

Discounted VAT Rate Day "Sale of Vehicle" Guidance Notes



INTRODUCTION

This information provides guidance on the conditions for participation on Discounted VAT Rate Days (DVRDs) December 15 and 16, 2023, 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 Days.

What Vehicles are Eligible?

All vehicles that are "in stock or inventoried" by a VAT registered business on DVR Days 2023. This includes 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 of the original price. Any cost in excess of \$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 the DVR Days will be as follows:

Selling Price (VAT exclusive)	\$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

Days 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
Less Value of Traded Vehicle	<u>\$30,000.00</u>
DVR Day Price after Trade-In	\$72,650.00

What about persons with Duty Free Concessions?

Persons receiving Duty Free concession on vehicle will NOT be eligible for the DVR Days VAT exemption on the first \$50,000.00. Hence, persons receiving Duty Free concession on vehicle will be required to pay the standard rate of 17% VAT on the full price upon purchasing a vehicle at Duty Free on the DVR Days.

What if I order/import my own vehicle?

The importation of a vehicle by an individual or business other than a Registered Vehicle Dealer will be subject to the stipulated Customs Duties and taxes and will attract the Standard Rate of VAT at 17%.

What if I am selling my vehicle or buying one from another person locally?

The sale or purchase of a vehicle from a non-registered Vehicle Dealer, and/or which is not part of a Registered Dealer's inventoried stock, will attract the Standard Rate of VAT at 17% on the full price.

Contact Information

St. Kitts

The Inland Revenue Department
P.O. Box 34, Bay Road,
Basseterre
Tel: +1-869-465-8485

Nevis

Inland Revenue Department
Main Street, Charlestown
Tel: +1-869-469-5856

Email: inlandrevenue@ird.gov.kn

Website: www.skknird.com or visit us at www.facebook.com/sknird

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