

VATR 17

Facts

An airline company does not presently claim any input VAT on its crew accommodation invoices when these are charged by hotels, nor on passenger accommodation whenever there are flight delays. Providing crew accommodation is, however, part of the normal operating activity of the company as is also that of providing accommodation to its passengers in the event of delays due to technical or other problems. 15% VAT on hotel invoices thus represent a major cost to the company which thus inflates local costs.

Point in issue

Whether 15% VAT on accommodation invoices charged by hotels in respect of crew accommodation and accommodation for passengers during delayed flights can be claimed as input tax by the company.

Ruling

Section 21 (2) (c) of the VAT Act states in clear terms that no input tax is allowable as a credit against output tax in respect of "accommodation or lodging". As the law stands, VAT charged on accommodation invoices cannot therefore be claimed as input tax.