

СЕКЦИЯ III (английский язык)

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VALUE ADDED TAX (VAT): MAIN PRINCIPLES

Introduction : What is VAT?

VAT is set by the Government as a tax on many goods and services. It is ultimately paid by the final consumer in most cases, but it is collected by manufactures, wholesalers and retailers as the goods pass through the distribution chain to the consumer.

VAT is imposed on:

- turnovers on realization of goods (works, services) on the territory of the Republic of Belarus;
- turnovers on realization of goods (works, services) abroad;
- goods, imported into the customs territory of Belarus.

Registration

All businesses making taxable supplies are liable to register at the local tax office.

Registered businesses must submit a tax declaration every month, no later than the 20-th day of the month following the previous tax period, and pay VAT no later than the 22-th day.

In accordance with the Decree of the President of the Republic of Belarus No 7 individual undertakers are released from charging VAT if their takings for the previous month was less than 3000 minimum wages. But they may pay VAT voluntarily.

Tax Basis

A tax basis is very important when the sum of money must be paid

as VAT is calculated. So it is useful to know how the tax basis is determined in different cases.

Tax Point

It is necessary to define exactly when a transaction is deemed to take place to fix the tax rate correctly and the period for which the VAT must be accounted for.

The basic tax point for goods (or services) is the date the goods are sent to the customer (or services are performed).

The tax point might be also a day the payment is received by the taxpayer, but it should be received within sixty days after the supply.

Rates of VAT

VAT is currently charged in our country at three main rates - 20 per cent, 10 per cent and per cent and at two additional rates used in some special cases - 9.09 per cent and 16.67 per cent.

Exemption and Zero Rating

Some types of business are exempt from VAT. This means that no VAT is charged on sales but the input tax suffered can not be recovered.

If a trade or transaction is zero rated this means too that no VAT is charged on sales but now the input tax suffered by the business can be recovered because its activity is within the scope of VAT.

VAT Invoices

A registered trader must issue a VAT invoice giving full details of every chargeable transaction. This provides evidence that VAT has been charged and enables the customer to reclaim the VAT if he or she is entitled to.

VAT Returns

Some businesses (most of them are zero rated) are entitled to recover VAT suffered by them. For this purpose they submit VAT invoices and other documents proving that the businesses are zero rated to the local tax office.

Self Supply

Sometimes it may be necessary to charge VAT on goods acquired for use in the business. So this sum of the tax suffered by the business is included in the expenses and can not be recovered.

Taxpayers' Liability

VAT offices will visit a registered business periodically to control its activity. So officials should observe tax legislation to avoid imprisonment, fines and other penalties that may be imposed for a variety of offences in connection with VAT.