



REPUBLIC OF MAURITIUS

MINISTRY OF FINANCE

**REPORT**

OF

**THE REVENUE AUTHORITY**

For the year ended 30 June 2001

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**Revenue Authority  
Ministry of Finance  
Port Louis**

**4 October 2001**

***The Hon. Paul Raymond Bérenger  
Deputy Prime Minister & Minister of Finance***

*I have the honour to submit the Report of the Revenue Authority  
for the year ended 30 June 2001.*

***(L. P. Ong Seng)  
Chairman***

# 1. THE REVENUE AUTHORITY

## 1.1 The Revenue Authority

The Revenue Authority was established on 1 July 1999 as an authority under the Ministry of Finance by amendments brought to the Unified Revenue Act 1983. It replaces the Unified Revenue Board. Under the Act, the Authority has the responsibility to oversee, coordinate, monitor and supervise the activities of the revenue departments and to ensure a fair, efficient and effective administration of the taxes and duties imposed by the revenue Acts.

In connection with its responsibility, the Authority is responsible for the overall supervision of the administration of the following Acts:-

The Customs Act

The Customs Tariff Act

The Excise Act

The Value Added Tax Act

The Income Tax Act

The Unified Revenue Act in so far as it relates to the Large Taxpayer Department

The Registration Duty Act

The Land (Duties and Taxes) Act

The Transcription and Mortgages Act

The Gaming Act

## 1.2 The Board of the Revenue Authority

The Authority is administered and managed by a Board. The Act provides that the Board shall consist of:-

A Chairperson who shall be a public officer designated by the Minister  
 The Director-General who shall be the Vice-Chairperson  
 The Revenue Commissioners  
 The Registrar-General  
 The Accountant-General  
 Not more than two other public officers designated by the Minister.

The Board of the Revenue Authority was established on 1 July 1999 and at 30 June 2001 it was composed of:

### Chairman

Mr. L. P. Ong Seng                      Financial Secretary

### Vice-Chairman

Mr. N. Seenuth \*                      Director-General

### Members

Mr. S. Gunnoo	Comptroller of Customs
Mr. M. Mosafeer	Commissioner of Income Tax
Mrs. C. Gunnoo	Acting Commissioner for Value Added Tax
Miss J. Jata	Registrar-General
Mr. J. Valaythen	Accountant-General
Mr. D. Dabee	Solicitor-General

### Secretary

Mrs S. D. Jugmohun                      Secretary

\* Mr. N. Seenuth, Commissioner for Value Added Tax, is performing the duties of Director-General as from 1 July 1999.

### **1.3 Functions of the Revenue Authority**

In addition to its functions of coordinating, monitoring and supervising the activities of the revenue departments and the efficient and effective administration of the revenue Acts, the Revenue Authority is also responsible for:-

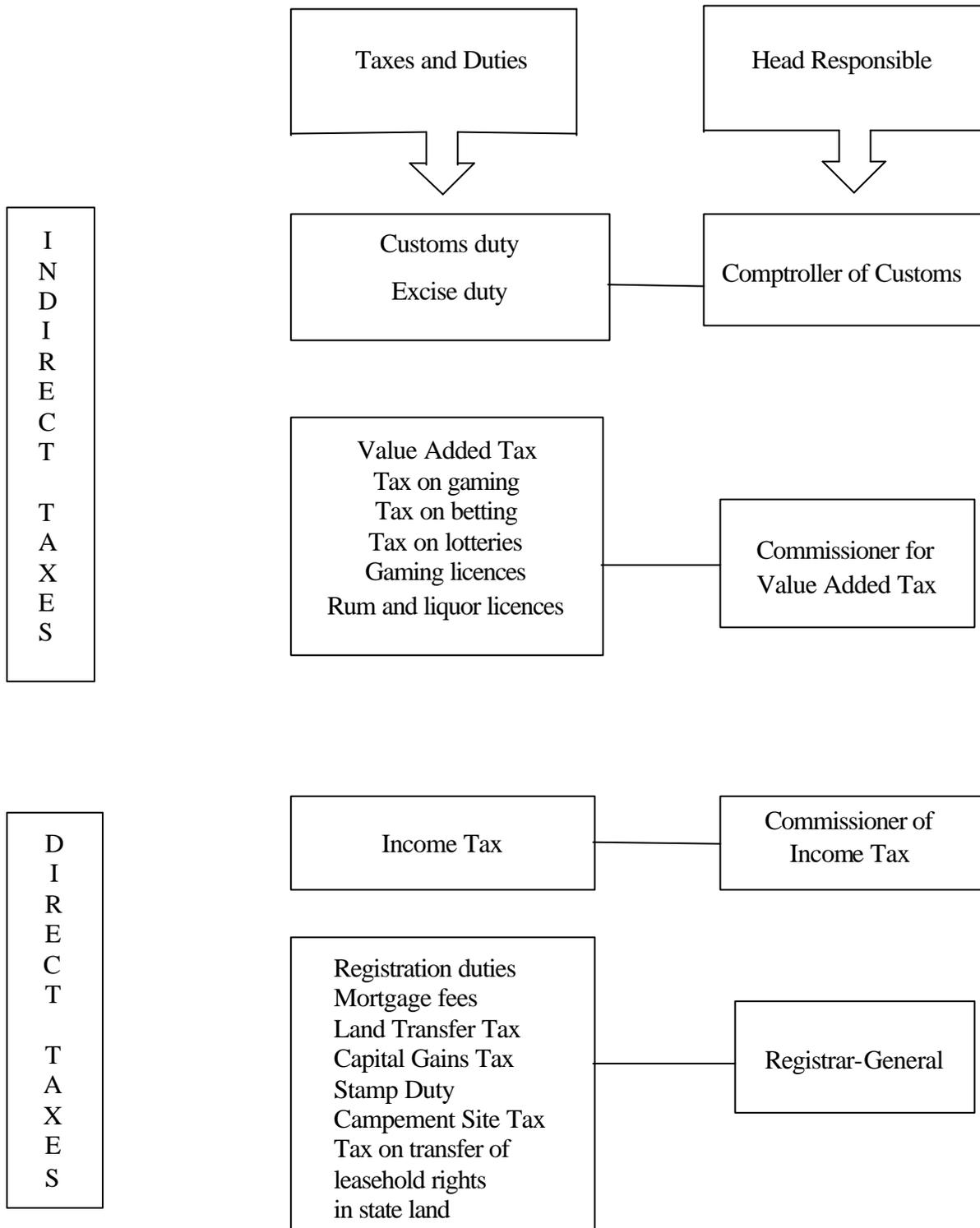
- overseeing and monitoring the setting of objectives and work targets by the revenue departments;
- taking of such measures as may be necessary to promote voluntary compliance with the revenue Acts and to improve the standard of service given to the public with a view to promoting fairness and transparency, increasing the efficiency and effectiveness of the revenue departments and maximising revenue collection;
- determining the steps to be taken to combat fraud and other forms of fiscal evasion;
- setting objectives and work targets and promoting the training for officers of the revenue departments; and
- taking such steps as may be necessary to assist in the compounding of offences under any of the revenue Acts to be done with the concurrence of the Board.

### **1.4 Revenue Authority Secretariat**

The Secretary of the Revenue Authority assists the Board in the formulation and execution of its policy. In addition to the preparation of the Board's meetings, the Secretariat has been performing coordination work, facilitating the exchange of information and assisting in the implementation of the Board's decisions. During the year 21 board meetings were held.

**1.5 Taxes and duties under the overall administration of the Board**

At 30 June 2001, the taxes and duties falling under the overall supervision of the Board were:



## 1.6 Revenue

The total revenue from the taxes and duties falling under the overall administration of the Board amounted to Rs. 19,492.1 million. This represented 96.7% of the total direct and indirect taxes raised by central government during the year.

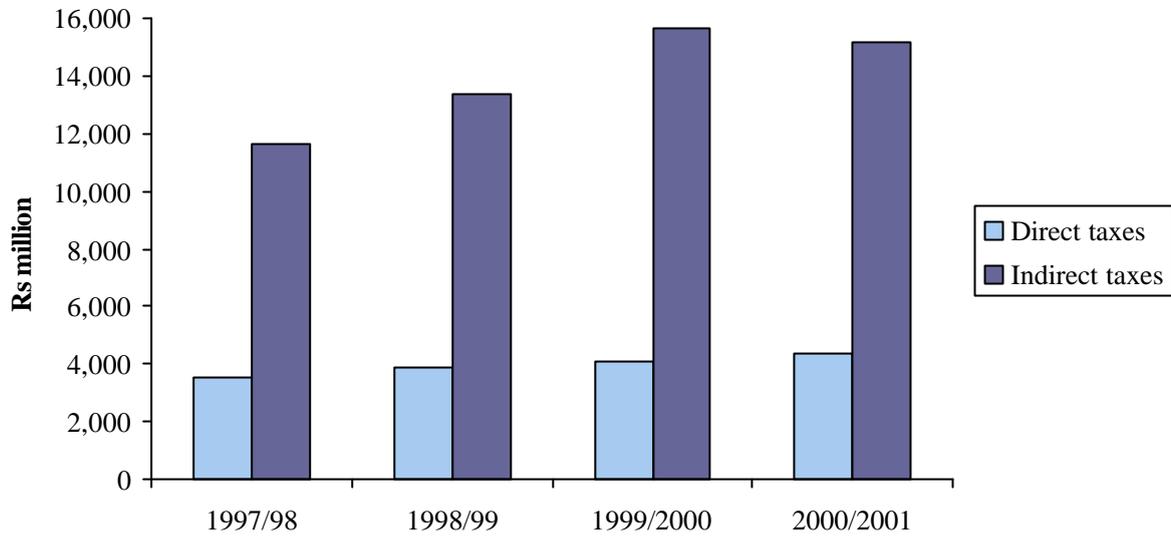
The table below shows the revenue collected for the years 1997-98 to 2000-2001.

