

## **VATR 93**

### **Facts**

D operates as a hotel and it has been granted five contract car licences by the National Land Transport Authority on 20 March 2020 to operate five cars from Pereybere.

### **Points at issue**

Whether upon purchase of motor cars to be used for renting purposes, in line with the provisions in section 24 of the Value Added Tax Act, D can make a claim for repayment of the VAT charged to D by the car dealer?

### **Ruling**

On the basis of the facts mentioned above, it is noted that D will be also engaged in car rental business. As such, it will be entitled to take credit for input tax suffered on the purchase of the motor cars used exclusively in the car rental business in accordance with sub-sections (1), (2) and (12) of section 21 of the Value Added Tax Act. It is confirmed that D may make a claim for repayment of the excess input tax by virtue of section 24(1) of the above Act. The claim will be processed in accordance with section 24(1A) of the said Act.