

VATR 11

Facts

A company incorporated in the Netherlands forms part of an international group. It was awarded a contract by the Mauritius Port Authority for the execution of certain dredging work in view of the construction of an oil jetty and the extension of the berthing facilities at the Mauritius Container Terminal in the English Channel. The dredger is equipped with four stationary engines. Two of the engines are used for propulsion. The propulsion engines enable the plant to move from one location to another, either on the same site or from one country to another. The remaining two engines are used for dredging purposes.

Point in issue

Whether it can be confirmed that the engines used for dredging purposes are stationary engines and therefore fall within the ambit of Section 21(2)(e) of the VAT Act.

Ruling

As the propulsion engines enable the plant to move from one location to another and the other engines are used for dredging purposes they are not stationary engines, and therefore do not fall within the ambit of section 21 (2) (e) of the VAT Act.