

GUIDE ON

PAY AS YOU EARN (PAYE)



January 2025

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INTRODUCTION

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.

This PAYE system applicable in Mauritius is a cumulative PAYE system and aims at ensuring that the amount of tax withheld under PAYE for each month of an income year corresponds exactly to the amount of income tax payable by the employee on his total emoluments for that income year.

The purpose of this guide is to assist employers and employees in the operation of the PAYE system.

The notes in the guide are for information only and have no legal force.



1. MAIN CHARACTERISTICS OF THE PAYE SYSTEM

The main characteristics of the PAYE system are:

The PAYE system operates on the emoluments paid for the current period at the time those emoluments are received or made available to the employee. The Finance (Miscellaneous Provisions) Act 2023 has brought changes to the Income Tax Act with a significant reform in the income tax system applicable to individuals and includes the following changes:

- a. As from July 2023, the Income Exemption Threshold (IET) has been abolished and replaced by:
 - i. A tax rate of 0 percent on the first Rs 390,000 of chargeable income instead of IET of Category A amounting to Rs 325,000 previously granted to an individual with no dependent, and
 - ii. Deduction in respect of dependents is available separately as follows:

Table A: Amount of deduction (Rs.)

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

- b. A progressive tax rate is now applicable on the cumulative chargeable income of an individual as shown in the table below. Employers are required to implement the new rates applicable on each chargeable income bracket as from the month of July 2023.

Table B: Rates of tax

Cumulative Chargeable Income bracket (Rs.)	Rate of income Tax (%)
First 390,000	0
Next 40,000	2
Next 40,000	4
Next 60,000	6
Next 60,000	8
Next 300,000	10
Next 300,000	12
Next 300,000	14
Next 400,000	16
Next 500,000	18
On the remainder	20

c. Solidarity Levy has been abolished with effect from the income year commencing on 01 July 2023. Thus, as from 01 July 2023, employers are not required to deduct PAYE for Solidarity Levy.

- Each employer is required to apply the new tax rates under the PAYE system on the monthly emoluments of employees and remit same to the MRA electronically through a computer system approved by the Director-General.
- Employees are required to submit every year to their employer an Employee Declaration Form (EDF) claiming the reliefs, deductions and allowances to which they are entitled in an income year. An employee receiving emoluments from more than one employer cannot submit an EDF to more than one employer.
- Details of the reliefs, deductions and allowances are given in Annex 5.
- The amount of tax to be withheld from the emoluments of each pay period is calculated on a cumulative basis by cumulating both the emoluments and total reliefs, deductions and allowances pertaining to the current and previous pay periods of the income year concerned.
- Workers receiving their pay daily after each day's work are excluded from the operation of the PAYE system.
- 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%.

A person deriving pension, annuity or similar payments or any other emoluments below Rs. 390,000 of the Chargeable Income may request his employer/payer to withhold PAYE at the rate of 15% or 20% from such payments by completing the authorisation form to deduct PAYE, available on MRA website: www.mra.mu

- A non- citizen who is resident in Mauritius for Income Tax Purposes is required to submit an EDF to his employer in Mauritius.
- A non-resident in receipt of emoluments, including pension, irrespective of the amount, is not entitled to claim the exemption for self, deduction in respect of dependents, additional deduction for dependent child pursuing undergraduate or postgraduate course, relief for interest paid on housing or angel investor allowance.
- A non-resident citizen of Mauritius in receipt of any retirement pension is subject to PAYE on that part of his retirement pension which exceeds Rs 390,000 of Chargeable Income at the appropriate rate applicable on the Chargeable Income bracket in which his retirement pension falls.

2. REGISTRATION OF EMPLOYEES

The PAYE system requires an employer to register as an employer with the Director-General, MRA within 14 days of becoming an employer.

2.1 Who is an employer?

“Employer” is defined in the Income Tax Act. It means a person responsible for the payment of emoluments and includes an agent of that person (refer to annex VI), but does not include an individual employing only household employees.

Person includes companies, trusts, trustees of unit trust schemes, societies, successions, local authorities, statutory corporations (including para-statal bodies), co-operative societies, individuals, clubs, associations, organisations and any other body of persons, whether corporate or unincorporate.

Any person who acts as an agent of an employer and is responsible for the payment of emoluments to an employee or to a former employee on behalf of that employer is also required to register as an employer e.g. an insurance company that pays pension on behalf of an employer under a superannuation fund (See definition of ‘emoluments’ at paragraph 3).

An employer having only exempt employees is also required to register as an employer.

An exempt employee is an employee whose monthly emoluments do not exceed Rs 30,000 but does not include the director of a company or the Board, Council, Commission, Committee member of a statutory body.

2.2 How and when to register?

Every person who becomes an employer should, within 14 days of his becoming an employer, register with the Director-General as an employer by submitting a PAYE Employer Registration Form (ERF) duly filled in by him by post or by email on registration@mra.mu.

On receipt of the registration form, the Director-General will inform the employer that he has been duly registered as an employer and will at the same time provide him with:

- a. His PAYE Employer Registration Number (ERN) and password;
- b. PAYE Employee Declaration Forms (EDF); refer to **paragraph 5.1**

2.3 How to obtain an Employer Registration Form (ERF)?

The ERF may be downloaded from the MRA website: www.mra.mu

Employers in Rodrigues may obtain the forms from the Officer-in-Charge of the MRA Office, Clyderlex Building, Port Mathurin, Rodrigues.

2.4 What if, after registration, there is a change in particulars concerning registration?

Where after registration, there is a change in any of the particulars provided in the ERF, the employer should, within 14 days, notify the Director-General, in writing, of the change. Where the change is in respect of the number of employees, it need not be notified.

2.5 What happens if a person ceases to be an employer

Where a person ceases to be an employer, he should within 7 days give written notice to that effect to the Director-General and do all such acts and things (refer to paragraph 16) which, but for the fact of ceasing to be an employer, he would have been bound to do.

2.6 Failure to register as an employer

An employer who fails to register as an employer with the Director-General by the due date commits an offence and shall, on conviction, be liable to a fine not exceeding Rs. 5,000 and to imprisonment for a term not exceeding 8 years.

2.7 Failure to notify changes in circumstances

It is an offence for a person who ceases to be an employer not to give due notification to the Director-General. Failure to notify changes in the particulars concerning registration is also an offence under the Income Tax Act.

3. WHAT ARE 'EMOLUMENTS'?

"Emoluments" means any advantage in money or in money's worth which is:

► Salary, wages, leave pay, fee, overtime pay, perquisite, allowance, bonus, gratuity, commission or

- Other reward or remuneration in respect of or in relation to the office or employment of an individual and any fringe benefits;
- Superannuation, compensation for loss of office, pension (including a pension to a former employee or to the surviving spouse of that employee), retiring allowance, annuity or other reward in respect of or in relation to past employment or loss or reduction of future income of an individual, whether receivable by that individual or by any person who is or has been the spouse or dependent of that individual.

► Emoluments also include:

- A remuneration to the holder of any office and fees payable to the director of a company,
- An allowance under the National Assembly Allowances Act or a pension under the National Assembly (Retiring Allowances) Act,
- A remuneration payable to a Mayor, Chairman of a District Council or Chairman of a Village Council under the Local Government Act 1989,
- An allowance payable to an apprentice, and
- An allowance under the Rodrigues Regional Assembly (Allowances & Privileges) Act 2002.

3.1 Are all emoluments subject to tax?

All emoluments are subject to tax, except those specified at Annex 1 to this guide.

3.2 How are commissions treated?

All commissions paid by an employer to his employee form part of emoluments and are subject to PAYE e.g., commissions on sales paid to an employee. However, commissions paid to a person who is not an employee of the payer are not subject to PAYE, but are chargeable to tax, and should be declared by the recipient in his annual return of income.

3.3 In what circumstances are tips subject to PAYE?

Tips or any amount of a similar nature placed in a fund in the custody of the employer and eventually shared among his employees form part of emoluments and are therefore subject to PAYE.

Tips received directly by an employee in the performance of his duties are not subject to PAYE. However, the tips received are taxable in the hands of the employee and should be declared by him in his annual return of income.

3.4 Fringe benefits

3.4.1 What are fringe benefits?

A 'fringe benefit' is an "advantage" to an employee, and forms part of the employee's emoluments. A "fringe benefit" therefore is the money's worth of the advantage which is offered to an employee in respect of or relation to his employment.

3.4.2 Are fringe benefits taxable?

A fringe benefit includes rights, privileges or services in money's worth that an employer provides to his employee and is taxable and must be included in the employee's emoluments. However, a payment by an employer:

- to provide a pension or retiring allowance for the employee or his dependents; or
- to a scheme approved by the Director-General to provide against medical expenses for the employee or his dependents;
- does not constitute a taxable benefit.

3.4.3 Types and valuation of fringe benefits subject to PAYE?

Fringe benefits treated as emoluments for PAYE purposes include housing benefit, car benefit, tax benefit, full board and lodging to expatriates or Mauritian citizens, personal expenses of the employee which are borne by the employer and any other advantage in money's worth.

An employer provides fringe benefits irrespective of whether he is a sole trader, partnership, trust, corporation, unincorporated association, government or government authority. The taxable value of fringe benefits is given in Annex II.

3.5 Queries as to whether an amount is part of emoluments

If there is any question or doubt as to whether an amount forms or does not form part of emoluments, the matter should be referred in writing to the Director-General setting out all the facts and providing all necessary particulars and documents.

On receipt of the letter, the Director-General will endeavour to give a decision in writing as soon as possible. The employer or the employee concerned may make written representations to the Assessment Review Committee if he is not satisfied with the decision. If, pending the determination of the representations, the amount in question is paid to the employee, the employer is required to comply with the decision of the Director-General.

4. WHO IS AN EMPLOYEE?

“Employee” is defined in the Act. It means a person who receives or is entitled to receive emoluments. Since emoluments include pension in relation to past employment, a person in receipt of such pension is treated as an employee for income tax purposes.

4.1 Employees affected by PAYE

Employees other than household employees and exempt persons receiving their pay weekly, fortnightly or monthly are subject to PAYE. However, workers receiving their pay daily after each day’s work are excluded from the operation of PAYE

4.2 Income of a married woman

A married woman deriving emoluments is subject to PAYE in her own name.



5. DECLARATION BY EMPLOYEE TO EMPLOYER

Every employee who intends to have the reliefs, deductions and allowances to which he is entitled to be taken into account by his employer for the purpose of calculating the PAYE to be withheld from his emoluments, should submit an Employee Declaration Form (EDF) online on MRA website.

