



VAT Policy Corner

VAT Policy-Sugar Cane

The Guyana Revenue Authority continues to provide assistance to the general public on various issues regarding the application of Value- Added Tax (VAT) to specific items; this policy seeks to address the treatment of VAT on sugar cane.

Schedule I, paragraph (q) (iii) of the VAT Act zero rates a supply of raw brown sugar, thus, the sale of raw brown sugar manufactured and sold will not attract VAT, nonetheless *all other sugars* will attract VAT at the standard rate of sixteen percent as highlighted in VAT Policy 42.

Sugar cane which is used to manufacture sugar *is not* expressly listed as being zero rated or exempt in Schedules I or II of the VAT Act and as such, VAT is applicable at the standard rate of sixteen percent when the product is supplied by VAT registrants.

Section 9 (1) (a) of the VAT Act of 2005, provides that VAT must be applied to every **taxable supply** by a **taxable person** and Section 9 (2) (a) states that the tax payable under the Act **must be accounted for by the taxable person making the supply**.

In addition, Section 16 (1) states that the value of a supply of goods or services *is the amount of the consideration for the supply*, thus VAT must be calculated on the value of sugar cane and should be charged by registered cane farmers when the product is supplied.

Since sugar cane is a standard rated supply, refunds to VAT registrants are paid pursuant to **Section 35 (1)** of the **Value Added Tax Act** which provides that cane farmers can offset input tax against output tax and where there is an excess amount owed by the Guyana Revenue Authority to them, that amount will be carried over to the next tax period.

However, if any of the excess for a tax period remains, after being carried forward, and used as input tax for six consecutive tax periods, a taxpayer can file with the Commissioner, to claim the refund as provided in **Section 35 (3)**.

Persons who require the list of zero rated items or still have queries with respect to VAT are encouraged to contact the Department on Telephone No. 227-7929, Extension (200) and (201); or write to the Commissioner, VAT and Excise Tax Department, 210'E' Albert and Charlotte Streets, Bourda for clarifications.