



# Millennium Challenge Corporation Working with Guyana to Develop and Implement Sound Fiscal Policies

MCC's two-year, \$6.7 million Threshold Program with Guyana seeks to improve Guyana's performance on MCC's Fiscal Policy indicator. Specifically, the grant will help the Government of Guyana implement its new value-added tax (VAT) system and develop ways to assist and educate taxpayers, while at the same time helping the government better plan and control spending. Additionally, the grant will help reduce the number of days and costs associated with starting a business by modernizing and streamlining the business registration process.

## Program Components

### **Assist in Reforming Guyana's Tax Structure:**

- Strengthen tax administration by preparing a taxpayer assistance program and developing filing, payment and audit systems;
- Support implementation of the country's new VAT structure by providing technical assistance to the Guyana Revenue Authority and supporting the ongoing VAT education campaign;
- Provide training and technical assistance to the Ministry of Finance and the Guyana Revenue Authority to develop the capacity to conduct tax policy and forecasting analysis;
- Strengthen customs controls in order to reduce import and export tax evasion and reduce corruption in customs operations;
- Develop systems within the Guyana Revenue Authority to deter tax evasion.

### **Control Government Spending:**

- Improve the capacity of the Ministry of Finance to conduct expenditure policy and planning within a macro-economic framework;
- Increase transparency and improve efficiency in the public procurement process.

### **Increase Parliament's Fiduciary Oversight:**

- Strengthen parliamentary fiduciary oversight committees by providing training to key staff and assisting with the introduction of reforms;
- Enhance capacity of the Committees' Secretariat through staff training and modernization of research facilities.

### **Reduce the Number of Days and Cost Associated with Starting a Business:**

- Modernize business registration systems;
- Establish a one-stop business registration system.

### **Highlights of Expected Results of the Program:**

- Achieve a VAT compliance ratio (actual receipts to potential receipts) of 82 percent.
- Reduce the number days for customs clearance by 50 percent.
- Decrease the average number of days to register a business from 46 to 30.

### **Implementing Partner:**

The United States Agency for International Development will oversee implementation of the program on behalf of MCC.