

# GUYANA BUDGET BULLETIN 2021



AUDIT · TAX · ADVISORY  
BUSINESS SERVICES & OUTSOURCING



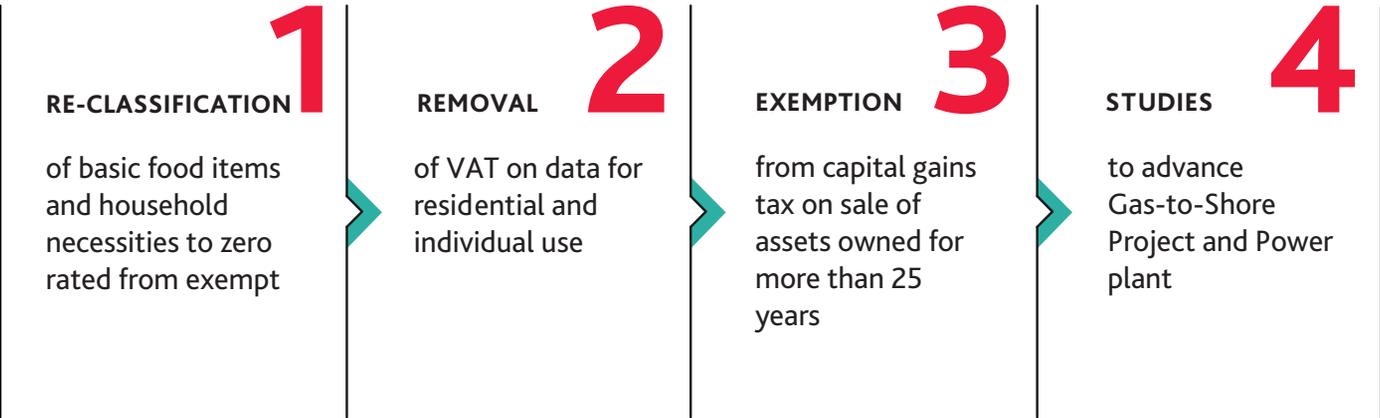


**‘A path to recovery, economic dynamism and resilience.’**

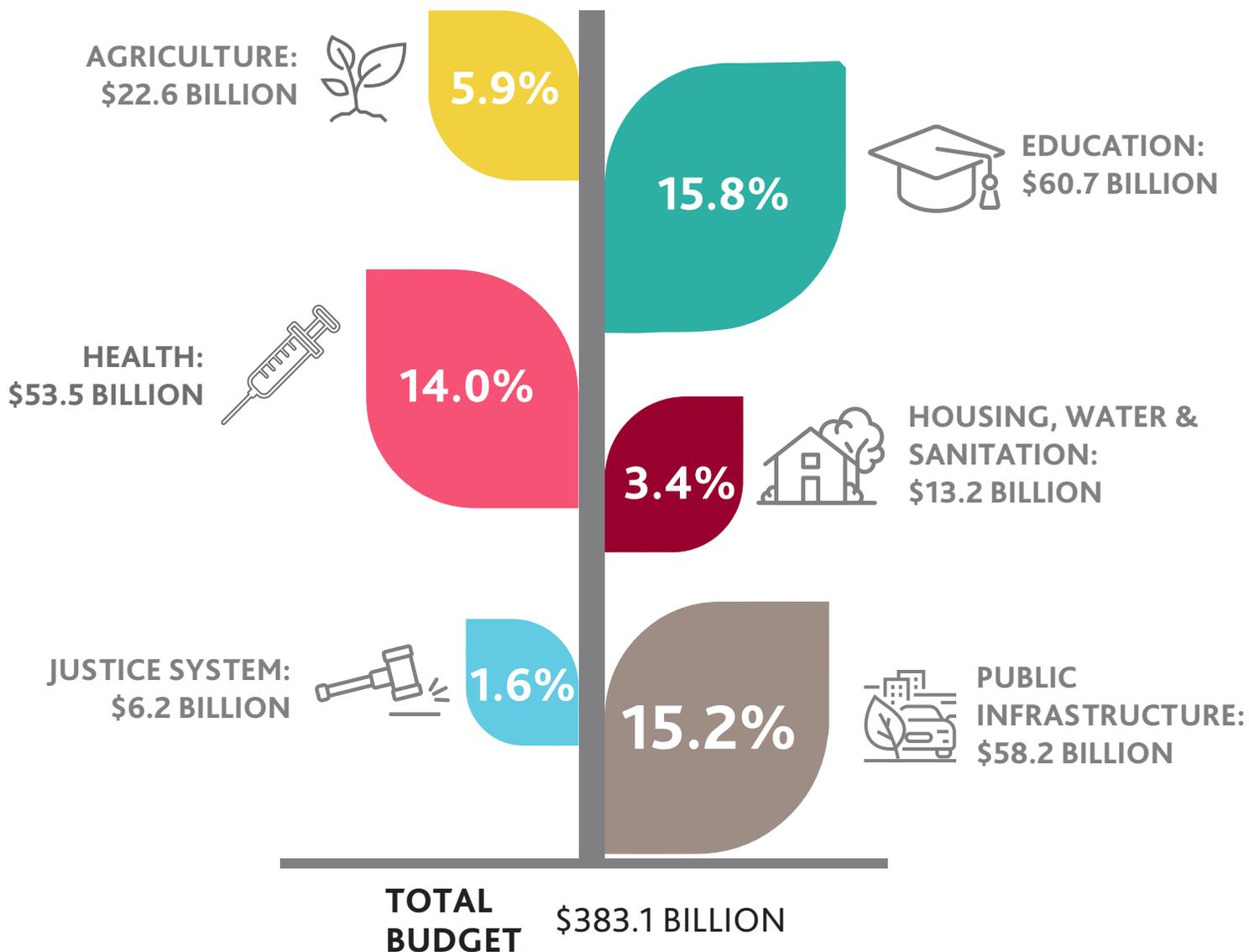
Following an emergency budget announced less than six months ago, Hon. Senior Minister with responsibility for Finance, Dr. Ashni Singh on 12 February, presented the 2021 Budget under the theme ‘A Path to Recovery, Economic Dynamism and Resilience’.

