

**SAINT CHRISTOPHER AND NEVIS**

**STATUTORY RULES AND ORDERS**

**No. 26 of 2018**

**Value Added Tax (Special VAT Reduction) Order, 2018**

In exercise of the powers conferred on him by section 26 (2) of the Value Added Tax Act, No. 3 of 2010 the Minister responsible for Finance makes the following Order:

*[Published 7<sup>th</sup> December 2018, Extra Ordinary Gazette No. 62 of 2018]*

**1. CITATION.**

This Order may be cited as the Value Added Tax (Special VAT Reduction) Order, 2018.

**2. INTERPRETATION.**

In this Order the term “Act” means the Value Added Tax Act, No. 3 of 2010.

**3. VAT REDUCTION DAY.**

On Friday the 14<sup>th</sup> day of December 2018 and Thursday the 20<sup>th</sup> day of December 2018, the VAT rate shall be reduced to a rate of 5% on all sales of vatable goods commencing from 12.01 a.m. to 11:59 p.m. on those days.

**4. ELIGIBILITY FOR VAT REDUCTION DAY.**

- (1) In order to qualify for the special VAT reduction, all eligible VAT registered businesses shall submit an application to the Inland Revenue Department, to participate in the VAT Reduction Day on or before Friday the 7<sup>th</sup> day of December 2018.
- (2) Once the Inland Revenue Department receives the VAT Reduced Day Application from the registered VAT business then a response shall be communicated to the taxpayer within three working days.
- (3) The sale or supply of services shall not be eligible for the special rate of VAT reduction.
- (4) The sale or supply of alcoholic beverages, cigarettes and other tobacco products shall not be eligible for the special rate of VAT reduction.
- (5) For the sale or supply of vehicles, the first fifty thousand dollars (\$50,000) of the value shall be exempted from VAT. VAT will be applicable at the standard rate of 17% on the remaining balance.

**5. INELIGIBILITY OR DISQUALIFICATION.**

- (1) A VAT registered business that has not filed all of its VAT tax returns or settled all of its outstanding tax liabilities or made arrangements with the Department to do so, as at two days prior to each DVR Day, with the Inland Revenue Department, shall not be eligible to sell goods at the special rate of 5%.
- (2) The provisions of subsection (1) of this section shall also be applicable to a VAT registered business that has submitted objections but has not satisfied

those objections as it relates to submitting 50 % of the tax in dispute.

- (3) If a business is subsequently discovered to have had a tax liability with the office subsequent to the communication of acknowledgement referred to in section 4 of this Order, that business will be denied eligibility for the reduction and any sale on that day would be deemed to be VAT inclusive at the standard rate of 17%.

**6. REPORTING.**

VAT Collected on supplies at the special 5% VAT Rate by eligible VAT registered businesses should be reported by those businesses on line 135 of the VAT Return for the December 2018 tax period.

**7. SPECIAL EXCHANGE RULES.**

The special VAT rate shall only be applicable to the days indicated and shall not extend to any subsequent exchange of goods or credits for goods bought on those day.

Made this 5<sup>th</sup> day of December, 2018.

**TIMOTHY HARRIS**  
Minister of Finance