

The Fiscal Incentives Institutional Framework for Investment In Guyana.

Paper prepared by:

**Mr. Geoffrey Da Dilva, Chief Executive Officer (Go-Invest) and
Mrs. Marcia Nadir-Sharma LLB, LEC, Deputy CEO (NICIL)**

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1. Fiscal Incentive Institutional Framework for creating an investment friendly environment.

The Government of Guyana has reformed the tax laws over the last (five) 5 years to foster and promote a suitable investment climate for both local and foreign investors. The Government's commitment to investment is set out in the Investment Act (No. 1 of 2004), which was crafted -

"...to stimulate the socio economic development of Guyana, and to attract and facilitate investment by-

- a) Providing legal protection for investment;*
- b) Increasing the predictability, stability and transparency of the legal regime for investment;*
- c) Promoting the development of international best practices regarding investment*
- d) Streamlining the existing procedures for investment;¹*

The institutional framework by which incentives are currently granted is set out in several pieces of legislations² (with the necessary amendments not listed below), namely -

- | | |
|--|---|
| ✚ <i>Tax Act, Cap. 80:01</i> | ✚ <i>Industries Aid and Encouragement Act, Cap. 95:01</i> |
| ✚ <i>Income Tax Act, Cap. 81:01</i> | ✚ <i>Investment Act, No. 1 of 2004</i> |
| ✚ <i>Income Tax (in the Aid of Industry) Act, Cap. 81:02</i> | ✚ <i>Customs (Amendment) Act, No. 1 of 2005</i> |
| ✚ <i>Corporation Tax Act, Cap. 81:03</i> | ✚ <i>Value Added-Tax, No. 10 of 2005</i> |
| ✚ <i>Capital Gains Tax Act, Cap. 81:20</i> | ✚ <i>Excise Tax Act, No. 11 of 2005</i> |
| ✚ <i>Property Tax Act, Cap. 81:21</i> | |

In principle, the legislation gave discretionary powers of waivers and exemptions to either the President or the Minister of Finance. Concerns about potential opportunities for abuse were raised by various sectors including the public and international donor communities and these discretionary powers were repealed and/or restricted by various Fiscal Enactments (Amendment) Acts. The most noteworthy of these amendments being the Fiscal Enactments (Amendment) (No.2) Act No. 15 of 2003 which repealed the powers of the President under section 105 of the Income Tax Act and limited the powers of

¹ Sec. 3 of the Investment Act, [No. 1 of 2004]

² Copies of these legislations can be obtained from Parliament office.

the Minister of Finance under Section 6 of the Financial Administration and Audit Act [Cap. 73:01].

The Investment Act 2004 is a demonstration of the Government's commitment to creating an investment friendly environment for both local and foreign investors. According to the Act, the Government does not discriminate against types of Investments, investors (local or foreign), or types of venture (company, joint venture, partnerships or sole trading) so long as the investment is sound and duly effected by a legally constituted body/person³.

Protection is afforded to Investors by the Government's undertaking not to unjustly or indiscriminately acquire possession of any investment:

- unless such action is provided for in law,
- unless there is prompt payment of adequate compensation and
- the right of appeal is given to the Investor where the compensation is in dispute or unpaid (see section 14); and
- a safe guard against the use or assertion of sovereign immunity over investment enterprises or their commercial activities⁴.

The Act also provides the Investor with the ability to transfer funds out of Guyana, subject to the payment of taxes and once such transfers are done through a corporate body licensed to carry on banking business. This includes transfers of:

- a) Dividends, earnings and capital from the investment
- b) Proceeds from the sale or liquidation of the enterprise (provided that creditors have been satisfied);
- c) Interest on international loans;
- d) Money to pay for Imports;
- e) Money to pay fees for trademarks, royalties and management fees;
- f) Money to pay for licensing fees for franchising agreements.⁵

Other areas that are noteworthy in the Act include:

- Intellectual property rights guarantees (see s. 27);
- Work permits (s. 21);
- Employment of foreign personnel (s. 19);
- Overseas accounts in locally licensed banking entities (s. 23);
- Right to Lease or own land (s. 15).

Section 39 of the Investment Act provides that Go-Invest ... "shall be the corporation responsible for facilitating and promoting investment in Guyana. Go-Invest shall provide investors with all forms necessary to apply for incentives and assist investors in completing forms accurately." The Act caters for the constitution of an Investment Promotion Council made up of

³ Sections 6 - 12 of the Investment Act

⁴ Section 34 of the Investment Act.

