

TR 13

Facts

A resident company is licensed to operate in the Mauritius Freeport Zone. It imports dyestuffs and textile auxiliaries in bulk which it processes for re-export. It also sells part of its products to factories operating in the Export Processing Zone.

Point at issue

Whether income derived from the sale of its products to factories operating in the Export Processing Zone is exempt from tax.

Ruling

The sale to factories operating in the EPZ constitutes an activity carried on outside the Freeport Zone. Income derived from such activities is therefore subject to tax in accordance with Section 49(2) of the Income Tax Act 1995.