



Ministry Of Finance

VAT Department

VAT RULE 2015-025

Passenger Vehicles



VAT RULE 2015-024

Passenger Vehicles

A. Authority

This Ruling is made under section 17 of the Value Added Act, 2014.

B. Legislation

All legislative references are to the Value Added Tax Act, 2014 and/or the Value Added Tax Regulations 2014, unless otherwise stated.

C. This Rule applies in respect of:

Section 50(5)(c) of the Value Added Tax Act, 2014

D. Application of Rule

This Rule is for the purpose of specifying the conditions under which input tax can be claimed on passenger vehicle and is to be used in situations where vehicles fitting the description of passenger vehicle are used solely for business purposes.

E. Comptroller's Rule

1. Where the passenger vehicle is used exclusively for the furtherance of the business activity, the total input tax incurred shall be recoverable.
2. This rule does not allow VAT to be reclaimed on passenger vehicles used for personal benefit either in part or whole by directors, or employees or persons who are allowed the use of a vehicle owned by the business as part of their compensation.
3. The passenger vehicle must be registered in the name of the VAT Registrant to qualify for the claim of input tax credit.
4. This rule does not apply to any input VAT incurred on vehicles **NOT** licensed or hired in the name of the company.

F. The period for which this Rule applies

This Rule shall apply for the period beginning on January 1st, 2015 until it is withdrawn or replaced.



