



**Ministry Of Finance**  
**VAT Department**

**VAT RULE 2018-001**  
**Transitional Rules - Hotel**  
**Bookings made in 2018**



## VAT RULE

### 2018-001 - Transitional Rules - Hotel Bookings made in 2018

#### A. Authority

This Rule is made under section 17 of the Value Added Tax 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 6 Rates Of Tax

#### D. Application of Rule

The purpose of this rule is to provide clarification on the transitional arrangements as it relates to hotel bookings. The Rule applies to the following situations:-

- i. Treatment of hotel stays commencing before 30<sup>th</sup> June 2018, and concluding on or after the 1<sup>st</sup> July 2018.
- ii. The time of supply as it relates to the application of Value Added Tax for transactions concluded before July 31<sup>st</sup>, 2018 for which the service is rendered at any time on or after September 30<sup>th</sup>, 2019.
- iii. Treatment of hotel bookings made before September 30<sup>th</sup>, 2018 where the service is provided on or after July 1<sup>st</sup>, 2018 but no later than June 30<sup>th</sup>, 2019.
- iv. Where deposits have been made towards securing the accommodation.

#### E. Comptroller's Rule

1. Hotels may treat as standard rated at the retiring standard rate of 7.5% any secured booking received for rooms, facilities or package deal arrangements and for which a payment in part or whole, has been received before September 30<sup>th</sup> 2018, where the services are used on or after July 1<sup>st</sup> 2018 but no later than September 30<sup>th</sup>, 2019. These will remain subject to VAT at the retiring standard rate of 7.5%. Bookings that qualify for this treatment must be notified to the VAT Department by October 31<sup>st</sup>, 2018. Notification

must be provided on the prescribed form VAT Form No. 56A and may be done electronically. An 'Excel' spread sheet encompassing the required data is acceptable. Contracts and other documentation in support of these bookings must be maintained for future inspection.

2. Hotel stays that commence prior to July 1<sup>st</sup>, 2018 and whose delivery continue after July 1<sup>st</sup>, 2018 shall be treated separately for VAT, with only the portion of the stay from July 1<sup>st</sup>, subject to VAT at the new standard rate of 12%.
3. For any other existing material booking or bookings concluded on or before July 31<sup>st</sup>, 2018 for rooms, facilities or package deals for which a payment, in part or whole was received prior to July 31<sup>st</sup> 2018 where the service is delivered at any time in the future those bookings are subject to VAT at the retiring standard rate of 7.5%. Bookings that qualify for this treatment must be notified to the VAT Department by August 31<sup>st</sup>, 2018. Notification must be provided on the prescribed form VAT Form No. 56B and may be done electronically. An 'Excel' spread sheet encompassing the required data is acceptable. Contracts and other documentation in support of these bookings must be maintained for future inspection.
4. Deposits received by hotels for accommodations to be supplied in the future will not have such deposits treated as the point of supply. VAT will only be accounted for when the deposit is forfeited or when it is applied to the value of the occupied accommodation.

#### **F. The period for which this Rule applies**

This Rule shall apply from July 1<sup>st</sup>, 2018 and remains in effect until revoked or amended by the Comptroller.

#### **G. Approval and Coming into Force**

---

Approved by the VAT Comptroller

---

Date

