NOTES FOR COMPLETION OF VALUE ADDED TAX RETURN (VAT 3)

GENERAL INFORMATION

Submission of Returns

Every VAT registered person shall, after the end of every taxable period, submit electronically to the Director-General of the Mauritius Revenue Authority (MRA), a return in respect of that period.

VAT Cycle

- **Monthly**

A VAT registered person has to submit his returns electronically in the approved format. A VAT registered person whose annual turnover of taxable supplies exceeds Rs. 10 million has to submit monthly VAT returns. The taxable period in relation to him is a one-month period or part of it.

- **Vat Annex**

Every VAT registered person who is required to submit a return on a monthly basis, shall, at the time of submitting his return, also submit electronically, a detailed list of taxable supplies made to any person, showing the date of Invoice, invoice number, value of supply, VAT amount, the buyer's name and his VAT Registration Number or Business registration Number (BRN).

- **Quarterly**

Where the annual turnover does not exceed Rs. 10 million, the VAT registered person has to submit quarterly returns. The quarters end on 31 March, 30 June, 30 September and 31 December. The taxable period in relation to him is a quarterly period or part of it.

However, where the annual turnover of taxable supplies does not exceed Rs.10 million, a VAT registered person may, by irrevocable notice in writing to the Director-General, elect the taxable period in relation to him to be a one-month period or part of it and submit monthly returns.

- **Nil Return**

Where neither supplies nor purchases have been made during a taxable period, a Nil VAT return has to be submitted.

Where a VAT registered person has no trading activities or has ceased trading activities, he shall submit a NIL VAT return until he is notified by the Director-General that he has been deregistered for VAT.

Note 1 OUTPUT

- **Proportion of taxable supplies to total turnover**

The percentage inserted should be based on the actual figures for the previous accounting year.

In the case of a new business, the VAT registered person should make an estimate to the best of his judgement and ability of the figures for the current accounting year and subsequently make an adjustment in the first VAT Return following the closing of annual accounts in respect of the overestimated or underestimated input tax. The value of taxable supplies should exclude the value of capital assets disposed of.

- **Taxable supplies**

1.1 Relate to export of goods and services, goods shipped, supplies to duty-free shops at port/airport or elsewhere for sale, supplies to licensees in the freeport zone for use therein, VAT free supplies to visitors by approved registered persons and supplies by management companies holding a licence under the Financial Services Development Act 2001 to holders of a Global Business Licence.

1.2 Relate to zero-rated goods and services supplied on the local market.

1.3 Relate to value of taxable supplies made to bodies or persons exempted from payment of VAT.

1.4 Relate to supplies of taxable goods and services, including the disposal of taxable capital goods of the registered person, supplies for private use, donation, gifts, supplies of services received from abroad (reverse charge) but excluding zero-rated supplies and supplies to exempt bodies or persons.

- **VAT Treatment of goods specified in the seventh schedule to the VAT Act**

Value of supplies of liquified petroleum gas, bars of iron or steel and Portland cement at the retail level should exclude the retail margin and that of motor spirits, gas oils, cigarettes and prepaid cards in respect of any services at the stage immediately before the retail stage should include the retail margin.

- **VAT Deferred on importation**

2 Enter amount of VAT deferred on imported capital goods under the VAT Deferred Payment Scheme.

- **Exempt Supplies**

3 Enter value of exempt goods and services supplied on the local market.

- **Penalty on Excess amount overclaimed**

4 Relates to penalty of 20% on excess amount overclaimed deemed to be output tax in respect of previous period subject to a maximum of Rs 100,000.

Note 2 INPUT

Where goods and services are used for **both** business/profession and private purposes, the input should show **only** that part relating to the **business/profession**.

- **Taxable input on which input tax is allowed as a credit**

6.1 Relate to importation of goods of a capital nature to the business including goods on which vat payment has been deferred.

6.2 Relate to importation of zero-rated goods.

6.3 Relate to importation of goods other than (i) goods of a capital nature and (ii) zero-rated goods.

6.4 Relate to goods of a capital nature to the business and purchased locally.

6.5 Relate to zero-rated goods and services supplied to the business locally.

6.6 Relate to local supplies made to the business other than (i) goods of a capital nature and (ii) zero-rated supplies

- **Taxable input on which no input tax is allowed as a credit**

7 Enter value of

(a) import and purchases of goods in respect of which no credit is allowed by virtue of section 21(2) of the Act and

(b) purchases from non-VAT registered persons.

