

2022 Guyana Budget Snapshot: Key Fiscal Measures

"Steadfast Against All Challenges, Resolute in Building Our One Guyana."

The Honourable Dr. Ashni K. Singh, Senior Minister in the Office of the President with responsibility for Finance, presented Guyana's National Budget on January 26, 2022. It is in this regard that KPMG is pleased to present its infographic on the economic and fiscal measures for 2022.

Expenditure

Total expenditure for 2022 projected by Central Government

GYD \$529,966.3m

creating a budget deficit of 7%



Revenue

Total revenue for 2022 projected by Central Government

GYD \$432,015.6m



Growth



— Projected Real GDP growth for 2022 at

47.5%

— Expected growth in non-oil sectors totalling

7.7% for 2022

\$ Inflation

— **5.7%** inflation rate in December 2021

— **Forecasted inflation rate of 4.1%** for 2022, driven by moderate import prices



Withholding Tax

— Removal of 20% withholding tax currently charged on interest income earned bank savings for individuals not exceeding GYD \$10,000 per annum

— Removal of 2% Withholding Tax on payments made to Guyana resident contractors



Personal Income Tax

— **Increase in low-income loans** obtained through commercial banks under the low-income housing programme **from GYD \$12m to GYD \$15m**

— **Increase** in income tax threshold, which qualifies for relief, from **GYD \$65,000 to GYD \$75,000** per month

— **Up to 10% of income or GY \$30,000 monthly**, whichever is the lower amount, of insurance premiums paid for life and medical insurance to be deductible against chargeable income.

Small Business



— **GYD \$300 million** is budgeted for replenishment of the **Small Business Development Fund**

— **Training** in business management, recording keeping, business plan writing and other areas to be provided

— Establishment of new industrial estates in **Regions 2 and 10 for GY GYD \$245 million**

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Construction



- 2022 projected growth of **10.5%**.
- Government commitment to investment in the construction sector through its PSIP (Public Sector Investment Program)

Other Industries



- **Sugar sub sector** projected to **grow by 11.8%**
- **Rice sub sector** projected to **expand by 25.1%**

Value Added Tax and Excise Tax



- **Removal** of 10% excise tax and 14% Value Added Tax on the importation of motor trucks less than four years old, of any tonnage utilised for transport of goods
- **Removal** of 14% Value Added Tax on the importation of new haulers for pulling containers or similar vehicles
- **Removal** of 10% excise tax on the importation of new double-cab pickups below 2000 cc
- Reduction of excise tax from **110% to 75%** for new double-cab pickups between 2000 and 3000 cc
- **Removal** of 10% excise tax on the importation of new single cab pickups below 3000 cc
- **Removal** of 14% Value Added Tax on cranes, safety equipment, and oil spill response equipment
- Reduction of the excise tax rate on gasoline and diesel from **20% to 10%**

Social Support



- **Increase** in Public Assistance from **GYD \$12,000 to GYD \$14,000 per month**
- Increase in **Old Age Pension** from **GYD \$25,000 to GYD \$28,000 per month**
- Increase in **School Uniform Grant** from **GYD \$4,000 to GYD \$5,000 per child per annum**
- Increase in **'Because We Care' grant** from **GYD \$15,000 to GYD \$25,000 per child per annum** for children attending private and public schools
- **Dialysis Assistance of GYD \$600,000** worth in treatment per patient per annum

Energy & Extractive Industries



- **Oil and Gas** subsector is projected to grow by **96.7 %** in 2022
- Approximately **257,000 bpd on average from production** of Liza Destiny and Unity FPSOs
- Guyana now has the **17th largest oil reserve in the world**
- **Mining and quarrying sector** is forecasted to grow by **86%**
- Significant growth can be expected from the **Gold subsector** with gold declaration envisaged to continue to be dominated by small and medium scale producers operating **1,054 small-scale mines and 25 medium-scale mines.**



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Conclusion

Guyana is on the cusp of an unprecedented growth and development era, becoming what is now most likely one of the fastest growing economies in the world, driven by an oil boom. The fiscal measures introduced for 2022 have made this an historic budget for Guyana and it is hoped that the success reported in the economic statistics will be proudly reflected in the future development and growth of the country.

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