

VATR 116

Facts

X is a public limited company incorporated and domiciled in Mauritius. Its main business activity consists of the provision of hotel accommodation.

X claims refundable deposit from most of its clients. However, at the time a deposit is received, X does not have any contract with the client. The deposits are received from tour operators located outside Mauritius. The tour operators are not the final consumers and are not resident in Mauritius when a deposit is made.

Point at issue

- (1) Whether there is a supply of services under the VAT Act?
- (2) In case the answer to the above question is yes, is the supply taxable at zero-rated or standard rate?

Ruling

On the basis of the facts mentioned above, it is ruled that –

- (1) The provision of the hotel accommodation by X to the tour operators located outside Mauritius against the payment of a refundable deposit is a supply of service by virtue of section 4(2)(b) of the VAT Act. The refundable deposit received by X from the tour operators is part-payment of the full consideration for the supply of services made by X.
- (2) The hotel accommodation will be provided and utilised in Mauritius by clients of the tour operators. Therefore, the refundable deposit which is the part-payment of the full consideration receivable by X will be subject to VAT at the standard rate of 15%. For any cancellation of booking in respect of which a deposit received is refunded by X, X may make a VAT adjustment in the taxable period in which the refund is made in accordance with section 21(4) of the VAT Act.