

**Commonwealth of The Bahamas**

**Bahamas Customs Department**

**Value Added Tax**



**Transitional Provisions – VAT Transitional Virtual Bonded Warehouse Facility**



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## Overview

The Government of The Bahamas (the “Government”) will introduce a value added tax (“VAT”) effective January 1, 2015. To mitigate the effect of an extraordinary increase in the price of goods, the Government has proposed to reduce customs duties on certain goods as listed in the Excise and Tariff (Amendment) Bill, 2015. This will alleviate widespread concerns in the wholesale and retail sectors relative to the adjustment of prices on goods held for sale prior to the introduction of VAT on January 1, 2015.

For the period beginning November 1, 2014 through December 31, 2014, (“transition period”), the Government has proposed the use of a VAT transitional virtual bonded warehouse facility (“Warehouse”) under the sole control and supervision of the Bahamas Customs Department (“Customs”). The purpose of this Warehouse is to address the double taxation concerns of the importers and to assist with a smooth transition phase prior to the implementation of VAT effective January 1, 2015. **There will be no physical presence or separation of goods required in the Warehouse.**

During the transition period a merchant, once registered as a VAT registrant, is eligible to place goods purchased during the transition period in the Warehouse. As an electronic facility, the Warehouse will track goods imported to the Bahamas during the transition period. Only goods subject to reduced customs duty rates on January 1, 2015 will be eligible for entry. Goods entered into the Warehouse may be released during the transition period however; such goods will be subject to the current customs duty rates in effect on the date of release. Goods remaining in the Warehouse at midnight December 31, 2014 will be subject to the new customs duty rates as outlined in the Excise and Tariff (Amendment) Bill, 2015, along with the applicable VAT rate and other processing and environmental levy fees.

Merchants or businesses who wish to access the Warehouse are expected to adhere to the attached rules and guidelines.

## Rules and guidelines during the transition period

*These rules and guidelines are solely for the VAT Transitional Virtual Bonded Warehouse ("Warehouse") and apply to goods imported during the transition period that are subject to a reduction in customs duty rates on January 1, 2015.*

### Conditions:

1. The merchant must be registered in accordance with the provisions of Part IV, Section 19 of the Value Added Tax Bill, 2014.
2. The merchant must apply to the Comptroller of Customs to use the Warehouse no later than October 15, 2014.
3. Only goods earmarked for customs duty reduction as outlined in the Excise and Tariff (Amendment) Bill, 2015 will be eligible for entry into the Warehouse.
4. Only goods imported during the transition period (i.e. November 1, 2014 to December 31, 2014) will be eligible for entry into the Warehouse. Goods arriving at the port of entry on or after October 26, 2014 will be allowed to be placed in the Warehouse, provided the customs entry documents are submitted on or before November 1, 2014.
5. A Bill of Lading (BOL)/Air Waybill (AWB) containing both eligible and ineligible goods must be split. For example, **Form TWD** will contain all goods earmarked for entry into the Warehouse, while **Form C13** will contain goods cleared at the time for local consumption. All forms must be completed and filed electronically for goods to be deposited into the Warehouse. All processing and environmental levy fees must be paid on goods on the date of entry.
6. The merchant is not required to pay customs duties on goods on the date of entry into the Warehouse.
7. The merchant must pay the current customs duty rates in effect on the date the goods are removed from the Warehouse during the transition period.
8. All goods remaining in the Warehouse at midnight December 31, 2014 will be subject to the customs duty rates in effect on January 1, 2015, plus VAT, processing and environmental levy fees.
9. Bond/ Security may be required (**Form TWB**).
10. The Comptroller of Customs reserves the right to order a physical inspection of the goods in the Warehouse at any time during the transition period.
11. The accountant to be engaged will report directly to the Comptroller of Customs. The scope of the engagement will be specified.

## Rules and guidelines during the transition period (Cont'd)

### Application and registration procedures:

1. To utilize the Warehouse during the transition period, **Form TWA** must be completed and submitted to the Comptroller of Customs on or before October 15, 2014. The Form must be accompanied by a VAT registration certificate and other particulars as required by the Comptroller of Customs.
2. The application must be approved by the Comptroller of Customs prior to the merchant's use of the Warehouse. Being a VAT-registrant does not automatically allow the merchant use of the Warehouse facility.
3. While it is anticipated that the **Tax Identification Number ("TIN")** will be used as a unique identifier for all goods entered into the Warehouse, it is not mandatory for a merchant to provide a **TIN** at the time of registration.