⁵ Section 24

representatives from the private sector, Ministry of Finance, Ministry of Tourism, Industry and Commerce, the Ministry of Foreign Trade and International Co-operation and Go-Invest. Its responsibility is to meet at least once a year to review and recommend to GoG, alterations to the Priority List for tax holidays and recommend alterations to the regime of fiscal incentives established for investment. ⁶ The Council has been constituted but its role and function is being reviewed by the National Competitive Strategy Council with an aim of widen the mandate.

The result of the tax reform exercise is to provide an institutional framework that is intended to assist pioneering enterprises and/or investments that have or will have a significant impact on the economic activity in a particular sector with job creation, and encourage diversification from economic dependency on traditional sectors.

An example of tax reform for the benefit of businesses is set out in the **Income Tax (in the Aid of Industry) Act (81:02)** (as amended). The Act was enacted to “encourage the establishment or development of industries in Guyana and to make provision for relief from income tax to persons establishing or developing such industries and for purposes incidental to or connected with any of the foregoing purposes and to make provision for relief from income tax in aid of certain industries.

Section 2 of the Act (as amended by the Fiscal Enactment (Amendment)(No.2) Act [No.15 of 2003]) states that

“it is hereby provided that the Minister may grant exemptions from Corporation Tax with respect to income from economic activity qualifying under any of the following circumstances –

- (a) *the activity demonstrably creates new employment in one of the following regions -*
 - (i) *Region 1: Barima - Waini*
 - (ii) *Region 8: Cuyuni - Mazaruni⁷*
 - (iii) *Region 9: Upper Takatu – Upper Essequibo*
 - (iv) *Region 10: Upper Demerara – Upper Berbice.*

- (b) *the activity is new economic activity in one of the following fields -*
 - (i) *Non-traditional agro processing (excluding sugar refining, rice milling and chicken farming);*
 - (ii) *Information and communications technology (excluding retail and distribution);*
 - (iii) *Petroleum exploration, extraction, or refining;*

⁶ Section 40.

⁷ This is inaccurate and should be Potaro -Suparuni

- (iv) Mineral exploration, extraction, or refining;*
- (v) Tourist hotels or eco-tourist hotels.*

1(A) Any exemption from tax granted under this section shall not exceed five years; except that in the case of new economic activity specified in subsection (1)(b)(ii)-(iv), the Minister may grant an exemption of up to ten years.”

It should be duly noted that His Excellency, President Bharrat Jagdeo and the Honourable Minister of Finance, Dr. Ashni Singh, have both publicly stated that the above quoted amendment to the Act is flawed and does not truly reflect Government policies. It is expected that the flaws will be corrected shortly by amendments to the law.

Additionally, any investor who benefits from a waiver of income tax pursuant to the Income Tax (In Aid Of Industry) Act shall also benefit from the waiver/exemption of:

- a. Property Tax pursuant to Section 6(x) of the Property Tax Act, Cap. 81:21. This provision states that the Property Tax Act does not apply to – *“any company granted exemptions from income tax on or after 1st January 1965 for a tax holiday period under Section 2 of the Income Tax (in aid of industry) Act, in respect of its property employed in the business of the company on the income of which such exemption from income tax is granted, during the tax holiday period;”*
- b. Corporation Tax pursuant to Section 7(s) of the Corporation Act as amended by Section 15 of the Fiscal Enactments (Amendment) Act No. 28 of 1991. Section 7 states that- *“There shall be exempt from corporation tax the income of any company to the extent that the income of that company is exempt by virtue of any other law of Guyana”.*
- c. Withholding Tax pursuant to Section 3 of the Income Tax (Amendment) Act, No 6 of 2000, that amends Section 39 of the Income Tax Act with the insertion of sub-section(12) which states that: *“Where a person is exempt from Corporation tax..... that person shall also be exempt from withholding tax under this Act.”*

Noteworthy is Section 14 of the Corporation Act which provides that any allowances or charges catered for in the Income Tax (in aid of industry) Act and the Income Tax Act shall **apply equally** for the purposes of the Corporation Tax.

