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TAX EXEMPTION GUIDE FOR THE TOURISM SECTOR

Prepared by: Tax Advisory Services Section
Guyana Revenue Authority (July 2019)

NB: THIS BOOKLET IS NOT A SUBSTITUTE FOR THE LAW. THE LAW SHALL PREVAIL IN CASE OF ANY INADVERTENT CONFLICT.

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INTRODUCTION

Guyana's tourism industry is a substantial foreign exchange earner and a source of employment. Diverse individuals, agencies and interest groups have expressed eager interest in our sustainable tourism product. This booklet was done with the general intention to support the tourism industry so that its true potential and benefits are realized.

The information provided in this booklet defines the beneficiaries of tax concessions and the level of tax concessions which are available to the various categories of stakeholders. It is the fervent hope of the Authority that the information contained in this booklet gives clarity on the statutes, rules and procedures which would apply to the grant of tax exemptions to the tourism sector.

To provide clarity, for the avoidance of doubt and to ensure fairness in the application of the relevant laws in the tourism sector, the following shall apply:

- 1. NEW HOTELS, GUEST HOUSES AND INNS** - means a new multi-room structure which did not exist before and is now being built. It can also be a new multi-room structure not attached to an existing structure in the same compound.
- 2. EXPANSION OF HOTELS, GUEST HOUSE AND INNS** - means the addition of new guest rooms with amenities to an existing facility that may simultaneously increase its recreational capacity.
- 3. NEW LODGES OR RESORTS** - means a new multi-room structure which did not exist before and is now being built. It can also be a new multi-room structure not attached to an existing structure in the same compound.
- 4. EXPANSION OF LODGES AND RESORTS** - means the addition of new guest rooms with amenities to an existing facility that may simultaneously increase its recreational capacity.
- 5. EXPANSION / RE-TOOLING OF OPERATIONS OF TOUR OPERATORS** - means the replacement of old equipment with new equipment for use in sports and outdoor recreational / adventure activities.

For tax exemption purposes, the tourism sector would be divided into the following sectors:

1. Accommodation - consisting of hotels, guesthouses and inns;
2. Lodges and resorts; and
3. Tour operators and tour guides.

ACCOMMODATION

NEW HOTELS, GUEST HOUSES AND INNS IN REGIONS 2, 3, 4, 5 AND 6

A **new building** of the types mentioned above should not have less than thirty (30) guest rooms.

TAX EXEMPTIONS FOR NEW HOTEL, GUEST HOUSES AND INNS IN REGIONS 2, 3, 4, 5 AND 6

A new entity of this category may be eligible to the following tax exemptions specified in an Investment Agreement between the Government of Guyana and the investor:

- (a) Full customs duty exemption on the value of the investment on building materials, fittings, equipment, furnishings and appliances for equipping the entity, equipment for use in sports and motor vehicles.
- (b) Full VAT exemption on the value of the investment on building materials, equipment and appliances for equipping the entity and equipment for use in sports.
- (c) Full excise tax exemption on the value of each motor vehicle.

QUALIFYING CONDITIONS

- (1) Facility to be approved by the relevant agencies - Central Housing and Planning Authority, Environmental Protection Agency, etc.
- (2) Business registration to be submitted.
- (3) Evidence of title to land or lease of land.
- (4) Evidence of financing for the project.
- (5) Plan for works and completion of project.
- (6) Entity must be licensed by the Guyana Tourism Authority.
- (7) Must be tax compliant.
- (8) Valid Investment Agreement between the Government of Guyana and the investor.

NEW HOTELS, GUESTHOUSES AND INNS IN REGIONS 1, 7, 8, 9, AND 10

A **new building** of the types mentioned above should not have less than fifteen (15) guest rooms.

TAX EXEMPTIONS FOR NEW HOTELS, GUESTHOUSES AND INNS IN REGIONS 1, 7, 8, 9, AND 10

A new entity of this category may be eligible to the following tax exemptions specified in an Investment Agreement between the Government of Guyana and the investor:

- (a) Full customs duty exemption on the value of the investment on building materials, fittings, equipment, furniture and appliances for equipping the entity, equipment for use in sports and motor vehicles.
- (b) Full VAT exemption on the value of the investment on building materials, equipment and appliances for equipping the entity, equipment for use in sports.
- (c) Full excise tax exemption on the value of each motor vehicle.
- (d) Once creating employment, the Minister **may** grant exemption from corporation tax for a period up to a maximum of ten years - section 2 (1) of the Income Tax (In Aid of Industry) Act. Such exemption would be recommended by Go-Invest and would not be included in an Investment Agreement.