### Record-keeping procedures:

1. Registrants should complete and file electronically **Form TWD** along with the customary supporting documents for all qualifying goods to be placed in the Warehouse. Customs will review and approve the details of the items selected.
2. Customs will generate a report of all goods placed in the Warehouse, a copy of which will be provided to the merchant for monitoring of the goods removed from the Warehouse. This report will be signed by the merchant or an authorized representative.
3. The merchant must complete and file electronically **Form TWO** each time goods are removed from the Warehouse during the transition period. The applicable customs duties and excise taxes in effect at the time of removal will apply.
4. Goods removed from the Warehouse are to be reported to Customs in a prescribed accounting form on or before five (5) working days after the end of each transitional month (November 2014 and December 2014). The prescribed accounting form will be used in conjunction with the relevant Customs' documents as a basis for calculating the applicable duties during the transition period on a first in, first out (FIFO) basis. **The format of the report is to be agreed.**
5. The **prescribed accounting form** is to be certified on a monthly basis by an accountant in good standing with the Bahamas Institute of Chartered Accountants on or before five (5) working days after the end of each transitional month. The prescribed accounting form should include, but not limited to the following:
  - Detail of goods placed in the Warehouse;
  - Detail of goods removed from the Warehouse;
  - Balance of goods remaining at the end of the month; and
  - Calculation of customs and excise duties.

## **Rules and guidelines during the transition period (*Cont'd*)**

### **Record-keeping procedures (*Cont'd*):**

6. Customs will use the prescribed accounting form to update its records for remaining goods in the Warehouse, generate a new report with the remaining goods and provide the merchant with a copy.
7. For goods remaining in the Warehouse at midnight December 31, 2014, the merchant shall provide full accounting of these goods and pay the applicable customs duties, processing and environmental levy fees, and VAT, no later than twenty-eight (28) days after the end of January 31, 2015. This prescribed accounting form is to be certified by a chartered accountant in good standing with the Bahamas Institute of Chartered Accountants.
8. Effective January 1, 2015, customs and excise duties will be calculated on a FOB basis. The customs and excise duties plus the FOB price will now become the landed cost. VAT will then be calculated on landed cost plus insurance, freight, etc.

### **Process of collecting duties and taxes:**

1. Customs is responsible for collecting customs duties, VAT, and other related fees on the goods placed in the Warehouse.
2. For goods removed from the Warehouse during the months of November 2014 and December 2014, the prescribed accounting form will be the basis for calculating the applicable custom duties and related fees at the existing rate, which are payable five (5) days after the end of each transitional month.
3. Any remaining goods in the Warehouse at midnight December 31, 2014 will be charged the applicable reduced customs duty rates and VAT at the applicable rate.

## Definitions

1. **AWB** – Air Waybill
2. **BOL** – Bill of Lading
3. **FOB** – Free on Board
4. **Form C13** – Home consumption entry
5. **Form TWA** – Application for the appointment of a transitional/virtual bonded warehouse
6. **Form TWB** – General bond for a transitional/ virtual bonded warehouse
7. **Form TWD** – Transitional/ virtual warehousing entry
8. **Form TWO** – Transitional ex-warehousing home consumption entry
9. **Input Tax** – The VAT that is paid or payable by a taxable person on taxable supplies to him or on taxable importations by him.
10. **Output Tax** – The VAT charged on a taxable supply by a taxable person made to another person.
11. **Tax Identification Number (“TIN”)** – The identifier issued to a person by the Comptroller of VAT for the purpose of VAT.
12. **VAT** – Value Added Tax
13. **Warehouse** – VAT Transitional Virtual Bonded Warehouse Facility

# Forms









**BAHAMAS CUSTOMS DEPARTMENT  
TRANSITIONAL/VIRTUAL WAREHOUSING ENTRY**

Port \_\_\_\_\_  
 Wharf or Station \_\_\_\_\_  
 NAME AND ADDRESS OF OWNER \_\_\_\_\_  
 NAME AND ADDRESS OF BROKER \_\_\_\_\_  
 NAME AND ADDRESS OF SUPPLIER <sup>1</sup> \_\_\_\_\_

