

# GUYANA BUDGET BULLETIN 2022



Highly anticipated, Budget 2022 was presented on 26 January by Senior Minister of Finance, Dr. Ashni Singh under the theme "Steadfast against all challenges, resolute in building our One Guyana."

With 19.9% growth in Real GDP in 2021, a growing list of oil finds and steady investor interest, there is palpable optimism for rapid transformation in Guyana's future.

This year also holds special significance, as access to the first tide of oil revenues allows for an unprecedented spend of \$552.9 billion, more than 40% over the previous year.

"It launches some of the most transformative projects in our country's history..."

~Dr. Ashni Singh



## Budget Highlights ||

1



### REVENUES

from oil expected to fund 22.9% of budgeted expenditures with balance in Natural Resources Fund expected to grow to US\$958 million

2



### FOCUS

on transformational infrastructure accounting for over 20% of total expenditure

3



### REMOVAL

of excise tax and value-added tax on certain vehicles and equipment to support renewal of industrial and commercial transport fleet

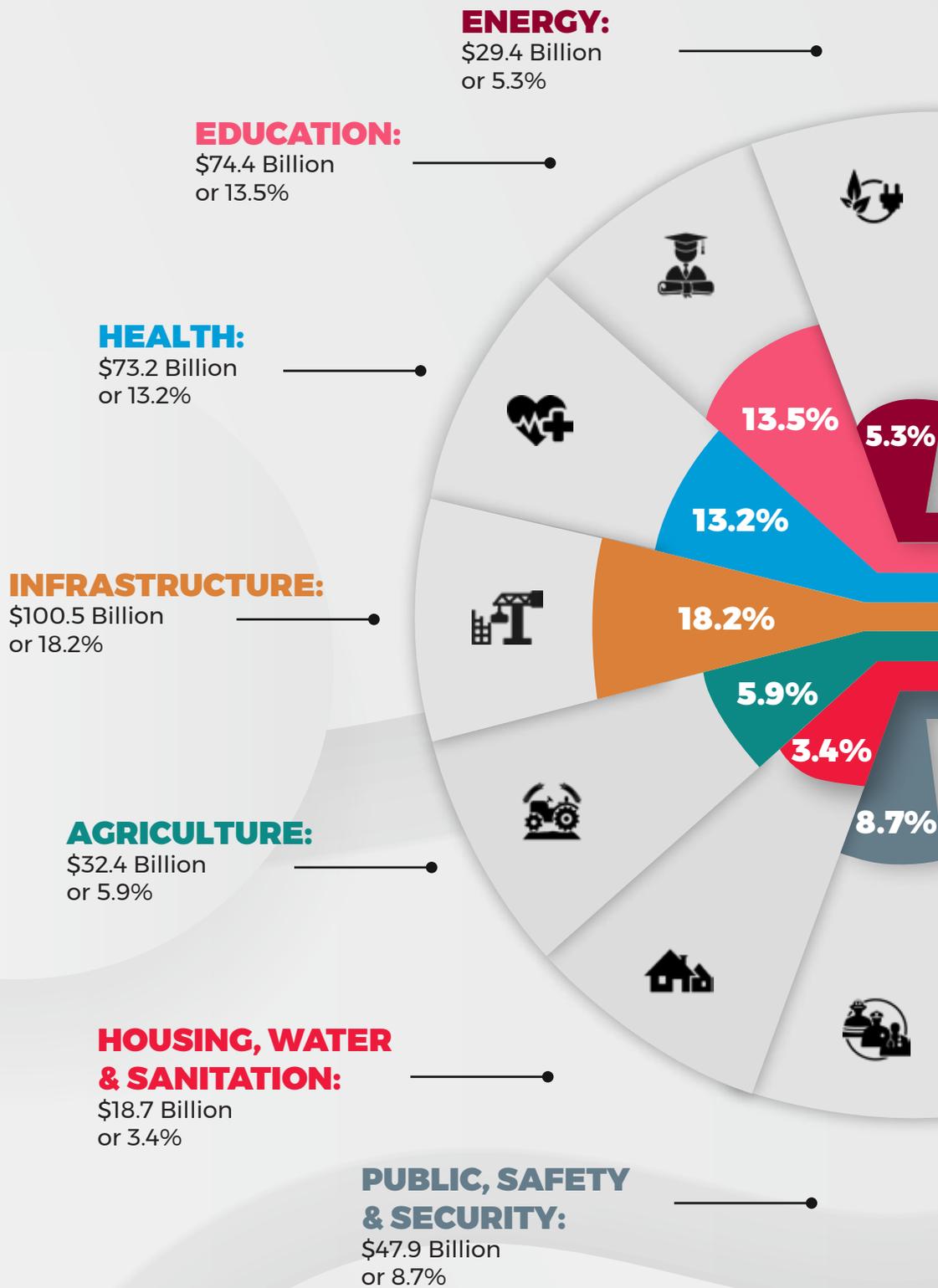
4



### STUDIES

designed to reduce cost of living, support the vulnerable and improve disposable income to cushion effects of the Covid-19 pandemic

