WELCOME

INTRODUCTION OF ATTENDEES

PURPOSE OF THIS PRESENTATION
MISSION

To administer and enforce the tax laws of the Virgin Islands.
Manufacturers are required to pay excise tax on goods manufactured in the VI, unless otherwise exempted.

There is no Excise Tax on goods manufactured in the VI which are sold to purchasers who take delivery and actual possession outside of the VI.
WHAT IS A MANUFACTURED GOOD?

- The transformation of goods or wares (physical or chemical) by manual labor or machinery into new products.
- Manufacturing activities are those described in the North American Industrial Classification System (NAICS) codes under sections 11, 31, 32 and 33.
- For more details regarding the NAICS codes please visit the following website:
  - https://www.naics.com/naics-search-results/
WHAT ARE THE TAX RATES?

• The excise tax rates on locally manufactured goods and imported goods are the same.
• The rates can be found in Title 33 VI Code section 42(a).
GOODS IMPORTED TO BE USED IN MANUFACTURING

• Information is submitted using the Excise Web Portal
  https://excise.bir.vi.gov

• Excise Tax on imported raw materials to be used in manufacturing will be deferred until the time of sale of the manufactured product.
The tax deferral granted for importation of raw materials used in the manufacturing process is not applicable for the container tax. The container tax is due at the time of importation.
### Item Numbers for Goods Imported to be Used in Manufacturing

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>M24</td>
<td>Raw material used in the production of food stuff</td>
</tr>
<tr>
<td>M28</td>
<td>Raw material used for packaging made in the VI: such as paper, plastic, glass, etc.</td>
</tr>
<tr>
<td>M33</td>
<td>Raw material used in the production of tobacco and cigars</td>
</tr>
<tr>
<td>M35</td>
<td>Raw material used in the production of beer</td>
</tr>
<tr>
<td>M36</td>
<td>Raw material used in the production of carbonated beverages</td>
</tr>
<tr>
<td>M47</td>
<td>Raw material used in the making of clothes</td>
</tr>
<tr>
<td>M55</td>
<td>Raw material used in the production of rugs</td>
</tr>
<tr>
<td>M56</td>
<td>Raw material used in the construction business, and for screens, cabinets, etc.</td>
</tr>
<tr>
<td>M59</td>
<td>Raw material used in the production of soaps, detergents, and toilet preparations</td>
</tr>
<tr>
<td>M60</td>
<td>Raw material imported for manufacturing purposes for which no specific tax category exist</td>
</tr>
</tbody>
</table>
EXAMPLE OF AN IMPORT RETURN CONSISTING OF RAW MATERIALS

Virgin Islands Bureau of Internal Revenue - Excise Tax Division

Due $0.00, Payments $0.00, Balance $0.00

<table>
<thead>
<tr>
<th>SSN/EIN</th>
<th>Business</th>
<th>First Name</th>
<th>Mi</th>
<th>Last Name</th>
<th>Organization</th>
<th>DBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>123456789</td>
<td>SAMPLE</td>
<td>IMPORTER</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address</th>
<th>City</th>
<th>ST</th>
<th>Zip</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 NISKY CENTER</td>
<td>ST. THOMAS</td>
<td>VI</td>
<td>00999</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BL / AWB</th>
<th>Arrival Date</th>
<th>Carrier</th>
<th>Origin</th>
<th>Voyage No</th>
<th>Entry Port</th>
<th>Port of Lading</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFWG543210</td>
<td>09/28/2018</td>
<td>MV RUNNER</td>
<td>V-364</td>
<td>Crown Bay - St. Thomas</td>
<td>FAJARDO, PR</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inv Date</th>
<th>Invoice #</th>
<th>Description</th>
<th>Category</th>
<th>Net Value</th>
<th>Net + 5%</th>
<th>Tax Rate</th>
<th>Tax Due 1</th>
<th>Tax Due 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/28/2018</td>
<td>96765</td>
<td>PLYWOOD</td>
<td>M56</td>
<td>$2,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Taxpayer Found

<table>
<thead>
<tr>
<th>Save</th>
<th>New 721vi</th>
<th>Check Out</th>
<th>Print 721</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Remove</th>
<th>Reject</th>
<th>View</th>
<th>SSN/EIN</th>
<th>Submitted</th>
<th>BL / AWB</th>
<th>Name</th>
<th>Tax 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FILING FORM 721VI FOR GOODS MANUFACTURED IN THE VIRGIN ISLANDS

• The excise tax is applicable in the month the item is sold.

• The tax is calculated based on a 5% mark-up of the manufacturing cost multiplied by the applicable tax rate.

• All manufacturers including those with EDC benefits are required to file Form 721VI along with the manufacturing cost worksheet (Form 721VI MWKS) 30 days after the close of the month concerned.
**EXAMPLE FORM 721VI MWKS**

**FORM 721VI MWKS**
GOVERNMENT OF THE VIRGIN ISLANDS
BUREAU OF INTERNAL REVENUE

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION OF MERCHANDISE</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>056</td>
<td>CABINETS</td>
<td>10</td>
<td>$50.00</td>
<td>$500.00</td>
<td>$1000.00</td>
<td>100%</td>
</tr>
<tr>
<td>056</td>
<td>DOORS</td>
<td>20</td>
<td>$30.00</td>
<td>$600.00</td>
<td>$900.00</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Calculation of Manufacturing Cost Worksheet (To be attached to Form 721VI Monthly filing)**

Manufacturing cost is the cost of direct materials used + direct labor used + manufacturing overhead.

Please complete for the units sold during the month concerned.

(1) Manufacturer is required to provide calculation of manufacturing cost per unit.