<b>FOR OFFICIAL USE ONLY</b>		(to be printed in black on white paper – size 8½ "x14")	
Signature of Entry Checker _____		Entry No. _____ Date _____	
Date _____		<b>Tax Identification No:</b>	
Amount Received _____	Cashier _____	Business License/ NIB Number _____	Warehouse Ledger Folio _____

Name of Aircraft or Vessel	Date of Arrival	Rotation No.	Port from whence arrived	Country of Origin of Goods	Country whence consigned	Mode of Importation	Bill of Lading or Airway Bill No.	Date of Deposit _____ Date of Removal _____ Number of Weeks _____ Amount Payable _____						
PACKAGES			4 Tariff Heading and Statistical Numbers	COMMERCIAL DESCRIPTION AND QUANTITY OF GOODS	STATISTICAL		7 Country of Origin of Goods	8 Value	Rate of Duty	Duty Liabile		Official Use Only		
Marks and Numbers	Number and Description	5 Quantity in figures			6 Quantity Unit Code	Official Use Only				\$	€			
												Certified that – *All goods declared to this entry has been warehoused. *goods to the amount of _____ _____ Have been warehoused and the shortage of _____ _____ Have been advised to the Land-ing Officer for duty to be charged Date _____ * Proper Officer		
Total number of packages in words _____								<b>Total Value</b>						
I/We agree to accept the above entered goods into my/our Transitional Warehouse No. _____ at _____ 20 _____ Warehouse Keeper _____ <i>(The annotated numbers refer to Notes Overleaf)</i>				I/We _____ of _____ do hereby declare that I/We are the Owner(s) or Agent duly authorized by the Owner(s) of the goods declared in this entry and that I/We enter the goods for removal under Removal Bond No. _____ dated _____ for warehousing in Transitional Warehouse No. _____ at _____ Declared this _____ day of _____ 20 _____ Signed _____ Owner or Agent Accepted and Signed _____ Proper Officer Date _____										
												PROCESSING FEE	\$	€
												ENVIRONMENTAL LEVY		
												VAT LIABLE		
												<b>TOTAL</b>		



**BAHAMAS CUSTOMS DEPARTMENT  
TRANSITIONAL EX-WAREHOUSING HOME CONSUMPTION ENTRY**

Port \_\_\_\_\_  
 Wharf or Station \_\_\_\_\_  
 NAME AND ADDRESS OF OWNER \_\_\_\_\_  
 NAME AND ADDRESS OF BROKER \_\_\_\_\_  
 NAME AND ADDRESS OF SUPPLIER <sup>1</sup> \_\_\_\_\_

<b>FOR OFFICIAL USE ONLY</b>		(to be printed in red on white paper – size 8½ "x14")
Signature of Entry Checker _____	Entry No. _____	Date _____
Date _____	<b>Tax Identification No.</b>	
Amount Received _____	Business License/ NIB Number _____	
Cashier _____		

Name of Aircraft or Vessel	Date of Arrival	Rotation No.	Country of Origin of Goods <sup>2</sup> Code	Mode of Importation <sup>3</sup>	Number of Warehouse	Warehousing Entry No. and Date	Warehouse Ledger Folio	Date of Deposit	Date of Removal	Number of Weeks	Amount Payable		
PACKAGES		<sup>4</sup> Tariff Heading and Statistical Numbers	COMMERCIAL DESCRIPTION AND QUANTITY OF GOODS	STATISTICAL		<sup>7</sup> Country of Origin of Goods	Official Use Only	<sup>8</sup> Value		Rate of Duty	Amount of Duty		Official Use Only
Marks and Numbers	Number and Description			<sup>5</sup> Quantity in figures	<sup>6</sup> Quantity Unit Code			\$	¢		\$	¢	
Total number of packages in words						Totals							

I/We \_\_\_\_\_ of \_\_\_\_\_  
 do hereby declare that I/We are the Owner(s) or Agent duly authorized by the Owner(s) of the goods declared in this entry, and further declare that the above particulars are true and complete.  
 Declared this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ Signed \_\_\_\_\_  
 Accepted and Signed \_\_\_\_\_ Date \_\_\_\_\_  
 Proper Officer \_\_\_\_\_ Owner or Agent \_\_\_\_\_

