



Ministry Of Finance

VAT Department

VAT RULE 2015-001

VAT Free Shopping



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A. Authority

This Rule is made under section 17 of the Value Added Act, 2014.

B. Legislation

All legislative references are to the Value Added Tax Act, 2014 and/or the Value Added Tax Regulations 2014, unless otherwise stated.

C. This Rule applies in respect of:

Regulation 15(3) of Value Added Tax Regulation, 2014 with respect to allowing zero-rated supply of specified goods referred to in the tax free goods listing.

D. Application of Rule

This Rule is for the purpose of setting out the framework for the zero-rated (VAT free) VAT treatment of certain purchases made by visitor to The Bahamas and is to be applied in situations where such purchases are made at approved merchants or retailers.

E. Comptroller's Rule

1. Businesses wanting to participate in the VAT free Shopping Scheme must apply to the VAT Comptroller for approval by completing and submitting the prescribed form.
2. Only businesses approved by the VAT Comptroller shall participate in the VAT Free shopping scheme.



3. The VAT Comptroller may specify an amount of increase that must be made to their Customs bond in respect of potential VAT liability.
4. Approval to participate in the VAT Free shopping scheme is conditional upon the retailer being in good standing on all filing, payment and reporting obligations of the VAT, and of Business License.
5. Approval to participate in the scheme is site specific. Only vendors located in areas of high visitor traffic who sell the majority of their goods to visitors will be considered for approval.
6. VAT Free sales may only be made to visitors to The Bahamas. A visitor is defined as someone
 - i) whose normal place of residence is not The Bahamas;
 - ii) who does not have a Bahamas passport;
 - iii) who is leaving The Bahamas within the next 45 days.
 - iv) who has not worked in The Bahamas in the last 6 months
 - v) who is not an employee of a cruise ship
7. A sale of less than \$25 per item is not eligible for VAT Free sale under this scheme.
8. The items eligible for VAT free shopping are as follows:-
 - i) Leather Bags
 - ii) Jewelry & Watches
 - iii) Articles of Clothing over \$100
 - iv) Shoes
 - v) Cosmetics & Perfumes
 - vi) Fountain Pens



- vii) Sunglasses**
- 9.** Tourist making VAT free purchase must present to the approved retailer travel or other documents to show residency status and proof of pending departure from the country. Such documents may include but not limited to the following:
- i)** Passport
 - ii)** Drivers License
 - iii)** Government issued photo ID
 - iv)** Cruise ID
 - v)** Airline Ticket
 - vi)** Boarding Card
- 10.** A processing fee of 10 percent will be deducted from the approved refund amount payable to a tourist who may qualify for a refund.
- 11.** Tourist applying for the refund shall be instructed to deposit a copy of the receipt at the Customs check point as proof of exportation of the item.
- 12.** Approved businesses must produce receipt in triplicate – one to be kept by the business while the other two would be issued to the tourist, one of which must be deposited at the Customs check-point upon departure from the country.
- 13.** Approved businesses must report such sales as zero-rated supplies on the VAT Return.
- 14.** Approved businesses must maintain visitor specific records as support of zero rated sales.



F. The period for which this Rule applies

This Rule shall apply for the period beginning on January 1st, 2015 until June 30th, 2015 or whenever withdrawn.

