



Discounted VAT Rate Days Business Guidance

INTRODUCTION

This information provides guidance on the conditions for participation and the reporting requirement for the **Discounted VAT Rate Days (DVRDs) on the 12th and 20th December 2025**. Approved businesses will be allowed to charge VAT at the rate of 5% on the sale of goods inclusive of vehicles.

Which Businesses are Eligible?

All VAT Registered businesses that have filed ALL Returns and have NO outstanding fees, licences, tax liabilities, penalties or interest due to the IRD or CED prior to DVR Day, may qualify to participate in the DVR Day. If you do not have any outstanding Returns or liability, you may complete the Application Form and submit it to the Inland Revenue Department on or before **December 08, 2025**.

The Department will indicate the status of your application in writing within two (2) days. If a business filed a VAT objection, eligibility is dependent on satisfying the conditions of that objection which includes submitting 50% of the tax in dispute.

Items Eligible

Tangible items that are presently subject to 17% VAT will qualify for the discounted VAT Rate on the DVR Days. **However, in relation to vehicle purchases, VAT will be exempt on the first \$50,000 only. Any cost in excess of the \$50,000 will attract the usual 17% VAT. Persons receiving Duty Free concession on a vehicle will NOT be eligible for the DVR Day VAT exemption on the first \$50,000.** Hence, persons receiving Duty Free concessions on vehicles will be required to pay the standard rate of 17% VAT upon purchasing a vehicle at Duty Free on the DVR Days.

Non– tangible items such as the supply of professional services will continue to be subject to the 17% VAT rate. Services such as legal fees, restaurant supplies, rent, tickets for the game of chance (lottery/raffles), top-ups and phone cards are NOT eligible for the reduced rate. Items eligible **MUST** also be available for sale and immediately available for issuance or delivery to the customer on The DVR Days. Orders for items not in stock **DO NOT** qualify.

Guns, Ammunition, Cigarettes and alcoholic beverages are **NOT** eligible.

Alcoholic Beverages **NOT** eligible include but are not limited to Wine, Brandy, Vodka, Whiskey, Gin, Rum, Liqueurs, cordials, Beer, Guinness, Royal Stout, Shandy Carib and Smirnoff Ice.

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Are Items sold on Credit and Hire Purchase eligible for the reduced rate?

YES! Eligible goods sold under a credit or hire purchase agreement will qualify for the reduced rate of 5% if the sale is concluded on the DVR Days. Businesses are reminded that the VAT on the sales under credit terms must be reported in its entirety whether or not payment has been made in full during that tax period.

Rules governing returns and exchanges.

If a customer buys an item at the special 5% rate during the DVR Days and exchanges it on the same day for another good, the 5% rate will still apply. The special rate will NOT apply if the exchange is done outside the DVR Days of December 12 and 20, 2025.

If a customer buys an item on any DVR Day and returns the item after the Day for credit on the purchase of a different item, the 17% VAT Rate would apply to the sale of the newly purchased item, even if it would have been eligible for the 5% Rate during DVR Days.

If a customer buys an item before the DVR Day but returns the item during the DVR Day and receives credit on the purchase of a different item, the reduced rate shall NOT apply on the sale of the new item.

Filing Requirements

Businesses approved to participate in the DVR Days, will be required to complete and submit a '**Discounted VAT Day Sales Report**' to the Inland Revenue Department on or before Friday January 9, 2026. The required form is available at the Taxpayer Services Desk at the Inland Revenue Department or on the Department's website at [VAT DAY SALES PAGE 1](#). Failure to do so will attract interest and penalties.

Additionally, the Value of Supplies at 5% must be reported in the VAT form provided via the SKN MyGovernment Portal on the line that reads Value of Reduced Rate (5%) Supplies (VAT Inclusive) for the tax period December 2025. Any sales at standard rate (17%), exempt or zero, on the DVR Day should be reflected on the usual lines of the VAT Return

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