



VAT Simplifying the collection of Tax.

PRESS RELEASE

For Immediate Release

WHAT IS IN THE VAT BASKET FOR CONSUMERS

Castries, May 10, 2012; Concerns about the impact of the Valued Added Tax on the poor and economically vulnerable should be considerably lessened with a definitive position on what is zero rated and what is tax exempt from VAT from September 1, 2012.

As disclosed by the Prime Minister and Minister of Finance Hon. Dr. Kenny Anthony, a slew of basic domestic and food items will be exempted from VAT effective September 1.

A number basic food items are exempted from VAT tax and include uncooked rice, flour, cane sugar, fresh chilled or frozen unprocessed/raw chicken and fish, milk (evaporated and powdered), butter, unprocessed vegetables, fruits and ground provisions, fresh potatoes, unsweetened biscuits, table salt, uncooked peas and beans, and some types of baby food.

Exempt goods or services will not have any VAT applied to them. The business selling these goods or services however, will not be able to claim any input vat paid on the purchases of these items.

Water and electricity, fuel, fresh eggs and uncooked pasta will be zero rated.

The term “zero rate” means that a commodity falls within the classification of taxable goods, but is taxable at the rate of zero percent.

“These items make up the everyday staples for the ordinary householder. So while it is natural to be concerned about the affordability of life especially given trends all over the world, the average householder needs not fear unduly because perhaps for them more than others, things may not radically change, ” said Coordinator of the VAT Implementation Project Office Adria Rose Sonson.

Ms. Sonson said the picture will be best understood if one considers that other tax exempted commodities, like house rent, educational services, financial services, insurance services, medical services, religious services, the transportation system and postal services by the State.

“Thus consumers and representatives of consumer groups will see that careful thought and research went into the definition of this basket, with a concern being how to transform the taxation regime in manner where there is minimal impact in areas where people spend for the everyday things of life.”

To mitigate the impact of VAT on the consumer in respect of medical services, Prime Minister and Minister of Finance & Economic Affairs Dr. Kenny Antony explained that “while the standard VAT rate of 15% will be charged on medical supplies, the Government has secured CARICOM’s approval to remove the import duty on medical supplies.”

In view of the fact that agriculture remains a dominant economic activity particularly for rural families, the Coordinator also said it should be heartening for these citizens to be assured that **VAT will not be applied against certain agricultural inputs.**

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