



THE GST GUIDE

The GST Guide



Table of Content

Chapter	Topic	Page
Chapter 1	Introduction	i
1.1	What is the General Sales Tax	1
1.2	How GST Works	1
1.3	How is GST Collected	3
Chapter 2	GST on Supply	5
2.2	Definition of Supply	5
2.3	Definition of Service	5
2.4	Deemed Taxable Supply	6
Chapter 3	Registration	7
3.1	Compulsory Registration	7
3.2	Voluntary Registration	7
3.3	Authority to Recover Tax	7
3.4	Certificate of Registration & TIN	7
3.5	Notification of Changes	8
3.6	Cancellation of Registration	9
Chapter 4	Charging GST	11
4.1	11
4.2	Rate of Tax	11
4.3	Taxable Supply	11
4.4	Exempt Supplies	12
4.5	Place of Supply	12
4.6	Time of Supplies	14
4.7	Value of Supply	
Chapter 5	Accounting for GST	15
5.1	Introduction	15
5.2	Tax Period	15
5.3	Output Tax	15
5.4	Calculation Sheet Showing GST	15
5.5	Input Tax	16

5.6	Adjustment to Output Tax	17
5.7	Bad Debts	17
5.8	Credit & Debit Notes	18
Chapter 6	GST Returns, Payment & Refunds	19
6.1	Returns	19
6.2	Payments of Tax	19
6.3	Credit/ Refunds	19
6.4	Example of Credit Mechanism	20
Chapter 7	Assessments	21
7.1	Assessments of Registered Persons	21
7.2	Assessments to person Not Registered	21
Chapter 8	Amendment of an Assessment	23
8.1	Notices of Assessment	23
8.2	Time Limit for Assessments	23
8.3	Penalty Tax	23
Chapter 9	Books and Records	25
9.1	Introduction	25
9.2	Legal Requirements.....	25
9.3	What is a Tax Invoice	26
9.4	Why are Tax Invoices Important	28
9.5	How Should Sales be Recorded	28
9.6	How Should Purchases be Recorded	29
9.7	How is the GST Account Kept	30
Chapter 10	Imports and Exports	31
10.1	Imports	31
10.2	Exports	31
Chapter 11	Objections and Appeals	33
11.1	Objections	33
11.2	Appeals	33

Chapter 12 Obligations of a Registered Person	35
12.1 Charging GST	35
12.2 Tax Invoices	35
12.3 Accounting for GST	35
12.4 Returns	35
12.5 Payments	36
12.6 Change of Status	36
12.7 Displaying the Certificate	36
12.8 Returning Certificate of Registration	36
Appendix I – Sample of Sales Ledger	37
Appendix II – Sample of Purchase Ledger	39
Appendix III – Sample of GST Return with	41
Accompanying Notes	42

INTRODUCTION

As a part of the Government of Belize reform initiative, the Prime Minister appointed a Tax Reform Committee in April 2005 to review the entire tax regime with a view to enhance the simplicity, equity, the collection of taxes, and to mitigate any negative impact on the productive sector. The committee included persons from the private and public sectors who worked together to review the entire tax system. After several meetings, the committee agreed in principle that the General Sales Tax is one structure, which could replace Sales Tax to provide a more equitable, and efficient tax system with improvement in the administration.

After reviewing the recommendation of the committee, the Government of Belize agreed to start the tax reform process with the introduction of the General Sales Tax (GST). An implementation team was formed in September 2005 to review and make recommendations to Government and oversee the implementation of the GST.

GST was implemented on 1st of July 2006. Since then, several adjustments have been made to the tax legislation and application. These adjustments are reflected in this third edition of the GST Guide which is designed to educate and inform both registered and unregistered persons about the basic features of the tax, how it works, who should register and charge the tax and further explains the GST return and payment procedures. Additional information includes:

- a. GST Supply
- b. Assessments
- c. Requirements for Books & Records
- d. Imports and Exports
- e. Objections and appeals
- f. Obligations of the Registered Person

If you cannot find the answer to a particular question or if you need assistance or advice, call or write us at:

P.O. Box 1887
Belize City

Email: generalsalestax@gst.gov.bz

Website: www.gst.gov.bz

Tel. No.: 501-222-5574/79

Fax No.: 501-222-5513

GST HOTLINE: 222-5294

CHAPTER 1

WHAT IS GST?

1.1 What Is General Sales Tax (GST)

General Sales Tax is a tax on consumer spending collected in stages, at the point of importation and on business transactions when goods change hands or services are performed.

For GST purposes, "business" has a very wide meaning and can include activities on which no profit is made.

The GST Act Section 3 defines what constitute a business and the following are examples of business transactions

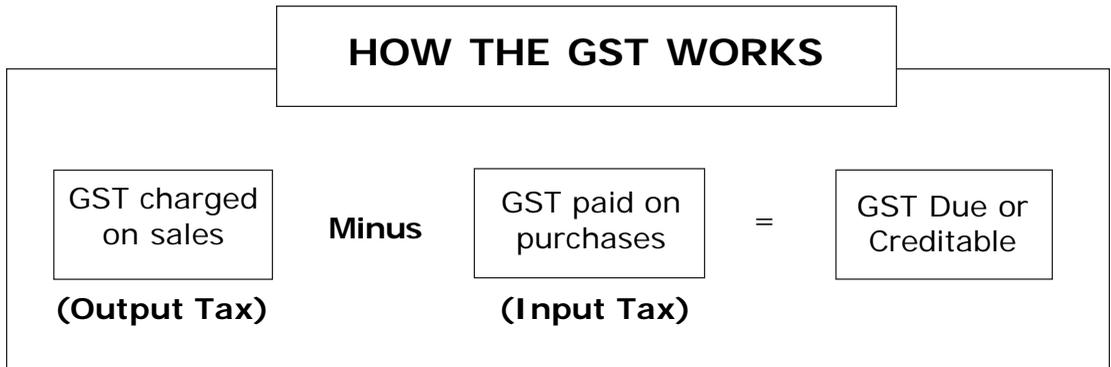
- A trade, profession or vocation
- The supply of goods or services to another person
- Admission of persons to any premises
- The supply of membership, facilities or advantage by a club, strata plans, etc.

Business transactions, which are subject to GST, are called taxable supplies and those that are not subject to GST are called exempt supplies.