QUALIFYING CONDITIONS

- (1) Facility to be approved by the relevant agencies - Central Housing and Planning Authority, Environmental Protection Agency, etc.
- (2) Business registration to be submitted.
- (3) Evidence of title to land or lease of land.
- (4) Evidence of financing for the project.
- (5) Plan for works and completion of project.
- (6) Entity must be licensed by the Guyana Tourism Authority.
- (7) Must be tax compliant.
- (8) Valid Investment Agreement between the Government of Guyana and the investor.

EXPANSION OF HOTELS, GUESTHOUSES AND INNS IN ALL REGIONS

Expansion of new hotels, guesthouses and inns means that the entity has to increase its guest rooms capacity by adding more rooms to its current complement. For entities in Regions 1,7, 8, 9 and 10 the current complement of guest rooms has to be increased by no less than 3 rooms. For the other Regions, the current complement of guest rooms has to be increased by no less than 5 rooms.

TAX EXEMPTIONS FOR EXPANSION OF HOTELS, GUESTHOUSES AND INNS IN ALL REGIONS

An entity of the category mentioned above may be eligible to the following tax exemptions every five years on the items specified in an Investment Agreement between the Government of Guyana and the investor:

(a) Full customs duty exemption on fifty percent (50%) of the value of the investment on building materials, fittings, equipment, furnishings and appliances for equipping the extended part of the entity.

(b) Full VAT exemption on fifty (50%) of the value of the investment on building materials, equipment and appliances for equipping the extended part of the entity.

NOTE: NO VEHICLES ARE INCLUDED

QUALIFYING CONDITIONS

1. Approvals for such extension must be obtained from the relevant agencies.
2. Entity must be licensed by the Guyana Tourism Authority.
3. Applicant must be tax compliant.
4. Valid Investment Agreement between the Government of Guyana and the investor.

LODGES AND RESORTS

In accordance with the Guyana Tourism Authority (Lodges and Resorts) Regulations 19 of 2008, the following definitions shall apply to 'lodges' and 'resorts':

LODGE means a -

- (a) small rustic house used as a temporary shelter;
- (b) hostel providing overnight lodging for travelers;
- (c) hotel, especially with a rustic or wilderness theme, situated outside the urban area with cabins or rooms with private or shared bathrooms;
- (d) building, often in a resort or camp setting, providing sleeping accommodation, meeting rooms and restaurants;
- (e) detached residence with a group of adjoining single bedrooms of uniform style with shared adjacent common areas; or
- (f) rustic house or inn that is located in a remote area.

RESORT means a place -

- (a) used for relaxation or recreation, generally distinguished by a large selection of activities, such as food, drink, lodging, sports, entertainment and shopping; or
- (b) where all accommodation, services and entertainment are under one roof and can vary from luxury, economy, nature or eco type facilities.

TAX EXEMPTIONS FOR LODGES AND RESORTS

A **new lodge or resort** in Regions 1, 7, 8, 9 and 10 should have no less than eight (8) rooms, those in Regions 2, 3, 5 and 6 should have no less than fifteen (15) rooms and those in Region 4 should have no less than thirty (30) guest rooms. These entities may be eligible to the following tax exemptions specified in an Investment Agreement between the Government of Guyana and the investor:

- (a) Full customs duty exemption on the value of the investment on building materials, fittings, equipment, furniture and appliances for equipping the entity, equipment for use in sports and motor vehicles.
- (b) Full VAT exemption on the value of the investment on building materials, equipment and appliances for equipping the entity, equipment for use in sports and motor vehicles.
- (c) Full excise tax exemption on the value of each motor vehicle.
- (d) Exemption from corporation tax for a period up to a maximum of ten years - (section 2 (1) of the Income Tax (In Aid of Industry)) Act and would apply ONLY to those entities in Regions 1, 7, 8, 9 and 10. Such exemption may be recommended by Go-Invest and would not be included in an Investment Agreement.

QUALIFYING CONDITIONS

- (1) Facility to be approved by the relevant agencies - Central Housing and Planning Authority, Environmental Protection Agency, etc.
- (2) Business registration to be submitted.
- (3) Evidence of title to land or lease of land.
- (4) Evidence of financing for the project.
- (5) Plan for works and completion of project.
- (6) Entity must be licensed by the Guyana Tourism Authority.
- (7) Must be tax compliant.
- (8) Valid Investment Agreement between the Government of Guyana and the investor.

