GOVERNMENT OF GRENADA
MINISTRY OF FINANCE
INLAND REVENUE DIVISION

VAT-FREE DAY
BUSINESS GUIDE

Introduction

The Government of Grenada has introduced the VAT-Free Day initiative to provide direct financial relief to consumers while stimulating economic activity and supporting local businesses. This guide outlines the requirements for businesses eligible to participate in the VAT-Free Day programme, including eligibility criteria, compliance obligations, reporting requirements and administrative procedures applicable before, during and after the event.

Business Eligibility

- Businesses must be registered for VAT and possess an active Tax Identification Number (TIN).
- All VAT returns must be filed.
- Businesses must be tax compliant and in good standing with the Inland Revenue Division.
- Businesses with approved payment arrangements that are being honoured will be considered compliant.
- Businesses must operate from an approved business location.

Conditions of Participation

- Apply the 0% VAT rate only to eligible goods.
- Continue to charge VAT on non-eligible goods and services at the applicable rate.
- Issue proper receipts or tax invoices for all transactions.
- Maintain adequate records and supporting documentation.
- Permit inspection and review of records by the Inland Revenue Division.

Eligible Goods

- Only tangible goods ordinarily subject to the standard VAT rate are eligible.

- Goods must be in stock and available for sale during the designated VAT-Free Day period.
- Eligible categories include food and household essentials, clothing and footwear, school supplies, household appliances, furniture, electronics, building materials, toiletries, personal-care items and other qualifying tangible goods.
- Large items such as refrigerators, stoves and building materials may be delivered within two weeks of the VAT-Free Day, provided the sale is completed during the event.

Non-Eligible Goods and Services

- Orders or back-orders for goods that are not in stock or immediately available for delivery.
- Motor vehicles, including cars, SUVs, trucks, buses and motorcycles.
- Tobacco products, including cigarettes and cigars.
- Alcoholic beverages, including wine, beer, rum, vodka, brandy, stout and similar products.
- All services, including professional services, rent, catering, telecommunications, internet and cable services.
- Supplies by accommodation providers, restaurants, bars and other tourism-related businesses.
- Imported goods and services.
- Lottery, gaming and gambling products and services.
- Jewellery, precious metals, precious stones and other designated luxury goods.
- Gift cards, vouchers and similar financial instruments.

Invoicing and Receipts

- Receipts should clearly display the business name, TIN, date and time of sale, invoice number, description of goods, selling price, VAT charged (0% where applicable) and total amount payable.

Record Keeping

- Retain complete records of all VAT-Free Day sales.
- Maintain copies of receipts and tax invoices.
- Clearly distinguish VAT-Free Day sales from taxable, zero-rated and exempt supplies which occurred during the month.
- Produce records upon request by the Inland Revenue Division.

Filing and Reporting Requirements

- Report VAT-Free Day sales on the zero-rated line of the VAT Return.

- Continue to report all other taxable, zero-rated and exempt supplies in the appropriate sections of the VAT Return.
- Retain supporting documentation for all reported transactions.

Returns and Exchanges

- Eligible goods exchanged on the VAT-Free Day for another eligible item may continue to receive VAT-free treatment.
- When an item purchased during the VAT-Free Day is returned after the event and exchanged for another item, the replacement item is subject to the standard VAT rate.
- Goods purchased before the VAT-Free Day and exchanged during the event do not qualify for VAT-free treatment.

Compliance Monitoring and Penalties

- The Inland Revenue Division may conduct inspections, mystery shopping exercises, stock verification, receipt verification and audits.
- Businesses found in breach of the programme rules may be removed from the programme, assessed additional VAT, penalised under the VAT Act and excluded from future VAT-Free Day events.

Contact Information

Inland Revenue Division
Ministry of Finance
Government of Grenada
Telephone: 440-3556
Email: helpdesk@ird.gov.gd
Website: www.ird.gd