

VATR 84

Facts

N will be the promoter of an external pension scheme (“EPS”) under the Private Pension Schemes Act 2012 (“PSSA 2012”). In that respect, an EPS application shall be made in accordance with Section 12 of the PPSA 2012. Pursuant to Section 9 of the aforesaid Act, the EPS shall hold a Category 1 Global Business Licence (“GBL”) under the Financial Services Act 2007 (“FSA 2007”).

The EPS will be established as a trust under the Trusts Act 2001 (“TA 2001”) with Mauritian trustees. A Pension Scheme Administrator licensed by the FSC under Part IV of the FSA 2007 will be established in Mauritius employing Mauritian based individuals, and the membership of the EPS will be confined to non-residents whose economic activities are wholly outside Mauritius. Individuals who would advance funds to the EPS will be individuals who will not be tax resident in Mauritius. The EPS will also provide pension benefits (comprising pensions/annuities/lump sum benefits) to non-residents and/or their beneficiaries on retirement, disability or death, as the case may be.

The EPS will be a defined contribution scheme within the provisions of the PPSA 2012 offering membership to non-resident members who may be either employed or self-employed, and whose membership will not be sponsored by their employers. The EPS will not be comparable to a conventional occupational pension scheme. It will also not be a superannuation fund set up for the benefits of employees of a Mauritian employer.

The EPS will accept contributions from non-resident members and pay pension benefits to non-resident members and /or their beneficiaries on retirement, disability or death, as the case may be. To this extent, the EPS will accept capital contributions from non-resident employees and contributions for the benefit of non-resident members from their employers and the latter may or may not be resident in Mauritius. It will also accept transfers from existing non-resident pension plans for the benefit of its non-resident members.

The EPS will invest member’s contribution in global investments comprising deposits, shares, bonds, debentures, collective investment schemes and similar global securities. The investments will accordingly be invested internationally.

The effective place of management of the EPS and the Mauritian pension administrator will be in Mauritius.

Point at issue

Whether the EPS will be liable to register and account for Value Added Tax under the Value Added Tax Act 1998?

Ruling

On the basis of the facts mentioned above, it is confirmed that as the management of investment funds and of pension funds is an exempt supply by virtue of item 50(e) of First Schedule to the Value Added Tax, the EPS will not be liable to apply for VAT registration.