



Guidance on VAT Invoices, VAT Sales Receipts, VAT Credit Notes and VAT Debit Notes

Version 3: November 1, 2015



Introduction

This guide is intended to provide VAT Registrants with information on VAT invoices, VAT sales receipts, VAT credit notes and VAT debit notes. 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”).

1 PURPOSE

The purpose of this guide is to explain:

- a) what is a VAT invoice;
- b) what is a VAT sales receipt;
- c) who should issue VAT invoices and VAT sales receipts;
- d) the legal requirements for issuing a VAT invoice or a VAT sales receipt;
- e) and present sample templates of VAT sales receipts and VAT invoices;
- f) what is a VAT credit note;
- g) what is a VAT debit note;
- h) who should issue VAT credit notes and VAT debit notes;
- i) the legal requirements for issuing a VAT credit note and VAT debit note;
- j) and present sample templates of VAT credit notes and VAT debit notes.

2 OVERVIEW

A VAT invoice is one of the most important documents in the VAT scheme. It is a document which notifies a person of an obligation to make a payment and contains some additional information which is not found on ordinary invoices. The additional information is a requirement of the VAT Act and is outlined in the VAT Rule 2015-010 – Content of Invoices and Receipts.

2.1 FOR THE PURPOSES OF THIS GUIDE:

- VAT (or Tax) means Value Added Tax
- Registrant or registered taxpayer means a taxable person who is registered for VAT and is required to charge VAT and file VAT returns;

3. WHAT IS A VAT INVOICE?

A VAT Invoice is a document issued by a VAT registrant indicating that a taxable supply has been made and that VAT has been charged on the value of the goods or services supplied.

4. WHO CAN ISSUE A VAT INVOICE?

A VAT invoice can only be issued by a person who is registered for VAT.

Whenever a registrant supplies/sells goods or services, to another VAT registrant, he needs to give that person a VAT invoice showing the amount of tax charged and other information pertinent to the supply being made.

5. WHAT IS THE IMPORTANCE OF ISSUING A VAT INVOICE?

The VAT invoice serves four main purposes:

- a. as a notice that the supplier is charging tax;
- b. as a notice of transacting business between two registrants and how much tax is charged;
- c. as a reference for cross-checking, which is one of the main features of the VAT credit method of a *value added tax system*; and
- d. more importantly, it is the principal evidence that supports a registrant recipient's claim for deduction of input tax.

VAT invoices are important for the taxpayer and the people he does business with. The taxpayer should ensure that he receives a VAT invoice when he makes a purchase from another registrant. He may be able to claim the tax his suppliers have charged him on goods and services for his business, but only if he keeps all the VAT invoices he received. In the same way, if his customers are registered for VAT they may be able to reclaim the tax he charged them if they receive a VAT invoice from him.

6. WHAT INFORMATION SHOULD BE INCLUDED ON A VAT INVOICE?

The following information should be clearly stated on a VAT Invoice:

- a. the term “**VAT Invoice**”;
- b. the supplier's Tax Identification Number (TIN), name and address;
- c. invoice identification (serial) number;
- d. recipient's TIN, name and address;
- e. date of invoice;
- f. the date of supply, if the supply was concluded, or payment made prior to the issuing of the invoice;
- g. the quantity or volume, description of goods and unit price of the goods;
- h. in the case of services, the description and the value of the service,
- i. which item is taxable or zero rated for example (T) for taxable or (Z) for zero rated;
- j. the rate and amount of any cash discount offered;
- k. total consideration, excluding tax;
- l. VAT rate;
- m. total VAT charged; and
- n. the total price payable, inclusive of VAT, by the recipient.

The prices stated on a VAT invoice should be VAT exclusive.

Therefore, a VAT invoice is simply a normal commercial bill or invoice with the following additional pieces of information:

- the words “**VAT Invoice**”;
- the taxpayer’s TIN for the supplier and the recipient;
- the rate and amount of tax applicable; and
- the total value of the invoice including tax.

If a VAT invoice does not contain all the required information, for the purpose of the Act, the invoice does not fulfil the requirement for a VAT invoice and as such will be invalid for the purpose of claiming an input credit by the recipient. It may, however, be treated as a VAT sales receipt.

