



Ministry Of Finance

VAT Department

VAT RULE

2015-015

DEFINING CONTINUOUS JOURNEY FOR INTERNATIONAL TRANSPORT



A. Authority

This Rule 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:

Regulation 15 (4) with respect to the definition of a continuous journey for the purpose of international transport.

D. Application of Rule

To provide clarification on what defines a continuous journey in a situation where a single itinerary includes a combination of domestic and international travels, and to determine whether a different VAT treatment should be given to each leg of the journey. This Rule outlines the requirements of obtaining a zero rating under regulation 15 (4) for the entirety of an international journey where there is one or more domestic transportation elements.

F. Comptroller's Rule

1. For the purposes of this rule, an international journey is considered a trip that originates outside The Bahamas and terminates inside The Bahamas or that terminates outside The Bahamas from a point of departure inside The Bahamas.



2. The journey shall be considered continuous, notwithstanding stopovers or connections through multiple carriers or multiple ports inside The Bahamas provided that -
 - a) The trip into or out of The Bahamas is both booked and paid for on a single itinerary; and
 - b) The connecting parts of the journey inside The Bahamas are completed within 48 hours.
3. If the stopover parts of the journey are not completed within 48 hours, the travel inside The Bahamas shall be treated as domestic.
4. The international part of the journey is be subject to VAT at a zero rate and the domestic part of the journey is subject to VAT at the standard rate of 7.5 percent.

G. The period for which this Rule applies

This Rule shall apply for the period beginning on 1st January, 2015 until it is withdrawn or replaced.