EXPANSION OF LODGES AND RESORTS IN ALL REGIONS

Expansion of lodges and resorts means that the entity has to increase its guest rooms capacity by adding more rooms to its current complement. For lodges and resorts in Regions 1, 7, 8, 9 and 10 the current complement of guest rooms has to be increased by at least 25%. For the other Regions, the current complement of guest rooms has to be increased by at least 30%.

TAX EXEMPTIONS FOR EXPANSION OF LODGES AND RESORTS IN ALL REGIONS

An entity of the category mentioned above may be eligible to the following tax exemptions every five years on the items specified in an Investment Agreement between the Government of Guyana and the investor:

- (a) Full customs duty exemption on fifty percent (50%) of the value of the investment on building materials, fittings, equipment, furnishings and appliances for equipping the extended part of the entity.
- (b) Full VAT exemption on fifty percent (50%) of the value of the investment on building materials, equipment and appliances for equipping the extended part of the entity.

NOTE: NO VEHICLES ARE INCLUDED

QUALIFYING CONDITIONS

- (1) Approvals for such extension must be obtained from the relevant agencies.
- (2) Entity must be licensed by the Guyana Tourism Authority.
- (3) Applicant must be tax compliant.
- (4) Valid Investment Agreement between the Government of Guyana and the investor.

NOTE: NO VEHICLES ARE INCLUDED

TOUR OPERATORS AND TOUR GUIDES

In accordance with the Guyana Tourism Authority (Tour Operators) Regulations 17 of 2008, the following definitions shall apply to ‘tour operator’, ‘tourist guide’ and ‘tour’:

TOUR OPERATOR means an individual or a company that provides a range of tour services for the international or domestic tourism market. The operator must be licensed by the Guyana Tourism Authority and comply with the provisions outlined in the Guyana Tourism Authority (Tour Operator) Regulations 17 of 2008.

A small tour operator is deemed to be one or two persons (commonly referred to as outfitters) providing tours but it is not necessary for such person(s) to have an office.

A medium operator consists of three or more persons with an office providing tours and other related services such as airport pick-up and drop-off services, guided activities, and transportation. They may offer accommodation as part of the package they offer.

A large operator would exceed five persons with an office. Such an operator would extend the same services as a medium operator but they would have international

representatives and external collaboration with other agencies. They may offer accommodation as part of the package they offer.

TOURIST GUIDE means an individual who is licensed by the Authority to guide a tour party, provide general information, interpret, indicate and inform on items of interest along the way or at a tourist attraction.

TOUR means any pre-arranged journey to one or more destination provided by a tourist guide or tour operator for remuneration.

TAX EXEMPTIONS FOR TOUR OPERATOR

A **new tour operator who was not granted tax exemptions during the last five years may be eligible** to the following tax exemptions specified in an Investment Agreement between the Government of Guyana and the investor:

(a) Full customs duty exemption on 50% of the value of the investment on camping equipment (sleeping tents and bags, pads or cots) floating crafts which includes a vessel which is propelled on water by an engine, oars or sail, kayaks, inflatable rafts, canoes, stand up paddle boards, pedal boards and similar self-propelled crafts and non-motorised collapsible mobile lodging with basic amenities (e.g. seating, lighting, etc.) and each motor vehicle. The exemption on the vehicle would apply to small, medium and large tour operators only.

(b) Full VAT exemption on 50% of the value of the investment on camping equipment (sleeping tents and bags, pads or cots) floating crafts which includes a vessel which is propelled on water by an engine, oars or sail, kayaks, inflatable rafts, canoes, stand up paddle boards, pedal boards and similar self-propelled crafts and non-motorised collapsible mobile lodging with basic amenities (e.g. seating, lighting, etc.) and each motor vehicle. The exemption on the vehicle would apply to small, medium and large tour operators only.

(c) Full excise tax exemption on fifty percent (50%) of the value of each motor vehicle. The exemption on the vehicle would apply to small, medium and large tour operators only.

(d) Exemption from corporation tax for a period up to a maximum of ten years - section 2 (1) of the Income Tax (In Aid of Industry) Act and would apply ONLY to those entities in Regions 1, 7, 8, 9 and 10 although their office may be elsewhere. Such exemption would be recommended by Go-Invest and would not be included in an Investment Agreement.

QUALIFYING CONDITIONS

(1) Facility to be approved by the relevant agencies - Central Housing and Planning Authority, Environmental Protection Agency, etc.

(2) Business registration to be submitted.

(3) Evidence of title to land or lease of land.

- (4) Evidence of financing for the project.
- (5) Plan for works and completion of project.
- (6) Entity must be licensed by the Guyana Tourism Authority.
- (7) Must be tax compliant.
- (8) Valid Investment Agreement between the Government of Guyana and the investor.

