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KNOW YOUR INCOME TAX



VAT

**GUIDE TO
VALUE
ADDED
TAX**

YOUR TAX DOLLAR\$
BUILDS
TRINIDAD AND TOBAGO

MISSION STATEMENT

To foster and promote voluntary compliance with the Tax Laws and Regulations by:

- ✓ Providing quality customer service and education.
- ✓ Improving our employees' knowledge, skills and attitudes.
- ✓ Applying the Tax Laws effectively and efficiently with fairness and integrity within an atmosphere of mutual respect.

*This explanatory booklet
is not a
substitute for the law.*

*Please note the law prevails,
if there is any
inadvertent conflict.*

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INTRODUCTION

The Value Added Tax was introduced on January 01st, 1990, and is administered by the Value Added Tax Administration Centre of the Inland Revenue Division. The Customs and Excise Division is responsible for collecting the Value Added Tax (VAT) on imports.

The Value Added Tax Act, #37/89 requires most businesses and many organizations in Trinidad and Tobago to:

- Register with the VAT Administration Centre.
- Collect tax at fifteen per cent (15%) on supply of goods and prescribed services.
- Remit the Net VAT collected to the Cashiers Unit, Inland Revenue Division.
- File a VAT return.

DEFINITIONS

(a) "PERSON"

For the purposes of VAT, "person" means an individual, a company, an unincorporated club or society, a joint venture, a trustee in a trust or estate, a public or local authority, a partnership.

(b) BUSINESS ACTIVITY

A business activity includes any activity conducted as a business, trade, association or club. The term also includes the activities of public and local authorities.

For VAT purposes it is unimportant whether or not the activity realizes a profit, but the activity must be one that is carried on continuously, regularly or periodically and must involve the commercial supply of goods/services to another person for consideration.

A number of activities are not business activities for VAT purposes.

Among these are –

- Employment as a salary or wage earner or engagement as a company director or office holder.
- Private transactions, e.g., the occasional sale of domestic and household articles, furniture or personal effects.

(c) COMMERCIAL SUPPLIES

A Commercial supply is the supply of goods or prescribed services that is made in the furtherance of or in the normal course of any business.

(d) FINANCIAL SERVICES

Financial Services are services, which are closely related to financial intermediation, market intermediation, and risk pooling, and include –

- (a) the exchange of currency (whether effected by the exchange of bank notes or coins, by crediting or debiting accounts or otherwise);
- (b) the lending, borrowing or depositing of money;
- (c) the issue, sale, underwriting, acceptance, purchase, renewal variation, receipt, payments or transfer of ownership of a financial instrument;
- (d) the payment or collection of any amount of interest, principal, dividend or other amount whatever in respect of a financial instrument;
- (e) the provision of credit;
- (f) the provision, taking, variation or release of a guarantee, indemnity, security or bond in respect of the performance of obligations under a financial instrument;
- (g) the provision, or transfer of ownership, of an interest in superannuation scheme, or the management of a superannuation scheme;
- (h) agreeing to do, or arranging, any of the activities above **but not advising thereon.**

(e) FINANCIAL INSTRUMENT

A "financial instrument" is a document the main effect of which is to entitle a specified person to a sum of money, and includes currency, all forms of indebtedness, shares of capital stock, policies of insurance and re-insurance, cheques and other payment instruments, letters of credit, options, future contracts and guarantees.

(f) VAT DEDUCTIBLE ITEMS

(Input Tax)

Purchases/Expenses
Imports
Bad Debts written off

(g) VAT PAYABLE ITEMS

(Output Tax)

Sales
Deemed Commercial Supplies
Credit and Debit Notes given and received

REGISTRATION FOR VAT PURPOSES

Who is required to Register?

Any person who conducts a business activity and who makes commercial supplies with a gross value in excess of \$200,000 in any twelve-month period is required to apply for registration for Value Added Tax (VAT).

Note: For purposes of VAT it is not the business activity, that is registered, but the person who conducts it. The registration covers all the business activities of that person. If the person conducting the business activity is an organization (i.e., not an individual), it is the organization that must register. The individual partners or members do not register. The registration of trustees of a trust or estate is in the name of the trust or estate.

How to register

Persons may register as:

- (i) A sole trader
- (ii) A partnership
- (iii) A limited liability company

Documents Required

Sole Proprietor/Partnership

- (a) Completed VAT 1 and VAT 2 forms signed and dated by a Sole Proprietor / Partner or Partners respectively as required.
- (b) Proper Identification for Sole Proprietor/Partner or for representatives, letter of authorization from Sole Proprietor/Partner and identification of representative.
- (c) Original and copy of the Certificate of Registration.
- (d) Original and copy of assignment of the Board of Inland Revenue (BIR) tax file number and employer's PAYE number (if any employees).
- (e) A statement of gross sales/income for the last (12) months.
- (f) For new businesses a cash flow projection in respect of gross sales/income expected for the next twelve months of operations.

Partnership

The Partners must complete the following:-

- VAT 1,
This is the application for Registration
- VAT 2,
This is where the Registration details of the Partnership are to be Listed.

The documents to be supplied by the Partner are:-

- Certificate of Registration obtained from the Registrar General's Office.
- A Cash Flow projection for a period of twelve (12) months, starting from the month following the date of application for Registration.
- The Board of Inland Revenue File Number.

Please note that the Income Statement **must** be signed by one of the Partners.

- If persons are employed by the Partnership, then an original and copy of the Partnership PAYE file number are also required.

Limited Liability Company
Established before April 15th 1997

1. A completed application for Registration form (VAT 1), which ***must*** be signed and dated by a Director.

In the case of a foreign company, an authorized agent is allowed to sign the application form.

*A letter of authorization signed and dated by a Director of the foreign company, ***must*** be submitted.*

*In addition, where the directors of a company are all foreign-based, a commitment in writing, stating the person responsible for the preparation and submission of the VAT return ***must*** be submitted to the VAT Administration.*

2. A completed VAT 2 form giving such details as the Directors' home addresses, individual B.I.R. file numbers and their signatures.

3. An original and copy of the Certificate of Incorporation.

4. An original and copy of the Certificate, Articles and Continuance.

5. An original and a copy of the assignment of the Company's B.I.R. and P.A.Y.E. file numbers.

6. A statement of gross sales/income for the last 12 months or for new businesses, a statement in respect of gross sales/income expected during the first 12 months of operation.

7. An original and copy of the "Notice of Directors" and "Notice of addresses".

Established after APRIL 15TH 1997

In addition to the items stated in 1-8 an original and copy of the Articles of Incorporation bearing the Registrar General's Stamp is required.

Application for Tenders:

Applicants please note that the VAT Administration does not register persons simply because they wish to apply for a tender. The procedure with regards to tender is as follows:

The person who is making the application must first apply to any of the VAT offices for a VAT Clearance Certificate. If he/she is granted the

tender and intends to make commercial supplies of \$200,000 or more, then it is at this point, he/she applies for Registration for VAT

Failure to Register

The responsibility to register lies exclusively with that person, and failure to register carries with it certain penalties.

A person who, *not* being registered, makes a commercial supply by reason of which he is required to be registered, commits an offence and is liable on summary conviction to a fine of \$15,000 and imprisonment for one year. The Board may, additionally, in such a case, assess the person for the amount of tax that would, in its opinion, have been payable by that person in respect of any such commercial supply made, as if he had been registered.

