

Deferred Payment of **VAT** at Importation  
On Capital Goods (Plant and Machinery)  
For VAT Registered Persons



## What is the VAT Deferred Payment Scheme?

**VAT Deferred Payment Scheme (VDPS)** has been introduced by the Government in the Budget 2018/2019 as a measure to provide a more conducive business environment and further facilitate trade in Mauritius.

This scheme enables VAT registered persons to defer the payment of VAT on imported capital goods, being plant and machinery, removed for home consumption.

The VAT deferred on capital goods at importation has to be declared as output tax upon submission of the VAT return by the VAT registered person thereby eliminating any claim for repayment.

## Who can apply for the VDPS?

A VAT registered person under the **Value Added Tax Act (VAT Act)** dealing in taxable supplies is eligible to apply for this scheme provided that he is a registered importer and is registered under this scheme.

## What type of goods benefit under this scheme?

The scheme shall apply to capital goods, being plant and machinery, that are to be used in the course of or for the furtherance of business of the VAT registered person on the condition that the duty-paid value on a consignment basis of the imported capital goods is **One Million Rupees** or more.



## How does the VDPS work?

A VAT registered person wishing to avail himself of the VDPS will have to be registered under the scheme.

The VAT registered person under this scheme shall submit a bill of entry on imported capital goods removed for home consumption whereby the VAT to be paid thereon shall be deferred.

The VAT registered person who has benefited the VAT deferred payment under this scheme needs to submit his VAT return within the statutory time frame specifying in the return the deferred VAT as output tax.

It is to be noted that any capital goods imported under this scheme shall be liable to the payment of customs duty and excise duty (if any) prior to the clearance of the goods from Customs.

## For how long the VAT under this scheme is deferred?

The VAT under this scheme shall be deferred up to the due date for the submission of his VAT return, which can be either on a monthly or quarterly basis, as per the taxable period of the VAT registered person.

## What are the conditions to be satisfied under the Scheme?

A VAT registered person who intends to be registered under this scheme, must satisfy the under-mentioned conditions:

- a. makes an application on the **Form "MRA/CUS/TFCC/REG/VDPS"**, which can be downloaded from MRA's website: [www.mra.mu](http://www.mra.mu) together with the required documents;
- b. is compliant with his tax obligations under the Revenue Laws;
- c. is not under bankruptcy, liquidation or receivership;
- d. furnishes adequate security by bond to cover the deferred VAT payable; and
- e. keeps proper books and records.

## What is the validity period of the security?

The security submitted under this scheme shall be valid for a period of 12 months.

In order to continue to benefit from this scheme, VAT registered persons need to renew their security prior to the expiry of the security submitted.

## How to record the transaction on the VAT return?

### a. Output Tax

The amount of VAT deferred must be accounted as output tax at line 2 ,column B {VAT (Rs.only)}.

Proportion of taxable supplies to total turnover (annual)			0.00%
OUTPUT		COLUMN A VALUE (Rs. Only)	COLUMN B VAT (Rs. Only)
1	Taxable Supplies		
2	Deferred VAT on importation		300,000

### b. Input Tax

Although VAT has not been paid at Customs in respect of the capital goods imported, the registered person must account it as input tax at line 6.1 in its VAT return both in Column A {Value Rs Only} and Column B.

However, where the capital goods on which VAT has been deferred are used to make both taxable supplies and exempt supplies, the amount of input tax claimable should be accounted on a proportionate basis in accordance with section 21(3)(b) of the VAT ACT.

Input Imports and Purchases			
Taxable input on which input tax is allowable as a credit			
6.1	Capital goods imported	2,000,000	300,000

## What happens to importers registered under this scheme who default on the VAT return?

- a. Any VAT registered person who has benefitted deferred payment under this scheme needs to make a VAT return in the taxable period specifying the amount of deferred VAT as output tax.
- b. Any VAT registered person who has not complied with paragraph (a) shall be in breach of section 9A(3) of the Value Added Tax Act.
- c. Any VAT registered person in breach of section 9A(3) of the Value Added Tax Act shall have to pay the VAT so deferred forthwith together with a penalty not exceeding 50% of the amount due and interest of 0.5% per month or part of the month, in accordance with section 24A of the Customs Act.

## What benefits shall I derive from the scheme?

The VDPS will enable VAT registered persons to:

- a. clear capital goods at importation without payment of VAT at time of clearance, thus not affecting the cash flow of their businesses;
- b. promote the industrial /manufacturing sector to invest in new machinery and equipment to boost up production; and
- c. dispense VAT registered persons of the need to make claims for repayment.



## How to apply for registration under the VDPS?

To apply for the scheme, the VAT registered person will need to:

- a. download the application form (MRA/CUS/TFCC/REG/VDPS) from MRA's website: [www.mra.mu](http://www.mra.mu)
- b. submit the form duly filled to the **Registration Unit, Trade Facilitation and Customs Cooperation Section, Custom House, Mer Rouge, Port Louis** together with the following documents:
  - NIC
  - VAT Registration Certificate
  - Director's Certificate (in case the applicant is not registered at Customs or these documents are not available at time of registration of importers)
  - List of capital goods and process of manufacture, in case of manufacturing sector.

Applicants under this scheme who are compliant with Revenue Laws, shall be required to submit a security to the satisfaction of the Director-General in order to be registered under this scheme.

***For further information, please contact the Registration Unit, Trade Facilitation and Customs Cooperation Section.***



