q. a supply of public domestic transport and international transport;
- r. a supply of a game of chance.

- s. a supply of fuel specifically gasoline, diesel and liquid propane gas (from 1 July 2022 to 30 June 2023)
- t. a supply of bikes and bike parts
- u. goods approved for Conditional Exemption under the Integrated Customs Tariff Regulations.

3.4 Time of Supply for GST

The time of supply is the earliest of the date when:

- a. payment is received;
- b. an invoice is raised;
- c. goods are delivered or made available to the recipient; or,
- d. performance of services is completed.

3.5 Deposits for Taxable Supplies

GST is not accounted for on deposits until the customer pays in full or goods or services are provided. If the customer cancels the transactions and part or the full deposit is forfeited, the forfeited amount is subject to GST and the time of supply is the date the agreement is cancelled. Where a deposit is non-refundable, the entire deposit is subject to GST.

3.6 Payments on Accounts

If a customer makes regular payments on account prior to receiving any goods, this is not a supply for GST purposes as the supplier is merely holding funds on the customer's behalf. Once the customer receives the goods, a supply is made and GST is charged and declared in the applicable tax period.

Conversely, if the customer receives goods and the supplier allows them time to pay on account, the time of supply is the date the customer receives the goods.

TIME OF SUPPLY

The time of supply, also referred to as the tax point, is the date a sale or purchase is considered to take place. It is important to establish the time of supply as this will determine when to account for GST on sales and when to claim tax deductions.

3.7 Bad Debt

GST is declared on credits sale in the tax period in which the sale occurred. If the supplier cannot recover payments on credit sales, the amount owed can be written off and an adjustment for bad debt made by claiming the output tax previously declared as input tax. If payment is subsequently recovered from the customer, the necessary adjustments is made to the GST return.

3.8 Disposal of Goods

Taxable persons must charge GST at the applicable rate on any supply of taxable goods or services.

Taxable supplies consumed for personal use are subject to GST. This includes supplies provided to the taxable person, family members, employees and friends, where no consideration for the supplies was received.

The sale, disposition or transfer of ownership of taxable goods which form part of the assets of a business, is subject to GST. However, different rules apply if the business or part of the business is sold as a going concern.

GST may also be due on inventories and assets on hand upon cancellation of GST registration unless the business or part of the business is sold as a going concern.

In a normal arms-length transaction, the value of the supply of goods or services is the amount paid. If the amount paid includes GST, the tax fraction is applied to determine GST chargeable.

For example, the cost of a computer is advertised at EC\$600 inclusive of GST. The tax fraction is as follows: $R/(100+R)$; where R = the rate of GST.

The GST element in this supply is EC\$69.03, that is, $EC\$600 \times 13/113 = EC\69.03 . If a discount or rebate is offered, the GST is calculated on the amount paid or payable less the discount or rebate.

The value of transactions between related persons must be the fair market value.

3.9 Sale of a Going Concern

The disposition of a taxable activity as a going concern, or part of a taxable activity that is capable of separate operation, is a supply of goods made in the course or furtherance of such taxable activity.

A taxable activity or a part of a taxable activity capable of separate operation is disposed of as a going concern where:

- i. all the goods and services necessary for the continued operation of that taxable activity or that part of a taxable activity, are supplied to the transferee; and
- ii. the transferor carries on, or is carrying on, that taxable activity or that part of a taxable activity up to the time of its transfer to the transferee.

FAIR MARKET VALUE

The fair market value refers to the price a supply would generally fetch if sold under similar circumstances between persons who are not related.

4.0 PRICING FOR GST

4.1 Calculation of Selling Price

In calculating the price of taxable goods and services, the GST paid on purchases directly relating to those goods or services is not included in the cost as this is recoverable. An example is provided below:

Example 1 – Pricing of Standard-rated Supply

GST REGISTERED PERSONS	COST	VALUE ADDED	SELLING PRICE	OUTPUT TAX	INPUT TAX	Net tax paid to IRD
Importer	\$60.00				\$7.80	\$7.80
Importer	\$60.00	\$40.00	\$100.00	\$13.00	\$7.80	\$5.20
Wholesaler	\$100.00	\$20.00	\$120.00	\$15.60	\$13.00	\$2.60
Retailer	\$120.00	\$80.00	\$200.00	\$26.00	\$15.60	\$10.40
GST Paid by Final Consumer						\$26.00

The example above shows that GST is not included in calculating the selling price. The GST paid (input tax) at each stage is subtracted from the GST charged (output tax). The entire GST is ultimately paid by the final consumer.

