

TAX ALERT

**SMIT SALVAGE PTE LTD
V/S
ASSESSMENT REVIEW COMMITTEE & ANOR
[2024 SCJ 59]**

In a latest appeal by way of case stated, the Supreme Court has delivered a landmark judgment to the effect that a VAT ruling issued by the Director General (the “DG”) of the Mauritius Revenue Authority (the “MRA”) is amenable to an appeal before the Assessment Review Committee (the “ARC”).

Smit Salvage Pte Ltd v/s ARC & Anor

FACTS

The appellant, having been contracted by the owner of the MV Wakashio for the salvage of the vessel and subcontracted to the Police Helicopter Squadron, made an application to the DG for a VAT ruling as to whether the helicopter leasing constituted an exempt supply. Dissatisfied with the ruling, the appellant lodged representations before the ARC under section 40(1) of the VAT Act 1998.

The ARC set aside the representations, declining jurisdiction to review a ruling issued by the DG under section 69 of the VAT Act 1998.

The Supreme Court enlarged the meaning of a “decision of the DG as to whether or not a supply of goods or services is taxable supply” to include any VAT ruling on such issue, rendering the said ruling reviewable by the ARC, in light of the absence of ambiguity differentiating a ruling from a decision and the significant weight attributed to such rulings from the MRA.

Allowing the appeal and remitting the matter back to the ARC, the Supreme Court further held that an assessment from the DG was not a necessary element for taxpayers to challenge a VAT ruling on taxable supplies before the ARC.

Smit Salvage Pte Ltd v/s ARC & Anor

COMMENTARY

This judgment is likely to be welcome by practitioners and the industry and paves the way for greater accountability, balance and transparency in the decision making of the MRA. It remains to be seen whether the same principle could be extended to income tax rulings.

[READ THE FULL JUDGMENT HERE](#)

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