

## SHIPPING AGENTS

### VAT OFFICE POLICY STATEMENT [VP008]

(Issued October 1999)

#### Introduction

Local shipping agents often act as agent for a non-resident principal who is transporting goods to or from Vanuatu. This Policy Statement discusses how VAT applies to the supplies made by the shipping agents in this situation.

#### Application Date

The policy set out in this statement does not reflect any changes to existing policy. The purpose of the statement is to provide clarification; accordingly it has effect from 1 August 1998.

#### Background

Shipping agents, in most cases, invoice the overseas shipping company for all local charges incurred in relation to the transportation of the goods. In addition to these charges, the agent will charge commission for arranging the import or export of the goods. The VAT Office has received some enquiries as to the correct VAT treatment of the commission and local charges billed to an overseas shipping company.

#### Legislative References

This policy is based on the following key legislative references from the Value Added Tax Act No.12 of 1998 ("the Act"):

##### Section 47(6) – Agents and Auctioneers

Section 47(6) provides that a supply of goods or services made to a VAT registered agent who is acting on behalf of another person (the principal) and -

- (a) the principal is not resident in Vanuatu and is not a registered person, and
- (b) the supply is directly in connection with the exportation of goods from Vanuatu or the importation of goods into Vanuatu, -

then the supply is deemed to be made to the agent not the principal if the agent and principal agree.

##### Section 3 of the Third Schedule

Section 3 of the Third Schedule zero-rates any supply of services being the transportation of goods (including the arranging of the transport of the goods) -

- (a) from Vanuatu to a place outside of Vanuatu
- (b) from a place outside Vanuatu to Vanuatu

- (c) within Vanuatu so long as it is part of the international transport and is supplied by the same person or agent supplying the international transport.

### **Local Charges Made to Shipping Agent**

Most suppliers of local services that support the import and export of goods, such as clearance fees, stevedore expenses, port charges etc., will be registered and will therefore add VAT to their charges. The shipping agent incurs these charges on behalf of the overseas shipping company who will generally not be registered for VAT. However section 47(6) deems such supplies to be made to.

the agent and not the shipping company if the two parties agree. This means that the agent can claim back the VAT in their return if they are registered.

### **Fees Charged to Overseas Shipping Company**

Section 3 of the Third Schedule zero-rates the fee charged by the agent to the overseas shipping company as it relates to the arranging of the transportation of goods to or from Vanuatu. The fee will generally include the agent's commission and the local charges incurred by the agent.

### **Example**

Kiwi Fruit NZ Ltd has asked Vanuatu Shipping Agents Ltd to act as agent for their export of kiwi fruit to Vanuatu.

*As part of arranging the importation of this fruit, Vanuatu Shipping Agents Ltd has incurred a number of charges from local suppliers.*

The local suppliers have all charged VAT on the supplies made to the agent.

	Charge (incl. VAT)	VAT
Stevedore expenses	10,000	1,111
Clearance fees	3,000	333
Port charges	2,500	278
Pilotage costs	5000	556
Totals	20,500vt	2,278vt

Vanuatu Shipping Agents Ltd are registered for VAT so they can claim back the 2,278vt VAT in their VAT return. This means the actual costs to be recovered from Kiwi Fruit NZ Ltd are VAT exclusive i.e.  $20,500 - 2,278 = 18,222vt$ .

The invoice issued from Vanuatu Shipping Agents Ltd to Kiwi Fruit NZ Ltd would look something like this: -

**PORT VILA  
VANUATU GOVERNMENT**

The Constitution Building, Lini Highway, PMB 9012 Port Vila  
All general enquiries contact Tel: 67824573 Fax: 678 24574

Email: [vatqueries@vanuatu.gov.vu](mailto:vatqueries@vanuatu.gov.vu)

Web: <http://customsinlandrevenue.gov.vu>



**TAX INVOICE**

**CT No. 1000**

**VANUATU SHIPPING AGENTS LTD**

**PO Box 9000**

**Port Vila**

**26 May 1999**

**Invoice No. 099**

Invoice to: Kiwi Fruit NZ Ltd  
PO Box 12000  
Tauranga  
New Zealand

Local Charges:

Stevedore	8,889
Clearance	2,667
Port	2,222
Pilotage	<u>4,444</u>

Total 18,222

Commission 50,000

**TOTAL FEE 78,222 VT**

(VAT Zero-rated)