



MAURITIUS REVENUE AUTHORITY

Circular No. 2 of 2006

To: All VAT Registered Persons

VAT TREATMENT IN RESPECT OF CERTAIN SUPPLIES

Further to amendments brought to the Value Added Tax Act and to Regulations made thereunder, I wish to draw your attention to the following –

(1) Goods or services exempted from VAT

The First Schedule to the Act is being amended, with effect from 1 October 2006, as follows -

(a) Item 3

Bread, (including bread referred to in the Bread (Control of Manufacture and Sale) Regulations 1988, is exempt.

(b) Item 48

This now provides for the exemption of –

The sale or transfer of an immovable property, a building or part of a building, apartment, flat or tenement-

(i) for residential purposes;

(ii) for any other purposes except land with any building, building or part of a building, apartment, flat or tenement together with any interest in or right over land, sold or transferred by a VAT registered property developer to a VAT registered person.

(c) Items 53 – 61

A number of supplies, including blood glucose strip and lancets, cotton, pearls, diamonds, stones, silver, platinum, and certain types of machinery and equipment are now exempt.

A list of goods and services exempted from VAT as from 1 October 2006 is given at Annex I.

(2) Zero-rated supplies

The Fifth Schedule to the Act is being amended, with effect from 1 October 2006, as follows:

- (a) Zero-rating is being removed in respect of the following-
- Bread referred to in the (Control of Manufacture and Sale) Regulations 1988, and
 - The supply of goods to a traveller by an operator of a duty free shop situated at a place other than the port or airport.
- (b) A number of supplies, including dyes, leather, silk, wool, certain types of fabrics and dyeing services, are being made zero-rated.

A list of zero-rated goods and services, as from 1 October 2006, is at Annex II.

You may wish to note that with effect as from that date, exempt goods when exported by a VAT registered person, will be considered as zero-rated.

(3) Prepaid Cards

The law provides that with effect from 1 October 2006, where prepaid cards in respect of any services are supplied at any stage in the chain of distribution before the retail stage, the supply shall be deemed to have been made at the retail stage and VAT on such supply shall be charged on such value as includes the retail margin.

(4) Exempt bodies or persons

The amended Ninth Schedule to the Act provides for the extension of exemption from payment of VAT, with effect from 1 October 2006, to –

- (a) any company registered with the Board of Investment established under the Investment Promotion Act, as a company engaged in the provision of health services, in respect of –
- the construction of a purpose-built building for the provision of health services; and
- (b) National Housing Development Company Ltd, in respect of –
- the construction of housing estates
- (5) All VAT registered persons dealing in supplies affected by the above amendments are accordingly required to review the VAT treatment of the supplies concerned and give the correct treatment in respect thereof in their invoices, books, records and VAT returns as from the effective date.
- (6) Where, as a result of the above amendments a VAT registered person's annual turnover of taxable supplies does not exceed the new prescribed limit of 2 million rupees, he may review his liability to registration and if he is no longer required to be registered, apply to the Director-General for the cancellation of his VAT registration. However, until such time as he is informed in writing of the cancellation of his registration, he has to continue to charge VAT on his taxable supplies and submit VAT returns.

Any person wishing to have further information may contact-

**The MRA Counter
Ehram Court
Cnr. Mgr. Gonin & Sir V. Naz Streets
Port-Louis**

Tel: 207 6000 Fax: 211 8099

E mail: m.r.authority@intnet.mu

Website: <http://mra.gov.mu>

Director-General

26 September 2006

List of goods and services exempt from VAT (as from 1 October 2006)

1. Rice.
2. Wheat; cereal flours (excluding wheat flour).
3. Bread.
4. Animal or vegetable fats and oils other than ghee produced in Mauritius and edible oils.
5. Butter.
6. Milk and cream (other than sterilised liquid milk), buttermilk, whey, kephir and other fermented or acidified milk and cream; cheese and curd.
7. Food of a kind used for human consumption -
 - (a) fish (excluding fresh, chilled or frozen fish, the produce of Mauritius, and canned tuna, smoked fish and processed fish produced in and exported from Mauritius);
 - (b) meat (excluding meat of poultry) other than canned meat produced in and exported from Mauritius, meat offal (excluding offal of poultry);
 - (c) primary agricultural and horticultural produce (including tomatoes, potatoes, onions and other vegetables, fruits, tea, coffee, cocoa beans and nuts) which have not been processed except for reaping, threshing, husking, crushing, winnowing, trimming, drying and packaging to put them into marketable condition, other than vegetables and fruits produced in and exported from Mauritius and bird's eggs in the shell;
 - (d) soya bean protein cakes or chunks.
8. Food preparations from goods of heading Nos. 04.01 to 04.04, not containing cocoa powder or containing cocoa powder in a proportion by weight of less than 10%, for infant use, put up for retail sale, of heading No. 1901.101.
9. Common salt other than common salt produced in Mauritius.
10. Live animals of a kind generally used as, or yielding or producing, food for human consumption other than live poultry.
11. Unprocessed agricultural and horticultural produce, other than horticultural produce produced in and exported from Mauritius.
12. Medical, hospital and dental services including clinical laboratory services, services provided in a health institution and veterinary services.
13. Antibiotics of heading No. 29.41 other than those produced in and exported from Mauritius.
14. Pharmaceutical products of heading Nos. 30.01 to 30.06 other than those produced in and exported from Mauritius.

