


Guyana Budget 2024

Executive summary of fiscal measures

On 15 January 2024, Dr. Ashni Singh, the Senior Minister in the Office of the President with the responsibility for Finance (the Minister), moved a motion in the National Assembly for the approval of the Estimates of the Public Sector and the Budget for Financial Year 2024. The Presentation, entitled **Staying the Course: Building Prosperity for All**, included a number of fiscal measures for the Financial Year 2024, which we have outlined in summary in this document.

Please note that we intend to release a comprehensive analysis of the aforementioned Presentation which will be circulated to our clients and uploaded to our electronic media platforms in short order.



Executive summary of fiscal measures

The following are the proposed fiscal measures for the Guyana Budget 2024:

Increase in Income Tax Threshold

The Government proposes to increase the income tax threshold to \$100,000 monthly, with effect from year of income 2024.

This will increase the annual Personal Allowance from \$1,020,000 to \$1,200,000.

Increase in Allowance for Life and Medical Insurance

In an effort to incentivize citizens to obtain life and medical insurance, the Minister proposes to increase the Life and Medical Insurance allowance, allowing taxpayers a deduction in computing their chargeable income for premiums paid for life and medical insurance up to a maximum of 10 percent of their income or \$50,000 monthly, whichever is lower.

Removal of Duty and VAT on Sports Equipment and Technology

In order to further promote access to sports and technology, the Government proposes to:

- ▶ remove VAT and Duty on sports equipment
- ▶ remove VAT and Duty on essential cell phone accessories, such as chargers, charging cables, and headphones, along with phone components for repairs

VAT is currently not applicable on data for residential and individual use or on cell phone purchases.

Removal of Duty and VAT on Firefighting Equipment

In order to promote household fire prevention, the Government proposes to remove VAT and Duty on:

- ▶ fire extinguishers
- ▶ smoke alarms

Containing the Cost of Fuel

The Minister stated that in an effort to maintain the cost of fuel, the Government will maintain the zero percent excise tax on petroleum products to absorb the impact of elevated fuel prices.

Reduction in Freight Charges

The Minister proposes to extend the adjusted freight charges to the pre-pandemic levels for the purposes of computing import taxes for a further 12-month period from 1 January 2024 to 31 December 2024.

Increase in Old Age Pension

The Minister proposes to increase Old Age Pension effective 1 January 2024 from \$33,000 to \$36,000 per month.

This increase is estimated to benefit approximately 76,000 persons.

Public Assistance

The Minister proposes to increase Public Assistance from \$16,000 monthly to \$19,000 with effect from 1 January 2024.

All persons with a disability are automatically registered to receive monthly public assistance.

Minimum Pension

The Government proposes to increase the Minimum Pension paid by the National Insurance Scheme from \$35,000 monthly to \$43,075, with effect from 1 January 2024.

Survivor's Pension

The Government proposes to increase the Survivor's Pension paid by the National Insurance Scheme from \$17,500 monthly to \$21,537, with effect from 1 January 2024.

The Survivor's Benefit is payable to the dependants of a deceased insured person, subject to certain qualifying conditions.

Invalidity Pension

The Government proposes to increase Invalidity Pension paid by the National Insurance Scheme from \$35,000 monthly to \$43,075, with effect from 1 January 2024. Invalidity Benefit is paid to an insured person who is incapable of work otherwise than as a result of employment injury, has been so incapable for a period of not less than 26 weeks and is likely to be permanently incapable of work.

Support to University of Guyana Students

The Minister announced that the support for University of Guyana students will commence through the elimination of outstanding loans owed by graduates of the University of Guyana, on the condition that these graduates can demonstrate proof of being employed or self-employed in Guyana after their graduation, for a minimum period to be specified.

Grants

The Government proposes to implement/increase the following grants:

- ▶ One-Off Grants - The Government proposes to offer eligible persons the option to accept a one-off grant where such persons have attained the age of 60 but have not met the minimum requirement of 750 contributions to qualify for receipt of an old age pension. The one-off grant would be made where contributions ranging from 700 to 749 have been made and will be paid in an effort to resolve pending claims with the National Insurance Scheme.
- ▶ Because We Care Student Grant - The Government proposes to issue:
 - An increased student grant of \$40,000 to benefit children in the public and private schools
 - A uniform voucher allowance of \$5,000

Other Costs of Living Measures

The Government proposes to allocate a total of \$7 billion for measures to be determined, after consultations with stakeholders, towards food production aimed at containing the impact of price increases.

