



Ministry of Finance
The Department of Inland Revenue

Guidance for Businesses qualifying for the

TAX CREDIT & TAX DEFERRAL

RELIEF UNDER THE EMPLOYMENT RETENTION PROGRAMME



APPLY ONLINE:
atlas.revenue.gov.bs



GUIDANCE FOR BUSINESSES QUALIFYING FOR TAX CREDIT AND TAX DEFERRAL RELIEF UNDER THE EMPLOYEE RETENTION PROGRAM

I. Meet eligibility Requirements:

To be eligible, enterprises would be required to:

- Be in good standing in VAT or BL payments as at February 2020 (not including BL due for current 2020 cycle);
- Have annual sales of \$3 million or more (businesses under \$3 million can access support through the Small Business Continuity Loan program)
- Have an overall staff complement of 25 employees or more (line staff, executive and management). ***Please note: The value of the tax credit/tax deferral can be no greater than the payment to the non-executive staff complement which can include lower managers and supervisors;***
- Commit to retaining 80 percent of staff levels as at February 29th 2020 levels, though to October, 31st 2020;
- Make application on the prescribed form for concession
- Commit to the utilization of tax credits solely for purposes of covering non-executive payroll. Executive payroll will be the payroll of persons who hold positions of a Proprietor, President, Vice President, Director or similar Job Title level.

This concession is not available to businesses in the following sectors:

- Hotel & Resorts (which are closed during this phase)
- Retail or Wholesale grocery food establishments
- Regulated Telecommunications Sector
- Regulated Financial & Insurance business
- Gaming

II. Provide payroll cost:

This will determine the amount for Approved Tax Relief (ATR) for the months April, May & June 2020, the qualifying period (**QP**). To accomplish this the taxpayer must provide:

- A copy of their non- management payrolls for the month of February, 2020.
- A copy of banking information in support of their payroll cost.
- A copy of NIB returns for that month.
- A payroll showing the breakdown by employee categories.
- Evidence that the number of employees is equal to or > 25
- A declaration that they will retain 80% of the workforce through to 31st October, 2020. (***Declaration included with the application form***)

If the payroll cost is greater than \$200K in any given month within the qualifying period, the **ATR** provided will not exceed \$200K for that month, to a maximum of \$600K over the qualifying period.

If the payroll cost is less than \$200K per month within the qualifying period, the approved tax relief will be equivalent to the payroll cost.

- III. Qualifying businesses will be allowed to:
- Apply the full amount of the ATR firstly to the outstanding business license fees where applicable. Where the outstanding business license is greater than the ATR, fifty percent (50%) of the approved amount will be in the form of a non-reimbursable credit applied to the debt and the remaining fifty percent (50%) as a deferred tax that would be payable starting January, 2021.
 - Use the approve tax relief on business license fees owed regardless of the period in which the debt arose.
 - Use any excess ATR after accounting for outstanding business license where applicable as a non-reimbursable or tax deferral credit in the VAT owed.
 - Where there is no business license fees outstanding, the full amount of the approve tax relief will be applied to the VAT outstanding balance. Fifty percent (50%) in the form of a non-reimbursable credit applied and the remaining fifty percent (50%) as a deferred tax liability that would be payable starting January, 2021.
 - Use any unapplied remaining balance of the non-reimbursable credit, to offset any future VAT liability that may materialize in the qualifying period cumulatively.
- IV. Business Continuity:
- The taxpayer will conduct business in the usual manner and withhold VAT payable (output VAT less Input VAT) to the extent of the available credit
 - Taxpayers will be required to upload with their filing schedules and copies of all Input VAT supporting documents
 - In rare cases a taxpayer might find themselves in a receivable position the amount so available will be utilized against future tax liability but will not be available as a cash refund.
- V. Department of Inland Revenue
- Will acknowledge receipt of application within 24 hours
 - Will advise of approval of application and the value of any approved tax relief within 48 hours of receipt of the payroll cost and supporting documentation.
 - Will reverse finance charges during the program and deferral periods.