

VATR 39 (Govt Gazette No.55 of 26 May 2012)

Facts

Company A (the Company) has as its principal activity the supply, installation, repair and maintenance of electronic equipment on board ships under a freeport licence. The Company also holds the following licences:

1. Port licence issued by the Mauritius Ports Authority;
2. Dealer's licence - E licence issued by ICTA.

The Company wishes to extend its activities on the local market, and will thus have three types of income:

1. income derived exclusively on the Freeport zone (goods and services);
2. income derived on the local market through Customs control (goods only);
3. income derived on the local market without Customs control (services only).

Point at Issue

1. Whether the Company should register for VAT, and whether the threshold under the Sixth Schedule applies to the Company?
2. In the event the answer to 1 above is yes, how should output tax be treated and declared on VAT return?

Ruling

1. For the purpose of registration, the company has to consider its value of taxable supplies, including the zero-rated taxable supplies made by virtue of its freeport activities. Where the annual turnover of total taxable supplies exceeds the registration threshold as per the Sixth Schedule to the VAT Act, the company is liable to register for VAT.
2. Once registered, the company will have to account on its VAT return the supplies other than those dealt with in accordance with Section 50 of the VAT Act.