STOCK ON HAND AT DATE OF VAT REGISTRATION

Where a person has stock on hand at the time he is registered for VAT, the registered person can claim Input VAT on the stock on hand in his first tax period if he can produce an inventory report which has been audited by a Chartered Accountant showing that the stock in trade was on hand when he became registered.

GUIDELINES FOR KEEPING BOOKS AND RECORDS

The Value added Tax Act, 1989 Sec. 38 (1) (Act 37 of 1989) requires each registered person to keep books and records that would enable The Board to ascertain the liability of that person to tax.

The Board of Inland Revenue has issued the following guidelines to registered persons for the keeping of proper books and records.

How to Keep

1. In the English Language
2. In the Currency of Trinidad and Tobago
3. Complete and up to date
4. In such form as would enable the Board of Inland Revenue to determine the accuracy of the information appearing on the VAT Return.

What to Keep

1. Copies of tax invoices, proforma invoices and certificates of waiver
2. Purchase invoices including bills and receipts to support expenditures made
3. Import and export documentation
4. Copies of debit and credit notes received or given
5. Cash receipt and cash payment books
6. Purchase, sales, salaries and wages books
7. Stock sheets
8. Fixed assets register
9. Copies of financial statement – balance sheet and trading and profit and loss statement
10. Bank statements, deposit slips and returned cheques
11. General ledger, general journal and Director’s Minute Book
12. Records of daily takings and till rolls
13. All business correspondence relating to the purchase or supply of goods
14. A record of supplies taken for personal use or given free of charge
15. Such other records as may be required to be kept for the purposes of the business
16. A “VAT Account” which shall contain a summary of the totals of output tax and input tax, in the following manner:

VAT Deductible (Input Tax)	VAT Payable (Output Tax)
Purchases/Expenses	Sales
Imports	Deemed Commercial Supplies
Bad Debts written off	Bad Debts received
	Credit and Debit Notes given and received

Where to Keep

1. At the principal place of business in Trinidad and Tobago; or
2. At such other place as may be approved by the Board of Inland Revenue

How long to Keep

1. Unless otherwise notified, a person whether or not he continues to be registered, shall be required to keep his books and records for a period of not less than six years after the end of the last tax period to which they relate.

TAX INVOICES

Whenever a supply of standard rated goods or services is made to a registered person, a Tax Invoice is to be prepared.

The tax invoice must show:

- ❖ The words “Tax Invoice” (shown prominently)
- ❖ An identifying serial number and the date on which the invoice was given
- ❖ Your name, address and VAT registration number
- ❖ The name and address of the recipient
- ❖ A description of the goods and/or services supplied, including the quantity of goods or type of services supplied
- ❖ The value of the goods and/or services
- ❖ The rate and amount of VAT applicable
- ❖ The total value of the invoice including the VAT

Therefore, a Tax Invoice is a commercial bill or which includes:

- The words “Tax Invoice”
- Your VAT registration number
- The rate and amount of VAT applicable
- The total value of the invoice including VAT

Businesses operating cash registers will normally give a till slip to the customer, inclusive of VAT. Should a customer request it, a “Tax Invoice” must be issued, and must contain the information specified above.

**SPECIMEN
DETAILED TAX INVOICE**

The Words "Tax Invoice"
VAT Reg. No. (#) ...
Invoice No. (#)

Name and Address of
Business

Name and Address of
Purchaser

Date of Purchase

Unit Price exclusive of
VAT
VAT at 15%
Total cost of item
inclusive of VAT

Tax Invoice			
VAT Registration No.:	023456		
Invoice No.:	103468		
M's Variety Store			
Milford Road			
Scarborough			
Tobago			
Sold to: Mr. Expo			
Address: Crown Point			
Tobago			
22.10.07			
	<i>Unit</i>	<i>Amt.</i>	
	<i>Price</i>	<i>Excl.</i>	
		<i>Of VAT</i>	
1 only 6 x 9			
Oriental Rug	\$565.28	\$565.28	
VAT at 15%		84.72	
		<u>650.00</u>	
		<u>650.00</u>	

**SPECIMEN
SIMPLIFIED TAX INVOICE**

Name and Address of
Business

VAT Registration No. (#)
Date of Purchase ...
Cost of Items inclusive of
VAT

Invoice No.

M's Variety Store		
Milford Road		
Scarborough		
Tobago		
VAT # 023456		
22.10.07		
#1		\$4.00
#2		<u>25.95</u>
Sub Total		29.95
Cash		30.00
Change		.05
#103468		

CREDIT OR DEBIT NOTES

Where a supply is cancelled, or the consideration for the supply is altered, or the goods or services are returned to the supplier, then the recipient should be given a debit or credit note as the case requires. Such notes should be permanently marked debit or credit, and should contain similar information to that required for a tax invoice.

RECORDS OF SALES & PURCHASES

SALES

Once Tax Invoices have been issued and copies are kept of all standard rated and other sales, sales records can be established.

Sales records should list in the order of the invoices showing totals for:-

- Value Added Tax due on your sales
- VAT exclusive values of what you have sold
- Any exempt supplies
- Any credits allowed to your customers

In addition to the above:

- (a) Businesses which use cash registers, with till rolls, and issue tax invoices from time to time, e.g. supermarkets, must to retain these tax invoices and till rolls as part of their records.
- (b) Computer generated records must provide the same type of information provided by a manual system, and must be sufficient to enable the VAT on your purchases and sales to be accurately computed.

PURCHASES/EXPENSES

Your suppliers' Tax Invoices will give you all the details you need. Just make a list of the invoices in the same order as you keep them, which allows individual invoices to be easily identified. You may find it useful to number the invoices on receipt, and record the same numbers against the entries in your listing which must show:

- Value Added Tax on purchases and expenses
- VAT exclusive values of items purchased
- VAT on imports
- Any credits received from suppliers

IMPORTS

VAT is payable at the time of entry of imported goods. To reclaim the VAT you paid, you must have official evidence of the amounts involved e.g. a copy of the VAT Assessment Form VAT 401.

VAT claimed on purchases/expenses must be shown as a separate total in your records.

N.B. The Customs and Excise Division is responsible for the Vat on Imports.

GOODS GIVEN AWAY OR TAKEN FOR YOUR OWN USE

If you give away or put to private or other non-business use, goods which you have acquired or produced in the course of your business, you need only record:

- What the goods were
- The date you took them from stock
- VAT exclusive cost (based on your normal selling price)
- The rate and amount of VAT chargeable,

Since under the VAT system this is considered a normal sale.

THE VAT ACCOUNT

REQUIREMENT

1. Though not required by law, every VAT registrant is encouraged to maintain a VAT Account. This account is meant to provide a documentary summary of the VAT transactions of the registrant, and to include the basic information from which the VAT return is made up. The VAT Account must be inspected by the VAT officer on every verification visit, and he must confirm that the figures on each VAT return have been taken from the VAT account.

