



FROM THE OFFICE OF THE INLAND REVENUE DEPARTMENT

Keeping Proper Records Part 1

The objective here today is to explain to our VAT registered person the importance of keeping proper records.

For the purpose of the VAT Act & Regulations, the term *records* includes books of account (whether contained in manual, mechanical or electronic format) which record all transactions relating to the operation of the business.

Section 68 of the VAT Act states that records include *accounting records, accounts, books, computer-stored information or any other relevant documents.*

Why is it important that a taxpayer keep proper records?

There are several reasons for a taxpayer to keep proper records:

- a) Accurate records will help you to have better control of your business. They help to determine whether your business is making enough money to meet its expenses.
- b) You will also have a better idea of how well your business is doing during the year, rather than finding out when you finally get your books done at the end.
- c) Good records increase your chances of getting financing or funding and make it easier for others to know whether to invest in your business.
- d) When it's time to complete your corporate income tax return and VAT returns, all the information you need, will be readily available. You'll find the more up-to-date your records are, the quicker you will get through your tax returns and paperwork.
- e) An Inland Revenue Department audit will be quicker and less disruptive if all the information is easy to find. Once you are in business it is expected that you will be audited at some stage.

- f) Proper record keeping serves as a history of various transactions conducted by your operation. It also facilitates the information process and can assist management in making informed decisions.
- g) Importantly, it is a legal requirement to keep proper books and records. This is specifically covered in the Income Tax Act and the Value Added Tax Act (VAT Act), and possibly in other legislation.
- h) It is the best tool to guard against fraud and employee's theft.

Next issue of the VAT Corner we will look at “What books and records should be maintained” and the “Penalties associated with not maintaining proper records”.

VAT FILING REMINDER

The due date for submitting your VAT returns for the month of August is Monday September 23, 2013. The VAT Return should reflect all VAT related transactions of registered businesses for the period August 1st – 31st, 2013.

A sample of the VAT Return is available on the VAT website as well as basic guidelines to assist you complete the VAT Return Form correctly.

Taxpayers needing assistance are asked to visit the **Help Desks** which are situated at following locations on **Monday September 23, 2013**.

1. **IRD Main Office**, 3rd Floor, Heraldine Rock Building, Waterfront, Castries
2. **Vieux Fort Tax Service Centre**, Daher Building, Beanefield, Vieux Fort
3. **Soufriere Sub Office**, Soufriere Waterfront, Soufriere

For further information please contact the Inland Revenue Department

Customer Service VAT Section:

Tel: (758) 468-2800 or

Email: vatinfo@vat.gov.lc

Website: www.vat.gov.lc

VAT Simplifying the collection of Tax