

VAT REPAYMENT

Questions & Answers



The penalty is payable within 28 days of the date of notification. It may also be set off against any amount of tax repayable to the VAT registered person.

No claim will be made for penalty not exceeding 250 rupees.

8. When is an amount of VAT repayment considered to have been overclaimed?

An amount of VAT repayment is overclaimed when the VAT registered person is not entitled to the repayment either in whole or in part for whatever reason, including the following :

- Undeclared output tax;
- Credit taken in respect of disallowed input tax;
- Credit not taken in the correct proportion in respect of input tax suffered on taxable goods and services used to make both taxable supplies and exempt supplies;
- Credit for input tax not supported by proper VAT invoices/Customs import declarations;
- Repayment claimed in respect of input tax already used to offset output tax.
- The same input tax accounted for in more than one claim for repayment.
- Input tax for an amount of less than Rs 100,000 in respect of capital expenditure claimed by VAT registered persons not mainly engaged in making zero-rated supplies.

9. How is repayment effected?

Repayment is effected through bank transfer. The claimant has to submit to MRA details of the bank account to which the repayment is to be credited.



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1. Who is entitled to make a claim for VAT repayment?

A VAT registered person is entitled to make a claim for VAT repayment where his VAT return shows an excess of input tax over output tax and

- (a) he has acquired capital goods.
- (b) he has made zero-rated supplies.
- (c) he proves to the satisfaction of the Director General that the excess amount is unlikely to be set off against subsequent output tax.

2. What conditions must a VAT registered person fulfill when he claims repayment in respect of capital goods?

A VAT registered person may claim repayment in respect of capital goods where the excess on his VAT return includes input tax amounting to more than Rs 100,000 on buildings or structures (including extension and renovation) plant, machinery or equipment of a capital nature.

3. To what extent can a VAT registered person making zero-rated supplies claim VAT repayment?

Where a VAT registered person is mainly engaged in making zero-rated supplies, he may claim the whole of the excess amount shown in his VAT return. A person is considered as mainly engaged in making zero-rated supplies where 80% of his annual turnover is zero-rated.

A VAT registered person not mainly engaged in making zero-rated supplies, may claim, in addition to repayment in respect of capital goods as described at (2) above, repayment in respect of input tax on other goods. In this case, the repayment is limited to that part of the excess amount in respect of the goods other than capital goods, which corresponds to the proportion of the value of zero-rated supplies to the total value of taxable supplies in that taxable period.

It is to be noted that exempt supplies, when exported, are treated as zero-rated taxable supplies.

4. How does a VAT registered person make a claim for repayment?

VAT registered persons are required to make a claim for repayment at part 13 on the VAT return itself.

5. Is the MRA obliged to pay the whole amount in the claim for repayment?

The Director-General may, on receipt of a claim for repayment

- (a) repay the whole or part of the excess amount; or
- (b) retain the excess amount to be carried forward onto the return for the following taxable period.

6. What is the time taken by MRA to make a VAT repayment?

The law provides that where the Director-General is satisfied with a claim for repayment, he has to effect repayment within 45 days of the date of receipt of the claim, failing which interest is payable at the prevailing Repo rate determined by the Bank of Mauritius.

MRA has, however, set up a fast track system for repayment, wherein the repayment may be effected in as short a delay as 7 days.

For a VAT registered person to benefit from fast track repayment, he has to comply with the following conditions:

- tax returns are submitted electronically;
- there are no outstanding tax returns;
- no tax is in arrears;
- appropriate records are kept;
- full co-operation is extended to officers at time of audit; and
- access to computerized system is facilitated.

7. What happens if an amount of VAT repayment is overclaimed?

Where it is found that a person has overclaimed an amount, a penalty representing 20 per cent of the amount overclaimed subject to a maximum limit of Rs 200,000 is charged to the taxpayer.