

Discounted VAT Rate Day

Guidance Notes



INTRODUCTION

This information provides guidance on the conditions for participation and the reporting requirement for the Discounted VAT Rate (DVR) Day 2013. Approved businesses will be allowed to charge VAT at the rate of 5% on the sale of goods.

Which Businesses are Eligible?

All VAT Registered businesses that have filed ALL Returns and have NO outstanding fees, licences, tax liabilities, penalties or interest due to the IRD or Customs & Excise Department (CED) prior to DVR Day, may qualify to participate in the DVR Day. Interested businesses should complete the application form and submit it to the IRD by 3pm on December 4th and 3pm on December 17th, 2013. The department will indicate the status of your application in writing. If a business has filed a VAT objection, eligibility is dependant on satisfying the conditions of that objection which includes submitting 50% of the tax in dispute.

Items Eligibility

Eligible Items

All tangible items that are presently subject to 17% VAT will qualify for the discount VAT Rate on DVR Day. Items eligible MUST also be available for sale and immediately available for issuance or delivery to the customer on DVR Day. Orders for items not in stock DO NOT qualify.

Non-Eligible Items

- Professional Services (Ex. Legal Fees)
- Rent & Tickets for Game of Chance (Ex. Lottery/Raffles)
- Top-ups & Phone cards
- Guns, Ammunition & Cigarettes,
- Alcoholic Beverages

Alcoholic Beverages **NOT** eligible include but are not limited to Wine, Brandy, Vodka, Whiskey, Gin, Rum, liqueurs, cordials, Beer, Guinness, Royal stout, Shandy Carib and Smirnoff Ice.

Filing Requirements

Businesses approved to participate in the DVR Day will be required to submit a schedule of the sales for that day, by end of day on **December 30th, 2013** to the Inland Revenue Department.

This would include all sales at the reduced VAT Rate, zero rated or exempt. The required form is available at the Taxpayer Services desk of the Inland Revenue Department.

Additionally, the VAT collected at the reduced rate MUST be reported on Line 135 of the VAT Return for the tax period December 2013.

Are Items sold on Credit and Hire Purchase eligible for the reduced rate?

YES! Eligible goods sold under a credit or hire purchase agreement will qualify for the reduced rate of 5% if the sale is concluded on the DVR Day. Businesses are reminded that the VAT on the sales under credit terms must be reported in its entirety whether or not payment has been made in full during that tax period.

Rules governing returns and exchanges.

If a customer buys a good at the special 5% rate during the DVR Day and exchanges it on the same day for another good, the 5% rate will still apply. The special rate will NOT apply if the exchange is done after DVR Day 2013.

If a customer buys a good during the DVR Day and returns the item after the Day for a credit on the purchase of a different item, the 17% VAT Rate would apply to the sale of the newly purchased item, even if it would have been eligible for the 5% Rate during DVR Day.

If a customer buys an item before the DVR Day, but returns the item during the DVR Day and receives credit on the purchase of a different item, the reduced rate shall NOT apply on the sale of the new item.

Contact Information

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