7. WHAT IS A VAT SALES RECEIPT?

A VAT sales receipt is a normal invoice given by a VAT registrant supplier to a recipient who is not registered for VAT, indicating that a sale was made or service rendered. It gives notice of an obligation to pay an amount inclusive of the VAT charged on the goods and services provided.

The primary differences between the VAT invoice and the VAT sales receipt are:

- a VAT sales receipt is given to a non-registered taxpayer;
- it may not carry the details of the recipient;
- it may not carry the term “VAT Invoice”,
- it should carry the term “**VAT Sales Receipt**”

Prices stated on a VAT sales receipt can be either inclusive or exclusive of VAT, however the amount of VAT paid should always be indicated.

8. HOW DO I KNOW WHEN TO ISSUE A VAT INVOICE TO A PURCHASER? WILL THE VAT DEPARTMENT SUPPLY ME WITH A LIST CONTAINING ALL VAT REGISTRANTS?

If the recipient (the purchaser) is a registrant, he has an obligation to indicate to you (the registered supplier) that he is registered and provide you with the relevant information. Persons who are registered for VAT should provide the necessary information to you.

The Comptroller has an obligation to make the list of VAT Registrants available to the public. The listing must be published annually, on the 1st day of January in each year, by notice in the Gazette or in such other manner as may be prescribed.¹

¹ Sect. 28 (6) of the VAT Act, 2014

9. SHOULD A VAT INVOICE BE GIVEN ONLY TO ANOTHER VAT REGISTRANT?

No. The VAT registered taxpayer may issue a VAT invoice to the following categories of persons listed in the VAT Act as being able to claim a VAT refund:

- a) a person to the extent provided under the Diplomatic and Consular Services (Immunities and Privileges) Act and any international convention having force of law in The Bahamas, or the recognized principles of international law;
- b) a diplomatic or consular mission of a foreign country established in The Bahamas, relating to transactions concluded for the official purposes of such mission;
- c) an international organization within the meaning of Section 3 (1) of the International Organization (Immunities and Privileges) Act;
- d) approved charitable organisations; and
- e) a Licensee of the Grand Bahama Port Authority not registered for VAT.

The above categories of persons can claim a refund of tax paid under certain special circumstances. The VAT invoice serves as evidence of the amount of VAT paid and to whom the supply was made. The submission of a VAT invoice is a key requirement in making a refund claim.

10. OBLIGATION TO ISSUE A VAT INVOICE

It is a legal requirement for a registrant to issue a VAT invoice for each taxable supply that he makes to another registrant. The VAT invoice should be issued in duplicate. The original must be given to the recipient and a copy of the invoice retained by the supplier.

11. HOW TO TREAT DIFFERENT CATEGORIES OF GOODS OR SERVICES ON THE SAME INVOICE

If a VAT invoice includes zero-rated supplies, supplies at standard rate, and exempt supplies, the invoice must clearly state which items attract tax, the rate of tax and the amount of tax being charged. Special codes can be used to identify each category.

12. SHOULD A VAT INVOICE BE ISSUED FOR EVERY TAXABLE SUPPLY MADE?

No a VAT invoice is not mandatory for taxable supplies made to registrant recipient if the consideration being paid is in cash and less than fifty dollars (\$50.00)² unless the recipient requested one. However a VAT sales receipt should be issued. A VAT receipt must be issued to all other persons, however, some leeway is provided for operators of retail fuel (gas) stations, who can elect to issue fuel receipts to motorists on request.

² Sect. 54 (2)

13. I AM A VAT REGISTRANT AND I HAVE PURCHASED GOODS ON WHICH TAX IS CHARGEABLE; HOWEVER I HAVE NOT RECEIVED A VAT INVOICE, WHAT SHOULD I DO?

The first thing you need to do is to ascertain if your supplier is registered for VAT. If the supplier is registered, he should have a VAT registration certificate displayed in his place of business where everyone is able to see it. If the supplier is not a registrant, he should not issue a VAT invoice. In this case you would not be entitled to an input VAT credit.

If the supplier is a registrant, you have sixty (60) days from the date of that supply to make a request in writing. The supplier is obligated to issue a tax invoice within fourteen days from the date of your request.³

Without the VAT invoice you may be prevented from making a claim against your output tax. If your supplier refuses to issue a VAT invoice, notify the Comptroller of VAT as it is an offence for a VAT invoice not to be issued in the given circumstance.