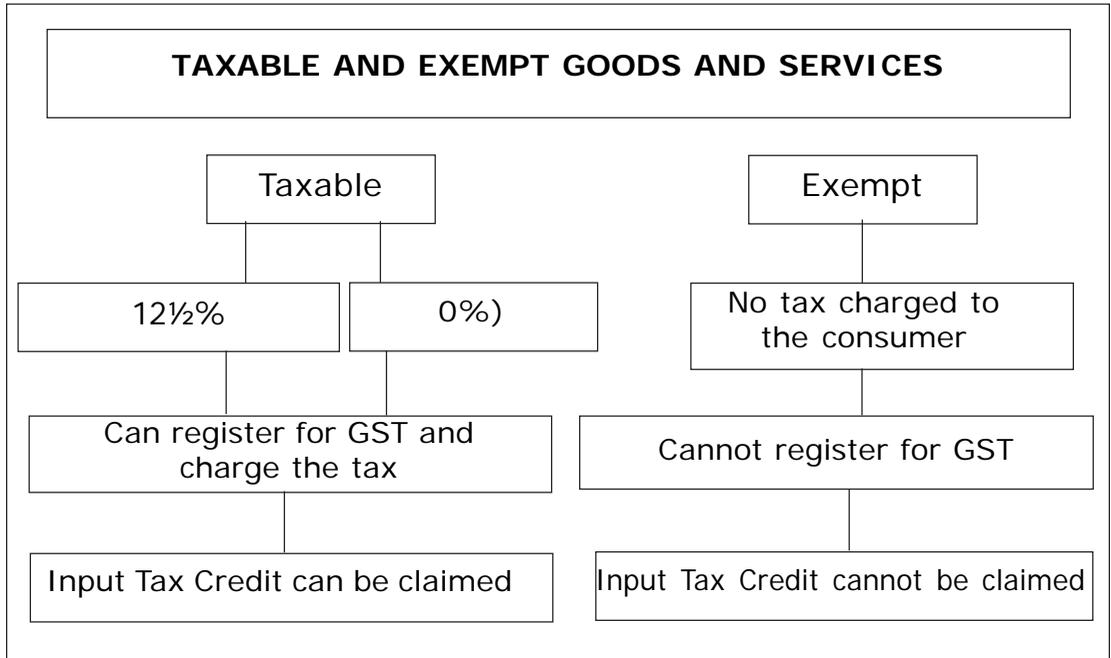
1.2 How Does GST Work?

Any registered person who makes taxable supplies of goods and services of \$75,000 per annum or more, or any person that has been carrying on a business for less than 12 months and the average monthly value of taxable supplies was \$6,250 monthly or more, is required to register for GST. Only registered persons can charge GST on their supplies as output tax and claim credit on their purchases of supplies as input tax. (Section 23, GST Act 2005)

HOW THE GST WORKS



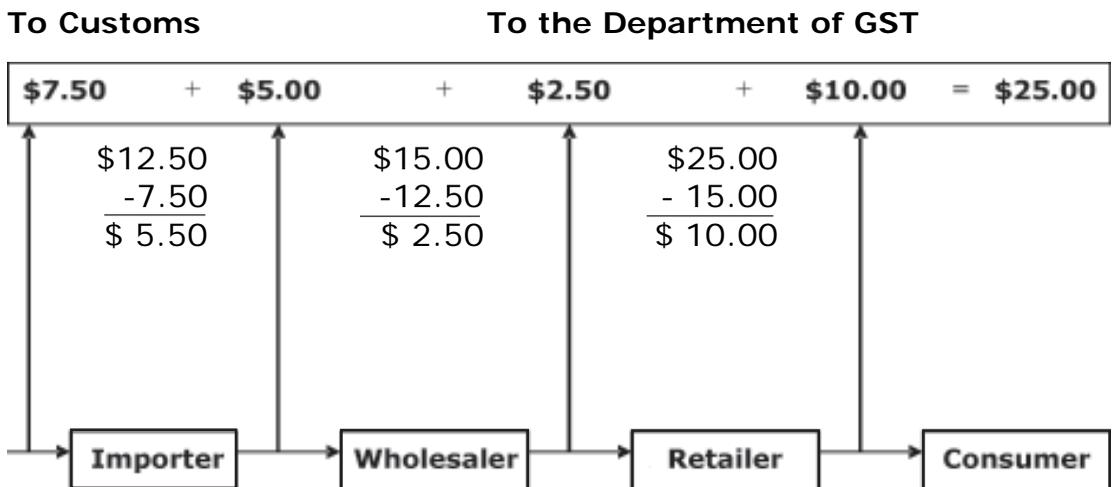
The registered person will charge GST on the sale of his taxable goods and services and pay GST on his purchases. If the GST charged on the sales is more than the GST paid on his purchases, the difference is to be paid to the Department of GST. If it is less, the person will be entitled to carry forward the excess credit to the following tax period. If after three months, the excess for a given tax period is not used, then it will be refunded. Before the amount is refunded, the Department of GST will have the authority to verify the accuracy of the amount to be refunded.



Taxable supplies are taxed at either the Standard rate of 12.5% or 0%. Those supplies that are zero-rated are listed in the First, Second and Third Schedules of the GST Act.

Persons making exempt supplies cannot register for GST, charge consumers GST or reclaim any input tax relating to those supplies. Goods and services that are exempt are listed in the Fourth and Fifth Schedules of the Act. However, there are cases where a person provides both taxable and exempt supplies. The partial exemption method is utilized to determine input tax reclaimable by registered persons. (See details at page 16)

1.3 How GST is Collected On A Fully Taxable Item



Importer
Cost: \$60
Markup: \$40
GST: \$12.50
Price: \$112.50

Wholesaler
Cost: \$100
Markup: \$20
GST: \$15
Price: \$135

Retailer
Cost: \$120
Markup: \$80
GST: \$25
Price: \$225

Consumer
Cost: \$225
 Includes GST

Importer

At importation, the importer pays \$7.50 to Customs which is 12.5% GST on the \$60.00 cost of the item. The importer marks up his product by \$40.00 and charges 12.5% on the \$100.00, which amounts to GST of \$12.50. Thus the total selling price of the item to the wholesaler is \$112.50.

What the importer will pay to the Department of GST on the 15th of the following month is \$5.00, which is the difference of the \$12.50 collected from the wholesaler and the \$7.50 paid to Customs.

Wholesaler

The wholesaler buys the item for \$112.50 but because he can claim the \$12.50 GST he paid to the importer as input tax, his markup should be on the \$100.00 rather than the \$112.50. If he marks up the item by \$20.00 his cost is \$120.00 upon selling to the retailer. The GST charged at 12.5% results in \$15.00 bringing the selling price to \$135.00.

The wholesaler's payment to the Department is \$2.50. The difference between the \$15.00 collected from the retailer and the \$12.50 he paid to the importer.

Retailer

The retailer's buys the item for \$135.00, but because he can claim input tax credit he will mark up the item on the \$120.00 only. The retailer marks up the item by \$80.00, the cost is now \$200 and 12.5% GST charged to the consumer is \$25.00. Thus the selling price to the consumer is \$225.00

The retailer pays in to the Department \$10.00, which is the difference between the \$25.00 collected from the consumer and the \$15.00 he paid to the wholesaler.

Consumer

The consumer is the person who bears the ultimate tax of \$25.00 since the final cost of the item is \$225.00.

