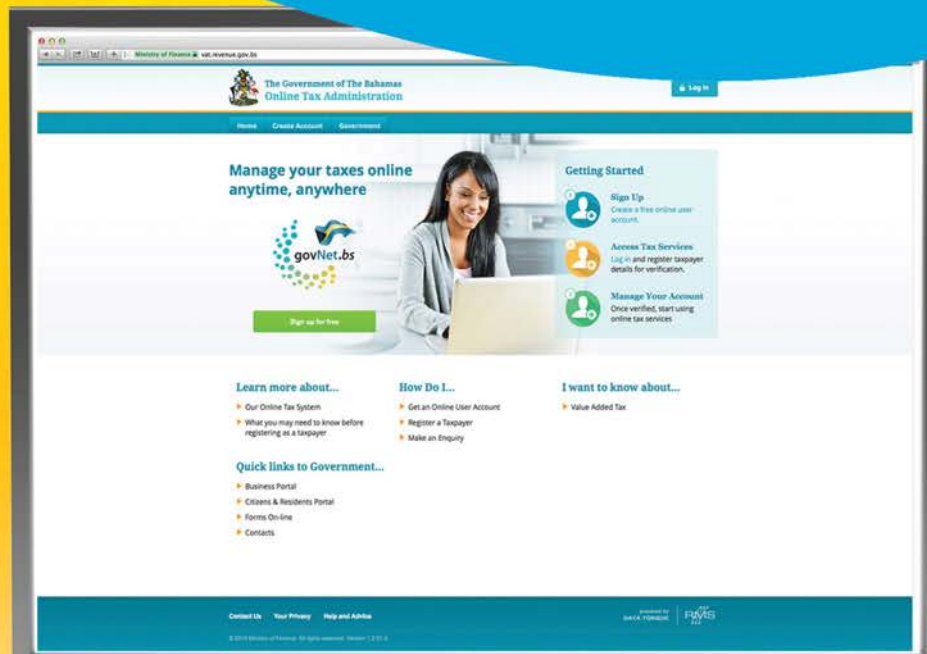




MINISTRY OF FINANCE
THE DEPARTMENT OF INLAND REVENUE

VAT GUIDANCE ON REGISTRATION



DEPARTMENT OF
INLAND REVENUE
Central Revenue Administration

Introduction

This guide is intended to provide VAT Registrants with information on VAT Registration. It should be read in conjunction with the Value Added Tax Act, 2014, as amended (“VAT Act or the Act”), the Value Added Tax Regulations 2014 (“VAT Regulations”), the VAT Rules and The Bahamas VAT Guide (“VAT Guide”), all of which can be found on the website of the Government of The Bahamas (“Government”). If there is a discrepancy within the Guidance Note, the law will prevail in accordance with the VAT Act, Regulations and/or Rules.

Who should register for VAT?

To be registered for VAT you need to be “in business”, meaning that you are carrying on any continuing activity which is mainly concerned with making supplies of goods or services to others in return for a consideration. If you make an isolated or “one-off” sale you are not considered to be “in business” for VAT purposes.

Taxable supplies are generally considered those goods and services made or provided in The Bahamas. Some goods and services made or provided in The Bahamas but are used or their benefits or advantages are enjoyed by a recipient that is outside of The Bahamas are considered taxable supplies. To be taxable, these goods and services must attract a VAT rate of zero per cent or the standard rate of 7.5%. They do not include supplies that are considered exempt from VAT.

How do I calculate total taxable supplies?

This is best explained using an example. A school that also runs a bookstore would be a business with what is called “mixed supplies”. In this instance the supply of tuition services is exempt, but the sale of books and other school supplies from the bookstore is taxable at a standard rate of 7.5%, as would be charges for any other on-campus services. If the school runs its own cafeteria, the food and drink sold are also considered taxable supplies at a standard rate of 7.5%. The total taxable supplies

Disclaimer: VAT Guidance Notes do not supersede the VAT Act, VAT Regulations, or VAT Rules

would include all non-tuition sources of income including from the bookstore and cafeteria (note: revenue from tuition is not to be included).

You will be required to apply for registration under the VAT Act if:

- On the last day of any month, your total taxable supplies (activity) over the previous 12 months exceeded the “VAT threshold” or
- At the beginning of any period, you estimate that the total value of your taxable supplies (activities) will exceed the VAT threshold in the next 365 days.

The VAT threshold is currently \$100,000.

The following persons will be required to register irrespective of their threshold:

- Government Entities
- Auctioneers

When do I register?

Under normal circumstances, all entities meeting the requirements for Registration should apply within 14 days of the meeting the conditions stated above. However, for promoters of public entertainment, they should register no later than 48 hours before the event is promoted. Government entities are deemed to be registered on and from the date taxable activities commence while auctioneers must apply for registration from the date they become auctioneers.