Additionally, by virtue of section 6 of the Capital Gains Tax Act, persons exempt from the operation of the Property Tax are also exempt from Capital Gains Tax.⁸

Further to the above, relief is also provided in the form of exemptions enacted by Excise Tax Regulations No. 14 of 2006 which sought to amend Regulations No. 12 of 2005 (all of which have been issued under section 15 of the Excise Act 2005). Regulations No. 14 of 2006 provided excise tax exemptions for, among other non investor related things, *“the supply of items under an investment agreement entered into on behalf of the Government with taxable persons...”*⁹

Since the enactment of the Value-Added Tax Act 2005 there have been several Orders made pursuant to Sections 95 and 98 pertaining to the applicability of the Act to various commodities, sectors, industries etc. Of particular importance to investment is the zero-rating of taxable goods for Value Added Tax (VAT) for the *“importation of items under an investment agreement entered into on behalf of the Government with taxable persons.”*¹⁰

It must be noted that the flow through of tax exemptions and waivers are not automatic when it is applied by Go-Invest and the Guyana Revenue Authority (GRA) to new investment projects. Internal guidelines must be complied with to prevent abuse of the system.

Another attractive investment legislation is the Industries and Encouragement Act, Cap. 95:01. A concise piece of legislation, this Act is meant to promote the establishment and development of certain industries by providing an avenue for hassle free importation for investors.

Under Section 3 of the Act, the Minister may grant a license to import or clear from a bonded warehouse, free from Custom duties a list of items. These items are:

- ✚ Machinery and appliances;
- ✚ Launches, tugs, barges and pontoons (where similar suitable vessels cannot be obtained in Guyana);
- ✚ Trucks, lorries and wagons for transporting materials exclusively within the curtilage of a factory, mill or mine;
- ✚ Building materials for the erection of mills or factories or of offices or stores houses to be used in connection with mills or factories and within the curtilage thereof;
- ✚ Building materials for the erection of store houses for items imported free of duty and tax under this Act;
- ✚ Building materials for hotels providing mainly for the accommodation of tourists and having –

⁸ 5 of the Capital Gains Tax Act Cap 81:20

⁹ Table A-6 of Regulation 14 of 2006.

¹⁰ Sec. 3 (z) of Order No.23 of 2006 which amends Schedule 1 paragraph 2 of the Value Added Tax Act, 2005.

- If situated in a municipal area, not less than 30 bedrooms;
- If situated outside of a municipal area, not less than 20 bedrooms, ..and such items of furniture and equipment thereof as the Minister may approve.
- ✚ Materials for the construction of houses for employees and for ancillary basic township services where the Minister is satisfied that such facilities do not exist and where such facilities are provided but the industry itself.

Subject to the restrictions in Section 7 of the Act, a license is issued under Section 3 on the satisfaction of the following:

- i. The submission of an application form pursuant to Section 4;
- ii. The Minister is satisfied that the items being imported are desirable and needed for the establishing of a new industry or to develop an old industry; (Section 3).

The benefit of this license is that an applicant can essentially have a duty free warehouse provided that the necessary bonds and sureties are paid annually to the Comptroller of Customs.¹¹ The license also entitles its holder to an exemption from Customs Duties and taxes for a period of:

- ✚ Ten (10) years in the mining sector; and
- ✚ Five (5) years in any other case as the Minister may direct.

The applications for licenses under this Act have been few probably because of the cost of the surety amounts to be paid annually for the warehouse bonds and the exemptions granted are limited in time, whereas the Customs (Amendment) Act 2005 and other legislations (previously reviewed) may provide for longer exemption periods. However, it is still a useful piece of legislation for existing businesses and industries that do not hold an investment agreement or engaged in new or large scale investments.

¹¹ Section 5 of the Industries Aid and Encouragement Act Cap 95:01.

