

VAT Registration

Frequently Asked Questions

1. What is VAT and is registration compulsory?

Value Added Tax (VAT) is a consumption tax applied to taxable goods and services. Registration becomes compulsory once a business reaches the minimum annual turnover threshold set by the Mauritius Revenue Authority (MRA).

2. Who is responsible for paying VAT, the client or the business?

The customer pays VAT when purchasing taxable goods or services. The business collects the VAT on these sales and then remits the amount to the MRA.

3. What is the difference between VAT and tax?

- VAT (Value Added Tax): This is a consumption tax charged on the sale of taxable goods and services by VAT-registered businesses. It is collected from customers and remitted to the MRA.
- Tax (Corporate or Income Tax): This is a tax on the profits a business earns after deducting its allowable expenses. It is paid directly by the business on its net income.

4. What is Income tax?

Income tax is charged on the business' profit. Enterprises pay income tax on profits while VAT is collected from sales revenue received from clients and remitted to the MRA.

5. When should I register for VAT based on my financial year sales?

If your annual taxable turnover exceeded MUR 3 million in the previous financial year, you are required to register for VAT. For example, if your turnover was MUR 2.5 million, VAT registration would not be required.

6. By when should VAT registration be completed?

Businesses whose taxable turnover exceeded MUR 3 million in the previous year or are likely to exceed MUR 3 million in the current year, must register for VAT no later than 30 September 2025. Early registration is advised to ensure compliance and to avoid penalties.

7. Who can provide guidance on VAT registration?

You can seek advice from a qualified accountant or a professional tax advisor. They can help you understand the requirements, prepare the necessary documents, and ensure your application complies with MRA standards.

8. Is VAT registration compulsory and what are the criteria?

Yes. VAT registration becomes compulsory once your annual taxable turnover reaches MUR 3 million. At that point, you are legally required to register with the MRA for VAT.

9. If I am already registered for VAT, should I register again?

No. Once your business is registered for VAT, there is no need to re-register.

10. Is VAT applicable on exports?

No. Exports are generally treated as zero-rated supplies, which means the applicable VAT rate is 0% rather than the standard 15%.

11. Can I claim VAT on purchases paid?

Yes, as a VAT-registered person, you can claim input VAT on purchases made from VAT-registered suppliers. This means you can deduct the VAT paid on your purchases from the VAT you collect on your sales.

12. Can I claim VAT on expenses paid? Can VAT amount on expenses be claimed in full?

Yes, as a VAT registered person selling taxable supplies, you can deduct VAT on expenses paid from VAT registered persons provided that the expenses made is directly related to your business activities and in generating your revenue.

The amount of VAT on expenses allowed to be claimed shall be pro-rated to the proportion of taxable to exempt sales. For example, if a business does 100% taxable sales, the business will be able to claim and deduct 100% of VAT on expenses. If a business does 80% taxable sales and 20% exempt sales, then the business will be able to claim and deduct 80% of VAT on expenses.

13. Can I claim VAT on fuel for my motor vehicle?

No, you cannot claim VAT on fuel for motor vehicles. VAT on gas oils can only be claimed for oils used in stationary engines, boilers and burners.

14. Can I claim VAT on capital goods?

Yes, as a VAT registered person you may claim and deduct VAT on capital goods paid from VAT registered suppliers as long as the capital goods are used for the generation of gross income/sales. You may also ask for a refund if the VAT on capital goods exceed MUR 100,000.

15. How about claiming VAT on imported capital goods?

Yes, you can also claim VAT on imported capital goods. If the amount of VAT on the capital goods imported exceeds MUR 100,000, you can apply for deferred payment of VAT on capital goods before the goods reach Mauritius, which will imply that you may not even need to disburse the VAT amount to the customs upon the capital goods reaching Mauritius.

16. How about VAT on motor vehicles as capital goods?

You may only claim VAT on motor vehicles which are for the transport of more than 9 persons including driver. However, it is important to highlight that the same motor vehicle shall be deemed to be charged with VAT upon sales or ownership transfer by the business to another person.

17. How should I decide whether to pass the full VAT cost on to my client?

It depends. It can be progressive: part for the business or part for client.

18. What happens if I fail to register for VAT after exceeding the MUR 3 million turnover threshold?

Failure to register for VAT when your turnover exceeds the prescribed threshold is an offence. Your business may become liable to substantial fines, penalties, and interest charges imposed by the MRA. In addition, non-compliance can expose your business to legal consequences and reputational risks.

19. What is the difference between exempted and zero-rated products/services?

- Exempted: No VAT is charged to clients and no VAT can be claimed from exempt supplies.
- Zero rated: Zero (0%) VAT is charged to clients and VAT can be claimed from taxable expenses.

20. What are the risks of not complying with VAT registration?

You risk penalties, fines, interest and legal action.

21. How do I apply for VAT registration?

You must complete and submit a VAT registration application to the MRA. The application form can be downloaded directly from the MRA website and must be submitted no later than 30 September 2025.

22. Can I split companies with different activities to lower the annual turnover threshold?

Whereas company restructuring might be considered as a good option, there are still

many factors such as: similarity of business activities, place of business, practicability and more that have to be taken into consideration before engaging in same. We recommend you discuss same with your Accountant or Tax Advisor for a proper Tax/VAT planning.

