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Facts

A is a company incorporated since the year 2016. It holds a Global Business License from the Financial Services Commission since 30 June 2021.

Since its incorporation, the main business activity of A is the rental or sale of heavy machineries and moving equipment of recognized make to small and medium enterprises which are involved in mining, construction and agricultural sectors in Africa.

A purchases and/or leases equipment which is then sub-let or sold to small to medium-sized businesses across sub-Saharan African countries. Any leases of equipment are in effect amortised sales in which the title of the equipment passes to the lessee upon the settlement of the final instalment.

The equipment purchased at no point transits through Mauritius. The equipment is delivered directly from the manufacturer to the end client with the whole process being managed by A. Any purchase of the equipment from the supplier is made in the own name of A. The shipment is made directly by the shipper/supplier outside of Mauritius to the final importer/customer in the relevant importing country.

The main supplier of A is B, a related entity, based in South Africa. The importers are based across Africa. The key clients of A are:

- C, based in Botswana;
- D, based in Congo;
- E, based in Zambia; and
- F, based in Angola.

Point at issue

Whether A will be eligible to benefit from the tax rate of 3% under section 44B of the Income Tax Act based on its activities and in relation to its chargeable income derived from export of goods?

Ruling

On the basis of the facts provided, it is ruled that by virtue of section 44B of the Income Tax Act, A will be taxable at the rate of 3% on that part of the chargeable income attributable to the sale of equipment, including finance lease which are delivered directly from the manufacturer to the end client.