

Antigua and Barbuda Sales Tax (ABST)

Importer and Exporter Guide (2007)



**Government of Antigua and Barbuda
Customs and Excise Division
Inland Revenue Department**

A Guide to ABST and Imported/Exported Goods

INTRODUCTION

The Government of Antigua and Barbuda is committed to reforming the taxation system. As part of the entire reform program, the government will be introducing the proposed Antigua and Barbuda Sales Tax in conjunction with the removal of several taxes including the Consumption tax, Hotel (bed-night) tax, Hotel guest tax, Hotel guest levy, Restaurant and Catering services tax and the Telecommunications tax.

This brochure is intended to provide importers and exporters with the highlights of how the ABST will operate in Antigua and Barbuda.

Further details on how the ABST will work can be found in the adopted ABST Act which is available on the Government's web site www.ab.gov.ag.

To complement the collection of ABST on taxable supplies of goods in Antigua and Barbuda, the ABST Act also provides for the collection of ABST on goods brought from overseas by way of taxable importations. This ensures that there is no bias to consume goods produced outside Antigua and Barbuda. Input tax credits are provided for creditable acquisitions, and the ABST Act likewise provides for input tax credits for creditable importations

TAXABLE IMPORTATION

This definition is primarily relevant to the imposition of ABST on taxable imports. All imports of goods into Antigua and Barbuda are taxable imports unless they are specifically listed as exempt. Importers are required to pay ABST on imports whether or not they have been registered with the IRD for ABST. The ABST payable on an import is payable by the importer to

the Comptroller of Customs **at the time** when the goods are entered for home consumption. It is important to note that the ABST Act effectively provides for Customs & Excise Legislation to apply to import ABST.

IMPORTED GOODS

The first requirement for taxable importation is that goods are imported. The ordinary meaning of import, in relation to goods, is to bring goods, or cause them to be brought, into Antigua and Barbuda from abroad. According to the natural meaning of the word, importation of goods, involves landing them, or bringing them within a port with the purpose for landing in the country or place in relation to which importation is regulated.

The second requirement for a taxable importation is that goods are entered for home consumption. Entered for home consumption has the definition as per the Customs (Control and Management) Act. When it is processed and approved, a declaration for home consumption allows the goods to be removed from Customs control. Imported goods can be entered for home consumption, entered for warehousing or entered for transshipment, within the meaning of the Customs Control and Management Act.

WHAT IS IMPORT ABST?

Import ABST is a consumption tax levied on imported goods. The Antigua and Barbuda Sales Tax (ABST) is payable on most goods imported into Antigua and Barbuda. This ensures that goods for consumption in Antigua and Barbuda are taxed irrespective of whether the goods are acquired domestically or imported.

WHO PAYS IMPORT ABST?

ABST is payable by businesses, organizations and private individuals, whether they are registered for ABST or not. However, if you are an ABST-registered business or organization and you import goods in carrying on your enterprise, you may be able to claim an input tax credit for any

ABST you pay on the importation of goods used in your business.

HOW DO I PAY ABST ON IMPORTS?

The Antigua and Barbuda Customs and Excise Department collects ABST on taxable importations. Goods are declared to Customs using the Single Administrative Document (SAD). Import ABST is dealt with in the same way as a customs duty. You pay it outright at importation. ABST is 15% of the value of a taxable importation. The value of a taxable importation is the sum of:

- The customs value of the goods determined in accordance with the Third Schedule to the Customs and Excise Duties Act (C.I.F.) plus the amount, if any, of customs duty, customs service tax, excise tax, or other taxes or fiscal charges (other than ABST) payable on the importation of the goods. The environmental levy is not a fiscal charge.
- The Customs (Control and Management) Act can be found on the Government website at www.laws.gov.ag.

WHEN DO I PAY ABST ON IMPORTS?

ABST on taxable importations is paid by the importer at the same time, at the same place, and in the same manner as customs duty is payable (or would be payable if the goods were subject to customs duty). That is, ABST is payable before the goods are released by Customs. In short, the moment when customs duty is due on goods is the time of importation for ABST purposes. Import ABST includes ABST due on goods imported for the purpose of business and private importations.

