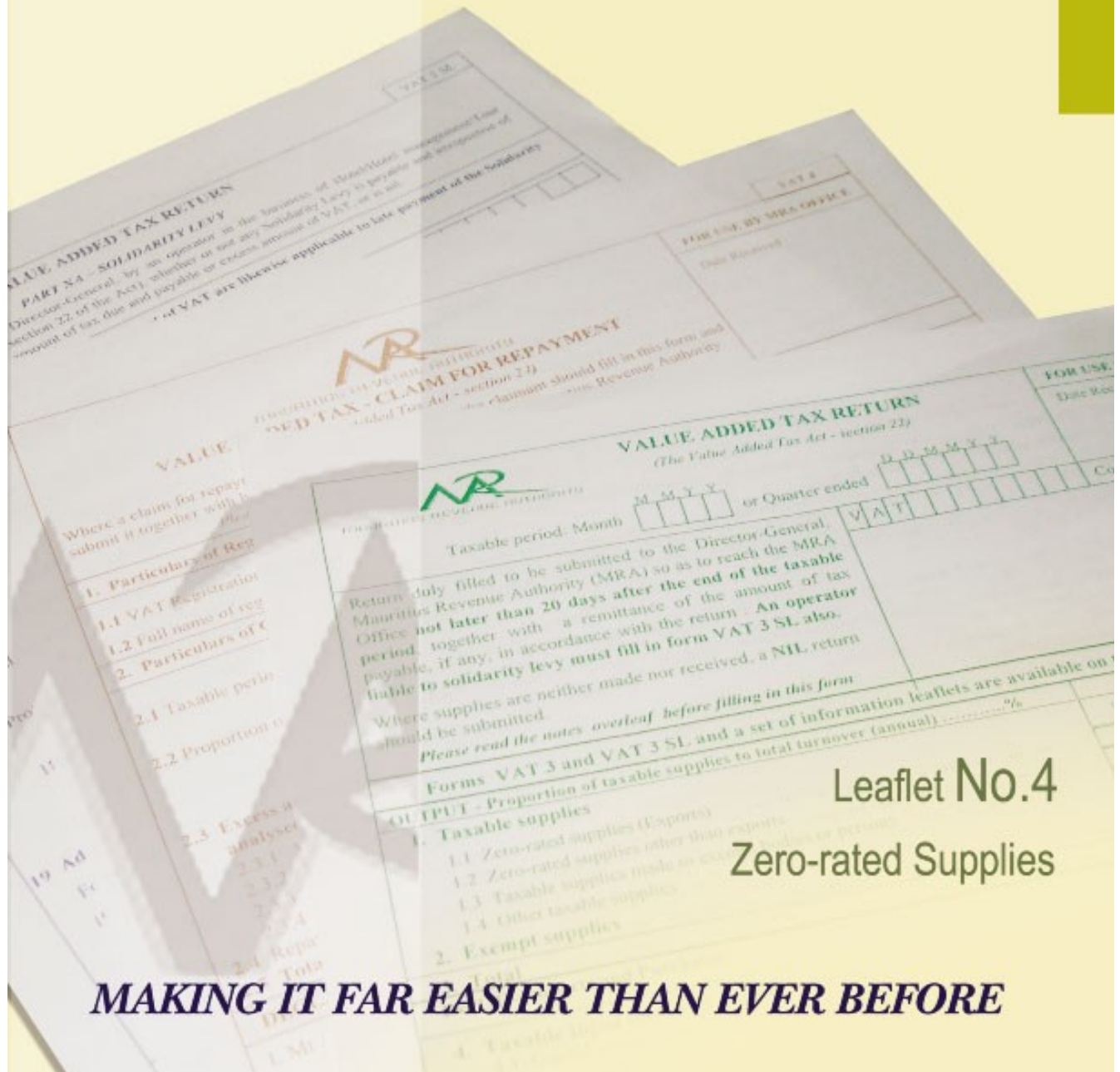




VALUE ADDED TAX GUIDE



Leaflet No.4

Zero-rated Supplies

MAKING IT FAR EASIER THAN EVER BEFORE

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Zero-rated Supplies VAT Information Leaflet No. 4

1. FOREWORD

This leaflet is intended to assist those persons who, in the course of their business, trade or profession, supply goods or services which are zero-rated. It is meant to help them have a better understanding of the provisions relating to zero-rating. It is for information only. For the legal provision, you may consult the Value Added Tax legislation.

Further information may be obtained from,
**The Service Counter
Mauritius Revenue Authority,
Ground Floor, Eham Court,
Cnr Mgr. Gonin & Sir V. Naz Streets,
Port Louis.**

**Tel: 207 6000 Fax: 211 8099
HOTLINE: 207 6010
E-mail: headoffice@mra.mu
Website: <http://mra.gov.mu>**



MAURITIUS REVENUE AUTHORITY

Zero-rated supplies

1. Taxable supplies and exempt supplies

All supplies within the scope of VAT are either taxable or exempt. An exempt supply is a supply which is not subject to VAT. A taxable supply is a supply which is chargeable to VAT at the rate of 15% or is a zero-rated supply.

