

# Ministry of Finance

## VAT Department

VAT Guidance for the Professional Services Industry  
Version 2: August 28, 2014

**This guidance is provided on the basis of continuing public consultation and will be expanded and revised as necessary, based on feedback.**



## Introduction

This guide is intended to provide businesses in the professional and international services industry with additional information on Value Added Tax ("VAT"). It should be read in conjunction with the Value Added Tax Bill 2014 ("VAT Bill"), the Value Added Tax Regulations 2014 ("VAT Regulations"), the VAT Rules, and The Bahamas VAT Guide ("VAT Guide"), all of which can be found on the website of the Government of The Bahamas ("Government").

## What are professional and international services?

The term "professional services" encompasses a wide variety of services. Generally the provider of these services will have specific skills or knowledge. Below are some examples of the services that are considered "professional services":

- Services of accountants and lawyers including bookkeeping services and services provided by barristers and solicitors.
- Management and consulting services including advisory services, company administration and management, and trustee services.
- Services of engineers, architects, surveyors, and draftsmen.
- Services provided in respect of intellectual property ("IP").
- Services relating to information technology ("IT") including electronically supplied services such as the provision of websites, distance maintenance programs, software updates, downloaded services, and the services of an IT engineer.
- Data processing services.
- The provision of information electronically or otherwise.
- Advertising and marketing services.
- The supply of staff, and outsourcing services.
- Financial and insurance services.

"International services" is a term used for professional services that are supplied outside of The Bahamas.

## Are professional services taxable supplies?

Yes. Professional services provided by a supplier in The Bahamas are taxable supplies except for certain supplies of financial and insurance services which are exempt from VAT (see "VAT Guidance for Financial and Insurance Services").

Professional services are taxable at either the standard rate of VAT (7.5%) or the zero rate of VAT depending on where the services are being used or where the benefit or advantage is being obtained.

- If the benefit or advantage of professional services is obtained in The Bahamas the services will be subject to VAT at the standard rate.
- If the benefit or advantage of professional services is obtained outside of The Bahamas, the services will be subject to VAT at the zero rate. These services are commonly referred to as international services.

Remember that you do not need to charge VAT unless you are registered for VAT (see section "When will I be required to register for VAT?").

## When are professional services taxable at the standard rate?

Professional services provided by a supplier in The Bahamas are subject to VAT at the standard rate if they are used or the benefit or advantage is being obtained in The Bahamas.

Normally a recipient of a service will use, obtain benefit or advantage of a service where they reside. If the recipient is resident in The Bahamas then the service will be subject to VAT at the standard rate (although there are some special rules relating to services provided in respect of property and events (see sections "Services relating to property in The Bahamas" and "Cultural, artistic, sporting, educational, or similar activities" on page 3 of this guide).

For VAT purposes, an individual is considered to be resident in The Bahamas if they normally reside in The Bahamas or if they carry on a taxable or other activity in The Bahamas.

A company, branch or other entity will be considered to be resident in The Bahamas if:

- it carries on a business or activity in The Bahamas;
- it is managed and controlled in The Bahamas, for example the majority of the Directors are resident in The Bahamas, and or the majority of the Board meetings are held in The Bahamas; or
- the majority of the shareholding of a company is owned directly or indirectly by residents in The Bahamas.

For example, a company that has employees and leases premises in The Bahamas will be considered to be resident in The Bahamas; whereas a company that is registered in The Bahamas but has no employees or premises in The Bahamas, the majority of the directors reside outside The Bahamas and all board meetings are held outside The Bahamas, will be considered to reside outside The Bahamas.

## Corporate Services

If you supply corporate services for an explicit fee, such as assistance with the formation of a company, the provision of directors and company secretaries or the provision of advice and assistance with meetings, these are all services subject to VAT at the standard rate unless provided to a non-resident company of The Bahamas (being non-resident under the Exchange Control regulations). To decide whether a company is resident for VAT purposes you should consider the shareholding and the activities of the company. If a company undertakes a business activity (for example, it employs persons who work in The Bahamas or derives an income from activities undertaken in The Bahamas) it is resident in The Bahamas. If a company does not undertake an activity in The Bahamas but the majority of the shareholding of the company is beneficially owned, directly or indirectly, by residents in The Bahamas then the company is resident in The Bahamas and your services will be subject to VAT. Your services to companies considered non-resident will be treated as international services and subject to VAT at the zero rate.

