

# Value Added Tax (VAT)

## CHANGE OF VAT RATE TO 15 PER CENT (15%)

### TO ALL RETAIL BUSINESSES

Dear VAT Registered Person,

The Vanuatu Parliament have passed a Bill to increase the VAT rate from 12.5% to 15% with the commencement date of 1<sup>st</sup> January 2018.

As a Retailer you are required by law to show that the price of items in your shop are inclusive of VAT. With the VAT rate change you have 21 days to adjust your prices with the new rate.

From 1<sup>st</sup> January 2018 to 21<sup>st</sup> January 2018 you must put up a notice to let your customers know that an adjustment may be made at the till (cash register) to account for VAT at the new rate.

The simplest way to increase your VAT inclusive prices to reflect the increase (2.5%) in the VAT rate to 15%, just multiply your old price by 115/112.5

For example an item in your shop is currently priced at VT 2,250 inclusive of VAT (12.5%), simply multiply the price by 115/112.5.

$VT\ 2,250 \times 115/112.5 = VT\ 2,300$  (price inclusive of VAT at 15%).

*NOTE: New price increased by 2.5% (50 vatu).*

Should you have any questions on this information sheet or require additional information, you are invited to contact our Advisory & Education Team on 33091 to discuss your concerns.