

Tax Alert

Issue 01 | January 2026

Foreign Suppliers Now Subject to VAT in Mauritius

Are you ready?

VAT obligations for foreign suppliers of digital and electronic services start as from 1 January 2026.

Introduction

Further to the guidance issued by the Mauritius Revenue Authority (MRA), and following amendments to Section 14 of the Value Added Tax Act under the Finance Act 2025, VAT has been extended to digital and electronic services supplied by foreign suppliers to recipients in Mauritius, with effect from **1 January 2026**.

Who is a foreign supplier ?

A foreign supplier is defined as a person who:

- Has no permanent establishment in Mauritius, or has their place of abode outside Mauritius; and
- Supplies, in the course of business, digital or electronic services to a person in Mauritius.

Digital Services Covered	Examples
Images or texts	Photographs, screensavers, e-books, and other digitized documents
Entertainment content	Music, films, TV shows, games, and on-demand programs
Applications and software	Software, apps, and software maintenance
Website services	Website creation, website supply, and web hosting
Online advertising	Advertising space on websites
Digital publications	Online magazines, newsletters, and similar content
Remote Maintenance	Maintenance of programs or equipment from a distance

Obligations of a foreign supplier

- Register for VAT with the MRA irrespective of their turnover.
- Charge and collect VAT on digital and electronic services supplied to persons in Mauritius.
- Submit VAT returns on a monthly or quarterly basis, as applicable within 20 days.
- Remit VAT collected to the MRA in foreign currency.

Finance Act 2025

As per the Finance Act 2025 this obligation would not be applicable to supplies already covered under the reverse charge mechanism, i.e., foreign suppliers would not have to charge VAT on digital and electronic services supplied to local customers already registered for VAT with MRA. However, we note that the guidance does not make any distinction between VAT registered service recipients and those not registered. In fact, the guidance mentions that reverse charge will no longer be applicable for digital and electronic services and that the foreign suppliers should charge VAT on these supplies. Hence, it appears all foreign suppliers will have to register for VAT irrespective of whether the recipient of the service is VAT registered and applying reverse charge or not. We hope MRA will clarify this discrepancy.

Appointment of a Tax Representative

Foreign suppliers with turnover above **MUR 3 million** (approx. USD 65,000) must appoint a tax representative. This is a principal-agent relationship. The foreign supplier (principal) remains the taxable person and is legally responsible for VAT obligations. The principal must ensure the appointed tax representative (agent) submits VAT returns and makes payments on time. The tax representative acts on behalf of the foreign supplier to fulfill these obligations.

How can KPMG assist?



Portal Access Support

Register on behalf of the foreign supplier and manage VAT obligations once portal credentials are provided.



Point of Contact with the MRA

Act as the official liaison between the foreign supplier and the Mauritius Revenue Authority for smooth communication.



VAT Compliance Management

As a tax representative, KPMG can submit VAT returns and ensure all VAT compliance obligations are met.



Compliance Safeguard

Ensure the foreign supplier complies with local tax laws, including responding to audits, inquiries, or other regulatory requirements.



Should you require any assistance, do not hesitate to contact us.

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