

Commission and STO rates

As a tour operator we have certain costs to cover and when we book for an accommodation (which is our prime income) we need to ensure that we are able to do so by taking a certain amount of commission on the bookings we make. This can be achieved in three different ways, which are explained below.

The commission has to add up to 20% for us to cover costs and make a reasonable profit (and this is also one of the reasons why we can offer you free listing on our website). When putting together our package tours, we only select accommodations that are listed on our website. We then take the commission percentage in account and whether the properties are in line with our standards.

The commission percentage however does *not* influence the results from the search engine on our website.

Option 1: STO rates

This option is when the accommodation provides us with the rates **they wish to receive for that specific booking**. We then take 20% from the sales price.

An example;

Guesthouse X offers a room with the STO rate being R200.

The formula to take 20% off of the sales price is this;

Formula: $100/80 \times R200 = R250$

In other words: $20\% \times \text{Your rate} = \text{Our rate}$

The rate we pay you would be R200

The rate for our clients would then be R250

To show this is 20%; $R250 * 0.2 = R50$ which is equal to the difference of rates.

Option 2: Rack rates

This option is when the accommodation provides us with the rates **that they think the client should pay**. If the accommodation gives us a 20% commission on this, we simply subtract that from the rate that the client has to pay, and pay the accommodation the rate minus the 20%.

An example;

Guesthouse X offers a room with a Rack rate of R200

We then subtract the 20%, which is $200 * 0,2 = 40$

The rate WE pay the accommodation is then R160

The client pays the RACK RATE of R200

Option 3; Combination

This option is the same as Option 2, yet if the accommodation does not give us 20% but a lesser amount, we have to compensate to reach the 20% we need.

An example;

Guesthouse X offers a room with a Rack rate of R200

They give us a commission of 10%, which is $200 * 0,1 = R20$

To reach the 20%, we ADD another 10% to the price of the client, which is another R20

The rate WE pay the accommodation is then R180

The rate the client pays is the rate provided by the accommodation +10%, which is R220

The option we give our preference to is option 2. This is mainly because the client will perceive the same prices on our website as they do on yours, which in turn avoids the discussion about price differences with the client. Clients sometimes forget that it takes effort and costs (transaction, credit card costs, which we do not charge clients for) to make a booking .This can lead to a tense situation, which none of us would like.

Please consider all of this when choosing the commission system you wish to apply.

VAT / BTW

If your company is VAT registered we have to process the VAT in our administration and declare it. Our company is also obliged to charge our clients and European travel agencies VAT.

Being a company that is VAT registered has no notable advantage or disadvantage in the selling price.

According to the SARS rules and regulations your and our VAT-number and the VAT amount should always be shown on your invoice.

Our VAT number is 4830252955.

If your company is not VAT registered we are still obliged to charge our clients and travel agents VAT. VAT will still be added to the quotation charged by a non-VAT registered company.

When your company is not VAT registered we will send you our credit card number three weeks before arrival by e mail.

This credit card number is of MRA our Dutch company which you may use to pay you direct. This avoids us having to add VAT on your account as stipulated by SARS.