



Adequate Revenues for the Future

VAT DOCUMENTATION





Presented by

Joseph Mullings and Gia Ferguson



Outline of Presentation

- ❑ **WHAT IS VAT?**
- ❑ **WHY VAT?**
- ❑ **VAT TERMINOLOGY**
- ❑ **VAT DOCUMENTATION**
- ❑ **WHO CAN ISSUE A VAT RECEIPT?**
- ❑ **WHAT IS A TAX INVOICE?**
- ❑ **EXAMPLE OF A TAX INVOICE**
- ❑ **WHAT IS A SALES RECEIPT?**
- ❑ **CREDIT NOTES**
- ❑ **EXAMPLE OF CREDIT NOTES**



What is VAT?

- ▶ VAT is a broad-based tax on consumption
- ▶ VAT is charged on:
 - imports; and
 - the value-added by Bahamian businesses supplying goods and services to other businesses or to final consumers
- ▶ Charged at each point in production and distribution chain

Everyone pays VAT - borne ultimately by the final consumer



Why VAT in The Bahamas

- ▶ Government's Fiscal Position projected as at 30 June, 2014

| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | Projected 2013/14 | TOTAL |
|---|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|--------------|
| 1. Recurrent Expenditure | 1421 | 1499 | 1529 | 1642 | 1632 | 1659 | 1737 | |
| 2. Recurrent Revenue | 1445 | 1331 | 1292 | 1452 | 1432 | 1380 | 1503 | |
| 3. Recurrent Deficit (2-1) | 24 | -168 | -237 | -190 | -200 | -279 | -234 | -1284 |
| 4. Capital Expenditure | -231 | -262 | -251 | -263 | -395 | -350 | -295 | -2047 |
| 5. Capital Revenue | 10 | 0 | 0 | 210 | 87 | 0 | 0 | 307 |
| 6. Capital Deficit (5-4) | -221 | -262 | -251 | -53 | -308 | -350 | -295 | -1740 |
| 7 TOTAL DEFICIT (3+6) | -197 | -430 | -488 | -243 | -508 | -629 | -529 | -3024 |
| 8. Debt Redemption | 62 | 67 | 89 | 77 | 63 | 121 | 86 | 565 |
| 9. GFS Deficit (7-8) | -135 | -363 | -399 | -166 | -445 | -508 | -443 | -2459 |
| Govt Debt (1 July 2007) | | | | | | | | -2398 |
| Government Debt (30 11/1/2013) | 2679 | 3085 | 3401 | 3553 | 3906 | 4414 | 4857 | -4857 |



VAT Terminology

- Registration:
 - **Compulsory**- for businesses whose turnover exceeds the approved threshold per annum- (\$100,000)
 - **Voluntary** – for businesses under the threshold
 - Must be able to keep good accounting records and meet certain core requirements of VAT
 - **Threshold**- Value of annual taxable sales that will qualify a business to be registered- (\$100,000)
- **Designed Rates:**
 - Standard Rate- 15%
 - Reduced Rate – 10%(hotel accommodation, food and beverages within the hotel)
 - Zero Rate-0%



VAT Terminology cont'd

- **Certificate** – Once approved by the Central Revenue Agency they will be issued a VAT Registration Certificate
 - Name and location of business
 - To be displayed in a noticeable position within their place of business
 - **TIN-** Tax Identification Number – which is an individual unique identifier number



VAT Terminology Cont'd

- **Input Tax** - Paid by a registered taxpayer on taxable Imports (Customs Value) and on taxable domestic purchases.
- **Output Tax** - Collected by a registered taxpayer on taxable goods and services supplied.
- **Tax Period** - A Calendar month to account/report net VAT Due/Excess credit.
- **Zero-Rated Supply** - no VAT is payable, however, a taxable person can make a claim input tax deduction in relation to the supply e.g. Exporters

VAT Terminology Cont'd

- **Exempt Supplies:**
 - No VAT is payable
 - Examples of exempt goods and services include educational services, medical and dental services, some financial services, sale and rental of residential homes and domestic transport.
 - Businesses supplying exempt supplies **only** do not have to register