Note at the end of the distribution chain the total GST collected by Government from importer to consumer stage is \$25.00

CHAPTER 2

GST ON SUPPLY

2.1 GST is chargeable on the taxable supply of goods and services if the supply:

- (a)** is made in Belize
- (b)** made by a taxable person
- (c)** in used in the course or furtherance of a business
- (d)** is not an exempt supply

2.2 Definition of Supply

The term "Supply" is widely defined in the GST ACT 2005 and refers to the goods and services provided which include the transfer, sale, exchange, or other disposition of goods or the provision of services but does not include money.

2.3 Definition of Service

Is anything that is not a supply of goods or money including, without limitation:

- (a)** the grant, assignment, termination, or surrender of a right;
- (b)** the making available of a facility, opportunity, or advantage;
- (c)** refraining from or tolerating an activity, a situation, or the doing of an act;
- (d)** the issue of a license, permit, certificate, concession, authorization, or similar document;

- (e)** the lease, hire, or rental of goods, or any other supply of a right to use goods;
- (f)** the production of goods by applying a treatment or process to goods belonging to another person, which shall be regarded as a supply of services to another person;
- (g)** the supply of water, other than water in a container, or the supply of natural gas or any form of power, refrigeration, or air conditioning; or
- (h)** anything that is deemed to be a supply of services by this Act or by Regulations.

2.4 Deemed Taxable Supplies

In addition, certain transactions are deemed to be taxable supplies where:

- (a)** the stock in trade is being disposed of in the course of a business being transferred as a going concern;
- (b)** goods of a business are seized and sold to satisfy a debt;
- (c)** goods of a business are taken for private purposes;
- (d)** a person ceases to be registered for GST but continues to carry on business, the stock in trade is deemed to have been supplied;
- (e)** an indemnity payment is made under a contract of insurance in respect of a loss incurred in the course of business, the payee is deemed to have made a taxable supply.

CHAPTER 3

REGISTRATION

3.1 Compulsory Registration (Section 23, GST Act)

A person is required to be registered for GST if he makes or expects to make taxable supplies of \$75,000 or more per year or the business has been in operation for less than a 12-month period and the average monthly taxable turnover is \$6,250 or more over a four-month period. Any person, who fails to register, will be liable to a penalty.

3.2 Voluntary Registration (Section 25, GST Act)

Those persons below the turnover limit may apply for voluntary registration if they:

1. make more than 80% of their taxable supplies to registered persons
2. keep adequate books and records
3. Show proposed contracts, preparation of premises, purchase of capital equipment etc. (Section 4, GST Regulations)

3.3 Authority to Charge Tax (Section 27, GST Act)

A registered person must charge the tax on taxable supplies made. Unregistered persons who charge or seek to charge the tax on supplies made, commit an offence.

3.4 Certificate of Registration and TIN

After an application for registration has been approved, the Department will issue a Certificate of registration which will bear the Tax Identification Number (TIN) and show the date from which the registration is effective.

The Certificate of Registration must be displayed prominently at the place of business. The Department of GST must be informed if the business is operated from more than one location. A Certificate of Registration will be provided for each location.

3.5 Notification of Changes in Registration Particulars (Section 28, GST Act)

A Registered person must notify the Commissioner in writing within 7 days of:

- (a)** any changes in the particulars provided on the application for registration; or
- (b)** the closure of the business.

Examples of changes in the particulars provided on registration include:

- (a)** change of name or trade name;
- (b)** change of address;
- (c)** change of telephone number;
- (d)** change of status of business;
- (e)** change of main business activity;
- (f)** change of name or other particulars of partnership, joint ventures, etc.

The registered person or persons responsible for the affairs of that person, must give notice in writing to the Commissioner within 21 days of these occurrences.

- (a)** the registered person dies;
- (b)** becomes bankrupt;
- (c)** goes into liquidation or receivership;
- (d)** becomes a party to an amalgamation; or
- (e)** changes the members of an unincorporated body;

The status of the registered person remains unaltered unless notice of changes is given to the Commissioner, i.e. the legal liability of the registered person is not affected by the changes, until the Commissioner is notified of those changes.

3.6 Cancellation of Registration (Section 29, GST Act)

A business that is no longer eligible for registration can apply to the Commissioner to have his registration cancelled. Once the registration is cancelled the person will be notified of the effective date of deregistration. The GST Certificate should be returned to the Department of GST within 15 days of the notification.

The Commissioner may cancel the registration of a person if it appears that the person will not be required to be or should not continue to be registered.

The Commissioner must give notice of cancellation either personally or by registered post. However, the notice would not be effective until the person is notified or 15 days has elapsed since the notice was posted.

CHAPTER 4

CHARGING GST

4.1 A registered person is liable for GST on the taxable supplies made within Belize. Therefore, to ensure that GST is correctly charged, the registered person must be aware of the following:

- (a)** the rate of tax to be applied to each supply;
- (b)** what is a taxable supply;
- (c)** the time and place a supply is considered to have been made;
- (d)** the value of a supply on which GST is to be calculated;

4.2 Rate of Tax (Section 9, GST Act)

There are two rates: a standard rate of 12 ½ % and a zero (0%) percent rate.

Zero-Rated Supplies

Zero rated supplies are listed under the First, Second and Third Schedules of the GST Act.

Any GST paid on purchases made in producing zero rated supplies may be reclaimed, resulting in a totally tax free supply.

4.3 Taxable Supply (Section 15, GST Act).

A taxable supply is a supply of goods and/or services made in the course of, or furtherance of, any business. Therefore, where a supply is not exempted under Schedule Four it will be a taxable supply.

4.4 Exempt Supplies

The goods and services in the Fourth Schedule of the GST Act are exempt and no GST is charged on the supply.

4.5 Place of Supply (Section 17(1), GST Act)

The place of supply is important as only supplies made in Belize are taxable. A supply is considered to take place within Belize if:

- a)** the supplier is resident in Belize; or
- b)** the goods are in Belize at the time of the supply; or
- c)** the services are performed by a person who is in Belize at the time the services are performed.

Generally a supply is not regarded as taking place in Belize if the supplier is not resident in Belize

4.6 Time of Supply (Section 18(1), GST Act)

The time of supply identifies the tax period in which a transaction is to be taxed. The tax period is one calendar month for which a registered person is to account for the tax

The general rule is that a supply takes place at the earliest of the following:

- (a)** the date the invoice is issued
- (b)** the date of payment or
- (c)** the date when the goods are made available or in the case of services, when the services are supplied.