2. Investment Analysis For Period 2002- June, 2008

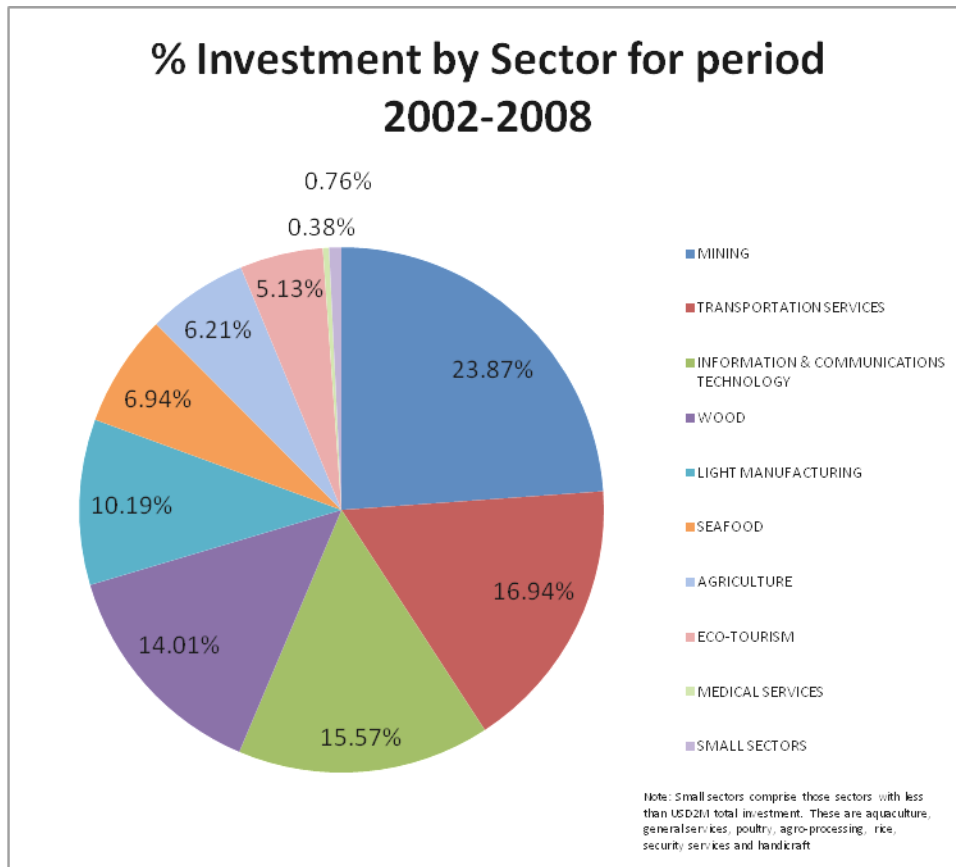
Against this legal framework, the following analysis was compiled based on actual activities recorded by Go-Invest. Between the years **2002-2008 (with a few minor exceptions) two hundred and eighty five (285) local and foreign companies invested approximately US\$835,040,000 (eight hundred and thirty five million and forty thousand United States dollars) or \$167,008,000,000 (one hundred and sixty seven billion and eight million Guyana dollars) in sixteen (16) sectors and sub-sectors. Of these 285 companies, one hundred and forty one (141) companies are engaged in more than one sector.** The Table below shows the US\$835M investment broken down in years and sectors.

| SECTOR | Consolidated investment by sector 1994-2006 ¹² | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---------------------|---|------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| AGRI | | - | 29,250,000 | 4,530,000 | 6,120,000 | 3,845,000 | 7,805,000 | 300,000 | 51,850,000 |
| AGRO-PROCESSING | | - | - | - | 105,000 | 940,000 | - | 150,000 | 1,195,000 |
| AQUACULTURE | | - | - | 1,700,000 | - | 225,000 | - | - | 1,925,000 |
| ECO-TOURISM | 300,000 | - | - | 3,550,000 | 7,260,000 | 28,105,000 | 3,645,000 | - | 42,860,000 |
| HANDICRAFT | - | - | - | - | - | 60,000 | - | - | 60,000 |
| ICT | | 3,150,000 | 275,000 | 20,000,000 | - | 101,735,000 | 3,530,000 | 1,325,000 | 130,015,000 |
| LIGHT MANUFACTURING | | - | 2,200,000 | 11,295,000 | 23,130,000 | 13,690,000 | 32,655,000 | 2,150,000 | 85,120,000 |
| MINING | | - | - | 17,550,000 | 4,550,000 | 117,635,000 | 58,770,000 | 800,000 | 199,305,000 |
| POULTRY | - | - | 120,000 | 175,000 | - | - | 955,000 | - | 1,250,000 |
| RICE | - | - | - | - | - | 200,000 | - | - | 200,000 |
| SEAFOOD | 650,000 | - | 50,600,000 | 150,000 | 4,250,000 | - | 1,820,000 | 460,000 | 57,930,000 |
| SECURITY SERVICES | - | - | - | - | - | - | - | 60,000 | 60,000 |
| SERVICES | - | - | - | - | 300,000 | 1,070,000 | 15,000 | 250,000 | 1,635,000 |
| SERVICES (MEDICAL) | - | - | - | 225,000 | 50,000 | 300,000 | 2,600,000 | - | 3,175,000 |
| SERVICES (TRANSP) | - | - | 460,000 | - | 550,000 | 9,120,000 | 131,300,000 | - | 141,430,000 |
| WOOD | 650,000 | - | 80,000 | 7,715,000 | 40,470,000 | 45,160,000 | 18,140,000 | 4,815,000 | 117,030,000 |
| Grand Total | 1,600,000 | 3,150,000 | 82,985,000 | 66,890,000 | 86,785,000 | 322,085,000 | 261,235,000 | 10,310,000 | 835,040,000 |