## Foreign or overseas companies

Foreign or overseas companies are companies that are incorporated outside of The Bahamas but are registered in The Bahamas. If such companies provide goods or services in The Bahamas, there may be a requirement to register for VAT and declare VAT on the goods or services they provide. The normal rules regarding VAT registration will apply.

If you provide services to a foreign or overseas company you need to consider whether the goods or services are received and the benefit or advantage of your services is obtained in The Bahamas. If so, your service will be a domestically supplied service and take on the appropriate VAT liability. If they are not, for example if the company to which you are providing services does not have employees in The Bahamas to receive and benefit from the services, and the majority of the directors are non-resident and management and control of the company is outside The Bahamas, your services will be international services and subject to the zero rate of VAT. If you charge the zero rate of VAT for your services, you should maintain confirmation that the services were not received in The Bahamas. Confirmation from the administrator of the company will suffice.

## International Business Company (“IBC”)

The rules relating to IBCs are the same as those for foreign or overseas companies. If an IBC exclusively has overseas operations, then your services provided to the IBC will be zero rated. You should obtain confirmation that the IBC only has overseas operations for your records.

## Exempted Limited Partnership (“ELP”)

An ELP is restricted from transacting business with the general public in The Bahamas although it can undertake business with IBCs. If an ELP provides services to an IBC, you need to consider whether the ELP is resident in The Bahamas, and whether the IBC it provides services to is resident in The Bahamas. To decide if the ELP is resident in The Bahamas, you need to decide whether the management and control of the ELP is in The Bahamas, and in particular, consider where the General partner or partners are resident, as they would normally be considered to undertake the management of an ELP. If the ELP is not considered to be resident in The Bahamas, it is not considered to be a supplier in The Bahamas, and will not be required to register for VAT or charge VAT on services supplied to an IBC. If it is considered resident in The Bahamas, you must consider whether the IBC it is supplying is also resident in The Bahamas. The same rules apply; if a resident ELP supplies services or goods to a resident IBC, then you need to consider whether those goods or services are subject to VAT at the standard rate or exempt from VAT. If you supply services to an ELP, you need to consider whether the ELP is resident in The Bahamas or not as outlined above.

## Supplies between branches of a company

Supplies between branches of a company, where both branches are resident in The Bahamas, are not supplies for VAT purposes. Supplies between branches of a company where one branch is resident in The Bahamas and one is resident outside The Bahamas, are subject to VAT as if they were separate companies. To determine the VAT treatment you need to consider what is being supplied, the value and the VAT liability. Supplies of goods or services from a branch outside The Bahamas could be subject to import tax. Supplies of goods or services from a branch in The Bahamas to a branch outside The Bahamas is likely to be subject to VAT at the zero rate of VAT as an export.

The value of supplies between related parties is considered to be the consideration paid unless the consideration is less than the fair market value of the goods or services supplied, in which case the value of the supply is considered to be the fair market value. In respect of supplies between branches there may be no consideration, therefore, the value will be deemed to be the fair market value of the goods or services supplied.

## Supplies between companies in a corporate group

Companies within a corporate group are considered separate entities for VAT purposes, therefore transactions between companies in a corporate group can be subject to VAT. If this has a financial impact or has an impact on cash flow you can consider whether forming a VAT group would be an advantage (see section "VAT grouping"). It should be noted however, that companies that are resident outside of The Bahamas cannot be included in a VAT group with companies that are resident in The Bahamas. Further, in the case of Freeport, a Port licensee and a person who is not a Port licensee cannot form part of the same grouping.

## What if I supply my services to an agent or intermediary?

Sometimes your service may be supplied to an agent or intermediary for the benefit of a company or person. You need to consider whether your services are being provided directly to the agent or intermediary or to the company or person receiving benefit of those services. Normally, the VAT treatment will follow the contract. If the contract is with the agent, your services are supplied to the agent. If your contract is with the company or person receiving the benefit of your services, your services are supplied to the company or person receiving the benefit albeit through an agent or intermediary. If there is no contract, you need to consider the economic reality of the transaction.

## There are however exceptions to the above

### Services relating to property in The Bahamas

Professional services that relate to tangible personal property or real property such as land and buildings, located in The Bahamas at the time the services are performed, are subject to the standard rate of VAT. This is because the benefit of the services relating to property is considered to be obtained in The Bahamas when the property is located in The Bahamas.

