



**GOVERNMENT
OF THE COMMONWEALTH OF DOMINICA**

VAT
VALUE ADDED TAX
GUIDE TO REGISTRATION

Issued by the
Inland Revenue Division
Ministry of Finance and Planning

2018

CONTENTS

	<u>Page No.</u>
Overview	1
Part I	Registration for VAT purposes
	3
Part II	How and when to apply for Registration
	9
Part III	How to complete the Application Form—VAT-001
	12
Part IV	Post Registration Procedures
	25
VAT Act	Schedule I - Zero-rated Supplies
	30
	Schedule II - Exempt Supplies
	35

OVERVIEW

Value Added Tax commences on March 1st 2006.

It will be administered by the Inland Revenue Division of the Ministry of Finance and Planning. VAT will simplify and modernize Dominica's indirect system, broaden the existing tax base, make exports more competitive and be appropriate for Dominica to be able to successfully compete in the global environment.

With the introduction of the Value Added Tax, the following taxes will be abolished:

- Consumption Tax
- Entertainment Tax
- Hotel Occupancy Tax
- Sales Tax

Please note that the Value Added Tax does not in any way affect Personal Income Tax.

Value Added Tax is applied on imports and the supply of goods and services at each stage in the production and distribution chain. It is a tax on consumption and is therefore included in the final price the consumer pays for goods and services.

The Value Added Tax Act requires most businesses and many organizations in Dominica to:

- Register with the Inland Revenue Division
- Charge and collect tax at 15% on all standard-rated supplies
- Charge and collect tax at 10% on accommodation in hotels, inns and guest houses
- Calculate for each Tax Period the net tax payable/refundable
- File a VAT Return monthly
- Remit the net VAT collected to the Inland Revenue Division within 20 days following the end of each Tax Period
- Make a claim on the Notice of claim for Refund for any VAT refundable.

This guide will indicate whether or not you are required to apply for registration and if so, how to complete the Application for Registration Form (VAT-001); it also includes post registration procedures.

If after reading this Guide to Registration you need more information about registration, please contact our Taxroll/Taxpayer Services Section. We will be happy to assist you.

Located at:

Inland Revenue Division (IRD)
High Street
Roseau
Dominica

Our telephone number is 1 767 266 3119 / 1 767 266 3600

Our fax number is 448 1893

PART I

REGISTRATION FOR VAT PURPOSES

WHO IS REQUIRED TO BE REGISTERED?

Any person who conducts a Taxable Activity and whose annual gross standard-rated, guest accommodation and zero-rated supplies are \$250,000 or more is required to apply for registration for Value Added Tax (VAT).

It should be noted that every promoter of public entertainment and every licensee of places of public entertainment **MUST** apply for registration at least 48 hours before the commencement of the first public entertainment promoted by them if the total receipts is reasonably expected to exceed \$250,000.

Additionally, a person is required to apply for registration where, during any period of three months-

(a) that person made taxable supplies which exceed EC\$62,500; and

(b) there are reasonable grounds to expect that the total value of taxable supplies to be made by the person during that period and the next consecutive nine months will exceed EC\$250,000.

If a person only makes exempt supplies he will not be required to register for VAT. However, if he makes both taxable and exempt supplies and his taxable supplies exceed the threshold, that is \$250,000, the he will be required to be registered.

For VAT it is not the business activity which is registered, but the person who conducts it. The registration covers all the business activities of that person.

If the person conducting the taxable activity is an organization, that is not an individual, it is the organization which must apply for registration. The individual partners or members do not register. The registration of a partnership, trustees of a trust or estates is in the name of the partnership, trust or estate respectively.

WHO IS A PERSON?

For the purposes of VAT, “person” means:-

- A State
- An agency of the State
- A local authority
- A natural person
- A trust
- A company
- A partnership

WHAT IS A TAXABLE ACTIVITY?

A taxable activity is:-

- (a) an activity carried on in the form of a business;
- (b) an activity which is carried on continuously or regularly by any person in Dominica or partly in Dominica whether or not for profit, that involves or is intended to involve, in whole or in part, the supply of taxable goods or services to another person for consideration;
- (c) an activity that involves the admission, for consideration, of persons to any place or premises.

