

VATR 94

Facts

G is a company resident in Singapore. It has entered into a contract with the owner of a ship for salvage following its grounding in the South East of Mauritius. The owner is a company resident in Japan. For the purpose of the salvage, G has entered into a verbal leasing agreement for the hire of manned helicopters from X in Mauritius. The helicopters are used for the transport of persons from the mainland to the place where the ship is grounded. The rental is based on the number of hours of flight and the maintenance cost of the helicopters.

Points at issue

1. Whether the leasing of helicopters by X is an exempt supply as per item 38 of the First Schedule to the VAT Act?
2. Whether the leasing of helicopters by X to G is a zero-rated supply?
3. In the event the supply is both exempt and zero-rated, whether it can be confirmed that zero-rated supply takes precedence over exempt supply?

Ruling

Based on the facts mentioned above:-

- (1) The supply of helicopter services by X to G does not fall within the ambit of item 38 of the First Schedule to the VAT Act and is therefore a taxable supply.
- (2) X is providing a service to G which in turn is providing a service in Mauritius to a company resident in Japan. G is therefore a taxable person in Mauritius and the supply made by X to G is taxable at standard rate.