



VAT Policy Corner

VAT Policy 34 - Rental/Sale of Land and Buildings

The Guyana Revenue Authority (GRA) continues to simplify issues pertaining to Value Added Tax (VAT) and provide guidance to the general public; this policy seeks to outline the rules regarding the rental and sale of land and buildings.

Schedule II, paragraph 2 (d) of the Value-Added Tax exempts for the purposes of VAT:

“A supply of-

- (i) accommodation in a residential dwelling; or**
- (ii) leasehold land by way of lease (not being a grant or sale of the lease of that land) to the extent that the subject land is used or is to be used for the principal purpose of accommodation in a residential dwelling erected or to be erected on that land.**

Pursuant to the above, rent paid on housing for the purpose of private dwelling is exempt from VAT. However, the rental of a building to operate a business attracts VAT at the standard rate of sixteen percent providing the landlord/landlady is registered to charge VAT.

The leasing or sale of leasehold land to construct a house for private dwelling is exempt also. On the other hand, the sale of leasehold land, the sale of the lease or the rights to the leasehold land and the leasing of land or building will attract VAT at the standard rate of sixteen percent when acquired for business purposes.

It should be noted that the sale of houses constructed and sold as private residences by registered businesses attracts VAT at the standard rate of sixteen percent. In addition, businesses which are registered for VAT and are involved in the continuous supply of the sale of land as part of its taxable activity (a supply of land) are required to charge VAT at the standard rate also.

Further, the sale of land by the Ministry of Housing, which is a budgetary agency, is exempt and will not attract VAT by virtue of Schedule 11, paragraph 2(f) of the VAT Act, which provides for the exemption of sales by budgetary agencies.

Persons who still have queries with respect to VAT are encouraged to write to the Commissioner, VAT and Excise Tax Department, 210'E' Albert and Charlotte Streets, Bourda for clarification.