

FAQs

Frequently Asked Questions

VAT

Value Added Tax



Content

What is Value Added Tax?	2
How does the VAT System operate?	2
What is the meaning of 'business'?	2
When does a supply take place?	3
What is a taxable supply?	3
What is an exempt supply?	3
What is a zero-rated supply?	3
Who is a taxable person?	3
How does a person become VAT registered?	4
Who is required to be registered for VAT?	5
When is VAT chargeable on a supply?	6
How is the turnover of taxable supplies calculated?	7
When does a person start to charge to VAT?	7
How to determine whether one should submit returns monthly or quarterly?	7
What is the due date for submission of returns?	8
Who is eligible for repayment?	8
How to make a claim for repayment?	8
How do VAT Registered persons in Rodrigues operate VAT?	8
What if a taxable person does not apply for compulsory registration?	9
How to deregister for VAT?	9

What is Value Added Tax?

Value Added Tax (VAT) is a tax on goods and services. It is chargeable on all taxable supplies of goods and services made in Mauritius by a taxable person in the course or furtherance of any business carried on by him. VAT is also payable on the importation of goods into Mauritius, irrespective of whether the importer is a taxable person or not. The rate of VAT is 15 per cent.

How does the VAT System operate?

If a person is in business, as soon as the turnover of his taxable supplies exceeds the prescribed limit, he becomes a taxable person. However, if he is engaged in a specified business or profession, he is a taxable person irrespective of the turnover of his taxable supplies.

As a taxable person, he is required to be registered for VAT.

Once a person is registered for VAT, he charges VAT on all the taxable supplies made to his customers. This is his output tax. Similarly, the VAT registered person will be charged VAT on the taxable goods and services supplied to him by his VAT registered suppliers. This is his input tax.

Every quarter (or every month in case his annual turnover of taxable supplies exceeds Rs 10 million) the VAT registered person fills in a VAT return in which he subtracts the input tax allowable from the output tax and pays the balance to the MRA. If the input tax is more than the output tax, the excess may be carried forward as a credit to his next return or may be repaid in certain circumstances.

What is the meaning of 'business'?

For VAT purposes, business has a very wide meaning and includes activities carried on by a person, whether or not for gains or profits.

As a general rule, business in the context of VAT means the carrying on of any trade, commerce or manufacture, profession, vocation or occupation and includes the provision of facilities by clubs, associations or other organisations which charge admission fees.

When does a supply take place?

A supply of goods takes place when they are transferred generally for a consideration in money or money's worth. Goods may be supplied on sale, including credit sale, on hire purchase or on rental. Services are supplied when they are performed for a consideration.

What is a taxable supply?

A taxable supply is a supply of goods, or a supply of services which are performed or utilised in Mauritius and which is subject to VAT. A taxable supply includes a supply which is zero-rated, but it does not include an exempt supply.

What is an exempt supply?

An exempt supply is a supply of goods or services which are specifically exempted from the payment of VAT. A person who makes only exempt supplies cannot register for VAT.

What is a zero-rated supply?

A zero-rated supply is a taxable supply, the VAT rate of which is zero compared to a standard rated supply which is taxable at 15%.

In general, all goods which are exported are zero-rated. In addition, certain goods and services which are supplied on the local market are zero-rated.

A list of zero-rated supplies may be found in the Fifth Schedule to the VAT Act.

Who is a taxable person?

A taxable person means any person who is registered for VAT or a person who is required to be registered under section 15 to the VAT Act.

How does a person become VAT registered?

If a person is required to be registered for VAT or if he wishes to apply for voluntary registration, he must obtain from the MRA the appropriate Application for Registration Form as follows:

Form VAT1 - applicable to a person whose turnover exceeds the prescribed limit or who wishes to apply for voluntary registration.

Form VAT1A - applicable to a person whose turnover does not exceed the prescribed limit but who is engaged in any business or profession specified in Part I of the Tenth Schedule to the Act.

Form VAT 1B - applicable to a person engaged in any business specified in Part II of the Tenth Schedule to the Act

The person must then fill in the form and send it with all the required information to the MRA.

Where the MRA is satisfied that the person is required to be registered or may be registered voluntarily, a Certificate of Registration will be issued to him.

Compulsory Registration

An individual has an obligation to register for VAT purposes where:

1. his annual turnover of taxable supplies exceeds or is likely to exceed Rs 6 Million or;
2. he is engaged in any business or profession specified in the Tenth Schedule to the VAT Act irrespective of his turnover of taxable supplies.

Voluntary Registration

Any person in the course or furtherance of his business makes taxable supplies may apply for voluntary registration if he satisfies the Director-General that:

- he keeps proper records of his business;
- he has been discharging his obligations under revenue laws.

Who is required to be registered for VAT?

