

VATR 13

Facts

A company operates a hotel. Certain of its guests use limousines to travel on the island. The limousines are not owned by the company but are leased from a private operator, the lessor. The latter charges a monthly rental to the company, which in turn makes a separate charge for the limousines used by the guests on the invoice it issues to them.

Point in issue

Whether the Vat charged by the lessor can be claimed by the company.

Ruling

VAT charged on the lease rentals incurred in respect of the limousines can be claimed as a credit by the company by virtue of Section 21 (2)(c) of the VAT Act as this relates to services used to make a taxable supply and not for the company's own use or consumption.