2. Zero-rated supplies

Zero-rated supplies are taxable supplies but the rate at which VAT is charged is zero.

In general, all goods or services which are exported are zero-rated. In addition, certain goods and services which are supplied on the local market are also zero-rated. A list of supplies which are zero-rated is given in Appendix.

3. Zero-rated supplies and exempt supplies

There is no VAT on either zero-rated supplies or exempt supplies. However, the important differences between them are -

(a) Zero-rated supplies are taxable supplies (though the rate of tax is zero). This means that VAT charged on inputs relating to them can be claimed as a deduction in the same way as input tax in respect of other taxable supplies. On the other hand input tax in respect of goods or services used to make exempt supplies cannot be claimed as a deduction.

(b) A person making exclusively zero-rated supplies is not bound to be registered for VAT, but may apply for registration, whereas a person who makes only exempt supplies cannot be registered for VAT.

4. Effects of zero-rating

A zero-rated supply is in all respects treated as a taxable supply except that no tax is charged thereon. This has two main consequences:-



(a) A zero-rated supply is taken into account to calculate the turnover of taxable supplies for the purposes of determining the liability of a person to registration.

(b) Persons making zero-rated supplies pay VAT on any taxable supplies imported or purchased on the local market in the normal way. However, if they are VAT registered, the VAT suffered by them on those inputs is allowed as credit subject to certain limitations. **(See VAT Information Leaflet No 7.)**

5. Zero-rated supplies and registration for VAT

If a person makes taxable supplies and the turnover of his taxable supplies, including zero-rated supplies, exceeds or is likely to exceed the registration limits, he must consider his liability to apply for registration. However, if a person makes exclusively zero-rated supplies or zero-rated and exempt supplies he may choose not to apply for registration even if the turnover of those zero-rated supplies exceeds the registration limits.

6. Repayment of excess tax relating to zero-rated supplies

If in respect of a taxable period the input tax of a registered person exceeds his output tax because part of his outputs are zero-rated, he may make a claim for a repayment of that part of the excess amount which corresponds to the proportion of the value of his zero-rated supplies to his total value of taxable supplies.

However, where the registered person is mainly engaged in making zero-rated supplies (80% of his annual turnover is zero-rated) he may make a claim for repayment of the whole of the excess amount. **(See VAT Information Leaflet No 8.)**

7. Invoicing of zero-rated supplies

A registered person who issues an invoice that includes zero-rated supplies has to ensure that it is clearly shown on the invoice that there is no VAT payable on these supplies.



► Appendix

List of zero rated supplies

1. Goods, other than those specifically exempted (see VAT Information Leaflet No 1), exported from Mauritius under Customs control.

2. The following goods -

- (a) wheat flour and wheat bran;
- (b) edible oils;
- (c) margarine;
- (d) sterilised liquid milk, curdled milk and cream; yoghurt;
- (e) sugar;
- (f) live poultry, meat of poultry, edible offal of poultry and birds' eggs in the shell;
- (g) fertilisers;
- (h) animal feeding stuffs other than prepared pet foods;
- (i) printed books, booklets, brochures, pamphlets, leaflets and similar printed matter (except directories and reports) of heading No. 49.01 and atlases of H.S Code 4905.911;
- (j) children's picture, drawing or colouring books of heading No. 49.03; music, printed or in manuscript, whether or not bound or illustrated of heading No. 49.04;
- (k) vegetables and fruits produced in and exported from Mauritius;
- (l) horticultural produce produced in and exported from Mauritius;



MAURITIUS REVENUE AUTHORITY

- (m) common salt produced in Mauritius;
- (n) fish, fresh, chilled or frozen, the produce of Mauritius;
- (o) ghee produced in Mauritius;
- (p) Kerosene including kerosene jet type fuel.

3. The transport of passengers and goods by sea or air -

- (a) from or to Mauritius;
- (b) from or to the Island of Rodrigues;
- (c) from or to the Outer Islands; or
- (d) from a place outside Mauritius to another place outside Mauritius.

4. (a) Any supply of goods made by an operator of a duty free shop situated at the port or airport.

- (b) Any supply of goods made by an operator of a duty free shop situated at a place other than the port or airport, provided that the goods are delivered, under Customs control, to the visitor at the port or airport.

5. The supply of goods or services, other than those specified in the First Schedule and in section 21(2) provided that the goods and services so supplied are meant wholly and exclusively for the freeport activities of the licensee whose business premises are located in a freeport zone.



