

**TR 132** (Govt Gazette of 12 January 2013 No. 4)

### **Facts**

A Ltd is a company incorporated in the British Virgin Islands and is not resident in Mauritius. It aims to provide internet related services in Mauritius and overseas. Its first project is a real estate portal which will offer services to real estate agencies and companies both local and overseas. Users will be able to post their advertisements on the web site. The server hosting the web site is located in the United States. There is no contract between the company and the server operator and fees to the latter are paid yearly through bank transfer.

The revenue of the company will be from advertising fees paid by the real estate agencies and companies, both local and overseas, which advertise on the web site. The company does not charge any commission on business transactions concluded via the web site. The site only provides information with regard to properties available for rent and sale. Users cannot place any orders or transact through the web site.

Marketing of the web site will be done both online and offline. Online marketing will be done mainly through e-mails and offline marketing made in local newspapers which will be VAT registered persons. The company will have no physical presence in Mauritius with respect to the operation of the business.

### **Points at Issue**

Whether the income derived from the internet related services would be subject to corporate tax.

### **Ruling**

The income from the activities of the company through the web site will not constitute '*income derived from any business carried on wholly or partly in Mauritius*' in accordance with the provisions of section 74(1)(c) of the Income Tax Act. Hence, the company will not be subject to corporate tax in Mauritius.