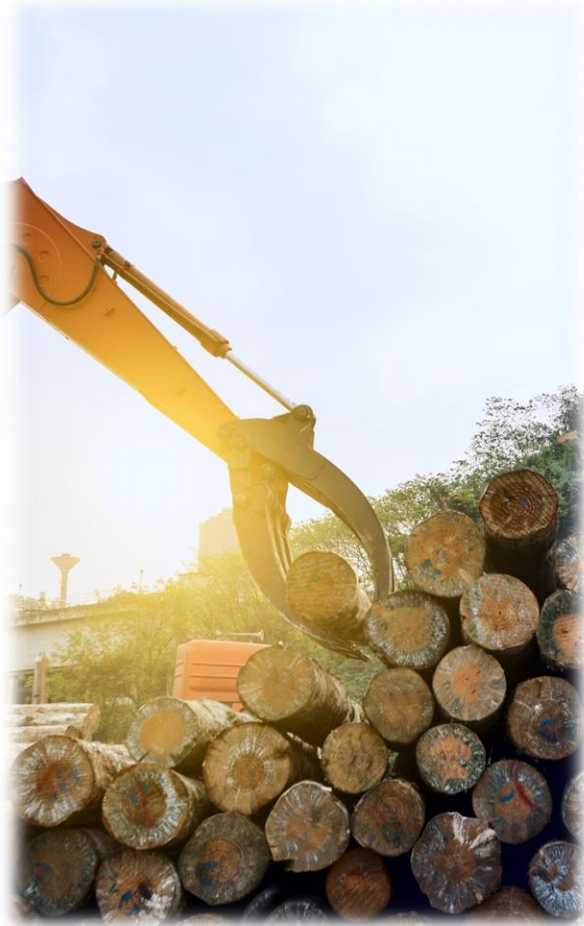


“A Timber Dealer’s Licence or a Sawmill Licence (which functions as an export Licence) is issued by the Guyana Forestry Commission (GFC) on an annual basis to exporters.”



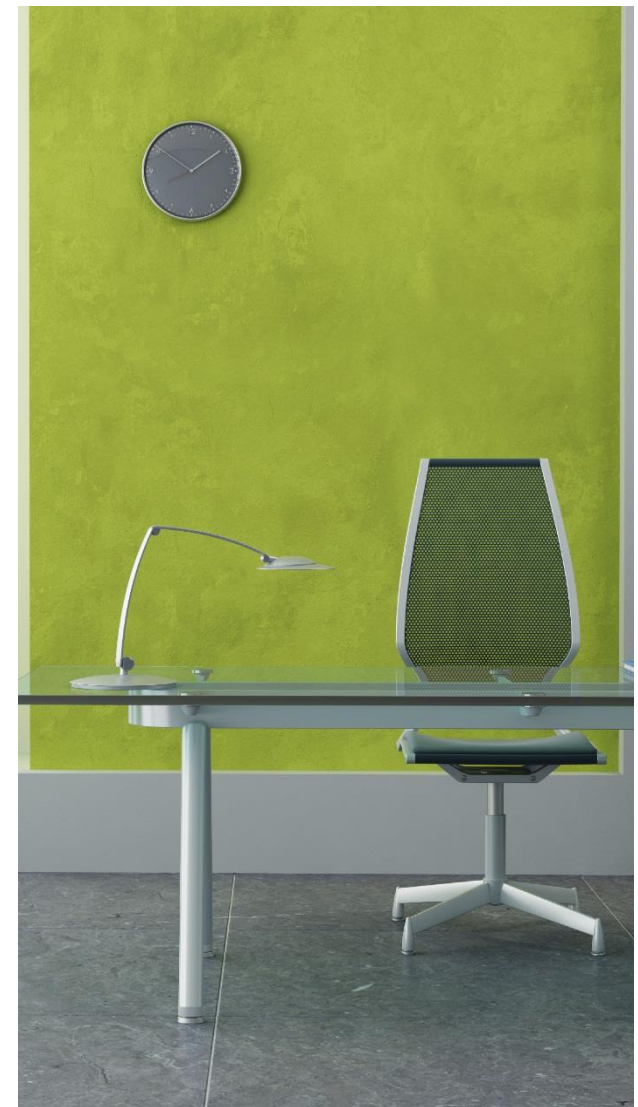
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VAT & FOREST PRODUCTS

Introduction to VAT on Forest Products

This brochure deals with the policy outlined by the Guyana Revenue Authority (GRA) as it relates to Value-Added Tax (VAT) and Forest Product. The Value-Added Tax (VAT) Act provides for the zero-rating of the following:

*“A supply of **locally produced** sand, stone, concrete blocks, plywood, lumber or similar materials of a type and quality used for construction, but not including items containing imported materials, except in the case of concrete blocks and plywood”*

Therefore, in order for forest products to be zero-rated they must satisfy the following requirements:

- ▶ They must be locally produced
- ▶ Must be lumber or similar to lumber
- ▶ Must be used for constructions.