- The importer calculates his selling price excluding the GST paid. He charges the wholesaler GST of \$13 and subtracts the \$7.80 paid at importation at the customs and remits \$5.20 to the IRD.
- The wholesaler calculates his selling price without including the \$13.00 GST paid to the importer. He charges the wholesale/retailer \$15.60 GST and subtracts the \$13.00 GST paid to the importer and remits \$2.60 to the IRD.
- The retailer likewise charges the final consumer \$26.00 GST and subtracts the \$15.60 paid to the wholesaler. He remits \$10.40 GST to the IRD.
- The consumer pays the wholesale/retailer \$226.00 (\$200.00 +\$26.00 GST)

Note the following:

- The importer, wholesaler and wholesale/retailer are registered for GST
- GST is calculated on the cost of goods plus markup
- The GST is not a cost to the business and should not be included in the calculation of the selling price
- The final consumer pays the GST

Example 2 - Pricing of Standard-rated Supply

GST REGISTERED PERSONS	COST	VALUE ADDED	SELLING PRICE	OUTPUT TAX	INPUT TAX	Net tax paid to IRD
Importer	\$60.00				\$7.80	\$7.80
Importer	\$60.00	\$40.00	\$100.00	\$13.00	\$7.80	\$5.20
Wholesaler	\$100.00	\$20.00	\$120.00	\$15.60	\$13.00	\$2.60
Retailer	\$120.00	\$80.00	\$200.00	\$26.00	\$15.60	\$10.40
GST Paid by Final Consumer					\$26.00	

The example above shows the calculation of the selling price for a zero-rated supply. The selling price calculated for the importer, wholesaler and retailer is equivalent to the cost of goods plus mark-up. The GST rate is zero percent (0%). Therefore, the consumer pays \$200, no GST is charged and no GST is remitted to the Inland Revenue Department (IRD) on this transaction.

Example 3 – Pricing of Exempt Supply

GST REGISTERD PERSONS	COST	VALUE ADDED	SELLING PRICE	OUTPUT TAX	INPUT TAX	Net tax paid to IRD
Importer (customs)	\$60.00				-	-
Importer (sales)	\$60.00	\$40.00	\$100.00	-	-	-
Wholesaler	\$100.00	\$20.00	\$120.00	-	-	-
Retailer	\$120.00	\$80.00	\$200.00	-	-	-
GST Paid by Final Consumer						\$0.00

The example above shows the calculation of the selling price for an exempt supply. The selling price calculated for the importer, wholesaler and retailer is equivalent to the cost of goods plus mark-up. Therefore, the consumer pays \$200, no GST is charged, therefore no GST is remitted to the IRD on this transaction.

4.2 Price Display

The Act provides for GST inclusive pricing. A taxable person may also display a notice in a prominent place at their business stating that all prices displayed are inclusive of GST.

INCLUSIVE PRICING

Inclusive pricing means that GST must be included in the selling price of all goods and services. Prices displayed, quoted or otherwise advertised must be GST inclusive.

5.0 INPUT AND OUTPUT TAX

5.1 Input Tax

Input tax is recoverable on purchases including utilities used in making taxable supplies or in the course of business. For example, goods for resale, office supplies and electricity.

The following are the source documents required to support input tax claims:

- i. Tax invoices
- ii. Tax credit notes
- iii. Tax debit notes
- iv. Customs Entries/ declarations

Only GST registered persons can reclaim input tax.

5.2 Disallowance of Input Tax

Input tax cannot be reclaimed on goods or services that are not used in the course of the business and where supporting documentation is not provided. The following are instances where input tax cannot be claimed:

- a. supplies used for personal consumption
- b. purchases that relate to exempt supplies
- c. imports that have not been paid
- d. purchase, maintenance or repair of a passenger vehicle unless it is used for the taxable activity of hiring and selling of vehicles

INPUT TAX

Input tax is the GST paid on business purchases used in making taxable sales/ supplies including: (i) goods and services purchased in Anguilla; and (ii) goods and services imported.

- e. supplies or imports for the purposes of entertainment, unless the taxable activity of the business is entertainment
- f. on fees or subscriptions paid in respect of membership to a club, association, or society of a sporting, social or recreational nature.

Where purchases relate to both taxable and exempt supplies, input tax is apportioned by applying the ‘Partial Exemption Method’ outlined in sections 25 (3) and (4) of the GST Act.

