VSMS – Frequently Asked Questions (FAQ)

1. Legislative Requirements

Q: What does it mean to "register"?
A: Registration means completing the VSMS registration process, either online via the DCIR VSMS Web Page or manually at a DCIR Tax Office. This ensures your contact and business details are correctly recorded, your taxpayer email is established as the official point of contact for receiving the enrolment link, and your details form the basis for enrolment into VSMS. Once registration is confirmed, you will be notified of your specific enrolment phase.

Q: Who should register?
A: All VAT-registered individuals and entities.

Q: What information do I need to provide during registration?
A: You will be asked to provide:

- Taxpayer and business details (e.g., business name, TIN, active business licence)
- Branch information (if applicable)
- Ownership details (name, contact, ID)

Q: Do I need to provide supporting documents now?
A: If available, you should upload or attach documents such as your business licence, incorporation certificate, and representative's ID. These may be submitted online, by email to vsms@vanuatu.gov.vu, or when lodging the forms manually. It is recommended to attach documents at the time of completing the form.

Q: Is registering interest mandatory?
A: Yes. Registration ensures you are included on the official list of taxpayers and that you receive updates, guidance, and priority when VSMS is rolled out.

Q: What happens after I register?
A: You will receive an acknowledgement of your registration. Your official enrolment into the system will occur during the next phase – the Enrolment Process – following registration.

Q: What do the VSMS Regulations state?
A: The VSMS Regulation provides the legal framework for the installation, implementation, and operation of Electronic Fiscal Devices (EFDs). They are designed to help businesses improve management, simplify administrative procedures, and reduce tax evasion, ultimately fostering a fairer and more competitive business environment.

Q: Who is required to install an EFD?
A: Businesses specified by the Director in phases must comply. Each group of taxpayers will be announced with implementation deadlines.

Q: Can we continue to issue manual invoices now that we have the VSMS?
A: No. All transactions must be recorded through an accredited EFD, and a fiscal invoice must be issued for each transaction.

Q: Who are the accredited EFD Component (POS, E-SDC) suppliers?
A: All POS and E-SDC vendors must undergo a rigorous accreditation process with the Department of Customs & Inland Revenue (DCIR). The updated list of accredited suppliers is published by DCIR. Businesses must engage only accredited vendors to ensure compliance.

2. Operating Electronic Fiscal Device (EFD) Components

Q: What is an EFD Component?
A: An Electronic Fiscal Device (EFD) Component refers to either a Point-of-Sale (POS) system or a Sales Data Controller (SDC):

- **POS:** An application or device used to record transactions such as sales, refunds, advance payments, and others. In everyday language, these are commonly known as *cash registers* or *POS systems*.

- **SDC:** The component that processes and fiscalises transaction data. It can take two forms:

  1. **External Sales Data Controller (E-SDC):** A physical device or software solution installed on, or connected to, the POS locally. It operates with a physical Smart Card, issued by DCIR, and continues issuing invoices during any loss of internet connectivity.

  2. **Virtual Sales Data Controller (V-SDC):** An online service provided by DCIR, accessed by the POS via the internet. It can be used with either a Smart Card Secure Element or a Digital File Secure Element, both issued by DCIR; however, in the event of internet connectivity issues, it may be unreachable and cannot serve to issue invoices.

Together with a Secure Element (SE), issued either as a Smart Card or a digital file, the POS and SDC generate fiscal invoices and transmit fiscal data to the VSMS.

Q: How does the EFD work?
A: The POS sends transaction data to the SDC, which signs and formats the invoice using the SE. The invoice is returned to the POS for printing, while the SDC simultaneously transmits data to the VSMS.

Q: How does DCIR control the EFD?
A: All EFD components must be accredited by the DCIR. At taxpayers' points of sale, their use is safeguarded through Secure Elements issued by the DCIR, which form an integral part of the invoice-issuing process. These secure elements consist of software accessible only to the DCIR and ensure the integrity of fiscal data by preventing tampering and unauthorised access. In addition, the DCIR operates a Back Office portal to monitor the activity of EFDs in near real time and to review any invoice errors reported by the VSMS system.

Q: I do not know how to use a computer. Is there another way to comply?
A: Yes. Accredited POS solutions include free mobile-based and web-based applications that can run on smartphones or tablets. These provide essential compliance functions without requiring advanced IT skills.

Q: Which printer can we use?
A: Any printer that produces clear receipts with scannable QR codes. For best results, please consult your EFD supplier to ensure the printer you choose is fully compatible with the system.

3. Costs and Affordability

Q: Will this become an added administrative burden for taxpayers?
A: No. The system reduces burdens by electronically capturing sales data and simplifying returns and expediting VAT refund processes.

Q: What is the estimated cost of an EFD?
A: Costs depend on the chosen device or software solution. Free basic accredited POS options are available, while third-party solutions with advanced features may involve additional costs.

Q: Does the government provide free POS/EFD solutions?
A: Yes. Free accredited web-based and mobile-based POS solutions are provided for small businesses. They offer essential functionality, but limited features compared to commercial systems.

Q: Do I need to purchase a computer or laptop?
A: Not necessarily. Mobile and tablet solutions are available. A computer may only be needed if you opt for a more complex POS.

Q: What if my VSMS card (Secure Element) is lost or stolen?
A: Report it immediately through the VSMS Taxpayer Portal, or by contacting the VSMS Support Team, so that the certificate can be revoked without delay. A replacement process will be initiated, subject to applicable fees.

Q: How do I obtain a card reader?
A: Card readers can be purchased from local retailers.

4. Compliance Process

Q: What should I do before registering for VSMS?
A: Ensure your business and taxpayer information is fully updated with DCIR, then contact DCIR through the VSMS Web Page to begin the registration process.

