

## **TR 51**

### **Facts**

A company holds a Building and Civil Engineer licence.

Its business activities include amongst others:-

- Construction and rehabilitation of reservoirs, dams, etc.
- Construction of sewer network (i.e. laying of pipes and asphaltting of roads etc.).
- Construction of potable water distribution main, sub-main and house connection.

### **Point at issue**

Whether the company can be considered as a tax incentive company under item 24 of Part IV of the First Schedule to the Income Tax Act which reads as follows:

"A company deriving at least 75 per cent of its gross income from construction activities in Mauritius"

### **Ruling (issued in May 2006)**

"Construction of sewer network"(i.e laying of pipes and asphaltting of roads, etc) and "construction of potable water distribution main, sub-main and house-connection" although labelled as "construction" are not construction. These activities would only fall within the term "construction" if they form an integral part of the construction of a building or a road construction project.

Since the company did not derive at least 75 per cent of its gross income from construction activities, it cannot be considered as a tax incentive company.