



Goods & Services Tax Guide

KEEPING PROPER BOOKS AND RECORDS

AUGUST
2022

DISCLAIMER

These notes are for guidance only. They reflect the law and the tax position at the time of publication. They do not replace the legislation or affect your right to object and appeal.

If in doubt, you should consult the Inland Revenue Department.

You may find the following documents useful for further explanation on specific issues:

GST Act 2021

GST Regulations 2022

GST Guide

Specific Sector Guides



TABLE OF CONTENTS

1.0 INTRODUCTION	4
2.0 KEEPING & MAINTAINING PROPER RECORDS	5
3.0 ISSUING SOURCE DOCUMENTS	9
4.0 OTHER RECORD-KEEPING REQUIREMENTS	14
5.0 INPUT AND OUTPUT TAX	17
6.0 OFFENCES	20
7.0 MODEL DOCUMENTATION	22



1.0 INTRODUCTION

This guide explains why it is important for persons registered for the Goods and Service Tax (GST) to keep proper records relating to taxable activities. It also explains the advantages of keeping thorough records.

2.0 KEEPING & MAINTAINING PROPER RECORDS

2.1 Why is it important for you to keep proper records?

- i. Accurate records help you to have better control of your business. They tell you whether your business is making enough money to meet its expenses and assists you with computing your taxes.
- ii. You will have a better idea of how well your business is performing throughout the year, rather than having to wait until you get a profit and loss statement at the end of the year.
- iii. Proper record keeping increases your chances of accessing finance or funding and makes it easier for others to know whether to invest in or lend money to your business.
- iv. It serves as a history and reminder of various transactions conducted by your business. It also helps in the information gathering process and assists management in making informed decisions.
- v. It is a legal requirement under the GST Act to keep proper books and records.
- vi. An IRD audit will be quicker and less disruptive if all the information is readily available. Once you are a registered business, you will be audited at some stage.
- vii. It is the best tool to guard against fraud and theft from within your business.

RECORDS

Records are financial statements, accounting records, accounts, books, computer-stored information, diaries, dispatch notes, delivery notes, bank statements, purchase invoices and debit notes, sales invoices and credit notes, sales receipts, contracts, payroll data, order books, till rolls, and any other document.

2.2 What are the legal requirements for record-keeping as per the GST Act?

Section 61 of the GST Act requires every registered person and any other person liable for GST to maintain in Anguilla:

- a. a GST account, in which must be listed the total amount of GST due on sales in the period, the total amount of GST reclaimable on purchases in the period, the net amount of GST payable to IRD in the period, or if applicable, the net amount of GST reclaimable from IRD in the period
- b. original tax invoices, tax credit notes, and tax debit notes received by the person
- c. a copy of all tax invoices, tax credit notes, and tax debit notes issued by the person
- d. customs documentation relating to imports and exports by the person
- e. accounting records relating to taxable activities carried on in Anguilla
- f. any other records as may be prescribed by regulations

PROPER RECORDS

The term “proper records,” is not defined in the GST Act. In the absence of a legal definition of the term, the ordinary dictionary definition is applied. Proper’ is defined as ‘accurate, correct, fit, suitable, right’ by the Concise Oxford Dictionary and as ‘that which is fit, suitable, appropriate, adapted, correct, reasonably sufficient’ by Black’s Law Dictionary.

If the records do not show all pertinent information relating to the taxable activity, you are failing to keep proper records. The records kept must provide all the necessary information relating to your business activity and tax returns. It is also expected that your records will include, but not be limited to, those listed in the Act.

2.3 What records should be maintained as per the GST Act?

In accordance with Section 8 of the GST Regulations, the following records shall be maintained in Anguilla in addition to those specified in sections 60 and 61(1) of the Act —

- a. records of any GST invoices for which the recipient of the supply requested a copy to be issued
- b. invoices other than tax invoices for acquisitions of goods or services by the person
- c. records relating to the supply of goods or services to officers, directors, and employees, whether or not the supplies were made for consideration or paid for
- d. accounting instruction manuals, systems, programmes and any relevant documentation in use to describe the accounting system
- e. records of supplies taken by the taxable person for personal use, or given free of charge for nominal considerations to other persons
- f. records listing and summarising cash receipts and cash payments in respect of daily transactions
- g. records of stock destroyed, stolen and wasted
- h. stock records in respect to opening and closing stock
- i. any other accounts or records in any way related to the person's taxable activity

NB: You are required to retain the specified records in English for seven years after the end of the taxable period to which they relate.

