

MAURITIUS REVENUE AUTHORITY

STATEMENT OF PRACTICE (VAT/SP 4/20)

VAT EXEMPTION TO THE HOLDER OF A PUBLIC SERVICE VEHICLE (TAXI) LICENCE

Item 96 of the First Schedule to the Value Added Tax Act

1. Following regulations made by the Minister under Section 72 of the Value Added Tax Act and published in the Government Gazette of Mauritius No. 18 of 22 February 2020, the First Schedule to the Value Added Tax Act has been amended to provide for the exemption of VAT at importation up to a maximum of Rs 100,000 on a motor car for use by taxi and imported by or on behalf of the holder of a Public Service Vehicle (Taxi) Licence.
2. Item 96 which has been added to the First Schedule to the Value Added Tax Act reads as follows:
 - (a) Subject to this item:
 - (i) on one motor car, in the case of a resident of the Island of Mauritius; or
 - (ii) on one motor car or one double space cabin vehicle, in the case of a resident of the Island of Rodrigues,
for use as taxi and imported by, or on behalf of, the holder of a Public Service Vehicle (Taxi) Licence issued by the National Land Transport Authority.
 - (b) The exemption from payment of VAT on a motor car or double space cabin vehicle, as the case may be, shall be granted –
 - (i) up to a maximum of 100,000 rupees of the VAT payable ;
 - (ii) at the time of clearance; and
 - (iii) subject to the approval of the National Land Transport Authority.
 - (c) The exemption shall be granted once only in respect of a Licence Number issued under a Public Service Vehicle (Taxi) Licence.
3. The measure is effective as from 15 February 2020.
4. For the proper implementation of this measure, VAT registered car dealers have to treat that part of the value of the car on which no VAT has been charged at importation as an exempt supply and the remaining part as taxable supply at 15%.

Hereunder are two examples showing how the transactions are to be accounted for in the VAT return :

Example 1

A car dealer imports a car, the value at the time of importation for VAT purposes being Rs 1,000,000. He sells the car for Rs 1,100,000.

VAT at importation is as follows –

VAT exempted Rs 100,000

VAT payable Rs 50,000

In the VAT return, the transactions are to be declared as follows:

Input

	Particulars	Value	Credit for input tax
		<i>Rs</i>	<i>Rs</i>
At line 6.3	Taxable input on which input tax is allowed as a credit -“Other imports”	333,334	50,000
At line 8.1	Exempt input – “Imported goods”	666,666	-
TOTAL		1,000,000	50,000

Output

	Particulars	Value	Output tax
		<i>Rs</i>	<i>Rs</i>
At line 1.4	Taxable supplies – “other taxable supplies”	433,334	65,000
At line 3	Exempt supplies	666,666	-
TOTAL		1,100,000	65,000

Example 2

A car dealer imports a car, the value at the time of importation for VAT purposes being Rs 660,000. The car is sold for Rs 725,000.

As the VAT which would have been payable is less than Rs 100,000, no VAT is payable at importation.

In the VAT return, the treatment is as follows:

Input

	Particulars	Value	Output tax
		<i>Rs</i>	<i>Rs</i>
At line 8.1	Exempt input – “Imported goods”	660,000	-
TOTAL		660,000	-

Output

	Particulars	Value	Output tax
		<i>Rs</i>	<i>Rs</i>
At line 1.4	Taxable supplies – “other taxable supplies”	65,000	9,750
At line 3	Exempt supplies	660,000	-
TOTAL		725,000	9,750

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