Exceptions to the above are as follows:

- (a)** Where supplies are made under an agreement for hire purchase or with an option to purchase, or with an option to return, the supply is made when the goods are made available to the recipient:
- (b)** Where services are supplied continuously as in the case of telephone, the time of supply is the invoice date;
- (c)** Where services are supplied under an agreement that requires periodic payments, the time of supply is when an invoice is given, or where no invoice is given, the earlier of when payment is made or becomes due;
- (d)** Where goods are supplied periodically in a situation where payment becomes due, at the time of the issue of an invoice, the time of supply is the earliest of:

 - (i)** the date an invoice is given
 - (ii)** the payment date; or
 - (iii)** the date when payment is due;
- (e)** With respect to construction projects, where the agreement states that payment will be made at various stages of construction e.g. a deposit, a payment on completion of foundation etc., the supply at each stage takes place at the earliest of:

 - (i)** the date the invoice is given for that stage;
 - (ii)** the date payment for that stage becomes due, or
 - (iii)** the date payment for that stage is made.
- (f)** With respect to imports, the time of supply is the time the goods are entered by the Custom's Department i.e. when the customs entry is made.
- (g)** In the case of a self supply, the time of supply is when the goods are taken into use.

In conclusion then, a registered person should, before charging GST, do the following:

- (a) ensure that the supply is within Belize;
- (b) ensure that the supply is a taxable supply;
- (c) establish the correct rate of GST on the supply;
- (d) determine the value of the supply;
- (e) determine the time of the supply.

A registered person's liability to GST is not affected by his business practice or by non-collection of payment for supplies made during the tax period.

For example, a registered person may sell an item on credit on July 1st, 2010 (invoice and delivery date) and not receive payment until say October 1st, 2010. The liability of the supply to GST hinges on identifying time of supply, which in this situation is the date the invoice was issued. That registered person's first tax period ends 31st July, 2010, he is liable for GST on that supply in that first period even though payment was not received until October.

4.7 Value of Supply (Section 19(1), GST Act)

The GST charged on a supply (output tax) is calculated by multiplying the value of the supply by the rate of tax charged.

Where the consideration is not paid in money or paid partly in money, or where the transaction is between associated persons (not dealing at arm's length) the value of the supply is the fair market value.

In respect to imports, the value for GST is the value of the goods determined by the Customs and Excise Act and any duties, taxes (other than GST charged under this Act), and other charges that are imposed, paid, or payable upon the entry of imported goods.

CHAPTER 5

ACCOUNTING FOR GST (SECTION 17, GST ACT)

5.1 Introduction

For a taxable supply to fall within the scope of the GST it must be made within Belize.

The registered person must account to the Department of GST for the difference between the GST charged on his taxable supplies (output tax) and the GST paid on purchases and imports (input tax). This must be done monthly

5.2 Tax Period

The Tax Period is one calendar month. This is the period in respect of which a registered person must account for and pay the tax over to the Department.

5.3 Output Tax

Output tax is calculated by multiplying the value of the taxable supplies by the rate of tax. The total of these amounts within a calendar month is the output tax for the period.

If the GST is inadvertently not reported on some Tax Invoices and that amount is greater than \$50.00, the GST Department has to make the adjustment. This adjustment attracts interest and penalty. If the amount is less than \$50.00 the taxpayer can include the omitted amount in his standard rated sales for the following month.

5.4 Calculation of the GST

The GST is always computed on the exclusive value of the standard rated supplies by taking the value of such supplies and multiplying the amount by the GST rate (Section 15, GST Act).

Example: Standard rated supplies exclusive of GST \$12,000.00
GST Rate = 12.5%
GST Amount = \$1,500.00 (\$12,000 x 12.5%)

5.5 Input Tax (Section 32, GST Act)

Input tax is paid by a registered person on purchases and at the point of importation. To claim input tax the amount must be supported by a tax invoice or Customs authenticated Single Administrative Document clearly showing the amount of GST paid.

Should purchase invoices or Single Administrative documents not be available the GST on those documents can be claimed in the following tax period. The registered tax payer has a maximum of six months to claim such input tax.

Input tax is deducted from output tax to arrive at the GST liability. The input tax which a person may deduct in any tax period, depends on the taxable (zero and standard-rated) supplies. Input tax paid on making exempt supplies cannot be deducted.

When the supplies during the period consist of both taxable and exempt supplies, the input tax which that person may deduct is as follows:

- (a)** all input tax charged on supplies required solely for producing taxable supplies;
- (b)** none of the input tax charged on supplies required solely for producing exempt supplies;
- (c)** where the input tax was charged for supplies used for producing both taxable and exempt supplies e.g. rental of both Residential and Taxable Property, only that portion of the input tax as relates to his taxable (rent of taxable property) supplies arrived at this way by using the "Partial Exempt Method". (GST Regulations 10 and 11)

5.6 Adjustments to Output Tax

There are some circumstances in which the registered person may need to adjust the amounts arrived at for output tax. Such circumstances are as follows:

- (a) when he has written off or recovered a bad debt; or
- (b) when he has issued or received a credit or debit note.

5.7 Bad Debts (Section 34, GST Act)

It must be remembered that a registered person accounts for GST on the basis of time of supply which, for the normal case, is the earliest of:

- (a) date of issue of invoice;
- (b) date of payment; or
- (c) date that goods were made available or services performed.

If a person grants supplies on credit the GST is still due on these supplies. The GST liability is not affected by non collection of payment for the supplies made during the tax period. The Act makes provision for relief to be granted where the tax was paid on a supply that has proven to be uncollectible.

A registered person may be allowed to claim for bad debt relief if he satisfies the following criteria.

- (a) he must have already accounted for GST on the supply in respect of which the amount is outstanding;
- (b) all or part of the consideration must be outstanding despite reasonable efforts have been made to collect it;
- (c) twelve months have elapsed since the time that the amount in question became due and payable; and

- (d) the amount must have been written off in his books as a bad debt.

Where the registered person can satisfy the Commissioner that these criteria are met, he can claim relief for this bad debt up to the amount of tax included in the amount written off. This can be done in the first tax return immediately following the end of the 12 months mentioned above.

If, subsequently, the registered person recovers the amount written off, or any part of it, he must add the tax content of the amount recovered to this tax liability in the tax period that it is recovered.

5.8 Credit and Debit Notes

A credit or debit note will be issued if a tax invoice has been changed after it has been issued. The credit or debit note has to show the following:

- (a) The words 'Credit Note' or 'Debit Note'.
- (b) The name, address and TIN of the supplier and the recipient.
- (c) The date on which the note was given.
- (d) The identifying serial number of the tax invoice to which it relates and the date on which it was given.
- (e) The amount shown on the tax invoice as tax, the adjusted tax, and the amount of the debit or credit to make the adjustment.
- (f) A brief explanation of the circumstances giving rise to the note being given. (Section 37, GST Act)

CHAPTER SIX

GST RETURNS, PAYMENTS AND REFUNDS (SECTION 30, GST ACT)

6.1 Returns

A return must be completed at the end of each tax period (one month), and submitted to the Department of GST, with any tax due, by the fifteenth day following the end of the tax period.

If no taxable supplies were made during the entire month a “NIL” return must be submitted. Remember that if you are away from your place of business you must arrange for GST returns and payments to be sent in as required by the Department.

Clear guidelines for easy completion of the GST Return can be found at Appendix 3.