2.4 What books and records are generally kept by GST registrants?

- a. purchases and sales journals
 - i. Used to record all purchases of goods (local or imported)
 - ii. GST registered local suppliers will provide a tax invoice – the information from each tax invoice should be recorded in your **'purchases journal'** (see *Appendix 1*)
 - iii. Your import declaration will include the value and amount of GST - The value or base used for calculating the amount of GST, the amount of GST paid, and total should also be recorded in your purchase journal
 - iv. Information from the tax invoices and sales receipts you provide to your customers should be recorded in your **'sales journal'** (see *Appendix 2*)
- b. Tax invoices and receipts for purchases
- c. Customs import and export documents
- d. Tax invoices, and sales receipts till rolls and Z-tapes
- e. Credit and debit notes
- f. Bank statements and cheque and deposit books
- g. Inventory data;
- h. Financial statements, profit and loss statements & balance sheets
- i. GST account (see *Appendix 3*)
- j. GST returns

NB: The nature of your business will guide you as to which records are unique to your operation and which you need on a day-to-day basis

3.0 ISSUING SOURCE DOCUMENTS

3.1 When do I issue a tax invoice?

You issue a tax invoice when you provide goods and/or services to another GST registered person (*see Appendix 4 for sample tax invoice*).

A tax invoice must contain the following particulars as per Schedule 3 (1) of the GST Act:

- a. the words “tax invoice” in a prominent place
- b. the name, address, and GST registration number of the registered person making the supply;
- c. for a supply to a registered recipient, the name, address, and GST registration number of the recipient of the supply
- d. the individualized serial number and the date on which the tax invoice is issued
- e. a description of the goods or services supplied
- f. the quantity or volume of the goods or services supplied
- g. the consideration for the supply in Eastern Caribbean Currency, excluding GST, the rate of GST, the total amount of the GST charged and the consideration including GST

3.2 When do I issue a sales receipt?

You issue a tax sales receipt when you provide goods and/or services to an unregistered person (*see Appendix 5 for a sample sales receipt*).

A sales receipt must contain the following particulars as per Schedule 3 (2) of the GST Act:

- a. the words “sales receipt” in a prominent place;
- b. the name, address, and GST registration number of the taxable person making the supply;
- c. the individualised serial number and the date on which the sales receipt was issued;
- d. a description which identifies the goods or services supplied;
- e. the quantity or volume of the goods and services supplied;
- f. for each GST rate applicable, the consideration for the supply in Eastern Caribbean Currency, including or excluding the GST amount;
- g. the total consideration and the GST amount.

3.3 When do I issue a tax credit note?

You issue a tax credit note when you decrease the value of a sale already made and accounted for, for example, in the case of returns and refunds. In this instance, you will claim the GST on the tax credit note as input (*see Appendix 6 for a sample tax credit note*).

A tax credit note must contain the following particulars as per Schedule 3 (3) of the GST Act:

- a. the words “tax credit note” in a prominent place;
- b. the name, address, and GST registration number of the taxable person making the supply;
- c. the name, address, and GST registration number of the recipient of the supply;
- d. the individualised serial number and the date on which the tax credit note was issued;
- e. the value of the supply shown on the tax invoice, the correct amount of the value of the supply, the difference between those two amounts, and the tax charged that relates to that difference;
- f. a brief explanation of the circumstances giving rise to the issuing of the tax credit note; and
- g. information sufficient to identify the taxable supply to which the tax credit note relates.

3.4 When do I issue a tax debit note?

You issue a tax debit note when you increase the value of a sale already made and accounted for, for example, in the case of undercharges. In this instance, you will claim the GST on the tax debit note as output tax (*see Appendix 7 for a sample tax debit note*).

