



Ministry Of Finance
VAT Department

VAT RULE

2014-001

Transitional Rules

Hotel Bookings made in 2014



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:

Section 98(10) and Section 99 of Value Added Tax Act with respect to the information required to the repeal of the Hotel Guest Tax (Ref. Section 16, 17, 18, and 20)

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 bookings made prior to September 1st, 2014.
- ii. The time of supply as it relates to the application of Value Added Tax for transactions preceding the date of entry into force of Value Added Tax but concluded on or after January 1st, 2015.
- iii. Treatment of hotel bookings made on or after September 1st, 2014 through to December 31st, 2014, where the service is provided on or after January 1st, 2015 but no later than June 30, 2016.
- iv. Where deposits have been made towards securing the accommodation
- v. Services are included as part of a package that also involves hotel room accommodation and payment hotel occupancy taxes.



E. Comptroller's Rule

1. Hotels can treat as exempt any secured booking received and for which a payment in part or whole, has been received before September 1 2014, where the vacation takes place on or after January 2015 but no later than June 30, 2016. These will remain subject to hotel room taxes. Bookings that qualify for this treatment must have been notified to the VAT Department by October 15 2014.
2. For hotel bookings secured under grandfathered (under the Hotel Occupancy Tax regime) provisions and for which no VAT will be charged, the service providers must submit details of the monthly value of the paid bookings to the VAT Department.
3. Services that start prior to January 1st 2015 and whose delivery continue after January 1st 2015 shall be treated separately for VAT, with only the portion of the stay from January 1st, should be subject to VAT.
4. Accommodations for hotel reservations for which a payment, in part or whole was received on or after September 1st, 2014 but prior to January 1st 2015 in relation to accommodation where the service is delivered on or after January 1st, 2015, are subject to VAT at the standard rate.
5. Deposits received by hotels for accommodations to be supplied in the future shall not be 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 for the period beginning prior to September 1st, 2014 until December 31st, 2015.