Note: The value relating to (a) above should be inclusive of VAT.

- **Exempt input**

8.1 Enter value of exempt goods imported.

8.2 Enter value of exempt goods and services supplied to the business.

The proportion of the input tax allowable as deduction is the same as the proportion of taxable supplies to total turnover, as calculated above.

10 Calculate the input tax deductible by adding: -

(a) input tax allowable in respect of taxable inputs (Capital goods imported, Zero-rated imports, other imports, Capital goods purchased locally, Zero-rated goods and services purchased locally, Other goods and services purchased locally) used to make only taxable supplies, and

(b) the amount arrived at by applying the proportion of credit allowable to the input tax allowable in respect of taxable inputs (Capital goods imported, Zero-rated imports, other imports, Capital goods purchased locally, Zero-rated goods and services purchased locally, Other goods and services purchased locally) used to make both taxable and exempt supplies, unless an alternative method of apportionment has been approved by the Director-General.

Note 3 VAT ACCOUNT

Excess amount of VAT brought forward

12 Enter the excess amount of VAT brought forward from the previous return.

VAT adjustment (Increase/Decrease)

13 (a) VAT adjustment having an **increasing effect** includes VAT in respect of:

i. taxable supplies understated in previous periods,

ii. bad debts written off and subsequently recovered,

iii. claw back on buildings,

iv. adjustment of credit found to have been over estimated following determination of proportion of taxable supplies to total annual turnover for the first accounting year of a new business.

v. credit note from suppliers and

vi. goods forming pat of the assets of the business of a person who has ceased operation and on which VAT is payable.

(b) VAT adjustment having a **decreasing effect** includes VAT paid during the preceding **36 months** and not claimed in previous VAT returns and that in respect of:

(i) bad debts written off,

(ii) credit note to customers,

(iii) adjustment of credit found to have been underestimated following determination of proportion of taxable supplies to total annual turnover for the first accounting year of a new business,

(iv) credit allowable on supplies of services received from broad (input reverse charge) and

(v) credit allowable by virtue of section 21(9) of the Act.

- **VAT due and payable/(Excess VAT)**

14 This value is calculated as follows: Amount at **VAT due and payable/(Excess VAT) +** amount at **Excess amount of VAT brought forward +** amount at **VAT adjustment(Increase/Decrease)**

- **Claim for repayment**

15 There cannot be a claim for repayment if there is an amount at **VAT due and payable/(Excess VAT)** which is positive or if the excess amount at **VAT due and payable/(Excess VAT)** does not qualify for repayment.

The percentage is calculated as follows [**(zero-rated Supplies Exports + Zero Rated supplies than Exports) / (Total Value of Supplies — Exempt supplies)**] * 100.

Note 4 EXCESS VAT CARRIED FORWARD

16 This figure is calculated by taking the excess amount of VAT at VAT due and payable/(Excess VAT) less any amount claimed as repayment at Total repayment claimed.

Note 5 CURRENCY IN WHICH TAX SHOULD BE PAID (APPLICABLE TO HOTEL OR TOURIST RESIDENCE)

With effect from 01 October 2026, where a VAT-registered person is engaged in the provision of accommodation services in a hotel or tourist residence and receives payment of more than 50 per cent in any of these foreign currencies: USD, EUR, GBP, SGD, ZAR, and CHF in a taxable period, it shall submit its VAT return and pay 50 per cent of the tax in that currency.

CALCULATION OF PENALTIES AND INTERESTS

- **Penalty for Non-submission of return by due date**

Failure to submit a return or pay any tax due renders the VAT registered person liable to a penalty of Rs 2000 for every month or part of the month until the return is submitted, up to a maximum of Rs 20,000. However, where in case of a small enterprise (turnover less than 10 million rupees), the maximum penalty is Rs 5,000.

- **Penalty for late payment of Tax**

A penalty of 10% of the amount of tax is payable in case of late payment. However, where the VAT registered person is a small enterprise having an annual turnover not exceeding 10 million rupees, the rate of penalty is 2%.

- **Interest for late payment of Tax**

Interest at the rate of 1% per month or part of the month is payable on any amount of tax remaining unpaid by due date.