

Margin scheme — travel agents. VATA s. 10C

88.—(1) In this section—

“bought-in services” means goods or services which a travel agent purchases for the direct benefit of a traveller—

(a) from another taxable person, or

(b) from a person engaged in business outside the State;

“margin scheme services” means bought-in services supplied by a travel agent to a traveller;

“travel agent” means a taxable person who acts as a principal in the supply to a traveller of margin scheme services, and for the purposes of this section travel agent includes tour operator;

“travel agent’s margin”, in relation to a supply of margin scheme services, means an amount which is calculated in accordance with the formula—

$A - B$

where—

A is the total consideration which the travel agent becomes entitled to receive in respect of or in relation to that supply of margin scheme services, including all taxes, commissions, costs and charges whatsoever and value-added tax payable in respect of that supply, and

B is the amount payable by the travel agent to a supplier in respect of bought-in services included in that supply of margin scheme services to the traveller, but any bought-in services purchased by the travel agent prior to 1 January 2010 in respect of which that travel agent claims deductibility in accordance with Chapter 1 of Part 8 shall be disregarded in calculating the margin,

and if that B is greater than that A, then the travel agent’s margin in respect of that supply shall be deemed to be nil;

“travel agent’s margin scheme” means the special arrangements for the taxation of margin scheme services.

(2) A supply of margin scheme services by a travel agent to a traveller in respect of a journey shall be treated as a single supply.

(3) The place of supply of margin scheme services is—

(a) unless paragraph (b) applies, the place where a travel agent has established the travel agent's business,

(b) if those services are provided from a fixed establishment of that travel agent located in a place other than the place where the travel agent has established his or her business, the place where that fixed establishment is located.

(4) The travel agent's margin scheme shall apply to the supply of margin scheme services in the State.

(5) Notwithstanding Chapter 1 of Part 5, the amount on which tax is chargeable by virtue of section 2(1)(a) on a supply of margin scheme services shall be the travel agent's margin less the amount of tax included in that margin.

(6) Notwithstanding sections 57, 58, 102 and 104 (1), (4) and (5) and Chapter 1 of Part 8, a travel agent shall not be entitled to a deduction or a refund of tax borne or paid in respect of bought-in services supplied by the travel agent as margin scheme services.

(7) Where a travel agent supplies margin scheme services together with other goods or services to a traveller for a total consideration, then—

(a) that total consideration shall be apportioned by the travel agent so as to correctly reflect the ratio which the value of those margin scheme services bears to that total consideration, and

(b) the proportion of that total consideration relating to the value of the margin scheme services shall be subject to the travel agent's margin scheme.

(8) Margin scheme services shall be treated as intermediary services when the bought-in services are performed outside the Community.

(9) Where a travel agent makes a supply of margin scheme services that includes some services that are treated as intermediary services in accordance with subsection (8), then the total travel agent's margin in respect of that supply shall be apportioned by the travel agent so as to correctly reflect the ratio which the cost to that travel agent of the bought-in services used in the margin scheme services that are treated as intermediary services in that supply bears to the total cost to that travel agent of all bought-in services used in making that supply of margin scheme services.

(10) A travel agent, being an accountable person who supplies margin scheme services, shall include the tax due on the person's supplies of margin scheme services for a taxable period in the return that that person is required to furnish in accordance with section 76 or 77.

(11) The Revenue Commissioners may make such regulations as they consider necessary for the purposes of the operation of this section, including provisions for simplified accounting arrangements.