Nonetheless, the Comptroller may allow you to claim an input VAT credit where he is satisfied of the following:

- you have taken all reasonable steps to acquire a VAT invoice;
- that the failure to acquire the VAT invoice was not your fault; and
- the amount of input tax you want to claim is correct.

14. IF YOU HAVE LOST YOUR VAT INVOICE WHAT SHOULD YOU DO?

If you have lost the original VAT invoice, you must request a copy from your supplier. The copy of the VAT invoice being issued must clearly be marked “*copy*”.

15. OFFENCE

It is a serious offence for anyone who is not a VAT registrant to issue a document showing an amount of tax being charged in respect of a particular supply of goods or services or holding himself out as being authorized to charge VAT.

It is also an offence for the registrant not to issue a VAT invoice when a supply is made to another registrant and for which the recipient had made such a request.

16. EXAMPLES OF VAT INVOICES AND VAT SALES RECEIPTS

The Act, Regulations and VAT Rules give guidance on the information which must be stated on a VAT invoice. The VAT registrant must ensure that in whatever medium is used to record a taxable supply or generate a VAT invoice or VAT sales receipt, that the required information is clearly stated. The price on a VAT invoice must be VAT-exclusive however, a VAT sales receipt can be

³ Sect. 54 (1) & (6)

tax-inclusive or exclusive, and notwithstanding that all prices should be displayed and quoted VAT inclusive.

Listed below, are some examples of VAT invoices and VAT sales receipts. *Note these are for illustration purposes only.*

VAT INVOICE

EXAMPLE 1

VAT Invoice No: 174

Date: 11/01/2015

From: Radio Supplies Ltd.
21 Any Road

TIN: 100091820

To: A N Otten Ltd.
22 High Street

TIN: 100012345

Qty.	Description & Price	Amount Exclusive	VAT Rate (%) of VAT	VAT
6	Radios SW 15 @ 25.20	151.20	7.5	11.34
4	Record Plugs @ 23.60	94.40	7.5	7.08
6	Lamps 177 @ 15.55	93.30	7.5	7.00
----- SUB-TOTAL		338.90		
VAT		<u>25.42</u>		
TOTAL		364.32		
		=====		

Ex: 1: Shows all the features/information required for a VAT Invoice.

EXAMPLE 2

VAT INVOICE			
Computer Accessories <i>T/A Best Computer Services</i> 8 king Street		TIN: 23457	Date:11/08/2015
To: Vogue Ltd 89 Young Street		TIN: 77654	
		Inv# CA-B345	
Qty	Description	unit price	Total
5	computer key board	120.00	600.00
3	printer covers	50.00	150.00
5	computer screens	150.00	750.00
7	17" monitors	250.00	1,750.00
1	mouse pads	10.00	10.00
Sub-Total			3,260.00
less 10% discount			326.00
Total			2,934.00
Vat @ 7.5%			220.05
Total price			3,154.05
sample invoice - indicating treatment of cash discount prices are VAT-exclusive			

Ex. 2: VAT invoice showing price discount, subtotal, rate and total VAT charged

EXAMPLE 3

VAT INVOICE			
Computer Accessories <i>T/A Best Computer Services</i> 8 king Street		TIN: 23457	Date: 11/08/2015
Vogue Ltd 89 Young Street		TIN: 77654	
			Inv# CA-B345
Qty	Description	unit price	Total
5	computer key board	129.00	645.00
3	printer covers	53.75	161.25
5	computer screens	161.25	806.25
7	17" monitors	268.75	1,881.25
1	mouse pads	10.75	10.75
Sub-Total			3,504.50
less 10% discount			350.45
Total			3,154.05
VAT @ 7.5%			220.05
sample invoice - indicating treatment of cash discount unit & total prices are tax inclusive			

Ex.3: VAT Invoice, showing tax-inclusive pricing – NOT ACCEPTABLE, however format can be used for VAT sales receipt.