Expansion of Part-Time Job Programme

The Part-Time Job Programme will be expanded to allow one person per household to work in public offices in close proximity to their homes and earn \$40,000 per month for 10 days per month.

Support to Small Businesses

The Government proposes to partner with commercial banks to facilitate the lowering of interest rates on loans up to \$5 million, thereby reducing the cost of financing for small businesses.

Supporting Eye Care for School Children and Pensioners

The Government proposes to improve health services for citizens, including in the specific area of promoting eye care for school children and pensioners. The measures announced to provide such support are:

- ▶ Eye Test - \$3,000 vouchers towards the cost of an eye test for school children and pensioners to determine the need for spectacles
- ▶ Spectacles - \$15,000 vouchers towards the cost of the spectacles for school children and pensioners

Support for Cervical Cancer Testing

The Government proposes to provide a voucher of \$8,000 for women between the ages of 21 to 65 to meet the cost of Cervical Cancer Testing.

Please feel free to reach out to our professionals listed on the contact information overleaf for assistance.

Tax Services

Business Tax Services

- ▶ Business tax compliance and advisory
- ▶ Tax planning
- ▶ Tax controversy/disputes
- ▶ Tax accounting

Accounting compliance reporting

- ▶ Bookkeeping
- ▶ Financial Statement Close Process support
- ▶ Statutory reporting (including compilation)
- ▶ Payroll
- ▶ Financial advisory support

Indirect Tax Services

- ▶ VAT compliance and advisory
- ▶ Property tax
- ▶ Insurance premium tax
- ▶ Hotel accommodation tax
- ▶ Stamp duty
- ▶ Financial services tax
- ▶ Credits and incentives

People Advisory Services

- ▶ Expatriate tax compliance and advisory
- ▶ Global employment tax services
- ▶ Global business immigration services
- ▶ Work permits
- ▶ Personal tax services

International Tax Services

- ▶ Cross-border corporate income tax advisory
- ▶ Double tax treaty analysis
- ▶ Tax-effective supply chain management
- ▶ Withholding tax

Transaction Tax Services

- ▶ Evaluation of significant tax exposures
- ▶ International tax
- ▶ Tax structuring
- ▶ Identification of post-transactional tax reduction options

Contacts

Gregory Hannays Tax Partner & Country Managing Partner

+1 868 822 5501
gregory.hannays@tt.ey.com

Gail Marks Associate Partner

+011 592 225 2835
gail.marks@tt.ey.com

Sham Ramnarain Associate Partner

+011 592 225 2835
sham.ramnarain@tt.ey.com

Anna Richards Senior Manager

+011 592 225 2835
anna.richards@tt.ey.com

Amrita Prashad Manager

+011 592 225 2835
amrita.d.prashad@tt.ey.com

Rocky Hanoman Manager

+011 592 225 2835
rocky.hanoman@tt.ey.com

EY | Building a better working world

About EY

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

EY Caribbean refers to the Caribbean organization of member firms of Ernst & Young Caribbean Limited, each of which is a separate legal entity. Ernst & Young Caribbean Limited does not provide services to clients.

© 2024 EYSI.
All Rights Reserved.

This Tax Alert 2024 is based on the presentation delivered by the Honourable Minister in the National Assembly on 15 January 2024.

This publication was prepared by Ernst & Young Services Inc. The contents are intended as a general guide for the benefit of our clients and associates and are for information purposes only.

It is not intended to be relied upon for specific tax and/or business advice and as such, users are encouraged to consult with professional advisors on specific matters prior to making any decision.

This publication is distributed with the understanding that Ernst & Young Services Inc. or any other member of the Global Ernst & Young Organisation is not responsible for the result of any actions taken on the basis of this publication, nor for any omissions or errors contained herein.

Ernst & Young Services Inc.

Suite 302
Pegasus Suites & Corporate Centre
Seawall Road, Kingston
Georgetown

Tel: +011 592 225 2835 | +011 592 501 1990