If unsure of the procedures to complete the return form, or anticipate some difficulty in doing so, get in touch with the local GST office via the hotline or visit the Department’s website at www.gst.gov.bz.

6.2 Payment of tax

The GST liability can be paid by cash, cheque, postal money order, or online through designated banks. Cheques and money orders should be crossed and made payable to the Government of Belize. When a cheque or money order is sent, be sure to quote the tax identification number on the back of the cheque. **It is not advisable to send money through the post.**

6.3 Credit/Refunds

Refunds of GST cannot be made unless all the GST returns due have been submitted. If there are any outstanding tax liabilities these will be offset against the amount of refund due. The oldest outstanding liability will be cleared first.

Excess credit for a given tax period, will not normally be paid until the credit has been carried forward for three consecutive months.

6.4 Example of Credit Mechanism

Example A

John Doe filed the following returns:

○ January 2010 credit-	\$5,000.00
○ February 2010 tax payable -	\$2,500.00
○ March 2010 tax payable -	\$1,000.00
○ April 2010 tax payable -	<u>\$ 500.00</u>
○ Remaining tax credit after third tax period	\$1,000.00

Example B

John Doe filed the following returns:

○ May 2010 - credit -	(\$3,000.00)	
○ June2010 - tax payable -	\$ 500.00	
○ July 2010 - credit -	(\$1,000.00)	*
○ August 2010 - tax payable-	<u>\$ 500.00</u>	
○ May's remaining tax credit after third tax period	\$2,000.00	

Note: *for sample of GST Return with accompanying notes on how to fill form please see Appendix 3*

CHAPTER SEVEN

ASSESSMENTS

7.1 Assessment of registered persons (Section 39(1), GST Act)

GST is a self-assessing system of taxation. A person's GST return may be the final indication of his GST liability. However, the Commissioner may assess the GST liability of a registered person in any of the following circumstances:

- (a)** where the registered person fails to submit a return;
- (b)** where the registered person requests the Commissioner in writing to amend his return; or
- (c)** where the Commissioner is not satisfied with the registered person's return.

In each of these cases, the Commissioner will use the information at his disposal to either determine the liability, or adjust the declared liability upward or downward. Where the registered person's liability is increased or determined, as in the case of a non-submission of a return, the Commissioner may impose a penalty on the increased liability as the case may be. Interest shall also be applicable to that effect.

7.2 Assessment of non-registered persons (Section 39 (2), GST Act)

The Commissioner may assess a person who is not registered in certain cases, that is:

- (a)** where that person is over the threshold but has not applied for registration and has made a taxable supply; or

(b) where a person who makes a supply:

(i) falsely represents that GST is charged on that supply;

(ii) falsely represents the amount of tax charged; or

(iii) wrongfully received or seeks to recover an amount of GST.

The output tax of an unregistered person will be determined on the basis of all the information available to the Commissioner. The Person is entitled to his allowable input tax, but only to the extent that he can substantiate a claim for that input tax.

A registered person may also be assessed under clause **(b) above**.

CHAPTER EIGHT

AMMENDMENT OF AN ASSESSMENT

If at some time after the Commissioner has made an assessment, new facts are discovered, the assessment may be amended.

8.1 Notices of Assessment (Section 39(7), GST Act)

The Commissioner must inform the person assessed in writing of the assessment, or of any amendment of the assessment. The amount owing due to the assessment must also be communicated in writing to the person and it must be paid within thirty days after the notice has been given

8.2 Time Limit for Assessments (Section 39(7), GST Act)

The Commissioner cannot make, amend or vacate an assessment after six years from the end of the relevant tax period unless there is evidence of fraud, willful default or gross neglect.

8.3 Penalty (Section 39(4) GST Act)

Where an offence is committed under the GST Act and results in an assessment being made or amended, the Commissioner may charge the offender penalty of up to three times the amount of the tax assessed.

Other examples of offenses that may lead to the imposition of penalty are:

- (1) Failure to file a return; and (Section 30(7), GST Act)
- (2) Wrongfully charging GST.

CHAPTER NINE

BOOKS AND RECORDS (SECTION 38, GST ACT)

9.1 Introduction

The aim of this section is to familiarize you with the legal requirements to keep proper books and records. Remember, there are penalties for failing to keep GST records. Over time, invoices deteriorate and machine tapes fade. Recording the details of tapes and invoices in a journal or ledger preserves their historical information. It also presents the information in a logical and analytical format to a visiting GST officer.

A registered person must keep records of all supplies made and purchases acquired during a tax period. Additionally, keep a GST Account which is a summary of the GST liability shown on the monthly return.

9.2 Legal Requirements

A registered person shall keep books and records:

- (a)** expressed in the English Language and in Belize currency;
- (b)** to enable the Commissioner to arrive at the tax;
- (c)** at the principal place of business in Belize or such other place as the Commissioner may approve; and
- (d)** for not less than six years after the end of the last tax period to which they relate.

The actual books and records kept by a registered person would depend on a number of factors including the type of business activity undertaken. However, the books and records are those that would enable a registered person to ascertain his tax liability and to provide all the information required by the GST Act.

Examples of the books and records include:

- Annual accounts
- Bank statements any paying-in slips
- Cash books and other account books
- Credit or debit notes you issue or receive
- Import and Export documentation
- Order and delivery books
- Purchase and sales books
- Purchase invoices and copy sales invoices
- A record of daily gross takings (retailers)
- Any relevant business correspondence
- GST account
- Cash register tills

9.3 Tax Invoice

A registered person making a taxable supply to another registered person is required to issue a tax invoice. A tax invoice, which should be pre-numbered, must show the following: -

- (i) the words '**TAX INVOICE**'
- (ii) an identifying serial number and the date
- (iii) the name, address and tax identification number of the supplier and the recipient.
- (iv) the description of the items supplied and the quantity
- (v) the price for the supply, not including tax
- (vi) the rate of GST charged and GST payable
- (vii) the total value of the supply including GST

The tax invoice should be in three copies (one for the purchaser, one for the supplier, and one to be made available to the Department of the GST when requested).

Sample of a Tax Invoice

TAX INVOICE		
From:	ABC Furniture Company.	Invoice No: 001
Address:	2 Flower St., Belize City	TIN: 000987
Date:	June 1, 2010	
To:	XYZ Company	TIN: 000002
Address:	49 Sunnyside Sr., Belize City	
Quantity	Description and Price	Amount exclusive of GST
30	Stools at \$15.00 ea.	\$450.00
100	Chairs at \$70.00 ea.	\$7000.00
20	Tables at \$180.00 ea.	\$3600.00
20	Chairs at \$90.00 ea.	\$1400.00
		\$12,450.00
	GST 12½%	1556.25
	TOTAL	\$14,006.25

A tax receipt is used to record sales to unregistered persons. The tax receipt should include the following information:

- (a) the supplier's name and TIN;
- (b) the price of the supply excluding GST
- (c) the rate of the GST applicable to the supply
- (d) the amount of GST paid; and

- (e) an identifying serial number and the date on which the tax receipt was given

9.4 Why are tax invoices important?

Registered persons can only claim a tax credit for the GST charged if a tax invoice supports the claim. All tax invoices received from suppliers and copies of all tax invoices issued should be kept.

