

TAX BASICS

FOR NEWLY INCORPORATED COMPANIES

COMPANY TAX OBLIGATIONS



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PAY AS YOU EARN (PAYE)

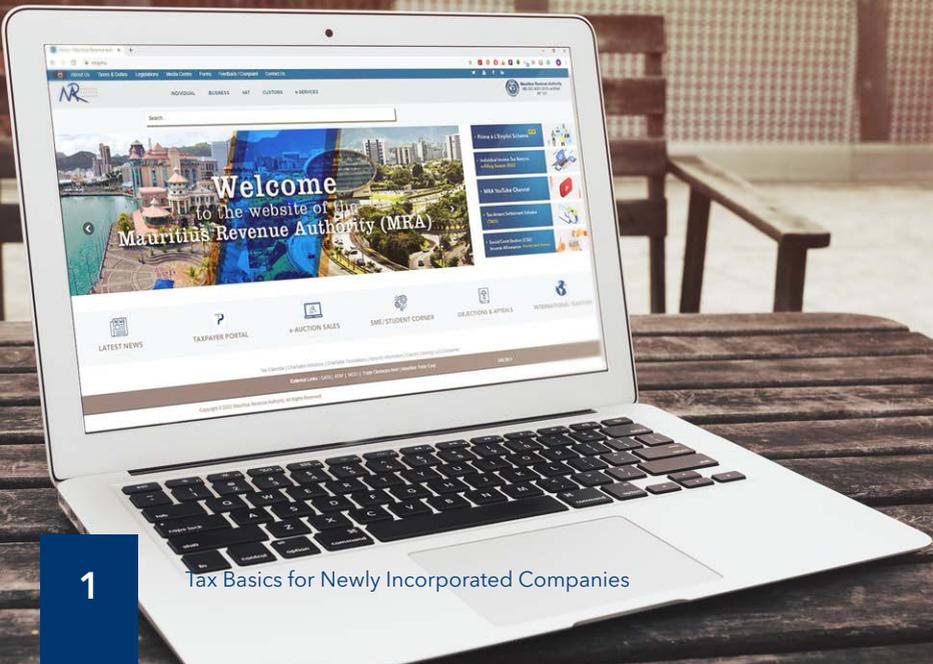
Pay As You Earn (PAYE) is a system whereby employers are required to withhold tax from the emoluments of employees chargeable to tax at the time the emoluments are received by or made available to the employees. The tax withheld is then remitted to the Mauritius Revenue Authority (MRA) every month.

A company should within 14 days of becoming an employer, register with the Director-General of the MRA as an employer, by submitting an Employer Registration Form dully filled in by him.

As an employer, the company should:

1. Withhold tax as required from emoluments and directors' fees;
2. Remit the amount withheld to the MRA by the due date;
3. Give statement of emoluments and tax deductions to employees on or before 15 August of every year; and
4. Submit electronically to MRA an annual Return of Employees (ROE).

The guide on PAYE, a copy of which may be downloaded from the MRA's website: www.mra.mu, provides all the necessary information on the operation of the PAYE system.



TAX DEDUCTION AT SOURCE (TDS)

Under TDS system, a payer is required to deduct tax at source at the appropriate rate at the time the payment is received by or credited to the account of the payee.

The TDS payer must remit the tax at source electronically to the MRA, not later than one month from the end of the month in which the income tax was deducted.

For further details, refer to the guide on [TDS](#).

ADVANCE PAYMENT SYSTEM (APS)

Every company shall submit electronically to the Director-General, in respect of each APS quarter, an APS Statement and at the same time, pay the tax, if any. APS is applicable to companies, unit trust schemes, collective investment schemes, cells of a protected cell company, trusts (other than trusts having made a declaration of non-residence), non-resident societies and any société holding a Global Business Licence under the Financial Services Act 2007 which has opted to be liable to income tax.

An APS statement should be submitted to the Director-General by every company where, in respect of the preceding accounting year, the company's gross income exceeded 10 million rupees and it had a chargeable income.

For further details, refer to the guide on [APS](#).

SUBMISSION OF ANNUAL RETURN AND PAYMENT OF TAX

Every company, whether or not it derives any income, is required to file a return of income and effect payment of tax, if any, electronically within the due date, unless the company has submitted a declaration of not in operation within 3 months from the end of the accounting year.

ELECTRONIC FILING

All companies should submit electronically the following returns and pay tax (if any). Companies may avail themselves of the direct debit facility to effect tax payment (if any).

i. Corporate Tax Return	ii. Monthly PAYE/CSG/NSF Returns
iii. VAT Returns	iv. Monthly PRGF Return
v. Annual return of employees	vi. APS statement
vii. Monthly TDS return	viii. Return of dividends paid

SOCIAL CONTRIBUTIONS

Obligation to pay contributions:

Every month, an employer is required to submit to the Director-General of the Mauritius Revenue Authority (MRA) a return giving the details of every employee who was employed during the preceding month and pay the amount of contributions in accordance with Social contributions and Social Benefits Act 2021, National Savings Fund Act and Human Resource Development Act.

Where an employer fails to submit a return and pay the appropriate social contribution, the MRA may, by written notice of assessment, claim the social contribution payable by him inclusive of penalty.

Eligibility criteria in respect of:

1. Social contributions and Social Benefits Act 2021

Every participant and every employer of a participant shall in respect of every month pay a Social contribution in accordance with the prescribed rates. Social contribution is applicable on basic wage or salary/net income derived by a 'participant'. Participant is defined as:

- a person who enters into a contract of employment;
- a person employed on part-time or full-time basis (permanent or temporary);

Participant includes mainly:

- a non-citizen employee;
- a person aged 65 and above;
- a self-employed;
- an executive director of a company.

