

National Board of Revenue

Welcome

to

the Presentation

on

**New VAT Act and Rules: An
Implementation Road Map**

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National Board of Revenue**



New VAT encourages Voluntary Compliance

Online Procedure of New VAT System



Agenda

- **Legal Structure**
- **Strategic Objectives**
- **IT System**
- **Organizational Restructuring**
- **Implementation Road map**
- **Branding new VAT**



Background

Need for a new Act

- **VAT Act 1991 fails to create business friendly environment**
- **Establishing VAT chain is not possible for truncated rate and tariff value**
- **Limited scope of input tax credit**
- **Did not develop uniform implementation culture**
- **Lower revenue yield**
- **Scopes of corruption and taxpayer harassment are very high**
- **Difficult to follow many procedures by taxpayers**

Impossible to eliminate all defective provisions from VATA1991 within its structure. As a result, **Govt. decides for a new Act.**

Background

Making the Act operational

- **Issued Value Added Tax and Supplementary Duty Rules, 2016**
- **Design all FORMs**
- **Develop Business Process (BP) following the best practices**
- **Digitize all business process**
- **Develop trained Human resources**
- **Taxpayers Communication to increase taxpayers awareness**

Basic Features of new Act



Scope of VAT

- **Keeps small business out of VAT net**
- **No VAT or Turnover Tax (ToT) for business whose yearly turnover upto 30 lac**
- **@3% ToT on business having annual turnover >30 lac but not exceeding 80 lac**
- **VAT @ 15% for business having yearly turnover >80 lac**

Special benefits for small business

Basic Features of new Act

Registration

- **Follows the registration principle of Company Act**
- **One company One Registration**
- **Branch Registration is optional**

One company oneregistration

Basic Features of new Act



Registration

- **Central registration is the norm**
- **Branch registration is optional depending on accounting**
- **VAT not payable for transfer of goods/service among branches**
- **No need to create artificial transactions**
- **Single audit for a company**
- **Single regulatory authority for branches of a company**

VAT process follows the business processes

Basic Features of new Act

Valuation

- **Price of goods and service will be determined by seller and buyer as per the policy of market economy**
- **Transaction price is the basis for VAT calculation**
- **Discount allowed**
- **No Need to declare price of goods and obtain approval**

Market determines the price of goods or service

Basic Features of new Act

Credit

- **Wide range of credit**
- **Covers almost all inputs for a business**
- **Even balance in Account Current (Mushak-18) under VAT Act, 1991 is also creditable under new VAT Act**
- **Credit is termed as Negative Adjustment**
- **Input tax is refundable**
- **No conditional Credit**

Credit ensures VAT Chain

Basic Features of new Act



Accounting/Book-keeping

- **Simple accounting based on Positive Adjustment for sales and Negative Adjustment for purchase**
- **VAT Accounting follows business accounting**
- **Single Account for a company, though having multiple branches**
- **No Account Current**

No advance payment via Account Current

Results

- **Facilitate the operation of businesses**
- **Ensure ease of doing business**
- **Reduce cost of doing business**
- **Create level playing field for all business**
- **Optimize Self-compliance and reduce tax gap**
- **Establish a Service Oriented and automated VAT regime instead of a manual and self-serving tax regime**