A person deriving pension, annuity or similar payments or other emoluments not exceeding Rs 30,000 in a month and wishing that PAYE be withheld at the rate of 15% or 20% may request his employer/payer to withhold PAYE from such payments by completing the authorisation form to deduct Income Tax under PAYE, available on MRA website. The employer/payer is then required to withhold PAYE at the rate of 15% or 20%.

5.1 PAYE Employee Declaration Form (EDF)

The MRA is consolidating its go-green policy and has made available an electronic EDF as from the income year 2021/2022. The EDF may be completed by employees by using their National Identity Card Number or Non-Citizen Card Number and the Employer Registration Number (ERN). Employers are kindly requested to communicate their ERN to employees and provide necessary facilities to help and assist employees to submit their EDF electronically. Alternatively, a copy of the EDF is available on MRA's website for download.

Employers are required to use their ERN and password to access the facility available on the MRA website and download an excel file showing the reliefs, deductions and allowances claimed by their employees in their EDFs. Employers should download the file on a monthly basis before processing their payroll so as to obtain the details of any new EDF submitted by their employees during the month.

Employers may download an excel file showing the EDFs submitted by their employees.

5.2 When should an employee submit an EDF?

An employee may submit an EDF at any time in an income year.

5.3 First employment

Where a person takes up employment for the first time, he should, as soon as possible, furnish an EDF online on MRA website to enable his employer to take into account his reliefs, deductions and allowances for the purpose of calculating the amount of tax to be withheld from his emoluments.

5.4 Where an employee leaves his employment and takes up another one

He should furnish another EDF to his new employer.

5.5 If an employee has more than one employer at any one time

He should furnish an EDF to only one of his employers. The other employer/s should withhold tax from his emoluments at the flat rate of 15 % or 20% as may be opted by the employee in his request.

5.6 Can an employee furnish a fresh EDF in an income year?

Yes. Where in any income year, an employee who has submitted an EDF to his employer is entitled to a lower or higher amount of reliefs, deductions and allowances for that income year, he may furnish to his employer a fresh EDF claiming therein the new amount of reliefs, deductions and allowances to which he is entitled.

This new total reliefs, deductions and allowances will then be taken into account by the employer for calculating tax under PAYE for that employee for the subsequent pay periods of that income year.

5.7 Does a non-citizen have to furnish an EDF?

A non-citizen who is resident in Mauritius has to furnish an EDF to his employer in Mauritius.

“Resident” is defined in the Income Tax Act. In relation to an individual and an income year, it means a person who -

- a. Has his domicile in Mauritius, unless his permanent place of abode is outside Mauritius;
- b. Has been present in Mauritius in that income year, for a period of, or an aggregate period of, 183 days or more; or
- c. Has been present in Mauritius in that income year and the 2 preceding income years, for an aggregate period of 270 days or more.

5.8 Declaration by employee to employer

Employers may download an excel file of the EDFs submitted by their employees on MRA website. A form without any claim for reliefs, deductions and allowances should be considered by the employer as a declaration that the employee does not have any reliefs, deductions and allowances to claim and is valid

According to the law, it is an offence for an employer to divulge or communicate to any person other than the Director-General any information contained in the EDF furnished by an employee or any matter relating to PAYE and concerning that employee. However, the employer may disclose to the employee or, with his written consent, to any other person any information or matter relating to PAYE concerning that employee.

5.9 Employee has not submitted an EDF

5.9.1 Where an employee who derives emoluments exceeding Rs 30,000 in a month 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%.

5.9.2 Same principle as in 5.9.1 shall apply to emoluments consisting exclusively of fees payable to a company director or a member of a Board, Council, Commission, Committee of a statutory body.

Where the employee was in employment and had furnished an EDF for the Income Year immediately preceding the current Income Year and has not yet submitted an EDF for the current Income Year, the employer may consider the reliefs, deductions and allowances claimed in the EDF when computing the PAYE to be withheld from the employee's emoluments for the months of July and August of the current year.



6. CALCULATION AND WITHHOLDING OF TAX

Every employer should, at the time emoluments are paid or made available to his employees, withhold PAYE on those emoluments in accordance with the applicable legislative provisions.

The amount of tax to be withheld should be rounded down to nearest rupees. The employer shall apply the following formula when calculating the amount of tax to be withheld from emoluments of an employee in respect of a month:

Cumulative chargeable income (for that month) X TR

Where,

Cumulative chargeable income (for that month) is

EM is

Cumulative emoluments of the employee up to that month

ET is

Cumulative reliefs, deductions and allowances of the employee up to that month

TR are

Rates specified in the Fourteenth Schedule (please refer to Table C)

Table C: Fourteenth Schedule of Income Tax Regulations 1996

Cummulative Chargeable income (Rs.)													Rate of Income Tax (%)
July	Aug	Sept	Oct	Nov	Prescribed end-of-year bonus	Dec	Jan	Feb	Mar	Apr	May	June	
First 30,000	First 60,000	First 90,000	First 120,000	First 150,000	First 180,000	First 210,000	First 240,000	First 270,000	First 300,000	First 330,000	First 360,000	First 390,000	0
Next 3,077	Next 6,154	Next 9,231	Next 12,308	Next 15,385	Next 18,462	Next 21,539	Next 24,616	Next 27,693	Next 30,770	Next 33,847	Next 36,924	Next 40,000	2
Next 3,077	Next 6,154	Next 9,231	Next 12,308	Next 15,385	Next 18,462	Next 21,539	Next 24,616	Next 27,693	Next 30,770	Next 33,847	Next 36,924	Next 40,000	4
Next 4,615	Next 9,230	Next 13,845	Next 18,460	Next 23,075	Next 28,690	Next 32,305	Next 36,920	Next 41,535	Next 46,150	Next 50,765	Next 55,380	Next 60,000	6
Next 4,615	Next 9,230	Next 13,845	Next 18,460	Next 23,075	Next 28,690	Next 32,305	Next 36,920	Next 41,535	Next 46,150	Next 50,765	Next 55,380	Next 60,000	8
Next 23,077	Next 46,154	Next 69,231	Next 92,308	Next 115,385	Next 138,462	Next 161,539	Next 184,616	Next 207,693	Next 230,770	Next 253,847	Next 276,924	Next 300,000	10
Next 23,077	Next 46,154	Next 69,231	Next 92,308	Next 115,385	Next 138,462	Next 161,539	Next 184,616	Next 207,693	Next 230,770	Next 253,847	Next 276,924	Next 300,000	12
Next 23,077	Next 46,154	Next 69,231	Next 92,308	Next 115,385	Next 138,462	Next 161,539	Next 184,616	Next 207,693	Next 230,770	Next 253,847	Next 276,924	Next 300,000	14
Next 30,769	Next 61,538	Next 92,307	Next 123,076	Next 153,845	Next 184,614	Next 215,383	Next 246,152	Next 276,921	Next 307,690	Next 338,459	Next 369,228	Next 400,000	16
Next 38,462	Next 76,924	Next 115,386	Next 153,848	Next 192,310	Next 230,772	Next 269,234	Next 307,696	Next 346,158	Next 384,620	Next 423,082	Next 461,544	Next 500,000	18
Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	Remainder	20

6.1 Method to calculate chargeable income and tax to be withheld

The method to calculate Chargeable Income so as to obtain the amount of Income Tax, if any, to be withheld by the employer from the emoluments of his employees is shown below:

Table D: Method of PAYE computation for the month		Rs.
Cumulative Emoluments		A
Less Cumulative Reliefs, Deductions and Allowances		(B)
CUMULATIVE CHARGEABLE INCOME (A-B):		C
CALCULATION OF PAYE TO BE WITHHELD ON CUMULATIVE CHARGEABLE INCOME	Tax Rates (%)	Rs.
First 390,000	0	X
Next 40,000	2	X
Next 40,000	4	X
Next 60,000	6	X
Next 60,000	8	X
Next 300,000	10	X
Next 300,000	12	X
Next 300,000	14	X
Next 400,000	16	X
Next 500,000	18	X
Remainder	20	X
CUMULATIVE TAX PAYABLE		X
Less: Total Income Tax withheld in previous months		(X)
PAYE on emoluments to be withheld in current month		X

Please note that the total reliefs, deductions and allowances should be divided by 13. For cumulative calculation, **please refer to illustrations at annex III.**

Where the employee is paid monthly, the amount of tax to be withheld for the first month of the income year, i.e. July, is calculated as follows:

- Deduct 1/13 of the total reliefs, deductions and allowances claimed in the EDF from the total emoluments to obtain the chargeable income for the month of July;
- Apply the appropriate tax rate whichever is applicable, on the chargeable income calculated at (a). The amount obtained at (b) represents the tax to be withheld for July.

- c. For calculating the amount of tax to be withheld in any of the subsequent months i.e. August to June, the following steps should be followed:
- i. Aggregate the emoluments derived for period starting 1 July of the income year up to and including the current month's emoluments on which tax has to be calculated (say November);
 - ii. Aggregate the reliefs, deductions and allowances allowable for the months of July to November; ($1/13 \times 5$ i.e. $5/13$ of total reliefs, deductions and allowances as per EDF).
 - iii. Calculate the difference between the results at (i) and (ii) above to arrive at the cumulative chargeable income for that period;
 - iv. Apply the appropriate tax rate to the result at (iii) above. This will represent the total tax required to be withheld for the months of July to November (cumulative PAYE for that period);
 - v. Deduct from the sum arrived at (iv) above the total amount of tax already withheld in the preceding months of the income year to arrive at the amount of tax to be withheld for the month of November

The same principle as described above for withholding tax under the PAYE system will apply to fortnightly paid or weekly paid employees, except that in such cases the proportion of total reliefs, deductions and allowances (claimed by the employee in his EDF) to be taken into account in respect of each pay period will be $1/28$ and $1/56$ respectively.

Note: When the operation described at (v) above is performed for any pay period. Circumstances may arise where the cumulative tax is less than the total amount of tax already withheld during the preceding pay periods of the income year. In such a case, no tax should be withheld from the emoluments of the current period while any excess withheld should be carried forward. In no circumstances the employer is allowed to refund to the employee any such excess.

Refer to annex III for illustrations on the calculation of tax under PAYE in different scenarios.

6.2 Fees payable to Board Members

Tax is to be withheld under PAYE at the flat rate of 15% on all fees payable to a company director or a member of a Board, Council, Commission, Committee of a statutory body, unless the director 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%, even where the fee is less than Rs. 30,000 per month.

Where a member is an employee of the statutory body and receives BOTH emoluments (including fringe benefits) and fees, he shall be treated as any other employee for PAYE purposes, and the fees received should be aggregated with the emoluments he derives as an employee.