FORM OF THE VAT ACCOUNT

2. The VAT Account must be set out so as to give the following information:

- (a) the total output tax charged by the registrant to his customer, during each tax period; (Vat on Sales)
- (b) the total input tax charged to the registrant by his suppliers, during each tax period; (Vat on Purchases/Expenses)
- (c) details of any VAT over or underpaid during a previous period, whether found by the registrant or notified by the VAT office;
- (d) the net amount of VAT payable by the registrant for each period, or the amount due as a refund;
- (e) the total amount of money (excluding VAT) charged to customers for taxable supplies for each period;
- (f) the total amount charged for exempt supplies;
- (g) the total amount charged by suppliers (excluding tax), for taxable supplies;
- (h) the total amount charged by suppliers for exempt supplies;
- (i) any adjustments allowable in respect of bad debts.

At the end of each tax period you should calculate the difference between your input tax and output tax record. (See next page).

VAT ON PURCHASE OF MOTOR VEHICLE

Where a registered person, purchases a motor vehicle which is used partly for private use, the VAT to be claimed is restricted to the business element.

Example:	Cost of Motor Vehicle before VAT	\$100,000
	VAT	<u>15,000</u>
	Total Cost	<u>\$115,000</u>

Assuming the vehicle has a private use element of 25%, the VAT to be claimed is restricted to: 75% x \$15,000 = \$11,250.

VAT ACCOUNT

Period from 1 February 2007 to 31 March 2007

VAT deductible – Input tax	\$	VAT payable – Output tax	\$
VAT you have been charged on your purchases		VAT due on your sales	
February	815.23	February	1280.23
March	<u>644.26</u>	March	<u>1272.87</u>
	1459.49		2553.10
VAT on imports	96.85	VAT due on goods taken for your own use	19.60
Overdeclarations of VAT from previous periods, but not those notified by the VAT Office	300.50	Underdeclarations of VAT from previous periods, but not those notified by the VAT Office	139.20
VAT on bad debts written off	<u>50.25</u>	VAT on Bad Debts recovered	21.25
	1907.09	VAT on credits you have received from suppliers	<u>27.50</u>
			2760.65
Total tax deductible	1907.09	Less:	
		VAT on credits you have allowed your customers	<u>23.00</u>
		Total tax payable	2737.65
		<i>Less:</i>	
		Total tax deductible	<u>1907.09</u>
		Tax payable to the Commissioner Value Added Tax	<u>830.56</u>

THE VALUE OF SUPPLY

Arm’s Length Transaction

The VAT charged on a supply (output tax) is calculated by multiplying the value of the supply by the rate of tax charged. Where considerations for the supply is made wholly in money, the value of the supply is the consideration paid, excluding any tax.

Non-Arm’s Length Transaction

Where the consideration is not paid in money or paid partly in money or where the transaction is between associated persons (not dealing with each other at arm’s length) the value of the supply is the open market value. The open market value will also be used on barter transactions. Therefore if you choose to give away any item of stock for whatever reasons, the gift will be deemed a supply and it will be valued at the open market value.

For example, if a company gives a car to one of its director’s son and invoice the transaction at ten thousand (\$10,000) dollars, however, the open market value of the vehicle is one hundred thousand (\$100,000) dollars, then the VAT will be calculated on the one hundred thousand (\$100,000) dollars.

Open market value is the amount that a buyer and seller will agree to in situation where both parties are dealing with each other at arm’s length.

Imports

In respect of imports, the VAT accountable is the amount of the invoice, plus the cost of insurance and freight as well as any other duties payable on the importation, such as stamp duty and customs duty, etc.

BEFORE CHARGING VAT A REGISTERED PERSON SHOULD

- (a) Ensure that the supply is within Trinidad and Tobago
- (b) Ensure that the supply is a commercial supply
- (c) Establish the correct rate of VAT on the supply
- (d) Determine the time of the supply

TIME OF SUPPLY

The time of supply identifies the tax period in which a transaction is to be taxed. The tax period is the period of two months for which a registered person is to account for VAT to the Board of Inland Revenue.

The general rule is that a supply takes place on the earliest of the following:

- (a) the date invoice is issued;
- (b) the date of payment;
- (c) the date when the goods are made available or in the case of services, when the services are supplied;

Exceptions to the above are as follows:

- (a) where supplies are made under an agreement for hire purchase or with an option to purchase, or with an option to return, the supply is made when the goods are made available to the recipient;
- (b) where services are supplied continuously as in the case of electricity, the time of supply is the invoice date;
- (c) where services are supplied under an agreement that requires periodic payments, the time of supply is when an invoice is given, or where no invoice is given, the earlier of when payment is made or became due;
- (d) where goods are supplied periodically in a situation where payment becomes due at the issue of an invoice, the time of supply is the earliest of:
 - (i) the date an invoice is given;
 - (ii) payment date; or
 - (iii) the date when payment is due;
- (e) with respect to construction projects, where the agreement states that payments will be made at various stages of construction, e.g., a deposit, a payment on completion of foundation, etc., the supply of each stage takes place at the earliest of:
 - (i) the date the invoice is given for that stage;
 - (ii) the date payment for that stage becomes due;
 - (iii) the date payment for that stage is made;

With respect to imports, the time of supply is the date the goods are received by customs, i.e., when the customs entry is made. In the case of self-supply, the time of supply is when the goods are taken.

This is a very important area, since accounting for VAT in an incorrect period could result in penalty and interest being charged.

For example, a registered person may sell an item on credit on 3/01/06 (invoice and delivery date). Payment is received on 15/03/06. The liability of his supply to VAT is determined by the time of supply, which in this situation is the invoice or delivery date. Assuming then that the registered person's first tax first period ends on 28/02/06 though payment was not received until his second tax period he would have to account for the VAT on this sale in his first tax period.

ZERO RATED SUPPLIES

These are goods that are taxable but at a zero rate or nil rate, these supplies include:-

1. (1) Any -

- (a) unprocessed food of a kind used for human consumption;
- (b) rice;
- (c) flour;
- (d) milk in any form, including processed and tinned milk;
- (e) margarine;
- (f) bread;
- (g) baby formulas and baby milk substitutes;
- (h) cheese and curd;
- (i) corned beef;
- (j) curry;
- (k) fresh butter;
- (l) peanut butter;
- (m) table salt;
- (n) salted butter;
- (o) tin sardines;
- (p) smoked herrings;
- (q) toilet paper;
- (r) yeast;
- (s) baking powder;
- (t) pasta;
- (u) cane sugar;
- (v) cocoa powder, whether or not containing added sugar or other sweetening matter;
- (w) coffee;
- (x) mauby;
- (y) orange juice;

(2) In this item “unprocessed” in relation to a food means that the food contains no additives and that it is not the result of the application of a process other than freezing, chilling or packaging, a mechanical process, or a process that solely employs the element of the weather.

2. (1) Any live bird, fish crustacean, mollusc or other animal of a kind generally used as, or yielding or producing, food for human consumption.

(2) Any draught animal

3. Animal feeding stuffs suitable for any animal referred to in item 2.

4. Seeds and other means of propagation of plants and plants that are used for providing -

- (a) a food referred to in item 1(1)(a), (b) or (c); or
- (b) a feeding stuff referred to in item 3.