9.5 How Should Sales be recorded?

Registered persons must issue tax invoices for sales made to each other. Where the sale is to an unregistered person a tax receipt should be issued. The entry of each invoice in the sales book should show:

- The date of the transaction,
- The invoice number;
- TIN and name of the purchaser;
- The value of supplies including GST
- Value of any zero rated sales
- Value of any exempt sales
- Value of supplies excluding GST
- GST on sales

Value of supplies excluding GST and GST on sales should be broken down for sales between registered taxpayers and sales to unregistered taxpayers.

The information on the daily sales book will be used for preparing the monthly GST return. Agents should at all times maintain a copy of the monthly GST return filed with the department

Appendix 1 contains a sample format of the Sales Book that the Department of General Sales Tax endorses

Additionally, businesses using cash registers with till rolls and who also issue tax invoices e.g. supermarkets, need to retain their tax invoices and till rolls as part of their records. Also records generated by a computer including

Tax Invoices must provide the same type of information as that of a manual system that shows clearly the tax on both purchases and sales.

The total GST on all the records for the monthly taxable period should be added, and recorded in the GST Account as output tax.

The issuing of credit notes will reduce the amount of GST due; debit notes on the contrary increases the GST due.

Note, if goods are given away and taken from stock for personal use or for tax-exempt activity, a record must be kept of:

- the description of the goods;
- the date they were taken from the stock;
- the cost including GST; and
- the rate and amount of tax to be submitted

9.6 How Should Purchases be recorded?

The purchases book should reflect all the invoices received from suppliers for the month. They should be kept and recorded in the book in this same order so that each invoice can be easily identified. The entry of each invoice in the book should show:

- The date of the transaction,
- The invoice number;
- TIN and name of the supplier;
- Total purchase price including GST;
- Value of any zero-rated purchases;
- Value of any exempt purchases;
- Value of imports;
- GST paid on imports;
- Value of local purchases excluding GST
- GST paid on local purchases

Credit/debit notes should also be maintained

The information on the daily purchases book will be used for preparing the monthly GST return.

Appendix 2 contains a sample format of the Purchase Book that the Department of General Sales Tax endorses

Remember that to claim GST, it is necessary to have proper tax invoices, the purchases must be related to the business activity and must be in the registered business name.

9.7 How Is The GST Account Kept?

This is done for each monthly taxable period. It summarizes the input tax paid on all goods, services as well as tax on credit notes for the tax period. Also it shows the output tax due and payable including tax on any goods taken for own use.

To arrive at the total tax due or creditable the input tax is deducted from the output tax. The difference is used to complete the GST return which should be remitted along with any payment due no later than 15 days after the end of the accounting period. See example of a GST Account below.

CBS FURNITURE LTD. GST ACCOUNT

July 1 – July 31, 2006

<u>OUTPUT TAX</u>		
GST collected on Sales	6,000.00	
GST on goods for personal use	200.00	
GST on value of bad debt recovered	75.00	
GST on goods returned to supplier	150.00	
		6,425.00
<u>LESS: INPUTS TAX</u>		
GST on Rated Purchases	(3,000.00)	
GST on light, water, phone etc.	(300.00)	
GST paid to Comptroller of Customs	(500.00)	
GST on bad debt write off	(200.00)	
GST on goods customers return	(100.00)	
		(4,100.00)
GST payable to GOB / (Refund DUE)		2,325.00

Pays to the Department of GST **\$2,325.00** (\$6,425.00 - \$4,100).
If Input Tax is greater than the Output Tax a credit/refund is due.

CHAPTER TEN

IMPORTS AND EXPORTS

10.1 Imports

GST is a tax on supplies, and on imports.

When goods are imported into Belize, GST is due at the same rate as the supply of locally produced goods. GST on imports must be paid at the same time that the customs duty is paid. GST will be calculated on the duty inclusive value of the goods plus any other taxes other than GST charged under this Act. The Single Administrative Document (SAD) will be used in place of the tax invoice, to account for GST.

10.2 Exports

Exports will be zero-rated. Any claim for a GST refund will only be paid after it has been verified that the goods or services have been exported. It is the registered person's responsibility to ensure that there is adequate evidence of exportation before making a claim that the goods and services are zero-rated.

CHAPTER ELEVEN

OBJECTIONS AND APPEALS (SECTION 42, GST ACT)

11.1 Objections

If a person is not satisfied with an assessment or amended assessment, he may object to that assessment.

The objection is to be made in writing, stating specifically the grounds for the objection and must be made within 15 days of service, of the notice of assessment. The Commissioner may accept a late objection, but only where he is satisfied that there were good reasons for the delay.

An objection will not be considered unless 50% of the amount assessed has been paid. (Section 45, GST Act)

The onus of proving that assessment made by the Commissioner shall be on the applicant

11.2 Appeals

An appeal may be made to the GST Appeal's Board if a person is dissatisfied with a decision of the Commissioner on an objection to the assessment.

Such an appeal must be filed within 60 days of the date of the assessment. The Appeal Board will hold informal sittings to determine the merit of the case and its decision shall be final on questions of fact. Either party may appeal to the Supreme Court on a question of law.

The onus of proving that assessment or part thereof is excessive shall be on the appellant

CHAPTER TWELVE

Obligations of a Registered Person

A registered person is legally charged with certain responsibilities under the GST Act and the Regulations. The registered person acts as an AGENT for the Government of Belize in the collection of GST. A summary of these responsibilities are:

12.1 Charging GST

A registered person is required by law, to charge GST on the taxable supplies made to customers and to ensure that the correct rate of tax is applied to these supplies.

12.2 Tax Invoices (Section 36(1), GST Act).

A registered person is required to issue a "tax invoice" when goods and services are provided to a registered person. A registered person must issue a "sales receipt" when goods and services are provided to an unregistered taxpayer. The registered person should also retain original tax invoices received from suppliers as a claim for input tax will only be allowed where a proper tax invoice is produced.

12.3 Accounting for the GST

A registered person is liable to account for the GST on all taxable supplies made, including those taxable supplies on which no tax may have been charged.

12.4 Returns (Section 30(3), GST Act).

The registered person is required to file a return by the 15th day of the month following the end of each tax period.

12.5 Payments (Section 35(1), GST Act).

Where a registered person furnishes a return showing that there is a net tax liability, the full amount of this liability must be sent to the GST Office within 15 days of the end of the tax period in respect of which the payment is due.

12.6 Change of Status (Section 28(4), GST Act).

Where any of the particulars given by the registered person in the application for registration form (GST 100) have changed, or where the registered person dies, or becomes bankrupt etc., the person responsible for his affairs, is required to notify the Commissioner in writing of the occurrence within 21 days using form GST 109.

