

TR 89

Facts:

S is a GBC 1 company, and its main activities are the licensing of IPR's (intellectual property rights), manufacture of pharmaceutical products under licence and the purchase of patent and generic medicines for distribution, all carried out overseas. It maintains an office in Mauritius which acts as operational headquarters and employs local as well as expatriate staff. For the expatriate staff, S pays relocation expenses equivalent to one month's salary as part of their contract of employment to enable the employees to shift to Mauritius with their personal belongings.

Point in issue

Whether the relocation expenses paid by S

- a) while the staff is still overseas;
- b) to the staff on reaching Mauritius but before obtaining an occupational permit from Government;
- c) to the staff on reaching Mauritius and after obtaining an occupational permit from Government

is a benefit in kind on which tax is payable in Mauritius.

Ruling

On the basis of facts provided, the relocation expenses payable by S to the expatriate staff equivalent to one month's salary as part of their contract of employment for enabling them to shift to Mauritius with their personal belongings fall within the meaning of emoluments as defined in Section 2 of the Income Tax Act. The payment thus constitutes emoluments receivable by the expatriate staff in each of the above circumstances, and therefore subject to income tax by virtue of the provisions of Section 10 (1)

(a) of the Act.