

What you need to Know:

*VAT is a tax on consumer spending.

*The amount of VAT you pay should be clearly written on your receipt.

*VAT is a visible tax.

*VAT will replace some indirect taxes which are included in the price of the items you now purchase.

*The VAT rate would be less than the present average rate of Consumption Tax, which is 22.5%.

*There is no VAT on zero rated and exempt goods and services.

For more information
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VAT NOTS

Exemptions and Zero Ratings



A simpler and more
efficient tax
for
St. Christopher & Nevis



Introduction

This leaflet seeks to highlight what are Zero Rated and Exempt supplies (goods and services), the reason for their treatment and what they include. It also emphasizes your role as a consumer.

What are Zero Rated and Exempt Supplies?

Zero Rated supplies are those goods and services on which VAT is charged at a rate of 0%.

Exempt supplies are those goods and services that are not directly subjected to VAT.

This means that VAT CANNOT be charged on the sale of zero rated or exempt supplies.

Why Zero Rate and Exempt?

The alleviation of poverty is a fundamental element of the Government of St. Christopher and Nevis' economic development program and strategy. In this regard, the government has decided to zero rate and exempt several goods and services to cushion the impact VAT may have on vulnerable groups within our society.

VAT will NOT be charged on the following goods and services:

- *Interest payments
- *Loan payments
- *Medicines for chronic diseases
- *Wages and salaries
- *Flour, rice, sugar, milk, adult and baby pampers and infant formula
- *Bus Fees
- *Taxi Fees
- *School Fees
- *Pipe-borne water for residential use
- *The first 100 units of electricity
- *Produce grown and sold by the farmer
- *Fish caught and sold by the local Fisherman
- *Fuel (gasoline, diesel, cooking gas, kerosene)
- *Day Care Services
- *Residential rent
- *Life Insurance Premiums

*First 45 kilograms of food imported for domestic use

*A passenger allowance of \$400 on return to the Federation after 7 days

My responsibilities as a Consumer:

- *Know which businesses can charge VAT
- *Ensure that you see the VAT registration certificate is clearly displayed at business places before paying VAT
- *Report the business IMMEDIATELY to the Inland Revenue Department if they do not have a VAT Certificate but charges VAT
- *Know which goods and services are taxable, exempted and zero-rated
- *Ensure that VAT was not charged on exempt and zero rated items
- *See that prices displayed contain the VAT
- *Insist on a sales receipt from businesses
- *Make sure that sales receipts have total VAT paid