<b>RECAPITULATION</b>	\$	¢
DUTY		
EXCISE TAX		
VAT		
TOTAL		

(The annotated numbers refer to Notes overleaf)



**Ministry of Finance**

**Descriptive Guide to Excise and Tariff Amendments Bills**

**July 23 2014**

**Descriptive Guide to the Excise (Amendment) Bill, 2015**  
**Effective date: January 1<sup>st</sup> 2015**

<b>Tariff Heading</b>	<b>Description</b>	<b>Present Rate of Duty</b>	<b>Purposed Rate of Duty</b>
4202	Trunks, suitcases, vanity case, executive-cases, briefcases handbags etc. of leather or composition leather, of plastic sheeting	10%	Free
7113	Articles of Jewellery	10%	Free
9006	Photographic cameras	7%	Free
9101/9102	Watches	10%	Free
9103	Clocks	10%	Free

**Descriptive Guide to the Tariff (Amendment) Bill, 2015**  
**Effective date: January 1<sup>st</sup> 2015**

Tariff Heading	Description	Present Rate of Duty	Purposed Rate of Duty
<b>(1)</b>			
3925.9020	PVC lumber & composite wood	7%	Free
3925.9030	Shingles	7%	Free
4407	Wood sawn or chipped lengthwise	7%	Free
4409	Wood Strips and Friezes for parquet flooring	7%	Free
4418.5000	Shingles and Shakes	7%	Free
6811.8210	Shingles	7%	Free
<b>(2)</b>			
2103.2010	Tomato ketchup	10%	Free
<b>(3)</b>			
0207	Meat and edible offal, of the poultry <b>(Turkey)</b>	10%	5%
0401	Milk & Cream, not concentrated nor containing added sugar or sweetening matter	10%	5%
0403.1000	Yogurt	10%	5%
0406	Cheese and curd	10%	5%
0703 – 0714	Vegetables	10%	5%
0801 - 0814	Fruits and Nuts	10%	5%
0904 –0910	Coffee, tea mate & spices	10%	5%
1702	Cane syrup	10%	5%
1901	Malt extract	10%	5%
1902	Pasta	10%	5%
2007	Jams, fruit jellies	10%	5%
2008	Fruits & Nuts	10%	5%
2009	Fruit juice	10%	5%

<b>Tariff Heading</b>	<b>Description</b>	<b>Present Rate of Duty</b>	<b>Purposed Rate of Duty</b>
2102	Yeasts	10%	5%
2103	Sauces and mixed seasonings	10%	5%
2202.9050	Nutritional preparations for tube feeding	10%	5%
2523.2100	Portland cement	10%	5%
3215	Printing ink	10%	5%
3306	Preparation for oral or dental hygiene	10%	5%
3401	Soap	10%	5%
3909	Amino-resins	10%	5%
3923	Article for the conveyance or packing of goods	10%	5%
3924.1020	Tableware, kitchenware	10%	5%
3925.2020	Builders' ware of plastic	10%	5%
4410	Particle board, oriented strand board	10%	5%
4412	Plywood, veneered panels and similar laminated wood	10%	5%
4418	Builders joinery and carpentry of wood	10%	5%
4801	Newsprint in rolls or sheet	10%	5%
4802	Uncoated paper and paperboard, of a kind used for writing, printing	10%	5%
4810-4811	Paper and paperboard coated	10%	5%
4819	Cartons, boxes, cases bags and other packing containers of paper	10%	5%
4822	Bobbins, spools, cops and similar supports of paper	10%	5%
4823	Other paper, paperboard	10%	5%
4902	Newspapers, journals and periodicals	10%	5%
4906	Plans and drawings for architectural engineering	10%	5%
4907	Unused postage, revenue or similar stamps of current or	10%	5%



