

TR 94 (Replaced by TR 99)

Facts

K Limited is a company incorporated in Mauritius and holds a Category 1 Global Business Licence. It invests in securities in India and has percentage holding in Indian companies which is less than 5%. It derives dividend income from the Indian companies; and on payment of dividends, Dividend Distribution Tax (DDT) is payable to the tax authorities.

Point in issue

Whether K Limited is eligible to claim the DDT as a credit against Mauritius tax payable.

Ruling

It is confirmed that K Limited is eligible to claim the DDT as a credit against Mauritius tax payable, in accordance with the provisions of Regulation 3 of the Income Tax (Foreign Tax Credit) Regulations 1996. DDT is regarded as a direct tax paid on dividends receivable by the shareholder.