



DIR's Panoramic Reach: **TAX ASSESSMENT MEETS AUDIT POWERS**

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Disagree with the DIR's Notice of Assessment? File Your Objection on Time

In the previous article in this series, we considered what happens when a taxpayer receives an assessment from the Department of Inland Revenue (DIR) and is prepared to pay it. This article explains what a taxpayer must do when disputing an assessment.

When may the DIR issue a VAT assessment?

As previously discussed in [When Might the DIR Issue a VAT Assessment?](#), the Comptroller may issue a VAT assessment in circumstances including where:

- the Comptroller is not satisfied that a VAT return is accurate or reasonable;
- a person has collected VAT, or represented that VAT was chargeable, when it was not;
- the Comptroller believes that a person should be registered for VAT but is not;
- a VAT registrant has incorrectly charged VAT because the supply was not taxable, was zero-rated, or was taxed at the wrong rate;
- the Comptroller is satisfied that a scheme was entered into or carried out to evade tax or abuse the provisions, purpose or intent of the VAT Act; or
- there is reason to believe that a person will become liable to pay VAT but is unlikely to do so.

The DIR establishes the taxpayer's liability by issuing a Notice of Assessment.

Disagree with an assessment? File a Notice of Objection

A taxpayer who disagrees with an assessment may challenge it by lodging a written Notice of Objection with the Comptroller.

The 30-day deadline

A Notice of Objection must be lodged within 30 days after the date of service of the Comptroller's Notice of Assessment.

This deadline is critical. However strong the taxpayer's case may be, failing to file a valid objection on time may eliminate the right to challenge the assessment.

The Comptroller may accept a late objection if satisfied that the taxpayer did not unreasonably delay filing it. A taxpayer filing outside the 30-day period should therefore explain the delay fully and provide a reasonable basis for it.

A taxpayer who fails to object to an appealable decision may have no further right of objection or appeal under the *Value Added Tax Act*.

How to file the Notice of Objection

The Notice of Objection must:

- be in writing and addressed to the Comptroller of Value Added Tax;
- be delivered to the DIR's offices or submitted through the taxpayer's account on the Bahamas Online Tax Administration System (OTAS);
- identify in detail the grounds on which the assessment is disputed;
- include the documents, information and calculations supporting the taxpayer's position; and
- be accompanied by payment of the full amount assessed or security for that amount in a form acceptable to the Comptroller.

The objection should be prepared carefully, with the relevant legal arguments and supporting evidence clearly presented. The grounds on which the objection is made must be specified in detail. Also,

where it is an objection to a tax assessment, it must be accompanied by payment of the amount assessed or security for the equivalent amount in a form acceptable to the Comptroller.

What happens after the objection is filed?

The Comptroller must consider the objection within 90 calendar days after it is lodged and may:

1. allow it in full;
2. allow it in part; or
3. disallow it.

The Comptroller's decision must be given in writing.

If the Comptroller does not determine the objection within 90 calendar days, the taxpayer may appeal to the Tax Appeal Commission as though the objection had been disallowed.

If the Comptroller issues a decision within the 90-day period but the taxpayer remains dissatisfied, the taxpayer may also appeal that decision to the Tax Appeal Commission. A taxpayer's failure to do so is fatal and results in no further right of objection or appeal under the statute.

In the next article in this series, we examine how a taxpayer may appeal if the DIR remains unrepentant and upholds its assessment in whole or in part.

About Graham Thompson's Tax Group

Graham Thompson's Tax Group combines deep international tax expertise with on-the-ground experience in The Bahamas' evolving tax landscape. The team advises on complex tax planning, structuring, and dispute resolution matters, including VAT, income tax, and other indirect taxes, and regularly represents taxpayers in dealings with the Department of Inland Revenue.

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