Professional services that relate to tangible personal property or real property such as land and buildings that are located outside of The Bahamas are subject to the zero rate of VAT.

Services relating to property include services of a real estate agent, property manager or lawyer on the sale or purchase of a property. They also include professional services in respect of property maintenance or repair. They would not include accountancy or company management services relating to a company that owned a property as these services would not be considered as being related to the property, they are services relating to the company.

### Cultural, artistic, sporting, educational, or similar activities

Professional services relating to cultural, artistic, sporting, educational or similar activities are subject to the standard rate of VAT if the activity takes place in The Bahamas.

Some examples would be:

- you charge for speaking at an event in The Bahamas;
- you are requested to sing at a concert in The Bahamas;
- your services consist of organising a promotional event such as a film festival or concert in The Bahamas; or
- you are paid for taking part in a race in The Bahamas.

If you import such services they will be subject to import VAT (see section "Imported professional services").

### Intellectual property

Irrespective of where your customer resides, the following services supplied or imported by a business in The Bahamas are subject to VAT at the zero rate:

- the filing, prosecution, grant, maintenance, transfer, assignment, licensing, or enforcement of any intellectual property rights for use outside The Bahamas;
- incidental services necessary for the supply of services referred to above; and
- the acceptance by a person of an obligation to refrain from pursuing or exercising, in whole or in part, any intellectual property rights for use outside The Bahamas.

### Imported professional services

The rules in relation to imported services relate to both natural persons and businesses.

Import VAT is due on a professional service imported into The Bahamas if that service would ordinarily be subject to VAT if supplied by a business located in The Bahamas. There is therefore no import VAT due on services imported into The Bahamas that are ordinarily exempt from VAT, such as certain financial or insurance services.

A service is imported into The Bahamas if the place of supply of that service is in The Bahamas. Ordinarily, the place of supply of services is where the supplier is located, however, if the benefit of a service is enjoyed in The Bahamas it is generally considered that the place of supply is in The Bahamas.

There are some special rules for certain services as mentioned above.

- If the services relate to cultural, artistic, sporting, educational, or similar activities, or relate to personal tangible property the place of supply is where the activity takes place.

- If the services relate to tangible or real property the supply takes place where the property is located.

The following services are supplied where the customer uses or obtains benefit or advantage of the services irrespective of the above special rules:

- a transfer or assignment of a copyright, patent, licence, trademark, or similar right;
- the services of a consultant, engineer, lawyer, architect, accountant, person processing data or supplying information, or any similar services;
- an advertising service;
- the supply of personnel;
- the service of an agent in procuring for a principal a service referred to in this subsection;
- the lease of tangible personal property, other than transport of property;
- the supply of goods via electronic commerce and the supply of internet access and similar services; and
- the obligation to refrain from or pursuing or carrying on a taxable activity or exercising a right falling within the above services.

The importer of the services is responsible for declaring the importation although the importer and recipient of the services are jointly liable for payment of import VAT.

When the services are completed or the person or persons contracted to perform the services enter The Bahamas the importer must:

- submit an import declaration to the Commissioner; and
- pay the VAT due on the import –
  1. where the recipient is not a taxable person, within 7 days of the import;
  2. where the recipient is a taxable person within 28 days after the tax period in which the services were imported.

If a business is registered for VAT, and has permission to defer import VAT, it can self-account for the importation of services on the VAT return rather than submitting an import declaration. You should self-account for the imported service on the VAT return for the period in which the importation takes place. To do this, you calculate the VAT amount of the imported service by multiplying the net amount by 7.5%. The VAT amount and the net amount of the imported service is then submitted on the VAT return in the appropriate boxes.

If the imported service relates to a taxable supply you can recover the VAT declared on the imported service as input tax.

If you are declaring the imported service on your VAT return the time of supply is the earliest of:

- receipt of payment;
- the date an invoice is raised; or
- the date the performance of services is completed.

The value of an imported service is normally the consideration paid or payable, however, if a person imports services supplied by a related person and there is no consideration paid or the consideration is less than the fair market value, the value of the imported services will be the fair market value.

## When would I be required to register for VAT?

If you are “in business” and the goods or services you provide count as what’s known as “taxable supplies” you will have to register for VAT if you either:

- make taxable supplies and the value of these supplies for the previous 12 months has exceeded a specific limit referred to as the “VAT threshold” (see below); or
- at the beginning of any 365 day period you consider that the total value of your taxable supplies will exceed the VAT threshold in the next 365 days.

