



GRENADA



HON. NAZIM BURKE
MINISTER FOR FINANCE

Address to Nation by Minister of Finance
On the implementation of the
Value Added Tax (VAT)

February 1st, 2010



**ADDRESS TO NATION
BY MINISTER OF FINANCE
ON THE IMPLEMENTATION OF THE
VALUE ADDED TAX (VAT)**

Fellow Grenadians, February 1st, 2010, signifies a turning point in Grenada's economic history. It is the day that we have chosen to re-introduce the Value Added Tax to our country. One of the main reasons for the specific date was that based on our records, it is close to the end of the financial year for most businesses and so inventory may be at a minimum level. Additionally, consultations were held with the representatives of the private sector who endorsed the date. This endorsement was significant, since it is the private sector in most part that will be responsible for charging VAT and remitting it to the Government.

We have gone through a very detailed process of consultations with all stakeholders, including the private sector and consumers; and have taken on board as much as is possible, suggestions for changes in the legislation. Some of these changes have already been incorporated in the VAT Act while others will be done at a later date. Notwithstanding this, however, effective Monday February 1st, 2010, all suggestions which have been accepted will come into effect. These include amendments to the list of zero-rated and exempt supplies, this list is available from the VAT Office or from the Inland Revenue and Customs Websites. We agree to make these changes, being conscious of the economic challenges and the need for Government to be able to meet its obligation to all Grenadians.

We anticipate some teething problems in the early days of the VAT and so we implore businesses and consumers alike to exercise some patience while the VAT settles. The staff of the VAT Office will address as promptly as possible all queries that you may have. At the same time, we are asking consumers to assist in monitoring the performance of the system, pay particular attention to the display of VAT Registration Certificates, pricing of

goods and information displayed on VAT invoices and receipts. You must ensure that the business that charges you VAT is legally registered to do so. If in doubt, contact the VAT Office. This tax requires a joint effort by the tax administrators, businesses and consumers alike.

Consumers, you are encouraged to shop around, many businesses may still have old stock in hand on which they would be required to account for VAT, however some may decide to include VAT in their prices while others may decide to maintain their pre-VAT prices and account for the VAT from their profits; this will result in a difference in prices based on the method of approach used by the business.

All businesses have up to March 1st, 2010, to ensure that all prices displayed are VAT inclusive. If any business intends to use the grace period, it is recommended that notice be given to consumers indicating that the prices displayed do not include VAT. This is important so that consumers are not confused with respect to displayed prices and the price shown on receipts.

The Government is aware of the current economic times in which we live and does not intend to unduly increase the burden of taxes borne by our citizens, and so we will continue to monitor the performance of the VAT to ensure that it is structured in a manner that supports government development efforts while at the same time do not cause any permanent erosion of the purchasing power of disposable income of our people.

Fellow Grenadians, on behalf of the Ministry of Finance and the Government of Grenada, I wish to express my sincere thanks to all those persons and businesses who contributed to an anticipated successful implementation of the VAT On February 1, 2009.

God bless you all