*Revenue 1997-98 to 2000-2001*

*Rs. million*

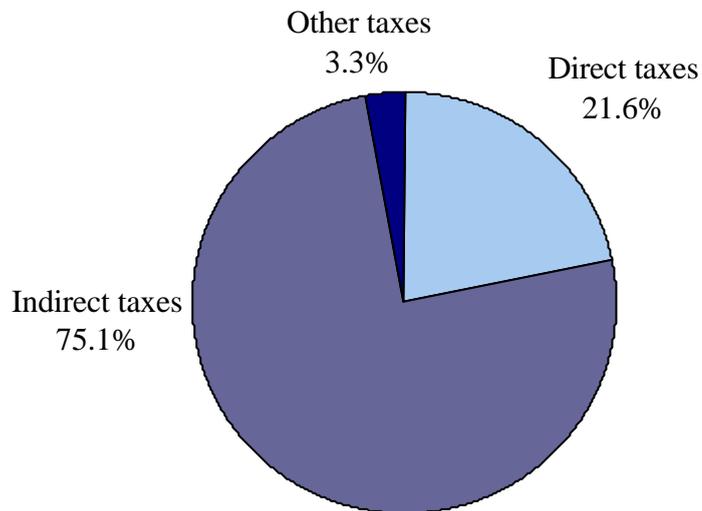
	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-2001</b>
<b>Customs and Excise Department</b>	<b>7,736.2</b>	<b>7,748.0</b>	<b>9,094.7</b>	<b>8,456.1</b>
<b>VAT Department</b>	<b>3,912.8</b>	<b>5,626.9</b>	<b>6,527.8</b>	<b>6,687.3</b>
<i>Indirect taxes</i>	<i>11,649.0</i>	<i>13,374.9</i>	<i>15,622.5</i>	<i>15,143.4</i>
<b>Income Tax Department</b>	<b>2,408.7</b>	<b>2,699.8</b>	<b>2,880.6</b>	<b>3,039.1</b>
<b>Registrar-General's Department</b>	<b>1,098.1</b>	<b>1,208.8</b>	<b>1,199.9</b>	<b>1,309.6</b>
<i>Direct taxes</i>	<i>3,506.8</i>	<i>3,908.6</i>	<i>4,080.5</i>	<i>4,348.7</i>
<b>TOTAL</b>	<b>15,155.8</b>	<b>17,283.5</b>	<b>19,703.0</b>	<b>19,492.1</b>

*Revenue 1997/98 to 2000/2001*



For the year 2000-2001, the percentage of revenue from direct taxes, indirect taxes and other taxes to total revenue is shown in the pie chart below.

*Percentage of Direct and Indirect Taxes - 2000/2001*



## 1.7 Operating costs

In 2000-2001, the combined expenditure to meet the costs of running the revenue departments and the Revenue Authority was Rs. 281.9 million.

The main areas of expenditure were staff costs (salaries, allowances, travelling and transport) which represents 83% of the amount spent.

The expenditure represented 1.4% of the receipts as against 1.3% for the previous year.

The table below gives the expenditure in each of the years 1999-2000 and 2000-2001.

### *Expenditure of revenue departments and the Revenue Authority*

*Rs. million*

	<b>1999-2000</b>	<b>2000-2001</b>
Customs & Excise Department	131.7	152.7
VAT Department	27.4	28.8
Income Tax Department	71.9	75.7
Registrar-General's Department	18.5	18.0
Revenue Authority	5.4	6.7
<b>TOTAL</b>	<b>254.9</b>	<b>281.9</b>

## 1.8 Double Taxation Avoidance Treaty

As at 30 June 2001, Mauritius had ratified Double Taxation Avoidance Treaties with the following 26 countries –

Belgium	Mozambique
Botswana	Namibia
China	Nepal
Cyprus	Oman
France	Pakistan
Germany	Singapore
India	South Africa
Indonesia	Sri Lanka
Italy	Swaziland
Kuwait	Sweden
Luxembourg	Thailand
Madagascar	United Kingdom and Northern Ireland
Malaysia	Zimbabwe

As at that date, negotiations had been completed with the following countries –

- |              |           |
|--------------|-----------|
| • Bangladesh | • Russia  |
| • Croatia    | • Tunisia |
| • Lesotho    | • Uganda  |
| • Malawi     | • Vietnam |

Negotiations were going on with –

- |                  |            |
|------------------|------------|
| • Canada         | • Nigeria  |
| • Czech Republic | • Portugal |
| • Greece         | • Zambia   |

## 1.9 Changes brought by legislation

The main changes brought by legislation during the year are summarised below.

### Customs

- reduction of duties on goods originated from COMESA member countries;
- exemption of customs duty on materials used by Small and Medium Enterprises and on apparatus and equipment used by motor vehicle workshops;
- removal of customs duty on malt, hops, canes, pigments, fungicides, plant growth regulators, rodenticides (rat killers), patterns of paper and of textiles, glass fibre materials, gas cylinders, iron sheeting in coils, magnetic tapes, direction finding compasses and baby seats of a kind used in a car;
- reduction of customs duty on rubber sheeting and profiles, mosquito nets, aluminium cables, accumulators, aerials, buses, dumpers, magnetic tapes, baby carriages and cycles fitted with auxiliary electric motors;
- specific duty of Rs 30,000 per unit has been introduced on live horses;
- reintroduction of customs duty on ozone depleting substances and laminated and toughed glass in sheets;
- increase of excise duty on beer, wine and other fermented beverages, whisky, brandy and other alcoholic beverages;
- a specific and an ad valorem duty has been introduced on cigarettes and imported alcoholic beverages;
- increase of excise duties on motor spirits including aviation spirits and gas oils.

### Value Added Tax

- increase in rate of VAT from 10% to 12% with effect from 1 July 2001;
- provision has been introduced for an alternative basis of apportionment for the purposes of allowing credit for input tax;
- removal of the requirement for input tax to have been paid for the purposes of making claim for repayment;
- provision for reduced payment and non-payment of VAT at importation by VAT-Registered export companies to be limited to scheduled equipment and scheduled materials imported into an export processing zone;

- provision for zero-rating in respect of supply of goods or services to a licensee in the freeport zone to be limited to goods and services meant wholly and exclusively for the freeport activities of the licensee;
- provision for non-payment of VAT on goods supplied by a registered person to a duty free shop for sale therein.

### **Gaming and Betting**

- increase in the rate of betting tax for race meetings held after 16 August 2001 as follows –
  - *Totalisator*  
Win and place bets, from 12% to 14%;  
Other bets from 14% to 16%.
  - *Bookmakers*  
Betting tax from 10% to 12%;
- repeal of the provisions relating to payment of an admission charge in respect of casinos and increase in the licence fee of casinos from Rs 400,000 to Rs 500,000, with effect from 1 January 2002;
- abolition of the monthly payment of a tax of Rs 200 by Gaming House 'C' licensees and increase in licence fee payable by them from Rs 8,000 to Rs 10,000, with effect from 1 January 2002;
- harmonisation of the penalty provisions as follows –
  - 10% of the duty or tax for the first month or part of the month the duty or tax remains unpaid; and
  - 2% of the duty or tax excluding the penalty for each subsequent month or part of month during which the duty or tax remains unpaid,
 up to a maximum of 100% of the duty or tax, as the case may be.
- provision for licensees to keep proper books, records , accounts and documents for a period of at least 5 years after the completion of the transaction to which it relates;
- a time limit of 5 years for the making of an assessment;
- provisions for the recovery of debts in respect of licensees under the Gaming Act.

**Income Tax**

- increase in the basic personal deduction from Rs 65,000 to Rs 70,000 and in the deduction for dependent spouse from Rs 50,000 to Rs 55,000;
- increase in deduction for dependent child from Rs 20,000 to Rs 23,000;
- child deduction of Rs 50,000 extended to children attending an approved educational institution providing tertiary education;
- relief in respect of interest payable on secured loans extended to loans contracted to finance the tertiary education of dependent children;
- increase in the limit of exemption of transport allowance from Rs 5,250 to Rs 5,730;
- requirement for individuals deriving emoluments exceeding Rs 400,000 per year to submit a return of income at the end of the year, whether or not they have tax to pay;
- definition of the term 'industrial premises' extended to any building used for the purposes of operating an aerodrome;
- company operating an aerodrome added to the list of tax incentive companies;
- re-definition of the term 'dividends' and any benefit other than payment of dividend by a company to any of its shareholders made taxable;
- definition given to the term 'hotel';
- exemption of income of a company holding a Human Resource Development Certificate for a period of 5 years from the year in which the company starts operations;
- provision for filing a return or document or pay income tax electronically;
- penalty for non-payment of tax assessed to be calculated as from the date the tax is due, whether the tax claimed is under dispute or not.

**Land Transfer Tax, Capital Gains Tax, Tax on transfer of leasehold rights in State Land**

- reinstatement of the provisions of the law prior to amendments made in 1999 relating to the attribution of property to the partners on dissolution of a partnership;
- simplification of the provision for payment of tax on transfer of leasehold rights in state land in relation to transfer of shares to be in such proportion as the number of shares transferred bears to the total number of shares issued by the Company or to the total number of shares in the civil societe/partnership or association, as the case may be.

**Campement Site Tax**

- re-definition of the term ‘campement site’ to provide for payment of campement site tax by an owner whose site falls within 81.21 m<sup>2</sup> from the high water mark and has an access to the sea;
- to give power to the “authorised officer” to effect refund of any campement site tax paid in excess.

**Registration Duty**

- simplification of the provision for registration duty leviable on transfer of shares to be on the open market value of the immovable property comprised in the assets of the company and in such proportion as the number of shares transferred bears to the total number of shares issued by the company or on the value of the shares transferred, whichever is the lower;
- deed of transfer of leasehold rights in state land to contain a certificate of approval by the Ministry responsible for the subject of lands;
- document witnessing a loan to contain a certificate from Accountant-General attesting that the lender is a duly licensed money lender to exercise better control on money lending activity;
- exemption from payment of registration duty on documents witnessing transfer of debentures in company;
- provision for remission of registration duty on documents witnessing purchase of land by, or lease of land to, a holder of Human Resource Development Certificate.

### **1.10 E-Filing of VAT and PAYE Returns**

In the context of implementation of the Contributions Network Project (CNP), Phase I of the Project which consists of electronic filing and electronic payment of VAT and PAYE is operational since May 2000. The VAT Department and the Income Tax Department have started receiving VAT and PAYE returns electronically.

