

Additionally, each month, you must file a return and account for the VAT on sales less the allowable VAT on purchases and imports.

VAT REGISTRATION is FREE, so if you qualify, be sure to register today.

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.

Each leaflet covers just one topic. Other leaflets you may find useful include:

What is VAT?

Should I be registered for VAT?

How to register for VAT?

After Registration

Basic Supply Rules

Mixed Supply Rules

Accounting for VAT

Reporting the VAT

Penalties and Offences under the VAT Act

VAT Legislative Overview

VAT and the Consumer

Filing VAT Returns

VAT Documents

Input Tax Deductions

VAT & Entertainment

Transitional Provisions

You can get further help and forms and information leaflets from the Inland Revenue Department in Castries, Vieux Fort and Soufriere or The VAT Section, Manoel Street, Castries.

Should I be Registered For VAT?



For further information contact us at:

Tel: (758) 468 1420

Email: vatcoordinator@vat.gov.lc
vatinfo@vat.gov.lc

Website: www.vat.gov.lc

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Should I be Registered for VAT?

With the implementation of the Value Added Tax (VAT), a threshold has been set at which persons must be registered as VAT taxpayers. This leaflet provides information on who should be registered for VAT, who can register voluntarily, and why you will benefit from voluntary registration.

It also explains:

- **the circumstances in which you must register**
- **the circumstances in which you cannot register**
- **the circumstances in which you do not need to register**

Who should register?

If you conduct a taxable activity that involves the supply of goods or services, you are required to register to charge VAT if you meet the registration threshold.

A "taxable activity" is defined under Section 6 of the VAT Act "as an activity which is carried on continuously or regularly by any person in Saint Lucia or partly in Saint Lucia, whether or not for profit, that involves or intends to involve, in whole or in part, the supply of taxable goods or services to another person for consideration."

In other words if you are in the business of supplying or selling taxable goods and/or services, you are undertaking a taxable activity.

- A** Businesses trading in taxable supplies must within ten (10) working days, register with the Inland Revenue Department (IRD) if their taxable supplies or sales (goods and services):
- meet or exceed the threshold of **\$180,000** in the previous twelve months or less; or
 - is reasonably expected to meet or exceed the threshold at the beginning of any period of three hundred and sixty five (365) days.
 - Additionally, businesses must register if in the first three months of trading their taxable supplies exceed forty five thousand dollars (\$45,000.)

B

Promoters of public entertainment, licenses and proprietors of a place of public entertainment must within 48 hours of the event, if with a period of twelve or fewer months their annual taxable supplies is reasonably expected to exceed \$180,000.00.

C

A person who is an auctioneer is required to apply for registration on the date the person becomes an auctioneer.

What is the threshold?

To avoid the imposition of a VAT burden on small businesses, the Government has decided that only persons whose turnover of taxable supplies meet or exceed the threshold need to register.

The threshold is set at **\$180,000** in any period of 12 months.

You must not attempt to avoid registration by artificially separating business activities to reduce your turnover.

Is there a penalty for late registration?

If you do not register after you would have become eligible, the Comptroller will register you, and your date of registration takes effect on the date prescribed by the Comptroller. Therefore, you will be liable for all VAT due from the time that you should have been registered. This means that you will have to pay IRD for VAT on your sales from the date you should have been registered, even though you have not charged your customers VAT. Your sales from that period would be deemed VAT inclusive.

Failure to register or late registration, may result in you being penalized double the amount of tax due.

What does Voluntary Registration involve?

If you do not meet the registration threshold but you are trading in taxable supplies you may apply to the Comptroller of Inland Revenue for consideration to be registered.

Once registered, you will be required to charge and account for VAT. You will be able to claim a deduction for any VAT you have paid on your purchase of materials, stock and equipment used in your business.

Responsibilities Of Voluntary Registration

If you decide to voluntarily register for VAT, you have exactly the same responsibilities as someone who must register. You must keep all required VAT records and issue VAT invoices and receipts. You also have to complete and submit a VAT Return monthly, along with your payment.

Do not avoid registering for VAT by artificially separating business activities. If you operate more than one business, the sales in all those businesses must normally be added together to determine whether or not you must register for VAT.

However, the taxable sales of separate legal entities **do not** have to be combined to determine threshold. For registration purposes, each legal entity is considered separately.

If IRD decides that you have artificially separated one business into smaller parts to avoid registering, IRD will regard the entire business as a single taxable person and therefore the business must be registered.

Is there a time limit for registering?

Yes. You must apply for registration within ten (10) working days after the day on which you became required to be registered.

You can obtain the Registration Form at the VAT Unit located on Manoel Street, Castries or from the IRD in Castries Vieux Fort or Soufriere. Forms can be downloaded from www.vat.gov.lc

Now that I am registered, what's next?

As a registered person, you are now obliged to charge VAT when you make a taxable supply, and to issue either

- **A VAT Invoice** - when the supply is to a registered person, or
- **A Sales receipt** - in all other cases.

You are also required to display your VAT Registration Certificate in a prominent place in your business.