5. Preparations formulated for agricultural use including fertilizers, insecticides, herbicides, and fungicides.

6. Self-propelled agricultural equipment, agricultural tractors and agricultural implements for attachment to agricultural tractors; agricultural implements propelled by draught animals; agricultural devices designed to be carried by the operator.

7. Water and sewerage services supplied by a public authority.

7A. Bus services supplied by the Public Transport Service Corporation under the Public Transport Service Act.

8. Medicines and drugs of a kind available only by prescription.

8A. Any of the following medicines for human use:

- (a) analgesics in the form of liquids, tablets, capsules or other solid dosage forms for oral or rectal use;
- (b) cough and cold preparations in the form of liquids, tablets, capsules or other solid dosage forms for oral and nasal use;
- (c) antacids and antifoamants in the form of liquids, tablets, capsules and other solid dosage forms for oral use;
- (d) laxatives in the form of liquids, tablets, capsules or other solid dosage forms for oral or rectal use;
- (e) anthelmintics in the form of liquids, tablets, or capsules for oral use;
- (f) oral rehydration preparations in the form of salts or solutions of W.H.O./Pharmacopoeia standards.

8B. Diabetic:

- (a) diagnostic testing kits and devices for testing glucose in blood and urine;
- (b) insulin syringes with needles and devices of a type not exceeding 100 units (1.0 ml) capacity, for the administration of U-100 insulin.

8C. Medicaments (excluding goods of heading No. 30.02, 30.05 or 06) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale, as contained in Customs Heading No. 30.04 of the First schedule to the Customs Act.

9. Aeroplanes and ships imported by or supplied to the State or State Corporations.

10. Repair of aeroplanes and ships used in international commercial services (whether or not belonging to the State or a State Corporation).

11. Any goods which are supplied to a destination outside the territory of Trinidad and Tobago.

11A. any goods which are supplied to a destination within a free zone under the Trinidad and Tobago Free Zones Act.

12. Any services which are supplied for a consideration that is payable in a currency other than that of Trinidad and Tobago, to a recipient who is not within Trinidad and Tobago at the time when the services are performed.

13. Natural gas.

14. Crude oil as defined in section 2 of the Petroleum Taxes Act.

15. Veterinary services supplied in respect of animals referred to item 2.

16. Pest control services supplied for the purposes of agriculture.

17. International freight and ancillary services including port and harbour services, docking, berthing and mooring, conservancy, aircraft landing, parking and housing, apron services, airport navigation services, transportation to the point where the goods are entered, demurrage or arranging any such services.

18. Unconditional gifts of goods or services to an organization approved by the President under section 6(1)(e) and (g), of the Corporation Tax Act.

19. Domestic travel between Trinidad and Tobago.

20. Goods and water for consumption or sale on board an aeroplane or ship in the course of providing international commercial services.

21. Charter of ships or aircraft for use in international commercial services.

22. Books namely literary works, reference books, directories, collections of letters or documents permanently bound in covers, loose-leaf books, manuals or instructions whether complete with their binder or not, amendments to loose-leaf books even if issued separately, school work books and other educational texts in question-and-answer format with spaces for insertion of answers, children's picture and painting books, exercise books, other paper and paperboard of a kind used for writing, printing or other graphic purposes, puzzles, magazines not otherwise prohibited to be imported, exported or carried otherwise but excluding brochures, pamphlets and leaflets, newspapers, journals and periodicals, photograph and stamp albums.

23. Steelband Instruments.

24. Accommodation at a building or group of buildings occupied together for the purpose of primarily providing sleeping accommodation for reward for its guests, not being persons resident therein under a contract of service.

25. Repair of yachts and pleasure crafts owned by persons who are neither citizens nor residents of Trinidad and Tobago at the time when the repairs are performed.

26. (1) Any service supplied to yachts and pleasure crafts owned by persons who are neither citizens nor residents of Trinidad and Tobago at the time when service is supplied.

(2) In this item "service" includes port and harbour services, docking, berthing, mooring, conservancy or the arranging of such services.

27. Plant, equipment, machinery or components which are imported and the Comptroller of Customs and Excise is satisfied are intended for use in -

- (a) constructing, altering, reconstructing or extending an enterprise classified as a highly capital intensive enterprise under section 9 of Fiscal Incentives Act (hereunder referred to as "the Act") and declared, by Order, to be an approved enterprise under section 10 of the Act;
- (b) equipping an enterprise referred to in paragraph (a) for the purpose of manufacturing its approved product as defined by the Act,

during the period commencing with the date of publication of the Order referred to in paragraph (a) and terminating on the date on which the benefits granted by that Order cease.

28. The items contained in the First Schedule to the Customs Act under Tariff Heading No. 90.21, being orthopaedic appliances, including crutches, surgical belts and trusses; splints and other fracture appliances, artificial parts of the body; hearing aids and other appliances which are worn or carried or implanted in the

body, to compensate for a defect or disability, other than items in Tariff Subheading Nos. 9021.21 and 9021.29, being artificial teeth and dental fittings.

29. The items contained in the First Schedule to the Customs Act-

- (a) under Tariff Heading No. 84.71, being automatic data processing machines and units thereof, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included;
- (b) being parts and accessories listed in Tariff Subheading No. 8473.30 in respect of machines under paragraph (a); and the following lists of Computer Accessories as classified by The Customs and Excise Division.

- Motherboard
- Central processing unit (CPU)
- Laser Jet Toner Cartridge (General Order/99)
- Ink Jet Print Cartridge (General Order/99)
- Memory Chips
- Video card
- Computer disc for Computers
- Modem
- Keyboard
- Scanner
- Monitor
- CD Rom
- CD Rom Drive
- Hard Disc Drive
- Floppy Disc Drive
- Zip Drive
- Speakers Multi-media kit
- Mouse
- Mouse Pad
- Computer tape (recorded)
- Sound Card
- Computer tape (blank)
- Printer
- File for Monitor (Screen)

- (c) being diskettes as contained in Tariff Subheading No. 8523.201 and 8524.993.

30. Compact disc for computers.

31. The items contained in the First Schedule to the Customs Act -

- (a) Glasses for corrective spectacles having Tariff Subheading No. 7015.10.
- (b) Contact lenses of glass having Tariff Subheading No. 9001.30.
 - Prescription contact lenses are subject to VAT at the zero rate (0%)
Where contact lenses are dispensed to a patient along with a starting solution kit as a package, that package is also subject to VAT at the zero rate. However, please note that:
 - Plain coloured contact lenses use for cosmetic purposes and
 - The sale of solution used for disinfecting, cleaning, and storing contact lenses are subject to VAT at fifteen (15%) percent.
- (c) Spectacle lenses of glass having Tariff Subheading No. 9001.40.
- (d) Spectacle lenses of other materials having Tariff Subheading No. 9001.50.

SPECTACLES

Prescription spectacles are usually dispensed to a patient in the form of:

- Prescription spectacle lenses glazed into a spectacle frame

The frame and lenses becomes one unit (the spectacle) although that were imported separately.

