

Step 6 VAT registration

Who to contact?

The VAT Office, Department of Customs and Inland Revenue is responsible for Value Added Tax (VAT) registration and collection. Contact details are as follows:

Mailing address: PO Box 9012
Port Vila, Vanuatu

Physical location: Adjacent to the downtown police station
Central business district
Port Vila

Telephone: +678 24 573

E-mail: vat@vanuatu.gov.vu

Website: <http://customsinlandrevenue.gov.vu>

Note, the VAT section is found by selecting 'Value Added Tax (VAT)' within the 'Revenue and Tax Management' option in the main menu.

What is the purpose of the requirement and its legal basis?

Vanuatu does not impose income tax on businesses or individuals. A value added tax (a tax on spending levied on the supply of goods and services) is the primary method used by Government of Vanuatu to raise revenue. The purpose of the requirement is to establish an efficient and equitable system for its collection. The *Value Added Tax Act* (Cap 247) regulates implementation of Vanuatu's value added tax system.

Section 12 of the Act requires businesses to register with the VAT Office within 21 days of becoming liable to pay VAT. Any business whose taxable turnover for the month and the last 11 months (or for the month and the next 11 months) exceeds (or is expected to exceed) 4 million vatu is required under the Act to pay VAT. Taxable turnover is defined as the total value of sales and income and includes the value of grants and subsidies and barter transactions. Businesses with turnover less than 4 million vatu per annum may also register for VAT if they wish.

Once registered, businesses must charge and collect VAT from their customers on behalf of the Government. The current VAT rate is 12.5% and is charged on the majority of goods and services. This requires all businesses to maintain a comprehensive and accurate set of records, as well as, supply tax invoices to other registered businesses within 28 days of receiving a request to do so. Registered businesses must submit monthly or quarterly VAT returns to the VAT Office including VAT revenues collected during this period. The system also permits the claiming of refunds for VAT paid out as business expenses.

Penalties are applied to businesses that fail to adhere to the VAT registration requirements or contravene other aspects of the Act.

How does the VAT registration process work?

VAT registration involves the following steps:

Complete the prescribed application form available from the Department of Customs and Inland Revenue's website.

Submit the completed application form along with a copy of a valid business license, foreign investment approval certificate and certification of incorporation (if a limited company) or business name registration certificate (if a sole proprietorship or partnership) to the VAT Office. In the case of businesses not yet operational, a copy of the business plan must also be provided.

If required, organize a visit from a VAT Office official to the physical site of the business.

Receive a letter confirming VAT Registration and identifying the tax identification number (CT Number), date of registration and when the first return is due, along with a VAT Guide and VAT book with 12 blank forms. A fee of 1,000 Vatu is charged for subsequent VAT books.

For more detailed information about the VAT registration requirements, prescribed forms, along with businesses' responsibilities under the Act, please consult the Department of Custom and Inland Revenue's website.

How are decisions made?

Applications to register for VAT are approved as long as the information provided in the application is complete, the supporting documents are in order and the business is considered genuine, i.e. in operation or if not, is in the process of establishing itself to implement planned activities.

How long does it take?

VAT registration takes 2 to 3 days to complete if a physical site visit is not required. In cases where site visits are deemed necessary, the process depends on the availability of VAT staff and the location of the business and can take considerably longer.

How much will it cost?

No fee is charged for registering to pay VAT.

Once registered, businesses must make monthly or quarterly payments to the VAT Office of VAT revenue collected during the period.