

# GUIDE ON INCOME TAX

Employees Taking Up Employment for the First Time

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Tax

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***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](http://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 2025

Only an individual who is resident in Mauritius during the income year ending 30 June 2025 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 2025, 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 2025 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 -

- eligible to the carer’s allowance payable under the National Pensions Act; and
- 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 2025, 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 2024 and who, during the income year ending 30 June 2025, 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 DEDUCTION IN 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; and
  - 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. 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 2025. 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; or
  - iii. the Statutory Bodies Family Protection Fund by its members;
  - 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 2025, total income (net income plus interest and dividends received) exceeding Rs. 4 million;
  - iii. has benefitted from any new housing scheme set up on or after 01 January 2011 by a prescribed competent authority.

## 11. 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.

## **12. DEDUCTION FOR SOLAR ENERGY INVESTMENT ALLOWANCE**

An individual 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. 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 and the National Savings Fund Act. In case of a couple, the deduction shall not, in the aggregate, exceed 30,000 rupees.

## **14. DEDUCTION FOR RAINWATER HARVESTING INVESTMENT ALLOWANCE**

An individual who has invested in a rainwater harvesting system during the income year ending 30 June 2025 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.

## **15. DEDUCTION FOR FAST CHARGER INVESTMENT ALLOWANCE IN RESPECT OF ELECTRIC CAR**

An individual 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 2025.

## **16. DEDUCTION FOR DONATION TO CHARITABLE INSTITUTIONS**

An individual will be allowed to deduct from its net income the amount donated electronically to charitable institutions up to an amount of Rs. 100,000 in the income year commencing on 1 July 2024.

The list of approved charitable institutions is available on MRA website: [www.mra.mu](http://www.mra.mu)

## **17. DEDUCTION FOR CONTRIBUTION MADE TO APPROVED PERSONAL PENSION SCHEMES**

A person will be allowed to deduct from his 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 2024.

## **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.

1. The total deduction shall not exceed Rs. 500,000 in an income year.
2. Any unrelieved amount in an income year may be carried forward and deducted against the net income of the 2 succeeding years.
3. An Angel Investor, together with his relatives, shall not hold more than 25% of the share capital of a qualifying start-up SME.
4. The allowance is only applicable to holders of ordinary shares of a qualifying start-up SME.

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.

## **19. DEDUCTION FOR THE ADOPTION OF ANIMALS**

Where an individual has adopted an animal from the Mauritius Society for Animal Welfare or an NGO approved by the Director-General, he shall be entitled to a relief by way of a deduction from his net income of an amount of Rs. 10,000 per animal adopted. The total deduction shall not exceed Rs. 30,000 in an income year.

## **20. DEDUCTION FOR FEE-PAYING PRIVATE SCHOOLS**

Where a dependent in respect of whom a deduction is claimed is attending a fee-paying private primary or secondary school registered under the Education Act, the person shall, in addition to the deduction he is entitled to, be eligible to an additional deduction of the amount of the fees paid or Rs. 60,000, whichever is the lower.

## **21. DEDUCTION FOR CARER**

Where, in an income year, an individual employs one or more carers in respect of whom he has paid the contributions payable under The Social Contribution and Benefits Act 2021 and the National Savings Fund Act, he shall be entitled to deduct from his net income for that income year the wages paid to the carers or Rs. 30,000, whichever is lower.

Where during the income year ending 30 June 2025, 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.

## 22. TAX RATES

The tax rates applicable for fiscal year 2024/25 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%                |                          |                    |

## 23. 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                               | 4,062          | 50,772                               | 6,093          |
| Cumulative Tax payable             |                                      | 5,170          |                                      | 10,338         |                                      | 15,509         |
| Less PAYE previous months          |                                      | -              |                                      | 5,170          |                                      | 10,338         |
| PAYE for the month                 |                                      | 5,170          |                                      | 5,168          |                                      | 5,171          |

### 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%.

### Employee not submitting an EDF

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

Where an individual who derives emoluments **NOT** exceeding Rs. 30,000 in a month has not submitted an EDF, he may make a request for income tax to be withheld, at his option, at the rate of 15 or 20%. .

## 24. 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.

## 25. 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 withheld PAYE from your emoluments.

Where an employee has more than one employer at any one time, he shall furnish an Employee Declaration Form to only one of his employers.

## 26. 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.

## 27. FILING OF ANNUAL INCOME TAX RETURN

At the end of each financial year, where the total net income derived exceeds Rs. 390, 000 or where PAYE has been withheld, 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.

## 28. 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.

## 29. 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](http://www.mra.mu) or send us a mail on [headoffice@mra.mu](mailto:headoffice@mra.mu)



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