

STATEMENT OF PRACTICE (SP 18/20)

WORK FROM HOME SCHEME

Section 161A, Sub-sections (59) & (60) of the Income Tax Act

Introduction

The Work from Home Scheme was introduced through the Finance Act 2018. It takes effect as from 09 August 2018 and is aimed at encouraging enterprises to employ homeworkers by allowing them additional deductions. The tax incentives are provided for in **section 161A (59) & (60) of the Income Tax Act**.

2.0 Tax Incentives

2.1 Deduction in respect of emoluments payable to home workers

The law provides for a deduction of **200% of the emoluments paid to a home worker**. To benefit from this incentive, the employer must meet the following conditions:

- (a) he must have acquired the necessary information technology system to enable the homemaker to work from home;
- (b) he employs more than 5 homeworkers at any time during the year;
- (c) the monthly emoluments, excluding the end of year bonus under the End of the Year Gratuity Act, payable to the homemaker do not exceed 100,000 rupees ; and
- (d) he satisfies the Director-General that the homemaker has started to work from home on or after 1 July 2018.

2.2 Tax credit in respect of expenditure on information technology system

Where during the period 1 July 2018 to 30 June 2020, a person has incurred capital expenditure to acquire the necessary information technology system to enable the homemaker to work from home, he will be entitled in the year of acquisition and in each of the two subsequent income years, to a tax credit of 5% per year of the cost of the information technology system in addition to the normal annual allowance under section 24 or 63 of the Income Tax Act/

3.0 Definition of the term homemaker

3.1 Homemaker is defined in the Income Tax Act as having the same meaning as in the Employment Rights Act.

The Workers' Rights Act 2019 has now replaced the Employment Rights Act. Section 127(6) of the Workers' Rights Act - **Savings and transitional provisions** specifies the following-

"(6) A reference in any enactment to the repealed Employments Rights Act shall be construed as a reference to the Workers' Rights Act 2019 or the corresponding section thereof."

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3.2 The Workers' Rights (Atypical Work) Regulations 2019 came into operation on 24 October 2019.

In the regulations "*homeworker*" is included in the definition of "*atypical worker*" which is reproduced below -

"*atypical worker*" –

- (a) means a person aged 18 or above, who is not working under a standard agreement and, however remunerated, is paid for work performed for an employer; and
- (b) includes a person who –
- (i) performs teleworking;
 - (ii) performs work brokered through online platform or through other services such as crowd service;
 - (iii) **works from home** or works otherwise than from home, whether through IT system or not;
 - (iv) works for one or more than one employer at the same time;
 - (v) uses his personal equipment and tools to perform work; but
- (c) does not include –
- (i) a worker employed on a standard agreement;
 - (ii) a self-employed;
 - (iii) a person who employs another person to execute his work agreement;
 - (iv) a person whose basic wage or salary is at a rate exceeding 600,000 rupees in a year; and
 - (vi) a job contractor;

3.3 The Workers' Rights (Atypical Work) Regulations 2019 further provides for, inter alia, the following:

- Definition of "*home*", in relation to an atypical worker –
 - (a) means the atypical worker's residence; and
 - (b) includes such other place as may be agreed upon by the atypical worker and his employer.

- Definition of "*work from home*" includes –
 - (a) work performed on full-time or part-time basis;
 - (b) work performed on permanent, temporary or occasional basis;
 - (c) work split between home, office or clients' place of business;
 - (d) work performed on an hourly rate, a weekly rate, a fortnightly rate, a monthly rate, piece rate or a task basis.

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- “*standard agreement*” means an agreement where a person is employed on a contract of service.
- Regulation 6(1)

Where a worker has entered into an agreement with an employer to work from home or to work otherwise than from home, the agreement shall be in the form set out in the Second Schedule.

The Second Schedule is annexed

4.0 Period for which deduction of 200% is allowable

Where the person qualifies under the conditions/ criteria mentioned in (2) and (3) above, he will be entitled to a deduction of 200% in respect of emoluments payable to a homemaker during a period not exceeding 24 consecutive months starting from 1 July 2018 or the month in which the homemaker starts working from home, as the case may be.

It is to be noted that where the work is split between home, office or client’s place of business, the work has to be conducted mainly at home and that conducted at office or client’s premises are ancillary to the work conducted at home.

For that purpose, the attendance of work at office should not exceed 20% of the number of working hours per week.

5.0 Capital Expenditure to acquire the necessary information technology system

For the purpose of the tax credit under para 2.2, capital expenditure in respect of the following will be considered –

- (i) telecommunication infrastructure that will allow the employee to communicate from home.
- (ii) additional software and accessories to the computer/laptop that the employee would require to work at home.
- (iii) Virtual Private Network (VPN) software that will allow the employee to securely connect to the employer’s network.
- (iv) additional anti-virus and anti-malware software.

6.0 Keeping of records

The enterprise/person must keep all relevant contracts, records and invoices to substantiate the deductions claimed under paragraph 2 above.

Mauritius Revenue Authority

16 March 2020

Commitment beyond Revenue



SECOND SCHEDULE

[Regulation 6]

AGREEMENT

1. The following constitutes an agreement on the terms and conditions of employment between hereinafter referred as as the atypical worker, (name)

and

..... hereinafter referred as the employer. (name)

Atypical worker's name
National Identity Card no.
Address
Telephone/mobile no
Email address
Agreement dates
Indeterminate agreement
Commencement date

Determinate agreement
Commencement date Expiry date
Position Wages per week/ fortnight/month
Work location, where appropriate
Designated work area, where appropriate
Assignment and work schedule

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