



Tax Policy Corner

Policy # 60 – Supply of Entertainment

The Guyana Revenue Authority continues to provide clarifications concerning issues on the taxes administered by the organization. This policy is intended to provide a better understanding of supplies with respect to *entertainment*.

Section 25 of the VAT Act, No 10 of 2005 defines ‘**entertainment**’ as “**the provision of food, beverages, tobacco, accommodation, amusement, recreation, or other hospitality** by a taxable person whether directly or indirectly to any person.”

Certain types of items procured by business persons may be classified as entertainment by them; however, for VAT purposes, the person must be in the business of providing entertainment such as, **providing food, beverages, tobacco, accommodation, amusement, recreation, or other hospitality**, in order to qualify for refund of input tax credit.

Accordingly, lunches for executives, consultants, employees, clients or customers and beverages, such as tea, coffee, juice, water etc. are not considered entertainment. In addition, bathroom tissue, paper towels/serviettes etc. provided by an employer to employees do not fall **within the legal definition of entertainment** either, thus input tax incurred cannot be reclaimed.

Further, Section 11 (8) of the VAT Act provides that“... **promoters of public entertainment, and licensees and proprietors of places of public entertainment, are required to apply for registration before they begin making supplies in connection with the first public entertainment promoted by them.**”

Section 2 of the said Act defines **a promoter of public entertainment** as “a person who arranges the staging of public entertainment” and **public entertainment** as “***any musical entertainment, sporting event, theatrical performance, comedy show, dance performance, circus show, any show connected with a festival, or any similar show to which the general public is invited,....***” but does not include entertainment organized by, **an approved educational institution; or the board of management or a parent teacher association of an approved educational institution; or a person who provides entertainment on a daily or weekly basis; or a religious organisation.**

For VAT purposes, public entertainment means “live” entertainment and includes, sporting events such as, **boxing, cricket, football, horse racing** and **motor racing, theatrical performances, comedy shows, dance performances, dances with live bands** and *any other similar show to which the public is invited.*

However, **Bar-B-Ques, limes, fairs** or dances with sound systems and disc jockeys playing records are **not considered** public entertainment for the purpose of VAT.

Further, **Section 25(2); (b); (i)** of the Act provides that “*No amount may be deducted by a taxable person for input tax paid or payable in respect of a taxable supply to, or import by, the person of goods or services acquired for the purposes of entertainment or providing entertainment, unless the person is in the business of providing entertainment.....*”

Therefore, input tax credit cannot be reclaimed on those expenses except where the registered business is a restaurant, hotel; resort; amusement park or any other business considered entertainment in accordance with the law.

Accordingly, staff parties, social get-together etc. **are not considered entertainment**, hence, input tax credit on the rental of venues for parties, the charge for food and beverages cannot be reclaimed.

International Promoters & Artistes

Promoters and Artistes who are not resident in Guyana also have tax obligations imposed on them by the various Acts.

In addition, there are instances where Promoters and Artistes may be inclined to import goods for temporary use as part of the entertainment. As such, the following information is highlighted for your guidance.

Temporary Importation

The **Customs Act, Chapter 82:01, VAT Act No. 10 of 2005** and **Excise Tax Act No. 11 of 2005** provide for temporary importation of goods subject to conditions, such as lodgment of deposit or security.

Deposits or Security by Promoters of Public Entertainment

The above Acts require an importer to *deposit the amount of relevant taxes on such goods or otherwise, give security at the election of the proper officer.*

In addition, Section 46 of the VAT Act empowers the Commissioner to require a taxable person to give security for the tax that may become due and payable by virtue of a promotion. Moreover, the promoter of public entertainment is not permitted to allow the public entertainment to take place *unless he/she has paid the amount required as security and has received the Commissioner's written approval.*

Income Tax

Section 5 of the Income Tax Act, (ITA) Chapter 81:01 provides that income *accruing in or derived from Guyana by any person* in respect of *any trade, business, profession, or vocation will be subject to income tax.*

Therefore, promoters and Artistes earning income in Guyana by promoting entertainment and as performers must pay income tax at the relevant rate.

Further, Section 93 provides that an employer (Promoter) must deduct or withhold tax in respect of emoluments of an employee and remit such tax to the GRA by the fourteenth day of the following month.

Thus, Promoters are required to deduct income tax at the applicable rate from the wages/salaries of artistes and workers employed by them for the entire duration of the promotion.

Moreover, income tax on the income earned by Promoters and artists/employees must be paid in its entirety by the Promoters before departing Guyana.

In conclusion, Promoters are required to visit the Internal Revenue, GPO Building, Robb Street, Georgetown, concerning their Income Tax responsibilities; the VAT Office, 210 "E" Albert & Charlotte Streets, Georgetown and the Customs & Tax Administration Office, Main Street Georgetown for the purposes of clarifying and making the necessary arrangements for VAT /ET and Custom Duty deposits where applicable.

Persons who have queries are encouraged to contact us on Telephone No. 227-7929, Extensions (201) and (241); or write to the Head, Communications & Tax Advisory Services Division, VAT Building, 210'E' Albert and Charlotte Streets, Bourda for clarifications.