6.3 Fees payable to a Director of a company

Where any fees, irrespective of the amount, are payable to a director of a company and that director does not receive any emoluments from that company, tax at the flat rate of 15% is applicable on such fees unless the director 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%, through a PAYE Authorisation form.

However, where a director is an employee of the company and receives BOTH emoluments (including fringe benefits) and fees, he shall be treated as any other employee for PAYE purposes, and the director's fees should be aggregated with the emoluments he derives as an employee.

Fees payable to a non-citizen director of a company who is also resident in Mauritius is subject to PAYE at the flat rate of 15% or 20% at his option.

The PAYE Authorisation form can be accessed on MRA website: www.mra.mu

6.4 Tax on prescribed bonus

Where an end-of-year bonus prescribed by an enactment is received or made available to an employee, the instructions at 6.5.1 to 6.5.3 should be followed for the purpose of withholding tax under PAYE.

6.4.1 Prescribed bonus and salary for the pay period paid at the same time

The bonus shall be aggregated with the emoluments of the pay period in which the bonus is received, if payment of the prescribed bonus and emoluments of the relevant pay period is effected at the same time; and 2/13, 3/28 or 5/56 of the total reliefs, deductions and allowances shall be taken into account for that pay period, depending upon the pay period being a month, a fortnight or a week respectively. See Illustration 11 at annex III.

6.4.2 Prescribed bonus and salary for the pay period paid separately

In this case, tax should be calculated twice for that pay period, once on the first payment and then on the second payment irrespective of whether payment of bonus occurs before payment of salary for that pay period or otherwise. The appropriate fraction of the total reliefs, deductions and allowances applicable to the pay period shall be applied a first time to the first payment, and a second time to the second payment. The fraction applicable as deduction from bonus for the purpose of the exercise shall be 1/13, 2/28 or 4/56 depending on whether the pay period for the employee is monthly, fortnightly or weekly. See Illustration 10 at annex III.

Where a prescribed bonus is payable in any of the remaining pay periods, the remaining pay periods for the exercise shall be increased by:

- 1 additional pay period if the pay period is a month;
- 2 additional pay periods if the pay period is a fortnight; and
- 3 additional pay periods if the pay period is a week.

The appropriate fraction of the total reliefs, deductions and allowances will then be allowed as deduction for the pay period in which the prescribed bonus is paid.

No tax shall be withheld from the prescribed bonus of an exempt employee.

6.5 Employee furnishing a fresh EDF with variance

Where in the course of an income year, an employee furnishes a fresh EDF, the employer should, after ensuring that there is a variance between the amount of the total reliefs, deductions and allowances being claimed and the amount already claimed, adjust the chargeable income of the employee for each of the remaining pay periods of the income year by taking into account the amount of the variance (Please refer to illustration 12 at annex III).

6.6 Non-resident drawing emoluments including pension

A non-resident in receipt of emoluments, including pension, irrespective of the amount, is not entitled to any reliefs, deductions and allowances. His gross emoluments for any pay period shall represent his chargeable income for that pay period.

A non-resident is a person who is not resident in Mauritius. The definition of 'resident' in relation to an individual is given at paragraph 5.7.

6.7 Employee receiving salary monthly but overtime pay or any other allowance separately

Where an employee who has furnished an EDF receives salary monthly but is paid overtime or other allowance separately in the same pay period, cumulative PAYE shall apply to each payment after aggregating it with any previous payment in the pay period but accounting, against the aggregated amount, only once, for the appropriate fraction of total reliefs, deductions and allowances to which the employee is entitled for that pay period. The total tax to be deducted and remitted to the Director-General on account of PAYE withheld for that pay period shall be the sum of the amounts computed as tax to be withheld from each payment effected.

The same principle shall apply where the pay period is a fortnight or a week with the appropriate fraction for each specific pay period being taken for computing tax to be withheld, viz. $\frac{1}{28}$ for a fortnight and $\frac{1}{56}$ for a week respectively. See note of Illustration 9 at annex III.

6.8 Employee receiving emoluments relating to two or more pay periods in one pay period

Where an employee who has furnished an EDF receives emoluments for one pay period together with his emoluments for the following or preceding pay period/s, cumulative PAYE shall apply on the total emoluments for these pay periods but taking also into account the sum of the fractions of the relevant deductions, reliefs and allowances for these pay periods. See Illustration 11 at annex III.

6.9 Employee receiving a tax benefit, viz. tax is paid by employer

An employee enjoys a tax benefit when his tax liability is borne by his employer. This tax benefit is treated as a fringe benefit (please refer to Annex II) and is valued in accordance with the Regulations to the Act and applicable regulation which read as follows:

"Tax benefit is arrived at by dividing the tax payable on the actual emoluments by a factor which varies according to the marginal tax rate applicable."

For the purposes of calculating the tax benefit, the tax payable on the employee's emoluments (exclusive of the tax benefit) is divided by a factor based on the marginal tax rate applicable on the tax benefit.

The factor is derived using the formula $(1-t)$, where "t" is the marginal tax rate applicable on the tax benefit. The illustrations to show calculation of Tax on employee's emoluments (inclusive of tax benefit) using derivation of factor is as follows:

Table E: Calculation of Tax on employee's emoluments (inclusive of the tax benefit) on a yearly basis

Year of Assessment 2024/2025				
Details	Rs.		Total (Rs.)	
Basic Salary	960,000		960,000	
Allowances	100,000		100,000	
Tax Benefit	-		$48,000 \div (1 - 0.12)$	*54,545
Total Emoluments	1,060,000		1,114,545	
Less: Deduction for dependent	110,000		110,000	
Chargeable Income (CI)	950,000		1,004,545	
Tax Rate	CI	Tax	CI	Tax
0%	390,000	-	390,000	-
2%	40,000	800	40,000	800
4%	40,000	1,600	40,000	1,600
6%	60,000	3,600	60,000	3,600
8%	60,000	4,800	60,000	4,800
10%	300,000	30,000	300,000	30,000
12%	60,000	7,200	114,545	13,745
	950,000	48,000	1,004,545	*54,545

Table F: Calculation of Tax on employee's emoluments (inclusive of the tax benefit) on a monthly basis

Month: July 2024				
Details	Rs.		Total (Rs.)	
Basic Salary	76,000		76,000	
Allowances	5,500		5,500	
Tax Benefit	-		3,688 ÷ (1-0.12)	*4,191
Total Emoluments	81,500		85,691	
Less: Deduction for dependent (110,000/13)	8,462		8,462	
Chargeable Income (CI)	73,038		77,229	
Tax Rate	CI	Tax	CI	Tax
0%	30,000	0	30,000	0
2%	3,077	62	3,077	62
4%	3,077	123	3,077	123
6%	4,615	277	4,615	277
8%	4,615	369	4,615	369
10%	23,077	2,308	23,077	2,308
12%	4,577	549	8,767	1,052
	73,038	3,688	77,229	*4,191

*The verification for tax-on-tax computation is that the tax payable should equal the tax benefit.

With the introduction of a progressive tax rate as from the year of assessment 2024/25, the derivation of the "factor" is complex as there may be more than one tax rate applicable on the tax benefit.

6.10.3 Tax-on-Tax (Long Method)

Alternatively, instead of using derivation of factor (in case of tax benefit falls within one tax rate), another method can be used known as the Long-method. The steps applicable for the long-method is as follows:

- Calculate the tax payable on the emoluments (exclusive of tax benefits).
- Calculate the additional tax payable on the tax benefit.
- That additional tax payable, tax borne by the employer, becomes itself a tax benefit on which the additional tax payable is calculated again.
- The process is repeated until the additional tax payable is near zero.

Table G and Table H show the tax-on-tax calculation using long-method.

Table G: Tax-on-Tax calculation using Long-Method (whereby the tax rate in computing the tax benefit falls under one tax rate).

Year of Assessment: 2024/2025																
Details	Calculation of CI (Exc. of Tax Benefit) Rs.		Tax Benefit												Calculation of CI (Inc. of Tax Benefit) Rs.	
Basic Salary	960,000														960,000	
Allowances	100,000														100,000	
Tax Benefit	-		48,000	5,760	691	83	10	1							54,545	
Total Emoluments	1,060,000														1,114,545	
Less: Deduction for dependent	110,000														110,000	
Chargeable Income (CI)	950,000														1,004,545	
Rate	Computation of Tax		Computation of Tax												Computation of Tax	
	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX
0%	390,000	-													390,000	-
2%	40,000	800													40,000	800
4%	40,000	1,600													40,000	1,600
6%	60,000	3,600													60,000	3,600
8%	60,000	4,800													60,000	4,800
10%	300,000	30,000													300,000	30,000
12%	60,000	7,200	48,000	5,760	5,760	691	691	83	83	10	10	1	1	0	114,545	13,745
Cum CI / Tax on Cum CI	950,000	48,000	48,000	5,760	5,760	691	691	83	83	10	10	1	1	0	1,004,545	54,545

Table H: Tax-on-Tax calculation using Long-Method (whereby the tax rate in computing the tax benefit falls under one tax rate).

Month: July 2024																
Details	Calculation of CI (Exc. of Tax Benefit) Rs.		Tax Benefit												Calculation of CI (Inc. of Tax Benefit) Rs.	
Basic Salary	76,000														76,000	
Allowances	5,500														5,500	
Tax Benefit			3,688	443	53	6	1	0								4,191
Total Emoluments	81,500														85,691	
Less: Deduction for dependent	8,462														8,462	
Chargeable Income (CI)	73,038														77,229	
Rate	Computation of Tax		Computation of Tax												Computation of Tax	
	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX
0%	30,000	-													30,000	-
2%	3,077	62													3,077	62
4%	3,077	123													3,077	123
6%	4,615	277													4,615	277
8%	4,615	369													4,615	369
10%	23,077	2,308													23,077	2,308
12%	4,577	549	3,688	43	443	53	53	6	6	1	1	0	0	0	8,768	1,052
Cum CI / Tax on Cum CI	73,038	3,688	3,688	443	443	53	53	6	6	1	1	0	0	0	77,229	4,191

As mentioned earlier, given the complexity of using the derivation of factor when computing tax benefit in cases where more than one tax rate is involved, the long method is preferred. Table I and Table J illustrate the calculation tax employee's emoluments (exclusive of the tax benefit) on a year and for a month (for PAYE purposes).

