

## **TR 233**

### **Facts**

J is a domestic company incorporated in Mauritius. It was mainly engaged in the production of salt until it ceased production in the year 2015. J holds a BRN which provides for the activities of manufacturing of salt and general retailer of foodstuff and non-foodstuff.

For the purpose of carrying out its activities, J acquired substantial portions of freehold lands from K in Tamarin where it carried out its salt production operations. J sold a portion of land by way of a morcellement in 2008.

Since J ceased salt production activities, it did not make any development on the portion of land it held in Tamarin. It is now considering to sell the bare land in one bulk plot of 54 arpents without any further development.

### **Point at issue**

Whether J would be subject to income tax on the gain derived from the sale of its land at Tamarin?

### **Ruling**

Based on the facts provided, the gain arising to J on the disposal of the bare land situated at Tamarin in one plot of 54 arpents will be considered to be capital gain and therefore not subject to income tax.