

IATJ 8th Assembly

Exotic topic – Bearspotting and VAT

Vesa-Pekka Nuotio, The Supreme Administrative Court



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# The Finnish VAT rates

- In Finland there are the standard VAT rate of 24 % and the reduced rates of 14 % and 10 %.
- The reduced rate of 14 % is applicable among others to foodstuff.
- The reduced rate of 10 % is applicable among others to charges for transport of personnel, charges for accommodation and admission fees to cinemas, circuses, sport events and zoos.
- Thus, the applicable VAT rate would be 10 %, if one went to cinema to see a movie on bears or if one went to a zoo in order to see bears.
- What would be the applicable tax rate if one paid a fee for services with the help of which one could see bears in their natural habitat?



# Bearspotting (karhunkatselu in Finnish)

- There are Finnish companies which render services relating to bearspotting.
- These companies have set up huts in suitable locations and arranged carcasses nearby.
- The customers are transported to the huts and they are provided with some packed lunch and a guide.
- The customers typically spend a night in the hut watching a bear or bears moving and eating nearby.
- <https://www.youtube.com/watch?v=82En1WQNBlo>
- Or google “YouTube karhujen kesäilta”



## A hut for bearspotting



# The decision of Supreme Administrative Court

- The Court considered that (2017:47, voting 3-2):
  - The services rendered by the company constituted one totality of services.
  - The VAT treatment of the services was to be determined based on the main service – that is bearspotting.
  - Bearsporting was comparable to a (bear) show or entrance to a zoo.
  - It had no relevance that the bears were not in a cage or within an enclosure.
  - Thus, the applicable VAT rate was not the standard rate rather than the reduced rate of 10 %.