The VAT threshold is currently \$100,000 of taxable supplies.

You should apply for VAT registration within 14 days of meeting the requirements. If you meet the requirements for registration the Comptroller will register you for VAT within 21 days of your application.

If you are organizing a public event the proceeds of which will take your taxable supplies over the limit you must register for VAT at least 48 hours before the event is promoted.

You can choose to register for VAT if you make or intend to make taxable supplies, even if you don’t have to register. This is referred to as “voluntary registration”. Some businesses may want to voluntarily register for VAT so that they can claim a refund of the VAT they are charged by suppliers or have paid VAT on imports.

Once you are registered for VAT you will be issued a Certificate of Registration and a Tax Identification Number (“TIN”). The Certificate of Registration must be displayed in a conspicuous place at each location where you conduct business. This allows your customers to see that you are registered for VAT. Your TIN will be on your Certificate of Registration and you should quote this number on all sales invoices and receipts and when corresponding with the VAT department.

## THE RECOVERY OF VAT ON PURCHASES

You may be able to recover VAT incurred on costs as input tax.

### What is input tax?

Input tax is the VAT you are charged on your business purchases and expenses, including:

- goods and services supplied to you in The Bahamas;
- import VAT you paid on goods you import from outside The Bahamas; and
- import VAT you paid on any services supplied from outside The Bahamas.

### What can I reclaim as input tax?

You can normally reclaim input tax incurred on purchases that relate to supplies made by you which are liable to VAT at the standard rate or the zero rate of VAT. You can only reclaim VAT on supplies that have been made to you in the course of business.

### What can't I reclaim as input tax?

There is some expenditure for which you cannot claim input tax. These items of expenditure can be found in section 50 of the VAT Bill.

You cannot recover VAT paid on goods or services that are not used, or intended to be used, in the course or furtherance of a taxable activity carried on by you. If you buy goods and services that are going to be used in your business and personally you must apportion the VAT paid between business and non-business use, and only claim the VAT back on the business use.

The following are other instances in which you cannot claim VAT as input tax:

- you have not paid the import VAT to which the claim relates;
- you do not hold the necessary documentation to validate the claim;
- you cannot recover VAT paid on the purchase, maintenance or repair of a passenger vehicle unless it is used for the taxable activity of hiring of the vehicle, selling the vehicle or providing transportation services. "Passenger vehicle" includes a motorcar, station wagon, sport utility vehicle, or other road vehicle principally designed for transportation of people, but excludes a pick-up truck exclusively used for commercial purposes. Commercial vehicles are not passenger vehicles so you can recover VAT on the purchase, repair and maintenance

of a commercial vehicle provided it is used exclusively for a taxable activity;

- you cannot recover VAT paid on entertaining, unless you are in the business of providing entertainment or the entertainment is wholly for an employee or employees as part of a reward for services rendered. Entertainment means food, beverages, tobacco, accommodation, amusement, recreation, or other hospitality of any kind;
- you cannot recover VAT paid on fees or subscriptions paid in respect of membership to a club, association, or society of a sporting, social or recreational nature; and
- you cannot recover VAT paid on petroleum products that are not wholly for use in respect of a taxable activity. For example, you cannot recover the VAT on fuel used by a director where the vehicle is used to go to and from the office.

You cannot reclaim VAT on costs that relate to exempt supplies. Where costs relate to both taxable and exempt supplies you need to apportion the VAT in relation to the value of the supplies made.

### When can I claim a refund of VAT?

If your input tax exceeds your output tax, and you are required to submit monthly VAT Returns, you can request a refund within 3 months of the period end in which net credits arise. If a refund arises, it should be carried forward to the next two tax periods and offset against any VAT due to the Comptroller of VAT ("Comptroller"). If you are still due a refund you should submit a claim. However, if more than 50% of your taxable supplies are zero rated you do not have to carry the excess through to the next tax period, you can submit a claim following the end of the tax period in which the credit arises.

If you are filing quarterly VAT Returns or semi-annual VAT Returns and are due a refund, you can file a claim after the end of the tax period in which the refund claim arose. You do not need to carry the refund on to the next VAT return.

It should be noted however, that any claim for a refund must exceed \$500.

