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Facts

Mr. Z invested in Bank Bonds on 9 September 2005. The bank paid him interest earned on the bonds from the date the investment was made up to 31 December 2009 (date of maturity of the Bonds). Before payment of the interest due, tax deduction at source (TDS) was appropriately applied pro-rata for the period 1 October 2006 to date of maturity, and the income tax deducted remitted to the MRA. When filing his return for the year of assessment 2010 Mr Z calculated and paid income tax on the whole amount received as interest.

Point of Issue

Whether the amount paid as income tax for the period 9 September 2005 to 30 June 2006 can be claimed back?

Ruling

Pursuant to item 3 (e) of Part III of the Second Schedule to the Income Tax Act only interest on such bonds bearing interest at progressive or variable rate and issued by the Bank of Mauritius was exempt from income tax until 30 June 2006. On the basis of facts given, the amount of income tax paid in respect of the period 9 September 2005 to 30 June 2006 cannot be claimed back as these were not bonds issued by the Bank of Mauritius.