OUTPUT TAX

Output tax is the GST charged on sales or supplies.

PASSENGER VEHICLE

“Passenger vehicle” includes a motorcar, station wagon, sport utility vehicle, or other road vehicle principally designed for transportation of people, but excludes a pick-up truck exclusively used for commercial purposes.

ENTERTAINMENT

“Entertainment” means food, beverages, tobacco, accommodation, amusement, recreation, or other hospitality whether directly or indirectly related to any person.

5.3 Input Tax Apportionment - Partial Exemption Method

Sections 25 (3) and (4) of the GST Act outline a standard method of apportionment when calculating the amount of input tax allowable in the instance where both taxable and exempt supplies are provided. The following formula is used ' $A \times (B/C)$ ' where:

- A: the total amount of input tax payable in respect of supplies and imports received during the period for which a credit is allowed less the input tax directly attributable to taxable and exempt supplies
- B: the total value of taxable supplies made by the taxable person during the tax period, and
- C: the total value of all supplies made by the taxable person during the tax period.

Where the fraction B/C is:

- a. more than ninety (90) percent, the taxable person may deduct the total amount of input tax on supplies and imports
- b. less than ten (10) percent, the taxable person may not deduct any of the input tax on supplies and imports.

Example 4 – Applying the Partial Exemption Method

The following were reported for the taxable period August 2022:

1. total supplies - EC\$300,000 (C)
2. total taxable supplies - EC\$250,000 (B)
3. Input tax on general overhead - EC\$ 45,000 (A)

To compute the amount claimable:

$A \times B/C = \text{input tax reclaimable}$

$\text{EC}\$45,000 * (\$250,000/\$300,000) = \text{EC}\$37,500.$

In this example, B/C (EC\$250,000/EC\$300,000) is equal to 83% which is less than 90%, hence the apportionment rule is applicable. Only 83% (or EC\$37,500) of the total input tax is reclaimable.

The difference of EC\$7,500 represents the portion related to exempt supplies, and thereby forms part of the cost of the business.

Example 5 – Applying the Partial Exemption Method

The following were reported for the taxable period September 2022:

1. total supplies - EC\$300,000 (C)
2. total taxable supplies - EC\$275,000 (B)
3. Input tax on general overhead - EC\$ 35,000 (A)

Computation for allowable input tax:

As per formula $A * B/C$ whereby:

$\text{EC}\$35,000 * (275,000 / 300,000) = \text{EC}\$32,083.33$

In this case, B/C or EC\$275,000/ EC\$300,000 is 92%. Hence, full input tax of EC\$35,000 is reclaimable.

It is advisable to first compute the percentage of B/C to ascertain whether or not B/C is greater than 90%.

6.0 KEEPING PROPER BOOKS AND RECORDS

6.1 Legal Requirements for Record-keeping as per the GST Act

Section 61 of the GST Act requires every registered person and any other person liable for GST to maintain in Anguilla:

- a. a GST account, in which must be listed the total amount of GST due on sales in the period, the total amount of GST reclaimable on purchases in the period, the net amount of GST payable to IRD in the period, or if applicable, the net amount of GST reclaimable from IRD in the period
- b. original tax invoices, tax credit notes, and tax debit notes received by the person
- c. a copy of all tax invoices, tax credit notes, and tax debit notes issued by the person
- d. customs documentation relating to imports and exports by the person
- e. accounting records relating to taxable activities carried on in Anguilla
- f. any other records as may be prescribed by regulations

A taxable person is required to retain the specified records in English, Eastern Caribbean Dollars (XCD) and for seven years after the end of the taxable period to which they relate.

RECORDS

Records are financial statements, accounting records, accounts, books, computer-stored information, diaries, dispatch notes, delivery notes, bank statements, purchase invoices and debit notes, sales invoices and credit notes, sales receipts, contracts, payroll data, order books, till rolls, and any other document.

6.2 Records to be Maintained as per the GST Act?

In accordance with Section 8 of the GST Regulations, the following records shall be maintained in Anguilla in addition to those specified in sections 60 and 61(1) of the Act —

- a. records of any GST invoices for which the recipient of the supply requested a copy to be issued
- b. invoices other than tax invoices for acquisitions of goods or services by the person
- c. records relating to the supply of goods or services to officers, directors, and employees, whether or not the supplies were made for consideration or paid for
- d. accounting instruction manuals, systems, programmes and any relevant documentation in use to describe the accounting system
- e. records of supplies taken by the taxable person for personal use, or given free of charge for nominal considerations to other persons
- f. records listing and summarising cash receipts and cash payments in respect of daily transactions
- g. records of stock destroyed, stolen and wasted
- h. stock records in respect to opening and closing stock
- i. any other accounts or records in any way related to the person's taxable activity

Please refer to the **Keeping Proper Books and Records Guide**.