Of these investment projects of 285 companies totaling US \$835M, a combined total of 1,006 concessions were granted by the Government in the form of duty free concessions for machinery, equipment, vehicles and furnishings. It should be noted that six (6) investment projects did not qualify for concessions. Based on information attained from the GRA, the value of tax exemptions granted for the period 2005 to June 2008 is \$16,742,979,626 (sixteen billion, seven hundred and forty two million, nine hundred and seventy nine thousand, six hundred and twenty six dollars) on a C.I.F. value of \$104,451,510,365.41 (one

¹² This column identifies investment projects that started in 1994 in a particular sector but was not completed until later years. The investment project would have been undertaken by one or more investors but there is no data to show the exact level of investment in every year shown in the table.

hundred and four billion, four hundred and fifty one million, five hundred and ten thousand, three hundred and sixty five dollars).



The total number of tax holidays¹³ granted for the period 2002- June, 2008 is three (3) to the following entities and sectors:

- Bauxite Company of Guyana Inc.(RUSAL) for mining and exploration of bauxite (on the privatization of Aroaima Mining Company);
- Decipher Medical Transcription Inc. for ICT in Georgetown (through Go-Invest);
- Nand Persaud International Communications Inc. for ICT (Call Centre) in Berbice.

| | |
|------------------------|-------------|
| Count of Machine (M) | 321 |
| Count of Equipment (E) | 412 |
| Count of Vehicles (V) | 197 |
| Count of Furnishing(F) | 76 |
| | 1006 |

| Type of concession | # of investment project that Benefitted from concessions |
|---------------------------------|--|
| M ALONE | 0 |
| E ALONE | 42 |
| V ALONE | 8 |
| F ALONE | 0 |
| M, E | 109 |
| M, E, V | 168 |
| M, E, V, F | 3 |
| E, V | 17 |
| E, F | 31 |
| E,V,F | 1 |
| M, E, F | 41 |
| NONE | 6 |
| Total Investment Project | 426 |

¹³ The Berbice Bridge Company Inc. also has a tax holiday but pursuant to the Berbice Bridge Act 2006.

Additionally, the Government has made commitments to grant tax holidays to new investment projects but these have not been and will not be put into effect until financial close of the investment projects.

3. The Process

The Guyana Office for Investment (Go-invest)[a semi-autonomous body established pursuant to the Public Corporations Act, 1988], is “...responsible for facilitating and promoting investment in Guyana. Go-Invest shall provide investors with all forms necessary to apply for incentives and assist investors in completing forms accurately.”¹⁴

The Mission of Go-Invest is-

to contribute to Guyana's economic development by promoting and facilitating local and foreign private-sector investment and exports in accordance with the country's approved investment and export strategies.

Go-Invest is divided into two divisions, one responsible for **Investment Facilitation and Promotion** and the other for **Export Promotion**. With these divisions, Go-Invest offers a full complement of services to local and foreign investors and exporters.

| Investment Promotion & Facilitation | Export Promotion |
|--|---|
| <ul style="list-style-type: none"> • Serve as a primary contact for investors and liaising with government agencies throughout the investment process. • Provide investors with a comprehensive summary of steps necessary to commence business operations in Guyana and assisting throughout the process. (see Investor's Roadmap) • Provide information on incentives available to investors and regulations relevant to the sectors of interest. (see Investment Guide and Investor's Roadmap) • Develop profiles on investment opportunities in Guyana. • Assist with obtaining factory space or land for investment purposes. • Assist with coordination of joint venture efforts between local and | <ul style="list-style-type: none"> • Provide current and potential exporters with trade information for the successful exploitation of overseas markets. • Assist exporters in promoting their products through participation in national and international exhibitions and trade missions. • Work closely with exporting organisations to ensure that problems affecting exporters are expeditiously addressed. • Recommend to Government practical measures to stimulate export trade. • Advise the Government on the formulation of national export policies and the implementation of such policies. |

¹⁴ Sec. 34 of the Investment Act 2004

overseas interests.

