

# High level overview of the sales tax system in Suriname

## General

Suriname levies sales tax on the rendering of services and supply of goods by entrepreneurs established in Suriname or on services rendered by entrepreneurs not established in Suriname to clients established or living in Suriname. Furthermore, import of goods in Suriname is taxable with sales tax. It is in principle a cumulative system. In general, the sales tax charged to an entrepreneur is not deductible. The only exception is the sales tax charged to manufacturers established in Suriname in certain situations.

Services are only taxable if the services are mentioned in the list of services in Enclosure 1 to the Sales Tax Law 1997.

## Rate

The rate for supply of goods and import of goods is 10%. The rate for the rendering of services is 8%.

Basic needs are exempted from sales tax (sugar, salt, potatoes, etc.). These basic needs are mentioned in Enclosure 2 to the Sales Tax Law 1997. Finally, an increased rate of 25% applies to certain luxury goods, mentioned in Enclosure 3 to the Sales Tax Law 1997.

As mentioned above, services are only taxable if the services are mentioned

in the list of services in Enclosure 1 to the Sales Tax Law 1997.

## Supply of goods

Supply of goods is defined as:

- a) The transfer of ownership of goods because of an agreement;
- b) The transfer of goods because of an agreement of financial lease or hire purchase;
- c) The completion of a good by the entrepreneur who manufactured it;
- d) The transfer of ownership of a good which form part of an agreement to attach a good to another good;
- e) The disposing of goods for other than business purposes, as a consequent of which the goods

leave the company assets of the manufacturer.

## Rendering of services

Services are defined as all performances, which are not a supply of goods, against a remuneration.

## Place of service or supply

The place of service or supply is the place where the service provider or supplier lives or is established. If the supply or service is rendered by a foreign company to a client living or established in Suriname, the service or supply is deemed to take place there where the client lives or is established.

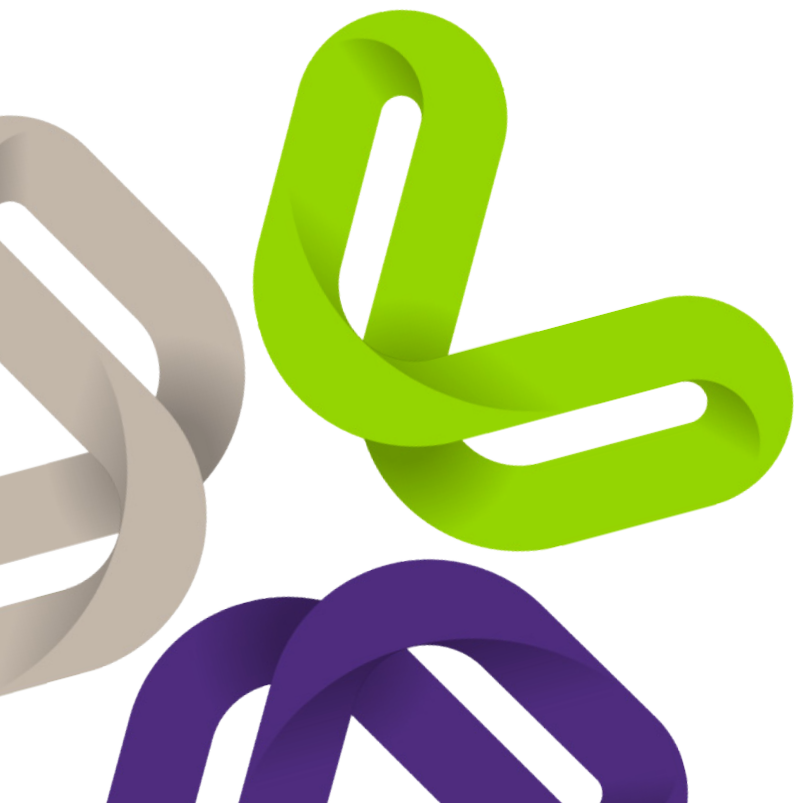
## Basis of the sales tax

Sales tax is levied on the received compensation, excluding the sales tax itself. The compensation is the total received payment, related to the supply or service. If the received compensation is not completely received in money, the compensation is all that is received in connection with the service or supply.

## Moment due, by who and tax return

The sales tax is due at the moment the compensation is completely or partly received.

The sales tax is due by the entrepreneur



which renders the service or supplies the goods. If services are rendered by a foreign entrepreneur to an entrepreneur, established in Suriname, the sales tax is levied from the entrepreneur which enjoys the service (reverse charge system)<sup>1</sup>.

The sales tax is reported in a monthly return which must be filed within 15 days after the end of the month with the Suriname tax authorities. The sales tax due must be paid before or ultimately at the moment the return is submitted.

#### Offset of input sales tax

Only a manufacturer in Suriname can offset sales tax paid to its vendors with respect to taxable machines, raw materials, ancillary materials or semi-manufactured products or taxable services, which are used to create products, taxable with sales tax. Also, sales tax paid at the moment of import can be deducted by this manufacturer.

Sales tax is only deductible if it is charged on an invoice which meets the invoice requirements or if payment can be demonstrated by the import documents.

#### Import sales tax

As import of goods is considered to bring the goods in free circulation, in conformity with the import duties definition of import.

The basis for the sales tax at the moment of import is the import value

for import duties, increased with import duties and excise duties, but excluding the sales tax itself.

Exemption of import sales tax is granted in the following situation:

- a) If an exemption applies for the import duties based on the Law Rate Import Duties 1996 (S.B. 1995 no. 111).
- b) If an exemption applies for import duties based on the Raw Materials Decree 1997 (S.B. 1997 no. 48).
- c) If an exemption import duties applies based on the Investment Law 2001 (S.B. 2002 no. 42) or Investment Law 1960 (G.B. 1974, no. 5, amended by S.B. 1989, no. 103).
- d) Import in connection with the banking and monetary activities based on the Bank Law (G.B. 1956, no. 97, amended by S.B. 1983, no. 94).
- e) If an exemption of import duties applies based on the Petroleum Law (S.B. 1991, no. 7 amended by S.B. 2001, no. 58).

#### Export tariff

The tariff for export of goods is 0%.

#### Small entrepreneur regulation

Natural persons with a yearly turnover of not more than SRD 6,000 are exempted from the sales tax. This must be requested in writing with the tax inspector.

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<sup>1</sup> Article 10, paragraph 2 Sales Tax Law 1997.

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