EXAMPLE 4

VAT INVOICE/VAT SALES RECEIPT				
MILLS Wholesale 8 High Street		TIN: 23457 Date: 12/23/2015		
G & B Grocery 89 Young Street		TIN: 2384 Inv# 0035		
Qty	Description	code	unit price	Total
15	lb rice	T	5.00	75.00
10	lb sugar	T	7.50	75.00
12	pk milk	T	10.00	120.00
12	bread	T	3.00	36.00
24	soda	T	8.00	192.00
24	malta	T	12.00	288.00
36	bath soap	T	5.00	180.00
24	lotion	T	6.50	156.00
24	shampoo	T	15.00	360.00
12	hair oil	T	4.50	54.00
48	pens	T	2.00	96.00
48	pencils	T	1.00	48.00
	Sub total			1,680.00
	VAT @ 7.5%			126.00
	Total price			1,806.00
price - VAT exclusive				
Code is used to identify taxable products:				

Ex. 4: Indicating which item is subject to VAT. If bread was made zero-rated, then the supplier can apply a code (Z), for example, to represent zero-rated items and (X) for exempt products.

EXAMPLE 5: TAX EXCLUSIVE

Example (Pty) Ltd Building Name Street Address City Telephone: +27 21 999 9999 Fax: +27 21 999 0000 E-mail: info@example.com Website: www.example.com TIN 1234567				VAT Invoice Invoice Number INV0004 Invoice Date 4/17/2015 WC Financial Advisors 15 Strand Street Walmer Nassau Customer TIN 1344444	
Stock Code	Description	UOM	Quantity	Selling Price (excluding tax)	VAT Exclusive Amount
1111AA	Raw Material 1	KG	24.00	131.58	3,157.89
3333AA	Dry Goods 1	Each	30.00	85.97	2,578.95
5555AA	Raw Material - Labelled	Carton	44.00	118.42	5,210.53
43555CC	Installation		1.00	250.00	250.00
				Subtotal	11,197.37
				VAT @ 7.5%	839.80
				Total	12,037.17
Bank: Example Bank Account Type: Current Account Account Number: 1111 999 888 Bank Code: 999-999				Invoice Status: Paid Invoice Due Date: 5/17/2015 Payment Date: 5/20/2014	

EXAMPLE 6**TAX EXCLUSIVE**

NB: Illustration only: If some Items were not subject to VAT

VAT INVOICE/VAT SALES RECEIPT				
MILLS Wholesale		TIN: 23457		
8 High Street		Date: 12/23/2015		
G & B Grocery		TIN: 2384		
89 Young Street		Inv# 0035		
Qty	Description	unit price	Total	Tax
15	lb rice	5.00	75.00	
10	lb sugar	7.50	75.00	
12	pk milk	10.00	120.00	
12	bread	3.00	36.00	
24	soda	8.00	192.00	14.40
24	malta	12.00	288.00	21.60
36	bath soap	5.00	180.00	13.50
24	lotion	6.50	156.00	11.70
24	shampoo	15.00	360.00	27.00
12	hair oil	4.50	54.00	4.05
48	pens	2.00	96.00	7.20
48	pencils	1.00	48.00	3.60
	Sub -Total		1,680.00	103.05
	Tax @ 7.5%		103.05	
	Total price		1,783.05	
<i>This sample invoice/receipt shows the tax separately</i>				

Ex. 6: representing another format indicating that, for example, if some products are not taxed how it can be displayed

VAT SALES RECEIPT- TAX INCLUSIVE

EXAMPLE 7

VAT Sales Receipt			
Computer Accessories <i>T/A Best Computer Services</i> Cash*****		TIN: 23457	Date: 11/08/2015
		Serial No.: CA- B345	
Qty	Description	unit price	Total
5	computer key board *	129.00	645.00
3	printer covers *	53.75	161.25
5	computer screens *	161.25	806.25
7	17" monitors *	268.75	1,881.25
1	mouse pads *	10.75	10.75
Sub-Total			3,504.50
less 10% discount			350.45
Total			3,154.05
Vat @ 7.5%			220.05
(*) taxable items			
sample invoice - indicating treatment of cash discount unit & total prices are tax inclusive			

Ex. 7: VAT sales receipt showing VAT inclusive price. This invoice contains the same information as Ex. 3 except:

- VAT Sales Receipt replaces VAT Invoice;
- the recipient information is not included and
- indicating a cash sales, (can be omitted) .