It should also be noted that:

- the Comptroller may request documentation to support your claim such as invoices, receipts and tax credit or debit notes;
- claims will normally be allowed by the end of the first calendar month following the date a claim for a refund is filed although this can be delayed if there is the need to carry out an investigation to verify your claim; and

- the Comptroller may also reduce your claim by any tax, levy, interest or penalty owing to the Comptroller or the Government.

If you are likely to be constantly be in a refund position, for example, if you only make supplies at the zero rate of VAT, you should make the Comptroller aware of this as soon as possible so that your refund claims can be dealt with efficiently.

### Filling in your VAT Return

If you are VAT-registered you will have to submit a VAT Return at regular intervals. The VAT Return shows:

- the VAT you've charged on your sales to your customers in the period - known as output tax; and
- the VAT you've paid on your purchases - known as input tax.

If the amount of output tax is more than the input tax, then you pay the difference to the Comptroller.

### How often do I have to submit a VAT return?

Businesses whose annual turnover exceeds \$5 million are required to submit a monthly VAT Return.

Businesses with an annual turnover of less than \$5million but more than \$0.4 million may file a quarterly VAT Return.

Businesses with an annual turnover of less than \$0.4 million can apply to submit a semi-annual VAT Return.

If you submit a quarterly VAT Return you must state which VAT stagger you wish to be placed on when you register for VAT.

VAT Stagger 1: VAT periods ending March, June, September, December.

VAT Stagger 2: VAT periods ending April, July, October, January.

VAT Stagger 3: VAT periods ending May, August, November, February.

If your annual turnover is less than \$0.4 million you may be eligible to use either the flat rate scheme or the cash accounting scheme. (For further information, please see sections "What is the flat rate scheme?" and "What is the cash accounting scheme?").

### What if I make an error when completing my VAT return?

If you make an error in the VAT amount you declare as output tax or input tax, you can adjust your next VAT Return provided the error does not exceed \$500. Errors exceeding this amount should be notified to the Comptroller, however, if the discovery of the error is not prompted (for example, by the arrangement of a visit by the Comptroller) and is not considered deliberate, you will only be charged interest on any amounts owed to the Comptroller and you will not incur a fine.

### Record keeping and accounts

You must keep a record of all your supplies and purchases. This means keeping a copy of all sales invoices, debit and credit notes, receipts, and all purchase invoices either in paper or electronic form. All sales invoices must be sequentially numbered so if you spoil an invoice and have to issue a new one, you must keep a copy of the spoiled invoice. If you do not hold a copy of an invoice on which you have paid VAT or import documents showing the VAT amount, you are not entitled to recover the VAT on these costs so it is very important that you keep these documents.

The records you keep must be such that the Comptroller can determine, with reasonable accuracy at any time, the liability of the taxable person to pay tax. In this respect you should maintain a copy of your normal accounting records including:

- an up-to-date list of your sales and purchases;
- income and expense accounts;
- cash register rolls, audit rolls, and tapes or similar records;
- bank statements;
- records of supplies to staff and directors or self-supplies;
- accounting instruction manuals, systems, programs and any relevant documentation in use to describe the accounting system; and
- other records as required by the Comptroller.

You should also keep a VAT file with a copy of each VAT Return submitted with the supporting calculations providing an audit trail back to the sales and purchase records. This would include a record of any apportionment calculations you have made and any VAT adjustments.

These records should be kept for 5 years.

## What is VAT grouping?

Transactions between separate entities, even where there is common ownership, can be subject to VAT. This can create a VAT cost and restrict the way in which companies under common ownership are structured. This is particularly relevant for group structures where companies within the group make exempt supplies.

For example, a group may have two companies one making taxable supplies and the other making exempt supplies. However, the staff costs could all be incurred in the company making taxable supplies that then recharges a portion of these costs to the company making exempt supplies. Any recharge for the staff costs will be subject to VAT which can cause a cash flow issue and as the receiving company cannot recover any VAT incurred on costs it will result in a VAT cost for the group.

VAT grouping permits a group of entities (companies, partnerships or individuals) to apply to be treated as a single taxable person for VAT purposes with a single tax identification number ("TIN") for the group. The VAT registration is made in the name of the "representative member". Any entity within the VAT group can be elected to be the "representative member". The registration is made in the name of the representative member, who is responsible for completing and rendering the single return on behalf of the group. Whilst the representative member is responsible for paying the VAT or receiving any repayment due, all the entities are jointly and severally liable for any VAT debts. Supplies between group members are normally disregarded for VAT.

