

GUYANA BUDGET BULLETIN 2021



AUDIT · TAX · ADVISORY
BUSINESS SERVICES & OUTSOURCING

BDO



**'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

1
RE-CLASSIFICATION

of basic food items and household necessities to zero rated from exempt

2

REMOVAL
of VAT on data for residential and individual use

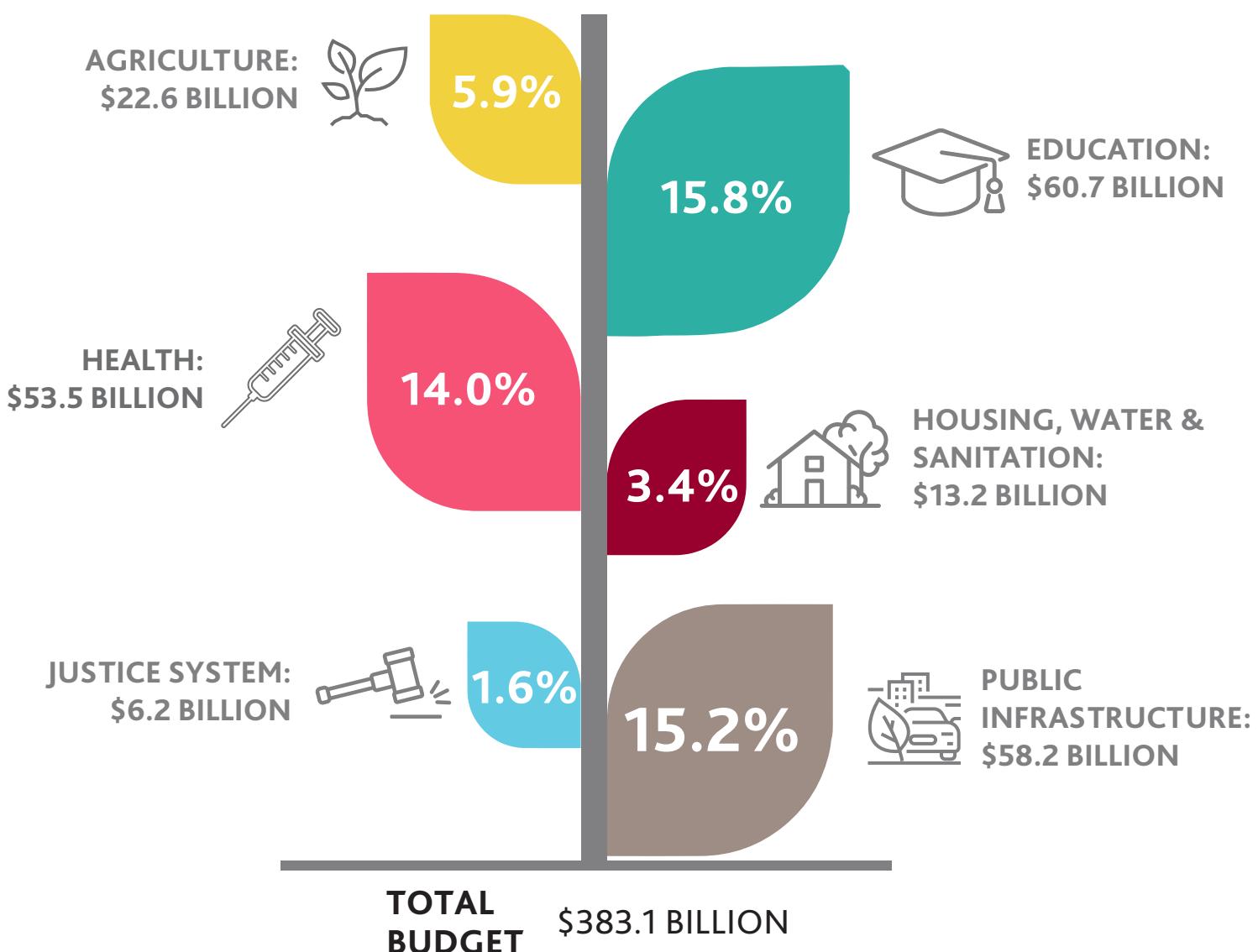
3

EXEMPTION
from capital gains tax on sale of assets owned for more than 25 years

4

STUDIES
to advance Gas-to-Shore Project and Power plant

Sector Spend



INDICATORS

Growth in Real GDP	2019	2020	2021
↳ Non-oil economy	5.4%	43.5%	20.9%
Inflation	4.3%	(7.3%)	6.1%
Commercial banks' weighted average lending rate	2.1%	0.9%	1.6%
91 day treasury bill rate	9.18%	8.95%	
US\$ mid-market exchange rate	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

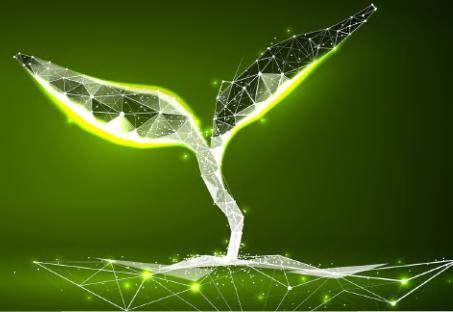
- ▶ VAT Rate of 14%
- ▶ VAT Registration threshold of \$15,000,000

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



Contact us



RAKESH LATCHANA

Partner

+592 691 0256

rlatchana@bdo.gy



RIAZ ALI

International liaison partner

+1 868 622 6875

rali@bdo.tt



NADIA LATCHANA

Director

+592 647 3114

nLatchana@bdo.gy

About BDO

BDO Guyana is a professional audit, tax, accounting and business consulting firm serving small and medium-sized enterprises, large privately-held businesses and multinational companies across a wide spectrum of industries.

We are a member of the fifth largest accounting and consulting network in the world. BDO is at its optimum, offering you the best of both worlds - a strong local presence in Guyana with the support, opportunities and resources of being part of a cohesive global network.

CONNECT WITH US.

Like us, follow us, engage us through our social media channels:



www.bdo.gy

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Professional Services Inc. to discuss these matters in the context of your particular circumstances. BDO Professional Services Inc., its directors, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO Professional Services Inc., a Guyana company, is a member of BDO International Limited, a UK company limited by guarantee and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© 2021 BDO Professional Services Inc. All rights reserved.