Q: How do I register for the system?
A: Applications are submitted through the VSMS Web Page. After your information has been verified, you will receive an invitation email to create your login credentials for the Taxpayer Admin Portal, where you can order and manage your Secure Element(s) and access reports. If you do not receive the invitation, that also outlines the next steps for your order, contact the VSMS Support Team for assistance.

Q: What if I already have an invoicing system?
A: Existing systems must undergo accreditation to confirm compliance. Some may require upgrades or adjustments.

Q: Am I required to upgrade my invoicing system?
A: Yes, if it does not meet the VSMS technical and regulatory requirements so that could not be accredited.

5. General

Q: Do I need a Taxpayer Identification Number (TIN)?
A: Yes, a valid TIN registered for business use is required to participate in the VSMS.

Q: How will customers know if a receipt is genuine?
A: Fiscal invoices include a QR code that customers can scan to verify details. Invoices can also be verified via the VSMS Web Site if the QR code cannot be scanned.

Q: What happens if my digital certificate on the Secure Element is about to expire or has expired?
A: Renewal must be requested through the VSMS Taxpayer Portal. Notifications will be issued in advance of expiry in email, as well as via the VSMS Taxpayer Portal. Both notifications contain a one-time link you can use to request a new Secure Element. You can submit the request the same way you submitted the request for your original Secure Element. Your request will be reviewed by the tax authority. If the review is positive, you will receive an email notification with information about the production of your new Admin secure element(s).

Should the Secure Element still expire, notify the VSMS Support Team immediately and submit a request for a replacement via the Taxpayer Admin Portal.

6. Timelines

Q: When do I need to be compliant?
A: Compliance deadlines are phased and will be announced by DCIR. Taxpayers should register and begin fiscalisation as early as possible to avoid last-minute delays.

7. Fiscalisation

Q: When should I start the fiscalisation process?
A: Immediately upon being designated as a taxpayer group required to comply. Early adoption avoids bottlenecks near deadlines.

Q: Which EFD solution should I choose?
A: Taxpayers may choose from accredited POS systems and E-SDCs, tablet or mobile-based solutions, or combined hardware/software packages, depending on transaction volumes and individual preferences.

8. Secure Element

Q: What is a Secure Element (SE)?
A: A fiscal component (smart card or digital file) used for taxpayer identification, invoice signing, audit control, and maintaining counters to ensure invoice integrity.

Q: Where can I obtain a Secure Element?
A: By submitting a request through the VSMS Taxpayer Portal, Secure Elements are provided either electronically as Digital Certificates, or physically as Smart Cards, which are handed over to an authorised person at a regional tax office.

Q: When can I collect my VSMS card?
A: You will be notified once it is ready for collection.

Q: What should I do if my SE is not working?
A: If you suspect that your secure element is not functioning correctly, first contact your EFD vendor for initial support. If the issue cannot be resolved, you should then contact DCIR support and present your smart card secure element for inspection.

Q: Why can't I create a fiscal invoice?
A: Common issues include blocked smart cards, misconfigured readers, internet connectivity problems, or expired certificates. Contact your accredited vendor for support.

9. Fiscal Invoice

Q: What information must a fiscal invoice contain?
A: All data required by the VSMS Regulations, including taxpayer details, transaction information, digital signature, and QR code.

Q: Can advertising messages be printed on fiscal invoices?
A: Yes, provided they do not obscure or misrepresent mandatory fiscal data.

Q: For how long is a fiscal invoice verifiable?
A: Minimum 10 years.

Q: Can invoices be issued during internet outages?
A: Yes. Accredited External Sales Data Controllers (E-SDCs) can temporarily store invoices offline and automatically transmit them once internet connectivity is restored. Virtual Sales Data Controllers (V-SDCs), however, require an active internet connection and cannot be used during an outage. For this reason, in some cases, using an E-SDC may be the more reliable option.

Q: Can invoices be issued during power outages?
A: Yes, if battery-powered POS and SDCs are used. Otherwise, business operations must pause until power is restored.

10. Functionality and Customer Use

Q: How can customers scan QR codes if they don't have smartphones?
A: Most consumers have smartphones, but receipts can also be verified using data entry on the VSMS Verification Web Page.

Q: What if customers find a fake receipt?
A: The VSMS Web Page provides a feature for reporting fake receipts or discrepancies. Visit the VSMS Web Page and, under the "Customer Engagement" tab, select "Check Invoice Validity". Click it to validate the receipt and, if it appears to be fake, report it.

Q: Can the VSMS include CCTV monitoring?
A: No. CCTV cannot record transaction data and is not an accredited fiscal device.

Q: Can villages implement their own systems instead of VSMS?

A: No. The VSMS is a centralised platform and must be used by all applicable businesses separately.

11. Connectivity, Infrastructure, and Disaster Readiness

Q: What happens if a disaster disables electricity for months?
A: Taxpayers may suspend operations or follow guidance issued under the Tax Administration Act.

Q: How will VAT-registered businesses in remote areas without electricity comply?
A: Accredited handheld/mobile EFDs with rechargeable batteries are available, allowing compliance even in low-infrastructure environments.

Q: If receipts can't be printed due to power outage, how can customers verify VAT has been paid?
A: Proper compliance requires both recording and printing. If this cannot be achieved, operations must pause until power is restored.

12. Goals and Monitoring

Q: What is the main goal of implementing the VSMS?
A: To modernise tax administration, standardise receipts, ensure fair competition, provide customers with verifiable proof of purchase, and increase VAT compliance and revenue.

Q: Who is responsible for reporting businesses that meet the VAT registration threshold?
A: Businesses themselves remain responsible under the VAT and Tax Administration Acts.