- Spectacle case
- Lens cleaning cloth

Where the spectacle, spectacle case, and lenses cleaning cloth are sold as a package that sale is subject to VAT at the zero rate, i.e. NO VAT. Also, where a spectacle frame or lens is sold separately VAT is not applicable. However:

- Where a spectacle case or lens cleaning cloth is sold as a separate item VAT becomes due on that sale.
- Pre-manufactured sunglasses, (sunglasses bought off the shelf) and non-prescription sunglasses made to order (Plain sunglasses) are subject to VAT at fifteen (15%) percent.
- Replacement parts to spectacle frames (e.g. nose pads, sides, tips and screw) have also been zero (0%) rated. However:
 - Accessories are subject to VAT at fifteen (15%) percent (*e.g. spectacle cords*).
 - Low vision aids, *such as clip-ons or hand magnifiers* are also subject to VAT at fifteen (15%) percent.

- Repair services performed by VAT Registered persons, *e.g. soldering of frames, or cleaning and polishing contact lenses* continue to be subject to VAT at fifteen (15%) percent.
- (e) Frames and mountings of plastic having Tariff Subheading No. 9003.11.
- (f) Frames and mountings of other materials having Tariff Subheading No. 9003.19.
- (g) Parts having Tariff Subheading No. 9003.90.
- (h) Corrective spectacles having tariff sub-heading number 9004.90.

THE FOLLOWING TABLE SUMMARIES THE RELIEF:

ITEMS	CUSTOMS TARIFF #	VAT	NO VAT	SECTION OF LAW
Prescription Spectacles (<i>lenses, frames, spectacle case & lens cleaning cloth</i>) sold as a package	9003.11/9003.19 9001.40/9001.50		X	Schedule 2 Item 31 (c), (d), (e) & (f)
Spectacle frame (<i>sold separately</i>)	9003.11/9003.19		X	Schedule 2 Item 31 (e) & (f)
Prescription Lenses (Sold separately)	9001.40/9001.50		X	Schedule 2 Item 31 (c) & (d)
Prescription contact lenses And starting solution kit Sold as a package	9001.30		X	Schedule 2 Item 31 (b)
Parts (<i>replacement parts e.g. nose pads, sides, tips & screws</i>)	9003.90		X	Schedule 2 Item 31 (g)
Accessories (<i>e.g. spectacle cords</i>)	N/A	X		N/A
Low Vision Aids (<i>e.g. Clip Ons or Hand Magnifiers</i>)	N/A	X		N/A
Non-prescription Plano & pre-manufactured sunglasses (<i>e.g. Ray Ban</i>)	N/A	X		N/A
Plano coloured contact lenses used for cosmetic purposes	N/A	X		N/A
Repair services (<i>e.g. soldering of frames and the cleaning and polishing of contact lenses</i>)	N/A	X		N/A

32. The items contained in the First Schedule to the Customs Act-
- (a) Invalid carriages, not mechanically propelled having Tariff heading No. 8713.10.
 - (b) Other invalid carriages having Tariff heading No. 8713.90.
 - (c) Parts and accessories of invalid carriages having Tariff heading No. 8714.20.
33. With effect, January 1st, 2001, the following sporting goods, articles and equipment.

TARIFF NO.	ZERO-RATED ITEMS
(a) 6402.19	Sport shoes made of rubber. Sport shoes made of plastic.
(b) 6403.19	Sport shoes made of leather. Sport shoes made of a combination of leather and other materials.
(c) 6404.111	Sport shoes made of a combination of textile and other materials.
(d) 9506.31	Golf clubs only.
(e) 9506.40	All tennis articles and equipment. Including tennis balls.
(f) 9506.992	Articles and equipment for soccer. Excluding soccer balls.
(g) 9506.912	Articles and equipment for athletics.
(h) 9506.991	Articles and equipment for cricket. Excluding cricket balls.
(i) 9506.919	Articles and equipment for other sporting activities.
(j) 9506.911	Articles and equipment for gymnastics.
(k) 9506.999	Articles and equipment for other sports or other outdoor games.
(l) 9506.32.00	Golf balls.
(m) 9506.61.00	Lawn-tennis balls.
(n) 9506.62.10	Inflatable balls for soccer.
(o) 9506.62.90	Other inflatable balls.
(p) 9506.69.00	Other balls.

Please Note Articles Of Clothing Used For Sporting Activities Are Subject To VAT at the Rate of 15%.

34. With effect, September 14th 2001, the following was amended to zero-rated items.

TARIFF No.	DESIGNATION	ZERO-RATED ITEMS
Ex. 03.05	Salted Fish	Fillet salted fish – that is dried but not smoked or in brine. Whole salted fish – that is dried but not smoked or in brine. Salted fish – not dried, not smoked nor in brine.

35. With effect, September 14th 2001, the following was amended to zero-rated items.

TARIFF No.	DESIGNATION	ZERO-RATED ITEMS
3306.101	Toothpastes	Toothpaste
Ex. 3307.20	Personal Deodorants	Deodorants Excluding Antiperspirant
Ex. 3401.112	Soap	Toilet soap in the forms of bars, cakes, moulded pieces or shapes Excluding Medicated Soap.
Ex. 3401.191	Soap	Soap in the forms of bars, cakes, moulded pieces or shapes for laundry and other household uses.
4818.401	Sanitary Towels & tampons	Sanitary towels and tampons
4818.402	Napkins	Napkins and napkins liners for babies made of paper
Ex. 4818.409	Diapers	Diapers for adult use, made of paper
5601.101	Sanitary towels & tampons	Sanitary towels & tampons
5601.102	Napkins	Napkins and napkins liners for babies, made of textile
5601.109	Diapers	Diapers for adults made of textile.

EXEMPT SERVICES

1. Medical, dental, hospital, optical and paramedical services, other than veterinary services.
2. Bus and taxi services other than bus services supplied by the Public Transport Service Corporation under the Public Transport Service Act.
3. Training and education provided:
 - (a) in a public school or private school within the meaning of the Education Act, where that school-
 - (i) in the case of a private school, is registered under that Act; and
 - (ii) in any case, is approved for the purposes of this item by the Minister to whom responsibility for education is assigned; or
 - (b) through the University of the West Indies or the Hugh Wooding Law School.
4. Real estate brokerage.
5. Rental of residential property.
6. Accommodation in hotels, inns, guest houses for any period in excess of thirty days.
7. Public Postal Services.
8. Betting, gambling and lotteries.
9. Financial Services.

Financial services are services which are closely related to financial intermediation, market intermediation, and risk pooling, and include:

- (a) the exchange or currency (whether effected by the exchange of bank notes or coins, by crediting or debiting account or otherwise;
- (b) the lending, borrowing or depositing of money;
- (c) the issue, sale, underwriting, acceptance, purchase, renewal, variation, receipt, payments or transfer of ownership of a financial instrument;
- (d) the payment or collection of any amount of interest, principal, dividend or other amount whatever in respect of a financial instrument;
- (e) the provision of credit;

- (f) the provision, taking, variation or release of a guarantee, indemnity, security or bond in respect of the performance of obligations under a financial instrument;
 - (g) the provision, or transfer of ownership, of an interest in a super-annuation scheme, or the management of a superannuation scheme;
 - (h) agreeing to do, or arranging, any of the activities above but not advising thereon.
- “financial instrument” and two (2) items No. 11 & 12 missing.

EXPORT OF GOODS

THE LAW

Schedule 2, item 11 of the Value Added Tax Act, states that any good which is supplied to a destination outside the territory of Trinidad and Tobago; is subject to VAT at a rate of zero percent. (0%).