<b>Tariff Heading</b>	<b>Description</b>	<b>Present Rate of Duty</b>	<b>Purposed Rate of Duty</b>
	new issue in the country in which they have, or will have a recognized face value		
6809	Articles of plaster or of compositions based on plaster	10%	5%
6811	Article of asbestos-cement	10%	5%
7019	Glass fibres	10%	5%
7101-7118	Natural or cultured pearls, precious or semi-precious stone precious metals, metals clad with precious metal and imitation jewellery; coin	10%	free
7308	Structures (for example bridges, lock-gates, roofs, roofing frame-woks)	10%	5%
7317	Nails, tacks drawing pins and similar articles	10%	5%
7321	Stoves, ranges, grates cookers	10%	5%
7606 / 7610	Aluminum and articles thereof	10%	5%
8406	Steam turbines and other vapour turbines	10%	5%
8407	Spark-ignition reciprocating or rotary internal combustion piston engines	10%	5%
8407-8473	Machinery and mechanical appliances, electrical equipment and parts thereof	10%	5%
8502-8511	Electrical machinery and equipment and parts thereof;	10%	5%
	<b>(4)</b>		
2202.9060	Soy bean milk	25%	5%
2202.9070	Other milk	25%	5%
3925	Builders' ware of plastic	25%	5%
5602	Felt, whether or not impregnated	25%	5%

<b>Tariff Heading</b>	<b>Description</b>	<b>Present Rate of Duty</b>	<b>Purposed Rate of Duty</b>
5904	Linoleum	25%	5%
6807.9010	Shingles of asphalt	25%	5%
7321	Stoves, ranges, grates, cookers	25%	5%
8418	Refrigerators, freezers and other refrigerating equipment	25%	5%
	<b>(5)</b>		
3304	Beauty or make-up preparations	25%	20%
4802	Uncoated paper	25%	20%
4810	Paper and paperboard, coated	25%	20%
6107-6111	Articles of apparel and clothing accessories knitted or crocheted	25%	20%
6207-6212	Articles of apparel and clothing accessories, not knitted or crocheted	25%	20%
6401-6405	Footwear	25%	20%
	<b>(6)</b>		
4015	Articles of apparel and clothing accessories of vulcanized rubber	35%	20%
6102 –6114	Article of apparel and clothing accessories, knitted or crocheted	35%	20%
6201-6211	Articles of apparel and clothing accessories, not knitted or crocheted	35%	20%
3304.9910	Lotion	35%	20%
	<b>(7)</b>		
0711	Vegetables (provisionally preserved)	35%	25%

<b>Tariff Heading</b>	<b>Description</b>	<b>Present Rate of Duty</b>	<b>Purposed Rate of Duty</b>
0712/0714	Dried vegetables	35%	25%
0801-0805	Edible fruits and nuts; peel of citrus fruits or melons	35%	25%
3006	Pharmaceutical goods	35%	25%
8302.1000	Hinges	35%	25%
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	35%	25%
	<b>(8)</b>		
2522	Quicklime, slaked lime and hydraulic lime	45%	35%
2523.1000	Cement clinkers	45%	35%
3304	Beauty or make-up preparation and preparation for the skin	45%	35%
3402	Organic surface-active agents	45%	35%
3605	Matches	45%	35%
3808	Insecticides, rodenticides, fungicides, herbicides and similar products	45%	35%
4203	Articles of apparel and clothing accessories of leather	45%	35%
4304	Artificial fur and articles thereof.	45%	35%
4409	Wood and friezes for parquet flooring	45%	35%
6115	Panty hose, tights, stockings, socks and other hosiery	45%	35%
6116	Gloves and mittens	45%	35%
6117	Other made up clothing accessories knitted or crocheted	45%	35%
6213	Handkerchiefs	45%	35%
6214	Shawls, scarves mufflers and the likes	45%	35%

<b>Tariff Heading</b>	<b>Description</b>	<b>Present Rate of Duty</b>	<b>Purposed Rate of Duty</b>
6215	Ties, bow ties and cravats	45%	35%
6216	Gloves, mittens and mitts	45%	35%
6217	Other made up clothing accessories	45%	35%
8418.3090 8418.4090	Refrigerators, freezers other refrigerating or freezing equipment ( <b>commercial</b> )	45%	35%
	(9)		
8201-8215	Tools, implements, cutlery, spoons and forks of base metal; parts thereof	45%	25%
8419.1100	Instantaneous gas water heaters	45%	25%
8419.1990	Other (machinery, plant or laboratory equipment)	45%	25%