

BHTA Membership Meeting – VAT Readiness
Simon Townend, KPMG – Key Talking Points
August 7, 2014

- 4.5 months to go to Jan 1 VAT Implementation date
- Registration expected before Christmas
- Directors joint and severally liable
- Net VAT collected belongs to Government

- **Businesses Should Appoint a VAT responsible person.** Need to decide who your in house person will be who is going to be responsible for VAT registration and ensuring you are compliant with the regulations, who will ensure the VAT returns are completed and submitted with payment on time.

- **Prepare a detailed implementation plan.** Only a few months to register and 4 months until VAT effective.

- **Initial financial analysis.**
 - What are your taxable supplies? Identify all income streams and determine what the VAT liability is (is it standard rated, zero rated or exempt) - examples casino income, VAT treatment of timeshare, VAT treatment of sale of condos, VAT treatment of accommodation provided through a pool?

 - What is your Input VAT? Identify expenses and what they relate to – determine whether they are subject to VAT and if so, can you recover the VAT charged? - Certain goods and services you can't recover VAT on (section 50 of VAT bill)

 - What about goods/services you import directly? Identify any imported goods or services on which import VAT will apply. Who will be responsible for accounting and paying the import VAT? When is it due? Can you defer the payment?

 - Apportionment method? If supplying both taxable and exempt supplies (casino operators) do you use the standard method of apportionment to determine the amount of VAT you can recover or would you be better using a different method? If so you need to agree a method with the MOF.

 - Revise 2015 forecasts/budgets. Need to consider cash flow forecasts.

 - Should you register as a Group? Need to consider if more efficient for you.

- **Operational issues**
 - VAT Training. Should consider training and who should be trained. Company needs to be aware of Laws, regulations, rules, guidance notes, summaries by private sector

 - Filing periods. Over \$5m monthly. \$400k-\$5m quarterly. Under \$400k semi-annually

- Invoices and receipts. Law specifically advises what should be included on invoices and receipts to constitute a valid VAT invoice/receipt.
- IT/POS systems. Do systems allow for VAT? Accounting systems, Point of sale (POS) systems in the bars, restaurants, shops etc
- Accounting procedures. Need clear procedures, clearer than most of what you do as these are tax records. VAT procedures manual
- Records. VAT File with copy of each VAT Return submitted with the supporting calculations providing an audit trail back to the sales and purchase records. 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 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 and relevant documentation in use to describe the accounting system
- Records retention. 5 years
- January 1, 2015 preparation. Price lists, Shelf pricing, transition issues (see below)
- Jan 1, 2015 Transition arrangements. Price lists. Shelf prices. Stock take? Service contracts ongoing (IT, hotel management services, agency agreements, booking engine agreements, advertising, marketing agreements, audit and accounting?)