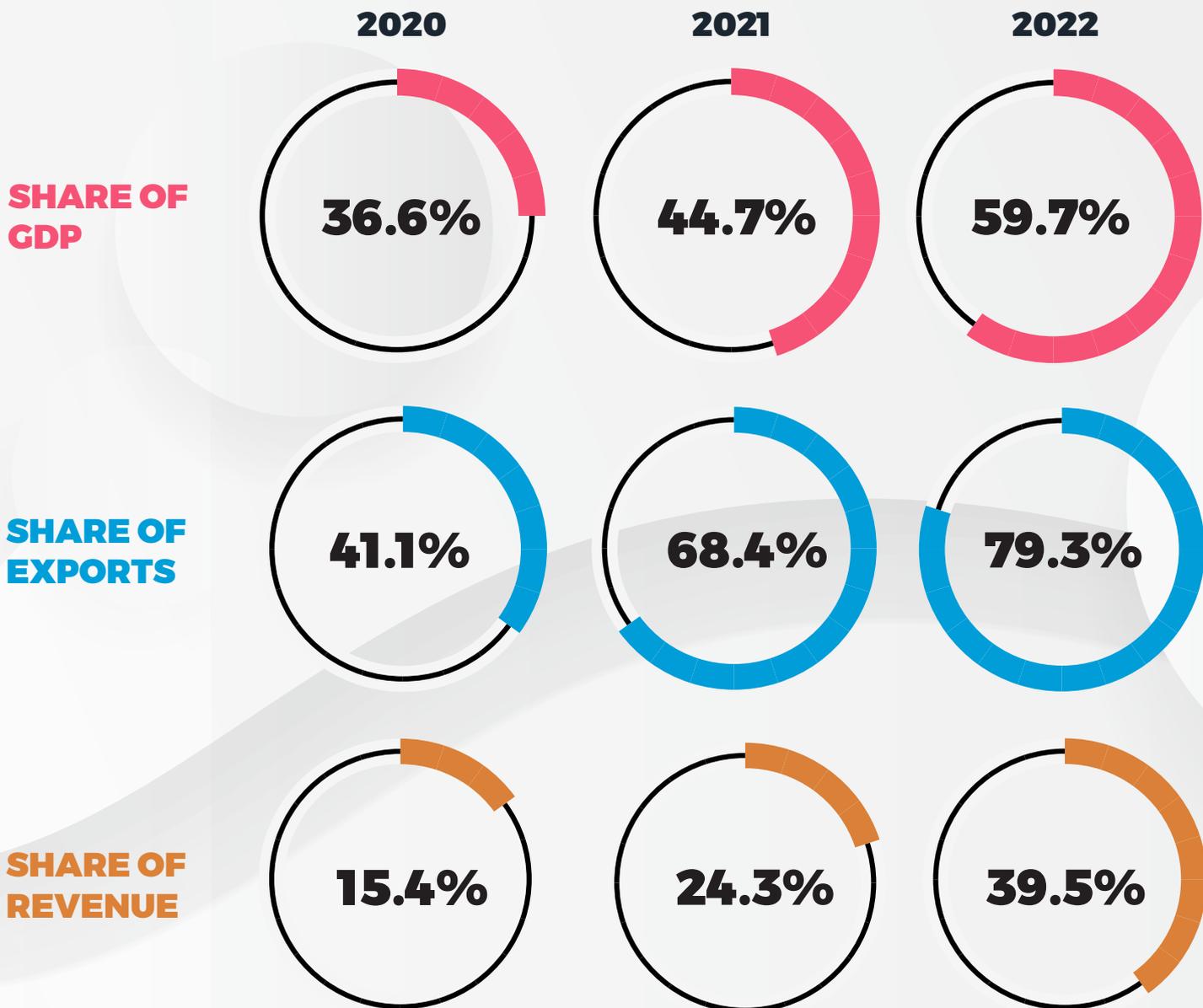
# Sector Spend



## Key Facts

	2020	2021	2022
Growth in Real GDP	43.5%	19.9%	47.5%
↳ Non-oil economy	(7.3%)	4.6%	7.7%
Inflation	0.9%	5.7%	4.1%
↳ Food	3.7%	11.6%	
Commercial banks' weighted average lending rate	8.95%	8.88%	
91 day treasury bill rate	1.54%	1.54%	
US\$ mid-market exchange rate	215.75	208.77	

# New Oil Economy



\* Budget assumes average oil price of US\$74 per barrel in 2022

## Personal Income Tax ||

### ALLOWANCES AND DEDUCTIONS

- ▶ Increase in income tax threshold (personal allowance) from \$65,000 to \$75,000 per month
- ▶ Deduction of up to 10% of salary or \$30,000 per month, whichever is lower, for life and health insurance premiums paid

### Remains unchanged

- ▶ Personal income tax rates of 28% and 40% on the next \$130,000 per month and the remainder, respectively
- ▶ Personal allowance of  $\frac{1}{3}$  of chargeable income, where this is higher than \$75,000

## Withholding Tax ||

### REMOVAL

- ▶ 2% advance tax on individual resident contractors
- ▶ On interest earned by individuals not exceeding \$10,000 per annum