A tax debit note must contain the following particulars as per Schedule 3 (4) of the GST Act:

- a. the words “tax debit note” in a prominent place;
- b. the name, address, and GST registration number of the taxable person making the supply;
- c. the name, address, and GST registration number of the recipient of the supply;
- d. the individualised serial number and the date on which the tax debit note was issued;
- e. the value of the supply shown on the tax invoice, the correct amount of the value of the supply, the difference between those two amounts, and the tax that relates to that difference;
- f. a brief explanation of the circumstances giving rise to the issuing of the tax debit note; and
- g. information sufficient to identify the taxable supply to which the tax debit note relates.

3.5 What should be included in the GST account?

You should regularly total the amounts of GST shown in your records and transfer the figures to the GST account, with separate headings for:

GST Payable	GST Deductible
- Sales	- Purchases
- Private consumption	- Imports
- Free supplies	- Other Expenses
- Adjustments / Errors	- Adjustments / Errors

If you purchase supplies that are not directly related to your business, an adjustment must be made to reduce the input tax credit by the amount not related to your business. You will also need to apportion the amount of input tax you claim as a credit if you:

- i. carry on a mixed activity, that is where you are engaged in a business that sells both taxable and exempt supplies
- ii. take goods from the business for your own, or your family's personal or private use

NB: This is because you can only claim an input tax credit for GST paid for goods or services that are for the purpose of making taxable supplies.

GST ACCOUNT

A GST account is a summary of totals of the output tax (GST charged on your sales) and input tax (GST paid on your imports and local purchases) for each tax period.

4.0 OTHER RECORD-KEEPING REQUIREMENTS

4.1 Are there any other requirements for keeping records?

- i. Your records must be kept in English, expressed in Eastern Caribbean Currency (XCD) and kept at your principal place of business in Anguilla.

The GST Act prescribes actions to be taken where records are not kept in English and expressed in XCD as follows:

- i. *Section 63: Where a record referred to in section 61 or 62 is also kept in a language that is not English, the Comptroller may, by notice in writing, require the person keeping the record to provide at that person's expense a translation into English by a translator selected by the Comptroller for this purpose.*
- ii. *Section 97(2): Where an amount is expressed in a currency other than in Eastern Caribbean currency*
 - (a) in the case of imports, the amount shall be converted at the exchange rate as determined in accordance with section 65(5) of the Customs Act; or*
 - (b) in all other cases, the amount shall be converted at the exchange rate applying between the currency and the Eastern Caribbean Currency at the time the amount is taken into account under this Act.*
- ii. You are also legally obliged to keep your records and all related documents for seven years from the end of the tax period to which they relate.
- iii. Your records must be kept in a form and contain information that will enable you and the IRD to determine: your tax liabilities and obligations under the Act; or the amount of refund you are entitled to.

4.2 In what format should I store my records?

It is always advisable to keep your records in their original format.

You are responsible for storing your records in a manner that will ensure the reliability and legibility of the information for at least (7) seven years.

You may keep your records either:

- a. as traditional books and records, including supporting source documents produced and retained in paper format; or
- b. in electronic readable format that is traceable to the supporting source documents, and that are supported by a system capable of producing accessible and usable copy.

4.3 If my accounting information is produced by computer, what other factors should I consider?

If your GST output records are generated by means of a computer, and information from your input records (relating to purchase of goods and services) is also transferred to a computer, you are required to retain all these computerized records in an electronic readable format. But remember, you must keep all the original input source documents. This means that a person who utilizes computerized systems to generate invoices and other records must retain the electronic records and the hard copy. If using an electronic system, it is advisable that an effective back up system is in place.

ELECTRONIC RECORD-KEEPING

Electronic record-keeping refers to those electronic business systems that create, process, store, maintain and provide access to a person's financial records. It includes but is not limited to custom commercial accounting packages, point of sale systems, and internet-based electronic commerce.

4.4 My operation involves supplying goods and services via the internet, I also purchase items and make payments using this medium, what should I do?

Persons engaged in electronic commerce must retain the electronic records which identify or record those transactions.

