



VAT

VALUE ADDED TAX

ST. KITTS & NEVIS

Introduction to VAT Guide

Payment problems

If you think you won't be able to pay your VAT by the due date, you should act immediately. There are several things you may be able to do to help yourself, and the Inland Revenue Department is also there to help you.

Help with VAT payment problems

If you're registered for VAT, you need to make sure you submit your VAT Return on or before the 15th of every month, along with any outstanding payment. If you don't, you could receive an automatic penalty for late filing and payment. So, if you think you won't be able to pay your VAT by the due date, you should act immediately. There are several things you may be able to do to help yourself, and the Inland Revenue Department is also there to help you

How you can help yourself?

If you have good cause to show that you would be unable to file and pay on time you should write to the Inland Revenue Department before the deadline for filing and request permission to file your return late, stating the reason for your request. If granted, the late filing penalty will be waived but the late payment penalty and interest charges would still be levied. You may consider paying a fraction of the amount that is due since the late payment penalty and interest would only be calculated on the outstanding balance

How we can help you?

If you still won't be able to make your payment, it's important that you contact Inland Revenue Department right away.

If this is the first time you've had a payment problem, and you've not contacted Inland Revenue Department, please contact the Collections and Enforcement Division at:

St. Christopher

Inland Revenue Department, Bay Road, Basseterre, St. Christopher
Tel: 1 - 869 465-8485

Nevis

Main Street, Charlestown, Nevis
Tel: 1 - 869 469-5521 ext. 2221

If you're already in contact with the Inland Revenue Department about a payment problem, or already have an arrangement with them, contact the officer that you have been dealing with already.

Important actions you should take

Contacting Inland Revenue Department is the most important action you should take, but you should also do the following as a matter of urgency:

- Submit your VAT return on time, even if you can't pay the VAT. If you don't, you could be liable to additional financial penalties.
- Any penalty is calculated on the amount still outstanding at the due date, so even if you can't pay the full amount on time, pay as much as you can manage. This will reduce the penalty and could even stop it altogether.

To avoid getting into this situation again, always keep proper books and records and start preparing your return before the deadline.

Failing to pay your VAT on time is a very serious matter - it's not just a question of being charged interest. You could face financial penalties, court action or even bankruptcy.

Submitting Late Returns

If you submit a late VAT return, or you don't pay the VAT due in full, your business will be 'in default'. You may be liable for the following penalties:

- \$100 per month or part thereof for late filing
- 10% of the tax due for late payment and
- 1.25% interest charges per month or part thereof for the period during which the tax remains unpaid.

Incorrect Returns

If you have filed a VAT Return with an error, you should contact the Inland Revenue Department immediately and complete the VAT Return Errors Form and submit it to the Department. You are allowed to make an alteration up to 3 years after the tax period to which the return applied.

VAT Assessments

You have a legal obligation to submit your VAT Returns and pay any VAT you owe to Inland Revenue Department by the due date. If you don't submit a return Inland Revenue Department can issue an assessment. The assessment shows the amount of VAT that Inland Revenue Department believes you owe, based on their best estimate.

If after an assessment is presented to you, and you still don't file the correct return and pay the tax as determined in the assessment, Inland Revenue Department will commence its collection and enforcement actions, which include further financial penalties, publication of your name in the local newspapers for non-compliance, garnishment of your income, closure of your business and legal actions.