Are there different types of registration?

There are three types of VAT registration:

- Mandatory Registration - Businesses or operations meeting or exceeding the VAT registration threshold, must apply for registration.
- Voluntary Registration - Businesses which do not meet the VAT registration threshold, may still wish to legally charge and collect VAT and would, therefore, have to apply.

- Forced Registration - Businesses that meet the registration threshold, but do not apply for registration can be forcibly registered by the Comptroller.

There is also registration for the purpose of receiving a Tax Identification Number (TIN) only. Persons or businesses may require a TIN for carrying out business with the Government of The Bahamas, or for receiving VAT refunds. TIN only registrants cannot collect nor charge VAT. Examples of these registrants would include the following:

- Non-VAT registrants that are licensees of the Grand Bahama Port Authority who are entitled to a refund of VAT on imported goods
- Recognized charities and some non-profit organizations
- Embassies and diplomatic missions
- All persons doing business with the Government of the Bahamas or any other Statutory body
- Businesses deemed as commercial importers by the Department of Customs
- Persons who paid the amount of VAT which exceeded the amount properly chargeable

Additionally, businesses that wish to be a representative of a taxpayer for the purposes of VAT must obtain a TIN if they do not meet the VAT threshold themselves, or must register for a TIN and VAT if they do meet the threshold.

What if I choose to register voluntarily?

Once you choose to apply voluntarily, you would be required to fulfill all the obligations as a mandatory VAT Registration. Before your application is approved, however, you would have to provide proof to the Comptroller of the following:

- € There is a fixed place from where business is conducted
- € The business carries on or intends to carry on a taxable activity
- € You are able to keep a proper record of accounts.

€ You are able and willing to submit regular and reliable VAT returns.

You may be asked to provide such documents as utility bills indicating your business address, or samples of your intended VAT invoices.

Can I have someone manage my VAT account?

The taxpayer, their employee, or an appointed representative (e.g. an external accountant or business advisor) may submit a registration form on behalf of the taxpayer and may be given delegated responsibility to manage the taxpayer's account or aspects of their account (e.g. File returns only).

How do I register for a taxpayer?

The Government of The Bahamas has implemented an Online Tax Administration System (OTAS) which provides a secure, self-service area for taxpayers, their employees, and/or their representatives to manage their taxpayer account. The Online Tax Administration System web address can be accessed from [Http://inlandrevenue.finance.gov.bs/](http://inlandrevenue.finance.gov.bs/).

To access the VAT online services you must create a free user account on OTAS. Once you have your username and password you will be able to:

- Complete your VAT Registration
- Have secured communications with the VAT office
- Manage your VAT account - submit tax filings, make payments, amend filings, request changes to taxpayer information (or change in circumstances)
- Make enquiries (general or specific)

If you do not need to register but may want to make general enquiries and communicate with the VAT Office you will need to create an online user account.

What do I need to register a taxpayer?

Prior to registering a taxpayer, there are a number of things you may need to know. The level of information required will depend on your taxpayer.

Taxpayer type refers to whether you are operating as an individual - sole proprietor/trader, trustee, or as a non-individual - company, partnership, non-profit/charitable organization, embassy/diplomatic mission or such.

An individual or non-individual can be:

- liable for VAT
- you are above the VAT threshold and are therefore legally responsible for collecting VAT or
- you are below the VAT threshold but want to legally collect VAT or not Liable for VAT (TIN only)
- the entity is below the VAT threshold and has no desire to collect VAT on behalf of the Government of The Bahamas
- the entity is entitled to refund of VAT in certain circumstances
- the entity is doing business with the Government of the Bahamas

To determine what information is required about a taxpayer, you should be aware of what category the taxpayer falls under:

- € Individual liable for VAT. This is a sole proprietor, sole trader, self-employed person or individual trustee who carries out taxable activities that are over the threshold. Special note: If you are a sole proprietor with multiple businesses trading under different Trade names, you will need to register one of the businesses for a TIN and VAT Account. All the other businesses will be registered under this TIN. The additional businesses will be treated as “branches” for VAT purposes and be issued VAT certificates.
- € Non-individual Liable for VAT. This refers to companies, partnerships (limited or otherwise) non-profit/charitable organizations, government, or any organization that carries out taxable activities and is over the VAT threshold.

- € An individual not liable for VAT*. This is a “natural” person who may or may not be in business. If they are in business, they must be below the VAT threshold to be considered not liable for VAT. An individual not liable for VAT may register and receive a TIN but they will not be issued a VAT Certificate and they cannot charge VAT on any goods or service.
- € Non-individuals not liable for VAT. This is a business or organization whose taxable activities fall below the VAT threshold. A non-individual not liable for VAT may register and receive a TIN but they will not be issued a VAT Certificate and they cannot charge VAT on any goods or service.