- Advise Government on the formulation of national investment policies and the implementation of such policies.

Investors who approach Go-Invest can be defined as persons who either have –

- an undeveloped idea but are interested in some form of investment in a particular sector; or
- a draft proposal but require assistance in securing either land, permits, incentives; or
- a duly executed project ready for implementation but merely need administrative assistance.

Investors who have an undeveloped idea are those persons who have no concrete proposal but require information-gathering assistance. Go-Invest is usually approached to provide such information or to provide linkages to the relevant state agencies that can be of assistance. An investor who has a draft proposal is one who has an idea formulised in a proposal but is looking to the Government to provide avenues of securing resources and concessions in order to make the project successful. Investors who have a completed project are those persons who have financing, resources (such as land), require no incentive but merely need administrative assistance e.g. securing a license or work permit.

State Inter-Agency Co-operation

Where an investor falls within category (ii) that person usually meets with representatives of Go-Invest who establish the linkages between the investor and the relevant state agency. Go-Invest will work assiduously with the investor in order to ensure that the relevant state agencies are supportive and cooperative with the investor in order to make the project materialize.

Guyana Lands and Surveys Commission (GLSC)

Where land is needed by an Investor, Go-Invest engages the Guyana Lands and Surveys Commission, who takes the Investor through the process of finding an appropriate site. Once a site is found, a cadastral survey (paid for by the Investor) is conducted where no plan exists and then the Investor makes an application for a lease of state land from the Guyana Lands & Survey Commission. Leases are usually 50 years long with conditions such as restrictions on assignment, mortgaging etc. Lease fees and lessee obligations are monitored by the Guyana Lands & Survey Commission, but Go-Invest keeps an eye on the economic progress of the project. Rental may be nominal or determined in accordance with criteria established by GLSC.

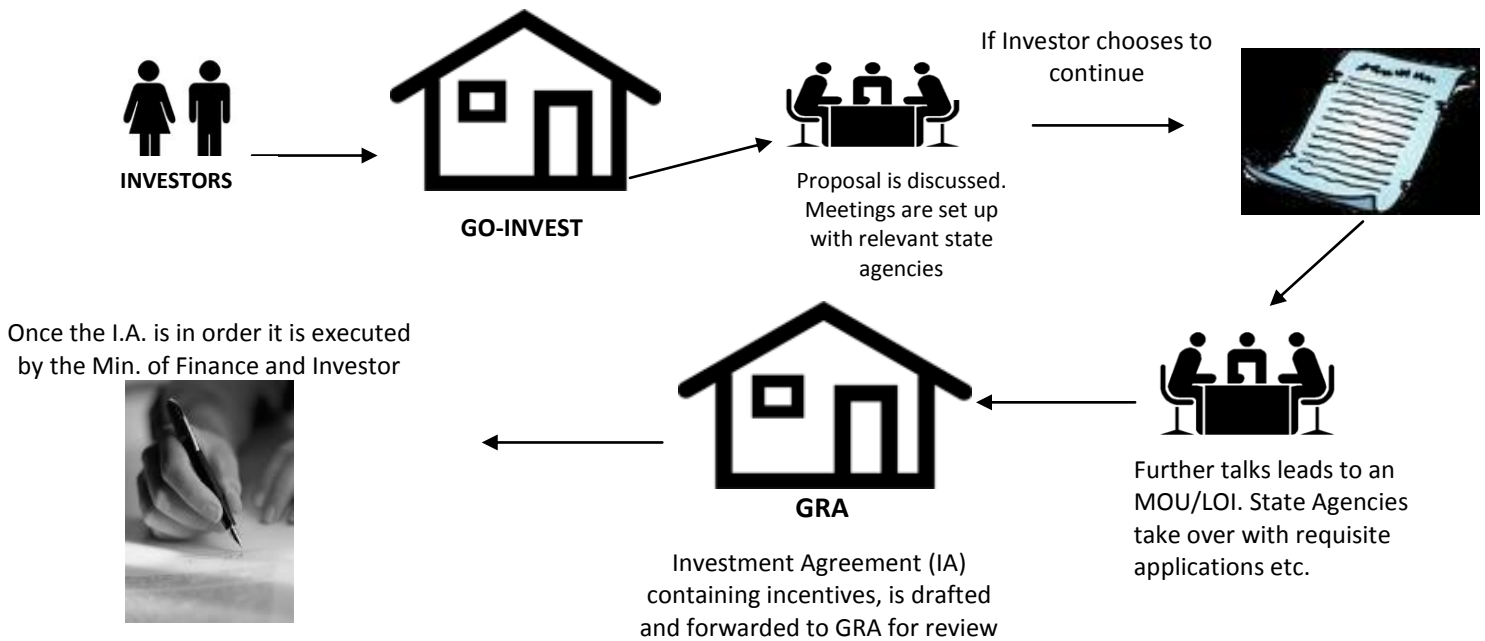
Guyana Forestry Commission (GFC)