The above illustration shows that a VAT sales receipt is nothing more than an ordinary invoice, which includes the amount of tax charged, the rate of tax and which items are subject to VAT (indicated by the use of an asterisk*).

Example 8

TAX EXCLUSIVE

VAT Sales Receipt				
IMPACT DUTY				
FREE		TIN: 23457		
8 High Street		Date: 12/23/2015		
John Paris				
Paris, France				
		Inv# 0035		
Qty	Description	code	unit price	Total
1	Watch - Rolex	Z	5,000.00	5,000.00
2	Watch - Citizen	Z	300.00	600.00
2	Perfume - Channel	T	50.00	100.00
3	Perfume - Tommy Girl	T	65.00	195.00
1	Ring - White Gold	Z	10,000.00	10,000.00
1	Necklace - Gold	Z	3,000.00	3,000.00
1	Bag - Lady	T	500.00	500.00
Subtotal				19,395.00
VAT @ 7.5% (Tax value (\$795.00))				59.63
Total price				19,454.63

This is a sample receipt that may be received by a tourist/visitor for a VAT free purchase. A supplier will issue this type of receipt only on presentation of travel documents by the tourist/visitor.

EXAMPLE 9

Invoice No. **NM-001**

N. Miller & Associate Ltd 3 King Street TIN 23453 VAT INVOICE

INVOICE

Customer	
Name	Bentley Brown & Co TIN 45732
Address	22 Any Road
City	State ZIP
Phone	234-7652

Misc	
Date	01/13/2015
Order No.	BB-34
Rep	
FOB	

Qty	Description	Unit Price	TOTAL
5	computer key boards	\$ 450.00	\$ 2,250.00
3	printer covers	\$ 45.00	\$ 135.00
7	computer screen	\$ 5.00	\$ 35.00
5	monitors 17"	\$ 750.00	\$ 3,750.00

SubTotal	\$ 6,170.00
Shipping	
Tax Rate(s)	7.50% \$ 462.75
TOTAL	\$ 6,632.75

Payment	Select One...
Comments	
Name	
CC #	
Expires	

Office Use Only

Insert Fine Print Here

Insert Farewell Statement Here

EXAMPLE 10

MANUAL INVOICE BEFORE ADJUSTMENT FOR VAT

<p>ISLAND PURIFIED WATER PO Boxes 891, any Place, Nassau Tel: (000) 466-7517, Fax (000) 466-2862 email: islandpurified water@yahoo.com</p>						
<p>INVOICE</p>						
CUST. ORDER NO. 8826			DATE: 26/10/14			
NAME: Tax Reform Unit						
ADDRESS:						
A/C #						
Sold By:	Cash	COD	Charge	On Acct	MD SERT	Paid Out
Quantity	DESCRIPTION			Price	Amount	
2	Case 5 gallon bottle water cone cup			\$14.00	\$28.00	
\$28.00						
Recd By:						

EXAMPLE 11

MANUAL INVOICE CONVERTED TO VAT INVOICE

ISLAND PURIFIED WATER
 PO Boxes 891, any Place, Nassau
 Tel: (000) 466-7517. Fax (000) 466-2862
 email: islandpurified water@yahoo.com
TIN 1000987654

VAT INVOICE

CUST. ORDER NO. 8826		DATE: 26/10/14	
NAME: Fergies Supplies			
ADDRESS: East Street, Nassau			
TIN: 19808754		Serial # 209876	
		A/C #	

Sold By:	Cash	COD	Charge	On Acct	MD SERTI	Paid Out
-----------------	-------------	------------	---------------	----------------	-----------------	-----------------

Quantity	DESCRIPTION	Price	Amount
2	Case 5 gallon bottle water	\$14.00	\$28.00
\$30.10			
	VAT 7.5%		2.10
			30.10

Recd By: _____

This represents a manual invoice which has been converted into a VAT Invoice or VAT Sales Receipt with the relevant information indicated in RED.