Ultimate Destination to reach



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Strategic Objectives



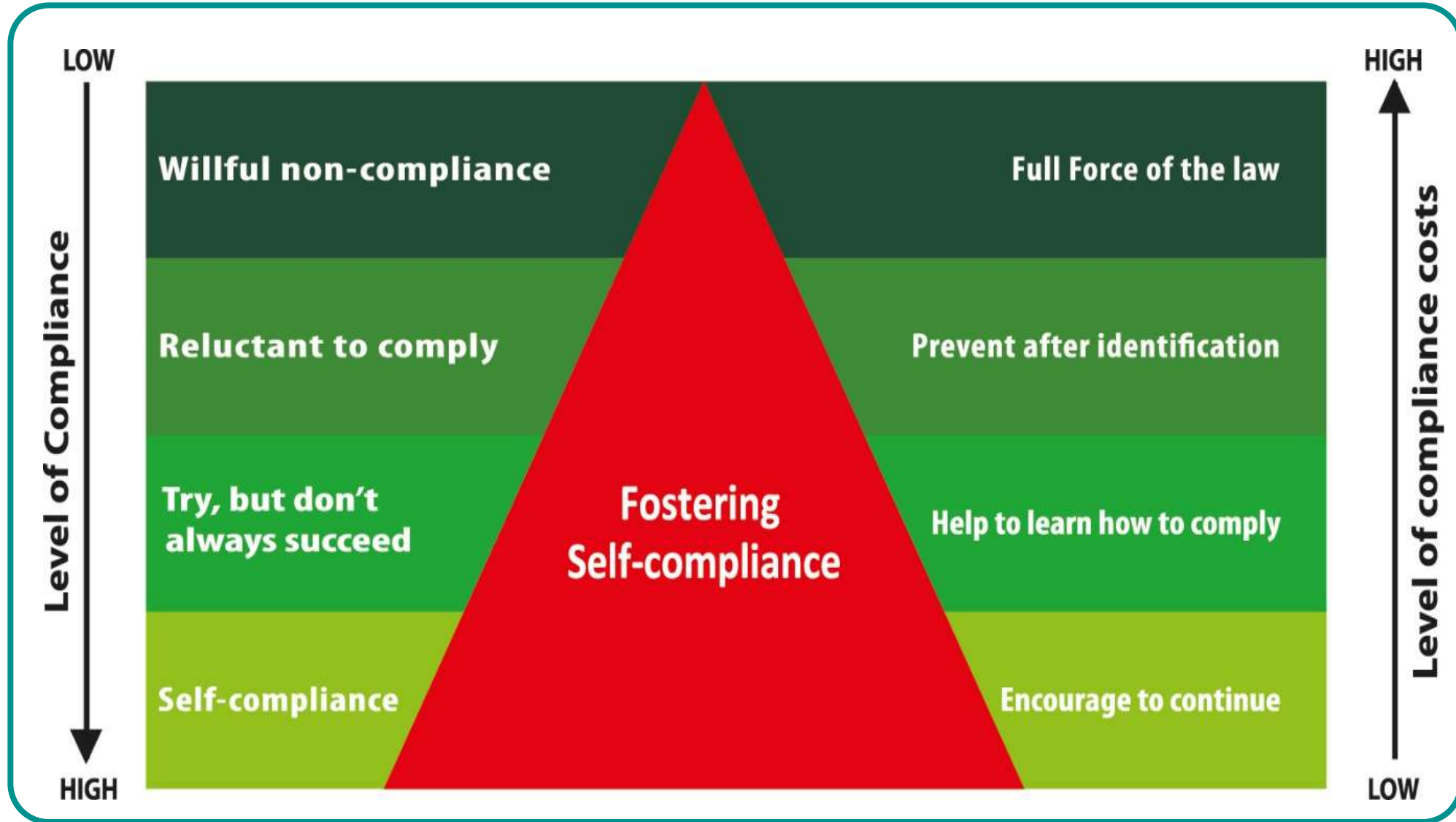
- To optimize self-compliance by increasing regular filers, and by reducing stop-filers and non-filers.
- To achieve VAT-to-GDP ratio of 4.7 percentage points.
- To reduce tax gap.
- To reduce cost of doing business by providing transparent, efficient, effective and quick taxpayers services.
- To reduce tax disputes significantly.
- To increase arrear collection.

Strategic Objectives *(Contd.)*



- To increase issuance of refund.
- To establish effective VAT chain by eliminating sporadic exemptions and multiple reduced rates.
- To establish scientific revenue accounting and reporting system.
- To create efficient and dedicated human capital for satisfactory service by providing proper learning and incentives.

Compliance Strategy



Online Procedure of New VAT System



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New VAT will be implemented...

- in an automated environment
- the VAT system will be linked to other systems
- the VAT system will be supported by several peripheral digital systems
- the core system is iVAS

Core Taxpayer's Modules in iVAS

Module Development status

➤ **Registration - Completed.**

Online registration is starting from 15 March, 2017

➤ **Return - Completed.**

Online registration is starting from 15 March, 2017. Taxpayer will be able to use from 1 August, 2017

➤ **Payment - Completed.**

Online registration is starting from 15 March, 2017. Taxpayer will be able to use from 1 August, 2017

Module Development status (2)

➤ **Accounting - Completed.**

Online registration is starting from 15 March, 2017

➤ **Litigation & Appeal - Developing.**

Online registration is starting from 15 June, 2017.

➤ **Case management - Developing.**

Online registration is starting from 15 June, 2017.

