

VATR 45 (Govt Gazette No.55 of 26 May 2012)

Facts

A is a company holding a Category 1 Global Business Licence ('GBC 1') and is tax resident in Mauritius. Its main activity is investment holding. Its main objective is to hold investment for long term appreciation which is eventually sold at a gain. The sale of the investment will be made to non-residents who do not have a permanent establishment in Mauritius. It may happen that A receives dividend income on its investment. Such income would only be incidental to the main activity of A. A is presently not registered for VAT and any VAT suffered by the company on expenses is not recoverable. The company is considering the possibility of registering for VAT and claiming repayment of the VAT it pays on its expenses. Examples of such expenses would be audit fees and other sundry expenses.

Point at Issue

Whether A as a GBC 1 company can register for VAT and claim repayment of input VAT suffered on the expenses?

Ruling

Section 9 of the VAT Act states that VAT shall be charged on any supply of goods or services made in Mauritius where it is a taxable supply made by a taxable person in the course or furtherance of any business carried on by him.

The company is not involved in the business of purchase and sale of shares. Rather, it is an investment holding company.

In the circumstances, the question of the company making zero-rated supplies does not arise and the company is not liable to register for VAT.