6.3 Purchases Journal

The purchases journal is used to record purchases - whether the goods and services are imported into Anguilla or purchased locally. A tax invoice is issued for goods and services purchased locally from a GST registered business. The information from each tax invoice is recorded in the 'purchases journal'. A sample of a purchases journal can be found at Appendix 1.

The value and amount of GST paid on imports is shown on the import declaration that was prepared when the goods were imported into the country. The value or base used for calculating the amount of GST, the amount of GST paid, and total is also recorded in the purchases journal.

6.4 Sales Journal

Information on value and GST charged on goods and services sold, is recorded in the 'sales journal'. This information is captured from the tax invoices and sales receipts issued to customers. See sample sales journal at Appendix 2.

Note, however, the nature of the business will guide as to which records are unique to the operation.

7.0 ISSUING SOURCE DOCUMENTS

7.1 Tax Invoice

A tax invoice is issued to document a sale between two (2) GST registered persons. *(see Appendix 4 for sample tax invoice)*

A tax invoice must contain the following particulars as per Schedule 3 (1) of the GST Act:

- a. the words “tax invoice” in a prominent place
- b. the name, address, and GST registration number of the registered person making the supply;
- c. for a supply to a registered recipient, the name, address, and GST registration number of the recipient of the supply
- d. the individualized serial number and the date on which the tax invoice is issued
- e. a description of the goods or services supplied
- f. the quantity or volume of the goods or services supplied
- g. the consideration for the supply in Eastern Caribbean Currency, excluding GST, the rate of GST, the total amount of the GST charged and the consideration including GST

7.2 Sales Receipt

A sales receipt is issued to document a sale between a GST registered person and an unregistered person. *(see Appendix 5 for a sample sales receipt)*

A sales receipt must contain the following particulars as per Schedule 3 (2) of the GST Act:

- a. the words “sales receipt” in a prominent place;
- b. the name, address, and GST registration number of the taxable person making the supply;
- c. the individualised serial number and the date on which the sales receipt was issued;

- d. a description which identifies the goods or services supplied;
- e. the quantity or volume of the goods and services supplied;
- f. for each GST rate applicable, the consideration for the supply in Eastern Caribbean Currency, including or excluding the GST amount;
- g. the total consideration and the GST amount.

7.3 Tax Credit Note

In accordance with section 29 (1) (2) of the GST Act; A tax credit note is issued when there is a decrease in the value of a sale already made and accounted for, for example, in the case of returns and refunds. In this instance, the GST on the tax credit note is claimed as input tax. (see *Appendix 6 for a sample tax credit note*).

A tax credit note must contain the following particulars as per Schedule 3 (3) of the GST Act:

- a. the words “tax credit note” in a prominent place;
- b. the name, address, and GST registration number of the taxable person making the supply;
- c. the name, address, and GST registration number of the recipient of the supply;
- d. the individualised serial number and the date on which the tax credit note was issued;
- e. the value of the supply shown on the tax invoice, the correct amount of the value of the supply, the difference between those two amounts, and the tax charged that relates to that difference;
- f. a brief explanation of the circumstances giving rise to the issuing of the tax credit note; and
- g. information sufficient to identify the taxable supply to which the tax credit note relates.

7.4 Tax Debit Note

In accordance with section 29 (3) (4) of the GST Act a tax debit note is issued when there is an increase in the value of a sale already made and accounted for, for example, in the case of undercharges, in this instance the GST on the tax debit note is claimed as output tax. (see *Appendix 7 for a sample tax debit note*).

A tax debit note must contain the following particulars as per Schedule 3 (4) of the GST Act:

- a. the words "tax debit note" in a prominent place;
- b. the name, address, and GST registration number of the taxable person making the supply;
- c. the name, address, and GST registration number of the recipient of the supply;
- d. the individualised serial number and the date on which the tax debit note was issued;
- e. the value of the supply shown on the tax invoice, the correct amount of the value of the supply, the difference between those two amounts, and the tax that relates to that difference;
- f. a brief explanation of the circumstances giving rise to the issuing of the tax debit note; and
- g. information sufficient to identify the taxable supply to which the tax debit note relates."

