

Inland Revenue Department

Technical Note

VAT Guidelines for Extension of Time for Filing

August 29, 2012

Overview This Technical Note gives guidance on Extension of Time for Filing under Section 38 of the *VAT Act No.7 of 2012*.

Disclaimer These notes are for guidance only. They reflect the Law and the Department's position at the time of publication. They do not replace the Legislation or affect your Rights of Appeal about your tax position. If in doubt, consult the Inland Revenue Department, VAT Section.

Section 38 of the VAT Act addresses the extension of time for filing, as follows:

Extension of time

38.— (1) Upon application in writing by a person, the Comptroller may, where good cause is shown by the person, extend the period within which a return required under section 37 is to be filed.

(2) The granting of an extension of time under subsection (1) does not alter the due date for payment of tax under section 46.

(3) A person dissatisfied with a decision of the Comptroller under subsection (1) may challenge the decision under Part IX of this Act.

Once good cause is shown by the VAT registered business, the Comptroller may extend the period of filing a return, which is by the day after the end of a tax period, which is one calendar month. However, **the due date for payment of tax remains as the day after the end of a tax period**, which is stated as follows in section 46 (1) of the VAT Act:

Due date for payment of tax

46.— (1) Tax payable under this Act is due and payable —

(a) by a taxable person for a tax period, by the due date for the return for the tax period;

(b) by a person assessed under an assessment issued under this Act, by the date specified in the notice of assessment;

(c) by an importer of goods or a recipient of an import of services, by the due date specified under sections 25 and 28 in respect of the import; or

(d) by any other person, by the date a taxable transaction occurs as determined under this Act.

If a VAT registered business fails to pay the tax due or payable, whether or not an extension to the time for filing has been granted, then the business is liable to a penalty

equal to 10 percent of the amount due (section 46 (4)). Further, section 33 (1) of the VAT Act states the following:

Interest on unpaid tax

33.— (1) Tax payable under this Act which is not paid by the date upon which it becomes due and payable bears interest at the rate of one point two five per cent per month or part of a month for the period during which it remains unpaid.

For example, a VAT registered business is liable to pay \$10,000 on December , 2012. The Comptroller has granted an extension to the time for filing to January , 2013. However, if the business fails to pay the VAT that is due on December , 2012, (i.e. \$10,000), then the business is liable to:

- a penalty of 10 percent of the \$10,000 (\$1,000); and
- pay interest at a rate of 1.25 percent of the \$10,000 (\$125) per month or part of a month for which the tax remains unpaid.

FOR FURTHER INFORMATION

For further information please contact the VAT Section at the following address:

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