

TR 59

Facts

A company incorporated in the Netherlands forms part of an international group. Its core activities consist of the construction and maintenance of ports and waterways, land reclamation, coastal defence and riverbank protection. It was awarded a contract by the Mauritius Ports Authority for the execution of certain dredging works in view of the construction of an oil jetty and the extension of the berthing facilities at the Mauritius Container Terminal in the English Channel.

Points in issue

- a) Whether it can be confirmed that the company which is a foreign company will be taxable only on its Mauritian sourced income?
- b) Whether in accordance with Section 117A (2) of the Act it is correct to state that the return and accounts which the company will submit for the three months ended 31 December 2006 shall be deemed to be in relation to the income year ended 30 June 2007 ?
- c) Whether it can be confirmed that the company is involved in construction activities and its corporate tax rate would be 15% and not 22.5%?
- d) Whether the expenses incurred by the Head Office in respect of the contract executed by the branch are deductible under Section 57 of the Income Tax Act ?

Ruling

- a) It is confirmed that the company which is a foreign company will be taxable only on its Mauritian sourced income.
- b) The statutory date for the submission of its return in respect of the accounts for the period ended 31 December 2006 will be 30 September 2007, which shall be deemed to be in relation to the income year ending 30 June 2007.
- c) The tax rate applicable to the company for the income year ending 30 June 2007 will be 22.5% as the company will be engaged in dredging activities and not construction works.
- d) Expenses incurred by the Head Office in respect of the contract executed by the branch in Mauritius is deductible under section 57 of the Income Tax Act.