

## **VATR 42(Govt Gazette No.55 of 26 May 2012)**

### **Facts**

T Ltd (the Company) is a property developer and registered for VAT since 31 October 2008. Its principal activity is to develop a 3-storey office building of saleable retail and commercial space comprising 40 units. The project has been approved by the Board of Investment and construction has already started.

The Company will offer these units for sale both to Mauritian citizens and foreigners. It intends to sell 80% of the units, and retain the remaining 20% for its own use and for leasing to third parties.

### **Point at Issue**

Confirmation that-

1. VAT will be levied to purchasers of units who are VAT registered, and no VAT will be levied to purchasers who are not VAT registered;
2. the Company can claim credit for input tax on all construction costs and other expenses in the proportion of its taxable supplies to its total supplies.

### **Ruling**

It is confirmed that -

1. Since the Company is a registered property developer, it will be required to charge VAT only to VAT registered purchasers of units. No VAT will have to be charged to purchasers (of units) who are not VAT registered, in accordance with the exemption provision of item 48 (b) of the First Schedule to the VAT Act.
2. The Company will be entitled to claim credit for input tax on all construction costs and such other expenses incurred in the proportion of its taxable supplies to its total supplies in accordance with the provisions of Section 21 (3) (b) of the Act.

Please note, however, that any claim for VAT repayment will be considered by this Office only when the Company will be in a position to provide MRA satisfactory evidence in respect of the proposed sale to VAT registered persons.