

## **WHAT IS GENERAL SALES TAX (GST)**

**GENERAL SALES TAX:** GST is a tax on consumer spending collected in stages at the point of importation and on business transactions when goods change hands or services are performed.

**FEATURES OF GST:** GST has several features including the scope which deals with what goods and services will be taxed at the standard rate, what will be taxed at a zero rate and what will be exempted.

### **EXEMPTION:**

The exemption of a particular good or service, for example at the retail stage, implies that no tax will be charged at that stage. However, the tax that has been charged at earlier stages of the production and distribution chain will be passed on to the final buyer through the retail stage. The price to the consumer of exempted goods and services will therefore include some element of GST, although lower than taxable goods and services.

### **ZERO RATING:**

The zero-rating of a particular good or service implies, in principle that, GST is charged at a zero rate throughout the production and distribution chain. Thus, the price to the final consumer will contain no element of GST.

### **DIFFERENCE BETWEEN EXEMPTIONS AND ZERO-RATING.**

#### **EXEMPTIONS:**

- Outside the scope of GST.
- No GST is charged up front but there is an element of tax in the good/service when it reaches the consumer.
- Persons are not registered and cannot claim GST credit.

#### **ZERO RATINGS:**

- Are within the scope of GST.
- GST is charged at 0% throughout the production/distribution chain.
- Persons are registered and can claim a refund of GST paid on purchases.

Persons will collect GST on behalf of the Government. However, not all traders will act as collection agents, only those above a certain annual turnover limit and they will be required by law to register for GST. Once registered, these persons have to keep a GST account, have to issue and keep tax invoices and have to file GST Returns.

## **REGISTRATION**

A person who meets or exceed the registration limit during the period of twelve months on that day or whose value of supplies during the period of twelve months starting on the first day of the next months is seventy-five thousand dollars or more will be required to register for GST.

### **VOLUNTARY REGISTRATION**

A person who is not required to apply for registration, may register if the person is carrying on or intends to carry out a business and makes or intends to make supplies that could be taxable if the person was registered and the Commissioner is satisfied that 80% or more of the supplies will be made to taxable persons.

## **BOOKS AND RECORDS**

Every registered person shall keep at his principal place of business in Belize books and records express in the English language and the currency of Belize in order to be able to ascertain the level of liability to the tax.

These books and records shall include but not limited to-customs entries, export document, sales and purchase invoices.

These records shall be kept for not less than six years.

## **TAX INVOICE**

A tax invoice must be issued by a registered agent for each transaction which occurs along the distribution change i.e. at the production, manufacturing, wholesale and retail stages.

At the retail stage, the retailer is required to have a cash register and issue tax receipts in order to account for the GST. At importation, the Single Administrative Document (SAD) will be used.

A Tax Invoice must contain the following information:

- Date
- Invoice Number
- Address of Supplier and Recipient
- TIN of Supplier and Recipient
- Supplier of Goods

- Recipient of Goods
- The Words “TAX INVOICE”
- Description of the item
- Total Amount of Tax Due
- Total Sale

### **SELF POLICING:**

The unique feature of a GST is that a control mechanism is created by issuing a Tax Invoice for each sale. The paper trail created makes the system harder to defraud.

For example, if a supplier sells some items for \$1,000.00 and collects 12.5% GST, the person would issue a Tax Invoice showing the cost of the items and \$125.00 GST charged.

Both supplier and purchaser will have a copy of the Tax Invoice. This is where the self-policing element comes in, as the invoice becomes proof of the input tax paid by the purchaser. The GST mechanism provides for a credit of input tax paid on purchases for business use and for the input tax to be offset against the output tax. Without the original copy of the Tax Invoice such credit cannot be claimed.

From the supplier’s side, the Tax Invoice will indicate the amount of the output tax. This output tax can be offset against the input tax paid by the supplier.

### **TAX RETURN:**

This is a key component in the administration of the tax. All registered persons will be required to file this monthly return. Returns should be submitted to the Belize Tax Service in Belize City, the branch offices in the districts or the Government Sub-Treasuries in the absence of GST Offices no later than 15 days after the end of the month.

For more information about GST contact the Belize Tax Service at:

Belize Tax Service

Charles Bartlett Hyde Building

Mahogany Street

Belize City

Phone: 222-5574, 222-5579 Fax: 222-5513

Email: [info@bts.gov.bz](mailto:info@bts.gov.bz)

Website: [www.bts.gov.bz](http://www.bts.gov.bz)

Or at the BTS Branch Offices in:

101 Trinity Blvd

Belmopan

Phone: 802-2667/ 802-0482

49<sup>th</sup> 4<sup>th</sup> Avenue

Corozal Town

Phone: 402-2417/ 402-3282

Ecumenical Dr.

Dangriga Town

Phone: 502-2046/ 502-2351

Suite #06 San Cas Building

Trigger Fish Road

San Pedro Town

Phone: 226-3071/ 2062454

107 Otro Benque Rd

Orange Walk Town

Phone: 328-5007/ 328-5000

1 Buena Vista Road

San Ignacio

Phone: 804-3837

37 Jose Maria Nunez St

Punta Gorda

Phone: 722-0414