

public through town hall meetings to educate persons on VAT. A schedule of the dates and venues will be made available soon.



CENTRAL REVENUE AGENCY

VAT and the Consumer



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Value Added Tax Unit
Cecil Wallace-Whitfield Centre
West Bay Street
P.O. Box N4866
N.P., The Bahamas

E-mail: vat@bahamas.gov.bs
Vat Secretariat Hotline : (242) 225-7280

E-mail: vat@bahamas.gov.bs

Introduction

The Government of The Bahamas proposes to introduce Value Added Tax (VAT) in The Bahamas on 1st July, 2014. It is intended that this tax will apply on goods and services purchased locally and imported into The Bahamas. The Government intends to establish a Central Revenue Agency. (CRA) within the Ministry of Finance, with the responsibility for administering VAT initially and subsequently incorporate Business Licence and Real Property Tax under its administration, thereby consolidating revenue collection.

At the same time that VAT is introduced the Government proposes to reduce the rates of Customs Duty and Excise Tax equivalent to the effective rate of VAT. This will have the effect of eliminating any increase in the cost of imported goods or services.



Central Revenue Agency Government of The Bahamas



This brochure is intended to provide consumers with some highlights on what to expect under a VAT system:-

VAT - BUILDING A MODERN BAHAMAS

What is VAT?

VAT is the abbreviation for Value Added Tax which will be charged on most forms of consumer spending-both goods and services.

Who Pays VAT?

Every person or business making local purchases or importing goods or services into The Bahamas will be required to pay VAT.

What are the rates of VAT?

It is proposed that VAT will be charged at a standard rate of 15%, a reduced rate of 10% and 0%.

What will VAT be paid on?

VAT will be paid on **goods** such as clothing, furniture, household appliances and on **services** such as

legal and accounting fees. Certain basic foodstuff will be exempt from VAT as well, VAT will not be paid on medical services nor educational services.

When is VAT paid?

VAT is paid to the supplier when consumers purchase goods or services or to Customs when goods are imported from abroad. Businesses that collect VAT, on behalf of the Government, will file a return and make payments to Government monthly.

Will I still be entitled to my annual duty free allowance when I import goods?

Yes, you will still receive your annual allowance of \$600. VAT will be paid on the value of the goods minus the allowance.

Who can charge me VAT?

Only VAT registered businesses are allowed to charge VAT. These businesses must display a VAT Registration Certificate issued by the Central Revenue Authority.



How will I know that a business is registered and can legally charge VAT?

Businesses that can charge and collect VAT, on behalf of the Government, (VAT Registrants) **MUST** prominently display the VAT Registration Certificate at their place of business. As a consumer you can also check the VAT register that will be on the Ministry of Finance's Website and all other Government Websites.



Does this mean that I must get a receipt for all my purchases?

Yes, once the supplier is a VAT registrant, you must receive a sales receipt whenever you make a purchase. If the supplier refuses to issue a sales receipt, you must demand one and/or report the matter to the VAT Unit, CRA.



Will there be presentations made to the general public on VAT?

Yes, the VAT implementation team will be making a series of presentations and holding discussions with the general

VAT TIPS!

- If buying from a VAT Registrant, ensure that there is a VAT Registration Certificate on display at the store. Ensure you receive a sales receipt which shows the name of the business, the VAT Registration number and the total VAT paid.
- A business not registered for VAT **CANNOT** charge VAT; if they do, you **MUST** report it immediately