In the case of Forestry-related matters, the Guyana Forestry Commission is engaged on all issues such as land availability for logging and licensing etc. Go-Invest will assist in having the Investor submit the necessary applications for Timber Sales Agreements, or logging licenses and permits etc. but GFC takes control of the approval process and monitors all logging concessions granted and ensures compliance with the terms and conditions of the licenses.

Guyana Geology and Mines Commission (GGMC)

In the Mining sector, the Investor is taken to the Guyana Geology and Mines Commission, who takes control of the process thereafter.

The diagram below is intended to be demonstrative of the Go-Invest process.



Incentive package for investment

Incentive packages for investments opportunities are divided into several sectors designed to suit the unique nature of the relevant sectors. Again, tax holidays are not automatic and investors must satisfy internal agency guidelines and rules before benefiting from any form of tax benefit.

Once the investor has prepared and submitted a proposal, Go-invest issues a letter or sometimes an MOU (depending on the size of the investment) setting out the known tax incentive regimes that are applicable to the type of investment. Where the conditions precedents set out in the letter/MOU are satisfied by both the Government and the Investor, an Investment Agreement is prepared with recommendations of tax incentives by Go-Invest and sent to the

Guyana Revenue Authority for vetting and finalization. Go-Invest's recommendations on tax incentives are usually based on

- the level of the investment expected in the project,
- the level of employment to be created by the investment,
- the financial capability of the investor and
- the viability of the investor's proposal.

An Investment Agreement also lists the machinery, equipment and other items that are usually exempted from Custom duties. The listing of these items in finite detail is paramount to the issue of transparency and acts as a check and balance in the system to prevent abuse of Investment Agreements. It also provides the GRA with the ability to properly monitor and administer its functions as it relates to tax- and non-tax payers alike. Listing items eligible for exemptions allows the GRA to compute the value of exemptions granted for which it must account to the public for by publication.

The GRA then reviews the draft Investment Agreement using pre-existing customs, policy guidelines and the law to determine the incentives applicable to a project. It sometimes proceeds to call the Investor in to negotiate the terms of the Investment Agreement. Once GRA is satisfied with the Investment Agreement it is sent to the Minister of Finance with a recommendation for signature.