Table I: Tax-on-Tax calculation using Long-Method (whereby more than one tax rate is involved)

Year of Assessment: 2024/2025																
Details	Calculation of CI (Exc. of Tax Benefit) Rs.		Tax Benefit												Calculation of CI (Inc. of Tax Benefit) Rs.	
Basic Salary	880,000														880,000	
Allowances	100,000														100,000	
Tax Benefit			38,800	4,256	511	61	7	1								43,636
Total Emoluments	980,000														1,023,636	
Less: Deduction for dependent	110,000														110,000	
Chargeable Income (CI)	870,000														913,636	
Rate	Computation of Tax		Computation of Tax												Computation of Tax	
	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX
0%	390,000	-													390,000	-
2%	40,000	800													40,000	800
4%	40,000	1,600													40,000	1,600
6%	60,000	3,600													60,000	3,600
8%	60,000	4,800													60,000	4,800
10%	280,000	28,000	20,000	2,000											300,000	30,000
12%	-	-	18,800	2,256	4,256	511	511	61	61	7	7	1	1	0	23,636	2,836
Cum CI / Tax on Cum CI	870,000	38,800	38,800	4,256	4,256	511	511	61	61	7	7	1	1	0	913,636	43,636

Table J: Tax-on-Tax calculation using Long-Method (whereby more than one tax rate is involved)

Year of Assessment: 2024/2025																
Details	Calculation of CI (Exc. of Tax Benefit) Rs.		Tax Benefit												Calculation of CI (Inc. of Tax Benefit) Rs.	
Basic Salary	67,692														67,692	
Allowances	7,692														7,692	
Tax Benefit			2,985	327	39	5	1	0							3,357	
Total Emoluments	75,385														78,741	
Less: Deduction for dependent	8,462														8,462	
Chargeable Income (CI)	66,923														70,279	
Rate	Computation of Tax		Computation of Tax												Computation of Tax	
	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX	CI	TAX
0%	30,000	-													30,000	-
2%	3,077	62													3,077	62
4%	3,077	123													3,077	123
6%	4,615	277													4,615	277
8%	4,615	369													4,615	369
10%	21,539	2,154	1,538	154											23,077	2,308
12%	-	-	1,447	174	327	39	39	5	5	1	1	0	-	0	1,818	218
Cum CI / Tax on Cum CI	66,923	2,985	2,985	327	327	39	39	5	5	1	1	0	-	0	70,279	3,357

7. DIRECTION NOT TO WITHHOLD TAX

Where tax is required to be withheld from the emoluments of an employee during an income year and the employee proves to the satisfaction of the Director-General that he is not chargeable to income tax for that income year, the Director-General may, by written notice inform the employer, that no tax shall be withheld from the emoluments of that employee. On receipt of the written notice from the Director-General, the employer should give effect to the direction.

8. TAX TO BE WITHHELD IN PRIORITY

The obligation of an employer to withhold tax from emoluments prevails over any right or obligation to withhold any other amount from such emoluments or any law providing that such emoluments should not be reduced or be subject to attachment. In other words, tax to be withheld ranks first among deductions from emoluments.

9. EMPLOYER NOT WITHHOLDING THE REQUIRED AMOUNT OF TAX

An employer who fails to withhold the required amount of tax is liable to pay to the Director-General the amount of tax which has not been so withheld but the employer is entitled to recover that amount from the employee.

10. NO REFUND OF TAX BY EMPLOYER

Refund of income tax can only be made by the Director-General and not by the employer. In no circumstances can an employer refund part or whole of the amount of tax already withheld from the emoluments of an employee and remitted to the MRA.

11. REMITTANCE OF TAX WITHHELD

The tax required to be withheld under PAYE should be remitted electronically through such computer system as the Director-General may approve;

a. by direct debit;

b. through such other means as the Director-General may approve;

and at the same time, submit a monthly PAYE return, electronically in respect of ALL employees whether PAYE has been withheld or not, giving:

a. the full name;

b. the NIC number where the employee is a citizen of Mauritius or the identification number issued by the Passport and Immigration Office, where the employee is not a citizen of Mauritius;

c. Where a non-citizen is not entitled to a NCID, the Tax Account Number (TAN) should be inserted

d. the salary, wages, overtime pay, leave pay and other allowances excluding travelling and end of year bonus; and

e. the amount of tax withheld.

Tax withheld by an employer under PAYE should be remitted electronically to the Director-General on or before the end of the month immediately following the month in which the tax is withheld.

Since the tax withheld from the emoluments of employees is held on behalf of the Government and is not subject to attachment in respect of a debt or liability of the employer, remittance of tax to the MRA should not be delayed for any reason whatsoever and should always be remitted by the due date.

11.1 Penalty for late payment

Failure to pay the amount of tax required to be withheld on or before the last payable date renders the employer liable to a penalty of 10% of the amount of the tax remaining unpaid w.e.f 07 September 2016.

In addition, interest at the rate of 1% for each month or part of the month will be added on any amount of tax (excluding any penalty for late payment) not remitted by the due date. The amount of tax not remitted together with the penalty and interest is payable without demand.

Example: Tax withheld (Rs. 20,000) on emoluments for the month of August 2023, due to be remitted on or before the 30 September 2023, is remitted to the Director General on the 26th of December 2023. The amount to be remitted together with penalty and interest for late payment would be computed as follows:

Table K: Computation of penalty for late payment

Details	Rs.
Amount of tax required to be withheld	20,000
Penalty for late payment (10%)	2,000
Interest for late payment (1% for 3 months)	600
Total amount to be remitted	22,600

Payment of tax and penalty should be made in whole rupees.

11.2 Requirement to join the Electronic System

Employers are required by law to submit the monthly PAYE return and remit tax withheld under PAYE electronically through a computer system approved by the Director General. All employees should be declared on the PAYE return whether PAYE has been withheld or not on the emoluments of the employee. A penalty of Rs. 5,000 per month up to a maximum of Rs. 50,000 is applicable where an employer fails to join the electronic system.

For any further information about electronic submission of returns and payment of tax, please refer to the MRA website: www.mra.mu

12. OBLIGATION OF EMPLOYER TO SUBMIT MONTHLY PAYE RETURNS

Every employer having employees is required by the Income Tax Act to register himself as an employer with the Director-General and submit monthly PAYE returns irrespective of whether PAYE has been withheld or not.

An exempt person may submit an EDF to his employer at any time if his emoluments are likely to exceed Rs 30,000 for any pay period in an income year. The employer is required to apply the reliefs, deductions and allowances and operate the PAYE system and withhold tax at the appropriate rate, if any, from the emoluments of the employee.

13. STATEMENT OF EMOLUMENTS AND TAX DEDUCTION

Not later than 15 August following an income year, an employer should give to all employees employed by him during that income year a Statement of Emoluments and Tax Deduction in duplicate. The format is available on MRA website. The emoluments should relate to the emoluments received by or made available to the employee in the income year. Where the employee is in receipt of fringe benefits, details of each benefit (e.g., car benefit, housing benefit, tax benefit etc.) should be shown.

Any correction in the entries originally made on the Statement of Emoluments and Tax Deduction should be made by striking out the word or figure and writing the correct one alongside. Each correction should be duly signed. In no circumstances should there be any over-writing. No liquid paper or correcting fluid should be used to make any correction.

Employee Identification Number

Every employee should have his National Identity Card (NIC) number or the Non-Citizen Identification Number (NCID) issued by the Passport and Immigration Office in the payroll system of the employer. Employees are required to produce their NIC or NCID issued by the Passport and Immigration Office to their employers.

14.RETURN OF EMPLOYEES

All employers having at least one employee or who have paid emoluments shall, not later than 15 August in every year, submit a Return of Employees (ROE) electronically to the Director-General in respect of the preceding income year, specifying (refer to Annex VI);

In respect of the employer;

- i. his business registration number.

In respect of every employee:

- i. the full name;
- ii. the NIC number where the employee is a citizen of Mauritius or NCID issued by the Passport and Immigration Office where the employee is not a citizen of Mauritius;
- iii. Where a non-citizen is not entitled to a NCID, the Tax Account Number (TAN) should be inserted
- iv. the particulars of the emoluments and reliefs, deductions and allowances claimed in his Employee Declaration Form;
- v. the total amount of reliefs, deductions and allowances claimed in his Employee Declaration Form; and.
- vi. the total amount of tax withheld and remitted to the Mauritius Revenue Authority, if any.

15. BOOKS AND RECORDS

15.1 Keeping of records

Every person carrying on business or deriving income other than emoluments should -

- a. Keep sufficient books and records in the English or French language to enable his gross income and allowable deductions to be readily ascertained by the Director-General;
- b. Keep records showing emoluments paid to each employee and tax withheld from those emoluments; and
- c. Keep the Employee Declaration Forms (EDFs) furnished by his employees. Employers may download an excel file of the EDFs submitted by their employees.

Every book, record or document should be kept for a period of at least 5 years after the completion of the transaction, act or operation to which it relates.

15.2 Audit Procedures

Officers of the MRA may inspect employers' payroll system at any time during the year to ensure that employers are operating the PAYE system correctly and to provide proper guidelines wherever necessary.

Officers visiting an employer should disclose to the latter the appropriate signed authority, which authorises them access to the employer's premises and relevant records. Employers will be expected to make all such records available to these officers for inspection and to also provide the necessary facilities that would enable them to properly discharge their duties.

The audit process will include, inter alia, a check that:

- a. The employer has included in his payroll all his employees' emoluments, cash allowances and fringe benefits;
- b. The employer has deducted the correct amount of tax; and
- c. The tax deducted has been duly remitted to the MRA.

15.3 Power of the Director-General to require information

Every employer should, when so required by notice in writing, furnish to the Director-General in such manner and in such form as may be approved by him, within the time specified in the notice, information and particulars relating to the operation of PAYE, e.g., annual return of employees, etc. which the Director-General considers necessary or relevant and which may be in his possession or custody or under his control.

16. PERSON CEASING TO BE AN EMPLOYER

Where a person ceases to be an employer, he should within 7 days:

- a. Give written notice to the Director-General to that effect;
- b. Submit the monthly PAYE return and pay to the Director-General any amount of tax required to be withheld but not remitted;
- c. Give to his employees their Statement of Emoluments and Tax Deduction; and
- d. Submit a Return of Employees (ROE) covering the period 1 July to the date of cessation.

In the event of the liquidation or bankruptcy of the employer, the amount of tax withheld does not form part of the estate in liquidation or bankruptcy and must be paid in full to the Director-General before any distribution of property is made.

17. OFFENCES IN RELATION TO PAYE

- a. Where an employee claims additional deduction in respect of dependent child pursuing undergraduate course and/or interest relief or other reliefs or deductions and it is found that the claim/s is/are unjustified or in excess by more than 10% of the amount to which he is entitled, he shall be liable to a penalty of up to 25% of the amount of tax underpaid under PAYE.
- b. An employer is liable to prosecution if:
 - i. he fails to register as an employer;
 - ii. he fails to pay the amount of tax required to be withheld;
 - iii. he fails to pay the amount of tax in arrears required to be deducted;
 - iv. he fails to give the Statement of Emoluments and Tax Deduction to his employee.