12.7 Displaying the Certificate of Registration (Section 27(3), GST Act).

The Certificate of Registration should be displayed in public view at the place of business or in each of its business location.

12.8 Returning the Certificate of Registration (Section 29(10), GST Act).

The Certificate of Registration should be returned to the Commissioner within 15 days notice of cancellation of registration. When a person is deregistered, he is no longer allowed to charge GST on supplies.

APPENDIX 1 – SAMPLE FORMAT OF THE SALE LEDGER

TIN:

Tax Payer Registered Name:

Sales Ledger for the Month of: _____

Invoice Date	Invoice #	Buyer's name	Buyer's TIN	Value of Standard Rated Supplies GST Exclusive	Value of Zero rated Supplies Including Exports	Value of Exempt Supplies	Total Supplies	GST Payable on standard rated supplies
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				TOTALS				
Line # on GST Return			100		110	120	130	140

Instructions

- Each line represents one tax invoice or one import declaration (e.g. if there were 123 purchases during the month, then there would be 123 line entries)
- Credit and debit notes can be maintained in a separate table

1. Date - insert date of the transaction

2. Invoice Number - insert the specific invoice number of the transaction (sales to final consumer would have sales receipt #)

3. Buyer's Name - name of the person who bought the goods

- 4. Buyer's TIN** - Taxpayer Identification Number of the buyer (sales to final consumer will not have a TIN)
- 5. Value of Standard Rated Supplies** - includes sales for all standard rated supplies made during the month to all persons, this value is exclusive of GST
- 6. Value of Zero-Rated Supplies** - if the supplies were zero-rated, then insert the total value of zero rated supplies from the invoice
- 7. Value of Exempt Supplies** - if the supplies were exempt, then insert the total value of exempt supplies from the invoice
- 8. Total Supplies** - is the total for all sales (standard rated, zero rated and exempt sales) excluding the GST
- 9. GST** (charged on all standard rated sales to all persons) - the amount of GST

APPENDIX 2 – SAMPLE FORMAT OF THE PURCHASE LEDGER

TIN:

Tax Payer Registered Name:

Purchase Ledger for the Month of: _____

Invoice Date	Invoice #	Supplier's name	Supplier's TIN	Value of Imports (GST excl.)	Value of Standard Rated Purchases (GST Excl.)	Value of Zero Rated Purchases	Value of standard rated supplies (excluding GST) sales to registered persons	GST Paid on imports at 12.5%	VGST Paid on Domestic Taxable Purchases	Total Input Tax at 12.5%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				TOTALS						
Line # on GST Return				200	210	220	230	240	250	270

Instructions

- Each line represents one tax invoice or one import declaration (e.g. if there were 123 purchases during the month, then there would be 123 line entries)
- Credit and debit notes can be maintained in a separate table

1. Date - insert date of the transaction

2. Invoice number - insert the specific invoice number of the transaction

3. Supplier name - name of the person who supplied the goods

- 4. Supplier TIN** - Taxpayer Identification Number of the supplier
- 5. Value of import** - if the goods purchased were imported, include the value of the goods imported, plus customs duties and excise (this is the base for calculating the amount of GST)
- 6. Value of Standard Rated Purchases** – all purchases on which GST was paid and related to the business; the value should be exclusive of GST.
- 7. Value of zero-rated purchase** - if the goods purchased were zero-rated, then insert the total zero rated value from the invoice
- 8. Value of exempt purchase** - if the goods purchased were exempt, then insert the total value exempt from the invoice
- 9. GST paid on imports at 12.5%** - the amount of GST paid at time of importation (“value of import” x “12.5%”)
- 11. GST Paid on local purchases at 12.5%** - the amount of GST paid on local purchases
- 12. Total Input tax** – this is the total GST paid on both imports and local purchases relating to the business

Appendix 3 – Sample GST Return with Accompanying Notes



DEPARTMENT OF GENERAL SALES TAX

GST 200

GENERAL SALES TAX RETURN

For assistance in filling out this return, please refer to the booklet "Guide to Completing GST Returns" at www.gst.gov.on.ca

Taxpayer Identification Number: _____
 Name of Owner / Business: _____
 Address: _____
 Telephone No.: _____ Fax No.: _____
 TAX PERIOD: _____ Due Date: _____
 MONTH / YEAR

SALES - COMPUTATION OF OUTPUT TAX

100 Standard Rated Supplies - GST Exclusive	100	
110 Zero-rated Supplies (including Exports)	110	
120 Exempt Supplies	120	
130 TOTAL SUPPLIES	130	
140 GST payable on Standard Rated Supplies - Line 100 x 12.5%	140	
150 GST adjustments (e.g. debit notes issued / credit notes received)	150	
160 TOTAL OUTPUT TAX FOR THIS PERIOD (add lines 140 to 150)	160	

PURCHASES - COMPUTATION OF INPUT TAX DEDUCTIONS

200 Total Value of ALL Imports - GST Exclusive	200	
210 Value of domestic Standard Rated Purchases	210	
220 Value of domestic Zero Rated Purchases	220	
230 Value of domestic Exempt Purchases	230	
240 GST paid to the Comptroller of Customs on imports	240	
250 GST paid or payable on domestic taxable supplies	250	
260 GST adjustments (e.g. debit notes received / credit notes issued)	260	
270 TOTAL INPUT TAX FOR THIS TAX PERIOD (add lines 240 to 260)	270	

COMPUTATION OF TAX PAYABLE OR EXCESS INPUT TAX

300 Tax payable for this tax period (if line 160 is greater than line 270, enter the difference here)	300	
310 Credit from a previous tax period (s)	310	
320 Tax due for this tax period (line 300 - line 310)	320	
330 Penalty due for this period (if paying after the due date - 10% of line 320)	330	
340 Interest due for this period (if paying after the due date - 1 1/2% of line 320 per month)	340	
350 Total Due (line 320 + line 330 + line 340)	350	
360 Amount paid on filing	360	
370 GST withheld from insurance indemnity payments	370	
380 GST withheld on Government Contracts	380	
390 TOTAL GST PAID	390	
OR		
400 Excess credit for this tax period (if line 270 is greater than line 160 enter the difference)	400	
410 Excess credit from a previous period	410	
420 TOTAL EXCESS CREDIT	420	

Ending Inventory for current month: _____
 GST on major capital acquisitions: _____

Range of tax invoices used this period: from _____ to _____

DECLARATION

I hereby declare that the information given in this return is true, correct and complete in every respect and I further declare that I have the legal authority to submit this return.

Name: _____ Signature: _____
 Position: _____ Date: _____

FOR GST USE

Stamp Here

DATE FILED & PAID

TAXPAYER RECEIPT

Name of Owner/Business: _____ TIN: _____
 Address: _____ Tax Period: _____
 MONTH / YEAR
 Total Payment Submitted: _____ Signature of Officer: _____

IT IS A SERIOUS OFFENCE TO SUBMIT A FALSE RETURN

NOTES:

In this section of the form you are required to enter the following:

- Your assigned Tax Identification Number (TIN),
- Your name and the name of the business,
- Your business address, phone and fax number,
- Fill in the tax period indicating the month and year for which the Return is being filed,
- Indicate the due date of the Return.

