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Facts

Company A and Company B are two companies registered in Mauritius forming part of a group. Company A is a company registered with the BOI under the Investment Promotion Act and will be engaged in the provision of health services. Company B is engaged in construction activities and has been awarded a contract for the construction of a clinic for Company A.

Point of Issue

Whether "additions, extensions and substantial renovations to building", subsequent to the initial construction, are "works" as defined in Section 111A of the Income Tax Act and the "supply of labour" for the execution of works incidental to civil construction by Company B will, as such, fall under the TDS mechanism, i.e. under the provisions of Sub-Part BA of the Act.

Ruling

It is confirmed that the "additions, extensions and substantial renovations to building" made to the initial construction and the "supply of labour" will be subject to tax deduction at source under Sub-Part BA of the Income Tax Act.