

29/03/2019

MINISTERIAL STATEMENT

PROGRESS MADE TOWARDS THE IMPLEMENTATION OF THE SALES TAX

Mr Speaker, I wish to thank you for giving me this opportunity to update the House and the nation on progress made towards the implementation of the Sales Tax.

Sir, in my 2019 Budget Address, I announced the intention of the Government to abolish the Value Added Tax (VAT) and replace it with a simpler non-refundable Sales Tax. This reform is intended to address the challenge of the Government being in a perpetual net refund position to taxpayers, a situation that has resulted in the accumulation of VAT refund arrears and decreasing revenues for spending on social and economic development.

Mr Speaker, moving from VAT to Sales Tax is a major reform. As part of the process, the Government has, since October 2018 been engaging key stakeholders from both the public and private sectors to provide input into the conceptual design of the new tax. It was envisaged that this process would be completed within the first quarter of 2019. However, as part of the process and due to the delicate nature of the assignment, it has been imperative to ensure that all suggestions and concerns that have been raised by stakeholders are taken into consideration. This has taken more time than we had originally planned.

Sir, I am pleased to report that significant progress has been made. The Draft Bill has been concluded and will be presented to this august House for First Reading on 2nd April, 2019, which is next week. It is intended that the Second Reading and finalization of the Bill by the House will be done during the June 2019 Session. During the intervening period, the Bill will undergo further stakeholder consultation through the parliamentary committee and interaction by the Ministry of Finance with different economic players. This being a new law, we do not want to leave any stone unturned. The proposed date for the commencement of the Sales Tax is 1st July, 2019.

Mr Speaker, may I take this opportunity to thank the business community for its input during this process. It is in recognition of our partnership that the Government has taken time to engage

stakeholders and I will ensure that sufficient lead time is granted for a smooth transition from VAT to Sales Tax.

Sir, the Government is committed to doing the very best for this country and this economy. I, therefore, wish to reaffirm our commitment to implementing a simplified non-refundable Sales Tax regime what will provide a win-win solution for Government and business. I further look forward to the constructive contributions and the support of the House towards the enactment of the Sales Tax Act in the June session of Parliament.

Mr Speaker, I thank you.