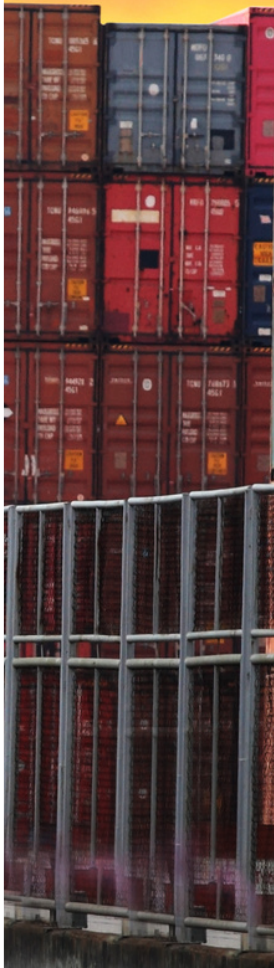




Goods & Services Tax Guide

CUSTOMS



**AUGUST
2022**

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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 and GST (Amendment) Act 2022
GST Regulations 2022
GST Guide
Guide to Keeping Proper Books and Records



1.0 INTRODUCTION

This guide is intended to provide businesses supplying brokerage, import and export services with the information they need to know about the Goods and Services Tax (GST). This should be read in conjunction with the GST Act 2021, GST (Amendment) Act 2022 and GST Regulations 2022.

You should read this guide if you provide or intend to provide brokerage service or import or export goods to or from Anguilla

2.0 GST TERMS

It is important that traders understand the meaning of the following terms to facilitate the transition process and implementation of the GST.

- **Taxable Activity**

An activity e.g., the purchase or sale of goods and services carried on continuously or regularly by a person whether or not for profit; and involves or intends to be involved in the supply of or sale of goods and services to another person.

- **Taxable Supply**

A supply of goods or services made in the course of furtherance of a taxable activity and includes zero-rated supplies, but does not include an exempt supply.

- **Taxable Supply**

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

- **Zero-Rated Supply**

In relation to a supply or an import means a supply or import that is zero-rated in Schedule 1 of the GST Act and Regulations.

- **Exempt Supply**

A supply that is specified as exempt in the GST Act and listed in Schedule 2. These supplies are not subjected to GST.

- **Taxable Import**

All goods brought into or caused to be brought into the state other than an exempt import.

TAX IDENTIFICATION NUMBER (TIN)

The TIN is a unique number that is assigned by the Inland Revenue Department to each legal entity (e.g. company, trader) registered for Business Licence and GST.

GST taxable persons are required to include their TIN on each import/export declaration (customs entry).

3.0 REGISTRATION FOR GST

3.1 SHOULD IMPORTERS, EXPORTERS AND BROKERS REGISTER FOR GST?

Yes, importers, exporters and brokers must register for GST if they meet the registration threshold.

3.2 WHEN AM I REQUIRED TO REGISTER IF I CONDUCT ONE OR MORE OF THESE BUSINESS ACTIVITIES?

You are required to apply for GST registration if:

- within the last 12 months, the value of your taxable supplies equaled or exceeded EC\$300,000; or
- within the next 12 months, you expect the value of your taxable supplies to equal or exceed EC\$300,000.

You must apply for registration within 15 days of meeting the requirements, even if you only provide zero-rated supplies, and the Comptroller will register you within 10 days of your application.

Please refer to the GST Registration Guide for more details.

Please note that only GST registered persons can charge GST and reclaim GST paid (input tax) on business purchases.

3.3 WHAT HAPPENS ONCE I AM REGISTERED?

Once you are registered for GST, you will be issued a Certificate of Registration and certified copies of the certificate if you operate from branches and divisions. The certificate must be displayed in a prominent place at each location where you conduct business. This is so that your customers can verify that you are registered and can charge the GST. You will also be provided with a 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 registered persons. The register will be accessible to the public at all reasonable times and available on the IRD website at www.ird.gov.ai.

3.4 WHAT IF I FAIL TO REGISTER?

If you are required to register and failed to apply for registration, you will be registered from the date determined by the Comptroller. You will also be required to account for GST and remit tax payable on your supplies even if you have not charged it. There are also penalties associated with failure to apply for registration.

