TAXATION IN GUYANA

By Nicole Duyvelshoff, Director Tax at Grant Thornton Aruba, Member of Bonaire and Guyana desk

GENERAL

Guyana, “land of many waters” and officially the Co-operative Republic of Guyana, is the only country in South America in which English is the official language. However, the majority of the population speaks Guyanese Creole as their first language. Guyana's culture reflects Amerindian, Nepalese, Indian, Chinese and African influences, as well as British, Dutch, Portuguese and Spanish.

Guyana is located on the northeastern coast of South America and borders the Atlantic Ocean, Venezuela, Suriname and Brazil. Although located in South America, Guyana is considered a Caribbean country. Its culture, especially on the coast, is very similar to that of the West Indies. The total area is about 214,969 square kilometers (83,000 square miles). Guyana is divided into ten administrative regions with the city of Georgetown as its capital and has approximately 800,000 inhabitants of which 90% live on the coastal strip. The currency is the Guyanese Dollar (GYD) (1 USD is approximately 209 GYD).

Guyana was a colony of the Netherlands until 1814 followed by Great Britain until 1966. On 26 May 1966 Guyana became independent and became a republic on 23 February 1970 within the British Commonwealth. The legal system of Guyana is mainly based on the English common law. However, vestiges of a Roman-Dutch legal system remain, especially in the area of land tenure. Guyana is also a member of the Caribbean Community (CARICOM).

NATURAL RESOURCES

Guyana was once one in the poorest countries of the world. However, Guyana’s development prospects have significantly shifted since the discovery of large offshore oil deposits in 2015. Since 2015, more than ten billion barrels of oil and gas have been discovered and the country is expected to produce one million barrels per day by the end of the decade. The major oil companies (Exxon, Hess and CNOOC) are well-established and managing the exploration and production process. In 2021 Guyana exported 116,900 barrels of oil per day. Most of the oil was sold to Asian countries, including China and India, while shipments to Europe accounted for about 16% of the total. By 2022, that dynamic has changed dramatically. Although Asian buyers remain important, Europe has bought the majority of Guyanese crude. Between January and early September 2022, shipments to Europe, at an average of 110,000 barrels of oil per day, contributed 49% of the Caribbean country's oil exports. In addition, on October 26, 2022, ExxonMobil announced two new oil discoveries in Guyana, in the Sailfin-1 and Yarrow-1 reservoirs in the Stabroek Block offshore Guyana, confirming that Guyana's oil industry is developing at a pace well above the industry average. Guyana is expected to reach an average of 360,000 barrels of oil per day by the end of the year 2022.

Besides the oil and gas industry that Guyana has encountered in the last few years, the main economic assets of Guyana have always been its natural resources. Mainly its rainforests, plantations, rice fields, bauxite and gold reserves.

TAX - INDIVIDUALS

Resident individuals are subject to tax on their worldwide income. Non-resident individuals are subject to tax on his/her income from Guyana. In Guyana income is defined as any salaries, wages, earnings, gains and profits.

Resident individuals are entitled to a personal deduction of GYD 780,000 (USD 3,750) or 1/3 of their income per year, whichever is greater. Individuals with taxable income of less than GYD 1,560,000 (USD 7,500) per year pay tax at a rate of 28%. If their taxable income exceeds GYD 1,560,000 per year, a tax rate of 40% applies to their taxable income above GYD 1,560,000 per year.

TAX - COMPANIES

Subject to corporation tax are resident companies and non-resident companies. A resident company is a company in which the control and management are exercised in Guyana. The resident company shall be chargeable to corporation tax on all its profits wherever arising. A non-resident company is considered a company of which the control and management are exercised outside Guyana. In the case of a non-resident company any income directly or indirectly accruing in or derived from Guyana is chargeable with corporation tax. There are no formal provisions on the permanent establishment in the law. The residency of an entity is determined based on the location of actual management and control.