WHAT IS A NON-TAXABLE ACTIVITY?

A non-taxable activity is:

- (a) an activity carried on by a natural person essentially as a private recreational pursuit or hobby;
- (b) an activity carried on by a person other than a natural person which would, if carried on by a natural person, be carried on essentially as a private recreational pursuit or hobby; or
- (b) an activity to the extent that the activity involves the making of exempt supplies.

WHAT IS A BUSINESS?

“Business” includes a profession, trade, venture or undertaking and includes the provision of personal services or technical and managerial skills and any adventure or concern in the nature of trade but does not include any employment.

WHAT IS A TAXABLE SUPPLY?

“Taxable Supply” means a supply of goods or services in Dominica in the course or furtherance of a taxable activity, other than an exempt supply.

WHAT ARE ZERO-RATED SUPPLIES?

These are goods and services which are subject to VAT, but at the rate of zero percent. Though the tax is charged on the supplies at zero percent, the registered taxpayer is allowed to claim a full credit for taxes paid on inputs used in the production of the good or service.

A full description of items that are zero-rated can be found in Appendix I of this Guide where the First Schedule of the VAT Act is reproduced. Zero-rated supplies include:-

- Exported goods and services
- Certain agricultural inputs
- Certain medical devices and supplies
- Financial services by an offshore financial institution operating under the Offshore Banking Act
- Basic foods, that is, rice, sugar, milk and flour
- Certain fishing inputs
- Telephone, telegraph or other telecommunication services acquired for the purpose of supply by a telecommunication carrier that carries on business solely outside of Dominica

WHAT ARE EXEMPT SUPPLIES?

These are goods and services which are not subject to VAT. It should be noted that where a registered person makes both taxable and exempt supplies, he is not entitled to recover input tax in respect of goods and services he has acquired or imported for the purpose of making exempt supplies. Exempt supplies include:-

- Financial services
- Sale of real property
- Residential rents
- Water supplied by DOWASCO
- Veterinary services
- Education services
- Games of chance conducted by non-profit organizations, lotteries conducted by Dominica Lotteries Commission, and Windward Islands Lotteries Commission
- Unprocessed agricultural products by the producer
- International transport services
- The transportation of goods and passengers by land
- Services provided in nursing homes or similar institutions for aged, indigent, infirmed and disabled persons who need permanent care

HOW IS THE VALUE OF SUPPLIES CALCULATED FOR REGISTRATION PURPOSES?

The value of supplies is generally the total amount of consideration that will be charged for taxable supplies provided during a twelve month period.

It will include the value of:-

- Standard rated supplies sold or provided in Dominica
- Guest accommodation supplies
- Zero-rated supplies
- Goods taken for your own or family use etc.

PART II

FOR WHICH TWELVE MONTH PERIOD IS THE VALUE OF SUPPLIES CALCULATED?

FOR BUSINESSES IN OPERATION FOR MORE THAN ONE YEAR

Where the total value of standard rated, guest accommodation and zero-rated sales made in the preceding twelve calendar month period, for example beginning March 1st 2018 and ending February 28th 2018 exceeds \$250,000, an application for registration is required.

FOR BUSINESSES IN OPERATION FOR LESS THAN ONE YEAR

Where the average monthly sales/revenue for any period of 3 months is \$20,833.33 or more, an application is required.

WHAT IF I AM UNDER THE THRESHOLD BUT STILL WISH TO BE REGISTERED?

If the total value of your taxable supplies is below the threshold and you wish to be registered for VAT, you should complete the application for registration and submit it to the Comptroller of Inland Revenue. The Comptroller will make a determination and inform you accordingly. Please note that if successful you will be required to comply with the provisions of the VAT Act. Also, you will not be registered if:-

- (a) the person has no fixed place of abode or business; or
- (b) the Comptroller has reasonable grounds to believe that the person –
 - (i) will not keep proper records; or
 - (ii) will not submit regular and reliable tax returns, as required under this Act.