15. Invalid carriages of heading No. 87.13; orthopaedic or other appliances or articles of heading No. 90.21.
16. Educational and training services.
17. Journals and periodicals of heading No. 49.02.
18. -
19. -
20. Goods re-imported in respect of which no refund under this Act was made on exportation under item Nos. E1 and E2.
21. Goods imported under the transshipment procedure laid down in the Customs Act 1988 under item No. E4.
22. Articles re-imported after repairs on proof that they were sent from Mauritius provided that they shall be charged with VAT on the value of the repairs and the customs duty and excise duty chargeable thereon under item No.E6.
23. Bona fide baggage of a passenger under item No. E8.
24. Household and personal effects of a passenger under item No. E9.
25. Goods imported in the baggage of a passenger under item No. E10.
26. Goods (excluding merchandise for sale, tobacco in any form, wines, spirits, arms and ammunition) imported by post of a value for duty purposes not exceeding 1000 rupees under item No. E11.
- 26A. Sharlon shade, green house, shade screens, fertigation pumps, irrigation pumps, drip irrigation and automatic irrigation controller, imported by persons for use in agriculture under item No. E12.
27. The transport of passengers by public service vehicles excluding contract buses for the transport of tourists and contract cars.
28. -
29. -
30. (a) Charges under a hire purchase agreement or under a finance lease agreement.
(b) Postal services and services provided by a person holding a Postal Service Licence under the Postal Services Act 2002 in connection with payment of pension and utility bills.

31. Vegetable seeds, fruit and flower seeds, bulbs and plants, used for sowing or planting.
32. -
33. Molasses when supplied, either for consideration or otherwise, to planters, and bagasse.
34. Herbicides.
35. -
36. (a) The renting of fixed telephone lines.
(b) Charges in respect of internet services provided by an internet service provider of an amount of up to 100 rupees per billing period.
- 37.
38. Aircraft leasing.
39. Aircrafts of heading No.88.02.
40. Ships for the transport of persons or goods or both persons and goods falling under heading No. 89.01.
41. Fishing vessels, factory ships and other vessels for processing or preserving fishery products of heading No. 89.02.
42. Works of art, collectors' pieces and antiques of heading Nos. 97.01 to 97.06.
43. Cargo handling services in respect of goods transported by sea or air –
 - (a) from or to Mauritius;
 - (b) from or to the Island of Rodrigues;
 - (c) from or to the Outer Islands; or
 - (d) from a place outside Mauritius to another place outside Mauritius.
44. -
45. Entrance fees to any event in respect of any sport discipline specified in the Physical Education and Sport (Designation of Sport Disciplines) Regulations 1986.
46. The renting of, or other grant of the right to use, accommodation in a building used predominately as a place of residence of any person and his family, if the period of accommodation for a continuous term exceeds 90 days.
47. Subject to item 48, the grant, assignment or surrender of any interest in or right over land or of any licence to occupy land.