### Remains unchanged

- ▶ On payments to non-resident individuals and companies

## Customs Duties ||

### RELIEF

- ▶ Extension of relief on freight charges in cost of imports to 31 December 2022
- ▶ Reintroduction of relief on vehicles imported by re-migrants

## Stamp Duties ||

### REMOVAL

- ▶ Stamp duties on retail transactions

## Value-Added Tax ||

### REMOVAL

- ▶ Motor trucks less than four years old and used for transport of goods
- ▶ Haulers less than four years old for pulling containers or similar vehicles
- ▶ Cranes, safety equipment and oil spill response equipment

### Remains unchanged

- ▶ VAT Rate of 14%
- ▶ VAT Registration threshold of \$15,000,000
- ▶ Existing zero-rated / exempt items

## Excise Tax ||

### REMOVAL

- ▶ Motor trucks less than four years old and used for transport of goods
- ▶ Single cab pickups less than four years old and below 3,000 cc
- ▶ Double cab pickups less than four years old and below 2,000 cc

### REDUCTION

- ▶ Double cab pickups less than four years old and between 2,000 and 3,000 cc, reduction from 110% to 75%
- ▶ Gasoline and diesel, reduction from 20% to 10%

## Other Taxes ||

### PROPOSALS

- ▶ Steps to minimise disparities between Guyanese businesses and their international counterparts

### Remains unchanged

- ▶ Corporation tax
- ▶ Capital gains tax
- ▶ Property tax



# Proposals

## Development initiatives ||

### RENEWABLE ENERGY

- ▶ Presentation of Low Carbon Development Strategy 2030 to Parliament
- ▶ Continued re-activation of Amaila Falls Hydro Power Project and completion of other projects at Kumu, Moco Moco and Kato
- ▶ Solar farms at Bartica, Wakenaam, Lethem with tenders for Leguan and Mahdia

### OIL & GAS

- ▶ \$20 billion for Gas-to-Energy Project
- ▶ Operationalising of Local Content legislation and establishment of Secretariat
- ▶ Auctions and bidding rounds for offshore acreage

### INDUSTRIAL DEVELOPMENT

- ▶ New industrial estates in regions 2 and 10

### INFRASTRUCTURE

- ▶ Allocation of \$76.7 billion for roads and bridges, including \$21.1 billion to advance construction of new Demerara River Bridge
- ▶ Allocation of \$5.0 billion to strengthen sea and river defence
- ▶ Allocation of \$13.0 billion for drainage and irrigation
- ▶ Pilot fast-charging stations for electric vehicles in regions 3, 4 & 6

## Support ||

### EXISTING ENTITIES

- ▶ Allocation of \$6 billion to Guyana Sugar Corporation (GUYSUCO)
- ▶ Allocation of \$1.6 billion to Guyana Power & Light (GPL)
- ▶ Allocation of \$0.9 billion to Cheddi Jagan International Airport (CJIA)

## Other measures ||

### HOME OWNERSHIP

- ▶ 6,000 land titles
- ▶ Increase in low-income mortgage loan ceiling to \$15 million

### HEALTH

- ▶ Up to \$600,000 per annum for each dialysis patient
- ▶ State-of-the-art paediatric and maternal hospital

### PENSIONERS

- ▶ Old Age Pensions of \$28,000 per month, increasing from \$25,000

### SCHOOL CHILDREN

- ▶ \$25,000 cash grant and \$5,000 uniform grant per child in the school system, increasing from \$15,000 and \$4,000 respectively

### PUBLIC ASSISTANCE

- ▶ Monthly grants of \$14,000 to individuals living under distressed circumstances, reflecting an increase from \$12,000.

# BDO GLOBAL STATISTICS 2021

## GLOBAL REVENUE



**US\$11.8 billion**

**+10.8%\*** **↑** REVENUE INCREASE

\* (at constant exchange rates)



**97,292**

**PEOPLE +6.8%**

**1,728**

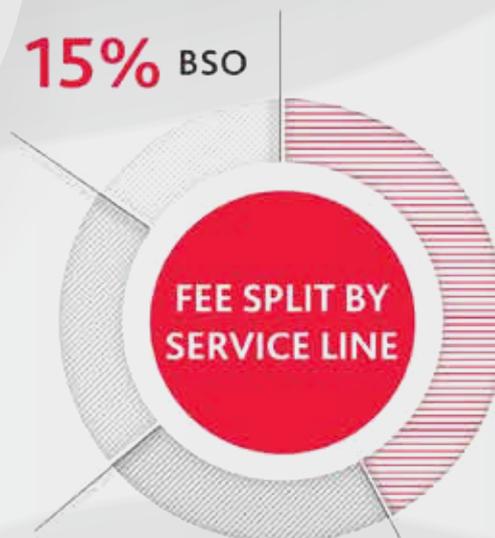
OFFICES

**167**

COUNTRIES & TERRITORIES

**15%** BSO

**21.5%** TAX



**42%** A&A

**21.5%** ADVISORY

## PERCENTAGE REVENUE BY REGION

**12%**

ASIA PACIFIC

**35%**

EMEA

**53%**

AMERICAS

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