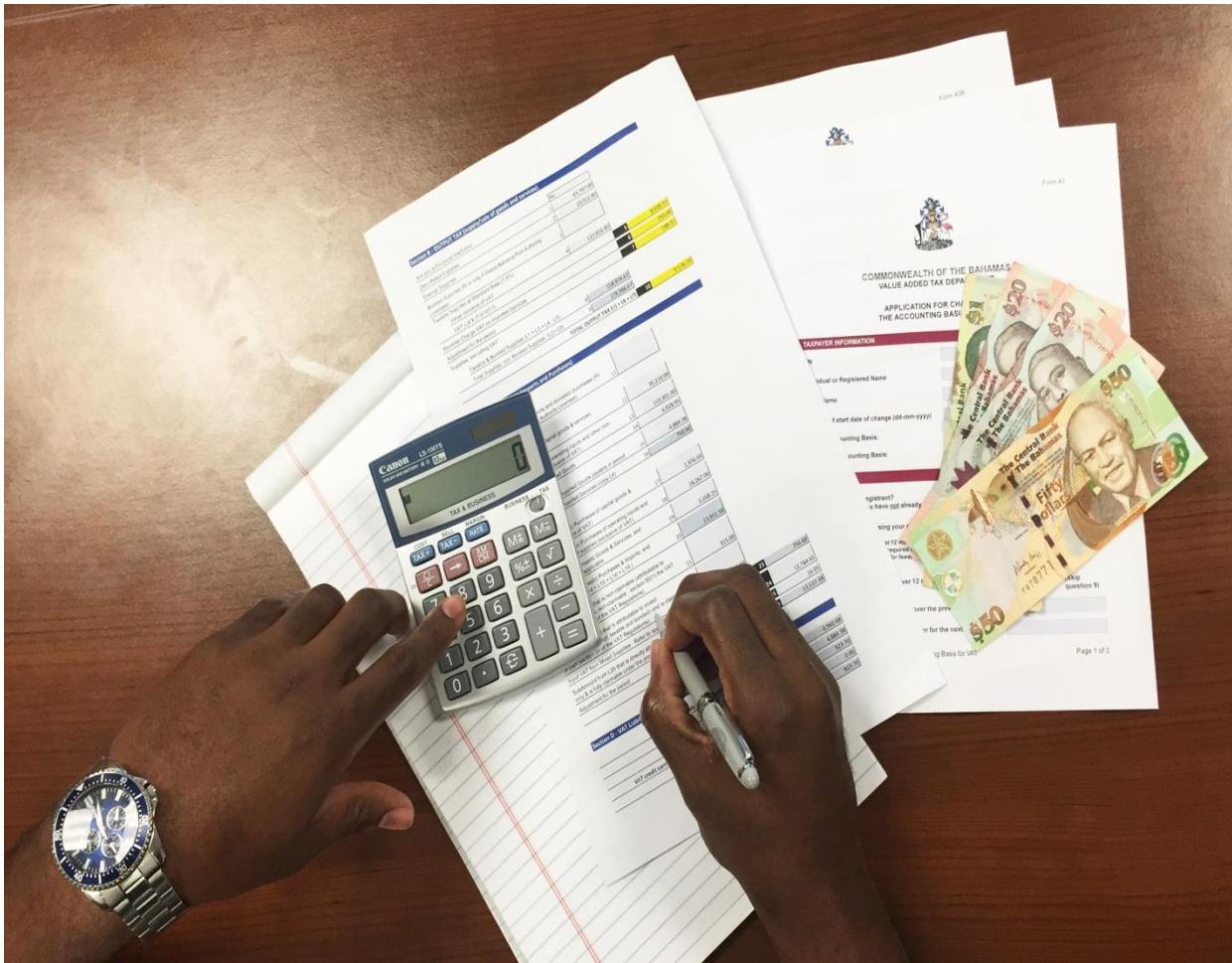




VALUE ADDED TAX DEPARTMENT  
MINISTRY OF FINANCE

# *Filing Your Quarterly VAT Return*

## Instructions for Businesses on the Cash Accounting Scheme



## Introduction

Businesses with an annual turnover of \$1 million or less are automatically approved to use the Cash Accounting Scheme to file VAT returns. Your first return is due 28 days after your quarterly (3 month) tax period. For example, a quarterly filer will account for VAT over the period January 1<sup>st</sup>, 2015, to March 31<sup>st</sup>, 2015, and should file a vat return on or before April 28, 2015. With a few exceptions VAT is paid at the standard 7.5% on all bills received or issued since January, 2015. The following instructions are intended to guide you through the process of completing your VAT return.

## A simple view of the return form

As a taxpayer using the Cash Accounting Scheme, you will only need to complete a few applicable sections on the return form. You should pay close attention to Sections ‘B’ and ‘C’ which involves your Output Tax and Input Tax:

- OUTPUT TAX: In line ‘L4’ you will enter “Taxable Supplies at Standard Rate (7.5%) value inclusive of VAT.” Line ‘L10’ will automatically capture your “Total Output Tax” or what you are liable to have collected.
- INPUT TAX --DOMESTIC PURCHASES: In line ‘L19’ you will enter the VAT paid on all domestic purchases. In lines ‘L17’ and ‘L18’, you will enter the corresponding values (exclusive of VAT) of “Domestic Purchases of capital goods & services (computers, furniture, equipment, etc.,) and of “operating inputs & other non-capital supplies.”
- INPUT TAX -- IMPORTS (if applicable): In line ‘L14’ you will enter “VAT paid on Imported Goods.” In lines ‘L12’ and ‘L13’ you will have to state the values (exclusive of VAT) of imports of “capital goods & services” and of “operating inputs & other non-capital supplies”.
- INPUT TAX -- TOTAL: Add your input taxes on imports to your input taxes on domestic purchases, and enter this amount in line ‘L24’. This is your VAT amount that is “directly attributable to taxable supplies...” It should equal the amount automatically calculated by the VAT online system in line ‘L20’. You can deduct this amount from VAT collected on revenues before you make a payment to the government.

