

TR 160

Facts

B Ltd (the “Company”) is a private limited company incorporated on 11 August 2014 and registered for VAT with effect from 01 October 2014. Its objective is to organise and promote a professional local football league at the elite level in Mauritius. In so doing, it will significantly improve quality of local football, organise professional league matches having full-time paid players committed and dedicated to football forming a professional league, attract talented young players who can aim for a career in professional football and produce a respected national team.

The Company’s business plan provides for revenue generation from different sources including sponsors, advertising fees, and from the organisation of professional football leagues matches in Mauritius. The Company will then use these funds to provide financial resources to football clubs to meet the salaries of the full-time football players. In return, the clubs will perform a number of matches and football players will play as a full-time profession.

Points at issue

What will be the income tax treatment in respect of each of the following items?

- (i) Sponsorship fees
- (ii) Advertising in stadium
- (iii) Sale of football match tickets
- (iv) Sale of specialised football magazine
- (v) Sale of rights of television broadcasting of football matches
- (vi) Receipts upon transfer of football players to a foreign football club
- (vii) Payments to football clubs to meet the players’ salaries.

Ruling

1. The items as per (i) – (vi) will be subject to income tax by virtue of section 51 of the Income Tax Act 1995.
2. Payments made by the Company to football clubs in order to meet players’ salaries will be an allowable expense in accordance with the provisions of section 57 of the Income Tax Act 1995.