

GUIDE ON INCOME TAX

Employees Taking Up Employment for the First Time

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January 2024

This guide is to help you understand the Income Tax System and how it will affect you when you start your employment.

The contents in this guide are for informative purposes only.

Where a person, other than an exempt person, takes up employment for the first time, he should:

- as soon as possible, furnish an Employee Declaration Form (EDF) duly filled in to his employer for PAYE purposes; and
- submit an Annual Income Tax Return to the MRA by 15 October.

1. WHAT IS EMPLOYEE DECLARATION FORM (EDF)?

An Employee Declaration Form (EDF) should be filled-in by every employee who is entitled to reliefs, deductions and allowances in respect of that income year and who wishes to have the reliefs, deductions and allowances taken into account for the purpose of determining his chargeable income and the amount of income tax (PAYE), if any, to be withheld from his emoluments during that income year.

An employee is required to submit an EDF electronically through the MRA website: www.mra.mu at the beginning of each financial year.

2. WHAT IS 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.

The PAYE system aims at ensuring that the cumulative amount of tax withheld under PAYE for each month in a year corresponds exactly to the amount of tax payable on total emoluments derived in that year.

3. RELIEFS, DEDUCTIONS AND ALLOWANCES APPLICABLE FOR YEAR ENDING 30 JUNE 2024

Only an individual who is resident in Mauritius during the income year ending 30 June 2024 is entitled to claim a deduction, additional deduction for dependent child pursuing undergraduate or postgraduate course or relief for interest paid on housing loan.

Where for the income year ending 30 June 2024, a person claims deduction for dependents, the spouse of that person is not entitled to claim any deduction for dependents.

An individual is entitled to claim for the income year ending 30 June 2024 deduction for dependents as shown in the table below:

Dependent	Amount of Deduction (Rs)
1 dependent	110,000
2 dependents	190,000
3 dependents	275,000
4 dependents	355,000

4. WHO IS A DEPENDENT?

Dependent means either a spouse, a bedridden next of kin under his care, a child under the age of 18 or a child over the age of 18 and who is pursuing full-time education or training or who cannot earn a living because of a physical or mental disability.

5. WHO IS A BEDRIDDEN NEXT OF KIN?

'Bedridden next of kin' in respect of a person, means the bedridden spouse, father, mother, grandfather, grandmother, brother or sister of that person or of his spouse, provided the bedridden next of kin is -

- a. eligible to the carer's allowance payable under the National Pensions Act; and
- b. under the care of that person.

In case the dependent in respect of whom a deduction has been claimed includes a bedridden next of kin, the net income and exempt income of that dependent shall exclude the benefits derived by the bedridden next of kin under the National Pensions Act.

6. WHO IS A CHILD?

- a. An unmarried child, stepchild or adopted child of a person;
- b. An unmarried child whose guardianship or custody is entrusted to the person by virtue of any other enactment or of an order of a court of competent jurisdiction;
- c. An unmarried child placed in foster care of the person by virtue of an order of a court of competent jurisdiction.

Note:

Where for the income year ending 30 June 2024, a person claims deduction for dependents, the spouse of that person is not entitled to claim any deduction for dependents.

7. WHO IS A RETIRED PERSON?

“Retired person” means a person who attains the age of 60 at any time prior to 01 July 2023 and who, during the income year ending 30 June 2024, is not in receipt of any business income or emoluments exceeding Rs. 50,000 other than retirement pension.

8. WHO IS A DISABLED PERSON?

“Disabled person” means a person a person suffering from permanent disablement.

9. ADDITIONAL EXEMPTION IIN RESPECT OF DEPENDENT CHILD PURSUING UNDERGRADUATE OR POSTGRADUATE COURSE

- a. Where a person has claimed an additional deduction and the dependent is a child pursuing a non-sponsored full-time undergraduate or postgraduate course at an institution recognised by the tertiary Education Commission established under the Tertiary Education Commission Act or at a recognized tertiary educational institution, outside Mauritius, the person may claim an additional deduction in respect of that child pursuing tertiary education of Rs. 500,000.
- b. The additional exemption is not allowable:-
 - i. in respect of the same dependent for more than 6 years;
 - ii. where the tuition fees, excluding administration and student union fees, are less than Rs. 34,800 for a child following an undergraduate course in Mauritius;.

10. RELIEF FOR MEDICAL INSURANCE PREMIUM OR CONTRIBUTION:

A person may claim relief for premium or contribution payable for himself or his dependents in respect of whom deduction for dependents has been claimed:

- a. on a medical or health insurance policy; or
- b. to an approved provident fund which has its main object the provision for medical expenses.

The relief is limited to the amount of premium or contribution payable for the income year up to a maximum of :

- **Rs. 25,000 for self**
- **Rs. 25,000 for first dependent**
- **Rs. 20,000 for second dependent**
- **Rs. 20,000 for third dependent**
- **Rs. 20,000 for fourth dependent**

No relief should be claimed where the premium or contribution is payable by the employer or under a combined medical and life insurance scheme.

