



Introduction to Global Blue “VAT Off” Program.

Thursday August 13, 2015

Global Blue – Sales Transaction

- ▶ GB will implement issuing solutions (web or stand alone software) in order to register electronically all tax free transactions made by Merchants to Tourists
 - transaction will record
 - Passport, ID number or Cruise liner number → Mandatory
 - Name and Surname → Optional
 - Invoice number → Mandatory
 - Nationality → Mandatory
 - Sales in store amount. → Mandatory
- GB will cover all the market and all categories of goods excluding alcohol, tobacco, medicine and food

Global Blue - Sales Transaction

- ▶ GB will offer VAT OFF process (VAT refund in the store) GB can also support 85% or 100% VAT OFF at register.

GB will provide e-reports to Government

GB will provide Business intelligence to Merchants
(Market and Sales information)

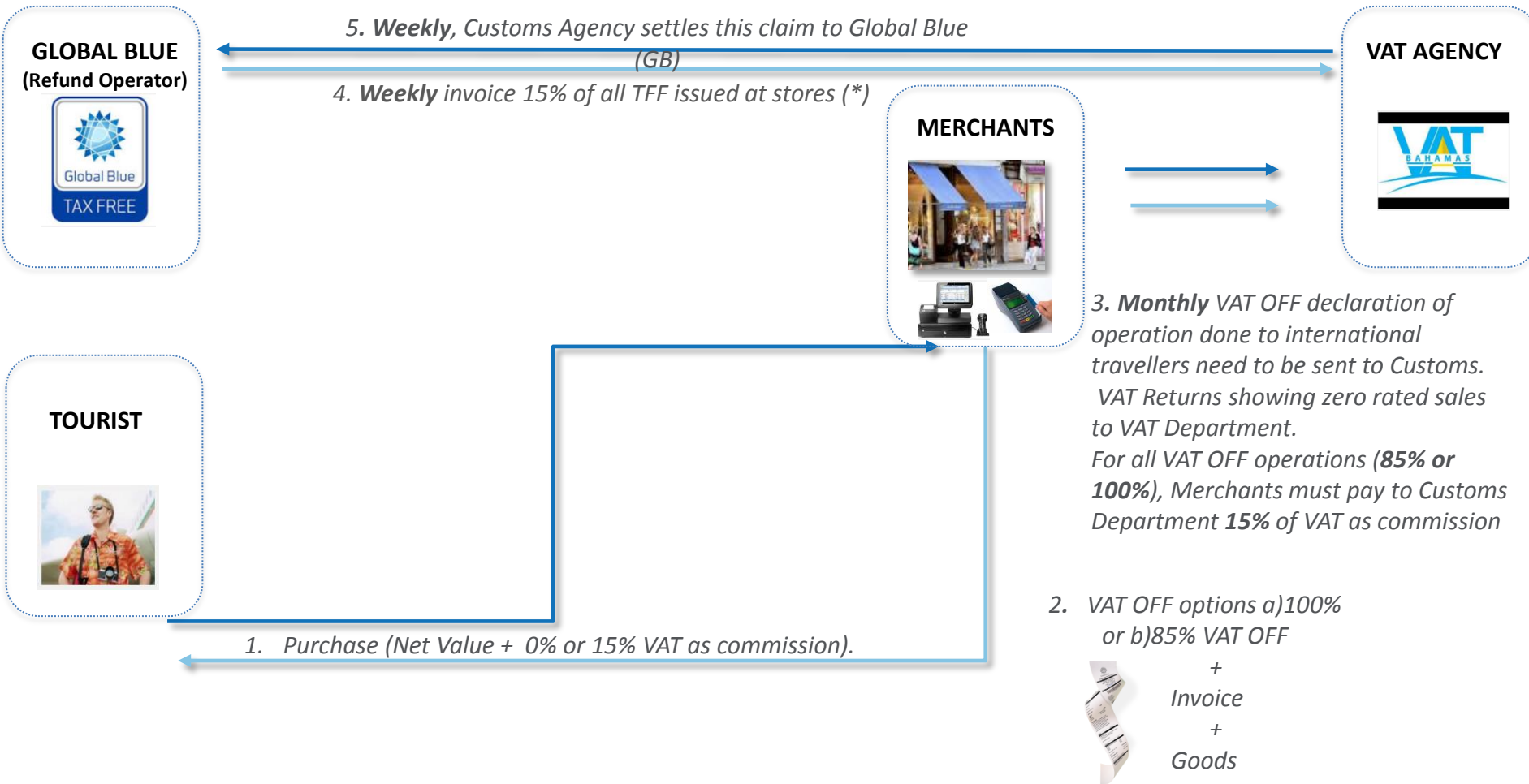
- ▶ Merchants must pay to Government (Customs) 15% (15% of 7.5% VAT) processing fee of all VAT OFF transactions issued

