



VAT POLICY CORNER

POLICY 51: VAT and Medical or Health Supplements

In its effort to ensure that information regarding Value Added Tax (VAT) reaches all stakeholders, the Guyana Revenue Authority (GRA) continues to address and clarify specific areas of the Act with the intention of educating the general public.

This policy therefore, forms the guiding principle as it relates to Schedule I, paragraph 2A (bb) which zero rates *“a supply of vitamins, minerals and tonics for medical or health supplement use excluding items such as energy drinks and food supplements classified under chapter 21 of the Common External Tariff”*.

Accordingly, VAT registered businesses which sell vitamins, minerals and tonics used for medical reasons or as a supplement to ones health will charge VAT at the rate of zero percent.

Notwithstanding this, these items *do not qualify for zero rating automatically*, as such, Importers must make request for zero rating by applying to the Remission Unit of the Guyana Revenue Authority (GRA) at 357, Lamaha & East Streets, Georgetown.

If the applicant has satisfied all the requirements of the Remissions Unit and the request is approved by the GRA, a letter will be issued indicating that the product(s) is/are zero-rated when imported.

Alternatively applicants who do not apply for zero rating or whose requests for zero rating were not approved, will be charged VAT at the standard rate of sixteen percent.

Moreover, energy drinks such as red bull; impulse; sting; liquid Spanish fly; lucozade etc. and food supplements **classified under chapter 21 of the Common External Tariff** are excluded from zero rating and will attract VAT at the standard rate of sixteen percent.

Since the zero-rating of these items became effective from 1st March 2008, VAT registered businesses will be allowed input tax credit incurred prior to the zero-rating. Additionally, businesses will be required to account for and remit output tax (VAT charged to customers) to the GRA, prior to the items being zero-rated.

As such, registered businesses may file for a full refund of input tax credits on a monthly basis **if the zero rated items account for at least fifty percent of the amount of the taxable supplies.**

Furthermore, registered businesses which are involved in the sale of mixed supplies, that is, exempt supplies and standard rated and/or zero rated supplies may file a claim **every month** to the Guyana Revenue Authority for a refund of the excess credits **attributable to the zero-rated supplies only.**

Therefore, if 50% or more of the taxable supplies of a registered person are taxed at 0%, that person can claim a refund of the credits attributable to the zero rated supplies each month.

Alternatively, claims for refund relating to the standard rated supplies must be carried forward for six consecutive months before an application is filed.

If you require additional information or assistance on VAT, feel free to contact the Value- Added Tax and Excise Tax Department situated at 210 'E' Albert and Charlotte Streets or by the telephone numbers 227-7567, 227-7672 or 227- 3696 or the Remissions Unit on telephone numbers 227-8542 or 227-8459.