

Special refund of sales tax for goods held on hand

190. (1) A person is entitled to a special refund equal to the amount of sales tax in respect of the goods held on hand subject to the following conditions:

- (a) the claimant is a registered person under section 20 as at the effective date;
- (b) the claimant on the effective date holds goods for the purposes of making a taxable supply;
- (c) the goods are taxable under the Sales Tax Act 1972 and the sales tax has been charged to and paid by the claimant; and
- (d) the claimant must hold the relevant supplier's invoice proving that the claimant is the recipient for which sales tax has been charged or import documents proving that the claimant is the importer, consignee or owner for which sales tax has been paid.

(2) In the case where—

- (a) the goods are purchased from suppliers other than a licensed manufacturer;
- (b) the goods are taxable under the Sales Tax Act 1972; and
- (c) the invoice held by the person for the goods purchased does not show that the sales tax has been charged,

he is entitled to a special refund equal to twenty per cent of the value of the goods he holds on the effective date as ascertained from the invoice multiplied by the applicable sales tax rate subject to the following conditions:

- (A) the claimant is a registered person under section 20 as at the effective date;
- (B) the claimant on the effective date holds goods for the purposes of making a taxable supply; and
- (C) the claimant has paid the amount as shown on the invoice.

(3) Where a claim for special refund has been made under subsection (1) or (2) and subsequently the claimant returns the goods to the supplier, the claimant shall account the amount of special refund as his output tax in the return for the taxable period in which the goods are returned.

(4) The special refund shall not apply to—

- (a) goods which have been capitalised under accepted accounting principles;
- (b) goods which have been used partially or incorporated into some other goods;

- (c) goods held for hire, goods held for other than business use and goods not for sale or exchange;
- (d) goods on which sales tax has been paid under the Sales Tax Act 1972 before the effective date and subsequently to be exported on or after the effective date where a claim for drawback on the sales tax paid is to be made under section 29 of the same Act; or
- (e) goods on which the claimant is allowed to claim for a deduction of sales tax under section 31A of the Sales Tax Act 1972.