

## **VATR 2**

### **Facts**

A company incorporated in Mauritius holds an offshore license issued by the then MOBAA. Its principal activity is to provide software and information technology services offshore. It proposes to import intellectual property in the form of software, which will thereafter be licensed to users worldwide.

The company proposes to register for VAT in accordance with section 15(1) of the Value Added Tax Act 1998 in order to claim repayment of the VAT payable at Customs and to apply for deregistration once its repayment claim has been entertained.

### **Points at issue**

Whether the company will be allowed to deregister

Whether on deregistration, VAT will be payable on the goods forming part of the assets of the company.

### **Ruling**

As a company making exclusively zero-rated supplies, it is not bound to register by virtue of section 15(2) of the Act.

However, if it does not avail itself of the provisions of Section 15(2), the company whose turnover exceeds the prescribed limits will have to be registered under section 15(1) of the Act.

As a VAT-Registered company, it will have to comply with all the provisions of the Act, including the submission of returns. On deregistration the company will have to pay tax on the goods forming part of the assets of the company under section 18(2) of the Act.