Some 149 taxpayers have already joined the system. Payment of tax made by CNP users are credited through the Mauritius Automated Clearing and Settlement System (MACSS) direct to the accounts of Government with the Bank of Mauritius. During the year, Rs. 525.7 million in respect of these taxpayers have been collected through electronic payment.

### **1.11 Fiscal Investigations**

On 1 November 1999, a Fiscal Investigations Unit was set up at the Revenue Authority to investigate cases of tax fraud and fiscal evasion which were being investigated by the former URB Investigations Unit. This Unit is composed of nine officers comprising two accountants and seven other officers from Customs, VAT and Income Tax Departments. The Unit also coordinates the activities of the Investigation Units of the revenue departments.

During the financial year, the Fiscal Investigations Unit investigated 48 cases; claims amounting to Rs. 27.1 million were issued, made up of Rs. 16.2 million in customs duty, Rs. 3.2 million in VAT and Rs. 7.7 million in income tax. Investigation is continuing in 7 of these cases.

In addition to the above, the Customs Department carried out investigation into 391 cases of offences relating to wrong declaration, wrong classification, undervaluation, smuggling etc. The proceeds of compounded settlements in those cases amounted to Rs. 21.3 million.

Customs also made two seizures of heroin involving 1,077 grams and 9 detections of cannabis involving 11,225 grams, 1 case of haschich involving 1gram and 6 cases of psychotropic substances involving 207 tablets. The estimated street value of the drugs seized amounted to Rs. 9.4 million.

The Investigation Unit of the VAT Department completed investigation in 31 cases and assessments amounting to Rs.13.4 million were raised in 8 cases.

At the Income Tax Department, 109 investigations cases were completed and assessments totalling Rs. 332.6 million in tax and penalties were raised.

### **1.12 Large Taxpayers Unit/ Large Taxpayer Department**

As a first step towards improving the control of large businesses, a Large Taxpayers Unit was set up on 1 November 1999 to carry out tax audits of VAT, PAYE and Income Tax. The Unit is composed of 3 officers from the VAT Department and 2 officers from the Income Tax Department.

During the year, 15 VAT traders were examined and assessments amounting to Rs 4.2 million have been raised. The examination of records of 5 other VAT traders were in progress. In addition, 15 Income Taxpayers have been examined and assessments amounting to Rs 4.3 million have been issued.

The Unified Revenue Act has been amended by the Finance Act 2001 to provide for the establishment of a Large Taxpayer Department under the responsibility of a Commissioner, Large Taxpayer Department who will administer and manage income tax, PAYE and VAT of large taxpayers having an annual turnover exceeding Rs. 200 million. The provisions will come into force on 1 January 2002.

### **1.13 Tax Training School**

As part of the programme to improve the effectiveness of tax administration, a Tax Training School was set up in April 2000. The existing Customs Training School was integrated and the training functions of all the revenue departments taken over and brought together within a single training programme under the aegis of the Revenue Authority.

There are presently 3 full-time trainers, one from VAT, one from Income Tax and one from Customs, who are engaged in organising and running training courses at the School. Resource persons from the revenue departments and other local institutions are from time to time called upon to contribute in the training programme.

Following recommendations made in June 2000 by Mr. Malcom Smith, Head of Training Services Division from Her Majesty's Customs & Excise in U.K., the services of Mr. Robert Mitchell have been obtained from the General Technical Assistance Services Division (GTASD) of the Commonwealth Secretariat in February 2001, Mr. Mitchell is carrying out the duties of Director of the Tax Training School.

Details of courses and seminars organised and conducted by the Tax Training School during the year are given below –

<b>S/N</b>	<b>Course Title</b>	<b>No. of Participants</b>	<b>Target Audience</b>
1.	Customs & Excise Basic Training	54	Newly appointed Customs & Excise Officers
2.	Rules of Origin	99	Customs & Excise Officers
3.	WTO Valuation Agreement	67	Customs & Excise Officers
4.	CMS Phase V	82	Customs & Excise Officers
5.	Building Managerial Skills	19	Officers of all revenue departments at middle management level
6.	Management Development for Senior Officers	21	Senior Officers of all revenue departments
7.	Training for Trainers	17	Officers of all revenue departments interested in delivering training courses at the Tax Training School
8.	Goods Examination Techniques	72	Senior Customs and Excise Officers
9.	Tax Appeal & Court Procedures	25	Officers of all revenue departments dealing with prosecution and tax appeal cases
10.	Customs Recruits Refresher Training	54	Newly appointed Customs & Excise Officers
11.	Induction course - CIU	65	Customs & Excise Officers
12.	Trainee Inspectors of Taxes	13	Newly appointed Trainee Inspectors of Taxes
13.	Internal Audit	19	Officers of Internal Audit Units of all revenue departments
14.	Induction course - Police Fiscal Unit	19	Police Officers of Police Fiscal Unit
15.	Seminar on Investment Tax Relief (S. 36A)	83	Income Tax Officers

### 1.14 Appeals to Tax Appeal Tribunal

Decisions of Revenue Commissioners and of the Registrar-General are subject to review on an appeal being made to the Tax Appeal Tribunal established under the Tax Appeal Tribunal Act 1984. Any party who is dissatisfied with a determination of the Tribunal as being erroneous in point of law may take the case further to the Supreme Court. The table below gives details of appeals for the year 2000-2001.

#### *Appeals to Tax Appeal Tribunal*

	<b>Customs</b>	<b>VAT</b>	<b>Income Tax</b>	<b>Registrar-General</b>	<b>Total</b>
Appeals pending at 1 July 2000	31	38	512	2,705	3,286
Appeals lodged between 1 July 2000 and 30 June 2001	20	85	193	2,054	2,352
	51	123	705	4,759	5,638
Cases remitted to Tribunal by Supreme Court	-	1	-	29	1
	51	124	705	4,788	5,639
Cases struck out	5	5	10	114	134
	46	119	695	4,674	5,505
Appeals determined	5	9	21	40	75
	41	110	674	4,634	5,430
Settled by Agreement/withdrawn	7	28	159	561	755
Appeals pending at 30 June 2001	34	82	515	4,073	4,675
Cases pending before Supreme Court	-	4	11	10	85

In order to expedite the determination of appeals, the Finance Act 2001 provides for the setting up of an Assessment Review Committee to hear appeals and representations from aggrieved taxpayers. The Assessment Review Committee will consist of persons with expertise in areas such as accountancy, business administration, economics and taxation and will be required to take a decision within 8 weeks. The committee will become operational on a date to be fixed by proclamation.

## 2. CUSTOMS AND EXCISE DEPARTMENT

### 2.1 Responsibilities

The main responsibilities of the Customs and Excise Department are to –

- collect customs duties and excise duties on imported goods.
- collect excise duties on certain locally manufactured goods such as alcohol, wines, cigarettes, etc.

The Department also collects VAT at importation on behalf of the VAT Department in addition to carrying out certain non-revenue functions such as the enforcement of prohibitions and restrictions on imports (for example drugs and arms and ammunitions).

Customs is also responsible for processing export entries and checking export documentation and for collecting trade statistics.

### 2.2 Customs and Excise Duty

A **Customs Duty** is collected at importation on all manifested goods, unless such goods are free of duty. It is also levied on merchandise and goods brought by passengers in excess of their prescribed allowances, at the port and airport. Most of the duties in the Customs Tariff are ad-valorem, but there are a few items like cigarettes and alcoholic beverages which are subject to a specific duty.

An **Excise Duty** is duty levied on certain locally manufactured goods, e.g. alcoholic beverages and cigarettes. However, an **Excise Duty** is also levied on a few selected items in addition to the customs duty, e.g. imported alcoholic beverages and vehicles.

## 2.3 Revenue

Total revenue from customs duties, excise duties on imports and excise duties on locally manufactured goods amounted to Rs. 8,456.1 million for the year 2000-2001 as compared to Rs. 9,094.7 million in 1999-2000.

In 2000-2001, the Customs and Excise Department also collected VAT on imports amounting to Rs. 3,417 million.

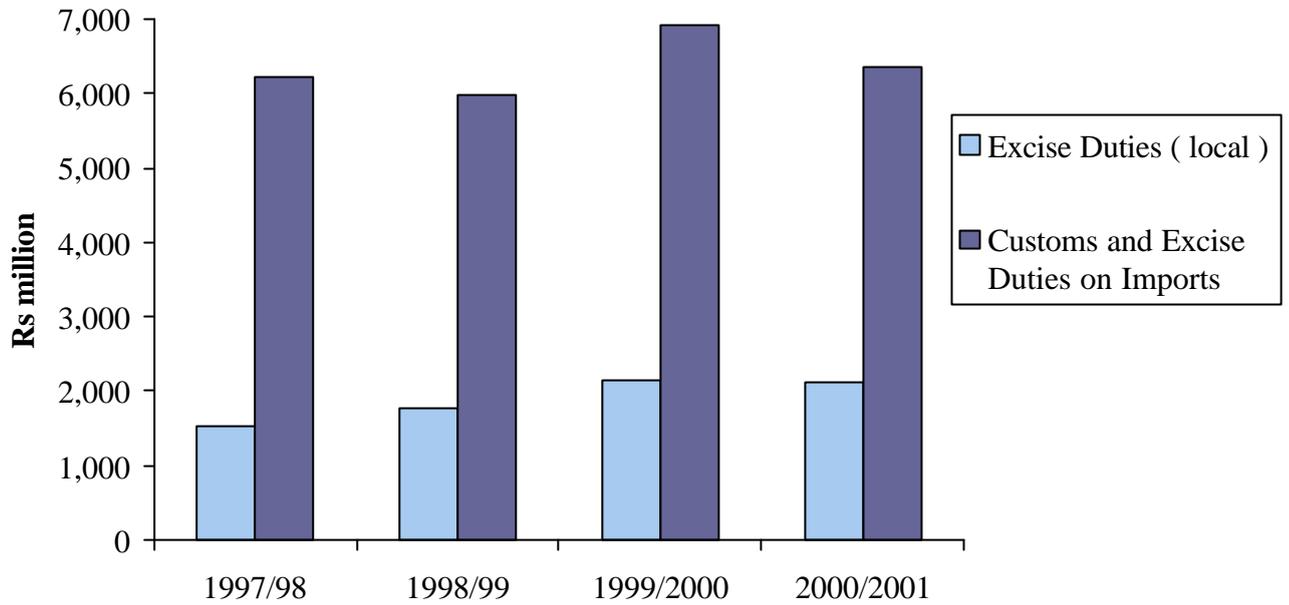
The table below shows the trend since 1997-98 and is illustrated in the chart below.