NOTE: NO EXEMPTIONS FOR TOUR GUIDES MENTIONED

TAX EXEMPTIONS FOR EXPANSION / RE-TOOLING OF OPERATIONS OF TOUR OPERATORS

In keeping with safety regulations and quality assurance, to provide comfort and to enhance the level of services provided to consumers, the following tax exemptions specified in an Investment Agreement between the Government of Guyana and the investor may be granted to tour operators every five years:

- (a) Full customs duty exemption on fifty percent (50%) of the value of the investment on camping equipment (sleeping tents and bags, pads or cots), floating crafts which includes a vessel that is propelled on water by an engine, oars or sail, kayaks, inflatable rafts, canoes, stand up paddle boards, pedal boards and similar self-propelled crafts and non-motorised collapsible mobile lodging with basic amenities (e.g. seating, lighting, etc.).
- (b) Full VAT exemption on fifty percent (50%) of the value of the investment on camping equipment (sleeping tents and bags, pads or cots) floating crafts which includes a vessel that is propelled on water by an engine, oars or sail, kayaks, inflatable rafts, canoes, stand up paddle boards, pedal boards and similar self-propelled crafts and non-motorised collapsible mobile lodging with basic amenities (e.g. seating, lighting, etc.).
- (c) Full duty, excise tax and VAT exemption on twenty five percent (25%) of the value of each motor vehicle.
- (d) Exemption from corporation tax for a period up to a maximum of ten years - section 2 (1) of the Income Tax (In Aid of Industry) Act and would apply ONLY to those entities in Regions 1, 7, 8, 9 and 10. Such exemption may be recommended by Go-Invest and would not be included in an Investment Agreement.

QUALIFYING CONDITIONS

- (1) Approvals for such extension must be obtained from the relevant agencies.
- (2) Entity must be licensed by the Guyana Tourism Authority.
- (3) Applicant must be tax compliant.

(4) Valid Investment Agreement between the Government of Guyana and the investor.

APPLICATION OF TABLE A-18 OF THE EXCISE TAX REGULATIONS TO THE TOURISM SECTOR

Excise tax on motor vehicles contained in this table applies specifically to motor vehicles for the tourism sector AND SUCH EXEMPTION WOULD NOT BE SUBJECT TO AN INVESTMENT AGREEMENT BETWEEN THE GOG AND THE INVESTOR. Such exemptions are available to hotels, inns, guest houses, resorts, lodges and tour operators once every five years. The following shall apply:

TABLE A-18		
Relief for Tourism Sector	Motor (1) vehicles that are shown to the satisfaction of the Commissioner-General to be used exclusively overland in the Tourism Industry in Regions 1, 7, 8, 9 and 10 for the transport of persons for incorporated entities that have been in operation for at least five years –	
	(a) in the case of vehicles less than four years old of a cylinder capacity corresponding to tariff headings 8703.23.40.00, 8703.32.40.00, 8703.33.90.00, 8703.90.00.00 and 8703.24.90.00 shall be exempt from the payment of excise tax;	
	(b) for vehicles four years old and over the following formula shall apply –	
	Engine Capacity	Duty
>2000cc but ≤ 3000cc	0%	For Tariff Headings: 8703.23.40.00 8703.32.40.00 8703.33.90.00 8703.90.00.00 ((CIF+US\$13,500)x35%)+US\$13,500
>3000cc	0%	For Tariff Headings: 8703.24.90.00 ((CIF+US\$14,500)x35%)+US\$14,500
<p>(2) motor buses with twelve or more seats, not exceeding four years old, used exclusively for the transportation of tourists anywhere in Guyana, and registered and licensed as a tourism operator by the Guyana Tourism Authority (GTA), shall be exempt from the payment of excise tax:</p> <p>Provided that, the GTA will verify that the said operators satisfy the registration and licensing conditions for five years subsequent to receiving any exemptions, and all such vehicles will have painted striped similar to the zoning for minibuses.</p>		

QUALIFYING CONDITIONS

1. Commissioner-General must be satisfied that the motor vehicle is used exclusively in the tourism sector;
2. The operation must be in Regions 1,7, 8, 9 or 10;
3. Entity must be incorporated;
4. Company must be in operation for at least five years;
5. The vehicle must be used primarily for the transport of persons (tourists) overland in the designated regions; and
6. Applicant must be licensed by the Guyana Tourism Authority and such recommendation must be approved by the Permanent Secretary, Ministry of Business.
7. Applicant must be tax compliant.