Online Procedure of New VAT System

Integration with external systems



iVAS – Integrated VAT Administration System; **BiTax** – Bangladesh Income Tax,
iBAS – Integrated Budget & Accounting System

iVAS is supported by



VAT Online Service Center (12)



VAT Online Central Processing Center (1)



VATMobile Apps (1)

Online Procedure of New VAT System



VAT Online System includes

- Integrated VAT Administration System (iVAS)
- VAT Online Central Processing Centre (VOCCPC)
- VAT Online Contact Centre (VOCC)
- VAT Online Service Centre (VOSC)
- Resourceful website (nbr.gov.bd)
- E-learning System (nbrelearning.gov.bd)
- Social Media
- Asset Management System
- Human Resource Management Information System (HRMIS)
- VATMobile Apps



Online Procedure of New VAT System



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Functional Role Distributions

- The roles of VAT administration and the particular group of officers should be allocated according to specific functions.
- The task should be distributed in the line of function keeping the present 4-type VAT administration intact.
- Resources should be re-allocated from Circle & Division office to Commissionerates
- Commissionerates will be the centre point of all functionalities
- Size-type (LTU) and geographic distribution of administration still exist

Basic Functions of VAT Offices

- Policy Formulation
 - Major policy decisions
 - Monitoring
 - Administrative Function
- Registration & Taxpayer Service
 - Return
 - Payment
 - Risk management & Audit
 - Litigation
 - Debt management
 - Enforcement
- Taxpayer Service
 - Registration Survey
 - Single Case audit/investn
 - System allocated functions
 - Non-filer audit/investigation

Online Procedure of New VAT System



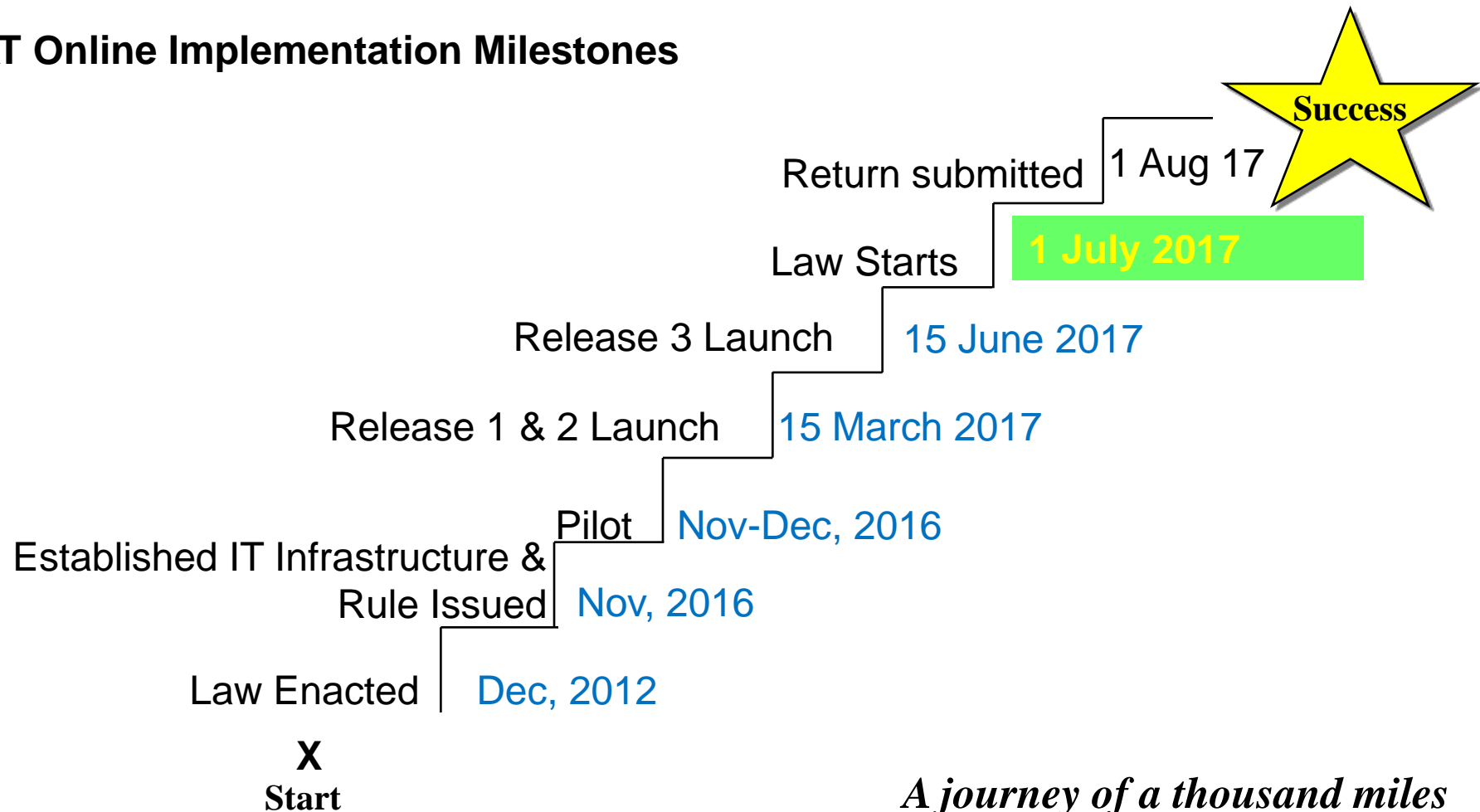
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VAT Online Implementation Milestones