*Revenue 1997-98 to 2000-2001*

*Rs. million*

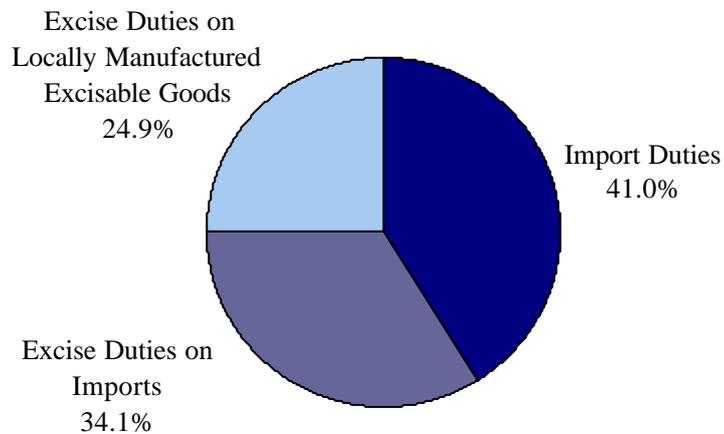
	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-2001</b>
Customs duties	5,193.0	5,062.2	4,171.5	3,467.0
Excise duties on imports	1,013.9	909.9	2,763.7	2,882.1
Excise duties on locally manufactured goods	1,529.3	1,775.9	2,159.5	2,107.0
<b>TOTAL</b>	<b>7,736.2</b>	<b>7,748.0</b>	<b>9,094.7</b>	<b>8,456.1</b>

**Revenue 1997/98 to 2000/2001**



For the year 2000-2001, the percentage of revenue from customs duties, excise duties on imports and excise duties on locally manufactured goods to total revenue is shown in the chart below.

**Revenue 2000/2001**



## 2.4 Excise duties

Revenue from excise duties on locally manufactured goods amounted to Rs. 2,126.8 million for the year 2000-2001 as compared to Rs. 2,159.5 million for the year 1999-2000.

The following table gives an analysis of the excise duties collected under the various heads.

*Analysis of excise duties collected*

Excisable Goods	Unit	1999-2000		2000-2001	
		Quantity	Excise duty (Rs. m)	Quantity	Excise duty (Rs. m)
Rum & alcoholic liquor	Hecto litres	185,472	536.52	102,983	541.49
Beer	Hecto litres	351,800	386.98	345,940	383.35
Country liquor	Hecto litres	40,375	19.47	421,066	20.24
Others	Hecto litres	-	3.72	187,143	3.30
Cigarettes	Units (million)	1,032.2	1,212.80	967,469	1,178.44
<b>TOTAL</b>			<b>2,159.49</b>		<b>2,126.82</b>

## 2.5 Reduction in customs duty

During the year certain changes have been made to the structure of customs duty. These are summarised below.

- abolition of customs duty on:

Baby car seats  
 Walking sticks, walking frames  
 Chairs with toilet bowl  
 Photocopying machines for educational institutions  
 Instructional charts  
 Eye protective spectacles  
 Fire hoses  
 Fire hose reels  
 Safety belts of leather/slings/safety harnesses  
 Varicose vein stockings  
 Speed control systems  
 Machines for balancing mechanical parts  
 Test benches  
 Ozone friendly cylinders  
 Fungicides  
 Anti sprouting products  
 Pigments and colouring matter  
 Bituminous mixtures  
 Malt, whether roasted or not  
 Hop cones  
 Printed tissue paper for pattern making  
 Rovings, slivers, chopped strands of glass fibre  
 Mats, thin sheets, woven fabrics of glass fibre  
 Specialised spare parts for production equipment  
 Anchors, grapnels and parts  
 Direction finding compasses

- reduction of customs duty to 10% on:

Aluminium stranded wires  
 Sport-type catamarans  
 Electric bicycles  
 Packing materials for use in industry

- reduction of customs duty to 15% on:
  - Baby bouncers, rockers
  - Baby carriages, walkers, carriers
  - Baby feeding bottles, teats, soothers
  - Bibs
  - Warmers and sterilizers for babies
  - Mosquito nets
  - Rubberised textile fabrics
  - Electrical fencing used by breeders
- reduction of customs duty from 80% to 40% on:
  - Leather aprons
  - Magnetic tapes
- reduction of customs duty from 80% to 55% on:
  - Batteries for motor vehicles

**Reduction of excise duties on motor vehicles, buses and mini buses:**

<b>Petrol Engine</b>	From(%)		To(%)
	Preferential countries	Non Preferential countries	
Cylinder capacity			
Up to 1250c.c.	97	157	90
1251 to 1500 c.c.	117	177	130
1501 to 2000 c.c.	157	217	180
Over 2000 c.c.	237	297	250
<b>Diesel Engine</b>			
Up to 1500 c.c.	97	157	90
1501 to 2000 c.c.	117	177	130
2001 to 3000 c.c.	157	217	180
Over 3000 c.c.	237	297	250
Buses and Minibuses	-	40	20

## 2.6 Staffing

The number of officers at 30 June 2001 was 688 including 127 supporting staff. As at June 2000, the corresponding figures were 563 and 140 respectively.

## 2.7 Training courses, Seminars and Workshops

In order to improve efficiency in the Customs Department and to enhance the skills of the staff, several senior officers have followed courses and attended seminars, conferences and workshops abroad and locally. The main ones are:-

- Training Course on Customs Management Techniques in Singapore.
- SADC Technical Committee on sugar in Johannesburg.
- World Customs Summit implementing streamlined Customs processes for Internet driven cross-border commerce in Brussels.
- SADC Sub-Committee on Customs cooperation and trade facilitation in Johannesburg.
- WTO Regional Seminar on Integrated Database in Cape Town.
- WCO 172nd Session of the Permanent Technical Committee in Brussels.
- Seminar on Africa Growth & Opportunity Act in Madagascar.
- Second Seminaire Regional sur la lutte contre les drogues et les Toxicomanies in Zambia.
- Regional Tariff Workshop in Brussels.
- 33rd Fellowship Program in Lusaka.
- Regional Harmonisation of Customs and Trade Statistics Systems in Pretoria.
- SADC Regional Committee in Pretoria.
- Seminar For Senior Managers on the Implementation and Maintenance of the WTO Valuation Agreement in Brussels.
- Workshop on COMESA in Lusaka.
- Eastern and Southern Africa Regional Intelligence Liaison Office meeting in Mombasa.
- CEFOI Seminar on Formation des Formateurs in Madagascar.
- 3rd Meeting of the Working Group on Transnational Organized Crime and 1st Working Group on Mutual Administrative Assistance in Brussels.
- 7th meeting of the Trade and Customs Committee in Lusaka.

- SADC Meeting on Trade Protocol in Lesotho.
- IOC Training Exchange - Tourism and Travel Facilitation in Seychelles.
- SADC Trade Sector Meeting in Maputo.
- Customs Advisory Group in Johannesburg.
- Workshop on Harmonisation of Customs Legislation & Procedures in Kampala.
- Regional Seminar on HS related Customs Laboratory matters in Nairobi.
- Regional Harmonisation of Customs and Trade Statistics System Project-Directors Meeting in Nairobi.
- 12th Session of the Technical Committee on Customs Valuation in Brussels.
- 2nd Meeting of the Workshop Group on COMESA Rules of Origin in Lusaka.
- Meeting of SADC Head of Customs in Dar-Es-Salaam.

## 2.8 Imports and Exports

During the year there has been an increase in the number of import and export entries.

The following table shows the number of Bills of Entry and the value of imports and exports for the year 1999-2000 and the year 2000-2001 .

*Number of Entries and Value of Imports and Exports*

	<b>1999-2000</b>	<b>2000-2001</b>
1. Number of Bills of Entry		
(a) Imports	186,565	194,256
(b) Exports	95,542	97,719
2. CIF Value of Imports (Rs. million)	54,475	56,585
3. FOB Value of Exports (Rs. million)	38,033	42,907
4. FOB Value of Bunkers and Ship's Stores (Rs. million)	989	1,800

## 2.9 Control of ships and aircrafts

Ships and aircrafts arriving from abroad have to report to Customs. The following table gives details of the number of ships and passengers and the quantity of goods in the year 1999-2000 and 2000-2001.

*Number of ships and passengers and quantity of goods*

	1999-2000	2000-2001
<b>1. Number of Ships</b>		
Entered	1,654	1,762
Cleared	1,648	1,585
<b>2. Cargo (Metric Tons)</b>		
Landed	3,592,660	4,381,000
Loaded	1,412,352	1,552,000
<b>3. Passengers</b>		
Arrivals	23,998	16,064
Departures	23,939	18,218

The table below gives details of the shipping movements during the year.

*Shipping Movements*

	1999-2000		2000-2001	
	Inwards	Outwards	Inwards	Outwards
<b>1. Number of Voyages</b>				
Foreign	1,654	1,648	1,762	1,585
Coasting	60	58	52	54
<b>Total</b>	<b>1,714</b>	<b>1,706</b>	<b>1,814</b>	<b>1,639</b>
<b>2. Net Registered Tonnage (Metric Tons)</b>				
Foreign	6,345,388	6,232,914	7,070,000	6,318,000
Coasting	72,116	62,676	62,517	64,271
<b>Total</b>	<b>6,417,454</b>	<b>6,295,590</b>	<b>7,132,517</b>	<b>6,382,271</b>

The table below shows the number of aircrafts and passengers and the quantity of goods.

