

VATR 69

Facts

F Ltd (the “Company”) is a private limited company incorporated on 11 August 2014 and registered for VAT with effect from 01 October 2014. Its objective is to organise and promote a professional local football league at the elite level in Mauritius. In so doing, it will significantly improve quality of local football, organise professional league matches having full-time paid players committed and dedicated to football forming a professional league, attract talented young players who can aim for a career in professional football and produce a respected national team.

The Company’s business plan provides for revenue generation from different sources including sponsors, advertising fees, and from the organisation of professional football leagues matches in Mauritius. The Company will then use these funds to provide financial resources to football clubs to meet the salaries of the full-time football players. In return, the clubs will perform a number of matches and football players will play as a full-time profession.

Points at issue

What will be the VAT treatment applicable in respect of each of the following items?

- (i) Sponsorship fees
- (ii) Advertising in stadium
- (iii) Sale of football match tickets
- (iv) Sale of specialised football magazine
- (v) Sale of rights of television broadcasting of football matches
- (vi) Receipts upon transfer of football players to a foreign football club
- (vii) Payments to football clubs to meet the players’ salaries.

Ruling

- (1) By virtue of section 4 of the Value Added Tax Act, the following items will be subject to VAT at the standard rate of 15% -
 - sponsorship fees;
 - advertising in stadium; and
 - sale of rights of television broadcasting of football matches.
- (2) The sale of specialised football magazine and football match tickets will be exempt supplies in accordance with item 17 and 45 of the First Schedule to the VAT Act.
- (3) Any receipt upon the transfer of football players to a foreign football club will be a zero-rated supply pursuant to item 6(a) of the Fifth Schedule to the VAT Act.

- (4) The payment made by the Company to football clubs would constitute consideration for taxable supply of services by the clubs to the Company. Should the clubs' turnover of taxable supplies exceed the registration threshold, they will have to register for VAT. In such a case, the company would be entitled to input VAT on a proportionate basis in respect of VAT invoiced by the club to the Company.