7.5 GST Account

Businesses should regularly total the amounts of GST shown in their records and transfer the figures to the GST account, with separate headings for:

GST Payable	GST Deductible
- Sales	- Purchases
- Private consumption	- Imports
- Free supplies	- Other Expenses
- Adjustments / Errors	- Adjustments / Errors

A sample GST account is provided at Appendix 3.

GST ACCOUNT

A GST account is a summary of totals of the output tax (GST charged on sales) and input tax (GST paid on imports and local purchases) for each tax period.

8.0 RETURN AND REFUNDS FOR GST

8.1 Accounting for GST on the Monthly Return

- i. Total output tax and input tax are declared monthly GST return

All sales and purchases must be declared in the tax period in which they occurred.

The total output tax and input tax reflected in the monthly GST Account must be reflected in the GST return for the tax period.

- ii. Input tax is offset against output tax

- a. If output tax exceeds your input tax, the difference is what you remit to the Comptroller.

- b. If the input tax exceeds the output tax, an excess credit results which is carried forward to three (3) consecutive periods.

The GST return must be filed on or before the 20th of the following month or the next working day if the 20th falls on a weekend or public holiday. *See Tax Calendar for due dates.*

8.2 GST Refunds

Excess credits are carried forward to three (3) consecutive tax periods and a refund may be claimed if after the third tax period, the remaining excess credit exceeds EC\$1000. If a taxable person chooses not to claim a refund or the amount is less than EC\$1000, the excess credit will continue to be carried forward to future tax periods.

If a taxable person is likely to be in a refund position for an extended period, they may make a special case to the Comptroller so that refund claims may be approved and processed outside of the normal processing period.

It should be noted that the Comptroller may:

- a. Request documentation to support claim such as tax invoices, Customs entries, etc. and conduct investigations to verify claim
- b. Reduce the refund claim by any tax, levy, interest or penalty owing for any of the taxes administered by the Inland Revenue Department
- c. Delay the issuance of a refund until the commencement of taxable supplies

9.0 IMPORTS AND EXPORTS

9.1 Purchases from suppliers outside of Anguilla

Goods and services are subject to GST on import if they are ordinarily subject to GST if supplied in Anguilla. For example, if a financial service is exempt from GST in Anguilla, it is also exempt from GST when imported. All importation of goods must be declared to Customs and GST paid if goods imported are taxable. Conversely, all importation of services must be declared to the IRD and GST paid if the service imported is taxable.

9.1.1 Goods

Goods are subject to GST at the time the goods are entered for home consumption in accordance with the Customs Act. Payment of GST on imported goods is collected by the Comptroller of Customs and the GST is paid at the same time as the duty.

The value of goods imported on which the GST is calculated is the total of the:

- i. Customs value of the goods for the purposes of imposing customs duty under the Customs Act;
- ii. Cost of insurance and freight where not included in the customs value;
- iii. Amount of any customs duty, excise tax or surcharge, or any other fiscal charge or tax (other than GST) payable on the importation of goods; and
- iv. Amount of any customs service charge payable on the importation of the goods.

A business can also apply to the Comptroller of Customs for use of a bonded warehouse. Goods being placed in a bonded warehouse are not subject to duty, taxes, GST and other fiscal charges/ surcharges until they are removed from the warehouse for domestic use in Anguilla.

9.2 Reserve Charge

Importation of taxable services such as legal and equipment installation and maintenance services are subject to the reverse charge mechanism as if the importer (recipient) had supplied these services to itself.

The reverse charge mechanism pertains to:

- importation of taxable services
- taxable services that are provided by a non-resident to a recipient in Anguilla.

Under the reverse charge mechanism, the importer of a taxable service is liable to pay the GST instead of the supplier (non-resident). The importer must therefore account to the IRD for the GST payable on these services. For example, a taxable person that imports taxable services will declare GST payable as output tax and at the same time, recover it as input tax on the GST return. This application will have a net effect of \$0 and is merely an accounting transaction.

Conversely, unregistered persons are required to remit GST payable on importation of services to the IRD within 20 days of importation.

9.3 Exports

Goods that are exported from Anguilla are subject to GST at the rate of zero percent. This means that GST is not charged on exported goods. Exporters can register for GST and can recover GST paid on costs relating to the supply of the exported goods.

An exporter must present goods at the port of exit and any documentation required by the Comptroller of Customs to show that the goods are leaving Anguilla.