You are responsible for keeping and safeguarding all electronic data files. You should also ensure that adequate systems are put in place to protect the accuracy and integrity of these electronic records. In addition, you must make these electronic records available to the IRD for audit purposes, when required.

ELECTRONIC READABLE FORMAT

An electronic readable format means information supported by a system capable of producing accessible and usable copies.

ELECTRONIC COMMERCE

Electronic commerce is, broadly, defined as 'the delivery of information, goods, services or payments by telephone, computer over the internet or by any other automated means.

5.0 INPUT AND OUTPUT TAX

5.1 What can I claim as input tax?

You can claim input tax on purchases including utilities used in making your taxable supplies or in the course of business. For example, goods for resale, office supplies and electricity.

The following are the source documents required to support input tax claims:

- i. tax invoices
- ii. tax credit notes
- iii. tax debit notes
- iv. Customs Entries/ declarations

5.2 What can't I claim as input tax?

You cannot claim input tax on goods or services that are not used in the course of the business. For example, if you buy food supplies for your personal consumption you cannot claim the input tax on those purchases.

You cannot claim input tax on purchases that relate to exempt supplies. Where purchases relate to both taxable and exempt supplies, you will apportion the input tax by applying the 'Partial Exemption Method' outlined in sections 25 (3) and (4) of the GST Act.

See GST Guide for more information on the Partial Exemption Method.

INPUT TAX

Input tax is the GST paid on business purchases used in making taxable sales/ supplies including: (i) goods and services purchased in Anguilla; and (ii) goods and services imported.

The following are other instances where you cannot claim GST paid as input tax :

- a. you have not paid GST on imports to which the claim relates
- b. you do not hold the necessary documentation to validate the claim
- c. you cannot recover GST paid on the purchase, maintenance or repair of a passenger vehicle unless it is used for the taxable activity of hiring of vehicles and sale of vehicles

Commercial vehicles are not passenger vehicles so you can recover GST on the purchase, repair and maintenance of a commercial vehicle provided it is used exclusively for a taxable activity

- d. you cannot recover GST paid on entertainment, unless you are in the business of providing entertainment
- e. you cannot recover GST paid on fees or subscriptions paid in respect of membership to a club, association, or society of a sporting, social or recreational nature.

Only GST registered persons can reclaim input tax.

PASSENGER VEHICLE

“Passenger vehicle” includes a motorcar, station wagon, sport utility vehicle, or other road vehicle principally designed for transportation of people, but excludes a pick-up truck exclusively used for commercial purposes.

ENTERTAINMENT

“Entertainment” means food, beverages, tobacco, accommodation, amusement, recreation, or other hospitality whether directly or indirectly related to any person.

5.3 How do I account for the GST I charge on my supplies?

- i. **You declare your total output tax and input tax on your monthly GST return**

All sales and purchases must be declared in the tax period in which they occurred.

- ii. **Your input tax is offset against your output tax**
 - a. If your output tax exceeds your input tax, the difference is what you remit to the Comptroller.
 - b. If the input tax exceeds the output tax, you will be in an excess credit position and may be eligible to claim a refund after three (3) consecutive tax periods.

You must file your GST return on or before the 20th of the following month or the next working day if the 20th falls on a weekend or public holiday. *See Tax Calendar for due dates.*

NB: You are required to file a nil return if you had no transaction in a given month.

OUTPUT TAX

Output tax is the GST charged on sales or supplies.

6.0 OFFENCES

6.1 What are the offences as per the GST Act for improper documentation?

Section 68 of the Anguilla Goods and Services Tax Act outlines the offences for improper GST documentation as follows:

- a. A person who knowingly or recklessly fails to furnish any import declaration as required by section 22 commits an offence and is liable on conviction to a fine not exceeding \$5,000 and to imprisonment for a term not exceeding 3 years.
- b. Where a person convicted of an offence under subsection (1) fails to furnish the import declaration within a further period specified by the Comptroller by notice in writing, that person commits an offence and is liable on conviction to a fine of \$500 for each day during which the failure continues and to imprisonment for 3 months.
- c. A registered person who knowingly or recklessly fails to provide a tax invoice as required by section 28 commits an offence and is liable on conviction to a fine not exceeding \$5,000 and to imprisonment for a term not exceeding 6 months.
- d. A person who knowingly or recklessly provides a tax invoice or sales receipt otherwise than as provided for in section 28 commits an offence and is liable on conviction to a fine not exceeding \$5,000 and to imprisonment for a term not exceeding 2 years.
- e. A registered person who fails to provide a tax credit note or tax debit note as required by section 29 commits an offence and is liable on conviction to a fine not exceeding \$5,000 and to imprisonment for a term not exceeding 6 months.