With a proposed spend of \$383.1 billion, the Minister laid out a number of objectives including maintaining public safety amidst the COVID-19 pandemic, creating a conducive environment for investment and implementing policies to promote rapid economic growth.

### **Budget Highlights**



# Sector Spend



## INDICATORS

Growth in Real GDP	2019	2020	2021
↳ Non-oil economy	4.3%	(7.3%)	6.1%
Inflation	2.1%	0.9%	1.6%
Commercial banks' weighted average lending rate	9.18%	8.95%	
91 day treasury bill rate	1.54%	1.54%	
US\$ mid-market exchange rate	214.69	215.75	

2019	2020	2021
5.4%	43.5%	20.9%
4.3%	(7.3%)	6.1%
2.1%	0.9%	1.6%
9.18%	8.95%	
1.54%	1.54%	
214.69	215.75	

# TAX

## Corporate Tax

### BANKING SECTOR

- ▶ Limit on Low Income Loans of \$12 million, increasing from \$10 million, with interest income on such loans not being subject to Corporate income tax

### Remains unchanged

- ▶ Corporate income tax rates of 25%, 40% and 45% for non-commercial, commercial and telephone activities/companies respectively
- ▶ Minimum tax of 2% of turnover for commercial companies, subject to discretionary waiver
- ▶ Exemptions in private health care, private education, and other areas

## Capital Gains Tax

### EXEMPTION

- ▶ Exemption for gains on sale of assets held for more than 25 years

### Remains unchanged

- ▶ Valuation date of 1 January 2011 for assets acquired prior to that date
- ▶ Capital gains tax rate of 20%

## Customs Duties

### EXEMPTION

- ▶ All-Terrain Vehicles for use in the hinterland
- ▶ Reduction from 15% to 5% on industrial grade cement

## Value-Added Tax

### REMOVAL OF VAT

- ▶ Building and construction materials
  - Stone imported for construction and housing from CARICOM member states
  - Locally produced pre-stressed concrete piles
  - Locally fabricated mild steel beams for building construction
  - Locally manufactured roofing and PVC products for building construction
- ▶ Data for residential and individual use

### RECLASSIFICATION TO ZERO-RATED FROM EXEMPT

- ▶ Basic food items and household necessities
- ▶ Goods imported, and works & services purchased by Government agencies

