

VATR 51 (Govt Gazette No 73 of 21 July 2012)

Facts

A Ltd, hereinafter referred to as 'the entity', is incorporated in Mauritius and its main activities are to offer online booking for hotel I guesthouse accommodation and ancillary products such as transfers and excursions as well as drinks or gift packages. Bookings and payments are made by customers online on the entity's website and the amount net of its commissions is subsequently remitted to the hotel I guesthouse.

Point at Issue

- a) Whether the above supplies are vatable and at what rate;
- b) Should VAT be applied on the net amount or on the gross amount receivable by the entity; and
- c) The VAT treatment to be applied to:
 - i. hotels I guesthouses in Mauritius and those outside Mauritius; and
 - ii. Mauritian and overseas customers.

Ruling

On the basis of facts given, the VAT treatment to be given to the supplies made by the entity is as follows:

1. Where the hotel / guesthouse accommodation is in Mauritius, the whole package constitutes taxable supplies in Mauritius and is chargeable at the rate of 15% irrespective of where the client is located.
2. Where the client is located in Mauritius and the accommodation is outside Mauritius, the service fee, being the difference between the amount charged by the entity and the amount invoiced to the entity for the accommodation and related services, is subject to VAT at 15 %.
3. Where the client is outside Mauritius and the accommodation is outside Mauritius, the service fee mentioned at (2) is zero-rated by virtue of Item 6(a) of the Fifth Schedule to the Value Added Tax Act.