

TR 291Facts

A was incorporated in Mauritius on 14 March 2023 as a private company with liability limited by shares. It holds a Global Business Licence issued by the Financial Services Commission ("FSC") in Mauritius.

A, either in its own name or through a new sister company to be incorporated in Mauritius as the holder of a GBL, is planning to develop a software (the "Software") in Mauritius which will utilise cell phone technology into a two-way radio.

The Software will then be licensed to two-way radio distributors focusing on the construction, security, transport, and mining sectors and A will earn licence fees from such Software utilisation by the two-way radio distributors.

The key features and use case of the Software will be as follows:

- (a) It will be used on remote sites such as construction sites and mines;
- (b) It will link into Mobile cellular networks so that it can be employed over theoretically any distance;
- (c) It will allow for group and one-to-one channels of communications;
- (d) As Mobile networks will be utilised, it will be a lot clearer than a traditional radio;
- (e) The technology will also utilise Push to Talk Buttons allowing for instant communication without interruption.
- (f) It will enable security guards to communicate from remote locations including construction sites and mines;
- (g) It will enable reliable long-range communication. In particular, the Software will:
  - (i) Have advanced Network Infrastructure: It will utilise a combination of cellular, WiFi, satellite, and mesh networks to ensure reliable long-range communication. This hybrid approach can provide coverage in remote and urban areas alike.
  - (ii) Utilise Signal Boosting Technology: It will implement signal boosters and repeaters to enhance communication range and quality, especially in challenging environments.
- (h) Redundancy: The Software will ensure multiple communication pathways to avoid single points of failure. This can include tailback options like WiFi, satellite communication when cellular networks are unavailable.
- (i) It will provide tailored communication solutions. The Software will have industry-specific features that cater to specific industries, such as security, emergency services, logistics, or healthcare. For example, a panic button and real-time location tracking for security or secure messaging for healthcare.

A intends to have the Software copyrighted with the appropriate authorities.

**Point at issue**

Whether A will be eligible for the 8-year tax holiday under item 34 of Sub-Part C of Part II of the Second Schedule to the Income Tax Act on the licence fees to be derived from the Software?

**Ruling**

On the basis of the facts mentioned above, it is ruled that A will not be eligible for the 8-year tax holiday under item 34 of Sub Part C of Part II of the Second Schedule to the Income Tax Act.