



MINISTRY OF FINANCE
THE DEPARTMENT OF INLAND REVENUE

VAT GUIDANCE ON PUBLIC ENTERTAINMENT



DEPARTMENT OF
INLAND REVENUE
Central Revenue Administration



Introduction

This guide is intended to provide businesses promoting public entertainment or owners (proprietors) providing a place for public entertainment with information on Value Added Tax (“VAT”). It should be read in conjunction with the Value Added Tax Act 2014, as amended (“VAT Act”), the Value Added Tax Regulations 2014 (“VAT Regulations”), the VAT Rules and The Bahamas General 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.**

What is public entertainment?

For the purpose of this guide, public entertainment as defined by the VAT Act means any musical entertainment, theatrical performance, comedy show, dance performance, circus show, or show connected with a festival, or any sporting or recreational event not frequently held, to which the public is invited. This list has been expounded upon by the VAT Rules (see 2015-008 Public Entertainment) to include dinner parties and balls.

Who is a Promoter of public entertainment?

For the purpose of this guide, a promoter of public entertainment, as defined by the VAT Act, means a person who arranges the staging or supply of public entertainment or a licensee or proprietor of a place of public entertainment. To provide clarity, the VAT Rules (2015-008 Public Entertainment) have included non-profit organizations, religious organizations, charitable organizations and similar type organizations as entities that can be considered promoters of Public Entertainment.

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

Is the promotion of public entertainment a taxable supply?

Most public entertainment services provided by a promoter in The Bahamas are taxable supplies, except in certain supplies of charitable services by a registered charitable organization, which may be exempt from VAT (see Charitable Organization Guidance for more information).

When should a Promoter of Public Entertainment Register?

Every person wishing to conduct any public entertainment activity must first be registered for an occasional business license (unless they have an annual business license specifically for the promotion of public entertainment). An occasional business license is required even by holders of a regular business license, once the public entertainment activity is being held at a venue that is different to their regular place of business.

All promoters of public entertainment activities (sporadic or regular) should register for a Tax Identification Number (TIN). However, if they expect their taxable supplies to meet or exceed \$50,000 per annum they must also register for VAT. All promoters need only to register once and must notify the Comptroller each time an event is being held.


Those who promote entertainment activities as a one-off or sporadic events must apply for registration at least 48 hours before advertising the activity.

How do I inform the VAT Comptroller of the public entertainment event?

The promoter should register for a TIN using the online system, then complete Form 41 – Registration of a Public Entertainment Events and submit same for consideration. The promoter must notify the VAT Department about any public entertainment activity regardless of the expected turnover from the event.

What happens once I would have submitted all the relevant information?

Once all the relevant information is received, the VAT Department would vet the request and indicate the Comptroller's decision regarding the VAT liability for the activity. If the activity is



approved for the purposes of VAT, an approval certificate will be issued to the Promoter as evidence that they are responsible for collecting and accounting for VAT on the activity. This certificate should be displayed where the event is being held.

When security is required, it must be paid or provided prior to the conduct of the public entertainment activity, as prescribed in the VAT Rule – 2015-006 – Requirement for Security.

If the event is determined to be exempted from VAT, the promoter will only have VAT liability for imported services (such as an international artist).

Do I need to register a fund-raising activity for a charitable purpose?

Cook-outs, fairs or other similar events being held to raise funds for community activities, medical assistance to persons, or for other charitable reasons must be registered. In most situations, such activities may be treated as exempt as the funds being raised will be below \$50,000 per annum. However, the obligation to register the event and receive confirmation from the VAT Comptroller must be observed.

A Church, School or Civic Organization is having a public event as part of its annual fundraising activities, would such activities be subject to VAT?

The Ministry of Finance has a system in place for formally designating an organization as an approved charitable organization. An event may be considered exempt from VAT once the entity promoting the public entertainment activity is an approved charitable organization, the event is being conducted to raise funds for a charitable purpose, and the items being sold have been donated. However, the promoters of the event must notify the VAT Department of the activity.

What is the role of the VAT Department once the event has commenced?

VAT officers may be required to be stationed at public entertainment events to inspect the ticketed admission activities, record keeping systems, and other revenue generation activities being held at the event.



How can a sporadic Promoter of Public Entertainment file their VAT Return and when?

The occasional promoter of Public Entertainment must file and submit Form No. 42 – Public Entertainment Event Reconciliation and Return Form within fourteen (14) days of completing the activity. This form should include the actual amount of earned revenue (VAT inclusive) and VAT due on tickets, beverages, other revenue sources, and imported services where applicable. The Promoters will also have to submit reconciliations to account for unsold tickets.

If payment is not made within the specified time, The Comptroller may deduct funds from the security to satisfy the tax liability of the Promoter. Payment of VAT liability can be made using our online tax administration system or at all commercial banks over the counter or through the banks' online banking system.

Am I required to keep any records of the activity once it is completed?


Once the activity is completed and the VAT Department conducts its reconciliation of tickets and other revenue sources, you may maintain the records for future references. This reconciliation does not preclude the VAT Department from conducting an audit on the activity at a later date.

Am I still required to pay VAT if my activity does not make a profit?

Even if your activity is not profitable, you are still obligated to account for and pay VAT. Once the activity is approved for VAT purposes, you are expected to report and account for the VAT charged, collected or paid. Input VAT can be claimed in accordance with Section 50 of the VAT Act.

As a sporadic promoter, do I remain registered after my activity has been completed?

As a sporadic promoter, you will always be registered and maintain your TIN, however, your VAT Account may be suspended upon request until notification or information is received regarding future events. If you do not request and receive approval for the suspension of your VAT



Account, you will be expected to continue to file VAT returns regularly and may be subject to late filing and late payment penalties which are automatically charged to an active VAT registrant's account.

Do I get the same penalties and fines as a regular Promoter?

All VAT registrants get the same late filing, late payment and interest charges based on the VAT Rules governing such procedures.

The Law

You may find the following references to the legislation useful.

VAT Act

Section 2 – Interpretation

Section 19 – Registration

Section 65 – Required Security

VAT Regulations

Regulation 40 – Public Entertainment Offences

Regulation First Schedule – Public Entertainment Offences

VAT Rules

VAT Rule on Requirement of Security 2015-006

VAT Rule on Public Entertainment 2015-008



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

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