This means, that where a registered person supplies goods by exporting them to a destination outside of Trinidad & Tobago VAT will not be charged on such supplies.

PROOF OF EXPORT

A registered person will be regarded to have exported goods if he is so named as the exporter in the shipping documents relating to the export of the goods. The Board of Inland Revenue requires the VAT registered person who purports to have exported goods produce copies of all relevant shipping documents to support his claim of exportation.

Where the shipping documents produced **do not** identify the registered person as the exporter of the goods, the VAT registered person will be held accountable for the Value Added Tax due and payable at the rate of fifteen percent (15%), since the supply would not have been in accordance with the Schedule 2, item 11 of the VAT Act.

Supplies which do not qualify as Exports

The following supplies **do not qualify** as exports under Schedule 2, item 11 of the VAT Act.

- (a) Goods ultimately intended for export but supplied to a person at the supplier premises or delivered to him at the shipping point. This includes supplies to a person who will be responsible for exporting the goods himself (that is, the recipient of the goods will be named as the exporter of the goods on the shipping documents.)
- (b) Goods supplied locally to a recipient who produces a document such as a passport as evidence that the goods are to be taken out of the country. Please note, where a registered person supplies goods to a non-resident

within the territory of Trinidad & Tobago such goods are chargeable to VAT at the Standard Rate of 15% even if it appears that it is intended to be used outside of the territory of Trinidad & Tobago and all VAT registered persons will be held accountable for any VAT due and payable on such supplies.

PERSONS ORGANISING CARNIVAL ACTIVITIES AND OTHER FORMS OF ENTERTAINMENT

The persons who could be affected include, the designers of costumes for carnival bands, the promoters of carnival bands, arrangers, tuners of steel pans, musicians, disc jockeys, persons offering sound systems for rent, persons providing venues for the holding of shows and fetes, promoters of carnival shows, calypso tents and fetes and persons selling food and drink. etc.

THE LAW

Value Added Tax is charged under Section 6(b) of the Value Added Tax Act, “on the commercial supply within Trinidad and Tobago of goods or prescribed services by a registered person”. Section 14(1) of the Act defines a “commercial supply” as, “a supply of goods or prescribed services that is made in the course of, or furtherance of, any business”.

From the above it can be gleaned that *all* goods and prescribed services are taxable. A prescribed service means any service not listed as an exempt service under the Act.

Thus a supply will be taxable if-

- (a) it a good or prescribed service;
- (b) it is made in the course of, or furtherance of, any business; and
- (c) the supplier is required to be registered under the Value Added Tax Act.

What Constitutes a Business

For the purposes of the Value Added Tax Act a business generally refers to a trade, profession or vocation, but the following activities are also regarded as a business:

- (1) An activity that is carried on, whether or not for pecuniary profit, and involves or is intended to involve, in whole or in part, the supply of goods or services for consideration; and
- (2) An activity involving the admission, for a consideration, of persons to any premises.

In light of (1) above, the following are examples of persons who engage in carnival related activities and who would be considered to be engaged in a business by virtue of the fact that they offer goods or prescribed services for consideration:

- Persons supplying sound systems for a fee
- Promoters of carnival bands
- Musicians
- Disc jockeys
- Persons supplying transport for musicians and carnival bands
- Persons offering for a fee, premises and other facilities for holding of shows and fetes
- Persons engaged in operating bar/food concessions
- Arrangers of music for bands
- Tuners of steel pans
- Guest House Operators

Additionally, under (2) above where an amount of money is charged for the entry of persons to any premises, then the activity for which the charge is levied shall constitute a business and the following persons should therefore be aware that they would be considered to be engaged in a business under this provision of the Act:

- Promoters of carnival fetes and dances
- Managers/Owners of calypso tents
- Promoters of carnival shows

It should be pointed out that an activity does not cease to qualify as a business merely because it is not carried on with any degree of regularity. Hence, even a single undertaking of an activity, for which admission is charged would be sufficient to deem the undertaking a business.

The Do's and Don'ts of VAT

DO'S

REGISTER FOR VAT, if you make or intend to make commercial supplies in excess of \$200,000 in a twelve month period.

ACCOUNT FOR VAT, at the rate of 15% on standard rated supplies (sales) made.

DISPLAY YOUR VAT REGISTRATION CERTIFICATE in full public view.

ISSUE TAX INVOICES on the supply of Vatable goods and services.
(Either a simplified tax invoice on sales in excess of twenty (\$20.00) dollars or a detailed tax invoice for any amount, if so requested).

KEEP PROPER BOOKS AND RECORDS, so as to enable the Board of Inland Revenue to correctly calculate your Vat liability.

KEEP YOUR BOOKS AND RECORDS for a period of six (6) years.

COMPUTE YOUR VAT RETURN CALCULATIONS correctly.

INSERT MATHEMATICALLY CORRECT calculations in the designated boxes.

FILE YOUR VAT RETURN by the 25th day of the month, following the end of your tax period.

AVOID PENALTY AND INTEREST by paying all outstanding Vat.

INFORM THE VAT ADMINISTRATION of any changes in your registration particulars.

MAKE PAYMENTS OF VAT at Cashier's Unit, Trinidad House, Port of Spain and any of our Regional Offices situated at #6 Prince Street, Arima, Cipero Street, San Fernando and Sangster's Hill Tobago.

REPORT ANY KNOWN OFFENCES against the VAT Act to the Vat Administration Centre, Port of Spain.

RETURN YOUR VAT CERTIFICATE OF REGISTRATION upon de-registration.

Failure to do so results in a fine of fifteen thousand (\$15,000) and imprisonment for one (1) year upon summary conviction.

MAINTAIN A VAT ACCOUNT

This account provides a documentary summary of the VAT Transactions of the registered person for a particular tax period. It also gives the basic information required to prepare The VAT Return.

DON'T'S

DON'T CHARGE VAT, if you have not registered for VAT.

You will be subject to a fine of thirty thousand (\$30,000) dollars and imprisonment for two (2) years, upon summary conviction for breach of this provision.

DON'T DISPLAY A CERTIFICATE not issued by the Board of Inland Revenue nor should you display one after de-registration.

DON'T SUBMIT an unsigned VAT Return.

There is provision for two (2) signatures on the VAT Return Form, one for the declarant and the other for the preparer.

The person who prepares the return must sign her/her name in the box provided for the preparer.

Box 5

VAT on commercial supplies this period

Show here the VAT due on the commercial supplies you have made for the period.

Total to be shown in Box 5:
15% x (Box 3 – Box 4) ... \$.....

Note: *If the figure in this box is incorrect, the processing of your return will be unduly delayed.*

Box 6

Tax Adjustments

Show here the net tax adjustment, if any, in respect of –

- (a) Items that increase output tax. (Credit notes received, debit notes given, bad debts recovered during the period and indemnity payments received); and
- (b) Items that decreased output tax. (Credit notes given, debit notes received and bad debts written off during the period).

Copies of debit/credit notes, details of bad debts and indemnity payments are to be supplied with the return.

If the total shown in Box 6 increases the Output Tax for the period delete the word “minus” appearing immediately over that box. If the total in Box 6 decreases the Output Tax, then delete the word “plus”.