Services supplied by a business in Anguilla that are exported are also subject to the zero rate of GST, which means that GST paid can be recovered on any costs incurred in providing the exported services.

9.4 Exports of Goods and Services

Schedule 1 of the GST Regulations lists the export of Goods and services in Table 1:

- A supply of goods where the supplier enters the goods for export pursuant to the provisions of the Customs Act, section 34 and the goods are exported from Anguilla to a destination country outside Anguilla by the supplier.
- A supply of goods where the Comptroller is satisfied that the goods have been exported from Anguilla by the supplier without having been used in Anguilla after the supply was entered, except as is necessary for or incidental to, the export of the goods.
- A supply of goods where the goods are not situated in Anguilla at the time of supply and are not to be entered into Anguilla for home consumption pursuant to the provisions of the Customs Act by the supplier of the goods.
- A supply of services directly in connection with land, or any improvement to the land, situated outside Anguilla.
- A supply of services directly in respect of—
 - o personal property situated outside Anguilla at the time the services are rendered;
 - o goods temporarily imported into Anguilla under the special regime for temporary imports specified in the Customs Act;
- A supply of services—
 - o by the Anguilla Air and Sea Ports Authority to a ship; or
 - o by the Anguilla Air and Sea Ports Authority or to an unregistered non-resident who is the owner or operator of the ship or aircraft, as the case may be, used by that person in international commercial services, for consumption or use in connection with that ship or aircraft.

- A supply of services comprising of—
 - o the filing, prosecution, granting, maintenance, transfer, assignment, licensing, or enforcement of any intellectual property right for use outside Anguilla;
 - o incidental services necessary for the supply of services referred to above; or
 - o the acceptance by a person of an obligation to refrain from pursuing or exercising in whole or in part any intellectual property right for use outside Anguilla.

- A supply of goods shall not be considered to be exported from Anguilla for purposes of this Schedule, unless—
 - o immediately before being put on board, by the exporting ship or aircraft, as the case may be, the goods are produced to the Comptroller of Customs for examination;
 - o upon demand by the Comptroller of Customs such samples of the goods as he or she may require for testing or any other purpose are made available;
 - o the master or commander of the exporting ship or aircraft, or such other person as the master or commander may authorize for the purpose, certifies on the document on which the goods are entered that the goods have been received on board; and
 - o particulars of the goods are included in the cargo manifest of the ship or aircraft.
 - o For the purposes of this Schedule, a supply of goods shall not be considered to be exported from Anguilla if the supply has been or will be re-imported to Anguilla by the supplier.

10.0 TRANSITIONAL ARRANGEMENTS

10.1 Transitional Arrangements for GST

Transitional rules are necessary to move from the repealed taxes to the GST. These rules help to determine whether a supply acquisition or import takes place before or after GST commenced.

The following taxes are repealed with the introduction of GST:

- i. Accommodation Tax
- ii. Communication Levy
- iii. Environmental Levy
- iv. Public Entertainment Tax
- v. Interim Goods Tax

10.2 Accommodation Tax

The arrangements for transitioning from Accommodation Tax to GST are outlined below:

Returns and Payments

The Accommodation Tax return for tax period 1 to 30 June will be due on or before 20 July 2022. Although this is the last filing period for the Accommodation Tax, IRD will continue to receive and process outstanding returns and payments. Suppliers are encouraged to contact the IRD to verify their status and settle outstanding matters to ensure a smooth transition to GST.

Deposits

Monies received for supply of accommodation services after July 01, 2022, will be treated as follows:

- a. Monies received within 3 months before GST commencement, that is, between 1 April to 30 June 2022, will be deemed to be inclusive of GST. In this case, GST will be calculated using the tax fraction 13/113 and declared on the GST return for July 2022.

Example: If \$1000 was received, the GST due and payable on July's return is: $\$1000 \times 13/113 = \115.04 .

- b. Monies received before 1 April 2022, that is, up to the end of March 2022, on which Accommodation Tax (12%) has been charged but not paid into IRD, the Accommodation Tax charged will be due as GST and declared on the GST return for July 2022.

Example: If \$1120 was received inclusive of Accommodation Tax at 12% i.e., \$120.00, GST due and payable on July's return is: $\$1000 \times 12\% = \120.00 .

- c. If Accommodation Tax was not charged on monies received before 1 April 2022, the monies will be treated as GST inclusive, and GST will be calculated using the tax fraction 13/113 and declared on the GST return for July 2022.

