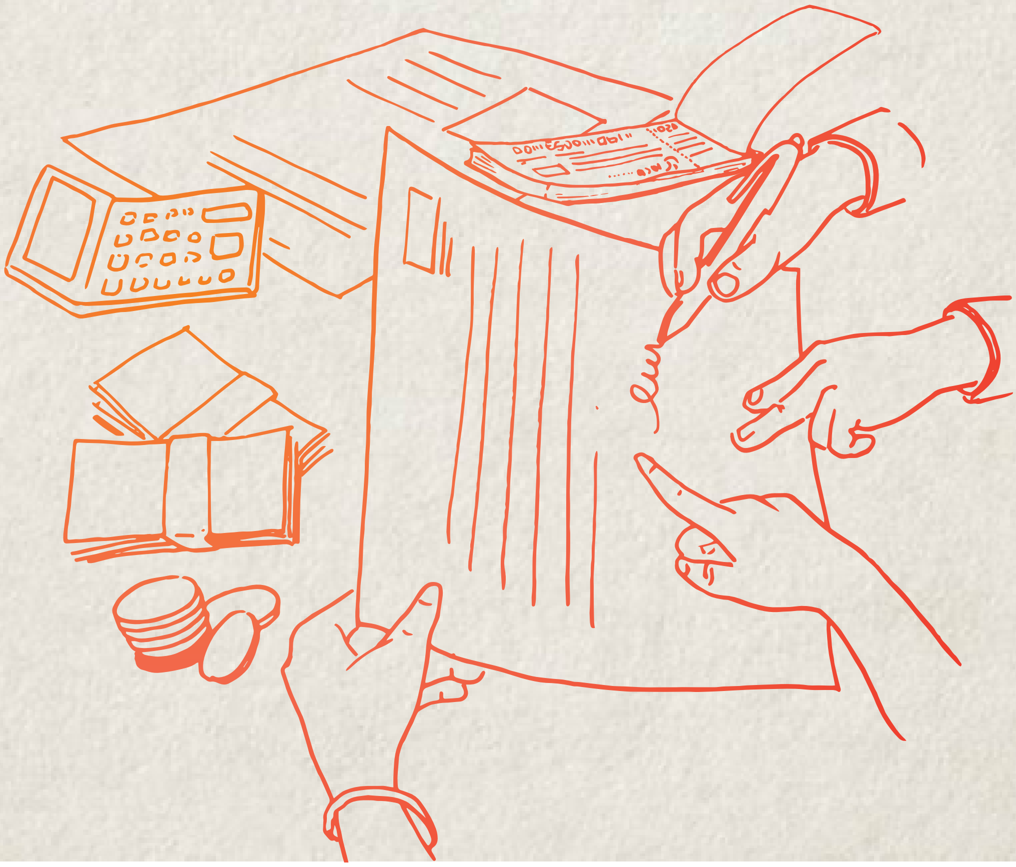

Taxation made simpler
Value added Tax

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The Value Added Tax (VAT)

What is VAT?

The Value Added Tax (VAT) is a consumption tax that is levied on both goods and services. VAT is chargeable on all taxable supplies of goods and services made in Mauritius by a taxable person in the course or furtherance of any business carried on by him. VAT is also payable on the importation of goods into Mauritius, irrespective of whether the importer is a taxable person or not. The rate of VAT is 15 %.

When and how should you register for VAT?

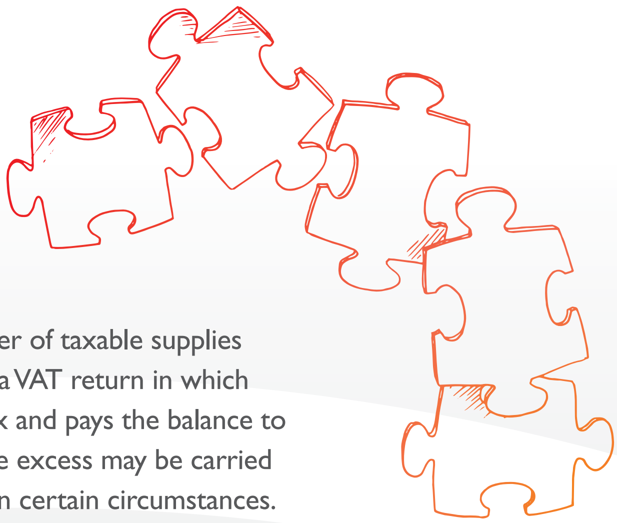
If a person is in business, as soon as the turnover of his taxable supplies exceeds the prescribed limit, he becomes a taxable person. However, if he is engaged in a specified business or profession, he is a taxable person irrespective of the turnover of his taxable supplies. As a taxable person, he is required to be registered for VAT.

As from 1 April 2013, the yearly VAT registration threshold of will be Rs 4million instead of Rs 2million. Persons engaged in the supplies, like consultancy, listed in the Tenth Schedule to the Value Added Tax Act 1998 ("VATA 1998")* are unaffected by this measure: registration is still mandatory for such persons irrespective of the level of their yearly turnover of taxable supplies.

To become VAT registered, a person must fill the appropriate form and send it with all the required information to the Mauritius Revenue Authority (MRA). Where the MRA is satisfied that the person is required to be registered or may be registered voluntarily, a Certificate of Registration will be issued to him.

The VAT mechanism

Once a person is registered for VAT, he charges VAT on all the taxable supplies made to his customers. This is his output tax. Similarly, the VAT registered person will be claimed VAT on the taxable goods and services supplied to him by his VAT registered suppliers. This is his input tax.



Every quarter (or every month in case his annual turnover of taxable supplies exceeds Rs 12 million) the VAT registered person fills in a VAT return in which he substracts the input tax allowable from the output tax and pays the balance to the MRA. If the input tax is more than the output tax, the excess may be carried forward as a credit to his next return or may be repaid in certain circumstances.
If a person is registered for VAT, the MRA will issue to him at regular intervals an appropriate number of return forms which include notes explaining how to fill them. Labels showing the name, address and VAT Registration Number of the registered person will also be affixed on the returns. The return with the appropriate label has to be used and the taxable period to which the return relates must be inserted in the space provided. The return must reach the MRA by the due date, which is 20 days from the end of the taxable period to which the return relates.

VAT relating to freeport zones

Where a person is authorised to provide goods and services under section 7(3)(a) of the Freeport Act, VAT shall be payable on the goods and services relating to the authorised activities.

Any taxable supply made by a holder of a freeport certificate to a person in Mauritius outside the freeport zone shall be deemed to be imported goods. VAT shall be chargeable on the goods.

Source of information: MRA's website (http://mra.gov.mu/index.php/corporate-a-other-bodies/vat).