

GUIDANCE NOTE

OGC No. 05/2024

Value Added Tax Act, Cap. 87

Budgetary Proposals and Financial Statement 2024/25

Reference	OGC No. 05/2024
Title	Value Added Tax: Water Tanks, Septic Tanks and Electrical Pumps
Subtitle	Value Added Tax on Water Tanks, Septic Tanks and Electrical Pumps
Purpose	This note is intended to inform the public when the purchase and installation of water tanks, septic tanks and electrical pumps are exempt from Value Added Tax (“VAT”). It should be read in conjunction with the <i>Value Added Tax Act, Cap. 87, as amended.</i>

Value Added Tax on Water Tanks, Septic Tanks and Electrical Pumps

On Monday, 18 March, 2024, the Honorable Prime Minister and Minister of Finance and Economic Affairs, Culture, Security and the Public Service, Mia Amor Mottley, S.C, M.P, announced, during the Budgetary Proposals and Financial Statement for the financial year 2024/2025, the introduction of a

“waiver of VAT on the sale and installation of water tanks, septic tanks and electrical pumps for residential properties for 2 years.”

To give effect to the foregoing, the Barbados Revenue Authority advises that:

Commencement and Ending Date

Effective from April 1, 2024 to March 31, 2026

- (a) a supply of a water tank, septic tank or electrical pump, where the supply is acquired for a residential property;
- (b) a supply of services, where the service is acquired for the purpose of installing a water tank, septic tank or an electrical pump in a residential property; and

shall be exempt from the tax imposed under the *Value Added Tax Act, Cap. 87.*

Scope of the relief

The relief applies to

- (a) the supply of water tanks, septic tanks or electrical pumps by a person who installs those materials in residential properties. For example, where a customer employs a business to supply and install a water tank, septic tank or electrical pump;
- (b) the supply of water tanks, septic tanks or electrical pumps without installing them. For example, the sale of water tanks, septic tanks or electrical pumps by a retailer to a customer;
- (c) the services of installing water tanks, septic tanks or electrical pumps in residential properties. For example, where a customer employs a business to install a water tank, septic tank or electrical pump that the customer purchased directly from a retailer.

Installation in Residential Property

Installation, in this context, means putting in place water tanks, septic tanks or electrical pumps and includes the plumbing and electrical works to connect the said materials for use in the residential property.

The relief applies to residential property. This includes houses or other dwellings.

Electrical Pump

Electrical pump, in this context, means a pump acquired and installed for use in connection with a water tank.

Mixed services

If the supply and installation of a water tank, septic tank or electrical pump is part of a contract for the construction of a dwelling house which is subject to VAT the invoicing should be split between the part that is VAT exempt and that which is subject to the standard rate.

Should you have any queries about this guidance note or require further information, please direct your enquiries to our Contact Centre at [1 \(246\) 429-ETAX \(3829\)](tel:1246429429) or via email at bramail@bra.gov.bb.