18. PAYE ILLUSTRATIONS (SEE ANNEX III)

Refer to	For an example of
Illustration 1	A monthly paid employee furnishes an EDF to his employer at the start of the income year 1 July 2023 with no dependent. In his EDF, employee has claimed a total deduction amounting to Rs 100,000.
Illustration 2	An employee, paid fortnightly, furnishes an EDF to his employer at the start of the income year 1 July 2023. Employee has no dependent.
Illustration 3	An employee, paid weekly, furnishes an EDF to his employer at the start of the income year 1 July 2023. Employee has no dependent. He receives overtime and other benefits/allowances. Employee has no dependent. He receives overtime and other benefits/allowances.
Illustration 4	A monthly paid employee furnishes an EDF to his employer at the start of the income year 1 July 2023 and Chargeable Income exceeding Rs. 390,000 and having two dependents. Employee receives allowances, bonus and has other deductions.
Illustration 5	An employee takes up his first employment at the beginning of February and draws monthly salary of Rs 120,000. In his EDF he has claimed deduction for 1 dependent.
Illustration 6	New Employer - EDF furnished after some months
Illustration 7	An employee takes up a new employment in October and advises his new employer that this is not his first employment. He draws a monthly salary of Rs 54,000 plus a bonus in December (Chargeable Income above Rs 390,000). He has claimed total deduction of Rs 210,000 in his EDF of which Rs 110,000 in respect of 1 dependent and Rs 100,000 in respect of other deduction.
Illustration 8	An employee takes up a new employment in August and advises his new employer that this is not his first employment. He draws a monthly salary of Rs 80,000 plus a bonus of Rs 80,000 in December. He submits an EDF in October claiming deductions in respect of 2 dependents amounting to Rs 190,000. Chargeable Income exceeding Rs 390,000.
Illustration 9	An employee receives his salary monthly but overtime is being paid separately.
Illustration 10	An employee receives payment of prescribed bonus and salary separately. Employee also receives transport allowance and has other deductions amounting to Rs 50,000. In his EDF, he has claimed deduction for 1 dependent.
Illustration 11	An employee receiving emoluments of 2 or more pay periods received in one period.
Illustration 12 (i)	Employee furnishes a new EDF
Illustration 12 (ii)	Employee furnishes a new EDF
Illustration 13	A non-resident employee whose tax liability borne by employer. He is not eligible for deductions in respect of dependent and any other deductions.

Note: Employers who are referring the above illustrations for the calculation of PAYE should use the updated Reliefs, Deductions and Allowances as specified in the Income Tax Act.

19. ADDITIONAL INFORMATION

For additional information on the law or procedures relating to the operation of PAYE, kindly email us on headoffice@mra.mu

ANNEX I

LIST OF EXEMPT INCOME

1. Emoluments derived from the office of the President or Vice- President.
2. Any rent allowance payable to a person appointed to an office in-
 - a. The Police Force;
 - b. The Fire Services;
 - c. The Forests Division of the Ministry of Agriculture and Natural Resources;
 - d. The Prisons and Industrial School Service;
 - e. The Ministry of Fisheries;
 - f. The Department of Civil Aviation; or
 - g. The Fire Unit of the Mauritius Marine Authority.
3. Any housing allowance not exceeding 100 rupees per month payable by an employer to an employee under any enactment or by virtue of an award made under an enactment.
4. Any transport allowance payable by an employer to an employee by virtue of the terms and conditions of service equivalent to -
 - a. the return bus fare between residence and place of work;
 - b. petrol allowance, commuted travelling allowance and travel grant payable by the Government of Mauritius and the local authority to their employees; or
 - c. the actual petrol or travelling allowance paid or 25% of the monthly basic salary up to a maximum of 20,000 rupees, whichever is the lesser, provided that the employee makes use of a private car registered in his own name for attending duty and for the performance of the duties of his office or employment.
5. Passage benefits provided under a contract of employment not exceeding 6% of the basic salary.
6. The first 2.5 million rupees of the aggregate amount received
 - a. As lump sum by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury, and paid -
 - i. by virtue of any enactment;
 - ii. from a superannuation fund; and
 - iii. under a personal pension scheme approved by the Director-General;
 - b. As lump sum under the National Savings Fund Act;
 - c. By way of retiring allowance; and
 - d. By way of severance allowance determined in accordance with the Labour Act, on such conditions as may be prescribed.
 - e. as compensation negotiated under section 42 of the Employment Rights Act, limited to the amount of severance allowance referred to in section 46(5)(i) and (ii) of that Act.
7. Any payment of foreign service allowance, reimbursement of the cost or payment of personal and private expenses including medical expenses, to home-based staff of overseas mission.

8. Any advantage in money or in money's worth received as lump sum by an employee voluntarily terminating his contract of employment in the context of a factory closure pursuant to the Cane Planters and Millers Arbitration and Control Board Act or under the Voluntary Retirement Scheme under the Sugar Industry Efficiency Act 2001.
9. Any benefit to an employee for a payment by his employer to provide a pension or retiring allowance for the employee or his dependents and which is an allowable deduction under section 22 or 61 of the Income Tax Act, as the case may be.
10. Any benefit to an employee for a payment by his employer to a scheme approved by the Director-General to provide against medical expenses for the employee or his dependents and which is an allowable deduction under section 22 or 61 of the Income Tax Act, as the case may be.
11. Emoluments of a non-citizen who holds office in Mauritius as an official of a Government other than the Government of Mauritius and is posted to Mauritius for that purpose.
12. Any foreign service allowance payable under a contract of employment to staff of statutory bodies posted abroad, as may be approved by the Director-General.
13. Any retirement pension not exceeding the first Rs 390,000 of chargeable income payable to a citizen of Mauritius who is not resident in Mauritius.
14. Any car allowance payable in lieu of duty exemption on a car, to a public officer, an officer of a local authority, or officer of a statutory body, whose terms and conditions of service are governed by the 2013 report of the Pay Research Bureau.
15. Salaries and emoluments derived by an employee who is a citizen of Mauritius or who holds a permanent residence permit under the immigration Act from his employment with the liaison office located in Mauritius, of a bank referred to in the International Financial Organisation Act.
16. Emoluments derived by a seafarer from his employment on a vessel registered in Mauritius or on a foreign vessel.
17. (1) Subject to paragraph (2), emoluments derived by an employee from his employment with a corporation licensed by the Financial Services Commission established under the Financial Services Act, provided that the employee manages an asset base of not less than USD 50 million and is issued with -
 - a. an Asset Manager Certificate;
 - b. a Fund Manager Certificate; or
 - c. an Asset and Fund Manager Certificate,
 on or after 1 September 2016, by the Financial Services Commission established under the Financial Services Act.

(2) The exemption shall be for a period of 10 income years as from the income year in which the employee was granted the certificate referred to in paragraph (1).

18. An allowance not exceeding 15,000 rupees payable to an officer or employee who has been required to work on the frontline during the COVID-19 period where such allowance
- a. is payable by the Government; or
 - b. is financed by the COVID-19 Solidarity Fund.
19. Income derived from within and outside Mauritius by a member of the Mauritian Diaspora under the Mauritian Diaspora Scheme prescribed under the Investment Promotion Act, during 10 succeeding income years in which he returns to Mauritius. However, the exemption shall be limited to the specific employment, business, trade, profession, or investment for which the member of the Mauritian Diaspora was registered.
20. Any monthly allowance paid by an employer to an employee equivalent to the amount payable by the employee as social contribution under section 3 of the Social Contribution and Social Benefits Act 2021.
21. Social Contribution Income Allowance received by a person under Sub-part III A of Part III of The Social Contribution and Social Benefits Act.



ANNEX II

Value of fringe benefits

1. Car Benefit -

a) where car is used for official or business purposes and private purposes - Cylinder capacity -

up to 1600cc	9,500
1601 to 2000cc	10,750
above 2000cc	12,000

2. Housing benefit where property is

a) owned by the employer

10 percent of employee's total emoluments for unfurnished property

15 percent of employee's total emoluments for furnished property

(b) rented by the employer

Actual rent paid

3. Accommodation benefit provided by hotels -

a) Full board and lodging -

i. Single	11,500
ii. Married	15,700
iii. Accommodation -	
iv. For managing and supervisory staff	4,400
v. Other staff	2,200

4. Interest free loans or loans at reduced rates

Difference between the amount of interest for the month, calculated at 2% above the repo rate, prevailing at the end of that month and the amount of interest paid by the employee in that month.

5. Tips received by an employee from a pool managed by the employer

Actual amount received in the month.

6. Repayment or write-off of employees' debt by the employer

Amount of debt repaid or written off in the month

7. Domestic and private expenses borne by employer including utilities, wages of housemaids, school fees of children, club membership fee and any other domestic and private expenses

Actual amount paid for the month

8. Tax paid by the employer

Tax benefit is arrived at by dividing the tax payable on the actual emoluments by a factor which varies according to the marginal tax rate applicable.

Note:

1. For the purposes of items 1 and 2, any contribution made by an employee to his employer shall be deducted from the car benefit or housing benefit, as the case may be.
2. For the purposes of item 2, total emoluments shall exclude the yearly bonus and housing benefit.

ANNEX III

ILLUSTRATIONS

Illustration 1

A monthly paid employee furnishes an EDF to his employer at the start of the income year 1 July 2023 with no dependent. In his EDF, employee has claimed a total deduction amounting to Rs. 100,000.

Number Of Dependents	0											
Deductions For Dependents	0											
Total Other Deductions	100,000											
Total Deductions	100,000											
Month	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23 & Bonus						
Basic Salary	25,000	25,000	55,000	45,000	50,000	70,000						
Taxable Transport	10,000	10,000	10,000	10,000	10,000	10,000						
Statutory EOY Bonus	0	0	0	0	0	50,000						
Total Emoluments	35,000	35,000	65,000	55,000	60,000	130,000						
Cumulative Emoluments	35,000	70,000	135,000	190,000	250,000	380,000						
Less: Cum. Deductions / Reliefs	7,692	15,385	23,077	30,769	38,462	53,846						
Cumulative Chargeable Income	27,308	54,615	111,923	159,231	211,538	326,154						
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	27,308	0	54,615	0	90,000	0	120,000	0	150,000	0	210,000	0
2%					9,231	185	12,308	246	15,385	308	21,538	431
4%					9,231	369	12,308	492	15,385	615	21,538	862
6%					3,461	208	14,616	877	23,077	1,385	32,308	1,938
8%									7,692	615	32,308	2,585
10%											8,462	846
Cum. CI / Tax on Cum. CI	27,308	0	54,615	0	111,923	762	159,231	1,615	211,538	2,923	326,154	6,662
Less Tax withheld in previous periods				0		0		762		1,615		2,923
Tax withheld for the month		0		0		762		854		1,308		3,738

Illustration 2

An employee, paid fortnightly, furnishes an EDF to his employer at the start of the income year 1 July 2023. Employee has no dependent.

