

VATR 117**Facts**

A is a public limited company incorporated and domiciled in Mauritius. Its main business activity consists of the provision of hotel accommodation to both local and foreign clients.

A has initiated a contribution program aimed at encouraging its hotel clients to participate in environmental conservation and sustainability projects. The contribution is entirely voluntary and are collected separately from the standard room charges. The funds thus collected are exclusively directed toward critical environmental initiatives, such as reforestation, wildlife preservation, and waste reduction, all of which are in harmony with A's commitment to responsible and sustainable tourism.

Being in the hotel industry, A is aware of the importance of maintaining a sustainable environment in Mauritius, that is, preserving an ecological balance of the natural environment and conserving the natural resources to support the wellbeing of both the hotel industry and the population of Mauritius as a whole.

The voluntary contribution from hotel clients amounts to MUR 100 per room night and the funds collected are allocated to the different environmental projects.

A does not provide any goods or services in exchange for the voluntary contribution made by these hotel clients.

A committee has been set up by A to decide on which sustainability projects the funds collected are to be utilized.

Currently, the committee has decided to invest in some sustainability project in various regions in Mauritius

The committee intends to come up with other sustainability projects for investment in the near future.

Point at issue

Whether the fund collected amounting to MUR 100 per room night from voluntary hotel clients is considered as vatable?

Ruling

On the basis of the facts mentioned above, it is ruled that the voluntary contribution made by the hotel clients to A for environmental conservation is not consideration for any supply of goods or services made by A and therefore is not subject to VAT in accordance with section 9(1) of the VAT Act provided that A -

- (i) has obtained the necessary regulatory authorization for the collection of the voluntary contribution; and
- (ii) keeps proper books and records to distinguish between the voluntary contribution received and consideration for supplies it makes.