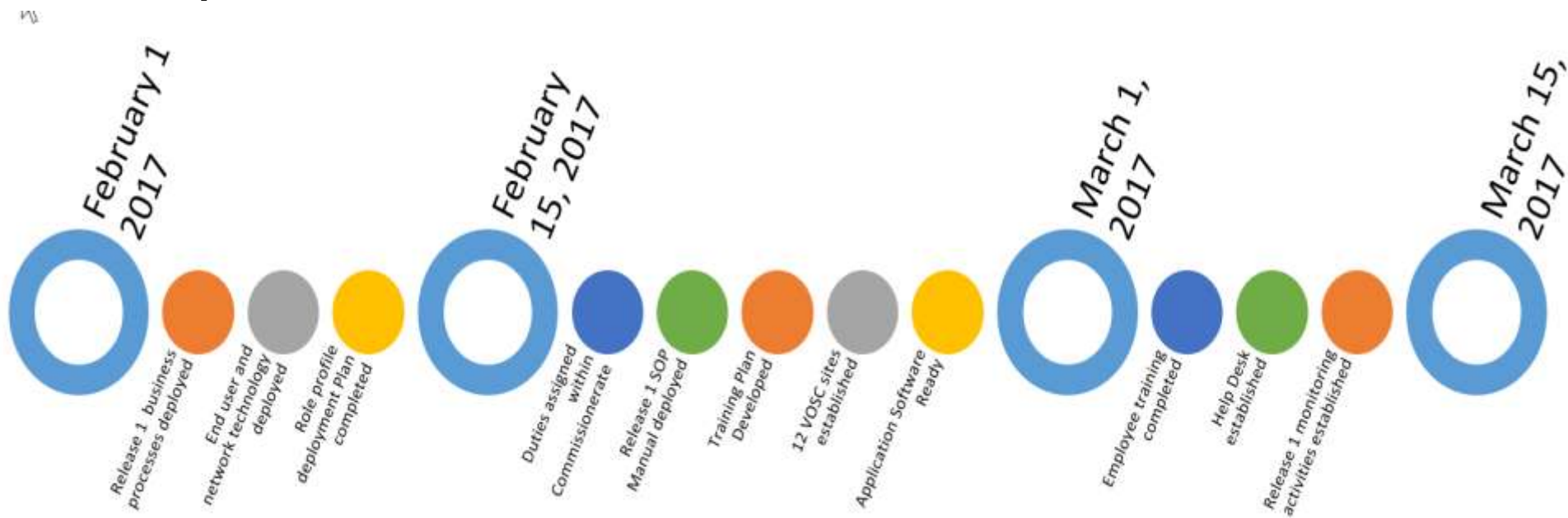
VAT Online Implementation Milestones



A journey of a thousand miles occurs one step at a time.

VoP Release 1 Milestones

Roadmap to achieve 15 March Milestones



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Promotional Activities

- Honour Card for regular filers (Yearly)
- Honour Card holder social benefits
- Lottery (Half Yearly)
- VAT payers (consumer) Lottery (bimonthly)
- VAT Officials Performance Incentive (Monthly)

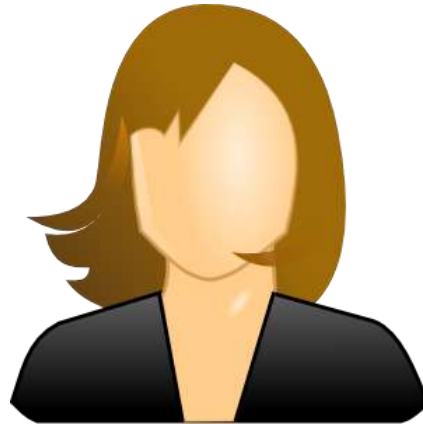


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New Concept



"I AM
VAT
SMART"



I'm a smart VAT Mentor



I am a
smart
VAT
Trustee

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Promotion over Social Media

- **Facebook Page:** [Facebook.com/VATOnlineBD](https://www.facebook.com/VATOnlineBD)
- **LinkedIn:** [Linkedin.com/in/VATOnlineBD](https://www.linkedin.com/in/VATOnlineBD)
- **Twitter:** [@VATOnlineBD](https://twitter.com/VATOnlineBD)
- **YouTube:** [VAT Online Channel](#)

Value Added Tax and Supplementary Duty Act, 2012

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Thank you all