PART III

HOW TO COMPLETE THE APPLICATION FORM VAT-001

**HERE IS A COPY OF THE
APPLICATION FOR REGISTRATION FORM
THIS PART OF THE GUIDE
EXPLAINS HOW TO COMPLETE IT**



**PLEASE ENTER DETAILS IN
BLOCK LETTERS WHEN COMPLETING
YOUR FORM**

IMPORTANT

**Application forms should be submitted to the Comptroller of Inland Revenue within
21 days of:-**

- (a) the end of any period of twelve or fewer months where during that period the person made taxable supplies the total value of which exceeded EC\$250,000.00; or**
- (b) the beginning of any period of three hundred and sixty five calendar days, where there are reasonable grounds to expect that the total value of taxable supplies to be made by the person during that period will exceed EC\$ 250,000.00.**



COMMONWEALTH OF DOMINICA
INLAND REVENUE DIVISION

VALUE ADDED TAX
APPLICATION FOR REGISTRATION

(PLEASE READ INSTRUCTIONS ON BACK BEFORE COMPLETING)

1. Name of Individual/Sole Trader, Company, Partnership etc <input type="text"/>	2. Trade Name <input type="text"/>
3. Address (of business) <input type="text"/> <input type="text"/> <input type="text"/>	4. Mailing Address <input type="text"/> <input type="text"/> <input type="text"/>
5. Telephone Number(s) <input type="text"/>	6. Fax Number(s) <input type="text"/>
7. Email Address <input type="text"/>	8. Representative <input type="text"/>
	9. Position <input type="text"/>
10. Primary Business Activity <input type="text"/>	Gross Sales <input type="text"/> %
	11. Secondary Business Activity <input type="text"/>
	Gross Sales <input type="text"/> %
12. Date Taxable Activity Commenced <input type="text"/>	13. Value of Taxable Supplies excluding Capital Goods <input type="text"/>
14. <input type="radio"/> Sole Trader <input type="radio"/> Company <input type="radio"/> Partnership <input type="radio"/> Joint Venture <input type="radio"/> Other (please specify) <input type="text"/>	

15. Please tick as appropriate	Yes	No	Yes	No
Do you expect Taxable Supplies for the next 12 months to exceed \$60,000?	<input type="radio"/>	<input type="radio"/>	Are you below the registration threshold but still wish to be registered?	<input type="radio"/>
Do you supply accommodation in a hotel, inn guest house or other similar establishment?	<input type="radio"/>	<input type="radio"/>	Do you carry out Taxable Activities in more than one location (if yes, attach a list giving the trading name and location of each)	<input type="radio"/>
Are you a promoter of public entertainment?	<input type="radio"/>	<input type="radio"/>	Are your accounting records computerised?	<input type="radio"/>
Do you make zero-rated & or exempt supplies? (If yes, complete line 16 & or 17)	<input type="radio"/>	<input type="radio"/>	Are you an exporter? (If yes, complete line 18)	<input type="radio"/>
16. Zero-rated Supplies <input type="text"/> %	17. % Exempt Supplies <input type="text"/> %	18. Exports <input type="text"/> %		

19. Registration details of the sole trader, directors, partners, joint ventures or members of a company		
Last Name <input type="text"/>	First & Middle Name <input type="text"/>	Home Address <input type="text"/>
Telephone Number <input type="text"/>	Email Address <input type="text"/>	<input type="text"/>
Tax Account Number <input type="text"/>		
Last Name <input type="text"/>	First & Middle Name <input type="text"/>	Home Address <input type="text"/>
Telephone Number <input type="text"/>	Email Address <input type="text"/>	<input type="text"/>
Tax Account Number <input type="text"/>		

20. Bank Information	
Name of Bank <input type="text"/>	Address <input type="text"/>
Account Number <input type="text"/>	<input type="text"/>

CERTIFICATE

I hereby certify that the information given on this application form is true, correct and complete and I further declare that I have the authority to make this disclosure of the information provided

Signature <input type="text"/>	Title <input type="text"/>	Date <input type="text"/>
		Day Month Year

IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION

FOR INLAND REVENUE USE ONLY

Received <input type="text"/>	Accepted <input type="radio"/>	Rejected <input type="radio"/>	Effective date of Registration <input type="text"/>	V.A.T. Registration Number <input type="text"/>
Day Month Year			Day Month Year	
Approved by <input type="text"/>	Position <input type="text"/>	Date <input type="text"/>	No. of certificates required <input type="text"/>	Standard Industrial Code <input type="text"/>
		Day Month Year		

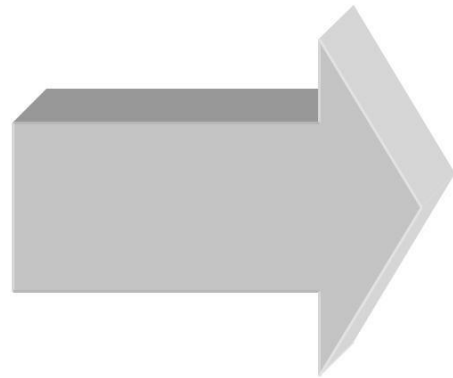
- Line 1 Name of individual/sole trader, company, partnership etc
(eg John Smith/ABC & Co. Ltd.)
- Line 2 Trade name of business (other than that given in line 1)
(eg Smith Publications Inc.)
- Line 3 Address of the business
- Line 4 Mailing address (if different from the address of the business)
- Line 5 Business telephone number(s)
- Line 6 Business fax number(s)
- Line 7 Email address(es)
- Line 8 Representative (person we can contact if the need arises)
- Line 9 The position of the representative
- Line 10 Details of the primary activity of the business and percentage of gross sales
- Line 11 Details of the secondary activity of the business and percentage of gross sales
- Line 12 Date the taxable activity commenced
- Line 13 Value of taxable supplies – exclude capital goods
- Line 14 The type of business
- Line 15 – 18 Tick as appropriate
- Line 19 Details of individual, company directors etc (use separate form if necessary)
- Line 20 Bank information (if there is more than one, provide details separately)

Please note that in accordance with the provisions of the VAT Act, any change in the status of the taxable person's status **MUST** be notified to the Comptroller of Inland Revenue within 21 days after such a change occurs.

REGISTRATION DETAILS

FORM VAT-002

**HERE IS A COPY OF THE FORM
VAT-002 SHOWING REGISTRATION
DETAILS OF PARTNERSHIPS,
JOINT VENTURES AND MEMBERS
OF A COMPANY**





**COMMONWEALTH OF DOMINICA
INLAND REVENUE DIVISION**

**VALUE ADDED TAX
REGISTRATION DETAILS OF THE SOLE TRADER, DIRECTORS, PARTNERS,
MEMBERS OF JOINT VENTURES OR MEMBERS OF A COMPANY
(Please Print)**

Last Name	First & Middle Name	Home Address
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telephone Number	Email Address	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax Account Number		
<input type="text"/>		

Last Name	First & Middle Name	Home Address
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telephone Number	Email Address	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax Account Number		
<input type="text"/>		

Last Name	First & Middle Name	Home Address
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telephone Number	Email Address	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax Account Number		
<input type="text"/>		

Last Name	First & Middle Name	Home Address
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telephone Number	Email Address	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax Account Number		
<input type="text"/>		

Last Name	First & Middle Name	Home Address
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telephone Number	Email Address	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax Account Number		
<input type="text"/>		

Last Name	First & Middle Name	Home Address
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telephone Number	Email Address	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax Account Number		
<input type="text"/>		

PART IV

POST REGISTRATION PROCEDURES

WHAT HAPPENS NEXT?

Where the Comptroller is satisfied with the details on the application for registration he will register you as a Taxable Person. A Certificate of Registration will be delivered to your place of business. This certificate will show:

- a. Your name (name of Taxable Person)
- b. Your trading name (if any)
- c. Address of your principal place of business or the address of your branch/division, where applicable.
- d. Your VAT registration number
- e. Your VAT certificate number
- f. Your effective date of registration

Please note that your certificate **MUST** be displayed in a conspicuous location at your place of business. If you have more than one place of business, you are required to display a Certificate of Registration at each place. You will also need to inform the Inland Revenue Division, in writing, of the number of these business places and their respective addresses. You will then be provided with the required number of certificates. Photocopies **MUST** not be used.

