

Change in accounting basis

33. (1) Where a registered person changes from an invoice basis to a payment basis or from a payment basis to an invoice basis he shall—

- (a) prepare a list of creditors in relation to taxable supplies to him showing the amounts due by him as at the last day of the taxable period preceding that in which the change of accounting basis takes effect;
- (b) prepare a list of debtors in relation to his taxable supplies showing the amounts due to him as at the last day of the taxable period preceding that in which the change of accounting basis takes effect; and
- (c) calculate the tax payable or refundable pursuant to subregulation (2), (3) or (4) by using tax fraction and make an adjustment of tax by including the tax payable or refundable in the first return where the change of accounting basis takes effect.

(2) Where a registered person changes from an invoice basis to a payment basis, the tax payable under paragraph (1)(c) shall be an amount determined in accordance with the following formula:

$$A - B$$

Where A is an amount equal to the aggregate amount of the input tax deducted pursuant to subsection 38(1) of the Act in relation to the amounts due that are required to be shown in the list of creditors required to be prepared by the registered person; and

B is an amount equal to the aggregate amount of the output tax accounted in relation to the amounts due that are required to be shown in the list of debtors required to be prepared by the registered person.

(3) Where a registered person changes from a payment basis to an invoice basis, the tax payable under paragraph (1)(c) shall be an amount determined in accordance with the following formula:

$$C - D$$

Where C is an amount equal to the aggregate amount of the output tax that would have been accounted in relation to the amounts due that are required to be shown in the list of debtors required to be prepared by the registered person, if the person has been accounting for tax payable on an invoice basis; and

D is an amount equal to the aggregate amount of the input tax that would have been deducted pursuant to subsection 38(1) of the Act in relation to the amounts due that are required to be shown in the

list of creditors required to be prepared by the registered person, if the person has been accounting for tax payable on an invoice basis.

(4) Where the amount of net tax referred to in subregulation (2) or (3) is a negative amount, such amount shall be refunded to the registered person by the Director General.

(5) For the purpose of this regulation, any previous adjustment made to input tax or output tax, as the case may be, when a registered person changed from an invoice basis to a payment basis or a payment basis to an invoice basis, shall be deemed to have been deducted or accounted for pursuant to section 38 of the Act.

(6) Any person who contravenes subregulation (1) commits an offence.