

Tax Update

Tax Interpretation: Government Levy and Tourism Fees

22 March 2020

Dear Valued Clients and Business Contacts,

Following HE Minister of Finance and National Economy's announcement last week on the Economic Offset Package, we would like to focus on the practical application of the exemption of tourism related fees starting from 1st April 2020 (for 3 months).

In accordance with Art. 3 of the Decree-Law No. 48 ("VAT Law"), all prices displayed shall be inclusive of Tax. Where currently the tourism industry (namely hotels and first class restaurants) are charging VAT on top of the existing government levy and service charges, as of the 1st of April, these prices will need to be revised to temporarily remove the government levy.

Practical Application

As the price change will happen overnight, as of midnight 1st of April, these prices would need to be amended. This essentially is important to consider where hotels have an open system for overnight room service. Service providers may want to consider informing guests on the same day and adjusting any bills upon check-out.

Actions to be Taken

1. Review and update room rates and menu prices (as application);
2. Update guest management systems, POS and ERPs;
3. Update of corporate websites and third party booking sites;
4. Additionally, given the potential for delivery of food via delivery services, these would also need to be amended at midnight;
5. Educate staff on the updates; and
6. Communication should be sent out to guests and customers.

All printed material will also need to be temporarily adjusted.

For more information on the practical application and system changes, please [contact us](#).

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