- f. A person who knowingly or recklessly provides a tax credit note or tax debit note otherwise than as provided for in section 29 commits an offence and is liable on conviction to a fine not exceeding \$5,000 and to imprisonment for a term not exceeding 2 years.
- g. A person who knowingly or recklessly uses a false GST registration number, including the GST registration number of another person, on a return, notice, or other document prescribed or used for the purposes of this Act commits an offence and is liable on conviction to a fine not exceeding \$20,000 and to imprisonment for a term not exceeding 2 years.

NB: This does not apply to an authorised representative or agent who uses the GST registration number of another person with the permission of that person on a return, notice, or other document relating to the tax affairs of that person.

7.0 MODEL DOCUMENTATION

7.1 Appendix 1: Sample Purchases Journal

PURCHASES JOURNAL							
INV #	DATE	DESCRIPTION		PURCHASE SOURCE		GST (13%)	GROSS
		EXPENSES AND CAPITAL	GOODS FOR RESALE	IMPORT	DOMESTIC		
001-22	3/7/2022		Potatoes		1,500.00	0	1,500.00
002-22	6/7/2022		Rice	2,900.00		0	2,900.00
003-22	10/7/2022		Bottled Water	1,000.00		130.00	1,130.00
004-22	11/7/2022		Confectionery	500.00		65.00	565.00
005-22	17/07/2022		Household Goods		3,000.00	390.00	3,390.00
006-22	21/07/2022	Fuel			200.00	26.00	226.00
007-22	28/07/2022	Forklift			10,000.00	1,300.00	11,300.00
008-22	30/07/2022	Car*			20,000.00	--	22,600.00
			TOTAL	4,400.00	34,700.00	1,911.00	43,611.00

*Car purchase - cannot recover the GST paid

7.2 Appendix 2: Sample Sales Journal

SALES JOURNAL						
DATE	TOTAL DAILY SALES	STANDARD RATE DAILY SALES	GST @ 13%	ZERO RATE DAILY SALES	EXEMPT DAILY SALES	DAILY SALES (net of GST)
1/7/2022	4,000.00	2,800.00	322.12	1,000.00	200.00	3,677.88
2/7/2022	3,000.00	1,900.00	218.58	1,100.00	0	2,781.42
CONTINUED						
Daily Sales Month's total	98,000.00	60,000.00	6,902.65	32,000.00	6,000.00	91,097.35
OWN USE (in month)	3,000.00	2,000.00	230.09	700.00	300.00	2,769.91
Total	101,000.00	62,000.00	7,132.74	32,700.00	6,300.00	93,867.26
Forklift (Capital Item)	4,400.00	4,400.00	506.19			3,893.81
GRAND TOTAL	105,400.00	66,400.00	7,638.94	32,700.00	6,300.00	97,761.06

Note 1: 13% is included in the gross (standard rate) daily sales and so the GST is calculated by 13/113

Note 2: Shows range of GST liabilities - standard rate, zero rate and exempt

7.3 Appendix 3: GST Account

INPUT TAX	\$	OUTPUT TAX	\$
Domestic purchases		Supply of goods and services	
Imports		Debit note issued	
Debit note received		Credit note received	
Credit note issued		Bad debt recovered	
Bad debt		Goods taken for non-business use	
Adjustment for errors, etc.		Adjustment for errors, etc.	
Total input tax claimable		Total output tax	
		Less total input tax	
		Tax payable / creditable	

7.4 Appendix 4: Sample Tax Invoice

Invoice from:

3 **KTZ Enterprise**
The Valley
Anguilla
TIN: 2000001234

1 **TAX INVOICE**

Invoice to:

2 **XYZ Ltd**
Long Falls
Anguilla
TIN: 2000004567

6 **4** **Invoice No.:** 101
Date: 18 / 09 / 2022

Description	Quantity	Unit Price (Exc. GST)	Total (XCD)
Cleaning Supplies	4	44.25	\$177.00
Pillows	6	88.50	\$531.00
Linen	2	17.70	\$35.40

5

7

Terms & Conditions:
Payment required within 30 days of invoice date.