There are five basic sets of information you will have to provide:


1. Taxpayer details - You will provide taxpayer information according to whether an individual or non-individual is being registered:
 - € The business or individual name and “trading as” name. The name provided must be exactly as provided to the relevant registering or licensing authority (Business Licence Unit, Registrar General’s Department, or financial sector regulator).
 - € Registration and/or licence number and business type code issued by the registering agency.
 - € The date the business or organization was formed may be required.
 - € The National Insurance Board number. This could be either your business/ employer number or the personal NIB number, or both. For non-Bahamians, the foreign country’s national identification number may be used (e.g. Social Security Number).
 - € The taxpayer details will also capture the “Nature of business” activity. OTAS uses International Standard Industrial Classification (ISIC) of All Economic Activities, (Rev.4; United Nations Statistics Division). This code has 4 Levels (Section, Division, Group, and class). Example, a General trade store would have the ISIC Code 4711

Section	G	Wholesale and retail trade; repair of motor vehicles and motorcycles
Division	47	Retail trade, except motor vehicles and motorcycles
Group	471	Retail sale in non-specialized stores
Class	4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating

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For accuracy, the VAT Department may make the final determination on the industry classification assigned to your business.

- If your VAT Account is to be managed by an individual or service provider who is not a direct employee, they can be designated as your representative. An employee such as the accountant, financial controller, a bookkeeper is not considered a representative. Your representative must first register themselves for a TIN and be approved.
 - Taxpayer Information: Tax type being registered for, Business Name or first name, middle initial, last name (depending on whether it is an individual or non-individual entity), Trade Names, Business Licence Numbers, NIB number(s) and Representative Details (if a representative will be managing the affairs of the business).
2. Taxpayer contacts - This includes business address, mailing address, and in some instances the home address. Telephone, fax, and cell numbers may be mandatory depending on the tax type. For online services an e-mail address is mandatory.

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3. Additional details - Depending on your tax type you will have to provide information on branches, directors, partners, shareholders, or other related/ associated businesses or individuals.
 4. Business or Tax - Related Activity. The information you provide here pertains to the type and level of business that is carried out. For VAT you will need to know or make a reliable estimate of the value of your Taxable Supplies. The Real Property Tax assessment number must also be disclosed if real estate is held in your business name. You will also be required to indicate the date you would start charging VAT, that is "Commencement Date". The Department may approve a date different from the one entered in your application as the law requires that the effective date of registration is the first day of the month following the date the Comptroller issues the VAT Certificate.
 5. Bank Details - For improved efficiency, the Government of The Bahamas is automating VAT payment processes. Refunds or payments will be made directly to the taxpayer's bank account. The bank account provided must be in the name of the sole-proprietor, or business name or trading name of the taxpayer being registered.
 6. Supporting Documents - Supporting documents will not be needed or uploaded at the time of registration but may be required before an approval is given. The type of supporting document is subject to the taxpayer and tax type. The Registration Officer assigned to your case may contact you during the review of your application.

Incomplete and/or incorrect information will cause a delay in processing a registration.

A sample the VAT Registration form is available for your viewing on <http://inlandrevenue.finance.gov.bs/>. The registration process is strictly online unless otherwise expressed by the Comptroller of the VAT Department.

What happens after I submit my registration?

Once your application is completed and submitted online, you will be immediately issued with an online acknowledgment notice stating your case reference number and the time period within which you will receive a response. This reference number must be used when following up on the status of your application. An e-mail with the same information will also be forwarded to the e-mail address provided on the application.

The VAT Department will then vet the application to determine whether it meets the requirements for VAT registration or TIN only registration. During that process, you may be contacted to provide additional information or provide clarity regarding information submitted.

Once accepted as a VAT registrant, you will receive an email notification indicating the following:-

- € your Assigned TIN
- € the department assigned to (i.e category based on the size of your business - small, medium, large etc.)
- € your approved filing frequency
- € your approved accounting basis (the basis for reporting VAT)

A VAT Registration Certificate will be attached to the email notification. This certificate will state the Taxpayer's Registered Name (if a legal entity) or First and Last Name (if a natural person), Trade Name, Location of business(es), the effective date of VAT registration. If you have business branches, you will receive a VAT Certificate for each branch, with the information relevant to the Branch. The Certificate will have a VAT watermark.

If approved for TIN only registration, the email notification will contain a TIN Registration Certification document which will indicate the TIN and the effective date of Registration. The Certificate will have a Coat of Arms watermark.

Most applications will be responded to within 15 days of submission. Under the law, you must receive a response within 21 days.