*Number of aircrafts and passengers and the quantity of goods*

<b>Details</b>	<b>1999-2000</b>	<b>2000-2001</b>
<b>1. Number of aircrafts</b>		
Entered	7,721	8,494
Cleared	7,723	8,498
<b>2. Cargo (Metric Tons)</b>		
Landed	20,698	19,380
Loaded	20,876	21,909
<b>3. Luggage &amp; Mail (Metric Tons)</b>		
Incoming	314	300
Outgoing	143	140
<b>4. Passengers</b>		
Arrivals	846,172	887,720
Departures	845,264	893,494

### **3. VALUE ADDED TAX DEPARTMENT**

#### **3.1 Responsibilities**

The VAT Department is responsible for the collection and administration of the Value Added Tax and the various duties and taxes payable under the Gaming Act in respect casinos, gaming houses, pool betting, sweepstakes and lotteries.

It is also responsible for the collection of rum and liquor licence fees payable under Part II of the second schedule to the Excise Act 1994.

#### **3.2 The VAT System**

Value Added Tax was introduced on 7 September 1998 and is governed by the Value Added Tax Act 1998. It is a tax on the supply of goods and services in Mauritius (including Rodrigues) and is chargeable on the value of the supply. The tax is also levied on the importation of goods into Mauritius. The rate of the tax has been increased from 10 to 12 per cent with effect from 1 July 2001.

With the exception of those which are specifically exempted, all goods and services are subject to the tax. The exempt goods and services include rice, bread, butter, common salt, medical, hospital and dental services, educational and training services. The Act also provides for certain bodies or persons to be exempted from the tax on certain specified goods and services.

Generally, goods and services which are exported are zero-rated. However, as from 1 September 1999 a few goods sold on the local market have been made zero-rated notwithstanding that they are imported or locally manufactured. These include wheat flour, edible oil, chicken, sugar, and fertilisers. As from 1 September 2000 common salt, ghee and fish (fresh, chilled or frozen) produced in Mauritius have been made zero-rated. Water and electricity have also become zero-rated with effect from 2 October 2000.

Persons in business whose annual turnover of taxable goods and services exceed Rs. 3 million are required to be registered for VAT and submit VAT returns.

### 3.3 Revenue

Total receipts from Value Added Tax, tax on gaming, betting and sweepstakes and from rum and liquor licence fees amounted to Rs.6,655.2 million in 2000-2001. In addition, receipts from Sales Tax (which had been replaced by VAT as from 7 September 1998) amounted to Rs. 5.4 million and receipts from Hotel and Restaurant Tax amounted to Rs. 26.7 million.

The table shows the trend since 1997-98 and is illustrated in the chart below:

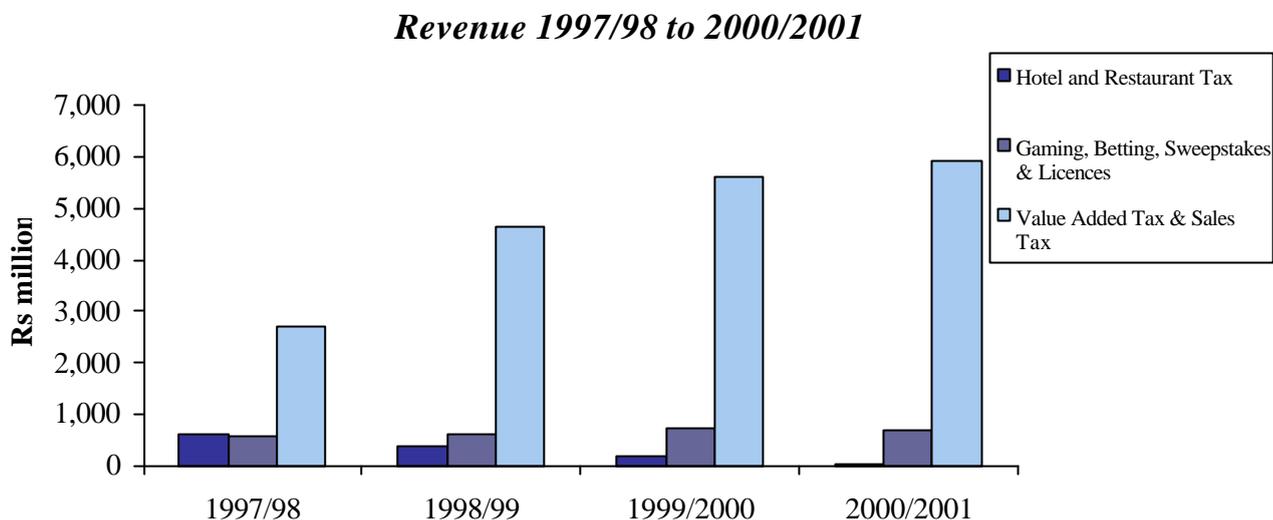
*Revenue 1997-98 to 2000-2001*

	<i>Rs. million</i>			
	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-2001</b>
Value Added Tax	-	3,976.3	5,595.9	5,919.1
Sales Tax	2,724.5	662.3	8.4	5.4
Hotel & Restaurant Tax	620.3	370.5	176.3	26.7
Gaming, Betting and Sweepstakes	557.9	607.6	694.9	680.2
* Gaming licences	-	-	41.7	45.5
Rum & Liquor licences	10.1	10.2	10.6	10.4
<b>Total</b>	<b>3,912.8</b>	<b>5,626.9</b>	<b>6,527.8</b>	<b>6,687.3</b>

\* Prior to the year 1999-2000, Gaming licences were accounted for under item "Miscellaneous Licences".

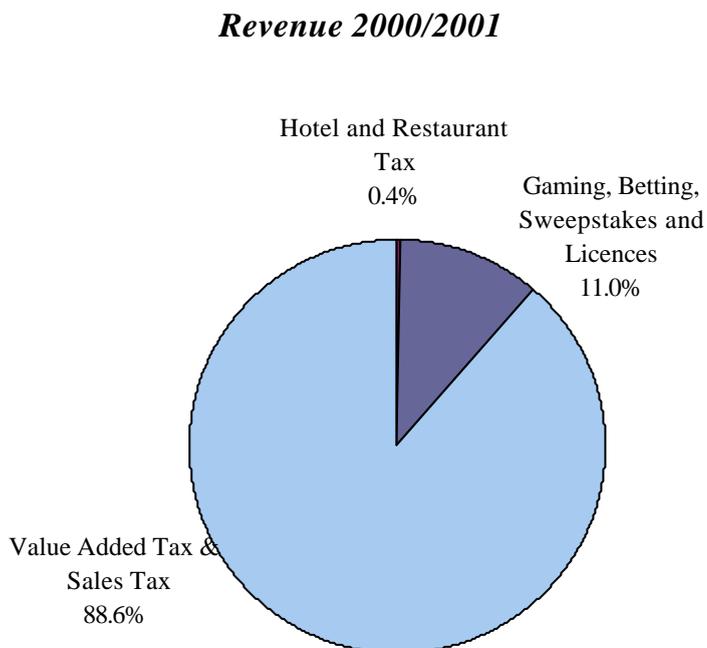
Out of the total amount of VAT collected, an amount of Rs. 404.6 million was received through electronic payment.

The diagram below shows the trend since 1997/98



Note: The Value Added Tax on goods and services has replaced the Sales Tax on goods as from 7 September 1998.

For the year 2000-2001, the percentage of revenue from Value Added Tax, Hotel and Restaurant Tax and from tax on Gaming, Betting, Sweepstakes and licences to total revenue is shown in the chart below.



### 3.4 Registrations

The number of persons registered for VAT was 4,867 as at 30 June 2001. Details of the registrations for the years 1999 – 2000 and 2000 – 2001 are given in the table below.

*Number of Registrations*

	<b>1999-2000</b>	<b>2000-2001</b>
1 July 2000	4,044	4,451
New Registrations	568	539
Total	4,612	4,990
Registration cancelled	161	123
30 June 2001	4,451	4,867

### 3.5 Repayment of VAT

During the year 3,529 claims for an amount of Rs. 1,139 million were received. 3,517 claims for an amount of Rs 1,113 million have been processed and an amount of Rs 927.5 million has been repaid to VAT registered traders. Out of the amount repaid, Rs. 278.4 million was in respect of capital goods and Rs. 649.1 million in respect of zero-rated supplies.

### 3.6 Assessments

During the year 98 assessments for a total amount of Rs 103.5 million have been raised following field and desk audits.

### 3.7 Betting, Gaming and Lotteries

At 30 June 2001 there were 574 licensees under the Gaming Act. The figure for the previous year was 566.

The table below gives a breakdown of the number of licensees.

*Number of Licensees*

	At 30 June 2000	At 30 June 2001
<b>Gaming Houses</b>		
Casino	7	7
Gaming House "A" licence	4	5
Gaming House "B" licence	4	4
Gaming House "C" licence	17	17
Coin-operated gaming machine	8	9
<b>Pool Betting</b>		
Pool Promoter	2	2
Agent of Foreign Pool Promoter	3	3
Collector	422	423
<b>Sweepstakes &amp; Bets</b>		
Pari mutuel organiser	3	3
Bookmaker	68	77
Totalisator	1	1
<b>Lotteries (Promotional)</b>		
Lottery organiser	27	23
<b>Total</b>	<b>566</b>	<b>574</b>

### 3.8 Collection of rum and liquor licence fees

At 30 June 2001, there were 5,289 licensees under Part II of the Second Schedule to the Excise Act 1994. The figure for the previous year was 5,232.

The table below gives a breakdown of the number of licensees by district.

*Number of licensees by district*

<b>District</b>	<b>At 30 June 2000</b>	<b>At 30 June 2001</b>
Black River	315	339
Flacq	683	676
Grand Port	570	578
Lower Plaine Wilhems	678	671
Upper Plaine Wilhems	645	662
Moka	339	339
Port Louis	472	466
Pamplemousses	591	601
Rivière du Rempart	623	637
Savanne	316	320
<b>Total</b>	<b>5,232</b>	<b>5,289</b>

### 3.9 Staffing

At 30 June 2001 there were 133 officers including 45 supporting staff. As at 30 June 2000, the corresponding figures were 127 and 38 respectively.