4.0 GST AND IMPORTED GOODS

4.1 WHAT IS THE RATE OF GST APPLIED TO TAXABLE IMPORTS?

The rate of GST applicable to taxable imports is thirteen percent (13%) except in the case where the import is zero-rated (0%).

4.2 WHO PAYS GST ON IMPORTS?

GST on imports is paid by businesses, organisations and private individuals, whether or not they are registered for GST. However, if you are a GST registrant and you import goods as part of your business activity, you may be able to claim an input credit for GST paid.

4.3 WHO COLLECTS IMPORT GST?

Under section 22 the GST Act, GST payable on import must be paid to the Comptroller of Customs by the importer at the time of import or when the goods are entered for home use. Goods must be entered in the usual manner on the Customs Declaration Form.

TAXABLE IMPORTS

Section 1(1) (b) of the GST Act imposes GST on taxable imports. This means that all imports of goods and services into Anguilla are taxable imports unless they are exempt under Schedule 2 of the GST Regulations 2022.

4.4 HOW CAN I CALCULATE THE VALUE OF A TAXABLE IMPORT?

The value of a taxable import for the purpose of computing GST is the sum of:

- The customs value of the goods determined in accordance with the provisions of the Customs Act.
- Any customs duties, taxes or fiscal charges payable on the import (e.g. import customs duty, customs service fee, excise tax)

EXAMPLE

CUSTOMS VALUE (C.I.F VALUE)	\$100.00
Import Customs Duty (ICD) @ 20% of C.I.F	\$ 20.00
Customs Service Fee (CSF) @ 1% of C.I.F	\$ 1.00
Excise Tax (EXC) @ 19% of C.I.F. Value + ICD + CSF	<u>\$22.99</u>
Value of Taxable Import	\$143.99
GST (13%) payable to Customs	\$18.72

GST is computed at 13% of value of taxable import

4.5 CAN I DEFER PAYMENT OF GST ON IMPORTED GOODS?

If you are an importer/operator of a private bonded warehouse, the goods will be entered for warehousing under a suspense regime. This means that customs duties and taxes are not payable on first importation, but at the time when the goods are entered for home use. The payment of GST will therefore be deferred until such time.

5.0 INPUT TAX

5.1 WHAT CAN I CLAIM AS INPUT TAX?

You can claim input tax on purchases used in providing your taxable supplies or in the course of business. For example, office supplies, furniture and equipment, electricity and communication expenses.

Only GST registered persons can claim input tax.

5.2 WHAT CAN'T I CLAIM AS INPUT TAX?

You cannot claim input tax on goods or services that relate to exempt supplies or are not used in the course of the business.

The GST Act also disallows input tax, in most cases, on passenger type vehicles, entertainment and membership subscription.

INPUT TAX

Input tax is the GST paid on business purchases used in making taxable sales/supplies including:

- goods and services purchased in Anguilla; and
- goods and services imported.

EXAMPLE

Gumbs Hair Supply (GHS) Ltd is a wholesale supplier of hair products and a GST taxable business. On July 6th. 2022, GHS Ltd imports hair products at a Customs value of \$20,000. GST payable at Customs is as follows:

CUSTOMS IMPORT DECLARATION:

Customs Value (C.I.F. value)	\$20,000.00
Import Customs Duty (20% of C.I.F value)	\$4,000.00
Customs Service Fee (1% of C.I.F value)	\$200.00
Value of Import	\$24,200.00
GST payable to Customs (13% of Value of Import)	\$3, 146.00

On July 27, 2022. GHS Ltd sells the hair products to a retailer for \$39,550.00 GST inclusive:

Selling Price	\$35,000.00
GST 13% of Selling Price	\$4,550.00
GST Inclusive Price	\$39,550.00

GHS Ltd will offset the GST paid at importation against the GST collected from the sale as follows:

GST collected at sale	\$4,550.00
Less GST paid at Customs (Input Tax)	\$3,146.00
GST remitted to IRD	\$1,404.00

In order to claim input tax credit, there must be documentary evidence to show that the goods have been entered for home use and the GST has been paid. As an importer, you are required to retain the necessary documents to be produced to the Comptroller of Inland Revenue upon request.