6. (a) The supply of services to a person who belongs in a country other than Mauritius and who is outside Mauritius at the time the services are performed.
- (b) The supply of services -
- (i) by a holder of a management licence under the Financial Services Development Act 2001 to corporations holding a Category 1 Global Business Licence or a Category 2 Global Business Licence; or
 - (ii) by a bank holding a banking licence under the Banking Act 2004 in respect of its banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001.
- (c) For the purposes of paragraph (a), a person belongs in a country other than Mauritius if that person -
- (i) has no permanent establishment in Mauritius for the carrying on of his business; or
 - (ii) has his place of abode outside Mauritius.
- 7 (a) Electricity supplied by the Central Electricity Board and the renting out of a meter, the reconnecting of electricity supply and the carrying out of infrastructure works, by the Board.
- (b) Water supplied by the Central Water Authority and the renting out of a meter and the carrying out of infrastructure works by the Authority.
- (c) Water for irrigation.



8. Goods and services supplied by the Wastewater Management Authority established under Wastewater Management Authority Act 2000.
9. Aeronautical services provided within an area at the airport, approved by the Director of Civil Aviation in respect of renting of spaces, hangarage and handling of aircrafts by an operator holding an investment certificate under the Investment Promotion Act.
10. Dyes, products and preparations, of heading 38.09 and of H.S. Codes 3204.11 to 3204.17, 3204.19 and 3212.901.
11. Raw hides and skins and leather of headings 41.01 to 41.15.
12. Silk, silk yarn and woven fabrics of silk, of headings 50.02 to 50.07.
13. Wool and other animal hair, yarn and woven fabrics made of wool or other animal hair, of headings 51.01 to 51.13.
14. Cotton sewing thread, yarn and woven fabrics of cotton, of headings 52.04 to 52.12.
15. Vegetable fibres, yarn and woven fabrics of vegetable fibres, of headings 53.01 to 53.11.
16. Sewing thread, yarn, fabrics of synthetic, artificial or man-made filaments, of headings 54.01 to 54.08.
17. Yarn and fabrics of synthetic, artificial or man-made staple fibres, of headings 55.01 to 55.16.
18. Wadding and nonwovens, of heading 56.03 and of H.S. Codes 5601.211, 5601.221, and 5601.291.
19. Rubber thread and cord, yarn and strip and the like, of headings 56.04, 56.05 and 56.06.



20. Fabrics of headings 58.01 to 58.04, 58.06, 58.09, 59.03, 59.06, 60.01 to 60.06 and of H.S. Code 5907.001.
21. Labels, embroidery in the piece and the like, of headings 58.07, 58.08, 58.10 and 58.11 and of H.S. Code 6307.902.
22. Buttons, press-fasteners, snap-fasteners and press studs, button moulds and other parts of these articles; button blanks, of heading 96.06.
23. Slide fasteners and parts thereof, of heading 96.07.
24. Dyeing services.



VALUE ADDED TAX RETURN
PART 3A - SOLIDARITY LEVY

Director-General, by an operator in the business of Wholesale Management Use
 section 22 of the Act), whether or not any Solidarity Levy is payable and irrespective of
 amount of tax due and payable or excess amount of VAT, as is set

* of VAT are likewise applicable to late payment of the Solidarity

VAT 3A

VAT 3

PAID BY MRA OFFICE

Date Received

NR
 MAURITIUS REVENUE AUTHORITY
VALUE ADDED TAX - CLAIM FOR REPAYMENT
 (Value Added Tax Act - section 24)
 The claimant should fill in this form and
 the Revenue Authority

VALUE ADDED TAX RETURN
 (The Value Added Tax Act - section 23)

Where a claim for repayr
 submit it together with it
 Plus

1. Particulars of Reg

1.1 VAT Registration
 1.2 Full name of reg

2. Particulars of C

2.1 Taxable perio
 2.2 Proportion o

2.3 Excess a
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 2.3.1
 2.3.2
 2.3.3
 2.3.4

2.4 Repa
 2.5 Toto

DECL

1. Mr/

NR
 MAURITIUS REVENUE AUTHORITY

Taxable period: Month or Quarter ended

Return duly filled to be submitted to the Director-General,
 Mauritius Revenue Authority (MRA) so as to reach the MRA
 Office **not later than 20 days after the end of the taxable**
period, together with a remittance of the amount of tax
 payable, if any, in accordance with the return. An operator
 liable to solidarity levy must fill in form VAT 3 SL also.

Where supplies are neither made nor received, a NIL return
 should be submitted

Please read the notes *overleaf* before filling in this form.

Forms VAT 3 and VAT 3 SL and a set of information leaflets are available on

OUTPUT - Proportion of taxable supplies to total turnover (annual)%

1. Taxable supplies

1.1 Zero-rated supplies (Exports)

1.2 Zero-rated supplies other than exports

1.3 Taxable supplies made to exempt bodies or persons

1.4 Other taxable supplies

2. Exempt supplies

3. Total

INPUT - Imports and Purchases

4. Taxable input on which input tax is allowed as a credit

4.1 Capital goods imported

4.2 Imported inputs

FOR USE
 Date Rec



MAURITIUS REVENUE AUTHORITY

Tel: 207 6000 Fax: 211 8099 Hotline: 207 6010

Email: headoffice@mra.mu

Website: <http://mra.gov.mu>