EXAMPLE 12
VAT EXCLUSIVE

N. Miller & Associate Ltd 3 King Street TIN 23453 VAT INVOICE

Invoice No. **NM-001**

INVOICE

Customer			
Name	Bentley Brown & Co TIN 45732		
Address	22 Any Road		
City	State	ZIP	
Phone	234-7652		

Misc	
Date	12/13/2015
Order No.	BB-34
Rep	
FOB	

Qty	Description	Unit Price	TOTAL
1	To prepare financial statements	\$ 7,000.00	\$ 7,000.00
1	To preparaer VAT worksheets & VAT return	\$ 5,000.00	\$ 5,000.00
1	Reimbursement for staff transportation	\$ 3,000.00	\$ 3,000.00
1	Reimbursement for staff meal	\$ 750.00	\$ 750.00
1	Reimbursement for staff acommodation	\$ 2,500.00	\$ 2,500.00
5	Photocopying of VAT returns	\$ 20.00	\$ 100.00

SubTotal	\$ 18,350.00
Shipping	
Tax Rate(s)	7.50%
	\$ 1,376.25
TOTAL	\$ 19,726.25

Payment	Select One...
Comments	
Name	
CC #	
Expires	

Office Use Only

Insert Fine Print Here

Insert Farewell Statement Here

17. WHAT IS A VAT CREDIT NOTE?

A VAT credit note is a document issued by a VAT registrant indicating that the VAT charged on the invoice to which it relates exceeds the VAT that was supposed to be charged. The VAT registered supplier that issues a VAT credit Note must reflect such adjustment by reducing the output tax reported on the VAT return (line 7 “adjustment for the period”) during the period in which it was issued. The VAT registered business that receives a VAT credit note must reflect such adjustment by reducing the input tax on the VAT Return (line 25 “adjustment for the period”) during the period in which it was received. Both the recipient and supplier of a VAT credit note should attach a copy of the note with their return for the period.

18. WHAT MUST BE INCLUDED ON A VAT CREDIT NOTE?

- “**VAT Credit Note**” in a prominent place on the document;
- the registrant supplier’s tax identification number (TIN);
- the registrant recipient’s tax identification number (TIN);
- the VAT invoice identification (serial) number in which the VAT credit note relates;
- the date on which the credit note was issued;
- the date of the original VAT invoice to which the credit note relates;
- the value of supply on the invoice
- the correct amount of the transaction;
- the difference between the original value of supply and the correct amount of the supply;
- the VAT charge associated with the difference and
- a brief explanation of the reason for issuing the credit note.

19. EXAMPLES OF A VAT CREDIT NOTE

VAT CREDIT NOTE

EXAMPLE 13

FIREDALE COMPANY LTD

VAT CREDIT NOTE

Cheshire Road
Nassau, Bahamas
TIN 19999999

TO
Greenslade Company Ltd.
TIN 100999999
Salamander Drive
Nassau, Bahamas
Phone (242) 322-9737
Greenslade242@hotmail.com

CREDIT NOTE
No.
002

CREDIT NOTE ISSUED
11/9/2015

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
2	Credit for returned goods on Invoice # 345 issued on 10/8/2015	(\$15.30)	(\$30.60)
		SUBTOTAL	(\$30.60)
		VAT (7.5%)	(\$2.30)
		CREDIT TOTAL	(32.90)

EXAMPLE 14

|| TILE ZONE

TIN 146342321
 (242) 456-2342
 Calendar Lanej
 Nassau, Bahamas
 Tilezone242.com
 Tilezone242@hotmail.com

|| January 10, 2015

VAT CREDIT NOTE #1333

Bill To	
Customer	Legal Eagles
Customer ID#	TIN 143214314
Address	Strachan Road Nassau, Bahamas
Phone	(242) 322-0342

Qty.	Item#	Description	Unit Price	Discount	Line Total
24	785	Credit for return of gray ceramic tiles VAT Invoice ref # 4323 Issued on 2/1/2015	(\$2.25)	\$0.00	(\$54.00)
		-15% restocking fee	\$0.34	\$0.00	(\$8.10)
Total Discount					\$0.00
Subtotal					(\$45.90)
VAT (7.5%)					(\$3.44)
Total					(\$49.34)

Thank you for your business!

