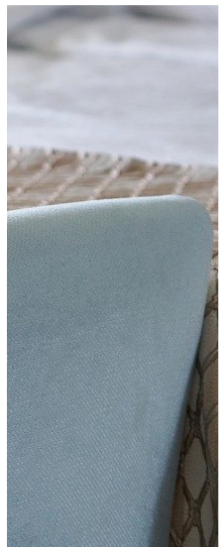


Goods & Services Tax Guide

SHORT-TERM ACCOMMODATION



**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

GST Guide

Specific Sector Guides



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1.0 INTRODUCTION

This guide is intended to provide businesses supplying short-term accommodation with pertinent information on the Goods and Services Tax (GST) and should be read in conjunction with the Goods and Services Tax Act 2021, GST Regulations 2022 and the GST Guide.

You should read this guide if you are providing or intend to provide, short-term or other types of holiday accommodation in Anguilla.

2.0 REGISTRATION FOR GST

2.1 Who should register for GST?

Any person providing short term accommodation is required to register for GST regardless of the GST registration threshold.

2.2 Is the supply of short-term accommodation subject to GST?

Yes. A supply of short-term accommodation is subject to GST at the standard rate of 13%.

Complimentary stays and ancillary services packaged under such stays are not subject to GST, however, GST must be charged and accounted for on any taxable activity not covered under the complimentary stay. Providers of short-term accommodation are required to maintain records and provide brief explanation on the circumstances of each complimentary stay.

2.3 What if a visitor stays for 183 days or longer?

A supply of accommodation for a continuous period of 183 days or more is considered long-term accommodation and is exempt under the GST Act. You will not charge GST on long-term accommodation and you will not be able to recover any GST paid on purchases in relation this supply.

SHORT-TERM ACCOMMODATION

Short-term accommodation is the provision of furnished sleeping accommodation in such places including a hotel, resort, villa, guesthouse, lodging house, apartment, bed and breakfast or room or similar establishment where accommodation is provided for stays of 182 days or less.

3.0 SUPPLY OF GOODS AND SERVICES

3.1 What if I supply other goods and services with accommodation?

In addition to accommodation, suppliers of short-term accommodation often provide goods and ancillary services and levy additional charges including but not limited to the following:

- 1 Gifts, boutique items and other goods
- 2 Charge for internet access in the room
- 3 Charge for extra TV channels and movies
- 4 Charge for the use of a child cot or crib
- 5 Use of sporting facilities such as the gym, tennis courts or golf course
- 6 Spa services
- 7 Tours of the island
- 8 Snorkeling or fishing
- 9 Food and beverages
- 10 Rental of function and business facilities

These goods and services are subject to GST at the standard rate of 13%. However, service charge is not subject to GST.

3.2 What if I supply an all-inclusive package?

If you supply an all-inclusive package, the entire package is subject to GST at the standard rate of 13%.

3.3 When do I need to issue a tax invoice?

You issue a tax invoice when you provide goods and/or services to another GST registered person.

A GST tax invoice must show the following (Item 1 of Schedule 3 of the GST Act):

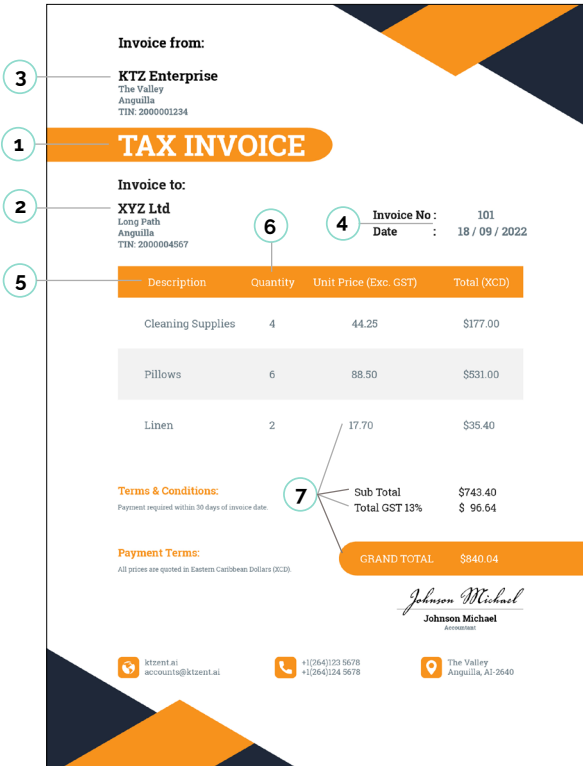


Figure 1: Sample Tax Invoice

- 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

3.4 When would I issue a sales receipt?

You issue a sales receipt when you provide goods and/or services to an unregistered person.