WHAT HAPPENS IF I OVERPAY ABST AT IMPORTATION?

Where a person pays ABST on a taxable importation in excess of his liability, the person will have to submit the relevant form to the I.R.D. to get back the ABST refund.

The person must make a request for the ABST refund by completing the “Application for Refund Form”. The person will have to include an explanation of how the ABST was overpaid and must attach all the supporting documents (e.g. customs declaration, reason for overpayment).

CAN I DEFER THE PAYMENT OF ABST ON IMPORTED GOODS?

In specific circumstances, you may be able to defer/suspend the payment of ABST on imported goods by placing them under a suspense procedure. The ABST becomes payable only when the goods are removed from the suspense procedure for home use.

The suspense procedures are:

- Temporary importation with total relief from customs duties
- Customs warehousing
- Free zones

While your goods are held under customs suspense procedures the import ABST remains suspended.

ARE ALL IMPORTATIONS TAXABLE?

Some goods imported into Antigua and Barbuda are not subject to ABST. These are exempt supplies described in schedules 4 and 5 of the ABST Act.

CAN I CLAIM ABST INPUT TAX CREDITS?

You can claim an ABST input tax credit for any creditable importation you make (one of the conditions for a creditable importation is that the importer is registered for ABST). Allowing input tax credits reimburses ABST to importers and exporters that acquire or import goods in carrying on their enterprises. Where an importer or exporter (that is registered) acquires goods by way of a taxable supply, the trader is entitled to an input tax credit for the ABST included in the price paid in a creditable acquisition. Similarly, if an

importer acquires goods by way of importation, the importer is entitled to an input tax credit for the ABST paid to Customs.

You make a creditable importation if:

- You import goods solely or partly for a creditable purpose (that is, to the extent that you import the goods in carrying on your enterprise, but not for private or domestic purposes)
- The importation is a taxable importation – that is, the goods are imported and entered for home consumption, and
- You are registered or required to be registered for ABST.

ABST AND GOODS IMPORTED UNDER CUSTOMS WAREHOUSING

Customs warehousing permits the payment of import duties and taxes (including ABST) to be suspended for goods stored in premises, which are authorized as customs warehouse. Warehoused goods can be transferred to another warehouse, or can be exported direct from a warehouse without payment of ABST.

No import ABST will be due when you place your goods in a customs warehouse. Import ABST will only become due when you remove the goods from the warehouse to free circulation in Antigua and Barbuda. It is normally payable together with any customs duty suspended, by the person removing the goods.

ABST AND GOODS IMPORTED TO FREE ZONES

A free zone is a designated area in which goods are treated as if they are outside the customs territory of Antigua and Barbuda and stored without payment of import duties and import ABST. Like import duty, ABST is suspended on goods placed in a free zone. When goods are removed from a free zone into consumption in Antigua and Barbuda, they are subject to payment of ABST.

ABST AND EXPORTS

ABST is a tax levied on the consumption of goods and services in Antigua and Barbuda. When goods are exported, they are consumed outside Antigua and Barbuda; to impose ABST on such goods would be contrary to the purpose of the tax. Therefore, the supply of exported goods is zero-rated. This feature of the ABST will increase the competitiveness of Antigua and Barbuda exporters, enhancing the opportunities for growth in the export market. The First Schedule to the ABST ACT provides that supplies of goods for export to be zero-rated. This will ensure that ABST does not enter into the cost to overseas purchasers.

WHAT IS MEANT BY ABST ZERO-RATING?

A zero-rated ABST supply is one which is subject to ABST but where the ABST is at 0%.

WHO IS THE EXPORTER FOR ABST ZERO-RATING PURPOSES?

The exporter is the person who, for ABST purposes, supplies and controls the export of the goods to a person outside Antigua and Barbuda.

CAN I APPOINT SOMEONE TO HANDLE MY EXPORT TRANSACTIONS?

Yes. You can appoint a freight forwarder, shipping company, airline or other person to handle export transactions and produce the necessary customs export declarations on your behalf. In these circumstances, you must provide your representative with a full description of the goods, including value, quantity and weight. Copies of the export invoice, packing list and technical details of the goods will help your representative to fully and accurately complete the export declaration and transport documents.