48. The sale or transfer of an immovable property, a building or part of a building, apartment, flat or tenement-
- (a) for residential purposes;
 - (b) for any other purposes except land with any building, building or part of a building, apartment, flat or tenement together with any interest in or right over land, sold or transferred by a VAT registered property developer to a VAT registered person.
49. Burial and cremation services and coffins.
50. The following financial services –
- (a) banking services (other than services supplied by a bank holding a banking licence under the Banking Act 2004 in respect of its banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001) including -
 - (i) services provided by the Bank of Mauritius; and
 - (ii) the issue, transfer or receipt of, or any dealing with, money, any security for money or any note or order for the payment of money and the operation of any current, deposit or savings account, but except -
 - (A) services provided to merchants accepting a credit card or debit card as payment for the supply of goods or services (merchant's discount);
 - (B) services in respect of safe deposit lockers, issue and renewal of credit cards and debit cards; and
 - (C) services for keeping and maintaining customers' accounts (other than transactions involving the primary dealer system);
 - (b) services provided by foreign exchange dealers and money changers;
 - (c) the issue, transfer or receipt of, or dealing with any stocks, bonds, shares, debentures and other securities, including the underwriting and the settlement and clearing of such securities;
 - (d) the issue or transfer of ownership of a unit under any unit trust;
 - (e) the management of investment funds and of pension funds;
 - (f) the arrangement, provision, or transfer of ownership, of any contract of insurance or re-insurance under the Insurance Act, but except services provided by an insurance agent, insurance broker or insurance salesman;
 - (fa) the making of loans between entities within the same group; and
 - (g) such other financial services as may be prescribed.

51. Buses of H.S Codes 8702.1011 and 8702.9011 and chassis for buses of H.S Code 8706.0011 operated under a road service licence and used for the transport of the general public.
52. (a) Gold, unwrought or in semi-manufactured forms, or in powder form, or waste and scrap.
(b) Chains and similar articles of gold produced in continuous lengths exceeding 200 centimeters, suitable for use in the manufacture of articles of jewellery.
(c) Clasps of gold and parts thereof.
53. Blood glucose strip of H.S. Code 3822.001.
54. Lancets of heading 90.18 and glucometer of H.S. Code 9027.801
55. Equipment for medical, surgical and dental uses, of heading 90.18 and of H.S. Codes 9006.301, 9019.105, 9019.20, 9022.12, 9022.13, 9022.14, 9022.21, 9022.30, 9022.901, 9022.902, 9022.909, 9027.801, 9402.101, 9405.103 and 9405.403.
56. Cotton of headings 52.01, 52.02 and 52.03.
57. Pearls, diamonds, stones, silver and platinum including waste and scrap, of headings 71.01, 71.02, 71.03, 71.05, 71.06, 71.10 and 71.12 and of H.S. Codes 7104.20 and 7104.90.
58. Machinery and equipment, of headings 84.44 to 84.49 and 84.51 and of H.S Codes 8452.21, 8452.29, 8452.40 and 8452.90.
59. Emery, natural corundum, natural garnet and other natural abrasives of H.S. Code 2513.20
60. Preparations for the treatment of textile materials of H.S. Codes 3403.11 and 3403.91
61. Printed circuits of heading 85.34 and electronic integrated circuits and micro-assemblies of heading 85.42

For the purposes of this list -

- (a) the heading Nos. refer to the heading numbers of Part I of the First Schedule to the Customs Tariff Act;
- (b) the item Nos. refer to the item Nos. of Part II of the First Schedule to the Customs Tariff Act;
- (c) "fish", "meat" and "meat offal" in item 7(a) and (b) -
 - (i) include food preparations containing more than 20% by weight of fish, sausage, meat, meat offal, blood, or any combination thereof; but
 - (ii) exclude caviar and caviar substitutes of heading 16.04 and the stuffed products of heading No. 19.02 or the preparations of heading No. 21.03 or 21.04;
- (d) "health institution" in item 12 has the same meaning as in the Private Health Institutions Act 1989;
- (e) "public service vehicles" in item 27 has the same meaning as in the Road Traffic Act;

- (f) “contract cars” in item 27 has the meaning assigned to it by section 75 of the Road Traffic Act.
- (g) “Outer Islands” in item 43 has the same meaning as in the Outer Islands Development Corporation Act 1982.
- (h) “land” in item 47 means any vacant land or any land or part thereof with any building, flat or tenement thereon.
- (i) “services” in item 50(f) in relation to -
 - (i) an insurance agent, shall not include services in respect of contracts of life insurance entered into prior to 10 January 2003; or
 - (ii) an insurance broker or insurance salesman, shall not include services in respect of contracts of life insurance entered into prior to 1 October 2003.
- (j) the exemption granted under item 51 shall be valid up to 31 August 2007. .