11. INTEREST RELIEF ON SECURED HOUSING LOAN

- a. A person who has contracted a housing loan, which is secured by a mortgage or fixed charge on immoveable property and which is used exclusively for the purchase or construction of his house, may claim a relief in respect of the interest paid or profit charge paid on the loan (under the Islamic financing arrangement).
- b. The relief to be claimed in the EDF is the amount of interest payable or profit charge payable in the income year ending 30 June 2024. In the case of a couple where neither spouse is a dependent spouse, the relief may be claimed by either spouse or at their option, divide the claim equally between them.
- c. **The loan must have been contracted from:-**
 - i. a bank, a non-bank deposit taking institution, an insurance company, or the Sugar Industry Pension Fund;
 - ii. the Development Bank of Mauritius by its employees;
 - iii. the Statutory Bodies Family Protection Fund by its members; or
 - iv. an Islamic Financing Arrangement

d. The relief is not allowable where the person or his spouse:-

- i. is, at the time the loan is contracted, already the owner of a residential building;
- ii. derives in the income year ending 30 June 2024, total income (net income plus interest and dividends received) exceeds Rs. 4 million;
- iii. has benefitted from any new housing scheme set up on or after 01 January 2011 by a prescribed competent authority.

12. SOLAR ENERGY INVESTMENT ALLOWANCE

A person will be allowed to deduct the total amount invested in a solar energy unit during the income year. In the case of a couple where neither spouse is a dependent spouse, the relief may be claimed by either spouse or at their option, divide the claim equally between them.

13. RAINWATER HARVESTING INVESTMENT ALLOWANCE

A person who has invested in a rainwater harvesting system during the income year ending 30 June 2024 may deduct the amount invested from his net income. In the case of a couple where neither spouse is a dependent spouse, the relief may be claimed by either spouse or at their option, divide the claim equally between them.

14. DEDUCTION FOR FAST CHARGER INVESTMENT ALLOWANCE IN RESPECT OF ELECTRIC CAR

A person will be allowed to deduct the total investment in the acquisition of a fast charger for an electric car during the income year ending 30 June 2024.

15. DEDUCTION FOR HOUSEHOLD EMPLOYEES

Where a person employs one or more household employees, he may claim a deduction of the wages paid to the household employees up to a maximum of 30,000 rupees, from his net income, provided he has duly paid the contributions payable under the Social Contribution and Social Benefits Act 2021 and the National Savings Fund Act. In case of a couple, the deduction shall not, in the aggregate, exceed 30,000 rupees.

16. DEDUCTION FOR DONATION TO CHARITABLE INSTITUTIONS

A person will be allowed to deduct from its net income the amount donated to charitable institutions up to an amount of Rs. 50,000 in the income year commencing on 1 July 2023.

17. DEDUCTION FOR CONTRIBUTION MADE TO APPROVED PERSONAL PENSION SCHEMES

A person will be allowed to deduct from its net income the amount contributed in respect of an individual pension scheme, an amount of up to Rs. 50,000, in the income year commencing on 1 July 2023.

18. ANGEL INVESTOR ALLOWANCE

Where an angel investor has, in an income year, invested a minimum of Rs. 100,000 to the seed capital of a qualifying start-up SME by way of acquisition of shares, he shall be entitled to a relief, by way of a deduction from his net income, of 50 per cent of the amount invested in that income year.

The total deduction shall not exceed Rs. 500,000 in an income year.

Any unrelieved amount in an income year may be carried forward and deducted against the net income of the 2 succeeding years.

Angel investor means an individual who is aged 18 years or above and who is:-

- a. a citizen of Mauritius; or
- b. the holder of a permanent residence permit or residence permit.

Where during the income year ending 30 June 2024, an employee becomes entitled to new reliefs, deductions and allowances, he may submit to his employer a fresh EDF claiming therein the new reliefs, deductions and allowances to which he is entitled.

19. TAX RATES

The tax rates applicable for fiscal year 2023/24 are as follows:

Annual Chargeable Income	Rate of Income tax	Annual Chargeable Income	Rate of Income tax
First Rs 390,000	0%	Next Rs 300,000	12%
Next Rs 40,000	2%	Next Rs 300,000	14%
Next Rs 40,000	4%	Next Rs 400,000	16%
Next Rs 60,000	6%	Next Rs 500,000	18%
Next Rs 60,000	8%	On the remainder	20%
Next Rs 300,000	10%		

20. HOW IS PAYE CALCULATED?

Every employer should, at the time emoluments are received by or made available to his employees, withhold PAYE on emoluments, where applicable, from those emoluments provided that the emoluments exceed the Total Exemption and Reliefs. The amount of tax to be withheld should be rounded down to nearest rupees.

For the purposes of applying PAYE, the monthly chargeable income brackets on which the different tax rates are applicable, are as follows:

Monthly Chargeable Income Brackets (Rs)	Rate of Income Tax	Monthly Chargeable Income Brackets (Rs)	Rate of Income tax
First Rs 30,000	0%	Next Rs 23,077	12%
Next Rs 3,077	2%	Next Rs 23,077	14%
Next Rs 3,077	4%	Next Rs 30,769	16%
Next Rs 4,615	6%	Next Rs 38,462	18%
Next Rs 4,615	8%	On the remainder	20%
Next Rs 23,077	10%		



For the purposes of applying PAYE on a cumulative basis, the different monthly chargeable income brackets shall be calculated on a cumulative basis by reference to the month for which PAYE is calculated.