GB will be invoiced **15% of VAT payable** as commission to Government (Customs) of all VAT OFF transactions.

Sales Flow Proposal

SUBJECT TO CONTRACT

Issue TFF VAT OFF at Store – 85% or 100% of VAT OFF. No control at Customs.



Purchase (> 25 BSD)

No taxes are added on this invoice

- The invoice is supported with a list of all TFF issued at Merchants (additional info: date, merchants details, receipt number, sales amount, VAT amount,...)

¹eTax Free Form (electronic) + optional paper as VAT OFF proof for the Traveller



What the merchant does

- Submits Application to the Comptroller and complete GB Agreement.



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- Collects all relevant documentation and information from tourist
- Makes the sale to tourist at a zero rate
- Scans identification/requirements and enters sale into GB system
- Transmits information to GB and Customs
- Submit Return showing zero rated sales and pays 15% of VAT as processing fee to Customs monthly.

What Global Blue does

- Ensure that approval is granted by VAT Comptroller
- Enters into agreements with retailers
- Provides point-of-sale devices to vendor (passport/ID scanners)
- Communicates sale and purchaser data to Customs for approval
- Provides terminals at designated points for Customs agent approval
- Provides detailed reports to merchant and Customs
- Sends bill for 100% of processing fee (15%) to Government



Underlying Authority

- ▶ Value Added Tax Legislation
 - Exports are zero rated
 - Pursuant to the Act, where a zero rated supply is made to a person and that person is charged VAT there should be a refund of the VAT to the person
 - Regulation 15(3) of the Act specifically provides that “the Comptroller may allow a registrant to make taxable supplies of goods to a retail recipient inside The Bahamas at a zero rate where the VAT Comptroller obtains documentary evidence that the recipient will export the goods from the Bahamas”
 - According to the VAT Rule 2015-001 , visitors to the Bahamas are regarded as a retail recipient to whom this provision applies.



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Operational Procedures

Functional Areas Affected

▶ Taxpayer Services

- Received Applications through Enquires Module
- Forward to Compliance Unit for Vetting
- May received queries, via telephone or email such queries should be address based on the information contained in the VAT Rule and VAT Guidance Notes.



Functional Areas Cont.

▶ Compliance Unit

- Review Application to ensure form is properly completed if incomplete refer back to applicant with necessary instructions.
- Ensure that taxpayer qualifies for program.
- Acknowledge receipt of application. (Standard Template)
- Research Taxpayer's compliance status relative to
 - payment of all tax liabilities
 - Filing of all Tax Returns
 - Any other offenses
- Once application meets all requirements prepare approval letter for Comptroller's Signature.
- If not advise Taxpayer of outstanding requirements necessary for approval. (Template should be design)



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Functional Areas Cont.

- ▶ Compliance Cont.
 - Monitor sales transaction in accordance with VAT Rule
 - Maintain continuous list of “VAT Free” merchants

- ▶ Central Processing-Refunds and Audit
 - Verify Zero Rated Sales by reviewing the following:-
 - Supporting document as per VAT Rule 2015-001. (paragraph No. E-14)
 - Monitor list of VAT Free Merchants and zero rated sales on Returns. (**merchant may have been suspended**)
 - Discontinuation of VAT Deferral with Global Blue Program. (**merchants will pay VAT at importation**)

General Notes

- ▶ All communications with the Taxpayer MUST be done through RMS.
- ▶ Turn around for application must be conducted within five working days.
- ▶ Applications for this scheme can be received at any time.
- ▶ Register of approved vendors must be developed maintained and published.
- ▶ **(list will be useful for Central Processing Unit and general taxpayer education)**



General Notes

▶ Questions/Comments