

Value Added Tax (VAT)

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

TO ALL VAT REGISTERED PERSON

NEW VAT CALCULATIONS

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

Below are examples of new VAT Calculations:

Question 1: How much do I need to increase my price by to take into account of the increase in VAT?

There are number of ways you can do this, However the easiest way to increase your VAT inclusive prices to reflect the increase in the VAT rate to 15% you just multiply your old price by 115/112.5.

Example:

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

$VT\ 2,250 \times 115/112.5 = VT\ 2,300$ (price inclusive of VAT at 15% (new price increased by 2.5% (50 vatu)).

Question 2: My prices are VAT inclusive. How do I calculate the amount of VAT (at the new rate) included in my price?

If you charge a VAT inclusive price, you just need to divide the VAT inclusive amount by 7.6667 or multiply by 3/23.

Example: If you sell something for VT 115 inclusive of VAT at 15% then simply divide the VAT inclusive amount by 7.6667 multiply by 3/23.

$VT\ 115 \text{ divide by } 7.6667 = VT\ 15$ (VAT included in price)

$VT\ 115 \text{ multiply } 3/23 = VT\ 15$ (VAT included in price)

Question 3: How do I calculate the VAT component of a VAT – exclusive price using the 15% rate?

You will need to multiply the VAT exclusive price by the fraction 3/20.

If you have an item with a VAT –exclusive price of VT 100 and you want to add 15% VAT.

$VT\ 100 \text{ multiply by } 3/20 = VT\ 15$ VAT (to add to price).

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.