Write NIL in Box 6 if there is no adjustment.

VAT ON: *Items that increase output tax:*

- (1) Credit Notes received ... \$.....
- (2) Debit Notes given ... \$.....
- (3) Bad debts recovered ... \$.....
- (4) Indemnity payment received \$.....

Total (C) ... \$.....

VAT ON: *Items that decrease output tax:*

- (1) Credit Notes given ... \$.....
- (2) Debit Notes received ... \$.....
- (3) Bad debts written off ... \$.....

Total (D) \$.....

Where C is greater than D the total shown in Box 6 will increase output tax. Where D is greater than C the total shown in Box 6 will decrease output tax.

Note: *Do not use this Box to set off a refund due to you from a previous period against the VAT on supplies made for this period.*

Box A

Total Output Tax

Show here the sum of Box 5 plus/minus Box 6 ... \$.....

Note: Indemnity payments are always added.

Total commercial supplies received (excluding VAT) for which tax invoicing requirements have been met.

Box 7 Show the value – *exclusive of VAT* – of all commercial supplies (zero-rated and standard rated) received during the period for which you have been given tax invoices.

The total here would include the sum of-

- (a) Goods acquired locally for resale \$.....
- (b) Goods and services acquired locally for use in the business \$.....
- (c) Fixed Assets acquired locally for the business:
 - (i) Motor vehicle \$.....
 - (ii) Building \$.....
 - (iii) Plant and Machinery \$.....
 - (iv) Other \$.....

Total to be shown in Box 7 \$

Note: *The value of imported goods is not to be included in the total to be shown in Box 7. Only the VAT paid to the Customs and Excise Division.*

Box 8

Zero-rated supplies included above

Show here the total of any zero-rated supplies included in Box 7. Write NIL if there is none \$.....

Box 9

VAT on commercial supplies received this period

Show here the VAT charged on supplies made to you during the period.

Total to be shown in Box 9:
15% x (Box 7 – Box 8) ... \$.....

Note: *If the figure in this box is incorrect, the processing of your return will be unduly delayed.*

Box 10

VAT on Imports

Show here the VAT paid on imported goods entered by you during the period. *Exclude the VAT on any goods imported for non-business use.* Write NIL if no VAT on imports was paid during the period. \$.....

Tax Adjustments

Box 11 is to be used only where a person makes both commercial and exempt supplies. If you DO NOT MAKE EXEMPT SUPPLIES, YOU SHOULD WRITE 'NIL' IN THIS BOX.

An adjustment in Box 11 represents input tax incurred on commercial supplies acquired to make exempt supplies and is to be deducted from the input tax reported in Boxes 9 and 10.

Total to be shown in Box 11: (E plus F): \$.....

The total in "E" will reflect all the input tax (VAT) included in Boxes 9 + 10 that relate to supplies required *solely* for the purposes of making exempt supplies.

Nature of Supply	Value of Supply	Tax Thereon
(1).....	\$.....	\$.....
(2).....	\$.....	\$.....
(3).....	\$.....	\$.....
Total (E)		\$.....

By applying the undermentioned formula the total in "F" will reflect the portion of common input tax (VAT relating to supplies required to make both commercial and exempt supplies) reported in Boxes 9 and 10 that has been ascribed to the making of exempt supplies.

Total (F) = Value of Exempt

Supplies reported X Common input tax
 In Box 4 value i.e., VAT relating
 Of total supplies to both commercial
 Reported in Box 3. and exempt
 supplies as
 identified below.

\$.....

Nature of Supply	Value of Supply	Tax Thereon
(1).....	\$.....	\$.....
(2).....	\$.....	\$.....
(3).....	\$.....	\$.....
(4).....	\$.....	\$.....

Common Input Tax – i.e., VAT relating to both commercial and exempt supplies. \$.....

Box 12

Show the sum of Box 10 and Box 11.

If you do not make exempt supplies Box 12 will always be equal to the amount shown in Box 10. If you make both exempt and commercial supplies the amount entered in Box 11 is to be deducted from the amount shown in Box 10. Where the figure in Box 11 is greater than that in Box 10 the difference is to be shown in Box 12 in brackets (). \$.....

Box B

Show the sum of Box 9 plus/minus

Box 12. If you do not make exempt supplies Box B will always equal Box 9 plus Box 12. Where you make exempt and commercial supplies and the figure in Box 12 is in brackets (), the amount to be shown in Box B is Box 9 minus Box 12. Where the figure in Box 12 is not in brackets, the amount to be shown in Box B is Box 9 plus Box 12. \$.....

Box 13

Show here the difference between Box A and Box B. \$.....

VAT Payable

VAT is payable where Box A is greater than Box B. Delete the Box marked VAT REFUNDABLE.

If you included in Box 6 any VAT on any Indemnity payment and –

- (a) the VAT payable figure in Box 13 is greater than the VAT withheld by the Insurance Company, pay to the Board only the difference.
- (b) the VAT payable figure in Box 13 is less than the VAT withheld by the Insurance Company, do not make any payment. The Board will refund you the difference by which the VAT on the indemnity payment exceeds the amount shown in Box 13.

VAT Refundable VAT is refundable where Box B is greater than Box A. Delete the Box marked VAT PAYABLE. If you included in Box 6 any VAT on any indemnity payment your refund would be increased by this amount.

Declaration Please complete the declaration and ensure That it is signed and dated. Failure to do so Will result in delays in the processing of the return.

Note: *Please note that no adjustments to either out put or input tax that relate to a prior period are to be made in this Return. A request to revise a prior Period return to adjust for Out put or Input taxes must be made in writing Section 39(1)(b) of the VAT Act, 1989.*

HOW TO ACCOUNT FOR INDEMNITY PAYMENTS

Where under a contract of insurance, an insurance company makes an indemnity payment to a **registered person** and this relates to a loss incurred with respect to goods or services in the course of any business, then that Insurance Company is now obligated to withhold and pay over to the **VAT Administration Centre, Board of Inland Revenue** an amount which represents the **Value Added Tax element** of that indemnity payment.

How to Account on the VAT Return for indemnity payments received from Insurance Companies.

Show the tax withheld by the Insurance Company in **Box 6** of the return **only**.

(Box A will therefore show the total of **Boxes 5 and 6)**

Attach to the return a copy of the discharge form issued by the Insurance Company.

NB: **DO NOT** include in Box 3 the commercial supplies relating to the indemnity payment.

DO NOT include the Value Added Tax withheld by the Insurance Company in the input section of the return.

VAT PAYMENT/REFUNDS

(1) Result in **Box 13 – VAT Refundable**

The Board will increase this refund figure by the Value Added Tax withheld by the Insurance Company.

(2) Result in **Box 13 – VAT Payable**

(a) Where this figure is **less than** the Value Added Tax withheld by the Insurance Company no payment should be made. The Board will refund the amount by which the Value Added Tax withheld by the Insurance Company exceeds the Value Added Tax Payable.

(b) Where the VAT Payable figure in Box 13 is greater than the Value Added Tax withheld by the Insurance company, **pay** to the Board the difference.

Penalty and Interest on late payment of VAT

Where any amount that a person is required to pay to the Board is not paid by the due date, the amount outstanding bears a penalty of eight per cent (8%) of the amount outstanding and interest at the rate of two per cent (2%) per month or part there of.

