

PRESUMPTIVE TAX ON SMALL ENTERPRISE

The public is hereby informed that pursuant to amendments brought by the Finance (Miscellaneous Provisions) Act 2019, Sub-Part BD of Part VIII of the Income Tax Act provides for the presumptive tax system, with effect from Year of Assessment 2020-2021.

The presumptive tax system is available to a person who satisfies the following criteria:

- a. his gross income in an income year does not exceed Rs. 10 million;
- b. he is engaged in any of the following activities:
 - i. Agriculture, forestry and fishing
 - ii. Manufacturing, excluding restaurants
 - iii. Retail of goods, including sale of food to be consumed off premises
 - iv. Wholesale of goods; and
- c. his gross income from sources, other than those mentioned above, does not exceed Rs.400,000.

Under the presumptive tax system, an eligible small enterprise pays tax at the rate of 1% of his gross income. He is not entitled to claim any deduction, Income Exemption Threshold, relief or allowance under Sub Parts B,C,D or E of Part III or Sub-Part C of Part IV of the Income Tax Act. However, Tax Deducted at Source (TDS) under Section 111B of the Income Tax Act is deductible from the tax payable.

For additional information, please visit our website: www.mra.mu