### Remains unchanged

- ▶ VAT Rate of 14%
- ▶ VAT Registration threshold of \$15,000,000

## Other Taxes

### Remains unchanged

- ▶ Personal income tax
- ▶ Excise tax
- ▶ Property tax
- ▶ Withholding taxes

# PROPOSALS



## Development Initiatives

### RENEWABLE ENERGY

- ▶ Plan to update the Low Carbon Development Strategy
- ▶ Plan to re-activate Amaila Falls Hydro Power Project
- ▶ Studies to advance Gas-to-Shore Project and Power Plant

### OIL & GAS

- ▶ Finalisation of local content policy and legislation
- ▶ Amending the Petroleum Act; developing a model Petroleum Sharing Agreement; exploring a revised petroleum fiscal regime; and advancing the Petroleum Commission Bill.

### INDUSTRIAL DEVELOPMENT

- ▶ Creation of Wales Development Authority
- ▶ Special incentives for investors to set up operations in Wales

### INFRASTRUCTURE

- ▶ Allocation of \$25.6 billion for roads and bridges
- ▶ Allocation of \$5.1 billion to strengthen sea and river defence
- ▶ New and existing housing areas to receive \$7.5 billion for infrastructure and utility works

### OTHERS

- ▶ Amendment of the Mining Act & Regulations
- ▶ Policy framework for Bauxite
- ▶ Establishment of a National Entrepreneurship and Innovation Council
- ▶ Funding for National Quality Infrastructure and Electronic Single Window
- ▶ Roll out of National E-commerce Strategy
- ▶ Comprehensive assessment of National Insurance Scheme

## Support

- ▶ Cheddi Jagan International Airport to receive \$2.5 billion
- ▶ Allocation of \$2 billion for capital works at Guyana Sugar Corporation (GUYSUCO)
- ▶ Allocation of \$2 billion to clear receivable arrears at Guyana Power & Light (GPL)

## Other Measures

### UTILITIES

- ▶ 5% reduction on water tariffs

### HOME OWNERSHIP

- ▶ Provision of 10,000 house lots and 7,000 land titles
- ▶ Increase in loan ceiling at New Building Society to \$15 million, increasing from \$12 million

### PENSIONERS

- ▶ Old Age Pensions of \$25,000 per month from 1 January 2021, increasing from \$20,500 (previously announced in 2020 budget presentation)

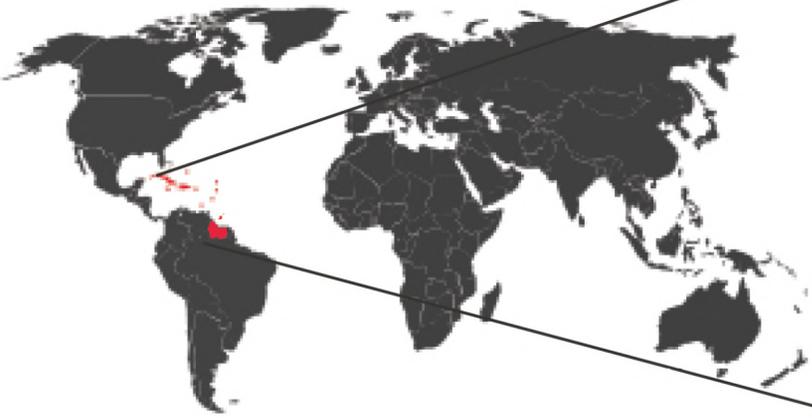
### SCHOOL CHILDREN

- ▶ \$15,000 cash grant per child in the public-school system (previously announced in 2020 budget presentation)

### PUBLIC ASSISTANCE

- ▶ Monthly grants of \$12,000 to vulnerable individuals at the risk of discrimination, reflecting an increase from \$9,000.

## WHYBDO?



## GLOBAL

**USD \$10.3 BILLION**

Total income

**7.8%**

Increase

(At constant exchange rate)

**167**

Countries and territories

**1,658**

Offices

**+91,054**

Employees



## CARIBBEAN

**5**

Audit & Assurance  
Tax  
Legal  
BSO  
Advisory

Business units

**+USD \$42.3M**

Income

**23**

Offices

• From Bahamas  
to Suriname

**+651**

Total partners and staff

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