20. WHAT IS A VAT DEBIT NOTE?

A VAT debit note is a document issued by a VAT registrant indicating that the VAT charged on the invoice to which it relates is less than the VAT that was supposed to be charged. The VAT registered supplier that issues a VAT debit note must reflect such adjustment by increasing the output tax reported on the VAT return (line 7 “adjustment for the period”) during the period in which it was issued. The VAT registered business that receives a VAT debit note may reflect such adjustment by increasing the input tax reported on the VAT return (line 25 “adjustment for the period”) during the period in which it was received.

21. WHAT MUST BE INCLUDED ON A VAT DEBIT NOTE?

- “**VAT Debit Note**” in a prominent place on the document;
- the registrant supplier’s tax identification number (TIN);
- the registrant recipient’s tax identification number (TIN);
- the VAT invoice identification (serial) number in which the VAT debit note relates;
- the date on which the VAT debit note was issued;
- the date of the original VAT invoice to which the VAT debit note relates;
- the value of supply on the invoice
- the correct amount of the transaction;
- the difference between the original value of supply and the correct amount of the supply;
- the VAT charge associated with the difference and
- a brief explanation of the reason for issuing the VAT debit note.

22. EXAMPLES OF A VAT DEBIT NOTE

VAT DEBIT NOTE

EXAMPLE 15

Suzie's Bar & Grill



VAT Debit Note

November 9, 2015

Suzie's Bar & Grill

TIN # 10101010101

To: Bubba's Backyard Band

TIN # 102102102102

VAT Invoice Serial Number: 22

Original VAT Invoice: Date September 9, 2015

Value of Supply on the Invoice	Correct amount of Transaction	Difference	VAT charge
\$100.00	\$150.00	\$50.00	\$3.75

This note has been issued because Bubba's Backyard Band was charged \$100.00 for 50 pounds of chicken wings, when they should have been charged \$150.00.

EXAMPLE 16

Bella's Beauty Salon

TIN 103103103103103



VAT DEBIT NOTE

November 11, 2015

For: Electra's Hair Hut
TIN #104104104104104

VAT Invoice Serial Number: 22
Original VAT Invoice: Date September 10, 2015

Value of Supply on the Invoice	\$150.00
Correct amount of Transaction	\$200.00
Difference	\$50.00
VAT charge	\$3.75

This note has been issued because Electra's Hair Hut was charged \$150.00 for \$10 pounds of Coconut Oil, when they should have been charged \$200.00.

23. CIRCUMSTANCES WHERE A VAT CREDIT NOTE OR VAT DEBIT NOTE MAY BE ISSUED

- A supply of goods or services is cancelled;
- goods are returned to the registrant supplier and
- the registrant supplier charged an incorrect price on the VAT invoice.

24. WHAT IS THE IMPORTANCE KEEPING PROPER RECORDS OF A VAT CREDIT AND VAT DEBIT NOTE?

A claim for input tax deduction for input tax paid or payable by a taxable person is not allowable where a VAT debit note or VAT credit note is not in the possession of a registrant and available for inspection by the Comptroller at the time the registrant files a VAT return for the tax period in which the supply occurred.

A person making a claim for a refund under Section 56 of the Act must maintain and make available for inspection by the Comptroller on request documentary proof in support of the claim in the form of VAT invoices, VAT sales receipts, VAT credit notes, and VAT debit notes issued in the transactions giving rise to the claim as well as records that explain the essential features of the transactions and how they relate to the excess amount claimed.

Reliable accounting records of VAT debit notes and VAT credit notes issued and received must be kept for a period of five years after the end of the tax period to which such registrant's records relate, or the occurrence of the taxable transaction to which a non-registrant's records relate.

A registrant supplier must issue only one VAT credit note or VAT debit note in respect of VAT improperly charged on a taxable supply; however if the registrant recipient claims to have lost the original note, the registrant supplier may issue a copy note clearly marked “**copy**”.

An unregistered taxable person must not collect tax or issue to any person a VAT credit note, or VAT debit note. This is a very serious contravention of the VAT Act, 2014, and punishable by fine and/or imprisonment, and also the forcible closure of the business premises.

Additional information on VAT credit notes and VAT debit notes can be found in the VAT Act and is outlined in the **VAT Rule 2015-018 – VAT Debit & Credit Notes**.

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:

Value Added Tax Department

Ministry of Finance

P. O. Box N-4866

Nassau, N.P.

Bahamas

www.bahamas.gov.bs/vat