EXAMPLE OF A CORRECT COMPLETED VAT RETURN

GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO **VAT 101**
 Please refer to the booklet "COMPLETING THE VAT RETURN" before completing this form.

VALUE ADDED TAX RETURN
 Approved by the Board of Inland Revenue Value Added Tax Act 1989

Registration No. 100002

Period No. 200404 from 0-Feb-2004 to 30-Apr-2004 This return & payment due by 25-May-2004

JOHN DOE & CO. LTD
 PAUL ST.
 PORT OF SPAIN

Return to:
 VAT ADMINISTRATION CENTRE
 P.O. BOX 820, 20 ST. VINCENT ST.,
 PORT OF SPAIN
 or your nearest VAT office

Enter details from your VAT Account
 Complete all boxes - write NIL where necessary
 (Sales / Income)
Value Added Tax on commercial supplies made by you

\$ 1,514,642	07	3	Total value of supplies made this period (excluding VAT)
\$ 540,116	00	4	Zero rated and Exempt supplies included above
\$ 146,178	91	5	VAT on commercial supplies made this period
\$ + 2,541	00	6	Tax Adjustments
equals			
Total Output tax (5 + 6) (A)			\$ 148,719 91

(Purchases / Expenses)
Value Added Tax on commercial supplies received by you

Total commercial supplies received (excluding VAT) for which tax invoicing requirements have been met.

\$ 1,152,614	09	7	
\$ 334,661	00	8	Zero Rated Supplies included above
\$ 122,692	96	9	VAT on Commercial Supplies received this period
\$ 15,141	00	10	VAT on Imports
\$ -	-	11	Tax Adjustments
\$ 15,141	00	12	
Total Input tax (9 + 12) (B)			\$ 137,833 96

Business Activity: Sale of Fishing Equipment to wholesalers

Declaration
 Name of person making this declaration: John Doe
 I declare that the information given in this return is true and correct.
 Signature: [Signature] Date: 24/05/04
 Your Title: Managing Director
 Return Preparer (if different from above): [Signature]
 BLOCK LETTERS: [Signature] File No.: [] Date: []

VAT PAYABLE
 Total A exceeds Total B \$ 10,885 95 13
VAT-REFUNDABLE
 Total B exceeds Total A

B.I.R. USE ONLY

AMOUNT	RECEIPT NO.	DATE
VAT		
PENALTY	CASHIER'S INITIAL	
INT.		
TOTAL PAYMENT		

Method of Payment: CASH CHEQUE OTHER
 Please note: Late payments are subject to Penalty and Interest

* Please note Insurance indemnity payments are always added in Box 6.

DELAYS IN PROCESSING VAT RETURNS

The following are some of the reasons that may result in delays in the processing of VAT Returns and Refunds.

✓ Submission of an incomplete VAT Return

~ this includes a return that is unsigned. The registrant or duly authorized person must sign the declaration on the VAT Return form.

Duly authorized persons may include a director, proprietor, a corporate secretary, an accountant or senior officer who holds managerial responsibility in the organization. If the return is prepared by a person other than those listed above, that person must sign his/her name in the signature box provided for the preparer.

✓ Lack of notification of changes

~ Registrants must inform the VAT Administration of any changes made to the information given at the time of registration.

Such changes include: a change in business name, address or status.

✓ Submission of a mathematical invalid Return

~ Invalid returns include those that contain boxes that are incomplete or incorrectly completed.

Example the value of zero rated and exempt supplies is shown to exceed total commercial supply made or received.

~ please fill out all boxes, indicating nil where applicable.

DELAYS IN PROCESSING REFUNDS OF VAT

- ✓ **Submission of an incomplete VAT Return**
- ✓ **Changes made to pre-printed information on the VAT Return**
- ✓ **Non-filing of outstanding VAT Returns**
- ✓ **Non-payment of outstanding VAT liabilities**

Including Penalty, Interest and Penal Taxes on any previous assessments.

- ✓ **Selection of VAT returns for audit**
- ✓ **Improper adjustments made to the VAT payable in a particular period**

E.g. Offsetting VAT refundable for one period, from VAT payable in another period.

REQUIREMENT WHEN A REGISTERED PERSON HAS CEASED TRADING

When a registered person has ceased trading, the registered person must inform the VAT Administration Centre, - Registration/De-registration Section in writing indicating, the date the business ceased trading and request that the registered person be de-registered from VAT.

NOTE: the registered person must continue to submit VAT Returns after he has ceased trading until he has been informed by the Board that he has ceased to be registered.

STOCK ON HAND WHEN REGISTERED PERSON CEASES TO CARRY ON BUSINESS OR CEASES TO BE REGISTERED BUT CONTINUES TO TRADE

Any goods on hand that has not been supplied when a registered person has ceased trading or ceased to be registered shall be regarded as being a commercial supply made and output tax charged thereon and payable to the Board.

PENALTIES FOR NON-COMPLIANCE

<i>Offence</i>	<i>Penalty on Summary Conviction</i>
1. Section 20(3): Where a person who is required to be registered, but is not registered, makes a commercial supply.	\$15,000 and imprisonment for one Year.
2. Section 23(2): A non-registered person charging Value Added Tax.	\$30,000 and imprisonment for two years.
3. Section 27(4): Failure to display a certificate of registration.	\$3,000 and further \$100 for each day offence continues.
4. Section 27(5): Displaying a certificate not issued by the Board of Inland Revenue or after de-registration.	\$15,000 and imprisonment for one year.
5. Section 28(4): Failure to notify the Board of changes in the status of the business, or persons liable.	\$3,000.
6. Section 29(6): Failure, on deregistration, to return certificate of registration.	\$15,000 and imprisonment for one year.
7. Section 31(5): Failure to file a return by the due date.	\$500.
8. Section 36(4): Failure to issue a tax invoice in the manner stipulated.	\$3,000.
9. Section 37(7): Failure to comply with the provisions relating to credit and debit notes.	\$3,000.
10. Section 38(5): Failure to keep proper books and records.	\$15,000 and imprisonment for one year.
11. Section 52(2): Breach of Secrecy.	\$15,000 and imprisonment for one year.
12. Section 56(a): Failure to comply with a requirement made under the Act.	\$15,000 and imprisonment for one year.
13. Section 56(b): Providing false information.	\$15,000 and imprisonment for one year.

FURTHER ASSISTANCE OR INFORMATION

If you need further information or assistance in administering VAT in your business, your nearest VAT Office will be pleased to help you.

VAT Administration Centre
P.O. Box 820
20 St. Vincent Street
Port of Spain

Telephone: 623-4VAT (623-4828)

IRD REGIONAL OFFICES:

San Fernando 52 Ciperó Street
San Fernando
Telephone: 657-6057/657-6045
657-6041/657-6024/657-6021/657-6012

Tobago Sangster's Hill
Milford Road, Scarborough
Telephone: 639-2538

Arima 6, Prince Street
Telephone: 667-5589

OR

Taxpayer Relations Section
Ground Floor
Trinidad House
Edward Street
Port of Spain

Telephone: 868-623-2981 Ext 321 - 326
Fax: 868-623-1130

Website: www.ird.gov.tt