5.3 WHAT ARE THE ACCEPTABLE DOCUMENTS THAT I CAN PROVIDE?

- The Customs Import Declaration endorsed by the Customs Department verifying that the GST has been paid
- Copy of invoice(s) from the supplier of the goods
- Freight and packaging documents
- Evidence of payment e.g. Customs entry

5.4 CAN I CLAIM A GST REFUND FROM CUSTOMS?

No, GST registered traders should apply to the Inland Revenue Department for any refund once the Customs Declaration has been approved and processed.

5.5 ARE THERE ANY CHANGES TO CODES IN ASYCUDA?

Yes, HS Tariff 2017 has been upgraded to HS Tariff 2022 and new tariff codes have been assigned in some instances. Similarly, there are also new Customs Procedure Codes that may apply. Please consult with the Customs Department for specific listing.

6.0 OUTPUT TAX

6.1 HOW DO I ACCOUNT FOR GST ON MY MONTHLY RETURN?

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. Your input tax is offset against your output tax. If your output tax exceeds your input tax, the difference is what you remit to the Comptroller. If the input tax exceeds the output tax, you will be in an excess credit position which you will offset for three (3) consecutive periods and if remaining excess credit exceeds EC\$1000, you may apply for a refund.

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.

Please note that 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?

If your input tax exceeds your output tax in any tax period, the excess credit is carried forward to the next 3 consecutive tax periods. You may claim a refund if after the third 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.

OUTPUT TAX

Output tax is the GST charged on sales, services or supplies.

7.0 EXCISE TAX

7.1 WHAT TYPE OF GOODS ARE EXCISABLE?

Goods identified in the First Schedule of the Excise Act are subject to the tax. These include but are not limited to alcoholic beverages, tobacco products, petroleum oils and gases, used tires and motor vehicles for the transport of goods and people.

7.2 HOW IS EXCISE TAX APPLIED?

Excise Tax is charged on the CIF value of the goods + Import Customs Duty + Customs Service Fee

EXAMPLE

Cigarettes

CIF = \$537.64

ICD = CIF (\$537.64) x 20% (Import Customs Duty) = \$107.53

CSF = CIF (\$537.64) x 1% (Customs Service Fee) = \$5.38

EXC = CIF (\$537.64) + ICD (\$107.53) + CSF (\$5.38) x 19% (Excise Tax) = \$123.60

GST is chargeable on the excisable value of \$774.15.

GST = CIF (\$537.64) + ICD (\$107.53) + CSF (\$5.38) + EXC(\$123.60) x 13 % (GST) = \$100.64

7.3 HOW IS EXCISE TAX PAID ON EXCISABLE IMPORTS?

Goods must be entered by importer or the broker on the Customs declaration at the time of import. The tax will then be assessed and must be paid along with the Customs duty and GST to the Comptroller of Customs.

7.4 CAN A REFUND OF EXCISE TAX BE CLAIMED BY AN IMPORTER?

Yes. A refund of excise can be claimed only in the following cases:

- The importer overpaid excise tax at the time the goods were entered for home use due to incorrect customs value, rate of excise or tariff classification used.
- A person subsequently re-exported an excisable good that was previously imported.

EXCISE TAX

Excise tax is imposed on locally manufactured and imported excisable goods.

8.0 SPECIAL SERVICE – PRIVATE BONDED WAREHOUSE

Importers and traders may import and store goods under Customs supervision or direction pending disposal either for home consumption or export.

8.1 WHAT IS A PRIVATE BONDED WAREHOUSE?

Any secure building or place may be approved by the Comptroller of Customs to be a private bonded warehouse for storing and securing goods without the payment of duty and taxes. Duties and taxes must be subsequently paid when there is a request for release of the goods by the importer for home consumption or export. This type of warehousing is subject to strict Customs control.

