

## OBJECTS AND REASONS

This Bill would amend the *Value Added Tax Act*, Cap. 87 to

- (a) increase the rate of value added tax imposed from 15 per cent to 17.5 per cent for a period not exceeding 18 months;
- (b) increase the rate of value added tax imposed on the supply of accommodation by guest houses, hotels, inns or any other similar place, including a dwelling house normally let or rented to persons for use as a vacation or a holiday home with effect from May 1<sup>st</sup>, 2011; and
- (c) raise the threshold for value added tax registration from \$60 000 to \$80 000.

### *Arrangement of Sections*

#### *Section*

1. Short title.
2. Amendment of section 7 of Cap. 87.
3. Amendment of section 33 of Cap. 87.
4. Amendment of section 34 of Cap. 87.
5. Amendment of section 38 of Cap. 87.

## BARBADOS

A Bill entitled

An Act to amend the *Value Added Tax Act*, to

- (a) increase the rate of value added tax imposed from 15 per cent to 17.5 per cent for a period not exceeding 18 months;
- (b) increase the rate of value added tax imposed on the supply of accommodation by guest houses, hotels, inns or any other similar place, including a dwelling house normally let or rented to persons for use as a vacation or a holiday home with effect from May 1<sup>st</sup>, 2011; and
- (c) raise the threshold for value added tax registration from \$60 000 to \$80 000.

ENACTED by the Parliament of Barbados as follows:

1. This Act may be cited as the *Value Added Tax (Amendment) Act*, Short title. 2011.

Amend-  
ment of  
section 7 of  
Cap. 87.

2. Section 7 of the *Value Added Tax Act*, in this Act referred to as the principal Act, is amended

(a) by deleting subsections (2) and (3) and substituting the following:

"(2) The tax imposed by subsection (1) on a taxable supply of goods or services by a registrant is equal to 17.5 per cent of the value of the supply and is payable by the registrant at the time the supply is made.

(3) The tax imposed by subsection (1) on goods imported into Barbados is equal to 17.5 per cent of the value of the goods and is payable, at the time the goods are entered for use within Barbados, by the importer, proprietor or other person who is liable under the *Customs Act* to pay duties on the goods."; and

(b) by inserting immediately after subsection (3) the following:

"(3A) The value added tax imposed on

(a) a taxable supply of goods or services by a registrant under subsection (2); and

(b) goods imported into Barbados under subsection (3)

shall take effect from the 1<sup>st</sup> day of December, 2010 and shall be imposed for a period not exceeding 18 months.";

(c) in subsection (11) by deleting the words "Notwithstanding anything in this section,";

(d) by inserting immediately after subsection (11) the following:

"(12) With effect from the 1<sup>st</sup> day of May, 2011 the tax imposed by subsection (1) on the supply of accommodation by guest houses, hotels, inns or any other similar place, including a dwelling house normally let or rented to persons for use as a vacation or holiday home shall be 50 per cent of the tax imposed under subsection (2) on the value of the supply and is payable by the registrant at the time the supply is made."

3. Section 33 of the principal Act is amended by deleting subsection (1) and substituting the following:

Amend-  
ment of  
section 33  
of Cap. 87.

"(1) A person is a small supplier throughout a month

- (a) where the person began to carry on taxable activities at least 12 months before the beginning of the month, the total value of all taxable supplies, other than sales of goods that are capital property of the person, made by the person and his associates in the twelve-month period ending immediately before the beginning of the particular month is less than \$80 000; and
- (b) where the person began to carry on taxable activities less than 12 months before the beginning of the month referred to in paragraph (a), the average monthly value, for a period beginning with the month in which the person began to carry on taxable activities and ending with the month immediately before that month, of all taxable supplies, other than sales of goods that are capital property of the person, made by the person and his associates is \$6 667."

Amend-  
ment of  
section 34  
of Cap. 87.

**4.** Section 34 of the principal Act is amended by deleting subsection (4B) and substituting the following:

"(4B) On receipt of an application under subsection (4A), the Comptroller

- (a) shall, if the applicant intends to carry on taxable activities to the value of \$80 000 or more annually; or
- (b) may, if the applicant intends only to carry on taxable activities to the value of less than \$80 000 annually,

cause the applicant to be registered."

Amend-  
ment of  
section 38  
of Cap. 87.

**5.** Section 38 of the principal Act is amended by deleting subsections (2) and (3) and substituting the following:

"(2) The Comptroller may cancel the registration of a person who has applied therefor under subsection (1) if

- (a) the Comptroller is satisfied that
  - (i) the person has been a small supplier throughout the two-year period immediately preceding the time at which he cancels the person's registration;
  - (ii) the person no longer carries on taxable activities; or
  - (iii) the person no longer intends to make taxable supplies in Barbados; and

- (b) it is reasonable to expect that the total value of all taxable supplies (other than sales of goods that are capital property of the person) that will be made by the person in the twelve-month period beginning immediately after the time at which he cancels the person's registration will be less than \$80 000.
- (3) The Comptroller may at any time cancel the registration of a person who has not applied to have his registration cancelled if

  - (a) the Comptroller is satisfied that the person no longer carries on taxable activities or no longer intends to make taxable supplies in Barbados, and it is reasonable to expect that the total value of all taxable supplies (other than sales of goods that are capital property of the person) that will be made by the person in the twelve-month period beginning immediately after that time will be less than \$80 000;
  - (b) the Comptroller is satisfied that the person's registration is, for any other reason, no longer required for the purposes of this Act; or
  - (c) the person has been registered for a period of at least one year and has not, since so becoming registered, made any taxable supplies in the course of furtherance of taxable activities engaged in by the person in Barbados."