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

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
Total		\$36.58
Sub Total		\$34.15
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

Figure 2: Sample Sales Receipt

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

3.5 When is the 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.

If you receive a deposit for a booking, you do not account for GST on the deposit until the customer pays in full. If the customer cancels the booking and part or full deposit is forfeited, the forfeited amount is subject to GST and the time of supply is the date the booking is cancelled.

TIME OF SUPPLY FOR GST

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 you account for GST on sales and when to claim input tax credits.

4.0 INPUT AND OUTPUT TAX

4.1 What can I claim as input tax?

You can claim input tax on purchases including utilities used in making your taxable supplies or in the course of business. For example, furniture, linen, office supplies and electricity.

4.2 What can't I claim as input tax?

You cannot claim input tax:

i. **on goods or services that are not used in the course of the business**

For example, if you buy furniture and linen for your own living accommodation you cannot claim the input tax on those purchases.

If you own a condo that you rent to guests but it is also used by you, you can only recover GST on purchases that relate to the period of occupation by guests.

ii. **on purchases that relate to exempt supplies**

Where purchases relate to both taxable and exempt supplies, you will apportion the input tax by applying the 'Partial Exemption Method' outlined in sections 25 (3) and (4) of the GST Act. See *GST Guide for more information on the Partial Exemption Method*.

NB: Input tax can only be claimed by a registered person. The GST Act also disallows input tax, in most cases, on passenger type vehicles, entertainment and membership subscription. This is to eliminate private or domestic consumption and acquisitions.

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.

4.3 What if I buy goods or services from suppliers that are situated outside Anguilla?

If you buy goods or services from suppliers outside of Anguilla, you will need to first determine if they are subject to GST. 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.

You must declare all importation of goods to Customs and pay the GST due if the goods imported are taxable. Conversely, you must declare all importation of services to the IRD and pay any GST due if the service imported is taxable.

OUTPUT TAX

Output tax is the GST charged on sales or supplies.

5.0 ACCOUNTING FOR GST

5.1 How do I account for GST on packages sold to a non-resident, unregistered travel agent or tour operator?

If you sell a short-term accommodation or tour package to a non-resident, unregistered travel agent or tour operator, you will account for GST on the net charges, that is, total value of the package less commission or fees payable to the travel agent or tour operator.

However, there are conditions attached to this application as per Section 15 (19) of the GST Act:

- 1) Commission and fees deducted must not exceed 20% of your published rates for those services; and
- 2) The output tax reported to the IRD on those packages must not be less than the output tax charged to the foreign travel agent or tour operator when you sold them the packages.

5.2 How do I account for GST on packages sold to a resident, registered travel agent or tour operator?

If you sell a short-term accommodation or tour package to a resident, registered travel agent or tour operator, you will account for GST on the total value of the package. The travel agent or tour operator will charge you GST on the commission which you can recover as input tax.

6.0 RETURN AND REFUNDS FOR GST

6.1 How do I account for GST on my monthly return?

- i. **You declare your total output tax and input tax on your monthly GST return**
All sales and purchases must be declared in the tax period in which they occurred.
- ii. **Your input tax is offset against your output tax**
 - a. If your output tax exceeds your input tax, the difference is what you remit to the Comptroller.
 - b. If the input tax exceeds the output tax, you will be in an excess credit position and may be eligible to claim a refund after three (3) consecutive tax periods.

You must file your GST return 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.*

NB: You are required to file a nil return if you had no transaction in a given month.

6.2 When can I claim a refund of GST?

You may claim a refund if after the consecutive tax period, the remaining excess credit exceeds EC\$1000.

If you choose not to claim a refund or the amount is less than EC\$1000, the excess credit will continue to be carried forward to future GST returns.

If you are likely to be in a refund position for an extended period, for example, if you are constructing a hotel, you can make a special case to the Comptroller so that your refund claims may be approved and processed outside of the normal processing period.

7.0 TRANSITIONAL ARRANGEMENTS

7.1 What are the transitional arrangements for this sector?

Accommodation Tax will be repealed with the implementation of GST on 1 July 2022. 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:
 $\$1000 \times 13/113 = \mathbf{\$115.04}$

- 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: $\$1000 \times 12\% = \mathbf{\$120.00}$

- 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: $\$1000 \times 13/113 = \mathbf{\$115.04}$

Calculating Imputed* GST in GST Inclusive Pricing

$$T \times \frac{R}{100 + R} = G$$

T = Total price (inclusive of GST) **R** = rate of GST 13* **G** = GST due

*The GST rate is 13% which is 13/100. For the purpose of the equation, the rate (R) is referenced in its numerical format, 13. The tax fraction is used to calculate the GST included in a selling price.



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

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