| General Incentives | | | | | | | | | | | | | | | |
|--|---|----------------------------------|---|-----------|-----|-----------|-----|-----------|-----|-----------|-----|-----------|-----|-----------|-----|
| Across the board incentives for investors | <ul style="list-style-type: none"> ▪ Zero-rate on Customs Duty on most plant, machinery and equipment ▪ Zero-rate on Customs Duty on raw materials and packaging materials used in the production of goods by manufacturers and small businesses ▪ Unlimited carryover of losses from previous years ▪ Accelerated depreciation on plant and equipment ▪ Full and unrestricted repatriation of capital, profits and dividends ▪ Benefits of double taxation treaties with the UK, Canada, and CARICOM countries | | | | | | | | | | | | | | |
| Special Incentives (provided in addition to general incentives) | | | | | | | | | | | | | | | |
| Firms producing Non-traditional products for export | <ul style="list-style-type: none"> ▪ Export Allowances for non-traditional exports to markets outside of CARICOM. The actual amount deducted depends on proportion of export sales to total sales. <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%; text-align: center;">% of export sales to total sales</th> <th style="width: 50%; text-align: center;">% of export profit deductible from income tax</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10% - 20%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">20% - 30%</td> <td style="text-align: center;">35%</td> </tr> <tr> <td style="text-align: center;">30% - 40%</td> <td style="text-align: center;">45%</td> </tr> <tr> <td style="text-align: center;">40% - 50%</td> <td style="text-align: center;">55%</td> </tr> <tr> <td style="text-align: center;">50% - 60%</td> <td style="text-align: center;">65%</td> </tr> <tr> <td style="text-align: center;">Above 60%</td> <td style="text-align: center;">75%</td> </tr> </tbody> </table> | % of export sales to total sales | % of export profit deductible from income tax | 10% - 20% | 25% | 20% - 30% | 35% | 30% - 40% | 45% | 40% - 50% | 55% | 50% - 60% | 65% | Above 60% | 75% |
| % of export sales to total sales | % of export profit deductible from income tax | | | | | | | | | | | | | | |
| 10% - 20% | 25% | | | | | | | | | | | | | | |
| 20% - 30% | 35% | | | | | | | | | | | | | | |
| 30% - 40% | 45% | | | | | | | | | | | | | | |
| 40% - 50% | 55% | | | | | | | | | | | | | | |
| 50% - 60% | 65% | | | | | | | | | | | | | | |
| Above 60% | 75% | | | | | | | | | | | | | | |
| Agri-business | <ul style="list-style-type: none"> ▪ Waivers of Duty on a wide range of machinery and equipment for land preparation and cultivation including agricultural hand tools and spares for agricultural machinery; ▪ Waivers of duty, Excise Tax and VAT on vehicles imported in accordance with the published guidelines for farming enterprises; ▪ Duty, Excise Tax and VAT waivers on a wide range of agro-processing equipment; ▪ Duty-free importation on a wide range of agro-chemicals (e.g. insecticides, herbicides, fungicides, etc.); ▪ Allowances for expenditures incurred for development and cultivation purposes. | | | | | | | | | | | | | | |
| Manufacturing | <ul style="list-style-type: none"> ▪ Zero rate of duty on a wide range of process machinery and equipment, including packaging equipment; ▪ Zero rate of duty on a wide range of auxiliary plant equipment such as boilers, forklifts, scales for continuous weighing, conveyors, etc.; ▪ Zero rate of duty on packaging materials for registered manufacturers; ▪ Zero rate of duty on raw materials for registered manufacturers | | | | | | | | | | | | | | |
| Tourism | <ul style="list-style-type: none"> ▪ Companies are eligible once every five years for a package of incentives, comprised mainly of waivers on Customs duty, Excise Tax and VAT on basic furnishing, equipment, and building materials. Concessions are limited to 50% of the value of the investment for new projects and 25% for renovations and extensions to existing hotels. ▪ Tax holidays (if qualified) ▪ Waiver of duty, Excise Tax and VAT on approved passenger vehicles. | | | | | | | | | | | | | | |
| Fisheries | <ul style="list-style-type: none"> ▪ Exemption from Import Duty on trawlers, fishing vessels, spares for fishing boats and trawlers, wide range of fishing equipment; ▪ Exemption from Duty, Excise Tax and VAT on fish/seafood processing equipment, packaging material and other inputs for processing; | | | | | | | | | | | | | | |
| Forestry | <ul style="list-style-type: none"> ▪ Exemption from Duty, Excise Tax and VAT on equipment used in logging, land development and sawmilling ▪ Zero rate of Customs Duty and Value Added tax on outboard engines up to 75 hp. | | | | | | | | | | | | | | |
| Mining | <ul style="list-style-type: none"> ▪ Exemption from duty, Excise Tax and VAT on a range of mining equipment, equipment used for land clearing, and certain outboard engines and other items. ▪ Tax holidays (if qualified). | | | | | | | | | | | | | | |
| Housing | <ul style="list-style-type: none"> ▪ Waivers of Customs Duty and Value Added tax on selected building materials | | | | | | | | | | | | | | |
| ICT | <ul style="list-style-type: none"> ▪ Waivers of duty, Excise Tax and VAT on machinery and equipment ▪ Tax holidays (if qualified) | | | | | | | | | | | | | | |

4. Conclusion

Guyana's investment success of US\$835M dollars in the last few years is testament to the nature and openness of our investment climate. Future plans that are currently in the works by investors for the next 2-5 years include land development projects like the construction of Malls for consumer use and entertainment, hotels to be operated by international giants, while existing industries will expand to meet the growing demand for their services and products. There is always the view that the fiscal incentive institutional framework is flawed or may not be running as smoothly as laid out in paper or that the state bodies and systems are not working in a time-sensitive manner to ensure that investors are not frustrated. Healthy criticism is a necessary component for growth and development and the Guyana will continue to benefit from the collective efforts of its people. Nevertheless, this Government and its agencies are committed to making the necessary improvements and to continue its work in attracting and keeping investment.