

ARRANGEMENT OF CLAUSES

1. Short title and commencement
2. Amendment to section 48 of principal Act
3. Amendment to section 52 of principal Act
4. Amendment to Third Schedule to principal Act



GRENADA

ACT NO. 10 OF 2016

I assent,

CÉCILE E. F. LA GRENADE
*Governor-General.**6th April, 2016.*

AN ACT to amend Value Added Tax Act, Chapter 333A.

[By Order].

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Grenada, and by the authority of the same as follows—

1. —(1) This Act may be cited as the

Short title and
commencement.

VALUE ADDED TAX (AMENDMENT) ACT, 2016

and shall be read as one with the Value Added Tax Act, Chapter 333A hereinafter referred to as the "principal Act".

(2) This Act shall come into force on such a day as the Minister of Finance may appoint by Order in the *Gazette*.

Amendment to
section 48 of
principal Act.

2. Section 48 of the principal Act is amended by inserting after subsection 5 the following new subsections—

“(6) Subject to subsection (7), a purchaser who—

- (a) purchased, or was supplied, building materials at zero per cent by virtue of Item 6 of the Third Schedule; and
- (b) fails to satisfy the requisite threshold for qualifying costs upon completion of the construction or the period specified in an investment agreement for the purposes of the qualifying investment, whichever first occurs,

shall within two months thereafter pay to the Comptroller the VAT payable had the rate of zero per cent not been applied to the building materials, after which all interests and penalties under the Tax Administration Act, 2016 shall be applicable.

(7) The Comptroller, in consultation with the agency responsible for promotion and facilitation of investment, may grant an extension not exceeding twelve months on the time prescribed under subsection 6 (b) for satisfaction of the respective requirement.”

Amendment to
section 52 of
principal Act.

3. Section 52 of the principal Act is amended by inserting after subsection 3 the following new subsections—

“(3A) Where a registered person makes a zero-rated supply to a purchaser pursuant to Item 6 in the Third Schedule and the transaction results in an excess credit—

- (a) sections 49 and 50 shall not apply; and

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- (b) the registered person shall, in accordance with subsection (3B) be allowed an excess credit in accordance with subsection (3B).

(3B) Where a registered person is allowed an excess credit under subsection (3A)–

- (a) the excess credit is carried forward and allowed as an input tax credit in the following tax period and any remaining amount not credited in that period is carried forward to the next tax period, and this process continues until either no amount remains or the amount, or part of it, has been carried forward for three consecutive tax periods after the tax period in which the excess arose; and
- (b) if any amount has not been credited after those three months and such amount does not exceed two hundred and fifty dollars, upon application by the registered person, the amount may be applied to any liability to pay any tax or duty to the Comptroller or the Comptroller of Customs until it is reduced to nil.”

4. The Third Schedule of the principal Act is amended by inserting after Item 5A the following new item–

Amendment to
Third Schedule
to principal
Act.

“Item 6. A supply of building materials for a qualifying investment under the Investment Act, 2014 or any regulations, where—

- (a) the qualifying costs exceed thirty million dollars;
- (b) the purchaser is a registered person;
- (c) the supplier is a registered person;
- (d) the priority sector facility will be used for the purposes of a taxable activity.”

Passed by the House of Representatives this 19th day of February, 2016.

WILLAN A. THOMPSON
Clerk to the House of Representatives.

Passed by the Senate this 1st day of March, 2016.

WILLAN A. THOMPSON
Clerk to the Senate.

GRENADA