Number Of Dependents	0							
Deductions For Dependents	0							
Total Other Deductions	0							
Total Deductions	0							
Period	Forthnight 1		Forthnight 2		Forthnight 3		Forthnight 4	
Basic Salary	34,000		34,000		34,000		34,000	
Total Emoluments	34,000		34,000		34,000		34,000	
Cumulative Emoluments	34,000		68,000		102,000		136,000	
Less: Cum. Deductions / Reliefs	0		0		0		0	
Cumulative Chargeable Income	34,000		68,000		102,000		136,000	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	13,929	0	27,857	0	41,786	0	55,714	0
2%	1,429	29	2,857	57	4,286	86	5,714	114
4%	1,429	57	2,857	114	4,286	171	5,714	229
6%	2,143	129	4,286	257	6,429	386	8,571	514
8%	2,143	171	4,286	343	6,429	514	8,571	686
10%	10,714	1,071	21,429	2,143	32,143	3,214	42,857	4,286
12%	2,214	266	4,429	531	6,643	797	8,857	1,063
Cum. CI / Tax on Cum. CI	34,000	1,723	68,000	3,446	102,000	5,169	136,000	6,891
Less Tax withheld in previous periods		0		1,723		3,446		5,169
Tax withheld for the month		1,723		1,723		1,723		1,723

Illustration 3

An employee, paid weekly, furnishes an EDF to his employer at the start of the income year 1 July 2023. Employee has no dependent. He receives overtime and other benefits/allowances.

Number Of Dependents	0											
Deductions For Dependents	0											
Total Other Deductions	0											
Total Deductions	0											
Month	Week 1		Week 2		Week 3		Week 4		Week 5		Week 6	
Basic Salary	14,000		14,000		14,000		14,000		14,000		14,000	
Other Taxable Income					3,000		4,000		2,000			
Total Emoluments	14,000		14,000		17,000		18,000		16,000		14,000	
Cumulative Emoluments	14,000		28,000		45,000		63,000		79,000		93,000	
Less: Cum. Deductions / Reliefs	0		0		0		0		0		0	
Cumulative Chargeable Income	14,000		28,000		45,000		63,000		79,000		93,000	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	6,964	0	13,929	0	20,893	0	27,857	0	34,821	0	41,786	0
2%	714	14	1,429	29	2,143	43	2,857	57	3,571	71	4,286	86
4%	714	29	1,429	57	2,143	86	2,857	114	3,571	143	4,286	171
6%	1,071	64	2,143	129	3,214	193	4,286	257	5,357	321	6,429	386
8%	1,071	86	2,143	171	3,214	257	4,286	343	5,357	429	6,429	514
10%	3,464	346	6,929	693	13,393	1,339	20,587	2,086	26,321	2,632	29,786	2,979
Cum. CI / Tax on Cum. CI	14,000	539	28,000	1,079	45,000	1,918	63,000	2,857	79,000	3,596	93,000	4,136
Less Tax withheld in previous periods		0		539		1,079		1,918		2,857		3,596
Tax withheld for the month		539		539		839		939		739		539

Illustration 4

A monthly paid employee furnishes an EDF to his employer at the start of the income year 1 July 2023 and Chargeable Income exceeding Rs. 390,000 and having two dependents. Employee receives allowances, bonus and has other deductions.

Number Of Dependents	2											
Deductions For Dependents	190,000											
Total Other Deductions	100,000											
Total Deductions	290,000											
Month	Jul-23		Aug-23		Dec-23 & Bonus		Jan-24		Feb-24		Jun-24	
Basic Salary	80,000		80,000		80,000		80,000		120,000		120,000	
Taxable Transport	5,000		5,000		5,000		5,000		5,000		5,000	
Bonus	0		0		40,000		0		0		0	
Other Taxable Income	0		0		10,000		0		0		10,000	
Total Emoluments	85,000		85,000		135,000		85,000		125,000		135,000	
Cumulative Emoluments	85,000		170,000		560,000		645,000		770,000		1,280,000	
Less: Cum. Deductions / Reliefs	22,308		44,615		156,154		178,462		200,769		290,000	
Cumulative Chargeable Income	62,692		125,385		403,846		466,538		569,231		990,000	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	30,000	0	60,000	0	210,000	0	240,000	0	270,000	0	390,000	0
2%	3,077	62	6,154	123	21,538	431	24,615	492	27,692	554	40,000	800
4%	3,077	123	6,154	246	21,538	862	24,615	985	27,692	1,108	40,000	1,600
6%	4,615	277	9,231	554	32,308	1,938	36,923	2,215	41,538	2,492	60,000	3,600
8%	4,615	369	9,231	738	32,308	2,585	36,923	2,954	41,538	3,323	60,000	4,800
10%	17,307	1,731	34,616	3,462	86,154	8,615	103,461	10,346	160,769	16,077	300,000	30,000
12%											100,000	12,000
Cum. CI / Tax on Cum. CI	14,000	539	28,000	1,079	45,000	1,918	63,000	2,857	79,000	3,596	990,000	52,800
Less Tax withheld in previous periods		0		2,562		12,808	0	14,431	0	16,992	0	44,354
Tax withheld for the month		2,562		2,562		1,623		2,562		6,562		8,446

Illustration 5

An employee takes up his first employment at the beginning of February and draws monthly salary of Rs 120,000. In his EDF he has claimed deduction for 1 dependent. Tax to be withheld for the months of February to June will be calculated as follows.

Number Of Dependents	1													
Deductions For Dependents	110,000													
Total Other Deductions	0													
Total Deductions	110,000													
Month	Jul-23	Aug-23	Feb-24		Mar-24		Apr-24		May-24		Jun-24			
Basic Salary			120,000		120,000		120,000		120,000		120,000			
Taxable Transport			10,000		8,000		6,000		4,000		2,000			
Other Taxable Income			14,000		14,000		14,000		14,000		14,000			
Total Emoluments			144,000		142,000		140,000		138,000		136,000			
Cumulative Emoluments			144,000		286,000		426,000		564,000		700,000			
Less: Cum. Deductions / Reliefs			22,000		22,000		22,000		22,000		22,000			
Cumulative Chargeable Income			122,000		264,000		404,000		542,000		678,000			
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%					78,000	0	156,000	0	234,000	0	312,000	0	390,000	0
2%					8,000	160	16,000	320	24,000	480	32,000	640	40,000	800
4%					8,000	320	16,000	640	24,000	960	32,000	1,280	40,000	1,600
6%					12,000	720	24,000	1,440	36,000	2,160	48,000	2,880	60,000	3,600
8%					12,000	960	24,000	1,920	36,000	2,880	48,000	3,840	60,000	4,800
10%					4,000	400	28,000	2,800	50,000	5,000	70,000	7,000	88,000	8,800
Cum. CI / Tax on Cum. CI					122,000	2,560	264,000	7,120	404,000	11,480	542,000	15,640	678,000	19,600
Less Tax withheld in previous periods		0		0	0	0	0	2,560	0	7,120	0	11,480	0	15,640
Tax withheld for the month		0		0		2,560		4,560		4,360		4,160		3,960

Illustration 6

New Employer - EDF furnished after some months, tax withheld prior to submission of EDF is 15%.

Number Of Dependents	1									
Deductions For Dependents	110,000									
Total Other Deductions	0									
Total Deductions	110,000									
Month	Aug-23	Sep-23		Oct-23		Nov-23		Dec-23 & Bonus		
Basic Salary	90,000	90,000		100,000		125,000		250,000		
Taxable Transport	0	0		0		0		0		
Bonus	0	0		0		0		0		
Other Taxable Income	0	0		0		0		0		
Total Emoluments	90,000	90,000		100,000		125,000		250,000		
Cumulative Emoluments	90,000	180,000		280,000		405,000		655,000		
Cum. Deductions / Reliefs	0	0		27,500		36,667		55,000		
Cumulative Chargeable Income	90,000	180,000		252,500		368,333		600,000		
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%					97,500	0	130,000	0	195,000	0
2%					10,000	200	13,333	267	20,000	400
4%					10,000	400	13,333	533	20,000	800
6%					15,000	900	20,000	1,200	30,000	1,800
8%					15,000	1,200	20,000	1,600	30,000	2,400
10%					75,000	7,500	100,000	10,000	150,000	15,000
12%					30,000	3,600	71,666	8,600	150,000	18,000
14%									5,000	700
15%	90,000	13,500		27,000						
Cum. CI / Tax on Cum. CI	90,000	13,500	180,000	27,000	252,500	13,800	368,333	22,200	600,000	39,100
Less Tax withheld in previous periods		0		13,500		27,000		27,000		27,000
Tax withheld for the month		13,500		13,500		0		0		12,100

Illustration 7

An employee takes up a new employment in October and advises his new employer that this is not his first employment. He draws a monthly salary of Rs 54,000 plus a bonus in December (Chargeable Income above Rs 390,000). He has claimed total deduction of Rs 210,000 in his EDF of which Rs 110,000 in respect of 1 dependent and Rs 100,000 in respect of other deduction. For the months of October to June, PAYE will be calculated as follows.

