

## **VATR 6**

Ruling given under section 69 A of the Value Added Tax Act.

### **Facts**

A VAT registered tour operator proposes to sell tours and packages with Reunion Island as destination. The Reunion tours are to be organised by tour operators based in Reunion and the tours and packages are expected to be purchased by -

- a) local residents of Mauritius and or
- b) overseas tour operators in overseas market for overseas clients.

The packages to be obtained from the Reunion tour operators will be of two types -

- a) Upon the sale of the package, the VAT registered person will remit the whole amount to the Reunion tour operator and will receive a fixed percentage commission of the amount remitted.
- b) The package will be purchased and subsequently sold with a margin

### **Point as Issue**

Whether the supplies by the VAT Registered tour operator in the above cases fall outside the scope of VAT, such that no VAT is to be charged on the income derived by the VAT Registered tour operator.

### **Ruling**

The supply to be made by the VAT registered tour operator is that of arranging for tours in Reunion.

Where the supply is made to residents in Mauritius, the consideration received by the V A T registered tour operator, whether in terms of commission or profit, (that is the amount received less amount remitted to Reunion tour operator) is subject to VAT at the rate of 15 per cent.

Where the supplies by the VAT registered tour operator are made to overseas clients through overseas tour operators, the consideration received is subject to VAT at zero-rate in accordance with item 6 (a) of the Fifth Schedule to the Value Added Tax Act.