



# ABST

# Antigua and Barbuda Sales Tax (ABST)



**ABST is a value added tax on the value of imports and, the value added (mark-up) on goods and services supplied by one business to another or to final consumers that will be introduced on January 29, 2007**

# **TAXES TO BE REPLACED BY ABST**

- **Consumption Tax**
- **Telecommunications Tax**
- **Restaurant and Catering Services Tax**
- **Hotel (bed-night) Tax**
- **Hotel Guest Tax**
- **Hotel Guest Levy**



# MAIN FEATURES OF ABST

- The tax will be imposed on taxable supplies (goods and services) at a standard rate of 15 percent, a transitional reduced rate of 10.5 percent on hotel bills and at a rate of zero percent on a large number of goods and services



# MAIN FEATURES OF ABST

(Cont'd)

- ✓ Only registered persons can charge ABST when they supply goods and services
- ✓ All registered persons must display their *ABST certificate* in a prominent location
- ✓ ABST will be included in the advertised price



# Effect on Prices (January 29, 2007)

- ✓ **Currently the price of most goods includes a hidden Consumption Tax (0-50%)**
- ✓ **Prices for many goods should remain relatively stable**
- ✓ **Basic basket of goods will not be subject to ABST**
- ✓ **Prices for taxable services are likely to rise**

# Effect on Prices (January 29, 2007)

## ▼ One Time Increase and Subsequent Decrease

- most goods in stock will already have had the consumption tax (0-50%) applied
- during the early days of the ABST implementation, the price of taxable goods may experience a “one time” increase
- The duration of the “one time” increase will depend on how fast merchants sell goods having consumption tax paid prior to January 29, 2007



# Effect on Prices (January 29, 2007)

- The price of taxable goods imported, manufactured, or released from Customs bond on or after January 29, 2007 should include only ABST and a reduction in many prices are likely to occur
- The prices for all the items that have been zero-rated (a few examples are sugar, meat, flour, fish, poultry, fresh fruit, fresh vegetables) should not increase on January 29



# **Examples of zero-rated supplies are:**

**-Goods and services for export**

**-Fuel**

**-Basic basket of foods:- rice, sugar, milk and flour etc.**

**-A supply or import of water**

**-Electricity provided to residential premises for domestic use**



# Examples of supplies which will not attract ABST:

- ✓ **medical services**
- ✓ **sale of residential and agricultural property**
- ✓ **education services**
- ✓ **residential rents**
- ✓ **passenger transportation within Antigua and Barbuda**
- ✓ **unprocessed agricultural products sold by the producer**



# Some goods where the ABST rate is lower than the consumption tax rate

Item	Rate of ABST	Consumption Tax Rate
Baby wipes	0%	30%
Sanitary towels, tampons	0%	15%
Prepared baby foods	0%	15%
Diapers for babies & adults	0%	15%
Non aerated juices, water	0%	15%
Prescription medications,	0%	15%
Pharmaceuticals	0%	15%
Beer, stout	15%	50%
Lip & eye make-up preparations	15%	30%
Manicure & pedicure preparations	15%	30%



# Some goods where the ABST rate is lower than the consumption tax rate

Item	Rate of ABST	Consumption Tax Rate
Refrigerators, furniture, televisions	15%	30%
Food grinders, mixers, blenders	15%	20%
Stoves, cookers	15%	20%
Auto parts	15%	30%
Microwaves, toasters, irons	15%	30%
Vacuum cleaners, radios, fans	15%	30%
Clothing	15%	20%
Perfume	15%	50%
Tobacco products	15%	20%
Buses, mini-buses	15%	30%

# Some goods where the ABST rate is higher than the consumption tax rate

Item	ABST	Consumption Tax
Yogurt	15%	0%
Almonds, walnuts, peanuts	15%	0%
Most spices	15%	0%
Buckwheat	15%	0%
Castor oil	15%	0%
Coffee	15%	0%
Beans for blending	15%	0%
Bleach	15%	0%
Automobiles	15%	5%
Most Liquor, wine	15%	5%



# Some goods where the ABST rate equals the consumption tax rate

Item	Rate of ABST	Consumption Tax Rate
Cheese, eggs, rice, sugar, flour, milk	0%	0%
Fish, meat incl. (chicken, pork, turkey, beef, mutton)	0%	0%
Butter, margarine, pasta	0%	0%
Cereals	0%	0%
Paints	15%	15%
Doors & windows	15%	15%
Mattress	15%	15%
Hammers, nails & screws	15%	15%
Drills	15%	15%
Screwdrivers	15%	15%



**THANKS FOR YOUR ATTENTION**