### 3.10 Training courses and seminars

During the year, the Department has continued its effort to make effective use of training opportunities available in order to upgrade the skill and raise the level of competence of the staff. Officers have attended the following courses and seminars –

- One Principal Revenue Officer attended a seminar on “Formation de Formateurs” from 18 to 29 September 2000 in Madagascar.
- Eight officers employed to give assistance at the level of Clerical Officer/Higher Clerical Officer level followed a one week induction course in January-May 2001 at the University of Technology.
- One Clerical Officer/Higher Clerical Officer followed a refresher course for Clerical Officers at the University of Technology from 4 to 8 June 2001.
- Three Office Attendants followed a one week induction course at the University of Technology in March-April 2001.

## 4. INCOME TAX DEPARTMENT

### 4.1 Responsibilities

The Income Tax Department is responsible for the collection and administration of tax on the income of individuals and companies.

### 4.2 The Income Tax System

Mauritius runs a self-assessment system based on the residence concept. A resident of Mauritius is liable on his worldwide income except that earned income derived by an individual from overseas is taxable to the extent that it is remitted to Mauritius.

Income Tax is payable on income derived in the preceding year. The fiscal year commences on 1 July. Individuals are required to submit their returns of income by 30 September while the due date for companies to furnish their returns is 31 January following the income year. Where a company closes its accounts on a date other than 30 June, the return of income has to be submitted by 30 September in the year of assessment.

**Tax Rates** - The income tax rates applicable in respect of income year 2000/2001 are –

#### ◆ **Individuals**

<u>Chargeable Income</u>	<u>Rate</u>
On the first Rs. 25,000	15%
On the remainder	25%

#### ◆ **Companies**

– Tax incentive companies	15%
– Others	25%

**PAYE** - The Pay As You Earn (PAYE) System applies to emoluments. The system which operates on a non-cumulative basis was introduced on 1 July 1993.

To arrive at the amount of tax to be withheld from the emoluments of an employee, the employer has to take into account the reliefs and deductions claimed by the employee in his PAYE Employee Declaration Form. The employer has to remit tax withheld to the Income Tax Department within 20 days from the end of the month in which the tax is withheld.

**CPS** - The Current Payment System (CPS) was introduced on 1 July 1993. The system concerns self-employed deriving income from trade, business, profession and rent.

A person falling under CPS is required to submit not later than 31 March a Statement of Income in respect of his income for the half year ended 31 December and at the same time pay any tax due in accordance with the statement.

### 4.3 Revenue

Total revenue in 2000-2001 amounted to Rs. 3,039.1 million as compared to Rs. 2,880.6 million in 1999-2000.

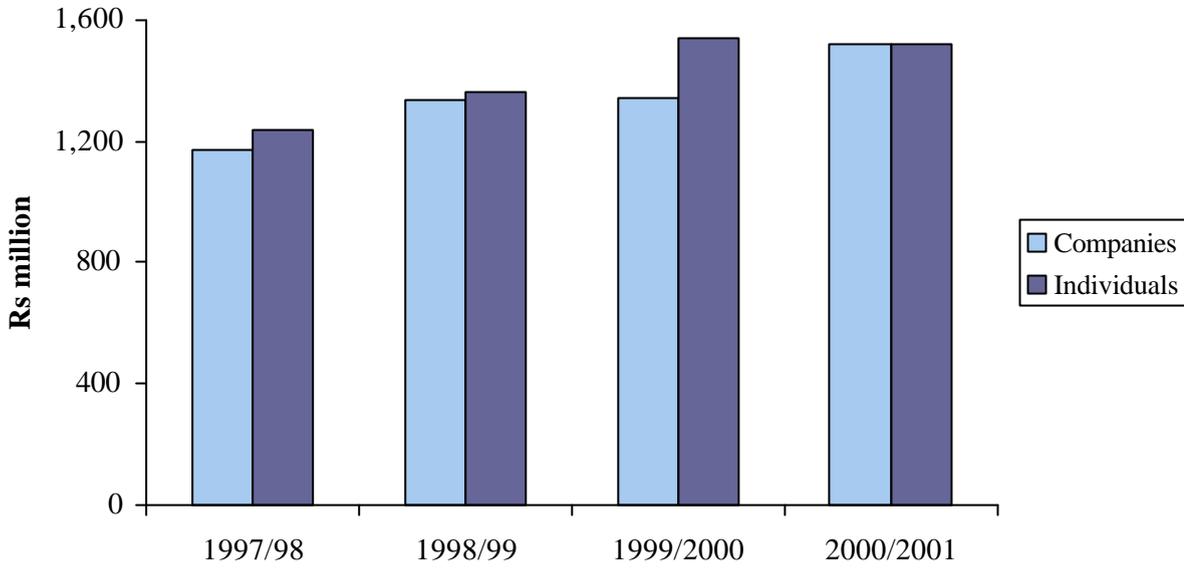
The table below shows the trend since 1997-98 and is illustrated below.

*Revenue 1997-98 to 2000-2001*

*Rs. million*

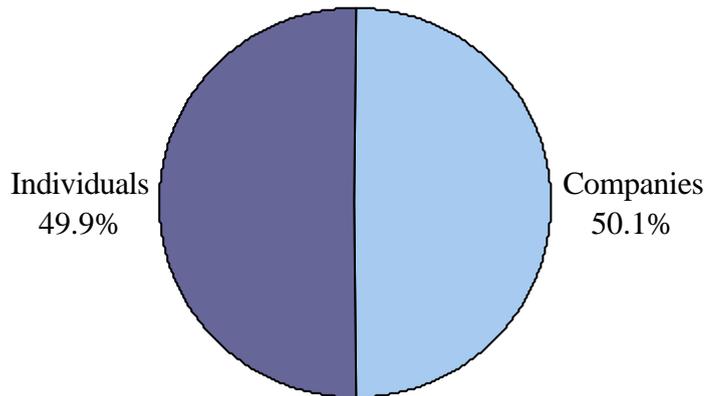
	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-2001</b>
Individuals	1,237.7	1,362.8	1,539.7	1,517.9
Companies	1,171.0	1,337.0	1,340.9	1,521.2
<b>TOTAL</b>	<b>2,408.7</b>	<b>2,699.8</b>	<b>2,880.6</b>	<b>3,039.1</b>

**Revenue 1997/98 to 2000 /2001**



For the year 2000-2001, the percentage of tax collected from companies and from individuals to total revenue is shown in the pie chart below.

**Revenue 2000/2001**



#### 4.4 Collection under PAYE

The amount of tax collected under PAYE for the years 1999-2000 and 2000-2001 is shown in the table below.

	1999-2000		2000-2001	
	Number	Amount (Rs. m)	Number	Amount (Rs. m)
No. of employers withholding tax	3,984		4,327	
No. of employees subject to PAYE	89,044		91,507	
Tax collected		1,355.5		1,342.4
Tax collected on returns		67.9		68.1
Total tax collected		1,423.4		1,410.5
Tax refunded		203.8		214.5
Net tax collected		1,219.6		1,196.0
No. of refunds	78,089		79,207	

Note: The refunds made in 2000-2001 relate to tax collected in excess in the year 1999-2000.

Out of the total amount of PAYE collected, an amount of Rs. 121.1 million was received through electronic payment.

#### 4.5 Collection under CPS

The amount of tax collected under CPS for the years 1999-2000 and 2000-2001 is shown in the table below.

	1999-2000		2000-2001	
	Number	Amount (Rs. m)	Number	Amount (Rs. m)
No. of self-employed submitting Statements of Income	6,280	80.6	5,224	80.1
No. of self-employed submitting Returns of Income	15,938*	102.6	6,410	132.4
Total tax collected		183.2		212.5

\* This figure included 9,481 cases where there was a chargeable income but no additional tax was payable after deducting tax paid under CPS

#### 4.6 Analysis of total revenue

The table below shows revenue from PAYE, CPS, self-assessments and assessments raised by the Department in the years 1999-2000 and 2000-2001.

*Rs. million*

	1999-2000			2000-2001		
	Companies	Individuals	TOTAL	Companies	Individuals	TOTAL
PAYE	-	1,355.5	1,355.5	-	1,342.4	1,342.4
CPS	-	80.6	80.6	-	80.1	80.1
Self-Assessments	1,310.8	204.1	1,514.9	1,450.2	205.1	1,655.3
Assessments by Department	37.3	103.3	140.6	71.4	104.9	176.3
<b>Total</b>	<b>1,348.1</b>	<b>1,743.5</b>	<b>3,091.6</b>	<b>1,521.6</b>	<b>1,732.5</b>	<b>3,254.1</b>
<u>Less</u> Refund	7.2	203.8	211	0.4	214.6	215.0
<b>Net Revenue</b>	<b>1,340.9</b>	<b>1,539.7</b>	<b>2,880.6</b>	<b>1,521.2</b>	<b>1,517.9</b>	<b>3,039.1</b>

#### 4.7 Number of self-assessments and assessments

The number of self-assessments and assessments raised by the Department in the years 1999-2000 and 2000-2001 is given in the table below.

	1999-2000			2000-2001		
	Companies	Individuals	TOTAL	Companies	Individuals	TOTAL
Self-Assessments	2,012	55,819	57,831	2,111	60,600	62,711
Assessments	411	1,949	2,360	435	3,384	3,819

#### 4.8 Register of taxpayers

The following table gives a breakdown of the number of taxpayers as at 30 June 2001.

*Number of Registrations*

	<b>Individuals</b>	<b>Companies</b>	<b>Societes</b>	<b>Successions</b>	<b>Total</b>
At 1 July 2000	224,263	17,037	3,417	1,318	246,035
Revived and transferred from old register	3,278	964	5	5	4,252
Added during year	14,889	2,799	36	15	17,739
	242,430	20,800	3,458	1,338	268,026
Removed during year	837	475	13	24	1,349
At 30 June 2001	241,593	20,325	3,445	1,314	266,677

#### 4.9 Staffing

As at 30 June 2001, there were 392 officers including 182 supporting staff. As at 30 June 2000, the corresponding figures were 381 and 194 respectively.