Example: If \$1000 was received, GST due and payable on July's return is: $\$1000 \times 13/113 = \115.04

10.3 Communication Levy

A supply of communication services before July 2022 and invoiced in July 2022 shall be charged with communication levy and declared as such on the final return for communication levy for the month of June 2022.

10.4 Environmental Levy

A supply of electricity services before June 2022 and invoiced in July 2022 shall be charged with environmental levy and declared as such on the final return for environmental levy, for the month of June 2022.

10.5 Public Entertainment Tax

The arrangements for transitioning from Accommodation Tax to GST are outlined below:

- a. For events taking place from July 2022 onwards and tickets sold within three months (April 2022) all tickets sold from April 2022 to the date of the event are liable to GST and must be declared on the July 2022 return
- b. For events taking place from July 2022 onwards and tickets sold before April 2022: PET (10 %) paid must be declared on the July 2022 return
- c. For events taking place from July 2022 onwards and tickets were not sold. All tickets sold are liable to GST at the tax fraction 13/113 and declared on the July 2022 return.

10.6 Stocks and Contracts

- a. If goods are leased or services are rendered for consideration periodically, GST is only applicable to the supply that is made after the commencement of GST.
- b. If a contract is entered into before the commencement of GST and does not mention GST, the supplier and recipient of the supply shall negotiate to determine the amount if any by which the supplier should increase the price.
- c. If the contract is entered into after the commencement of the GST and it does not specifically provide for GST, the prices of taxable supplies in that contract are deemed to include GST and the supplier must account for the tax due.

11.0 MODEL DOCUMENTATION

11.1 Appendix 1: Sample Purchases Journal

PURCHASES JOURNAL							
INV #	DATE	DESCRIPTION		PURCHASE SOURCE		GST (13%)	GROSS
		EXPENSES AND CAPITAL	GOODS FOR RESALE	IMPORT	DOMESTIC		
001-22	3/7/2022		Potatoes		1,500.00	0	1,500.00
002-22	6/7/2022		Rice	2,900.00		0	2,900.00
003-22	10/7/2022		Bottled Water	1,000.00		130.00	1,130.00
004-22	11/7/2022		Confectionery	500.00		65.00	565.00
005-22	17/07/2022		Household Goods		3,000.00	390.00	3,390.00
006-22	21/07/2022	Fuel			200.00	26.00	226.00
007-22	28/07/2022	Forklift			10,000.00	1,300.00	11,300.00
008-22	30/07/2022	Car*			20,000.00	--	22,600.00
			TOTAL	4,400.00	34,700.00	1,911.00	43,611.00

*Car purchase - cannot recover the GST paid

11.2 Appendix 2: Sample Sales Journal

SALES JOURNAL						
DATE	TOTAL DAILY SALES	STANDARD RATE DAILY SALES	GST @ 13%	ZERO RATE DAILY SALES	EXEMPT DAILY SALES	DAILY SALES (net of GST)
1/7/2022	4,000.00	2,800.00	322.12	1,000.00	200.00	3,677.88
2/7/2022	3,000.00	1,900.00	218.58	1,100.00	0	2,781.42
CONTINUED						
Daily Sales Month's total	98,000.00	60,000.00	6,902.65	32,000.00	6,000.00	91,097.35
OWN USE (in month)	3,000.00	2,000.00	230.09	700.00	300.00	2,769.91
Total	101,000.00	62,000.00	7,132.74	32,700.00	6,300.00	93,867.26
Forklift (Capital Item)	4,400.00	4,400.00	506.19			3,893.81
GRAND TOTAL	105,400.00	66,400.00	7,638.94	32,700.00	6,300.00	97,761.06

Note 1: 13% is included in the gross (standard rate) daily sales and so the GST is calculated by 13/113

Note 2: Shows range of GST liabilities - standard rate, zero rate and exempt

11.3 Appendix 3: GST Account

INPUT TAX	\$	OUTPUT TAX	\$
Domestic purchases		Supply of goods and services	
Imports		Debit note issued	
Debit note received		Credit note received	
Credit note issued		Bad debt recovered	
Bad debt		Goods taken for non-business use	
Adjustment for errors, etc.		Adjustment for errors, etc.	
Total input tax claimable		Total output tax	
		Less total input tax	
		Tax payable / creditable	

11.4 Appendix 4: Sample Tax Invoice

Invoice from:
KTZ Enterprise
 The Valley
 Anguilla
 TIN: 2090001234

TAX INVOICE

Invoice to:
XYZ Ltd
 Long Beach
 Anguilla
 TIN: 2090004567

Invoice No.: 101
Date: 18 / 09 / 2022

Description	Quantity	Unit Price (Exc. GST)	Total (XCD)
Cleaning Supplies	4	44.25	\$177.00
Pillows	6	88.50	\$531.00
Linen	2	17.70	\$35.40

Terms & Conditions:
 Payment required within 30 days of invoice date.

