



St Kitts and Nevis Customs Department

Implication of VAT on Imports

A document for Customs Staff, Importers and Customs Brokers

This document is geared to inform customs personnel and customs stakeholders of the changes that will occur to Customs operations as a result of the implementation of the Value Added Tax.

As stated in the VAT Act under section 123, taxes which are collected by the Customs Department such as, Consumption Tax, Parcel Post Tax and Export Duty will be repealed. This means that after the date of implementation these taxes will no longer be levied on imports. *Please note that the other taxes will be still applicable and collected by customs.

Consumption Tax which is applied presently at over 10 different rates will be replaced by a VAT at a rate of 17% or nil. Export duty which was previously levied on locally produced commodities will now be replaced with a VAT levied at 0%. This zero-rating will allow locally registered manufacturers to reclaim VAT expenses incurred during the manufacturing and exporting process. Parcel Tax will be repealed and a supply of postal services will be exempt.

In summary the Consumption Tax collected by the Customs Department will be replaced by a VAT. From the date of implementation VAT will be levied on all goods cleared through the Customs Department.

Comparison of method for calculating Consumption Tax and VAT

Present Consumption Tax Regime		VAT System	
Free Value of imported TV	1,500.00	CIF value of imported TV	1,500.00
Import Duty 25%	<u>375.00</u>	Import Duty (CET) 25%	375.00
Amount to calculate CT	1,875.00	Customs Service Charge 6% of CIF	<u>90.00</u>
Consumption Tax 17%	318.75	Amount to calculate VAT	1,965.00
Customs Service Charge 6% F	<u>90.00</u>	Input VAT (17% of 1,965 = \$334.05)	
Landing Cost to the Retailer	2,283.75	Landing Cost to Retailer	2,299.05

The VAT (17%) will be calculated on the Value of imported goods

For the purposes of the VAT Act, the value of goods imported into Saint Christopher and Nevis shall be an amount equal to the sum of

- (a) the value of the goods for the purposes of customs duty under the Customs (Control and Management) Act and any Act that may replace it;
- (b) the cost of insurance and freight which is not included in the customs value under (a);
- (c) the amount of any customs duty, excise tax, environmental surcharge, or any other fiscal charge, other than VAT, payable on the importation of such goods; and
- (d) the amount of customs service charge payable on the importation of such goods.

*Note that the VAT is the last tax to be calculated

* Please note that the any reference in the VAT Act to a rate of 10% on the value of taxable supplies pertains to VAT which will be charged domestically. Customs will only be responsible for collecting the VAT on imports.

The VAT Rate

Imports which attracted a Consumption Tax rate of 17% are likely to see an increase in the clearance cost under the VAT regime unless classified as zero-rated or exempt.

Imports which attracted a Consumption Tax Rate of over 17% are likely to see a decrease in the cost to clear, with the exception of Exercisable goods such as alcoholic beverages and tobacco/tobacco products.

VAT and Government Policies

The Consumption Tax Act is repealed after the implementation of VAT; as a result, all concessions under any Acts which granted relief from that tax will not exempt that entity or person from VAT. Concessions will not be applicable unless there are provisions in the schedules to the VAT ACT, exempting or zero-rating a particular good or import.

The taxes levied on imports as a result governmental policies will not in all cases carry over to the VAT Regime. This is an era of tax reform; therefore all Stakeholders and Customs Personnel alike are asked to be guided accordingly.



ST. KITTS AND NEVIS

CUSTOMS DECLARATION

(Inwards/Outwards)

FORM C100

1 Consignor/Exporter (name/address) No.		2 Regime C4		For Official Use	
5 Importer/Consignee (name/address) No. John Doe Some Place Avenue Basseterre, St. Kitts 9999		3 No. of pages 1		4 No. of items (total) 2	
7 Declarant Same as box #5 No. 9999		6 Total no. of pkgs. 5		8 Country whence consigned St. Maarten QN	
11 Manifest No.		9 Country of first destination		10 Country of final destination	
12 BLAWB No. 01		13 Additional information		14 Mode of Transport Sea 01	
15 Port/Airport/Frontier Office LRBR		16 Rotation No. LR 275		17 Identity of means of transport MV Genesis	
18 Nationality of Transport Cyprus CY		19 Date of Arrival/Departure 05/11/2010		20 Location of Goods Transit Shed I	

ITEM	21 Marks & nos. Container No.	22 Description of Goods	23 Customs Value	24 CPC	25 Tariff No.	26 Net Weight	27 Suppl. Quan.	
	Same As Box #5	Refridgerator	\$1800.00	C400	8418.21.10	35	1	
			28 Country of Origin	29 No. and Type of packages	30 Exch. Rate			
			United States	US	1	91		
36 Licence		37 Lic. Quantity	38 Licence Value	31 Duty/Tax Type	32 Duty/Tax Base	33 Base Amount	34 Rate	35 Duty/Tax Due
				01 I/Duty	42 CIF	1800.00	25%	450.00
				11 CSC	42 CIF	1800.00	6%	108.00
				16 VAT	44 CIF+T+L	2358.00	17%	400.86

ITEM	21 Marks & nos. Container No.	22 Description of Goods	23 Customs Value	24 CPC	25 Tariff No.	26 Net Weight	27 Suppl. Quan.	
	Same As Box #5	Canned Sodas	\$100.00	C400	2202.10.10	5	96	
			28 Country of Origin	29 No. and Type of packages	30 Exch. Rate			
			United States	US	4	84		
36 Licence		37 Lic. Quantity	38 Licence Value	31 Duty/Tax Type	32 Duty/Tax Base	33 Base Amount	34 Rate	35 Duty/Tax Due
				01 I/Duty	42 CIF	100.00	50%	50.00
				11 CSC	42 CIF	100.00	6%	6.00
				46 B/Levy	41 Bottles	96.00	.30	28.80
				16 VAT	44 CIF+T+L	184.80	17%	31.42

ITEM	21 Marks & nos. Container No.	22 Description of Goods	23 Customs Value	24 CPC	25 Tariff No.	26 Net Weight	27 Suppl. Quan.		
			28 Country of Origin	29 No. and Type of packages	30 Exch. Rate				
			31 Duty/Tax Type	32 Duty/Tax Base	33 Base Amount	34 Rate	35 Duty/Tax Due		
36 Licence		37 Lic. Quantity	38 Licence Value						

39 Place and Date Basseterre, St. Kitts I/We hereby declare that all information and particulars mentioned herein are true and correct. 05/11/10 Signature and Name of Declarant / Representative	40 Other Charges		41 Amount	42 SUMMARY		
				01	I/Duty	500.00
				11	CSC	114.00
				46	Bottle Levy	28.80
				16	VAT	432.28

WARNING A signed Declaration constitutes a statement that all particulars are true and correct, and use of a CPC constitutes the necessary form of declaration.

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