



VAT

VALUE ADDED TAX

ST. KITTS & NEVIS

Introduction to VAT Guide

Payments and refunds of VAT to/from the Inland Revenue Department

At the end of the tax period, which is the calendar month, you will need to balance your VAT account.

What am I to do now that I have collected the VAT?

At the end of the tax period, which is the calendar month, you will need to balance your VAT account. This is done by adding all output VAT collected for the period, which will include all debit note issued and all credit notes received to determine the total output tax for that period. This process is repeated to calculate the input tax by adding all input taxes for the period along with all debit notes received and credit notes issued to determine your total input tax for the tax period.

After obtaining your output and input VAT for the period; you apply the VAT equation of Output VAT - Input VAT to determine the VAT payable or refundable. If your output VAT is more than your input VAT you are required to pay the difference to the Inland Revenue Department. If your input tax is more than your output tax then you will have an excess credit. This excess credit will be carried forward for four (4) months as an input tax deduction or until it is exhausted. At the end of the four (4) months period if an excess credit still exists; you can apply to the Comptroller of Inland Revenue Department for a Refund. **NB: Taxpayers charging the reduced rate of 10% cannot use a credit to carry forward.**

Where the Comptroller is satisfied within four (4) months following your claim for a refund or ten (10) days after the completion of an audit, the excess shall be refunded.

Examples:

Output Tax \$5,000.00
Debit Note Issued \$100.00
Credit Note Received \$200.00
Total Output Tax \$5,300.00

Input tax \$2,500.00
Debit Note Received \$400.00
Credit Note Issued \$200.00
Total Input Tax \$3,100.00

Vat equation = Output VAT- Input VAT
= \$5,300.00 - \$3,100.00
= \$2,200.00
Therefore, VAT payable is \$2,200.00

VAT debit and credit notes are used for post sales adjustments. A debit note is issued when you undercharge VAT and a credit note is issued when you overcharge VAT. Thus, a debit note is

received from your suppliers when you have under paid VAT and a credit note is received when you have overpaid VAT.

Reporting VAT to the Inland Revenue Department

Upon completing all calculations, you are required to complete the St. Christopher-Nevis Inland Revenue Department Value Added Tax form. This form will be printed monthly by the Inland Revenue Department and sent to you. Your business name, address and taxpayer identification number will be pre - printed on the form. You will be required to complete the remainder of the form. The information that is required will be about your sales and purchases for the tax period. This would include among other things your Output VAT, your Input VAT and will end with the total tax, penalties and interest due for payment now.

The form concludes with you making a declaration stating that the information given on this form is true, correct and complete in every respect and you further declare that you have the legal authority to submit this return.

The completed form and cheque for the payment must be submitted to the Inland Revenue Department on or before the 15th of the month following the tax period. This due date is printed on your VAT Return form. If you are in an excess credited position and do not owe the Inland Revenue Department any outstanding arrears, you still must file the return.

Payment problems: If you can't pay the VAT

If you're registered for VAT, you need to make sure you submit your VAT Return on time, along with any payment. If you don't, you may be liable to fees and penalties. So, if you think you won't be able to pay your VAT by the due date, you should act immediately. There are several things you may be able to do to help yourself, and the Inland Revenue Department is also there to help you.

How you can help yourself?

Make sure you have claimed any VAT back on bad debts, if you are entitled to. See the section under Returns on claiming VAT back on bad debts. This could reduce the amount of VAT you need to pay.

How we can help you?

If you still won't be able to make your payment it is important that you contact the Inland Revenue Department right away. Contacting the Department depends on your circumstances.

- If this is the first time you've had a payment problem, and you've not contacted Inland Revenue Department already, please contact the Collections and Enforcement Division for Support Service.
- If you're already in contact with Inland Revenue Department about a payment problem, or you have an arrangement with the Department, contact the officer with whom you are currently engaged.

Claiming Refunds

Refunds of VAT cannot be made unless all the VAT returns due have been submitted. If there are any outstanding tax liabilities these will be offset against the amount of refund due. The oldest outstanding liability will be cleared first.

Excess credit for a given tax period, will not normally be paid until the credit has been carried forward for four consecutive months. Thereafter, the taxpayer must submit an application for refund.

Is there any Exception to the Refund Procedures?

Yes. Where at least 50% of the taxpayer's taxable supplies are zero rated; the refund would be paid within one month following the date the application was submitted.

This also applies to diplomats and consular personnel on their taxable local purchases.

When would the refund be paid?

For VAT registrants that are required to carry forward credit for four consecutive months, the refund would be paid within three calendar months following the date the application was submitted.

However, where at least 50% of the taxpayer's taxable supplies are zero rated; the refund would be paid within one month following the date the application was submitted.

In both instances, where the Comptroller orders an audit of the claim for refund, the refund would be paid within ten working days after the conclusion of that audit.

VAT Refund Forms

You may download a copy of the VAT Refund Application from our website WWW.SKNIRD.COM or you may contact the Inland Revenue Department at: 1 - 869 465-8485 or 1 - 869 469-5521 ext. 2221.