Sales - Computation of Output (Lines 100 to 160)

100 Standard Rated Supplies

Enter the total value of goods and services excluding GST that you charged your customers on this line.

110 Zero Rated Supplies

Enter the total amount of supplies (sales) subject to the zero-rate made by you during the taxable period. Remember, if you made exports you should retain the documentation from the Customs and Excise Department certifying that the goods were exported. A list of the goods subject to the zero-rate can be found in the Third Schedule of the GST Act, 2005; for updates check the GST website.

120 Exempt Supplies

Enter the total amount of supplies(sales) that are exempt from GST in this period. A listing of goods that are exempt from GST can be found in the Fourth Schedule of the GST Act 2005.

130 Total Supplies (Sales)

Add the figures entered on lines 100 to 120 and enter the total on line 130.

140 GST Payable on Standard Rated Supplies

Enter the GST collected during the period on this line. It should be the result of line 100 multiplied by 12.5% (the rate)

150 GST Adjustments

If you have issued a debit note to a registered taxpayer to collect additional GST, or have been issued a credit note from a registered taxpayer to repay GST overpaid, enter the amounts of the GST only from the debit note(s) and credit note(s) on line 150

160 Total Output Tax (for this period)

Add the figures entered on lines 140 and 150 to calculate the total for line 160

- Note your output tax is due on the following:
- Supplies to your staff
- Sales of business assets
- Hire or loan of goods to someone else
- The full value of goods sold where you have taken something in consideration for exchange.
- Commission received as an agent
- Self supplies
- Any other taxable business income, even from a side line transaction (including royalties)

Remember also to do the following when calculating your Output Tax:

- You can include any GST under declared on previous returns totaling \$50.00 or less.
- You cannot zero-rate exports unless you hold satisfactory proof of export.

Purchases - Computation of Input Tax Deductions (Lines 200-270)

(This section allows for reporting the GST paid)

200 Value of Imports

Enter the total value of all imports (the total value should be exclusive of the GST; this value is always shown on the entry) as per customs entries cleared during the period.

210 Value of Domestic Standard Rated Purchases

Enter the value of domestic standard rated purchases made from other registered taxpayers for which you received a tax invoice for this period.

220 Value of Domestic Zero Rated Purchases – Enter the total amount of purchases that is subject to the zero-rate made by you during the taxable period.

230 Value of Domestic Exempt Purchases – Enter the total amount of purchases that are exempt from GST in this period

240 GST Paid on Imports

Enter the total amount of GST paid to the Comptroller of Customs for all imports during the tax period (this can be obtained by adding all the GST on all customs entries).

250 GST Paid on Domestic Taxable Supplies

Enter the total amount of GST paid or payable to other registered taxpayers for which you received a tax invoice during the period, whether or not you have actually paid the amount on the invoice; this can be obtained by adding all the GST paid on such invoices.

260 GST on Adjustments

If you have received a debit note from a registered taxpayer for GST short paid, or have issued a credit note to a registered taxpayer for GST overpaid, enter the amount of the GST only from the debit note(s) and the credit notes(s) on line 240.

270 Total Input Tax

Add the figures entered on lines 240 to 260 and enter this total on line 270.

Computation of Tax Payable or Excess Input Tax (lines 300-420)

Note: This section has been separated into two parts. Lines 300 to 390 allow you to calculate your GST payable for the period. The other part, lines 400 to 420 allow you to compute any credit that can be carried forward to the next period.

300 Tax Payable for this Period

If the figure shown on line 160 is greater than the figure shown on line 270, enter the difference between the two figures on line 300. This is the tax owing for the period before calculating any penalty and interest you may owe if paying after the due date.

310 Credit from Previous Period

If you have excess credit from a previous period, enter the credit on line 310

320 Tax Due for this Period

Subtract the amount of credit from the previous period on line 310 from the tax owing on line 300 to calculate the amount of tax payable for this period. Enter the difference on line 320.

330 Penalty if Paying after the Due Date

The penalty for late payment is 10% of the balance of tax owing shown on line

340 Interest if Paying After the Due Date

Late payment also attracts an interest of 1.5% per month of the balance of tax due for the period. Calculate 1.5% of the figure on line 320 and enter the figure on line 340.

350 Total Due

Add the figures on lines 320 to 340 and enter the total on line 350.

360 Amount Paid on Filing

Enter the amount that you are paying when submitting your GST Return on this line.

370 GST Withheld From Insurance Indemnity Payment

If you received an indemnity payment from an insurance company during the taxable period. You should put the GST payable on the deemed taxable supply that arose as a result of the indemnity payment received from the company

380 GST Withheld on Government Contract

Should be used to report any GST that has been withheld on Government contracts.

390 Total GST Paid

Add the figures entered on lines 360 to 380 and enter this total on line 390.

OR

400 Excess Credit for this Period

If the figure in line 270 is greater than the figure on line 160, enter the difference between the two figures on line 400. This is your credit for the period.

410 Excess Credit from Previous Period

If you have a credit from a previous period enters the credit on this line.

420 Total Excess credit

Add lines 400 and 410 to total the excess credit to be carried forward for this period. Enter the figure on this line.

- Please report your ending inventory for the month
- Please show the amount of GST paid on major capital acquisitions during the month and enter the amount on the line marked "GST on major capital acquisition".
- Please show the range of tax invoices you used this tax period. Show the first serial number for the first tax invoice of this period in the block on the left and the final serial number for the last tax invoice of this tax period in the block on the right.

You are now ready to complete the **DECLARATION** at the bottom of the GST Return with your name, signature, and position in the company, and the date you filed your return.

Important: Please complete the bottom portion marked "Taxpayer Receipt". This is a tear-off portion that will be stamped, dated and returned to you as evidence of filing.

Further Help and Advice

If you need further information or assistance contact the nearest GST Office.

Department of General Sales Tax
P.O. Box 1887
Charles Bartlett Hyde Building
Mahogany Street
Belize City

Phone: 222-5574/79

Fax: 222-5513

Dedicated line: 222-5294

Email: salestaxoffice@stx.gov.bz
generalsalestax@gst.gov.bz
enforcementcollection@gst.gov.bz
taxpayerservice@gst.gov.bz
Website: www.gst.gov.bz

San Ignacio Branch Office
9 Far West Street
San Ignacio Town
Phone: 824-3837
Fax: 824-3624

Dangriga Branch Office
Government Complex
St. Vincent St.
Dangriga Town
Phone: 522-2351
Fax: 522-2484

Corozal Branch Office
1 North Park Street
Corozal Town
Phone: 422-3282
Fax: 422-3462