

## DEFERRED PAYMENT IN RESPECT OF VAT ON CAPITAL GOODS AT IMPORTATION

As mentioned at *paragraph 114 of the Budget Speech and paragraph A.6 (d)(i) of the Annex to the Budget Speech 2018-2019*, a VAT Deferred Payment Scheme is being introduced whereby a VAT-registered person will not be required to pay VAT on importation of capital goods, being plant, machinery or equipment, in case the VAT payable is Rs 150,000 or more (i.e, the duty paid value of the capital goods is Rs 1 million or more). The Scheme will be effective as from 01<sup>st</sup> October 2018.

Accordingly, the Customs Act and the Value Added Tax Act have been amended through the Finance (Miscellaneous Provisions) Act 2018 to cater for the legal framework and conditions to be satisfied for a VAT-registered person to join the Scheme.

This measure will enable an approved VAT registered person under the scheme to defer the payment of VAT payable on capital goods at importation provided that:

- i. the VAT payable on the capital goods at the time of importation is Rs. 150,000 or more.
- ii. the capital goods are to be used solely in the course of, or for the furtherance of, the VAT registered person's business.

A VAT registered person who has benefitted from the Scheme shall, on submission of his VAT return for the taxable period in which VAT is deferred, include the deferred VAT as output tax in his return, **failing which the deferred VAT shall become payable forthwith.**

A VAT registered person who intends to benefit from deferment of VAT under this Scheme should submit a duly filled-in application form "MRA/CUS/TFCC/REG/VDPS", which is downloadable from the MRA's website: **www.mra.mu**, together with the required documents.

Application for registration by any VAT registered person may be submitted prior to the entry into force of this Scheme.

The duly filled in form should be submitted to the Registry, Ground Floor, Custom House, Mer Rouge, Port Louis.

For any additional information, you may contact the Registration Unit on **202 0500** or call in person at the Registration Unit, 2<sup>nd</sup> floor, Custom House, Mer Rouge, Port Louis.

