

## **VATR 75**

### **FACTS**

T Ltd is a company incorporated in Mauritius. It has an agreement to provide marketing services to C Ltd, a company incorporated and domiciled in Switzerland and engaged in the pharmaceutical business.

The marketing activities to be performed by T Ltd comprise of the following -

- (i) promoting the public awareness to diseases treated by the products;
- (ii) promoting the awareness for the C Ltd products among members of the T Ltd medical community;
- (iii) performing medical conferences and public relations activities for C Ltd and its products; and
- (iv) replying to all medical and scientific queries relating to the products of C Ltd.

T Ltd does not order, stock, distribute or supply such products and does not take any orders for the products. Such products are imported directly by certain third party distributors. The distributors enter into separate distribution agreements with C Ltd and remain responsible for the pricing and the safety of the products as well as dealing with the issues regarding the products.

T Ltd receives from C Ltd payment for all expenses incurred together with an agreed mark-up.

### **POINT AT ISSUE**

Whether the supply made by T Ltd is subject to VAT at 15 % or should it be treated as zero rated.

### **RULING**

T Ltd is supplying marketing services to C Ltd, a company which belongs in a country other than Mauritius and which is outside Mauritius at the time the service are performed. The supply is considered as zero rated in accordance with item 6 (a) of the Fifth Schedule to the Value Added Tax Act.