

## **TR 227**

### **Facts**

D is a private company limited by guarantee. It was incorporated in Mauritius in November 2016 and currently it holds a Category 2 Global Business Licence. D will no longer hold such licence by 30 June 2021 and it will apply to the relevant authorities so that it may be converted into a domestic company. It is a non-profit making association for the African infrastructure sector. D is financed by subscriptions from its members and by contributions from private sources, including grants. Its members are leading project developers, investors and development finance institutions.

D seeks to promote and enable project development activities in Africa by creating an ecosystem and platform that will foster continuous dialogue amongst its members, standardize project development template documents and serve as a policy advocacy platform for the industry with a view to advance the development of more bankable projects in Africa.

X, a management company in Mauritius, is D's secretary and one amongst its ten Board Directors is resident in Mauritius while the other nine Directors are based in South Africa, Nigeria, Belgium, United Kingdom, Netherlands and Germany.

The objects and objectives for which D is established are in respect of the development of infrastructure projects in Africa and to represent the interests of its members.

Distribution by way of dividend, bonus or profits to members of D is prohibited.

In the event of dissolution, the remaining property of D will be distributed to its members pro-rata to the amount guaranteed.

### **Point at issue**

Whether the subscriptions from members and grants received are subject to income tax irrespective as to whether D is a company which holds a Category 2 Global Business Licence or it is converted to a domestic company eventually?

### **Ruling**

On the basis of the facts mentioned above, it is ruled that the subscriptions and grants received by D are not subject to income tax.