

Discounted VAT Rate Day

"Sale of Vehicle" Treatment



INTRODUCTION

This information provides guidance on the conditions for participation on Discounted VAT Rate Days (DVRDs) December 16th and 17th, 2022, **regarding the purchasing or selling of vehicles.**

Which Businesses are Eligible?

All VAT Registered vehicle dealer businesses that have filed ALL Returns and have NO outstanding fees, licences, tax liabilities, penalties or interest due to the IRD or CED prior to DVR Day, may qualify to participate in the DVR Day.

What Vehicles are Eligible?

All vehicles that are "in stock or inventoried" by a VAT registered business on DVR Day 2022. This include all new and/or used (reconditioned) vehicles.

How will DVR Day affect the cost/ price of a vehicle?

In relation to vehicle purchases, VAT will be exempt on the first \$50,000.00. Any cost in excess of the \$50,000.00 will attract the standard rate of 17% VAT. For example; if the price of a vehicle is \$95,000.00, the price you will pay for it on DVR Day will be as follows:

Selling Price	\$95,000.00
Less Exempt Portion	<u>\$50,000.00</u>
Incentive Vatable Price	\$45,000.00
Plus VAT @ 17%	<u>\$7,650.00</u>
VAT Inclusive Portion	\$52,650.00
Plus Exempt Portion	<u>\$50,000.00</u>
DVR Day Price	\$102,650.00

*Note that, your savings will be as follows:

Selling Price (SP)	\$95,000.00
Plus VAT(SP*17%)	<u>\$16,150.00</u>
VAT Inclusive Price	\$111,150.00

VAT Inclusive Price - DVR Day Price
= (111,150.00 - 102,650.00) -
= Your Savings of **\$8,500.00** on DVR Day ✓

What if I trade in my vehicle?

In relation to vehicle trade-ins, using the same calculations as above, the value of the traded vehicle is deducted from the final price. As such, the price you will pay after a trade-in on DVR Day will be as follows:

Selling Price	\$95,000.00
Less Exempt Portion	<u>\$50,000.00</u>
Incentive Vatable Price	\$45,000.00
Plus VAT @ 17%	<u>\$7,650.00</u>
VAT Inclusive Portion	\$52,650.00
Plus Exempt Portion	<u>\$50,000.00</u>
DVR Day Price	\$102,650.00
Value of Traded Vehicle	<u>\$30,000.00</u>
DVR Day Price after Trade-In	\$72,650.00