



Ministry Of Finance
VAT Department

VAT RULE 2018-003

**DEFINING CONTINUOUS JOURNEY FOR
INTERNATIONAL TRANSPORT**



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A. Authority

This Rule is made under section 17 of the Value Added Act, 2014. This rule revokes VAT Rule # 2015-015.

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 and Regulation 31 (5) in the determination of the amount of input tax credits available to the provider of goods and/or services in regard to exempt and mixed supplies generated in providing goods and services in support 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.

E. 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 12 percent.
 5. Where part of an international journey transits the Bahamas on a foreign going vessel or aircraft providing international commercial services through a recognized port of entry or facility under the provisions of the Customs Management Act or a port authority within the meaning of section 2 of the Port Authorities Act (*Ch. 269*), input VAT credits arising out of goods or services provided to such aircraft or vessels shall be available to the provider without reduction.

F. The period for which this Rule applies

This Rule shall apply from 1st July, 2018 until it is revoked or amended.

G. Approval and Coming into Force

Approved by the VAT Comptroller

Date