VAT DOCUMENTATION

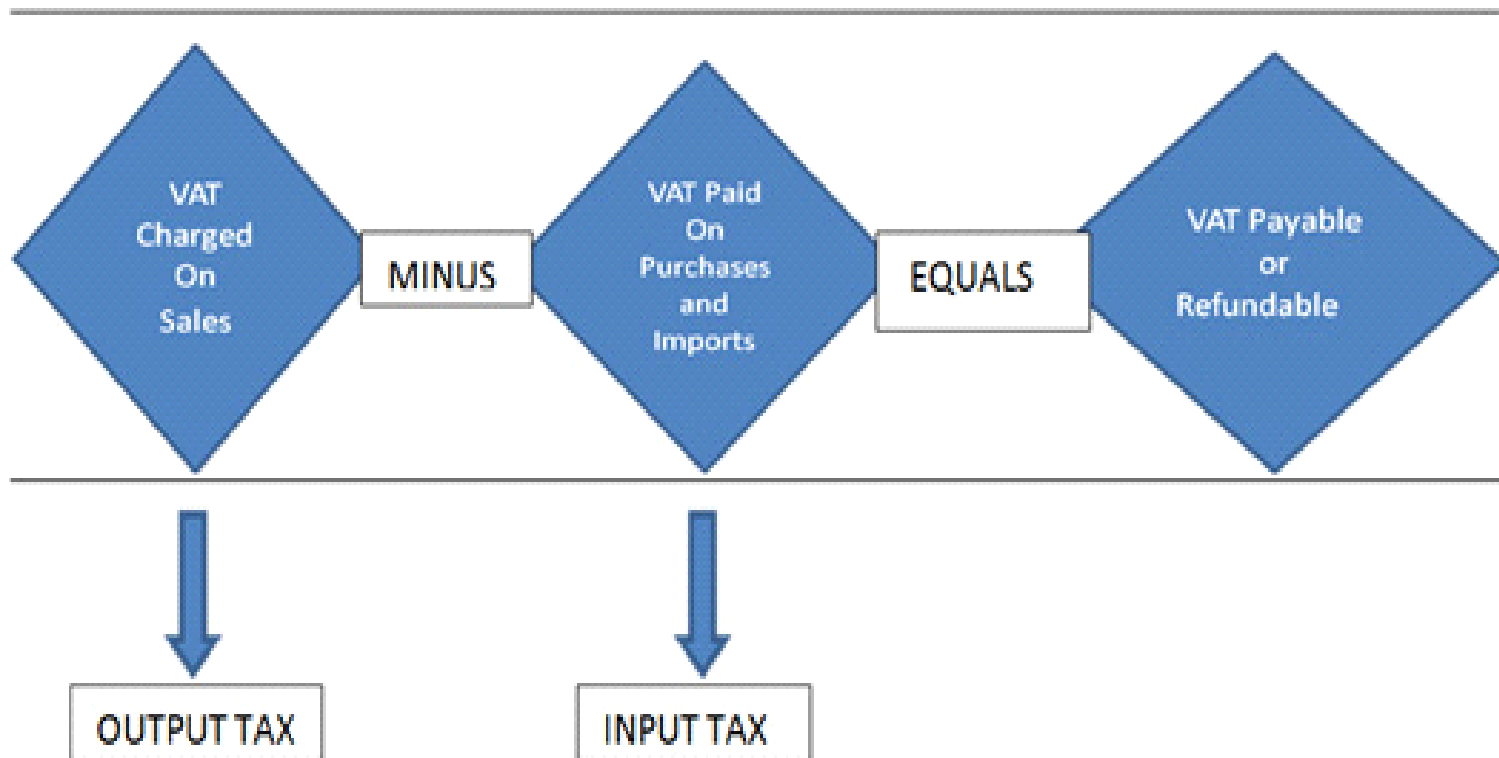
VAT RETURN

- ▶ Each registrant is required to submit their monthly VAT return to the Central Revenue Agency. This payment is due within 21 days of receipt of VAT submitted for the prior month's period.

The VAT Return form should show the following:

- The name of the business and registration number
- The period covered by the return
- VAT due this period on sales and other outputs
- The VAT reclaimed in this period on purchases and other inputs
- VAT to reclaim from Customs
- The total VAT due

RETURNS FILING





VAT DOCUMENTATION Cont'd

- ▶ **The Memorandum of Understanding:-**
 - Established to share information between Government agencies.
 - Single TIN to be used
 - MOU between Customs and CRA will share the following information:-
 - List newly registered taxpayers and their TIN
 - Value of Imports
 - VAT and duties paid on imports



VAT DOCUMENTATION Cont'd

Application for Refund

- ▶ A refund will be granted once a registrant has been in an excess credit position for at least 3 months and the amount exceeds \$500.
- ▶ Refunds can be applied to any other debts owed to the Government.
- ▶ The refund form will contain the name and address of the business, relevant TIN number, tax period of claim and the amount of the refund.