Number Of Dependents	1													
Deductions For Dependents	110,000													
Total Other Deductions	100,000													
Total Deductions	210,000													
Month	Oct-23		Nov-23		Dec-23 & Bonus		Mar-24		Apr-24		May-24		Jun-24	
Basic Salary	54,000		54,000		108,000		80,000		80,000		120,000		120,000	
Taxable Transport	0		0		5,000		5,000		5,000		5,000		5,000	
Bonus	0		0		0		40,000		0		0		0	
Other Taxable Income	0		0		0		10,000		0		0		0	
Total Emoluments	54,000		54,000		113,000		135,000		85,000		125,000		125,000	
Cumulative Emoluments	54,000		108,000		221,000		526,000		611,000		736,000		861,000	
Less: Cum. Deductions / Reliefs	16,154		32,308		64,615		113,077		129,231		145,385		161,538	
Cumulative Chargeable Income	37,846		75,692		156,385		412,923		481,769		590,615		699,462	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	30,000	0	60,000	0	120,000	0	210,000	0	240,000	0	270,000	0	300,000	0
2%	3,077	62	6,154	123	12,308	246	21,538	431	24,615	492	27,692	554	30,769	615
4%	3,077	123	6,154	246	12,308	492	21,538	862	24,615	985	27,692	1,108	30,769	1,231
6%	1,692	102	3,384	203	11,770	706	32,308	1,938	36,923	2,215	41,538	2,492	46,154	2,769
8%							32,308	2,585	36,923	2,954	41,538	3,323	46,154	3,692
10%							95,231	9,523	118,692	11,869	182,153	18,215	230,769	23,077
12%													14,847	1,782
Cum. CI / Tax on Cum. CI	37,846	286	75,692	572	156,385	1,445	412,923	15,338	481,769	18,515	590,615	25,692	699,462	33,166
Less Tax withheld in previous periods		0		286		572		7,162	0	15,338	0	18,515	0	25,692
Tax withheld for the month		286		286		872		8,177		3,177		7,177		7,474

Illustration 8

An employee takes up a new employment in August and advises his new employer that this is not his first employment. He draws a monthly salary of Rs 80,000 plus a bonus of Rs 80,000 in December. He submits an EDF in October claiming deductions in respect of 2 dependents amounting to Rs 190,000. Chargeable Income exceeding Rs 390,000. For the months of August to December PAYE will be calculated as follows.

Number Of Dependents	2									
Deductions For Dependents	190,000									
Total Other Deductions	0									
Total Deductions	190,000									
Month	Aug-23	Sep-23		Oct-23		Nov-23		Dec-23 & Bonus		
Basic Salary	80,000	80,000		80,000		80,000		160,000		
Total Emoluments	80,000	80,000		80,000		80,000		160,000		
Cumulative Emoluments	80,000	160,000		240,000		320,000		480,000		
Less: Cum. Ded. / Reliefs	0	0		43,846		58,462		87,692		
Cumulative Chargeable Income	80,000	160,000		196,154		261,538		392,308		
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%					90,000	0	120,000	0	180,000	0
2%					9,231	185	12,308	246	18,462	369
4%					9,231	369	12,308	492	18,462	738
6%					13,846	831	18,462	1,108	27,692	1,662
8%					13,846	1,108	18,462	1,477	27,692	2,215
10%					60,000	6,000	80,000	8,000	120,000	12,000
15%	80,000	12,000	160,000	24,000						
Cum. CI / Tax on Cum. CI	80,000	12,000	160,000	24,000	196,154	8,492	261,538	11,323	392,308	16,985
Less Tax withheld in previous periods		0		12,000		24,000		24,000		24,000
Tax withheld for the month		12,000		12,000		0		0		0

Illustration 9

An employee receives his salary monthly but overtime is being paid separately. Employee has no dependent.

Number Of Dependents	1											
Deductions For Dependents	110,000											
Total Other Deductions	25,000											
Total Deductions	135,000											
Month	Jul-23	Aug-23		Sep-23		Oct-23		Oct-23		Oct-23		
Basic Salary	48,000	48,000		48,000						48,000		
Overtime				13,000		12,000		12,000				
Total Emoluments	48,000	48,000		61,000		12,000		12,000		48,000		
Cumulative Emoluments	48,000	96,000		157,000		169,000		181,000		229,000		
Less: Cum. Deductions / Reliefs	10,385	20,769		31,154		41,538		41,538		41,538		
Cumulative Chargeable Income	37,615	75,231		125,846		127,462		139,462		187,462		
Calculation of PAYE	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax
0%	30,000	0	60,000	0	90,000	0	120,000	0	120,000	0	120,000	0
2%	3,077	62	6,154	123	9,231	185	7,462	149	12,308	246	12,308	246
4%	3,077	123	6,154	246	9,231	369			7,154	286	12,308	492
6%	1,461	88	2,923	175	13,846	831					18,462	1,108
8%					3,538	283					18,462	1,477
10%											59,240	592
Cum. CI / Tax on Cum. CI	37,615	272	75,231	545	125,846	1,668	127,462	149	139,462	532	187,462	3,915
Less Tax withheld in previous periods		0		272		545		1,668		149		532
Tax withheld for the month		272		272		1,123		0		383		3,383

Illustration 10

An employee receives payment of prescribed bonus and salary separately. Employee also receives transport allowance and has other deductions amounting to Rs 50,000. In his EDF, he has claimed deduction for 1 dependent.

Number Of Dependents	1														
Deductions For Dependents	110,000														
Total Other Deductions	50,000														
Total Deductions	160,000														
Month	Jul-23	Aug-23	Sep-23		Oct-23		Nov-23		Dec-23		Bonus				
Basic Salary	40,000	40,000	40,000		40,000		40,000		40,000		40,000				
Taxable Transport	5,000	5,000	5,000		5,000		5,000		5,000		5,000				
Bonus													40,000		
Total Emoluments	45,000	45,000	45,000		45,000		45,000		45,000		45,000		40,000		
Cumulative Emoluments	45,000	90,000	135,000		180,000		225,000		270,000		310,000				
Less: Cum. Deductions / Reliefs	12,308	24,615	36,923		49,231		61,538		73,846		86,154				
Cumulative Chargeable Income	32,692	65,385	98,077		130,769		163,462		196,154		223,846				
Calculation of PAYE	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax	Bracket	Tax	
0%	30,000	0	60,000	0	90,000	0	120,000	0	150,000	0	180,000	0	210,000	0	
2%	2,692	54	5,385	108	8,077	162	10,769	215	13,462	269	16,154	323	13,846	277	
Cum. CI / Tax on Cum. CI	32,692	54	65,385	108	98,077	162	130,769	215	163,462	269	196,154	323	223,846	277	
Less Tax withheld in previous periods		0		54		108		162		215		269		0	323
Tax withheld for the month		54		54		54		54		54		54		0	

Illustration 11

An employee receiving emoluments of 2 or more pay periods received in one period.

Number Of Dependents	1											
Deductions For Dependents	110,000											
Total Other Deductions	50,000											
Total Deductions	160,000											
Month	Jul-23	Aug-23		Sep-23		Oct-23		Nov-23		Dec-23 & Bonus		
Basic Salary	68,000	68,000		0		0		204,000		68,000		
Taxable Transport	15,000	15,000		0		0		15,000		15,000		
Bonus	0	0		0		0		0		68,000		
Other Taxable Income	0	0		0		0		0		10,000		
Total Emoluments	83,000	83,000		0		0		219,000		161,000		
Cumulative Emoluments	83,000	166,000		166,000		166,000		385,000		546,000		
Less: Cum. Deductions / Reliefs	12,308	24,615		36,923		49,231		61,538		86,154		
Cumulative Chargeable Income	70,692	141,385		129,077		116,769		323,462		459,846		
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	30,000	0	60,000	0	90,000	0			150,000	0	210,000	0
2%	3,077	62	6,154	123	9,231	185			15,385	308	21,538	431
4%	3,077	123	6,154	246	9,231	369			15,385	615	21,538	862
6%	4,615	277	9,231	554	13,846	831			23,077	1,385	32,308	1,938
8%	4,615	369	9,231	738	6,769	542			23,077	1,846	32,308	2,585
10%	23,077	2,308	46,154	4,615					96,539	9,654	142,154	14,215
12%	2,230	268	4,462	535								
Cum. CI / Tax on Cum. CI	70,692	3,406	141,385	6,812	129,077	1,926	116,769	0*	323,462	13,808	459,846	20,031
Less Tax withheld in previous periods		0		3,406		6,812		1,926		0		13,808
Tax withheld for the month		3,406		3,406		0		0*		13,808		6,223

* Tax withheld for the month of October 2023 is zero, given that no emoluments were paid and tax has already been withheld in the previous months.

Illustration 12(i)

Employee furnishes a new EDF

A new EDF is furnished in November where deduction for dependent changed from 0 to 1 as from end November. Chargeable Income exceeding Rs 390,000.

Number Of Dependents	0											
Deductions For Dependents	0											
Total Other Deductions	0											
Total Deductions	0											
Month	Jul-23		Aug-23		Sep-23		Oct-23		Nov-23		Dec-23 & Bonus	
Basic Salary	35,000		35,000		55,000		45,000		50,000		70,000	
Taxable Transport	10,000		10,000		10,000		10,000		10,000		10,000	
Bonus	0		0		0		0		0		50,000	
Total Emoluments	45,000		45,000		65,000		55,000		60,000		130,000	
Cumulative Emoluments	45,000		90,000		155,000		210,000		270,000		400,000	
Less: Cum. Deductions / Reliefs	0		0		0		0		0		0	
New EDF Submitted - 1 Dependent									12,222		36,667	
Cumulative Chargeable Income	45,000		90,000		155,000		210,000		257,778		363,333	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	30,000	0	60,000	0	90,000	0	120,000	0	150,000	0	210,000	0
2%	3,077	62	6,154	123	9,231	185	12,308	246	15,385	308	21,538	431
4%	3,077	123	6,154	246	9,231	369	12,308	492	15,385	615	21,538	862
6%	4,615	277	9,231	554	13,846	831	18,462	1,108	23,077	1,385	32,308	1,938
8%	4,231	338	8,462	677	13,846	1,108	18,462	1,477	23,077	1,846	32,308	2,585
10%					18,846	1,885	28,462	2,846	30,855	3,085	45,641	4,564
Cum. CI / Tax on Cum. CI	45,000	800	90,000	1,600	155,000	4,377	210,000	6,169	257,778	7,239	363,333	10,379
Less Tax withheld in previous periods		0		800		1,600		4,377		6,169		7,239
Tax withheld for the month		800		800		2,777		1,792		1,070		3,140

Illustration 12(ii)

Employee furnishes a new EDF

A new EDF is furnished in November where deduction for dependents changed from 1 to 2 as from end November. Other deduction is Rs 125,000. Chargeable Income exceeding Rs 390,000.