8.2 HOW CAN I OPERATE A BONDED WAREHOUSE?

A person who wants to operate a private bonded warehouse must meet the following requirements set out by the provisions of the Customs Act:

- Submit an application in writing to the Comptroller of Customs
- Give security in the form of a banker's bond
- Location must be satisfactory to Customs
- Building/area must be secured with two (2) padlocks for Customs and warehouse operator
- No damaged goods enclosed in unsecured container or in containers from which any portion has been removed, may be warehoused
- No goods or any class of good specified in the first schedule of the Customs Act may be warehoused
- An annual license must be paid
- Pay all charges in respect of the attendance of officers at the warehouse
- Prepare Customs declarations for goods received in or delivered from the warehouse
- Keep record of receipts and deliveries
- Acquire insurance policy against loss
- Goods permitted to be warehoused are restricted to only those owned by the operator of that warehouse

8.3 CAN I STORE ALL THE GOODS THAT I HAVE IMPORTED IN A PRIVATE BONDED WAREHOUSE?

The Customs Act excludes certain goods from being warehoused on importation. See list of goods in first Schedule of the Act.

9.0 CUSTOMS BROKERAGE

9.1 AS A CUSTOMS BROKER AM I LIABLE TO CHARGE GST?

Customs brokers support traders by providing all necessary documentation or electronic transmission and undertaking formalities related to cargo clearance. This service is a taxable activity where you would have exceeded the registration threshold of EC\$300,000. You are therefore required to register and charge GST as prescribed by the GST Act and Regulations.

9.2 WHAT RECORDS SHOULD I KEEP FOR GST?

The following records shall be maintained in Anguilla in addition to those specified in section 60 and 61(1) of the Act—

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

The following additional documentation should also be maintained:

- All correspondence, bills, accounts, statements, invoices and other papers received or prepared by the Customs broker that relate to their business or a client.
- Copies of powers of attorney authorizing the Customs broker to act on an importer's behalf.

You are required to:

- Keep records for seven years after the importation or exportation of the goods to which the information relates.
- The information should be kept in such a manner as to enable the IRD to perform detailed audits and to obtain or verify the information.
- The information required may be kept in an original document, a photocopy or electronically if the media can be related back to the supporting source documents and are stored in a system capable of producing accessible and readable.

10.0 GST ON EXPORTED GOODS

Export of goods are zero-rated under the GST Act. It therefore means that an exporter can register for GST and recover input tax credit on purchases used in manufacturing or production of goods for export.

10.1 HOW DO I ACCOUNT FOR GST AS AN EXPORTER?

As an exporter, you will apply for GST if you meet the registration threshold, charge GST on local taxable sales, file monthly returns and apply for refund, if applicable. You are also required to maintain records including all Customs documentation and be subject to occasional IRD audits.

10.2 WHAT IS THE PROCESS FOR EXPORTATION OF GOODS?

The process for the exportation of goods is outlined below:

- The exporter must be registered for GST and have a Taxpayer Identification Number
- Relevant permits/license/certificates must be obtained for the goods listed under the Customs Act
- A Customs Export declaration must be prepared with all the relevant supporting documents attached. In addition to permits, licenses or certificates, a copy of the export invoice must also be attached.
- The declaration must be submitted via ASYCUDA for processing. Ensure that the declaration is completed correctly with supporting documentation attached electronically.
- The exporter must inform the Cargo Control Unit of the intention to export within 3-5 days of estimated departure.
- Prior to the date of shipment an officer will be assigned to examine and verify the descriptions and quantities of goods packed for export in accordance with the Customs declaration.
- The officer assigned will verify the shipment and bring any discrepancies found to the attention of the exporter or their representative. These will be documented in the inspection act via ASYCUDA.
- After verification of the consignment, the officer will affix the necessary Customs seal to the container or other packing where necessary.
- The officer subsequently certifies the Customs declaration by affixing their signature and Customs stamp on the back of the exporter documents.

The officer will return the signed Customs declaration to the exporter for their record and allow the goods to be loaded onto the mode of transport.

11.0 TRANSITIONAL ARRANGEMENTS

The following taxes have been repealed and replaced by the GST:

- Accommodation Tax
- Communication Levy
- Environmental Levy
- Public Entertainment Tax
- Interim Goods Tax

COMPARISON - INTERIM GOODS TAX (IGT) AND GOODS AND SERVICES TAX (GST)

	IGT	GST
Paid on imports	Yes	Yes
Tax paid recoverable	No	Yes, recoverable by GST taxable persons only.
Tax paid included in selling price	Yes	Depends, GST taxable persons will recover GST paid on business purchases hence they must not factor in the calculation of the selling price. Non-taxable persons cannot recover GST paid and may absorb it in their selling price.



CONTACT US

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

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