List of VAT zero-rated supplies (as from 1 October 2006)

1. Goods, other than those specified in the First Schedule, exported from Mauritius under Customs control.
2. The following goods –
 - (a) wheat flour and wheat bran;
 - (b) edible oils;
 - (c) margarine;
 - (d) sterilised liquid milk, curdled milk and cream; yoghurt;
 - (e) sugar;
 - (f) live poultry, meat of poultry, edible offal of poultry and birds' eggs in the shell;
 - (g) fertilisers;
 - (h) animal feeding stuffs other than prepared pet foods;
 - (i) printed books, booklets, brochures, pamphlets, leaflets and similar printed matter (except directories and reports) of heading No. 49.01 and atlases of H.S Code 4905.911;
 - (j) children's picture, drawing or colouring books of heading No. 49.03; music, printed or in manuscript, whether or not bound or illustrated of heading No. 49.04;
 - (k) vegetables and fruits produced in and exported from Mauritius;
 - (l) horticultural produce produced in and exported from Mauritius;
 - (m) common salt produced in Mauritius;
 - (n) fish, fresh, chilled or frozen, the produce of Mauritius;
 - (o) ghee produced in Mauritius;
 - (q) Kerosene including kerosene jet type fuel.
3. The transport of passengers and goods by sea or air –
 - (a) from or to Mauritius;
 - (b) from or to the Island of Rodrigues;

- (c) from or to the Outer Islands; or
 - (d) from a place outside Mauritius to another place outside Mauritius.
4. (a) Any supply of goods made by an operator of a duty free shop situated at the port or airport.
- (b) Any supply of goods made by an operator of a duty free shop situated at a place other than the port or airport, provided that the goods are delivered, under Customs control, to the visitor at the port or airport.
5. The supply of goods or services, other than those specified in the First Schedule and in section 21(2) provided that the goods and services so supplied are meant wholly and exclusively for the freeport activities of the licensee whose business premises are located in a freeport zone.
6. (a) The supply of services to a person who belongs in a country other than Mauritius and who is outside Mauritius at the time the services are performed.
- (b) The supply of services -
- (i) by a holder of a management licence under the Financial Services Development Act 2001 to corporations holding a Category 1 Global Business Licence or a Category 2 Global Business Licence; or
 - (ii) by a bank holding a banking licence under the Banking Act 2004 in respect of its banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001.
- (c) For the purposes of paragraph (a), a person belongs in a country other than Mauritius if that person –
- (i) has no permanent establishment in Mauritius for the carrying on of his business; or
 - (ii) has his place of abode outside Mauritius.
7. (a) Electricity supplied by the Central Electricity Board and the renting out of a meter, the reconnecting of electricity supply and the carrying out of infrastructure works, by the Board.
- (b) Water supplied by the Central Water Authority and the renting out of a meter and the carrying out of infrastructure works by the Authority.
- (c) Water for irrigation.
8. Goods and services supplied by the Wastewater Management Authority established under Wastewater Management Authority Act 2000.

9. Aeronautical services provided within an area at the airport, approved by the Director of Civil Aviation in respect of renting of spaces, hangarage and handling of aircrafts by an operator holding an investment certificate under the Investment Promotion Act.
10. Dyes, products and preparations, of heading 38.09 and of H.S. Codes 3204.11 to 3204.17, 3204.19 and 3212.901.
11. Raw hides and skins and leather of headings 41.01 to 41.15.
12. Silk, silk yarn and woven fabrics of silk, of headings 50.02 to 50.07.
13. Wool and other animal hair, yarn and woven fabrics made of wool or other animal hair, of headings 51.01 to 51.13.
14. Cotton sewing thread, yarn and woven fabrics of cotton, of headings 52.04 to 52.12.
15. Vegetable fibres, yarn and woven fabrics of vegetable fibres, of headings 53.01 to 53.11.
16. Sewing thread, yarn, fabrics of synthetic, artificial or man-made filaments, of headings 54.01 to 54.08.
17. Yarn and fabrics of synthetic, artificial or man-made staple fibres, of headings 55.01 to 55.16.
18. Wadding and nonwovens, of heading 56.03 and of H.S. Codes 5601.211, 5601.221, and 5601.291.
19. Rubber thread and cord, yarn and strip and the like, of headings 56.04, 56.05 and 56.06.
20. Fabrics of headings 58.01 to 58.04, 58.06, 58.09, 59.03, 59.06, 60.01 to 60.06 and of H.S. Code 5907.001.
21. Labels, embroidery in the piece and the like, of headings 58.07, 58.08, 58.10 and 58.11 and of H.S. Code 6307.902.
22. Buttons, press-fasteners, snap-fasteners and press studs, button moulds and other parts of these articles; button blanks, of heading 96.06.
23. Slide fasteners and parts thereof, of heading 96.07.
24. Dyeing services.