You will also be sent a copy of the VAT guide to filing which gives a comprehensive explanation of how to file VAT returns and make payments.

RETURNS AND TAX PERIODS

HOW OFTEN WILL VAT RETURNS HAVE TO BE SUBMITTED?

The period covered by the VAT Return is referred to as the “Tax Period” and is one calendar month. A tax period is the period in respect of which a taxable person must account for and pay any VAT over to the Inland Revenue Division. Each return will be due on the 20th day of the month following the end of the tax period whether or not tax is payable in respect of that period. E.g. the tax return for the month of March 2018 is due by April 20th 2018.

The provisions of the VAT Act require that a tax return:-

- (a) be in the form prescribed by the Comptroller;
- (b) state the information necessary to calculate the tax payable for the period; and

(c) be filed in the manner prescribed by the Comptroller.

The tax payable by a taxable person for a tax period in respect of taxable supplies is the total amount of output tax payable by the person in respect of taxable supplies made by the person during the period, less the total input tax deduction allowed to the person for the period. Note that output tax is charged/chargeable on sales made by registered taxpayers and input tax is paid/payable by the business when it purchases inputs for the provision of goods and or services.

PENALTIES

ARE THERE ANY PENALTIES THAT I SHOULD BE AWARE OF?

Under the provisions of the VAT Act, you can be charged a penalty if you:-

- Fail to apply for registration
- Fail to display the certificate of registration in your place of business
- Fail to file a tax return within the time prescribed
- Fail to pay tax as and when due

Note that the full range of penalties can be found in the VAT Act.

“This Explanatory guide is meant to provide basic information on registration for VAT. Thus, it is not a substitute for the Law. The Law prevails in any case of any inadvertent inconsistencies.”

APPENDIX I

FIRST SCHEDULE ZERO-RATED SUPPLIES

(1) SUPPLY OF GOODS

- (a) a supply of goods where the supplier has entered the goods for export, pursuant to the Customs (Management and Control) Act, and the goods have been exported from Dominica by the supplier;
- (b) a supply of goods where the Comptroller is satisfied that the goods have been exported from Dominica by the supplier without having been used in Dominica after the supply was entered except as necessary for or incidental to, the export of the goods;
- (c) a supply of goods where the supplier is a licensed duty-free vendor who has given satisfactory documentation that the goods are to be removed from Dominica;
- (d) a supply of goods where the goods are not situated in Dominica at the time of supply and are not to be entered into Dominica for home consumption pursuant to the Customs (Management and Control) Act by the supplier of the goods;
- (e) a supply of goods under a rental agreement, charter party, or agreement for chartering, where the goods are used exclusively in an export country;
- (f) a supply of goods in the course of repairing, renovating, modifying, or treating goods to which subparagraph (2)(b)(ii) or (iv) applies and the goods supplied
 - (i) are wrought into, affixed to, attached to, or otherwise form part of those other goods; or
 - (ii) being consumable goods, become unusable or worthless as a direct result of being used in that repair, renovation, modification, or treatment process;
- (g) a supply of fuel;
- (h) a supply of the following foods:
 - (i) flour;
 - (ii) milk;
 - (iii) rice;
 - (iv) sugar.

(i) a supply of the following agricultural inputs:

- (i) live animals or insects to produce or be used as food for human consumption to a person who carries on a business of agriculture or aquaculture;
- (ii) seedlings, cuttings, fertilizers, insecticides, pesticides, herbicides, fungicides or other preparation formulated for agricultural use;
- (iii) hay, fodder, silage, packing material for agriculture;
- (iv) agricultural, horticultural, or forestry machinery for soil preparation or cultivation;
- (v) animal feed excluding pet food.

(j) a supply of the following fishing inputs:

- (i) fiberglass and wooden boats, anchors, grapnels, G.P.S, compass, V.H.F. Radio, fish finder, flare guns and flares, life vests, life ring, buoys and floats, monofilament fishing lines, gaff, harpoons, outboard engines up to 100 hp, inboard diesel engines, winches, spools, line haulers, jigging reels and propellers.