23. What are the compliance requirements for a VAT invoice?

All VAT-registered businesses are required to issue VAT invoices that meet the standards set by the MRA. To be valid, a VAT invoice must include:

- The heading “VAT Invoice” clearly displayed
- The date of issue
- A unique, sequential invoice number (system-generated or pre-printed)
- The Business Registration Number (BRN) and VAT number of both the supplier and the client
- The names and addresses of both the supplier and the client
- A clear description of the goods or services supplied, including quantities where relevant
- The amount charged in Mauritian Rupees (MUR). If issued in another currency, the applicable exchange rate must be shown
- The VAT amount indicated separately
- The total amount payable

Issuing invoices with these details ensures legal compliance, allows your clients to claim VAT input, and protects your business in case of an MRA audit.

24. What happens if a VAT invoice is issued incorrectly?

If a VAT invoice is not issued correctly, your client may be unable to claim back the VAT they have paid. In addition, your business could face penalties or fines if the error is identified during an MRA investigation. It is therefore essential to ensure all VAT invoices meet the required standards.

25. What are the best practices for issuing VAT invoices?

Always use a reliable sales system that automatically generates invoices with sequential serial numbers, or pre-printed invoice books with duplicates. Avoid using tools such as Excel, Word, or other spreadsheets, as they do not meet compliance and control standards. Proper invoicing ensures accuracy, transparency, and full compliance with VAT regulations.

26. Is VAT applicable to both goods and services?

Yes. VAT applies to both taxable goods and services, unless specifically exempted by law.

27. What should I do if I have collected VAT but used the funds before the payment deadline?

It is strongly advised not to use VAT collections for business expenses. VAT money belongs to the MRA and should always be kept aside. Using these funds may lead to penalties, interest, and legal consequences. To avoid issues, set up a separate account or tracking system to ensure VAT is ring-fenced until payment is due.

28. What are the risks if I fail to pay VAT within 3 months?

You may face financial penalties, interest charges on the outstanding amount, and possible legal action by the tax authorities.

29. What documents should I always keep?

It is important to keep all record keeping for the last 2-3 years (3 years recommended) such as; all VAT Invoices, purchases, expenses and capital goods invoices from suppliers, bank statements and all reports compiled for VAT computation.

30. What happens if I make a mistake when filing VAT?

You can still insert the VAT adjustment amount as correction on the following VAT return. If the mistake comprises of VAT under paid, penalties and interests may apply.

31. Can I deduct VAT if I import products with no VAT?

No, you cannot claim VAT from any products and services which do not have VAT.

32. If I'm not registered for VAT, can I claim VAT?

No.

33. If I receive a VAT invoice before registration date, can I claim it?

No, you can only claim VAT as from the date of registration.

34. If I have two products but only one is registered for VAT, can I claim VAT? If only one is from a VAT registered supplier?

You may only claim VAT from VAT registered suppliers.

35. Strategies to reduce VAT liability?

Be attentive to not miss any purchases or expenses which you have spent on and seek advice from your Accountant or Tax Advisor to ensure all your purchases and expenses on VAT paid are fully claimed.

Pro-tip: crosscheck your invoices and purchases/expenses with your bank statement items to ensure that you did not miss any spending.

36. Worst case scenario if the business is unable to pay VAT, is the director impacted?

Yes. Directors can be held personally liable.

37. What if a client has not paid me?

If the client cannot pay after several notifications and legal actions taken, a VAT adjustment on bad debts can be made.

38. How can I file my business's VAT return?

Once you have registered your business as VAT registered, you will be provided with your VAT Certificate specifying your VAT number and business details, a yellow stickers which should be displayed in a visible place for customers to see and with a login and password for your VAT returns which will enable you to log in to the MRA website and proceed with your VAT return submissions.

39. How is my VAT calculated?

Simply put, VAT amount payable is computed by adding your VAT amount collected from sales revenue and deducting all VAT paid on expenses, purchases and/or capital goods. The difference amount will be your VAT payable. In case your VAT amount is negative (VAT excess), meaning that you have spent more on VAT paid (on purchases, expenses or capital goods) than your collected VAT amount from sales revenue, you can then brought forward this VAT excess to the next VAT return.

40. What if I missed to deduct a VAT on purchases, expenses or capital goods in my VAT return?

You can still deduct the VAT on purchases, expenses or capital goods you missed up to 36 months back (based on VAT Act 2024 consolidated).

41. When is the deadline for filing VAT Returns?

For businesses with annual turnover exceeding MUR 10 million, VAT returns should be made monthly and submitted with payment the following month.

For businesses with annual turnover less than MUR 10 million, VAT returns should be made quarterly (every 3 months) and submitted with payment the following month.

42. What if I miss the filing deadline?

You should still do your VAT return filing even if you missed your deadline. A penalty of MUR 2,000 per month until the return is made (up to MUR 20,000) shall be applicable. For small enterprises, a maximum penalty of MUR 5,000 will be applicable. Usually for first offences, a penalty waiver can be considered by the MRA.

43. How about the late payment of the VAT?

A penalty of 10% on the unpaid VAT amount is applicable or 2% on the unpaid VAT amount for small enterprises. Also, an interest at the rate of 1% per month shall be applicable until payment has been made.