

GOODS ON WHICH NO VAT WILL BE PAID

- FLOUR
- EGGS
- UNPROCESSED VEGETABLES, FRUITS AND GROUND PROVISIONS
- VEGETABLE SHORTENING
- SUGAR
- FRESH POTATOES
- UNCOOKED PASTA
- CANNED TUNA, MACKEREL AND SARDINES
- EXPORTS
- FUEL
- TOILET PAPER
- CONDOMS AND CONTRACEPTIVES
- RESIDENTIAL ACCOMMODATION
- EDUCATIONAL SUPPLIES
- FRESH CHILLED OR FROZEN UNPROCESSED/RAW CHICKEN AND FISH
- DIAPERS FOR BABIES AND ADULTS
- MILK (*evaporated and powdered*)
- MARGARINE
- COCONUT OIL
- UNSWEETENED BISCUITS
- TABLE SALT
- UNCOOKED PEAS AND BEANS
- UNCOOKED RICE
- BREAD
- BABY FORMULA
- AGRICULTURAL AND FISHING INPUTS (*approved by the Ministry of Agriculture*)

SERVICES ON WHICH NO VAT WILL BE PAID

- Financial Services
- International Transport Services
- Residential Rent
- Electricity
- Water
- Educational Services
- Medical, Dental, Optical and Veterinary Services
- Sale of unimproved land and land for agricultural purposes
- Religious services
- Trade union services
- Local transportation
- Postal services provided by the state (*excluding courier services*)
- Services by a facility directly to aged, indigent or disabled persons

IMPORTS NOT TAXABLE

- An unconditional gift of goods to Charities or Government
- Goods imported by diplomats
- Goods imported by returning residents
- Personal effects of a passenger
- Goods and services imported during disaster by NEMO

VAT will be introduced in Saint Lucia on September 1st, 2012. Persons should be aware that **VAT CANNOT BE ADDED TO ANY PURCHASES MADE PRIOR TO THIS DATE.**

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.

For further information contact us at:

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VAT and the Consumer



This leaflet is intended to provide consumers with the highlights of how the Value Added Tax (VAT) will operate in Saint Lucia. It also explains the broad concepts of a VAT.

The essential purpose of introducing the VAT is to have a tax system that is fairer, more effective and efficient and easier to administer. VAT has fulfilled these objectives in more than 120 countries worldwide including: St. Vincent, Dominica, Barbados, Grenada and St. Kitts and Nevis.

The information contained here is not a substitute for the Law.

What is Value Added Tax (VAT)

VAT is the acronym for **Value Added Tax**, which is levied on all forms of consumer spending on taxable goods and services. VAT is computed on the value of imports and the Value Added or mark-up, that one business charges another, or the final consumer, on the supply of goods or services.

VAT is not an additional tax but it will replace the following taxes:

- Consumption Tax
- Environmental Protection Levy
- Motor Vehicle Rental Fee
- Mobile Cellular Telephone Tax
- Hotel Accommodation Tax

What is the rate at which VAT is charged?

There are three rates of VAT, depending on the goods or services the business provides.

The rates are:

- STANDARD** - fifteen per cent (15%)
- REDUCED** – eight per cent (8%) on goods and services provided by hotels (until April 2013)
- ZERO** - Zero per cent (0%)

SOME BENEFITS OF VAT

VAT is a more efficient way of collecting revenue.

VAT is a transparent tax. You know how much VAT you pay, and when you are paying it.

VAT is paid by all consumers.

VAT will not be charged on health care, rent on residential housing, water and sewerage services supplied by the Water & Sewerage Company, electricity, public postal services, public transport, educational services and other basic goods and service.

VAT is more equitable, i.e. it lowers the rate of tax and broadens the base to include both goods and services. A wide cross-section of people will pay VAT.

How will VAT affect you?

- Prices may change
- Price of some goods may increase, decrease or remain the same
- Prices of services, which are not exempt will increase

NB. Taxation is not the only factor used by businesses in determining prices.

What are Zero Rated and Exempt Supplies?

Zero Rated supplies are those goods and services on which VAT is charged at a rate of 0%.

Exempted Supplies are those goods and services that are not directly subjected to VAT.

VAT cannot be charged on the sale of Zero Rated or Exempt goods and services.

Who charges and collects VAT?

• VAT can only be charged and collected by registered persons (VAT taxpayers) who will have their VAT Certificate of Registration prominently displayed in their places of business.

• If you are in doubt as to whether you should be paying VAT, you should verify that the place of business is registered for VAT by looking for the VAT Certificate at the place of business.

• If this cannot be proven, you should refrain from paying the VAT and report the business to the Inland Revenue Department.

NB: *you must receive a sales receipt, which would display the price of the goods and the VAT paid separately.*

Will the VAT be added at check-out or is it included in the price on the shelf?

The VAT Act requires that **prices quoted or advertised must always be VAT-inclusive** -this means that the price you see on the shelf or on the product / services is the price you will be required to pay.

VAT AT A GLANCE

VAT is applicable at the point of import as well as on locally produced taxable supplies.

VAT can only be collected by registered persons (VAT taxpayers) who must have their VAT Certificate of Registration prominently displayed in their places of business.

VAT is included in the final price to the consumer, **except** on Zero-rated or exempt goods.

The following goods and services



will **NOT** be taxable under the VAT.