

## Ministry of Finance Inland Revenue Division POLICY UNIT

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13<sup>th</sup> April, 2012

Web Source Company Ltd Corner Persad Lane and El Socorro Road, San Juan

Dear Sir/Madam,

Re: VAT implication on the provision of freight services for Small packages originating from USA to Trinidad

Reference is made to your letter dated March 14, 2012 on the above subject. The information listed below was provided and advice was requested on whether freight delivery services were subject to Value Added Tax (VAT) at the standard rate of fifteen percent (15%) or zero rated.

- (1) Web Source Company Ltd (Web Source) contracted with an organization based in the USA to receive packages at Miami on behalf of Trinidad and Tobago customers.
- (2) The packages received are air freighted to Piarco International Airport in Trinidad where Web Source would take possession of the packages, clear same with the Customs and Excise Division and pay any applicable customs duties and VAT on behalf of the client.
- (3) The packages are then delivered to clients or in many cases clients may collect the package at Web Source's office in El Socorro, San Juan
- (4) Each client would be invoiced by Web Source for the air freight, fuel surcharge, insurance, customs duties, VAT on the cargo and other direct charges incurred from the US based service provider.

The rate of tax applicable to the services provided by Web Source, based on the information provided is as follows:-

- (A) Membership fees charged by Web Source, if any, for access to the delivery address in Miami, is standard rated and subject to VAT at fifteen percent (15%).
- (B) The providing or arranging of international freight and ancillary services is zero rated in accordance with Item 17 of Schedule 2 of the VAT Act, Chapter 75:06
- (C) The Board of Inland Revenue has fixed the sum of five dollars (\$5.00) per package or parcel as the value of the domestic element of services provided by an international courier whether inward or outward bound. This amount is for services which are standard rated and subject to VAT of fifteen percent (15%) and is applicable whether a package or parcel is delivered or picked up by the customer or courier.

Please be guided accordingly

Yours faithfully,

/f/ Commișsioner

**Board of Inland Revenue** 

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