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## PRESS RELEASE

### Amendment to GST Regulations

*Belmopan, March 13, 2018.* It has come to the attention of the Ministry of Finance that inaccurate reports have been made in certain areas of the media that the 2018 Budget will impose crippling taxes on farmers which in turn will result in higher agricultural production costs and ultimately higher food prices and inflation.

The Ministry of Finance hereby corrects this report as in fact the amendment to the General Sales Tax (GST) Regulations will apply GST at the standard rate of 12.5% only on land preparation for agriculture, harvesting, and crop dusting services, and then only to those farmers who are registered for the GST.

The Ministry also makes it clear that the amendment will not apply to all farming activities, nor will it affect those small farmers who are not registered for the GST, such small farmers being outside of the GST system.

Under the current classification, it is almost impossible to identify and verify the actual service of agricultural land clearing from other activities using such as road construction both of which use heavy equipment such as tractors, bulldozers, etc. Over the years it has become apparent that some registered farmers who are also engaged in other non-agricultural activities are taking advantage of current classification to claim all their sales under the zero-rated agricultural heading. The amendment is intended to close this loop-hole and to stop the abuse.

It should be noted that farmers who are registered with GST will still be allowed to claim input tax in the furtherance of their legitimate farming business, so this amendment will not affect their costs.

The amendment is not primarily a revenue-raising measure as it is expected to yield only a modest sum of \$3.0 million in additional revenue.

**Ends**