



Discounted VAT Rate Days

Business Guidance

INTRODUCTION

This information provides guidance on the conditions for participation and the reporting requirement for the Discounted VAT Rate Day (DVRD), Friday April 12, 2024. Approved businesses will be allowed to charge VAT at the rate of 5% on the sale of goods only.

Which Businesses are Eligible?

All VAT Registered businesses that have filed ALL Returns and have NO outstanding fees, licences, tax liabilities, penalties or interest due to the IRD/CED prior to DVR Day, may qualify to participate in the DVR Day. If you do not have any outstanding Returns or liability, you may complete the Application Form and submit it to the Inland Revenue Department on or before Tuesday April 05, 2024, at 4:00pm. The Department will indicate the status of your application in writing. If a business filed a VAT objection, eligibility is dependent on satisfying the conditions of that objection which includes submitting 50% of the tax in dispute.

Items Eligible/Non-Eligible

Tangible items that are presently subject to 17% VAT will qualify for the discounted VAT Rate on DVR Day except for Vehicles, Guns, Ammunition, Cigarettes and Alcoholic Beverages. Alcoholic Beverages NOT eligible include but are not limited to Wine, Brandy, Vodka, Whiskey, Gin, Rum, Liqueurs, Cordials, Beer, Guinness, Royal Stout, Shandy Carib and Smirnoff Ice.

Non-tangible items such as the supply of professional services will continue to be subject to the 17% VAT rate. Services such as legal fees, restaurant supplies, rent, tickets for the game of chance (lottery/raffles), top-ups and phone cards are NOT eligible for the reduced rate.

Items eligible MUST also be available for sale and immediate issuance or delivery to the customer on DVR Day. Orders for items not in stock DO NOT qualify.

Filing Requirements

Businesses approved to participate in the DVR Day on Friday April 12th, 2024, will be required to complete and submit the Discounted VAT Day Sales Report on or before Friday April 26th, 2024, at 4:00 pm, to the Inland Revenue Department. This would include all Sales at the reduced VAT Rate (5%), Standard-Rated Supplies (17%), Zero-Rated Supplies and Exempt Supplies. The mentioned form (report) is available on our website at www.sknird.com or at the Taxpayer Services desk at the Inland Revenue Department.

Additionally, the Value of Supplies at 5% must be reported in the VAT form provided via the SKN MyGovernment Portal on the line that reads Value of Reduced Rate (5%) Supplies (VAT Inclusive) for the tax period April 2024. Any sales at standard rate, exempt or zero, on the DVR Day should be reflected on the usual lines of the VAT Return.

Are Items sold on Credit and Hire Purchase eligible for the reduced rate?

YES! Eligible goods sold under a credit or hire purchase agreement will qualify for the reduced rate of 5% if the sale is concluded on the DVR Day. Businesses are reminded that the VAT on the sales under credit terms must be reported in its entirety whether or not payment has been made in full during that tax period.

Rules governing returns and exchanges.

If a customer buys a good at the special 5% rate during the DVR Day and exchanges it on the same day for another good, the 5% rate will still apply. The special rate will NOT apply if the exchange is done after the DVR Day, Friday April 12th, 2024.

If a customer buys a good during the DVR Day and returns the item after the Day for a credit on the purchase of a different item, the 17% VAT Rate would apply to the sale of the newly purchased item, even if it would have been eligible for the 5% Rate during DVR Day.

If a customer buys an item before the DVR Day but returns the item during the DVR Day and receives credit on the purchase of a different item, the reduced rate shall NOT apply on the sale of the new item.

Contact Information

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