Payment Terms:
 All prices are quoted in Eastern Caribbean Dollars (XCD).

Sub Total: \$743.40
Total GST 13%: \$ 96.64
GRAND TOTAL: \$840.04

Johnson Michael
 Johnson Michael
 Accountant

ktzent.ai | accounts@ktzent.ai | +1(264)124 5678 | The Valley, Anguilla, AI-2640

- 1 the words "tax invoice" in a prominent place
- 2 for a supply to a registered recipient, the name, address, and GST registration number of the recipient of the supply
- 3 the name, address, and GST registration number of the registered person making the supply
- 4 the individualised serial number and the date on which the tax invoice is issued
- 5 a description of the goods or services supplied
- 6 the quantity or volume of the goods or services supplied
- 7 the consideration for the supply in XCD (excluding GST), the rate of GST, the total amount of the GST charged and the consideration including GST

11.5 Appendix 5: Sample Sales Receipt

1	SALES RECEIPT		
2	AUR Trading The Valley, Anguilla TIN: 2000002460		
4	Receipt #: 1234	5 August 2022	
3	Qty	Description	Price (XCD)
	2lbs	Chicken wings	5.00 Z
	1lb	Powdered milk	5.00 Z
	2lbs	Brown Sugar	1.50 Z
	2lbs	Rice	2.00 Z
	1	Cornflakes	8.39 T
	1	Luncheon Meat	4.19 T
	1	Macaroni	2.57 T
	1	Sardine	2.02 T
	1	Soda	2.51 T
	2	Garlic Powder	1.40 T
	1	Text Book	2.00 E
5		Total	\$36.58
		Sub Total	\$34.15
6		13% GST	\$ 2.43
	Z - Zero-rated item T - Standard-rated item (13% GST included in price) E - Exempt Item		

- 1 the words “sales receipt” in a prominent place
- 2 the name, address, and GST registration number of the registered person making the supply
- 3 a description which identifies the goods or services supplied
- 4 the individualised serial number and the date on which the sales receipt is issued
- *5 for each GST rate applicable, the total consideration for the supply in XCD, including or excluding the GST amount
- 6 the GST rate

**Variations to the Sales Receipt, specifically GST exclusive pricing and display of rate applicable, are acceptable.*

11.6 Appendix 6: Sample Tax Credit Note

TAX CREDIT NOTE

Name (supplier) _____
 Address _____
 TIN _____

TAX CREDIT NOTE #: _____
 DATE: _____

Name (customer) _____
 Address _____
 TIN _____

REASON FOR ISSUE OF CREDIT NOTE:

ADJUSTMENT DETAIL:

SUPPLY	DESCRIPTION	VALUE	GST	TOTAL
ACTUAL SUPPLY				
ORIGINAL SUPPLY Invoice #: _____ Date: _____				
THE DIFFERENCE (ACTUAL less ORIGINAL)				

All amounts: Eastern Caribbean Dollars

11.7 Appendix 7: Sample Tax Debit Note

TAX DEBIT NOTE				
Name (supplier) _____ Address _____ _____ TIN _____				
TAX DEBIT NOTE #: _____ DATE: _____				
Name (customer) _____ Address _____ _____ TIN _____				
REASON FOR ISSUE OF DEBIT NOTE: _____ _____				
ADJUSTMENT DETAIL:				
SUPPLY	DESCRIPTION	VALUE	GST	TOTAL
ACTUAL SUPPLY				
ORIGINAL SUPPLY				
Invoice #: _____ Date: _____				
THE DIFFERENCE (ACTUAL less ORIGINAL)				
All amounts: Eastern Caribbean Dollars				

NOTES

NOTES



CONTACT US

For more information, feel free to contact the Inland Revenue Department at gst@gov.ai or inlandrevenue@gov.ai

Please visit our website at ird.gov.ai for the most current publications on GST.

Website: ird.gov.ai
Email: inlandrevenue@gov.ai
Telephone: (264) 497-8334
Address: Inland Revenue Department
Former NBA Building
P.O. Box 60
The Valley
Anguilla, AI-2640