

VATR 109**Facts**

X is a company incorporated on 06 September 2018. Its main activity is the charter of catamarans which comprise of -

- (i) Live-aboard charters around Mauritius ; and
- (ii) expedition charter to St Brandon.

X holds a permit from the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping.

X is the owner of a catamaran which can accommodate a maximum of 8 passengers and 2 crews, sharing 4 double cabins and 2 crews.

The expedition to St Brandon is a 10-night live-aboard expedition package on board the catamaran. St Brandon is located about 430 kilometres northeast of Mauritius. It is two full day and night (48 hours) sailing to reach the destination. This expedition is a sailing adventure with a week of fishing, kite-surfing, free diving, snorkelling and other similar recreational activities. Only 200 permits are delivered by the authorities for foreigners yearly. Permits from Outer Island Development Corporation and Prime Minister Office should be obtained for all foreigners prior to their voyage to St Brandon.

Passengers invoiced for the trip from Mauritius to St Brandon and back including activities described above.

Point at issue

Whether the transport cost included in the package falls under item 3 of the Fifth Schedule of the Value Added Tax Act and should be treated as a zero-rated supply?

Ruling

On the basis of the facts mentioned above, it is ruled that the supply made by X comprises of a sailing adventure with a week of fishing, kite surfing, free diving, snorkelling and other similar recreational activities. The said supply does not fall under the purview of item 3 of the Fifth Schedule to the VAT Act and therefore does not constitute a zero rated supply.

As a consequence thereof, the transport cost included in the package for the expedition to St Brandon will be subject to VAT at the rate of 15%.