Payment Terms:
All prices are quoted in Eastern Caribbean Dollars (XCD).

Sub Total \$743.40
Total GST 13% \$ 96.64

GRAND TOTAL \$840.04

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- 1 the words “tax invoice” in a prominent place
- 2 for a supply to a registered recipient, the name, address, and GST registration number of the registered recipient of the supply
- 3 the name, address, and GST registration number of the registered person making the supply
- 4 the individualised serial number and the date on which the tax invoice is issued
- 5 a description of the goods or services supplied
- 6 the quantity or volume of the goods or services supplied
- 7 the consideration for the supply in XCD (excluding GST), the rate of GST, the total amount of the GST charged and the consideration including GST

7.5 Appendix 5: Sample Sales Receipt

SALES RECEIPT			
AUR Trading The Valley, Anguilla TIN: 2000002460			
Receipt #: 1234		5 August 2022	
Qty	Description	Price (XCD)	
2lbs	Chicken wings	5.00	Z
1lb	Powdered milk	5.00	Z
2lbs	Brown Sugar	1.50	Z
2lbs	Rice	2.00	Z
1	Cornflakes	8.39	T
1	Luncheon Meat	4.19	T
1	Macaroni	2.57	T
1	Sardine	2.02	T
1	Soda	2.51	T
2	Garlic Powder	1.40	T
1	Text Book	2.00	E
Total		\$36.58	
Sub Total		\$34.15	
13% GST		\$ 2.43	
Z - Zero-rated item T - Standard-rated item (13% GST included in price) E - Exempt Item			

- 1** the words “sales receipt” in a prominent place
- 2** the name, address, and GST registration number of the registered person making the supply
- 3** a description which identifies the goods or services supplied
- 4** the individualised serial number and the date on which the sales receipt is issued
- *5** for each GST rate applicable, the total consideration for the supply in XCD, including or excluding the GST amount
- 6** the GST rate

**Variations to the Sales Receipt, specifically GST exclusive pricing and display of rate applicable, are acceptable.*

7.6 Appendix 6: Sample Tax Credit Note

TAX CREDIT NOTE				
Name (supplier) _____ Address _____ TIN _____				
TAX CREDIT NOTE #: _____ DATE: _____				
Name (customer) _____ Address _____ TIN _____				
REASON FOR ISSUE OF CREDIT NOTE: _____ _____				
ADJUSTMENT DETAIL:				
SUPPLY	DESCRIPTION	VALUE	GST	TOTAL
ACTUAL SUPPLY				
ORIGINAL SUPPLY				
Invoice #: _____ Date: _____				
THE DIFFERENCE (ACTUAL less ORIGINAL)				
All amounts: Eastern Caribbean Dollars				

7.7 Appendix 7: Sample Tax Debit Note

TAX DEBIT NOTE				
Name (supplier) _____ Address _____ TIN _____				
TAX DEBIT NOTE #: _____ DATE: _____				
Name (customer) _____ Address _____ TIN _____				
REASON FOR ISSUE OF DEBIT NOTE: _____ _____				
ADJUSTMENT DETAIL:				
SUPPLY	DESCRIPTION	VALUE	GST	TOTAL
ACTUAL SUPPLY				
ORIGINAL SUPPLY				
Invoice #: _____ Date: _____				
THE DIFFERENCE (ACTUAL less ORIGINAL)				
All amounts: Eastern Caribbean Dollars				



CONTACT US

For more information, feel free to contact the Inland Revenue Department at gst@gov.ai or inlandrevenue@gov.ai

Please visit our website at ird.gov.ai for the most current publications on GST.

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