### **How much will you owe?**

VAT Liable from Sales Receipts (Output VAT) (L10)  
(Less) VAT Paid on Purchases and Imports (L20)  
(Equals) VAT you must pay to Government (L31) Note: You may be entitled to a refund if “VAT paid” exceeds “VAT Liable” from sale. See example below.

VAT	\$
Output tax on sales	9,750.00
(\$139,750 * 3/43)	
Less Input tax	7,500.00
(\$4500 + 3000)	
VAT payable	2,250.00

### **Completing your returns**

#### **Step 1: Assemble your records**

Prior to filing your VAT return, you should maintain an organized account of all records as this makes for an easy filing process. These records should include:

- i) A list of all receipts and records for payments that you made to other VAT registrants during the quarter. Only bills received after January 1<sup>st</sup>, 2015, on which you paid VAT, are eligible for consideration.
- ii) A list of all paid receipts for goods imported through Customs on or after January 1<sup>st</sup>, 2015.
- iii) A summary of all payments received by you for sales made or services performed during the quarter. Only collections for billings issued on or after January 1<sup>st</sup>, 2015 should be reported.

#### **Step 2: Compile your return**

Once you maintain an ample electronic accounting record your computer system should be able to generate this information. If not, you can use the three simple excel spreadsheets available on the government’s website to compile the information.

- i) In section ‘B’ of the VAT return (output VAT), you must report your total sales and VAT collections. Calculate your “taxable supplies” inclusive of VAT, by adding all payments

received during the quarter. If you need help calculating these totals use the first worksheet (Sales) in the excel file. Remember to exclude collections on bills issued for services or goods delivered before January 1<sup>st</sup>, 2015. Report your total in line 4 of the Output Tax section of the return form.

- ii) In section ‘C’ of the return form (Input Tax) you must report separately your total VAT paid to other VAT registrants and the sum of other payments excluding VAT. All VAT paid to local suppliers should be reported in line 19 (L19), which corresponds to “VAT paid on Domestic goods and services”. Use the second excel worksheet (Local Purchases) to assist you.
- iii) Report the value of your local purchases, also from the second excel worksheet (exclusive of VAT) on line 18 (L18), which corresponds to the “Value of Domestic Purchases of operating inputs. If you are able to indicate purchases of any capital goods that were made, such as computers, machinery and office equipment, this amount should be entered in line 17 (L17).

**Quick check:** Did you import any items during the quarter? If so, use the third excel worksheet (Imports) to compile this information. Place the value of all VAT payments to customs in line 15 (L15), corresponding to “VAT paid on imports”. Report the value of the imports (excluding VAT) on line13 (L13), for “imports of operating goods”, and place the value of imported “capital goods” in line 12 (L12).

- iv) The VAT online system will now calculate your total allowable credits. This will appear on line 20 (L20) of the electronic form. You should re-enter this amount on box 24 (L24), to confirm that it is the total amount of credit that you can claim.

### Step 3: The Final Checklist

You are nearly done. As a quarterly filer on the Cash Accounting Scheme you do not have to provide any other information on your return unless one or all of the following apply:

- i) You are a Grand Bahama Port Authority Licensee, who made bonded sales on which VAT did not apply. This total should be reported on line 3.
- ii) You made exempt supplies. This total should be reported on line 2. This will only be true in a limited number of cases, such as for education institutions, charities, local financial institutions, and special care facilities for the elderly, disabled and children in need. If you made exempt supplies, the total amount of input credits allowed will be reduced. Use the VAT worksheet to identify how much of your credits will be apportioned (or pro-rated). Enter this total in line 22 (L22). If you subtract this amount from the total VAT paid on “domestic purchases and imports” (L20), it will give you an adjusted figure that

should be entered in line 24 as credits that can be claimed directly. The VAT software will now make the final adjusted calculation of your adjusted and allowable input credits.

- iii) You have exports of goods or services that were zero-rated for VAT. You can use an excel worksheet 4 (Zero- rated) and report this total in line 1 (L1) of the VAT Return form.

#### **Step 4: Submit your return.**

- Follow the online instructions to submit your return. Take notice of the amount of VAT that you must pay to the Government or the net amount to which you are entitled.

#### **Step 5: Make your payment.**

- You can make payments through your local bank or use your bank's online system.
- To avoid fines and penalties submit your return and make your payment on or before April 28<sup>th</sup>, 2015.

#### **Contact us**

For more information on filing, read the 'Guide to Completing a VAT Return Filing' or watch the video on 'How to File a Return' available on the VAT website at [www.bahamas.gov.bs/vat](http://www.bahamas.gov.bs/vat).

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