If any member of the VAT group makes supplies that are exempt for VAT then the input tax for the whole VAT group would need to be apportioned. This can have advantages or disadvantages depending on the amount of VAT exempt supplies made by the group. The conditions for joining or forming a VAT group are as follows:

- All members of the VAT group must be related persons in accordance with Part I section 7 of the VAT Regulations.
- Registration as a group is not allowed where:
  1. a resident and a non-resident form part of the same grouping; or
  2. a Port licensee and a person who is not a Port licensee form part of the same grouping.

VAT grouping is optional and at the discretion of the Comptroller. If you would like to apply for VAT grouping you should contact The Comptroller providing details of the companies that you would like to VAT group including the taxable or exempt income of each company.

## Transfer of a going concern

The sale of a business by a VAT registered supplier would ordinarily be subject to VAT. This can cause problems in respect of cashflow for the buyer, as they would need to pay the seller VAT and then claim it back on their VAT Return as input VAT. To assist with the ease of a transfer of a business, the Comptroller provides a concession whereby the transfer of a business that is a going concern is subject to VAT at the zero rate. This means that the seller can recover the VAT on the costs incurred in selling the business and the buyer does not have the cashflow issue in respect of acquiring the business.

There are certain conditions that have to be met for the sale of a business to be treated as a transfer of a going concern. For example:

1. If the business is a taxable business both the seller and the buyer have to be registered for VAT before the transaction takes place.
2. The business being transferred has to be a going concern in that it is not dormant or a prospective business but one that is in an income producing activity.
3. If part of the business is being sold that part must be capable of operating as a going concern separately from the rest of the business. The buyer does not have to undertake the same taxable activity as the seller.
4. Notice in writing has been submitted on the necessary form signed by both the seller and the buyer, 14 days prior to the date of the sale or transfer.

The business being transferred does not have to be profitable, for example, the business may be being transferred to a liquidator or receiver. If you intend to change the legal status of a business, such as a change from a partnership to a company, this transfer can also be treated as a transfer of a going concern.

Details of all the conditions for a transfer of a going concern can be found in Part II section 16 of the VAT Regulations.

## What is the Cash Accounting Scheme?

The Cash Accounting Scheme lets a business account for VAT on a cash basis. The scheme has been introduced to assist businesses that make supplies of goods or services at the standard rate of VAT with the administration of VAT. Businesses that have an annual turnover of less than \$0.4 million may apply to use the Cash Accounting Scheme.

This means that you would only declare your output tax on the VAT Return in the period in which your customer paid you. Similarly, you could only declare and claim your input tax on the VAT Return in the period when you paid your suppliers. This scheme is designed to help you manage your cash more effectively.

## What is the Flat Rate Scheme?

The Flat Rate Scheme has been introduced to assist businesses that make supplies of goods or services at the standard rate of VAT with the administration of VAT. Businesses that have an annual turnover of less than \$0.4 million may apply to the Comptroller for permission to use the Flat Rate Scheme. If you use the Flat Rate Scheme you must still charge and collect VAT on your supplies at the standard rate. However, rather than calculating your input tax each VAT period you apply the flat rate of VAT (which is less than the standard rate of VAT) to your net sales and pay this amount to The VAT Commissioner.

For example:

You are a lawyer who provides \$30,000 of services in a month. You will raise invoices for \$30,000 + VAT at 7.5% therefore collecting from your customers VAT of \$2,250. Rather than having to track, record and calculate the amount of input VAT you can recover on purchases, you apply the flat rate of VAT of 4.5% to your VAT inclusive sales (i.e.  $\$32,250 \times 4.5\% = \$1,451.25$ ). Although you have collected \$2,250 of VAT from your customers you pay to the Comptroller \$1,451.25

The scheme is purely designed to alleviate the administration burden on small businesses not to provide a tax advantage although some businesses may gain a small advantage whereas others will not.

Once you have adopted the Flat Rate Scheme, you must use the scheme for at least 2 years before you can apply to come out of the scheme.

If you are on the Flat Rate Scheme you cannot recover any VAT incurred on purchases as input tax.

Further details on these schemes can be found in the "VAT Guidance on the Cash Accounting and Flat Rate Schemes".

## Contact Us

Further information can be obtained from the Taxpayers Services help desk: 1 (242) 225 7280

Or you can contact us by email: [vat@bahamas.gov.bs](mailto:vat@bahamas.gov.bs)

Or you can write to us:

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