You can follow up on your application in the following ways:

- € Via the OTAS online user account message centre;
- € Using the OTAS online taxpayer enquiry service; or
- € By submitting your enquiry by email to taxinquiries@bahamas.gov.bs

When making an enquiry use the reference number provided at the time of registration.

[What happens if my application is not approved?](#)

If your application is not approved, you will get an email notification stating the reason(s) for such. Once the stated reason(s) is/are resolved, you may resubmit your request for consideration.

[What if there is a group of businesses that want to register as a group?](#)

Businesses that operate and/or are managed as a Group can apply for VAT Group Registration. Before applying, however, all potential group members must be an active VAT Registrant in possession of their own TIN and VAT Certificate. Application for VAT Group must be done on a separate form - VAT Form 7 (c) i.

If a VAT Grouping is approved, the Group will use the TIN of the Taxpayer selected as the "Controller of the Group". The Group will be expected to submit only one VAT Return using the TIN of the Group Controller. Group members are required to use their own TIN when conducting business transactions, such as when issuing VAT invoices or clearing goods through Customs.

Members of the group are all jointly and severally liable for VAT liabilities. You should refer to the Bahamas VAT Guide and the VAT Rule Group Registration 2015-004 for other conditions that govern group registration and to learn more about whether there are benefits to businesses being a part of a VAT grouping.

International Business and Registered Financial Products

Mutual funds, International Business Companies (IBCs), external insurance companies, and pension funds are examples of entities that in most cases will not be required to register for VAT. Rather they will be on the receiving end of services provided by mutual fund administrators, insurance agencies, banks and trust companies, pension fund administrators and licensed financial and corporate service providers.

Any Bahamas-domiciled businesses that are considered non-resident for exchange control purposes and do not maintain a physical presence (office and staffing) in the Bahamas will not be required to register for VAT. Non-resident entities with a physical presence will be supplying export services that are zero-rated for VAT purposes. Registration ensures that they can recover input VAT on expenses incurred in The Bahamas.

Will I be able to cancel or suspend my registration?

In the future you can apply to cancel your VAT registration on the following conditions:

- € You have ceased conducting taxable activities;
- € Your taxable activity has fallen below the threshold during the twelve months preceding the request for cancellation;
- € You anticipate that the threshold will not be met in the next twelve months following the request for cancellation; and
- € A minimum of two years has elapsed since the effective date of registration.

For administrative purposes, the VAT Department will use a VAT Threshold for de-registration of \$80,000 per annum.

The above conditions do not apply in circumstances where the business effectively ceases to exist, for example, if a company is liquidated or a person is deceased.

Note that de-registration from VAT does not release a taxpayer from any filing requirements or liabilities that arose prior to de-registration under any circumstances.

The Comptroller may also choose to suspend the account rather than permit a cancellation.

A VAT registrant can also request a suspension in writing to the Comptroller of VAT. The request must state why the suspension is needed, the length of time the suspension is being requested for, and document(s) supporting the reason for the suspension.

Other VAT Guides available on www.inlandrevenue.finance.gov.bs

- € The Bahamas VAT Guide
- € VAT Guidance For Retail And Wholesale Trade
- € VAT Guidance For Transportation Of Passengers And Goods
- € VAT Guidance For Financial Services
- € VAT Guidance on Insurance Services in The Bahamas
- € VAT Guidance For Professional Services
- € VAT Guidance For The Hawksbill Creek Agreement
- € VAT Guidance For The Construction Services
- € VAT Guidance For Motor Vehicles
- € VAT Guidance For Medical And Healthcare Services
- € VAT Guidance For Charitable Organizations
- € VAT Guidance For Education Services
- € VAT Guidance For Land And Property

- € VAT Guidance For VAT Free Shopping
- € VAT Guidance For Holiday Accommodations
- € VAT Guidance For Flat Rate Scheme
- € VAT Guidance for Cruise Line Operations
- € VAT Guidance for Public Entertainment
 - € VAT Guidance on Cash Accounting Scheme and Flat Rate Scheme
 - € Guidance Manual on Accounting for VAT
 - € Guidance on VAT Invoices and Sales Receipts

Forms / Instructions

- € Guidance on Filing Quarterly VAT Returns (Businesses on the Cash Accounting Scheme)
- € Guide on Completing a Return Filing
- € Guide to Completing VAT Group Registration Form 2014

Contact Us

Further information can be obtained from the Taxpayers Services help desk:
1 (242) 225 7280.

Or you can contact us by email: taxinquiries@bahamas.gov.bs

Or you can write to:

Department of Inland Revenue

Central Revenue Administration

Value Added Tax Unit

P. O. Box N-13

Nassau, N.P.

Bahamas

<http://inlandrevenue.finance.gov.bs/value-added-tax>