(2) Transfer the total of each item code and category of goods manufactured in column C to the net
INSTRUCTIONS FOR COMPLETING FORM 721VI MWKS

- (Use as many worksheets as needed to report each month’s manufacturing activity)
- Manufacturer – include the name of the business entity submitting the return
- EIN/SSN - Insert the Employer Identification Number of the business entity or the Social Security number of the sole proprietor
- Current Month and year – the month and year for which the manufacturer’s goods were sold
- Item Number – select the appropriate code number from the drop down box
- Description of Merchandise – provide accurate description of the items manufactured
INSTRUCTIONS FOR COMPLETING FORM 721 MWKS
(CONTINUED)

A. Total Units Sold – Insert the total units of the item described that were sold during the month being reported

B. Manufacturing Cost Per Unit – Provide the cost price for manufacturing one unit of item described. Be sure to secure all documents and calculations in the event of an excise tax audit.

C. Total Manufacturing Cost – Items sold times the manufacturing cost per unit

D. Total sales – Provide the total sales generated from the sale of the manufactured item during the month reported

E. Gross Profit % - Total sales less the total manufacturing costs divided by the manufacturing cost

- The total of all manufacturing costs for each item code and category of goods manufactured for the month will be transferred to the Form 721VI, in the “net invoice value” field. The Form 721VI will be used to calculate and pay the excise tax per month.
- Attach sales invoices for all manufactured products sold for the month, including those sales that are exempt from Excise Tax
For instances where there are no sales activities of locally manufactured goods for the month, Form 721VI must still be filed using code “M00” in the Item Number field.
What are the rates for late payment?

Penalty rate is 5% per month, up to 25%

Interest owed for late filing and/or payment is 1% per month, until paid.
HOW TO CREATE AN EXCISE WEB ACCOUNT

Step 1: Navigate to website

A. Open a browser preferably Firefox or Chrome.
B. Go to the address https://excise.bir.vi.gov

Step 2: Complete registration form

A. Click the “Register” button.
B. Fill out the form with our information.
C. Click the “Register” button.
Step 3: Activate your account via your email.

A. Navigate to the email inbox you entered on the registration form.

B. Click the link “Click here to complete your registration and activation” as instructed.

Step 4: Create a valid password

DONE!
HOW TO SUBMIT A 721VI VIA EXCISE WEB

Navigate to the Excise website

A. **Open** a browser preferably Firefox or Chrome.

B. **Enter** the address https://excise.bir.vi.gov

Login into your account

A. **Enter** the email and password used to register in the fields provided.

B. **Click** the “Sign In” button.
Create new 721 Tax Return

A. Now that you have signed in, click on the “New 721 (Tax Return)” button.

Complete form (STEP1)

A. **Complete** the form presented using the information provided by your carrier. All of the fields surrounded by a red border are required.

*If you are a Manufacturer of goods and are filing your monthly Excise Tax Return, please use the instructions on the next page to complete the form.*

*If not, then continue to complete the form as usual.*

B. **Click** the “Next Step” to proceed when you’re done.
Instructions for the Monthly Excise Tax Return for Manufacturers of Goods in the VI

A. When preparing a return for manufacturing; In the field requiring a Bill of Lading, Please use this format:

   MAN-TaxPeriod-SSN\EIN

   For example MAN-11-30-2018-123456789

B. For the Port of Entry, please select the “Manufacturing Port” for the island where the goods were made.

C. The Importing Carrier will be your name or the name of your business.

D. The Country of Origin will be VI.

E. Your Port of Lading and Voyage Number should both be MAN in VI

F. Proceed to the next step once finished.

The rest of this page was left blank intentionally.
Complete form (STEP 2)

A. This section requires you to enter the description of the merchandise being imported or manufactured. Fill in the information then proceed to the “next step” by clicking Next step.

B. For Manufacturers: your invoice date and number will be the last day of the month for which you are filing. e.g. 11-30-2018

Complete form (STEP 3)

A. This section requires you to upload any supporting documentation provided by your carrier, retailer, and/or distributor. Click the “Add Files” button to add the documents to the form.

Please note: Only PDF, JPEG & TIFF are supported. Also all supporting documents must be uploaded if you intend to use the “Online Pay” function.

Manufacturers: upload your worksheets, form 721VI MWKS, and all sales invoices for the month being reported.
A. Once your documents have been attached, click the “Finish (Submit / Print 721)” button.

A. Click “Submit & Print 721 (Tax Return)” or “Submit & Close (721 Tax Return)” if you don’t have a printer.
<table>
<thead>
<tr>
<th>MARKA NO. &amp; INVOICE NO.</th>
<th>DATE</th>
<th>DESCRIPTION OF MERCHANDISE</th>
<th>NET INVOICE VALUE + 5%</th>
<th>TAX RATE</th>
<th>TAX DUE (1)</th>
<th>NO. CASES</th>
<th>TAX PER CASE</th>
<th>TAX DUE (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>120118 1 C24787623</td>
<td>12/01/18</td>
<td>CABINETS</td>
<td>$525.00</td>
<td>5%</td>
<td>$26.25</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>120118 1 C24787623</td>
<td>12/01/18</td>
<td>DOORS</td>
<td>$650.00</td>
<td>5%</td>
<td>$32.50</td>
<td>50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL TAX DUE**  
$48.75

I declare under the penalty of perjury, that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief this is a true, correct and complete return.

Date: 12/01/18

Merchandise Received By: [Signature]

[Table for OFFICIAL USE ONLY]

Form 721V1 (6/2013)
WHERE TO SUBMIT QUESTIONS?

etax@irb.gov.vi
QUESTIONS??