TR 156

Facts

S a limited liability company incorporated in Mauritius in July 2005, acquired properties in September 2012 from an unrelated party. The properties were built prior to 1 July 2006. The consideration was based on a valuation report prepared by a professional valuer.

The property portfolio was, in the income year of acquisition, subsequently transferred to a wholly-owned subsidiary company, T (the company) which was incorporated in Mauritius under the Companies Act 2001 on 5 March 2012, as a private company limited by shares. The transfer was made at the same value as acquired by S. No annual allowance was claimed by S on the buildings transferred.

Points at issue

1. Whether the company can deduct annual allowance on the commercial premises which were built prior to 1 July 2006.
2. Whether annual allowance is available on the fair value of the commercial premises at date of acquisition.

Ruling

On the basis of the facts provided, it is confirmed that:-

1. The company is eligible to claim relief in respect of annual allowance on the commercial premises which were built prior to 1 July 2006 and transferred to the company in the income year ended 30 September 2013.
2. Annual allowance is available on the base value of the buildings in accordance with the provisions of section 24(6) of the Income Tax Act.