#### 4.10 Training

During the year, 13 Trainee Inspectors followed the in-house training course. In addition, six senior officers followed advanced training courses overseas as follows –

- A workshop on Taxation of International Transactions run by CATA in Malaysia.
- Commonwealth Management Development Programme run by CATA in Zimbabwe.
- General Tax Administration Course run by CATA in Malaysia.
- SADC International Taxation Workshop in South Africa.
- Seminar on “Formation des Formateurs” by the Centre D’Etudes Fiscales de L’Ocean Indien “CEFOI” in Madagascar.

#### **4.11 Tax Rulings**

During the year, the Department has given the following rulings under the Income Tax Act 1995.

##### **TR 16**

##### **Facts**

The core activities of a company since its incorporation have been the provision of a wide range of contracting works to the sugar industry for the preparation, upkeep and enhancement of sugar cane fields. These activities have been extended to the mechanical loading and mechanical harvesting of sugar cane crop.

##### **Point at issue**

Whether the company is a tax incentive company under item 22 of Part V of the First Schedule to the Income Tax Act 1995 which reads as follows: “ a company deriving at least 75 per cent of its gross income from agriculture, fishery and livestock”.

##### **Ruling**

The company is not engaged in agriculture but is providing services to the sugar industry for the preparation, upkeep and enhancement of sugar cane fields. The income derived by the company, although linked with agriculture, represents the return for the services provided to the sugar industry. Hence, the company does not qualify as a tax incentive company.

**TR 17****Facts**

A foreign bank is offering the opportunity to employees of its branch in Mauritius to subscribe to the share capital of the bank in view of the increase in its capital on the following conditions:

- ◆ For each share subscribed by the employee, the employer should subscribe to one free share in favour of the employee up to a maximum of 16 free shares per employee.
- ◆ Shares subscribed by the employee and the employer cannot be released before five years.

**Point at issue**

Whether the employee is assessable to tax on the free shares? If in the affirmative

- when should the tax be paid?
- should the tax be paid under PAYE?

**Ruling**

The employee is assessable to income tax on the free shares as these are fringe benefits falling within the ambit of Section 10 (1)(a)(i) of the Income Tax Act 1995. The tax should be paid under the PAYE System at the time the employee receives the benefit in accordance with the provisions under Part VIII, Sub-Part A of the Income Tax Act 1995.

**TR 18****Facts**

A group of companies engaged in sugar cane plantation have made applications for land conversion under Section 5(7)(f) of the SIE Act 1988 (as amended).

The companies propose to subdivide and develop the lands into residential plots and sell same to the public. The lands have been owned by the company for sugar cane plantation for a considerable period of time. The companies have never in the past been engaged in property development. The sale of lands by the group of companies will be effected under the 1200 Arpents Land Conversion Scheme approved by the Government whereby 25% of land will be sold to the Government at nominal prices. The Group has the obligation to plough back at least 60% of the proceeds and carry out the conversion within a specified period, failing which the authority for land conversion will be withdrawn.

**Point at issue**

Whether the proceeds from the sale of the lands would constitute a chargeable income for Income Tax purposes.

**Ruling**

The profits to be realised by the group of companies from the sale of the lands will be considered as capital profits and hence not chargeable to income tax.

**TR 19****Facts**

A consortium proposes to acquire shares held by a foreign company in a Mauritian company engaged in sugar cane plantation. Apart from 5 different companies holding each an equal percentage of share capital of the consortium, the Government will participate in the shareholding of the consortium. The proposed agreement between the Government and the consortium provides inter alia that the Mauritian company will:

- ◆ sell to the Government some portions of land at a concessionary price;
- ◆ be allowed to –
  - (i) parcel out some other portions of agricultural lands to small planters as agricultural morcellements and sell part thereof on a going concern basis to an entity to be designated by Government;
  - (ii) rezone and parcel out other portions of land to be sold to the public.

**Point at issue**

Whether any gains from the sale of the lands by the Mauritian company would be chargeable to income tax.

**Ruling**

Any gains from the sale of the lands by the Mauritian company will be considered as capital profits and will not therefore be chargeable to income tax since the lands have been owned by the Mauritian company for sugar cane plantation for a considerable period of time. Moreover, the Mauritian company has never been engaged in property development.

**TR 20****Facts**

A foreign company intends to register itself with the Registrar of Companies as a foreign company to operate in the offshore sector. The offshore company (the lessor) will contract a loan with an offshore bank for the purchase of a new brewery plant which is being constructed abroad with a view to hire it to a leasing partnership (the lessee) established abroad which will in turn make the new brewery plant available to another company under a financial lease agreement. The lessee will pay a rental to the lessor during the first five years.

**Points at issue**

- (i) Whether the offshore company is assessable to tax on the lease interest derived by it under the finance lease agreement entered into by it and the leasing partnership.
- (ii) Whether the lease interest paid by the leasing partnership to the offshore company is income derived from outside Mauritius.
- (iii) Whether the offshore company will, by virtue of Section 19 of the Income Tax Act 1995, be entitled to a deduction in respect of interest payable on loan taken from the non-resident bank for the acquisition of the brewery plant.
- (iv) Whether the offshore company is entitled to a deduction in respect of its administrative and other expenses which satisfy the requirements of Section 18(1) of the Income Tax Act 1995.
- (v) Whether the interest paid by the offshore company to a non-resident bank is exempt from tax under item 5 of Part III of the Second Schedule to the Income Tax Act 1995.

**Rulings**

- (i) The offshore company, being a resident of Mauritius, is assessable to tax on the lease interest derived by it under the finance lease agreement entered into by it and the leasing partnership.
- (ii) The lease interest paid by the leasing partnership to the offshore company is income derived from outside Mauritius.
- (iii) The offshore company will, by virtue of Section 19 of the Income Tax Act 1995, be entitled to a deduction in respect of interest payable on loan taken from the non-resident bank for the acquisition of the brewery plant.
- (iv) The offshore company is entitled to a deduction in respect of its administrative and other expenses which satisfy the requirements of Section 18(1) of the Income Tax Act 1995.
- (v) Interest paid by the offshore company to a non-resident bank is exempt from tax under item 5 of Part III of the Second Schedule to the Income Tax Act 1995.

**TR 21****Facts**

An offshore bank intends to facilitate the roll out of a capital guaranteed investment product on behalf of an international fund. The investment would be in three year Zero Coupon Bonds. The Zero Coupon Bonds do not pay interest during their term. However, the interest accrues annually and the value is paid at maturity.

**Points at issue**

- (i) Whether the offshore bank will, by virtue of Section 19 of the Income Tax Act 1995, be entitled to deduct the accrued interest on the Zero Coupon Bonds.
- (ii) Whether the offshore bank will be required to withhold taxes on interest payments at maturity.
- (iii) Whether interest paid to the fund is chargeable to tax.

**Rulings**

- (i) The offshore bank will, by virtue of Section 19 of the Income Tax Act 1995, be entitled to deduct the accrued interest on the Zero Coupon Bonds on an annual basis.
- (ii) There are no withholding taxes on interest payments.
- (iii) Interest paid to a non-resident by a corporation holding an Offshore Banking Licence issued under the Banking Act 1988 is exempt from income tax under item 5 of Part III of the Second Schedule to the Income Tax Act 1995.

**TR 22****Facts**

An offshore company resident in Mauritius derives dividends from a foreign company in which it holds 50% of the shares.

**Point at issue**

Whether credit for underlying tax on a yearly basis will be granted on the production of a certificate from the tax authority of the foreign country that the company is subject to tax on its profits at a certain rate.

**Ruling**

The offshore company will be entitled to a credit for underlying tax on production of documentary evidence showing, in respect of the year for which credit is claimed, the following particulars:-

- (a) the amount of corporate tax actually paid by the foreign company and
- (b) the total profits of the foreign company out of which the dividends were paid.

The offshore company will still be able to claim an underlying tax credit in respect of a year where no tax has been paid by the foreign company if the dividends can be shown to have been paid out of a previous year's profits which have already been charged to tax. In such a case, the rate used in that previous year will apply for the purpose of calculating the underlying tax credit.

## 5. REGISTRAR-GENERAL'S DEPARTMENT

### 5.1 Responsibilities

The Registrar-General's Department is responsible for the collection and administration of –

- Registration duty
- Capital Gains Tax/Land Transfer Tax on transfer of immovable property
- Tax on transfer of leasehold rights in State Land
- Campement Site Tax

The Department also collects a stamp duty on documents deposited for registration, transcription or inscription.

### 5.2 Registration Duty

Documents deposited for registration at the Registrar-General's Department attract either a fixed **registration duty** of Rs 50.- or proportional duty varying from 0.1% to 12% plus 10% surcharge or donation duty varying from 10% to 45% plus 10% surcharge.

### 5.3 Capital Gains Tax/Land Transfer Tax

A **Capital Gains Tax** or **Land Transfer Tax**, whichever is higher, is levied on transfer of immovable property. The tax is levied as follows –

- **Capital Gains Tax** on any lot in a morcellement on the difference between the sale price and the purchase price which is enhanced by costs of infrastructure and notarial costs at –
  - (i) 30% where any lot is transferred less than 5 years from date of acquisition of the property;
  - (ii) 25% where any lot is transferred more than 5 years but less than 10 years from date of acquisition of the property;
  - (iii) 20% where any lot is transferred more than 10 years but less than 15 years from date of acquisition of the property.
- **Land Transfer Tax** at 5% or 10% of the consideration for the transfer after deducting therefrom an aggregate amount of Rs 75,000 in respect of all transfers of immovable properties effected on or after the 16 July 1984.

#### **5.4 Tax on Transfer of leasehold rights in State Land**

A **tax of 20% on transfer of leasehold rights in State Land** is levied on registration of a deed of transfer of –

- (a) leasehold rights in State land;
- (b) shares in a civil society, partnership, association or company which reckons among its assets any leasehold rights in State land;
- (c) shares in a company which is an associate in a partnership which reckons among its assets any leasehold rights in State land.

#### **5.5 Campement Site Tax**

A **Campement Site Tax** is levied on every owner of a campement site in a zone specified in Part I of the Fifth Schedule to the Land (Duties and Taxes) Act as an annual tax varying from 2 rupees per m<sup>2</sup> to 6 rupees per m<sup>2</sup>.