Hence, an individual who is both an employee and a self-employed is required to pay CSG/ social contribution at the applicable rate both on net income derived as self employed and basic salary as employee.



Participant does **NOT** include:

- a non-citizen working in an export manufacturing enterprise and who has resided in Mauritius for a continuous period of less than 2 years;
- an expatriate employee employed by a foreign contractor engaged in the implementation of a project which is funded by a foreign State to the extent of at least 50% of the estimated project value from grant or concessional financing as the Minister may approve;
- A non-executive director of a company;
- a non-citizen employee who is not a resident under section 73(1) of the Income Tax Act.
- a non-citizen who holds a premium visa issued by the passport officer on the recommendation of the Economic Development Board established under the Economic Development Board Act.

2. National Savings Fund Act

“Employee” means:

- any person aged 18 and above, but below retirement age, who works or has worked under full-time or part-time contract of service or apprenticeship, whether the contract is expressed or implied, oral or in writing and whether the person is paid daily, weekly, monthly or otherwise;
- includes a non-citizen, other than –
 - i. a non-citizen employed by an export manufacturing enterprise who has resided in Mauritius for a continuous period of less than 2 years;
 - ii. a non-citizen who holds a work permit and is an employee of a foreign contractor engaged in the implementation of a project which is funded up to not less than 50 per cent of the estimated project value, from grant or concessional financing, as the Ministry responsible for the subject of finance may approve, from a foreign State.

3. Human Resource Development Act

- Every employer shall in respect of every employee, other than a household worker pay a training levy and levy is payable on the employee's total basic wage or salary, excluding overtime, bonuses and allowances in respect of a month at the appropriate rate.
- During the period starting on 1 July 2023 and ending on 30 June 2025, every employer must, in respect of every employee, pay a training levy of 1.5 per cent and the rate to be remitted to -
 - a. the Council for the National Training Fund must be 0.75 per cent; and
 - b. the Ministry for the Workfare Programme Fund must be 0.75 per cent.



PORTABLE RETIREMENT GRATUITY FUND (PRGF)

Following the enactment of the Workers' Rights (Portable Retirement Gratuity Fund) (Amendment) Regulations 2020, employers are required to submit, as from the month of January 2022, a monthly PRGF return and effect payment in respect of PRGF contributions to the Director-General of the MRA.

Both the return and the payment are required to be made electronically on or before the end of the month following that in respect of which the PRGF is payable.

Employers who, for months prior to January 2022:

- i. have submitted PRGF returns and paid PRGF for some months; or
- ii. who have not paid PRGF for any of the months,

may, submit a "PRGF Past Services" return and pay the PRGF for months prior to January 2022 in respect of employees who are still in employment as at 01 January 2022.

An employer who contributes to a private pension scheme, approved by the FSC, in respect of a worker, is not required to contribute to PRGF in respect of that worker.

With a view to facilitate employers, the MRA has put in place a system for e-Filing of a monthly PRGF return and e-payment of the contribution payable through its website: www.mra.mu

PRGF Contribution Rates

Employers are required to pay PRGF contributions at the rate of 4.5 % of the monthly remuneration of each worker. However, Small and Medium Enterprises (SME) will pay PRGF at a lower rate for the first three years, the difference being met by Government from a seed capital earmarked for that purpose. The PRGF rate, applicable on monthly remuneration, is based on the annual turnover of the SME.

On filing the PRGF monthly return, the employer is required to select the annual turnover in which it falls from the following list:

- i. Not more than Rs. 2 million
- ii. More than Rs. 2 million but not more than Rs. 10 million
- iii. More than Rs. 10 million but not more than Rs. 50 million
- iv. More than Rs. 50 million

Where MRA already has the information about the annual turnover, the selection will be preset.

KEEPING OF BOOKS AND RECORDS

You will have to keep records as follows:

- in computerised or manual form;
- in English or French language;
- in chronological order; and
- for a period of 5 years.

COMPULSORY REGISTRATION FOR VALUE ADDED TAX (VAT)

A company should register for VAT purposes where:

- i. Its annual turnover of taxable supplies exceeds or is likely to exceed 6 million rupees; or
- ii. It is engaged in any business or profession specified in the Tenth Schedule to the Value Added Tax Act irrespective of its turnover or taxable supplies.

ENVIRONMENT PROTECTION FEE (EPF)

A company engaged in the under mentioned activities is liable to EPF and it should register with MRA for EPF purposes within 14 days of the start of its activities.

- Hotel, guest house or tourist residence of more than 4 bedrooms.
- Stone crushing, manufacturing or processing of aggregates, concrete blocks, pre-cast units, coral sand, rock sand and basalt sand.
- Manufacture, assembly or importation of mobile phones, pneumatic tyres and batteries for vehicles.

CUSTOMS CLEARANCE FOR GOODS IMPORTED/EXPORTED

A company should be registered at MRA Customs Department before any goods is cleared. The registration may be done through an approved broker.

The Tax Account Number (TAN) of the company is required for registration.

A customs declaration (bill of entry) in respect of every import/export has to be lodged electronically by an approved broker.

BUSINESS REGISTRATION NUMBER (BRN)

Every company is allocated a BRN by the Registrar of Companies. The BRN should be indicated on all invoices issued by the company.

DUE DATES FOR COMPANY'S RETURN

- Companies are required to submit their return of income and pay tax within 6 months from the end of the month in which their accounting year ends.
- Where a company's accounting period ends in June and December, the return and payment of tax (if any) should be made to the MRA on or before 2 days, excluding Saturdays and Public holidays before the end of December and June respectively.
- Where a company's accounting period ends in June, no tax is payable or loss is declared, the return can be submitted by 15th January.
- *(Note: where the date for submission of any return and Payment of Tax falls on Saturday, Sunday or public holiday, the return and the payment may be made on the following working day).





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