# VAT 65

**Notice is hereby given that VAT Ruling VATR 65 issued by the MRA and published in the Government Gazette No. 64 of 20 July 2013 is hereby revoked as from this date and replaced by a new ruling VATR 65 as shown hereunder:**

**Facts**

B is a company incorporated in Mauritius and holding a Category 1 Global Business Licence. Its primary business activity is to sell premium fish products on the international market.

For the purpose of its activities in Mauritius, fish will be bought from C, a company incorporated in Reunion Island and D, a company incorporated in Mauritius and holding a Category 1 Global Business Licence.

The fish bought from C will be caught on the high seas by fishing vessels which bear French flags.

The fish bought from D will also be caught on the high seas. D will lease fishing vessels bearing Mauritian flags from Mauritian companies for its fishing activities. Fish supplied by D would be the produce of Mauritius.

The raw fish bought by B will be processed by freeport operators in the freeport zone. The freeport operators will charge B a fee for the processing services provided. B does not hold a freeport licence.

Fish processed into 'premium fish products' are meant for exports. However, a small proportion may be sold on the local market.

Raw fish not meeting the technical specifications for processing into 'premium fish products', representing about 20% to 40% of the total raw fish purchased, will be re-exported or sold to the local canning companies.

Fish wastes (heads, tails and other wastes), the fish by-products, unfit for human consumption, generated from the processing activities of the freeport operators, will be sold on the local market to companies producing fish meal and fish oil.

Prior to the coming into operation of the above activities, B will, for a temporary period, provide logistical and procedural assistance in Mauritius to C. The services provided will include offloading from fishing vessels, Customs and port formalities, transfer to freeport operators for processing and export of the 'premium fish products', on behalf of C. B will receive a commission for the services so provided. C will remain the owner of the fish.

**Point of Issue**

To confirm whether:

1. the raw fish to be bought by B from D will be a zero- rated supply by D.
2. the raw fish to be bought by B from C will be exempt from VAT.
3. the sale of raw fish by B to Mauritian canning companies will be a zero- rated supply.
4. the services provided by freeport operators to B will be zero- rated supplies.
5. the sale of the fish by-products by B to Mauritian companies will be zero-rated supply.
6. the sale of 'premium fish products' by B in Mauritius will be a zero- rated supply.
7. the raw fish sold to foreign companies and processed fish sold to international clients will be zero- rated supplies.
8. the supply of services during the transitional period by B to C will be zero-rated supplies.

**Rulings**

On the basis of information provided, we confirm the following:

1. the sale of raw fish by D will be a zero-rated supply.
2. the raw fish to be bought from C will be exempt from VAT.
3. the sale of raw fish, the produce of Mauritius, will be a zero-rated supply. Otherwise the sale of the raw fish will be an exempt supply.
4. the supply of services provided by freeport operators to the company will be subject to VAT at the rate of 15% in view of the provisions of section 50 (1) (b) of the VAT Act.
5. the sale on the local market of fish by-products, unfit for human consumption, will be subject to VAT at 15%.
6. the sale on the local market of 'premium fish products', the produce of Mauritius, will be a zero-rated supply. Otherwise the sale of the 'premium fish products' will be an exempt supply.
7. the export of raw fish and processed fish products will be zero-rated by virtue of Item 1 of the Fifth Schedule to the VAT Act.
8. the services to be supplied by B to C, during the transition period, will be zero-rated by virtue of Item 6(a) of the Fifth Schedule to the VAT Act.