Number Of Dependents	1											
Deductions For Dependents	110,000											
Total Other Deductions	125,000											
Total Deductions	235,000											
Month	Jul-23		Aug-23		Sep-23		Oct-23		Nov-23		Dec-23 & Bonus	
Basic Salary	78,000		78,000		78,000		78,000		78,000		78,000	
Taxable Transport	10,000		10,000		10,000		10,000		10,000		10,000	
Bonus	0		0		0		0		0		78,000	
Total Emoluments	88,000		88,000		88,000		88,000		88,000		166,000	
Cumulative Emoluments	88,000		176,000		264,000		352,000		440,000		606,000	
Less: Cum. Deductions / Reliefs	16,923		33,846		50,769		67,692		84,615		118,462	
New EDF Submitted - 2 Dependents									8,889		26,667	
Cumulative Chargeable Income	71,077		142,154		213,231		284,308		346,496		460,872	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	30,000	0	60,000	0	90,000	0	120,000	0	150,000	0	210,000	0
2%	3,077	62	6,154	123	9,231	185	12,308	246	15,385	308	21,538	431
4%	3,077	123	6,154	246	9,231	369	12,308	492	15,385	615	21,538	862
6%	4,615	277	9,231	554	13,846	831	18,462	1,108	23,077	1,385	32,308	1,938
8%	4,615	369	9,231	738	13,846	1,108	18,462	1,477	23,077	1,846	32,308	2,585
10%	23,077	2,308	46,154	4,615	69,231	6,923	92,308	9,231	115,385	11,538	161,538	14,318
12%	2,615	314	5,231	628	7,846	942	10,462	1,255	4,188	503		
Cum. CI / Tax on Cum. CI	71,077	3,452	142,154	6,905	213,231	10,357	284,308	13,809	346,496	16,195	460,872	20,133
Less Tax withheld in previous periods		0		3,452		6,905		10,357		13,809		16,195
Tax withheld for the month		3,452		3,452		3,452		3,452		2,386		3,938

Illustration 13

A non-resident employee whose tax liability borne by employer. He is not eligible for deductions in respect of dependent and any other deductions.

Number Of Dependents	N/A											
Deductions For Dependents	N/A											
Total Other Deductions	N/A											
Total Deductions	N/A											
Month	Jul-23		Aug-23		Sep-23		Oct-23		Nov-23		Dec-23 & Bonus	
Basic Salary	150,000		150,000		150,000		150,000		150,000		150,000	
Taxable Transport	4,000		5,000		5,000		5,000		5,000		5,000	
Housing Benefit	15,000		15,000		15,000		15,000		15,000		15,000	
Bonus											150,000	
Total Emoluments	169,000		170,000		170,000		170,000		170,000		320,000	
Cumulative Emoluments	169,000		339,000		509,000		679,000		849,000		1,169,000	
Cumulative Deductions / Reliefs	0		0		0		0		0		0	
Cumulative CI Before Tax Benefit	169,000		339,000		509,000		679,000		849,000		1,169,000	
Tax Benefit - (20% On CI)/ 0.80	42,250		84,750		127,250		169,750		212,250		292,250	
Cumulative Chargeable Income	211,250		423,750		636,250		848,750		1,061,250		1,461,250	
Calculation of PAYE	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax	CI	Tax
0%	30,000	0	60,000	0	90,000	0	120,000	0	150,000	0	210,000	0
2%	3,077	62	6,154	123	9,231	185	12,308	246	15,385	308	21,538	431
4%	3,077	123	6,154	246	9,231	369	12,308	492	15,385	615	21,538	862
6%	4,615	277	9,231	554	13,846	831	18,462	1,108	23,077	1,385	32,308	1,938
8%	4,615	369	9,231	738	13,846	1,108	18,462	1,477	23,077	1,846	32,308	2,585
10%	23,077	2,308	46,154	4,615	69,231	6,923	92,308	9,231	115,385	11,538	161,538	16,154
12%	23,077	2,769	46,154	5,538	69,231	8,308	92,308	11,077	115,385	13,846	161,538	19,385
14%	23,077	3,231	46,154	6,462	69,231	9,692	92,308	12,923	115,385	16,154	161,538	22,615
16%	30,769	4,923	61,538	9,846	92,308	14,769	123,077	19,692	153,846	24,615	215,385	34,462
18%	38,462	6,923	76,923	13,846	115,385	20,769	153,846	27,692	192,308	34,615	269,231	48,462
20%	27,404	5,481	56,058	11,212	84,712	16,942	113,365	22,673	142,019	28,404	174,327	34,865
Cum. CI / Tax on Cum. CI	211,250	26,465	423,750	53,181	636,250	79,896	848,750	106,612	1,061,250	133,327	1,461,250	181,758
Less Tax withheld in previous periods		0		26,465		53,181		79,896		106,612		133,327
Tax withheld for the month		26,465		26,715		26,715		26,715		26,715		48,431

ANNEX IV

Deductions, reliefs and allowances

i. Deduction for dependents for the income year 2023-2024

To arrive at his chargeable income, an individual is entitled to deduct from his net income the appropriate deduction for dependents as follows:

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

An individual is not entitled to claim for the income year ending 30 June 2024 deduction for dependents-

- If the net income and exempt income of his dependent exceeds 110,000 rupees
- If the net income and exempt income of his second dependent exceeds 80,000 rupees
- If the net income and exempt income of his third dependent exceeds 85,000 rupees
- If the net income and exempt income of his fourth dependent exceeds 80,000 rupees

Where a person claims deduction for dependent, the spouse of that person is not entitled to claim for that year any deduction for dependents.

A retired person or a disabled person shall be entitled to an additional deduction of Rs 50,000. The retired person shall not be entitled to the additional deduction of Rs 50,000 where he derives income from employment exceeding Rs 50,000 or he derives income from business.

"Dependent" means either:

- a spouse;
- 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; and
- a bedridden next of kin under his care.

"Child" means

- an unmarried child, stepchild or adopted child of a person;
- 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;
- an unmarried child placed in foster care of the person by virtue of an order of a court of competent jurisdiction.

"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

"Retired person" means a person who attains the age of 60 at any time prior to 1 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.

"Disabled person" means a person suffering from permanent disablement.

Other Deductions:

Additional deduction in respect of dependent child pursuing undergraduate course or postgraduate.

1. Where a person has claimed deduction in respect of a dependent child pursuing a non-sponsored full-time undergraduate course or postgraduate at a tertiary educational institution recognized 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. The additional deduction is not allowable :-
 - a. 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.
 - b. in respect of the same child for more than 6 consecutive years;

Interest Relief on secured housing loan

1. 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 on loan.
2. The relief to be claimed in the EDF is the amount of interest 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.
3. The loan must have been contracted from:
 - a. a bank, a non-bank deposit taking institution, an insurance company, or the Sugar Industry Pension Fund;
 - b. the Development Bank of Mauritius by its employees; or
 - c. the Statutory Bodies Family Protection Fund by its members.
 - d. an Islamic Financing Arrangement.

4. The relief is not allowable where the person or his spouse:
- is, at the time the loan is contracted, already the owner of a residential building; or
 - derives in the income year ending 30 June 2024, total income (net income plus interest and dividends received) exceeding Rs 4 million; or
 - has benefited from any new housing scheme set up on or after 1 January 2011 by a prescribed competent authority.

Relief for Medical insurance premium or contribution

- A person may claim a relief for premium or contribution payable:
 - on a medical or health insurance policy; or
 - to an approved provident fund which has its main object the provision for medical expenses, for himself or his dependents in respect of whom he has claimed a deduction.

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.

Deduction for Solar Energy Investment Allowance

A person is 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.

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 Rs 30,000, 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 Rs 30,000 rupees.

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. 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.

Deduction for fast charger investment allowance in respect of electric car

A person may deduct the total amount invested in the acquisition of a fast charger for an electric car during the income year ending 30 June 2024.

Deduction for contribution for COVID-19 Solidarity Fund

A person is entitled to deduct the amount contributed or donated to the COVID-19 Solidarity Fund in the income year commencing 1 July 2020.

Deduction for Contribution to National COVID-19 Vaccination Programme Fund

A person is entitled to deduct the amount contributed or donated to the National COVID-19 Vaccination Programme Fund in the income year commencing 01 July 2021.

Donation to charitable institutions

Where, in an income year, an individual has made a donation through electronic means to a charitable institution, he shall be entitled to deduct from his net income for that income year, the amount donated or Rs 50,000, whichever is lower.

No deduction shall be allowed under this section in an income year where, in respect of that income year, the charitable institution has failed to submit a return under section 123F, unless the individual making the donation provides evidence that such donation has been made.

Contribution to approved personal pension schemes

Where, in an income year, an individual has contributed to an individual pension scheme approved by the Financial Services Commission under the Insurance Act for the provision of a pension for himself, he shall be entitled to deduct from his net income for that income year, the amount contributed or Rs. 50,000, whichever is lower.

ANNEX V

TR 208 (Issued on 7 September 2019)

Facts

C was incorporated with the aim of offering services such as consultancy and supply of labour internationally by employing skilled and specialised Mauritians and /or foreigners (the "Employees") to perform work abroad under a contract of employment of determinate and indeterminate duration. The Employees working abroad will be officially hired under a first contract of employment with C and seconded for duty to its overseas corporate clients.

The Employees will initially live and work mainly in Madagascar with a full-fledged work/residence permit. They will be engaged in the manufacturing and /or distribution of biscuits, yoghurt and other consumer goods.

The Clients will apply for work/residence permits of the Employees in their host countries respectively. C will pay the salaries of the Employees. C will then invoice the Clients for consultancy services. The Employees will receive a living allowance and a housing allowance directly from the Clients under a second contract in Madagascar.

The salaries of the Mauritian employees seconded abroad under the first contract of employment will be banked in their respective bank accounts held in Mauritius. The salaries of the non-Mauritian employees will be banked in their respective bank accounts held abroad.

Points at issue

1. Whether the income of the Mauritian and non-Mauritian employees of C performing work abroad will be subject to PAYE in Mauritius?
2. Whether the Employees of C will be entitled claim income exemption threshold under section 27 of the Income Tax Act?
3. Whether C will have any obligation to register as an employer with the MRA?
4. Whether C will have to declare information and particulars of the non-Mauritian employees for the purpose of the Return of Employees ("ROE")?
5. Whether the salaries paid by C to the Employees working abroad will be allowed as a deductible expense?

Ruling

On the basis of the facts mentioned above, we are of the view that -

1. The salaries remitted in Mauritius by the Mauritian employees under the first contract of employment will constitute income derived from Mauritius. Therefore, the income of the Mauritian employees performing work abroad will be taxable in Mauritius and subject to PAYE. The Mauritian employees will have to submit an annual return of income and where income tax has been paid on the income in the country where the duties have been performed, they may claim credit in respect thereof.

As the salaries of the non-Mauritian employees performing duty abroad will not be remitted in Mauritius, such salaries will not be taxable in Mauritius and therefore not subject to PAYE in Mauritius.

2. The Mauritian employees having their permanent place of abode in Mauritius will qualify as resident and will be entitled to income exemption threshold. The question of income exemption threshold to the non-Mauritian employees does not arise.
3. As a person responsible for the payment of the emoluments of its employees, C will have an obligation to register as employer with MRA.
4. C will have to declare information and particulars of the non-Mauritian employees in its annual Return of Employees (ROE).
5. The salaries paid by C to the employees working abroad comprised in the claim for consultancy services invoiced to the clients will be allowed as deductible expenses.



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