Categorising the Types of Lumber

With respect to the second requirement, the term **lumber** is used to describe ‘wood, either standing or that has been processed for use - from the time trees are felled, to its end product as a material suitable for industrial use, as structural material for construction, or wood pulp for paper production.’ Lumber has also been defined as “partly prepared timber”, timber being *“wood prepared for use in building and carpentry”*.

Further, **“Log”** is defined as “a part of the trunk or a large branch of a tree that has fallen or been cut off and is therefore classified as similar to lumber.

Hence, logs are eligible for zero-rating once used for construction. On the basis of the foregoing, piles and posts used in construction will be zero-rated for VAT purposes. However, when logs are sold to saw millers and intermediary traders as raw material for the production of lumber, it will be taxed at the standard rate of 14%, having been sold for the purpose of production and not construction.

Moreover, poles used in the utility sector, specifically for electricity and telephone, are subject to VAT at the standard rate of 14%.

Registered saw millers and intermediary traders who purchase logs for production purpose will be able to treat the VAT they pay as **input tax credit** to be set off against output tax with the excess being refunded.

Further, where at **least fifty percent** of the taxable supplies of the registered person are taxed at zero rate, the person can file a claim for refund of the excess credit with respect to the zero-rated supplies, at the end of the calendar month, to which it relates.

General Procedure for the Exportation of Lumber

A Timber Dealer’s Licence or a Sawmill Licence (which functions as an export Licence) is issued by the Guyana Forestry Commission (GFC) on an annual basis to exporters.

1. Exporters desirous of shipping timber from Guyana must apply to and obtain permission from the **Guyana Forestry Commission**.
2. Once permission is obtained, all forest produce for export must be graded by an independent grader who will place his mark on such produce, complete the relevant sections of the Timber Marketing Certificate and forward same to the Guyana Forestry Commission along with a written statement which informs the GFC that the produce has been graded.
3. The exporter makes a request for inspection of the shipment (*provided that it is logs and lumber, products like furniture and plywood which attract value added tax are not branded*) giving the GFC at least 48 hours notice.
4. An Inspector from the GFC inspects the graded produce, and affixes his/her brand to it. If the shipment is made up of products that attract VAT (e.g., plywood), it is assessed based upon its volume. The Inspector completes the relevant sections of the Timber Marketing Certificate then issues same.

5. The Export Certificate is subsequently issued.
6. The exporter completes four (4) copies of the Customs Declaration (Form C 72) which is stamped **“approved for shipment”** on the reverse side and two officers of the GFC sign same as authorising the export of that particular shipment.
7. A seal is then affixed/ stamped by the GFC on the **C72** Form and the Timber Export Certificate.
8. The exporter is required to pay an export fee which is 2% of the commercial value of the shipment to the Guyana Forestry Commission.
9. High end value added products such as furniture do not attract this fee.
10. The exporter submits the completed Customs Declaration (*Form C72*), the Timber Exports Certificate, one copy of the Export Certificate stamped **“approved for export”** and signed by the Timber Inspection Service, one copy of the Timber Marketing Certificate with the number of species specified and the description of the approved consignment which should be signed by the GFC Inspector, four copies of the commercial invoice signed by official(s) of the GFC, along with three copies of the Certificate of Origin (*be it CARICOM Certificate of Origin, General System of Preference or EUR 1; depending on which country the shipment is being exported*) to Customs House for processing.
11. Customs assessment is conducted.
12. Once all documentation is in order, an Assessment Notice is generated and export duties are applied. If there are any discrepancies with the documentation, a Query Form is completed and sent to the Query Desk with the documents to be given to the exporter for correction and resubmission.
13. The approved C72 Form with payment receipt is submitted to the Guyana Forestry Commission.