An exporter must meet certain conditions before zero-rating supplies for export. These conditions cover the:

- Evidence (either official or commercial)

you must hold to prove entitlement to zero-rating (this may include physical inspection of the goods by a Customs officer prior to export);

- Time limits in which the goods must be physically removed from Antigua and Barbuda; and
- Time limits in which you must obtain evidence of export to support zero-rating.

Only evidence that comply with these conditions renders goods eligible for zero-rating. Conditions are necessary to ensure that only genuine exports are zero-rated, whilst keeping ABST exports procedures as simple as possible.

PROOF OF EXPORT

Suppliers of goods for export must hold commercial documentation relating to export transactions and keep it readily available to present as proof when necessary. This will include, for example, the customer's order, contracts, correspondence, copy of invoices, consignment note, freight and packing details and evidence of payment or receipt. Suppliers should also hold proof of export which clearly identifies the goods and the method of export adopted.

Official evidence is produced by Customs. It may be in the form of a Single Administrative Document (SAD) endorsed by Customs at the point of exit from Antigua and Barbuda. Officers of IRD may audit exporters' books and records to verify compliance with export procedures to support zero-rating of supplies.

WHAT NEW PROCEDURES, REQUIREMENTS AND OTHER CHANGES WILL CUSTOMS IMPLEMENT TO ACCOMMODATE THE ABST

Customs has reviewed the legislation and will change, intensify or implement procedures, customs warrant form (S.A.D.), tariff numbers or procedure codes to facilitate the smooth implementation and operation of the ABST

(which is compounded on all the other taxes, duties and fiscal charges at a rate of 15%). .

Re-registration at Customs of all importers and exporters will also be necessary since importers and exporters will be using a combination of the TIN (provided by IRD) and the importer code (provided by Customs) as the customs importer number. It is crucial that importers, exporters, Customs and IRD use the same TIN. Importers and exporters will need to have the TIN on all documents to claim input tax credit / refunds from IRD and it is only legal entities with a TIN that are registered for ABST who can claim an input tax credit. The customs automated system will also be amended to reflect all these changes.

With the introduction of the ABST, the Customs and Excise Division will require importers and exporters to enter the Taxpayer Identification Number (TIN) along with their existing importer code on the import/export declaration. The IRD is responsible for assigning the TIN. Most traders have already been assigned a TIN, however, if you do not know your TIN or if you believe that you have not been assigned a **TIN, then please visit** the IRD located at Newgate Street and they will assist you. Any trader that will be required to register for ABST will need to be re-registered with Customs and Excise Division by **January 29, 2007**. All other importers and exporters will also be required to re-register and begin using their TIN, by **August 1st, 2007**. Further information on this re-registration process for traders who are not registered for ABST will be communicated at a later date.

Importers and exporters registering for ABST are asked to visit the Customs IT Section to complete the re-registration process as soon as they are registered. Please ensure you bring the following supporting documents when coming to register (old customs registration number and proof that you have been registered by IRD for ABST).

Transitional use of bonded warehouses

We will also be making available to Importers, the option to use bonding facility for a limited time period, so payment of CTAX can be delayed and paid on only items that have been taken out of the bond. This will prevent a hike in prices of items since they would not have paid the Consumption Tax. However, goods imported before implementation of ABST that have paid CTAX will be subject to ABST after January 29, 2007, since Government is not in the position of giving refunds for Consumption Tax paid before January 29, 2007.

Timing of payment of ABST Currently CTAX is paid by some importers only when their goods are sold into the domestic market (e.g. licensed manufacturers and other special arrangements). From January 29, 2007, these importers will pay ABST at the time the goods arrive in Antigua and are released from Customs control.

As noted earlier in this guide, an exception to this is when goods are entered into a Customs bonded warehouse. Under this circumstance, there is a requirement for a customs declaration of all goods being warehoused to be presented prior to removal of the goods from Customs control at the port of entry. Goods being subsequently removed from bonded warehouse for home consumption will be assessed the ABST on the declaration for removal of the goods from Customs bond. Goods removed from Customs bonded warehouse for export will also be documented on a declaration and will require proof of export as described earlier to support classification of the ABST due at the zero-rate.