Vision

To be recognized as competent in customs and tax administrations

Mission

For the good of Vanuatu, collect revenue, protect our boarders and facilitate legitimate trade

Values

- Effective leadership
- Result focus
- Continuous improvement & learning
- Design in quality & prevention
- Partnership improvement
- Valuing employees
- One organization

For further information contact Inland Revenue office using the details below:

Department of Customs & Inland Revenue

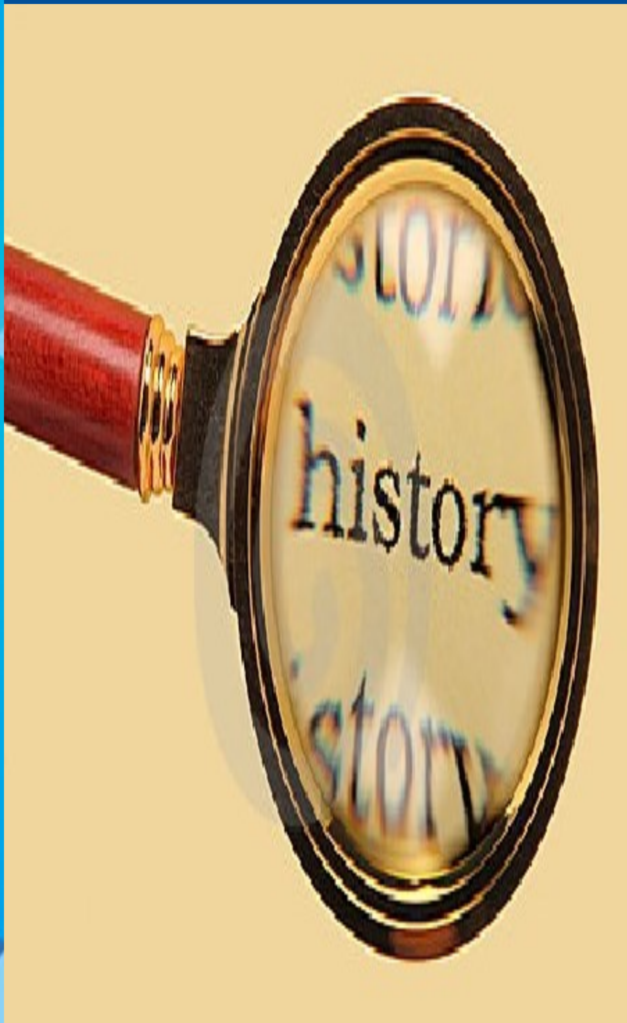
P.M. Bag 9012
Port Vila
Vanuatu

Phone: +678 24573 or 33091
Email: vatqueries@vanuatu.gov.vu
Facebook: https://www.facebook.com/VuDCIR
Website : https://customsinlandrevenue.gov.vu

VANUATU
CUSTOMS & INLAND REVENUE
SERVICE DE LA DOUANE ET DES CONTRIBUTIONS INDIRECTES

History of VAT

Value Added Tax



History of VAT

In 1954, France became the first country to introduce a form of value added tax. However a review of OECD countries in 1967 established that most countries were still using a single stage sales tax at either wholesale or retail level. During the late 1960s and early 1970s several other member nations of the European Community adopted a VAT and by 1973 thirteen OECD countries were operating a VAT.

During the early 1980s a sequence of general tax reforms by OECD countries led to the spread of VAT outside of Europe, with New Zealand, Canada and Japan all introducing VAT together with new EC countries – Spain, Portugal and Greece.

Since that time most of the former socialist states now have a VAT, e.g. Russia, Poland, Hungry, Bulgaria and the Czech and Slovak Republics. Australia introduced their VAT in 2000.

In 1986 New Zealand developed a simplified version of the European VAT with a single rate and minimal exemptions. New Zealand adopted the name "goods and services tax" (GST) rather than VAT and this was followed by Canada and Australia. Various Asia-Pacific countries have also followed the New Zealand model, e.g. Fiji, Singapore and Samoa.

Introduction of VAT in Vanuatu

In 1998, as part of the financial reform element of its Comprehensive Reform Program, Vanuatu introduced a value added tax imposed at the rate of 12.5% on the supply of most goods and services. Vanuatu's VAT was modelled on New Zealand's GST regime operating with a single rate of tax and minimal exemptions.

Advantages of VAT

Some of the reasons that countries have introduced a VAT regime are:

Less market distortion

In many countries VAT has replaced wholesale taxes and cascade turnover taxes whose effects could be arbitrary and /or distorted the market (e.g. wholesale sales tax imposes tax only supplies of goods and not services). VAT is considered to have a more neutral effect on prices, production and consumption.

Higher revenue yields

The reduced opportunity for fraud and the fact that a VAT taxes supplies of services as well as goods generally means higher yields when compared with other consumption taxes

It is generally accepted that in adopting a VAT regime it is desirable to keep the number of tax rates to a minimum. This avoids the difficulties that arise when similar goods and services are taxed at different rates (with businesses arguing that their goods and services should be taxed at the lower rate).

For countries that have had VAT regimes for a significant period, there has been a trend towards reducing the number of rates. Of the countries that have most recently introduced VAT regimes (New Zealand, Canada, Iceland, Australia and Japan) it is notable that they have chosen to have one, or at

Please contact our office should you require more information's on any of our brochures