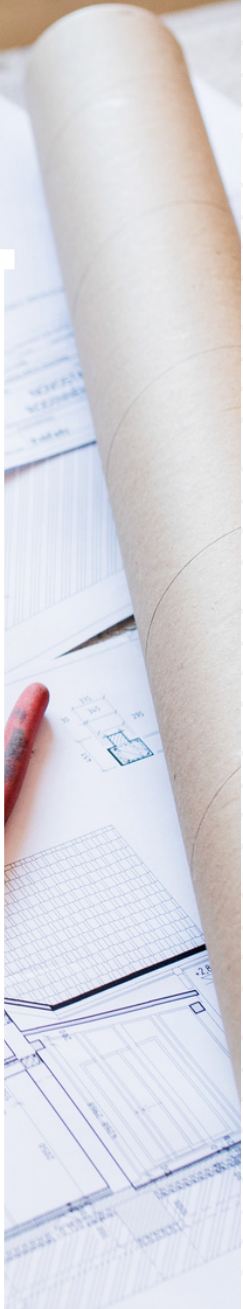




Goods & Services Tax Guide

CONSTRUCTION



**AUGUST
2022**

TABLE OF CONTENTS

1.0 INTRODUCTION	1
2.0 GST IMPLICATIONS ON CONSTRUCTION	2
3.0 REGISTRATION FOR GST	3
4.0 APPLICATION OF GST IN CONSTRUCTION	4
5.0 CONTRACTING SCENARIOS	5
6.0 SUPPLY OF GOODS AND SERVICES	6
7.0 INPUT AND OUTPUT TAX	8
8.0 GST RETURNS AND REFUNDS	9
9.0 TRANSITIONAL ARRANGEMENTS	10

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
Guide to Keeping Proper Books and Records



1.0 INTRODUCTION

This guide is intended to provide businesses in the construction sector with the information they need to know about Goods and Services Tax (GST). This should be read in conjunction with the GST Act 2021, GST Regulations 2022, other sector specific guidance and the GST Guide.

2.0 GST IMPLICATIONS ON CONSTRUCTION

All services performed in the construction industry are subject to GST at the standard rate of 13% and may include but not be limited to:

- Construction services
- Designing and building contracts
- Sub-contracting services
- Assembly and erection of structures
- Supply and installation contracts, for example, electrical, telecommunication, and air conditioners
- Repair, demolition, site preparation and clearing services
- Haulage services, rental of heavy equipment

Construction materials are also subject to GST at the standard rate of 13%.

GST RATES

There are two (2) rates for GST:

- Zero-rated - 0%
- Standard-rated - 13%

3.0 REGISTRATION FOR GST

3.1 WHEN AM I REQUIRED TO REGISTER FOR GST?

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.

3.2 HOW DO I REGISTER FOR GST?

You must apply for registration within 15 days of meeting the requirements and the Comptroller will register you within 10 days of your application.

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.

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 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 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.

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.

4.0 APPLICATION OF GST IN CONSTRUCTION

4.1 DO I CHARGE GST IF I CONSTRUCT AN APARTMENT OR CONDO OR SIMILAR ESTABLISHMENT?

Yes, you will charge GST on construction of any building and structure.

4.2 WHAT IF I AM BOTH THE CONTRACTOR AND THE DEVELOPER?

If you are both a contractor and developer of property, you are providing taxable supplies that are subject to GST. Your construction services and sale of the new dwelling are subject to GST. You will therefore charge GST and recover GST paid in both instances.

4.3 WHAT IF I BUY VACANT LAND FOR DEVELOPMENT?

A supply of vacant land is exempt from GST, you therefore will not charge GST on this supply.

4.4 WHAT IF MY CONSTRUCTION SERVICES RELATE TO A PROPERTY THAT IS NOT IN ANGUILLA?

If your construction services relate to a property that is located outside of Anguilla, your services are subject to GST at the zero rate. This means that you will not charge GST on your services.

4.5 SHOULD I CHARGE GOVERNMENT GST FOR MY CONSTRUCTION SERVICES?

Yes, you must charge GST on construction services provided to government. This includes subcontracting services as well.

4.6 WHAT IF I ONLY SUPPLY CONSTRUCTION MATERIALS?

The supply of construction materials is taxable and subject to GST at the standard rate. Hence, you will charge GST on the sale of construction materials.

5.0 CONTRACTING SCENARIOS

It is imperative that the appropriate GST clauses are included in contracts.

Contracts for service only

If you enter into a contract for service only, you will charge GST on the value of service provided. This also applies to subcontracting.

Contracts inclusive of materials

If your contract includes the supply of construction materials, you will charge GST on the entire value of the contract.

Services provided outside of Anguilla

If you provide construction services outside Anguilla, this is not subject to GST.

5.1 HOW DO I ACCOUNT FOR RETENTION PAYMENTS?

Sometimes a buyer/client will retain a sum of money until such a time that any potential construction related problems become apparent and have been corrected. You will issue an invoice and charge GST when any of the amount retained is payable to you.

5.2 HOW DO I ACCOUNT FOR GST ON STAGE OR PROGRESS PAYMENTS?

Stage or progress payments are commonly used in the construction industry to facilitate payments at certain stages in the construction. Where an agreement has been reached for stage or progress payments, you will issue an invoice and charge GST at each stage when a payment is due.

6.0 SUPPLY OF GOODS AND SERVICES

6.1 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.

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.

6.2 WHEN DO I 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):

- (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; and
- (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.

The following are not tax invoices:

- pro-forma invoices
- credit card statements
- letters, emails or other correspondence

6.3 WHEN DO 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):

- (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 individualized serial number and the date on which the sales receipt is issued;
- (d) a description which identifies the goods or services supplied;
- (e) the quantity or volume of the goods or services supplied;
- (f) for each GST rate applicable, the consideration for the supply in Eastern Caribbean Currency, including and excluding the GST amount; and
- (g) the GST rate and amount.

Please refer to the Guide on Keeping Proper Books and Records for more information on bookkeeping requirements for GST.

7.0 INPUT AND OUTPUT TAX

7.1 WHAT CAN I CLAIM AS INPUT TAX?

You can claim input tax on imports and on purchases from GST registered businesses including utilities used in providing your taxable supplies or in the course of business. For example, related services, office supplies, furniture and equipment, communication and electricity.

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

- Tax invoices
- Tax credit notes
- Tax debit notes
- Customs Entries/ declarations

Only GST registered persons can claim input tax.

7.2 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. If you purchase supplies that are not directly related to your business or you take goods from the business for your own, or your family's personal or private use, an adjustment must be made to reduce the input tax credit by the amount not related to your 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.

OUTPUT TAX

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

8.0 GST RETURNS AND REFUNDS

8.1 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 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.

8.2 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.

9.0 TRANSITIONAL ARRANGEMENTS

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 commences.

Service Contracts

- 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.
- 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.



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