## 5.6 Revenue

Total receipts from Registration Duties, Land Transfer Tax, Capital Gains Tax, Mortgage Fees, Stamp Duty, Campement Site Tax, Land Conversion Tax and arrears in respect of succession duties (now abolished but still applicable to succession prior to October 1987) amounted to Rs. 1,309.6 million in 2000-2001 as compared to Rs. 1,199.9 million in 1999-2000.

The table below shows the trend since 1997-1998 and is illustrated below:-

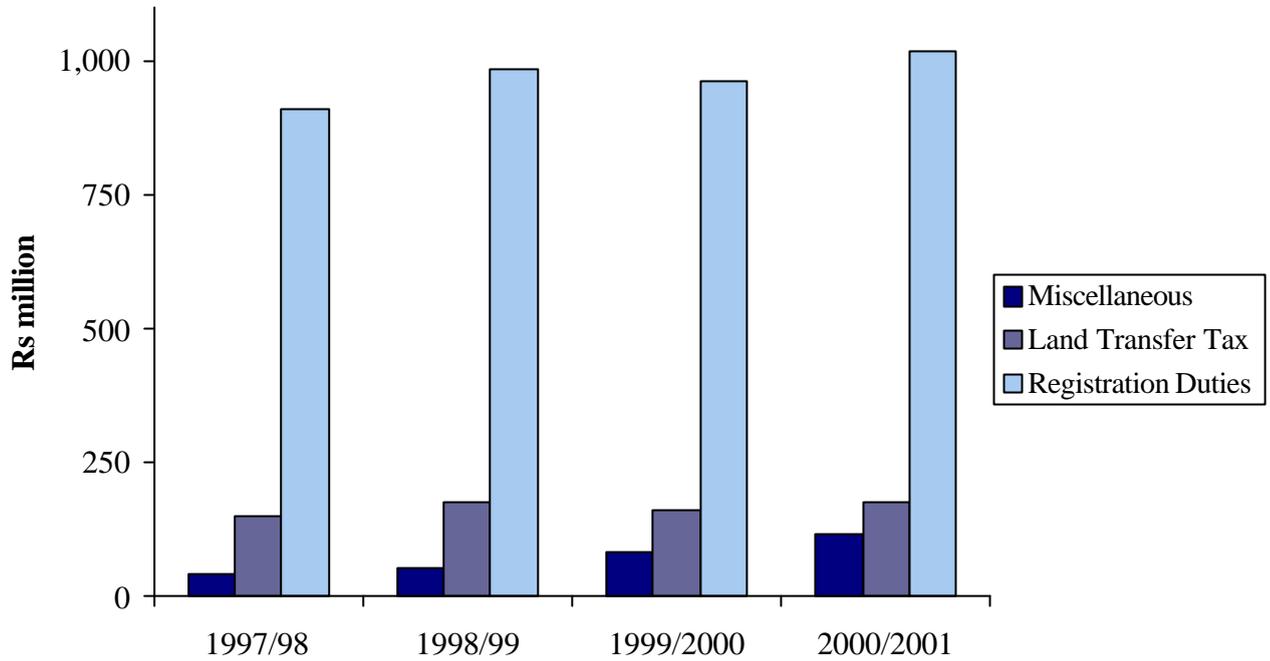
*Revenue 1997-98 to 2000-2001*

*Rs. million*

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-2001</b>
Registration duties	908.1	981.7	960.4	1,017.1
Land transfer tax	147.7	174.4	158.3	175.7
Stamp duty	12.1	12.9	12.0	11.3
Campement site tax	6.9	8.4	26.5	37.5
Land conversion tax	5.6	6.0	10.5	29.1
Other	17.7	25.4	32.2	38.9
<b>TOTAL</b>	<b>1,098.1</b>	<b>1208.8</b>	<b>1,199.9</b>	<b>1,309.6</b>

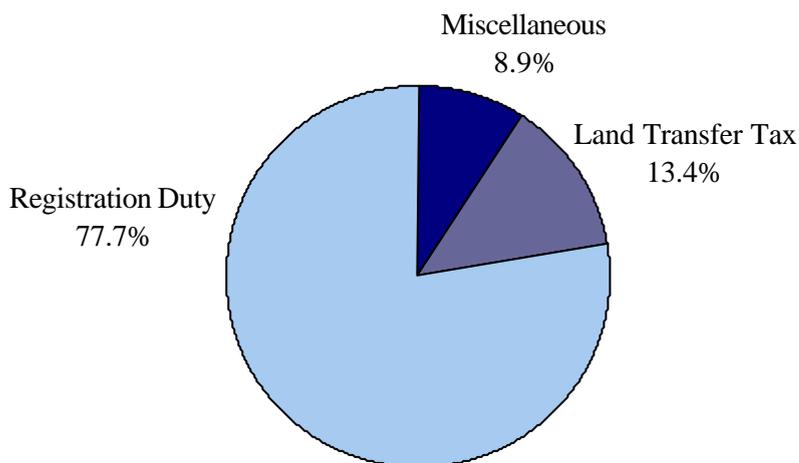
**Notes:** Item "Other" includes Capital Gains Tax, Tax on transfer of leasehold rights in State Land, Mortgage Fees, Succession Dues (arrears).

**Revenue 1997/98 to 2000/2001**



For the year 2000-2001, the percentage of revenue from registration duties and land transfer tax to total revenue is shown in the chart below.

**Revenue 2000/2001**



## 5.7 Staffing

As at 30 June 2001, there were 127 officers including 47 supporting staff. As at 30 June 2000, the corresponding figures were 130 and 50 respectively.

## 5.8 Number of documents presented for registration and registration dues collected

During the year 184,642 documents were presented for registration as compared to 227,803 for the previous year. Registration dues collected amounted to Rs. 1,017.1 million as compared to Rs. 960.4 million for the previous year.

The number of documents presented for registration and an analysis of the amount of registration dues collected in each of the years 1999-2000 and 2000-2001 is given in the table below –

*Number of documents presented for registration and registration dues collected*

Nature of documents	1999-2000		2000-2001	
	Number of documents	Amount collected (Rs. m)	Number of documents	Amount collected (Rs. m)
1. Transfer of immovable properties	21,708	316.6	21,767	357.9
2. Transfer of motor vehicles	32,103	511.9	34,307	541.3
3. Deeds creating mortgage/pledge	8,681	8.3	7,688	15.1
4. Instruments creating fixed/floating charge	22,129	52.9	22,030	56.4
5. Leases	5,587	7.1	5,335	12.8
6. Transfer of shares in companies	2,425	9.7	2,175	3.6
7. Other (affidavits, security bonds etc)	135,170	53.9	91,340	30.0
<b>Total</b>	<b>227,803</b>	<b>960.4</b>	<b>184,642</b>	<b>1,071.1</b>

*Note:* Items 'Transfer of immovable properties' and 'Leases' include documents presented for registration as well as for registration and transcription.

In addition, there were 236 transfers of land qualifying for payment of registration duty at a reduced rate and/or exempted from payment of Land Transfer Tax, Capital Gains Tax and Transcription Fees under the Sugar Sector Package Deal Act 1985.

## 5.9 Transfer of immovable property

In 2000-2001, 7,638 deeds of transfer of immovable property were transcribed as against 7,919 in the previous year.

Details of these transfers are shown in the following table.

*Transfer of Immovable Property - Extent and Value*

Value of Estate (Rs.)	1999-2000			2000-2001		
	Number of transfers	Total extent (hectare)	Total Value (Rs. m)	Number of transfers	Total extent (hectare)	Total Value (Rs. m)
Up to 100,000	2,221	173.5	127.1	1,984	163.7	126.4
100,001 - 300,000	2,855	253.4	595.3	2,798	234.3	584.8
300,001 - 500,000	1,282	140.8	521.0	1,307	180.5	533.4
500,001 - 700,000	529	68.8	325.3	560	74.8	343.0
700,001 - 900,000	338	54.8	272.7	335	56.1	269.5
900,001 - 1,000,000	126	19.4	123.1	126	29.5	123.4
1,000,001 - 2,000,000	359	100.5	500.3	335	104.2	477.4
2,000,001 - 4,000,000	137	53.2	383.3	123	65.9	337.2
4,000,001 - 8,000,000	53	81.6	286.9	49	50.3	268.3
8,000,001 -15,000,000	12	13.2	136.3	10	10.1	102.6
15,000,001 and over	7	34.5	195.1	11	50.1	353.9
<b>TOTAL</b>	<b>7,919</b>	<b>993.7</b>	<b>3,466.4</b>	<b>7,638</b>	<b>1,019.5</b>	<b>3,519.9</b>

### 5.10 Succession dues collected and the number of successions declared

The amount of succession dues collected during the year was Rs. 6,173 as compared to Rs. 28,769 for the previous year. (This amount is in relation to successions declared during previous years). No succession was declared during the year.

### 5.11 Amount secured by mortgage inscription/charges

The total amount secured by mortgage inscription/charges was Rs. 40,451.2 million as compared to Rs. 29,290.0 million for the previous year.

The amount secured in the years 1999-2000 and 2000-2001 is given below.

*Amount secured by mortgage inscription/charges*

*Rs. million*

Nature of mortgage/charge	1999-2000	2000-2001
Conventional mortgage	873.3	895.7
Privileges	1,310.4	1,449.9
Renewal of mortgages	228.1	270.1
Legal mortgages	0.7	0.8
Fixed/Floating charges and pledges	26,845.2	37,826.5
Judicial mortgage	32.3	8.2
<b>Total</b>	<b>29,290.0</b>	<b>40,451.2</b>

## 5.12 Number of documents transcribed/inscribed at the Mortgage Office

There were 38,432 documents which were transcribed/inscribed at the Mortgage Office of the Department during the year as compared to 40,466 for the previous year.

Details of the documents transcribed/inscribed during the last two years are given in the table below.

*Number of documents transcribed/inscribed*

<b>Nature of documents</b>	<b>1999-2000</b>	<b>2000-2001</b>
Leases	3,042	2,931
Mortgages and charges	29,073	27,419
Seizures of immovable properties	432	444
Transfer of immovable properties	7,919	7,638
<b>Total</b>	<b>40,466</b>	<b>38,432</b>

During the year, 14,738 mortgage inscriptions and fixed/floating charges were erased as compared to 11,482 in the previous year.

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