Example:

An employee derived taxable emoluments of Rs 100,000 for each of the months of July, August and September. He has submitted an EDF showing 2 dependents. The PAYE computation for the three months shall be as shown in table below -

Month	July	August	September			
Taxable Emoluments	100,000	100,000	100,000			
Cumulative Emoluments	100,000	200,000	300,000			
Cumulative Deductions (Rs 190,000)	14,615	29,231	43,846			
Cumulative Chargeable Income	85,385	170,769	256,154			
Calculation of PAYE	Cumulative Chargeable Income Bracket	Tax Calculated	Cumulative Chargeable Income Bracket	Tax Calculated	Cumulative Chargeable Income Bracket	Tax Calculated
Tax Rate - 0%	30,000	-	60,000	-	90,000	-
Tax Rate - 2%	3,077	62	6,154	123	9,231	185
Tax Rate - 4%	3,077	123	6,154	246	9,231	369
Tax Rate - 6%	4,615	277	9,230	554	13,845	831
Tax Rate - 8%	4,615	369	9,230	738	13,845	1,108
Tax Rate - 10%	23,077	2,308	46,154	4,615	69,231	6,923
Tax Rate - 12%	16,924	2,031	33,847	4,068	50,771	6,093
Cumulative Tax payable		5,169		10,338		15,508
Less PAYE previous months		-		5,169		10,338
PAYE for the month		5,169		5,169		5,169

Exempt employee

No PAYE is required to be deducted from the monthly emoluments of an employee where such emoluments do not exceed Rs 30,000 except where the emoluments constitute of fees payable to a company director or a member of a Board, Council, Commission, Committee of a statutory body. In such case, PAYE is applicable at the flat rate of 15% unless the director or board member makes a request to the company or the person responsible for the payment of the emoluments for PAYE to be withheld at the rate of 20%.

Where an employee who derives emoluments exceeding Rs 30,000 in a month and he has not submitted an EDF, the employer is required to deduct tax under PAYE at the flat rate of 15% unless the employee makes a request to the employer for PAYE to be withheld at the rate of 20%.

Where an employee deriving emoluments not exceeding Rs 30,000 in a month makes a request to his employer or the person responsible for the payment of the emoluments for income tax to be withheld, the employer or the person responsible for the payment of the emoluments is required to withhold PAYE at the rate of 15% or 20% as may be stated by the employee in his request.

21. DOES A NON-CITIZEN HAVE TO FURNISH AN EDF?

A non-citizen is a person not born in Mauritius but for tax purposes if a non citizen is resident in Mauritius, he has to furnish an EDF to his employer in Mauritius unless his monthly emoluments do not exceed Rs. 30,000.

“Resident” means an individual who has been present in Mauritius in an income year for a period of or an aggregate period of 183 days or more; or who has been present in Mauritius during that income year and the 2 preceding income years for an aggregate period of 270 days or more; or who has his domicile in Mauritius unless his permanent place of abode is outside Mauritius.

22. WHAT IF I ALSO HAVE A PART-TIME JOB?

Income Tax is paid on all income earned except exempt income. You may request your employer to withhold PAYE from your emoluments.

23. WHAT HAPPENS IF I CHANGE MY JOB?

It is very important to submit a fresh EDF to be submitted to your new employer when you take a new job.

At the end of the year, your previous employer as well as your new employer will each give you a Statement of Emoluments and Tax Deduction, which shows your total emoluments and the PAYE deducted for the year.

24. FILING OF ANNUAL INCOME TAX RETURN

At the end of each financial year, an employee is required to file, electronically, an Annual Income Tax Return by 15 October to declare all income received during the income year..

In case the total tax withheld under PAYE is higher than the total tax payable as per the annual return, the employee will be eligible for a refund of the excess amount and which will be credited to the employee's bank account after the necessary verifications.

25. CAN I CLAIM EXPENSES?

You can deduct from your total emoluments any transport allowance which is equivalent to the return bus fare between residence and place of work; or petrol allowance, commuted travelling allowance and travel grant payable by the Government of Mauritius and the local authority to you; or the actual petrol or travelling allowance paid or 25% of the monthly basic salary up to a maximum of Rs. 20,000 whichever is the lesser, provided that you make use of a private car registered in your own name for attending duty and for the performance of the duties of your office or employment.

26. WHERE DO I GO FOR ADVICE?

For further information you may call at the MRA Customer Service Counter on ground floor, MRA Head Office, Eham Court, Corner Mgr Gonin & Sir Virgil Naz Streets, Port Louis or phone MRA's helpdesk on **207 6000** during working hours.

You may also visit MRA website: www.mra.mu or send us a mail on headoffice@mra.mu



Ehram Court, Cnr Mgr. Gonin & Sir Virgil Naz Streets, Port Louis, Mauritius

T: +230 207 6000 | F: +230 211 8099 | E: headoffice@mra.mu | W: www.mra.mu