VAT DOCUMENTATION Cont'd

Assessment Notice

- ▶ The Assessment notice is a notice indicating the amount of taxes due for a certain tax period.
- ▶ This notice is issued for the following reasons:-
 - To acknowledge receipt of returns filed
 - To correct errors in submission (collect any outstanding amounts).
 - As a result of an Audit
 - To assess tax liability where taxpayer has not filed or should have commenced filing

The notice will indicate:

- The name, address of the business and TIN
- The assessment period(s), Tax /interest/penalty due and date payable



VAT DOCUMENTATION Cont'd

VAT Invoice/Sales Receipt

- A Registered Supplier must issue a VAT Invoice to a Registered Recipient
 - If the amount of the supply is less than \$50 a sales receipt can be issued
 - All sales by a registered supplier to non-registered recipients (consumers and businesses) have to be via a sales receipt.
 - Registered businesses must retain VAT Invoices or Sales Receipt to be to claim input tax credit



Components of a Tax Invoice

- ▶ A Tax Invoice should include:
 - A Sequential Number
 - The date of issue of the document
 - The name, address, and TIN of the supplier
 - Name, address and TIN of person to whom the goods or services are supplied
 - The unit price, exclusive of VAT
 - Any discounts or price reductions
 - The price exclusive of Tax for each rate (including zero rate) of VAT
 - VAT Payable
 - Total Payable ,including VAT



SPECIMEN- TAX INVOICE

| | | | |
|--------------------------------------|----------------------------------|-----------------|-----------------|
| The Words "Tax Invoice" | Tax Invoice | | |
| VAT Registration No.(#) | VAT Registration No. : | | 23456 |
| Invoice No.(#) | Invoice No.: | | 103468 |
| Name and Address of Business | J's Variety Store | | |
| | Shirley Street | | |
| | Nassau, Bahamas | | |
| Name and Address of Purchaser | Sold to: Mr. Smith | | |
| | Address: Hope Town, Abaco | | |
| Date of Purchase | VAT Registration No. : | | 12345 |
| | 31.12.12 | Unit | Amt. |
| | | Price | Excl. of |
| | | | VAT |
| Unit Price exclusive of VAT | 1 only 6x9 | | |
| VAT @ 15% | Oriental Rug | \$100.00 | \$100.00 |
| Total cost of item | VAT @ 15% | | \$15.00 |
| | | | \$115.00 |



VAT DOCUMENTATION Cont'd

VAT CREDIT AND DEBIT NOTES

- ▶ Debit and Credit Notes are issued to reflect post supply adjustments (input or output)
- ▶ These adjustments must be accounted for on the VAT Return for the particular VAT period in which the increase or decrease has occurred.



VAT DOCUMENTATION Cont'd

Reasons for the issuance of Credit or Debit Note

- Supply of goods or service is cancelled or goods are returned to the supplier .
- An incorrect price was charged on the tax invoice .
- A discount is granted to the purchaser .
- The nature of the goods or services changed, resulting in a change in the transaction .
- Mistakes on the amount on the invoices .



SPECIMEN- CREDIT NOTE

CREDIT NOTE

CREDIT NOTE# DCRN20098

Invoice #:900
Date of Invoice: 12/15/2003
Date of Supply: 12/01/2003

From

J Smith & Co.
#900 Bay Street
Nassau, Bahamas
TIN#J6500
60 chairs @\$100 each
VAT @15%
Total Payable

To

L & L
#300 Madeira Street
Nassau, Bahamas

\$6,000
\$900
\$6,900

REASON FOR ISSUE: RETURNED GOODS



When do I have to issue a tax invoice?

- A registered supplier who makes a taxable supply to a registered recipient must issue an **original** TAX invoice to the recipient within **sixty** days after receiving the taxable supply.
- Must comply within **fourteen** days after receiving a request for a TAX invoice that was not issued within sixty days
- A registered supplier must issue only **one** original TAX Invoice for each supply.



what happens if the original VAT Invoice is lost or destroyed?

- ▶ A registered supplier may, where a registered recipient claims to have lost the original VAT invoice for a taxable supply, issue to the recipient a copy of such invoice clearly marked "**copy**".

why do I need to keep VAT invoices?

- You need to keep your invoices so you can accurately complete your VAT returns
- You also need to keep VAT invoices so you can **reclaim** VAT have paid.



QUESTIONS?????

- ▶ Contact information for CRA/VAT unit
- ▶ VAT@bahamas.gov.bs
- ▶ 225-7280 (toll free)

- ▶ **Thank You for your attention!!!!**