A person has to apply for compulsory registration in any of the following circumstances :

- a. If in the course or furtherance of his business he makes taxable supplies and the turnover of the taxable supplies exceeds or is likely to exceed Rs 6 million.
- b. His turnover does not exceed the specified limit, but he is engaged in any of the businesses and professions mentioned below :
 1. Accountant and/or auditor
 2. Advertising agent
 3. Adviser including investment adviser and tax adviser
 4. Architect
 5. Attorney and/or solicitor
 6. Barrister having more than 2 years standing at the Bar
 7. Clearing and forwarding agent under the Customs Act
 8. Consultant including legal consultant, tax consultant, management consultant and management company other than a holder of a management license under the Financial Services Development Act 2001
 9. Customs house broker under the Customs Act
 10. Engineer
 11. Estate agent
 12. Land surveyor
 13. Marine surveyor
 14. Motor surveyor
 15. Notary
 16. Optician
 17. Project manager
 18. Property valuer
 19. Quantity surveyor
 20. Sworn auctioneer
 21. General sales agent of airlines
 22. Dealers registered with the Assay Office under the Jewellery Act

- c. He is engaged in any of the businesses specified below, irrespective of the turnover of his taxable supplies :
1. Banking by a company holding a Banking Licence under the Banking Act in respect of its banking transactions other than with non residents and corporations holding a Global Business Licence under the FSD Act 2001.
 2. Management services by a holder of a management licence under the Financial Services Development Act 2001 in respect of services supplied other than those supplied to corporations holding a Category 1 Global Business Licence or a Category 2 Global Business Licence under the Act.
 3. Services in respect of credit cards issued by companies other than banks to merchants accepting such credit cards as payment for the supply of goods.

A person who, in addition to his employment, is engaged in any of the businesses or professions specified in (b) or (c) above must also register for VAT.

Once a person is registered for VAT, his registration will cover all the business activities at all his places of business in Mauritius (including Rodrigues).

When is VAT chargeable on a supply?

VAT is chargeable on the supply of goods or services at a definite time, called the time of supply. This time of supply becomes the tax point and the supply must be accounted for by reference to that point in time.

For any supply of goods or services in Mauritius, the time of supply is deemed to be the earlier of:

- a. the time an invoice or a VAT invoice in respect of that supply is issued by the supplier; or
- b. the time payment for that supply is received by him.

Where services are supplied for a continuous period under any enactment or agreement which provides for periodic payments, the services are treated as successively supplied for the relevant parts of the period. Each successive supply is deemed to take place at the earlier of the time the supply is invoiced by the supplier or the time payment for the supply is received.

Where a taxable supply is made under a hire purchase agreement, the supply is deemed to take place at the time the agreement is made.

In the case of a lease agreement, the supply is deemed to take place at the earlier of the time the supply is invoiced by the supplier or the time payment for the supply is received. A person is authorized to charge VAT as from the date of registration shown on the Certificate of Registration.

How is the turnover of taxable supplies calculated?

In order to calculate the turnover of his taxable supplies, a person has to add the value of all taxable supplies he makes at all his places of business in Mauritius (including Rodrigues), including the value of the zero-rated supplies. However, he should exclude the value of capital goods disposed of and that of exempt supplies. Disbursements on behalf of customers should also be excluded.

When does a person start to charge to VAT?

A person is authorized to charge VAT as from the date of registration shown on the Certificate of Registration.

How to determine whether one should submit returns monthly or quarterly?

Turnover less than Rs. 10 million - Quarterly return

A person may opt to submit monthly returns (beneficial for those supplying zero-rated supplies)

Turnover more than Rs. 10 million - Monthly return

A person who is required to submit monthly return is liable to submit a list of taxable supplies made to any person, other than supplies by retail showing the invoice number and value of supply.

What is the due date for submission of returns?

A return has to be submitted within 20 days from the end of the month or quarter to which it relates.

Where the last day for the submission of a VAT return falls on a Saturday, Sunday or public holiday, the VAT return may be submitted on the following day that is not a Saturday, Sunday or public holiday.

The return has to reach the MRA by the due date. Where the return is sent by post, the date of the postmark is not considered as the date on which the return is submitted.

Where a registered person submits his VAT return and make payment electronically, the time for submission of return and payment of tax is one month.

Who is eligible for repayment?

A VAT registered person is eligible for repayment where:

- a. he is engaged in making zero-rated supplies; or
- b. the excess amount shown in his return includes input tax amounting to more than Rs 100,000 in respect of capital goods being building or structure, plant, machinery or equipment of a capital nature.

Where a VAT registered person is mainly engaged in making zero-rated supplies, he may claim the whole or part of the excess amount.

How to make a claim for repayment?

VAT registered persons can make the claim at line 15 of the VAT return.

How do VAT Registered persons in Rodrigues operate VAT?

VAT Registered persons in Rodrigues should pay their tax at Rodrigues MRA Outpost, Clyderlex Building, Port Mathurin.

What if a taxable person does not apply for compulsory registration?

Any taxable person who does not apply for compulsory registration under section 15 to the VAT Act, shall be liable to pay to the Director-General a penalty of 5,000 rupees for every month or part of the month from the taxable period in respect of which he is liable to be registered as a registered person up to the month immediately preceding the month in which the application for registration is submitted, provided that the total penalty payable shall not exceed 50,000 rupees.

How to deregister for VAT?

VAT registered persons who wish to be deregistered for VAT will have to submit a request for the cancellation of their VAT registration to the Director-General of the MRA.

Where the request is found to be in order, the person will be informed of the cancellation of his VAT registration by notice in writing.

In the event that MRA cancels the VAT registration, the person should:

- a. cease to hold himself to be a VAT Registered Person as from the effective date of cancellation of VAT registration;
- b. cease to issue VAT Invoices as from the effective date of cancellation of VAT registration;
- c. return to the MRA the certificate of VAT Registration and all its copies,
- d. submit a return to MRA for the taxable period in which the cancellation of the registration occurs. No VAT will be payable on the stock in trade and no excess VAT will be refundable; and
- e. attach a statement showing the details of any adjustment at line 11 of the VAT Return.