The general tax year is the calendar year, other accounting periods may be allowed upon request. Corporation tax returns must be filed electronically through eServices, where supporting documents can be uploaded as well. Audited financial statements must accompany the corporation tax return. If the financial statements are not audited, the corporation tax return will be considered incomplete pending the submission of audited financial statements. The due date for the corporation tax return is April 30 following the fiscal year and corporate advances are due quarterly during the tax year on March 15, June 15, September 15, and December 15. These payments are based on the previous year's information, but the Guyana Revenue Authority may require a company to calculate payments based on that year's estimated income.

The corporation tax rates are as follows:
- 45% for telephone companies.
- 40% for commercial companies other than a telephone company.
- 25% of the chargeable profits of any other company.
- 25% for small business engaged in manufacturing and construction services (must be registered with the small business bureau).

If a company is engaged in both commercial and non-commercial activities a dual rate of 25% and 40% will apply. 25% for the non-commercial activity and 40% for the commercial activity of the company. A commercial company is a company that derives at least 75% of its gross income from goods not manufactured by it or that is engaged in telecommunications, banking or insurance. Any company that does not fall within the definition of commercial company would be regarded as a non-commercial company, including manufacturers and service companies. Commercial companies (except insurance companies) are subject to tax at the rate of 40% of taxable profits or 2% minimum corporation tax of the sales (whichever is higher).

The excess of the minimum corporation tax over tax at a normal rate can be carried forward to offset income tax payable in future years, but it cannot reduce the tax payable in any year to less than 2% of the sales.

Dividend distributions received by a resident company from another resident company are exempt from corporation tax based on the participation exemption. Distributions received from non-resident companies are subject to corporation tax as ordinary income. However, the profits of an investment company are exempt from corporation tax. The income of any local authority (in so far as that the income is not derived from a trade or business carried on by the local authority) is also exempt from corporation tax.

A branch (a non-resident corporation registered in Guyana) is subject to tax in Guyana on all income arising directly or indirectly from or derived from its operations in Guyana. The tax rates for branch profits are the same as for corporation profits. In addition, branch profits, net of corporation tax and reinvestment, are subject to a 20% withholding tax. The withholding tax rate may vary based on applicable double tax treaties. Also, for a branch the financial statements must be audited for corporation tax purposes. If the financial statements are not audited, the corporation tax return will be considered incomplete pending the submission of audited financial statements.

Additionally, there are no provisions for consolidated group taxation (fiscal unity) for corporation tax purposes. All companies are taxed separately. There is no specific legislation on transfer pricing or CFC rules in the Corporation Tax Act, but the Corporation Tax Act contains general anti-avoidance provisions and the Guyana Revenue Authority monitors "at arm's length" principles for intra-group transactions.

Furthermore, withholding tax is payable on interest, dividends and royalties as well as net profits (net of corporation tax and reinvestments) from branch income. The withholding tax is imposed on payments under contracts for non-resident companies at a rate of 10%. The 10% withholding tax must be retained by the resident principal and must be remitted to the Guyana Revenue Authority within 30 days of making the payment. Currently the withholding tax rates are as follows:

Payment	**Non-treaty**	**Canada DTT**	**United Kingdom DTT**	**Caricom**
Royalty	20%	10%	10%	15%
Interest	20%	25%	15%	15%
Dividends	20%	15%	10% or 15%	0%

The capital gains tax rate is 20%. Capital gains tax is payable on the net taxable gain from the disposal of capital assets. If the disposal of an asset occurs within 12 months of its acquisition, the gain is treated as ordinary income and subject to corporation tax at the applicable rate. Capital gains losses can be offset for 24 years.

The general VAT rate is 14%. An exemption or a 0% rate may apply to the supply of financial services, the rental of housing, the supply of essential foodstuffs, the export of goods and the supply of certain services to non-residents. Registration is required when taxable activities exceed GYD 15,000,000 (USD 72,500). Import duties may apply; rates range from 5% to 150%.

Nicole Duyvelshoff