(k) a supply of medical devices and supplies as per Tariff Heading 87.13 and 90.21 of the Customs Tariff;

(l) the first hundred dollars' worth of electrical energy charged by Dominica Electrical Services Limited per billing period;

(m) telephone, telegraph or other telecommunication services acquired for the purpose of supply by a telecommunication carrier that carries on business solely outside of Dominica; and

(n) a transfer by a registered person of commercial real property subject to the stamp duty to the extent that the property was used by the supplier in making taxable supplies.

(2) SUPPLY OF SERVICES

(a) a supply of services directly in connection with land, or any improvement thereto, situated outside Dominica;

(b) a supply of services directly in respect of -

- (i) personal property situated outside Dominica at the time the services are rendered;
- (ii) goods temporarily imported into Dominica under the special regime for temporary imports specified in the Customs (Control and Management) Act;

- (iii) a supply of goods referred to in paragraphs (a) or (b) of the definition of “exported from Dominica”; or Dominica”; or
 - (iv) the repair, maintenance, cleaning, outfitting, refurbishing or improving a foreign-going aircraft or foreign-going vessel;
- (c) a supply of services directly to a non-resident person who is not a taxable person, otherwise than through an agent or other person -
 - (i) comprising the handling, pilotage, salvage, or towage of any foreign-going aircraft while situated in Dominica;
 - (ii) provided in connection with the operation or management of any foreign-going aircraft or foreign-going vessel; or
 - (iii) comprising the storage, repair, maintenance, cleaning, management, or arranging the provision of a container temporarily imported under the special regime for temporary imports specified in the Customs (Control and Management) Act, or the arranging of such services;
- (d) a supply of services –
 - (i) by the Dominica Port Authority to a ship; or
 - (ii) by the Manager of Airports to an unregistered nonresident person who is the owner or operator of the ship or aircraft, as the case may be, used by that person in international commercial service, for consumption or use in connection with that ship or aircraft;
- (e) a supply of services to a non-resident person who is not a taxable person comprising the arranging for the person of –
 - (i) a supply of goods referred to in paragraphs (a) and (b) of the definition of “exported from Dominica”;
 - (ii) a supply of services to which sub-paragraph (2) (b)(iv) or to which (2) (i) applies; or
 - (iii) services ancillary to the transportation of goods within Dominica;
- (f) a supply of services to the extent that such services are utilised or consumed elsewhere than in Dominica;
- (g) a supply of financial services (within the meaning of Schedule II) to a non-resident by an offshore financial institution operating under the Offshore Banking Act;
- (h) a supply of services comprising –

- (i) the filing, prosecution, granting, maintenance, transfer, assignment, licensing, or enforcement of any intellectual property rights for use outside Dominica;
 - (ii) incidental services necessary for the supply of services referred to in sub-paragraph (i); or
 - (iii) the acceptance by a person of an obligation to refrain from pursuing or exercising in whole or part any intellectual property rights for use outside Dominica;
- (3) A supply by a registered person to another registered person of a taxable activity, or part of a taxable activity, as a going concern, if:
- (a) Section 4(2) and 13(14) are satisfied;
 - (b) a notice in writing signed by the transferor and transferee is furnished to the Comptroller within 21 days after the supply takes place; and
 - (c) the notice in sub-paragraph includes the details of the supply;
4. (1) A supply of goods shall not be considered to be exported from Dominica unless -
- (a) immediately before being put on board the exporting ship or aircraft, as the case may be, the goods are produced to the Comptroller of Customs for examination;
 - (b) upon demand by the Comptroller of Customs such samples of the goods as he may require for testing or any other purpose are made available;
 - (c) the master or commander of the exporting ship or aircraft, or such other person as the master or commander may authorize for the purpose, certifies on the document on which the goods are entered that the goods have been received on board; and
 - (d) particulars of the goods are included in the cargo manifest of the ship or aircraft;
- (2) A supply of goods shall not be considered to be exported from Dominica if the supply has been or will be re-imported to Dominica by the supplier.