GENERAL TAX CONCESSIONS AVAILABLE TO THE TOURISM SECTOR NOT SUBJECT TO AN INVESTMENT AGREEMENT

A. In ascertaining the chargeable income of any person who carries on or exercises any trade, business, profession or vocation, there may be allowed as a deduction such sum as the Commissioner-General may think just and reasonable as representing the amount by which the value of any building, housing machinery or used for the provision of services or warehousing **owned** by that person has been diminished by reason of wear and tear arising out of the use or employment of such building in the production of income-Sec. 17 of 81:01.(2%?)

B. A tax credit equaling 75% of income and corporate taxes on profits shall be granted on the provision of tourism activities in regions 1, 7, 8, 9 and 10-Sec. 2A (3) of IT (In Aid of Industry) Act.

C. Initial allowances shall be allowed on hotel buildings in regions 1, 7, 8, 9 and 10 (- Sec. 3 (1A) of above legislation).In ascertaining the chargeable income of a person or company with a new hotel in regions 1, 7, 8, 9 and 10 , a deduction of 10% from total expenditure shall be granted. For an existing hotel, the 10% shall be granted on the current depreciated amount as reflected on the previous year income and expenditure and balance sheet of an individual and the corporation tax return of a company.

D. Rate of corporation tax on a non-commercial company has been reduced from 27.5% to 25%.

E. Customs duty is exempted on aircraft and their component parts, accessories and instruments necessary for the navigation of aircraft and tools, machinery and equipment necessary for the repair and maintenance of aircraft, admitted as such by the Commissioner-General for use by such air services and air clubs as may be approved by the Minister of Finance.

- F.** Customs duty is exempted on fuel and lubricants imported or taken out of bond solely for use in aircraft.
- G.** VAT is exempted on aircraft engines, main component and parts as determined by the Commissioner.
- H.** VAT is zero-rated on aviation fuel.
- I.** Excise tax is not payable on aviation fuel.
- J.** The services of transporting passengers from a place in Guyana to another place in Guyana are exempt from the payment of VAT to the extent that transport is by aircraft and constitutes 'international carriage' as defined in Article 3 of the Convention on International Civil Aviation.
- K.** The services of insuring or the arranging of the insurance or the arranging of the transport of passengers or goods to which 'J' above refers are exempt from VAT.
- L.** Supplies of Common User Terminal Equipment (CUTE) fee, airport security fee and passenger screening fee are exempt from VAT.
1. CUTE fee means fees charged for using the airport check in counters, flight information display system, conveyor system and the airline check in systems inclusive of the boarding gates.
 2. AIRPORT SECURITY FEE is the fee charged for use of staff and equipment to screen passengers at all access control points and gates inclusive of the Hold Baggage Screening.
 3. PASSENGER SCREENING FEE is the fee charged for screening all departing passengers at the main screening point of the airport.
- M.** Boats used in rural and riverain areas designed for the transport of goods and persons not exceeding 7.08 cubic metres (250 cubic feet), proven to the satisfaction of the Commissioner are exempt from VAT.
- N.** Outboard motors not exceeding 75 horse power (HP) is free of import duty

QUALIFYING CONDITION

1. Taxpayer should be tax compliant.

TAX CONCESSION AVAILABLE TO THE TOURISM SECTOR SUBJECT TO AN INVESTMENT AGREEMENT

1. VAT is exempt on the services of transporting passengers or goods by air from one place in Guyana to another place in Guyana subject to the signing of an agreement between the Government and the provider of the service for persons living in rural areas.

QUALIFYING CONDITION

1. The service provider must be tax compliant.
2. Valid Investment Agreement between the Government of Guyana and the service provider.

APPLICATION PROCEDURE TO ACCESS TAX EXEMPTIONS

1. Application, with supporting documents, for tax exemptions must be submitted by the applicant to the Commissioner-General.
2. Approved tax exemption letter would be issued to the applicant.
3. Processing of customs documents for approved tax exemptions would be done through ASYCUDA.

GENERAL NOTES TO THIS GUIDE

1. Where it is not specified, the motor vehicles referred to in this policy are those which are classified in the Common External Tariff as the single cab, extended cab and double cab.
2. The Guyana Revenue Authority, Go-Invest and the Guyana Tourism Authority can independently or collectively monitor and conduct post verification exercises and share information to verify that stakeholders who were granted tax concessions comply with the conditions under which such concessions were granted.
3. This policy is subject to be reviewed every three years by the Guyana Revenue Authority or at any other time as determined by the Commissioner-General.



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