

Inland Revenue Department

Technical Note

VAT Guidelines for Service Charge

August 29, 2012

Overview	This Technical Note gives guidance on Service Charge under the <i>VAT Act No.7 of 2012</i> .
Disclaimer	These notes are for guidance only. They reflect the Law and the Department's position at the time of publication. They do not replace the Legislation or affect your Rights of Appeal about your tax position. If in doubt, consult the Inland Revenue Department, VAT Section.

For the purposes of VAT, **Service Charge is taxable**, as this is part of the value of the supply.

Value of supply

20.— (1) Subject to the remaining provisions of this section, the value of a supply of goods or services is the amount of the consideration for the supply.

“consideration”, in relation to a supply or import of goods or services, means the total amount in money or kind paid or payable, including a deposit on a returnable container, for the supply or import by any person, directly or indirectly, including any duties, levies, fees, and charges, other than tax payable under this Act, paid or payable on, or by reason of, the supply or import, reduced by any price discounts or rebates allowed and accounted for at the time of the supply or import, but does not include —

(a) a cash payment made by any person as an unconditional gift to an association not for gain; or
(b) a deposit, other than a deposit on a returnable container, whether refundable or not, given in connection with a supply of goods or services unless and until the supplier applies the deposit as consideration for the supply or such deposit is forfeited.

An example of a sales receipt issued by a VAT registered business, who charges Service Charge is as follows:

Inv. No.: 0001		
The Eatery No. 22, Lane Road		
TIN:000111	Date: Dec, 22, 2014	
Qty	Description	Amt. exc. VAT
1	Chicken Meal	\$10
	Service Charge @ 10%	\$1
	Sub Total	\$11
	VAT @ 15%	\$1.65
	TOTAL	\$12.65

FOR FURTHER INFORMATION

For further information please contact the VAT Section at the following address:

The VAT Section
Inland Revenue Department
Manoel Street
Castries
Saint Lucia

Telephone No : (758) 468-2800
Email: vatinfo@vat.gov.lc
Website: www.vat.gov.lc