

GUYANA

No. 12 of 2006

## REGULATIONS

Made Under

THE VALUE-ADDED TAX ACT 2005  
(Act No. 10 of 2005)

IN EXERCISE OF THE POWERS CONFERRED UPON ME BY  
SECTION 95 OF THE VALUE-ADDED TAX ACT 2005, I  
MAKE THE FOLLOWING REGULATIONS:-

Citation.

1. These Regulations may be cited as the Value-Added Tax (Transitional) Regulations 2006.

Claim for  
input tax  
credit.

2. In calculating the amount of value-added tax (VAT) payable by a taxable person in respect of the first three tax periods after the VAT becomes effective, the taxable person may include in his claim as input tax credit under section 24 of the Act an amount equal to a transitional credit calculated and claimed in accordance with these Regulations.

Transitional  
credit

3. Where a taxable person held, at the end of 31<sup>st</sup> December 2006, qualifying goods acquired during December 2006, and has substantiated, to the satisfaction of the Commissioner-General, the amount of consumption tax paid on the acquisition of those goods, the amount eligible as the transitional credit is that substantiated amount, subject to these Regulations.

Input tax  
allowances.

4. If a taxable person is allowed a transitional credit, the amount is deemed to be input tax credit allowable under section 24 of the Act in the tax period in which the goods in question are supplied in a transfer subject to VAT.

Qualification  
of goods.

5. No transitional credit is allowed for consumption tax paid in respect of the acquisition of goods if VAT imposed on the acquisition of those goods in a supply after the effective date of the VAT would not qualify for input tax credit under section 24 of the Act.

Claim for  
transitional  
credit.

6. A claim for transitional credit for consumption tax paid on qualifying goods on hand, on the date of the entry into operation of the VAT, is allowable only if the claimant submitted, no later than 15<sup>th</sup> December 2006, an application to be registered for VAT.

Inventory  
of goods.

7. A taxable person claiming a transitional credit is required to submit with the first VAT return an inventory of all qualifying goods on hand as of 31<sup>st</sup> December 2006, supported by documentary evidence of the payment of consumption tax.

Disallowances  
of transitional  
credit.

8. Disallowances of a transitional credit for consumption tax paid before the effective date of the VAT shall not be treated as a disallowance for the purposes of section 4(17) of the Act.

Eligibility  
requirements.

9. (1) No transitional credit is allowed in respect of an inventorised item until it has been sold, and only items sold during the period from 1<sup>st</sup> January 2007 to 31<sup>st</sup> March 2007 shall qualify for the credit.

(2) Claimants for transitional credits shall be required to provide documentary evidence of sales of the respective items.

(3) Transitional credit for inventorised items acquired during December 2006 and sold during the period from 1<sup>st</sup> January 2007 to 31<sup>st</sup> March 2007 will be restricted to the applicable VAT rate or the consumption tax rate actually paid, whichever is lower.

(4) The first-in-first-out (FIFO) method of accounting shall be applied to determine which goods are on hand at the end of 31<sup>st</sup> December 2006 and the same FIFO method of accounting shall be applied to determine which goods are sold during the period from 1<sup>st</sup> January 2007 to 31<sup>st</sup> March 2007.

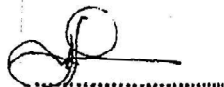
(5) All claims for transitional credit shall be subject to audit and verification prior to being allowed as input credit.

10. For purposes of these Regulations, goods are deemed to have been acquired during December 2006 if:

i) in the case of imported goods, the applicable consumption tax was paid during the period from 1<sup>st</sup> December 2006 to 31<sup>st</sup> December 2006; or

ii) in the case of manufactured goods, the applicable consumption tax became due and payable during the period from 1<sup>st</sup> December 2006 to 31<sup>st</sup> December 2006.

Made this 5<sup>th</sup> day of December, 2006.



Minister of Finance.