

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 homeworker 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 homeworker do not exceed 100,000 rupees ; and
- (d) he satisfies the Director-General that the homeworker 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 homeworker 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 homeworker

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"(6) A reference in any enactment to the repealed Employments Rights Act shall be construed as a reference to the Workers' Rights Act 2019 or the corresponding section thereof."

3.2 Under the Workers' Rights (Working from Home) Regulations 2020, "homeworker" is defined as "a worker who works from home"

3.3 The Workers' Rights (Working from Home) Regulations 2020 further provides for, inter alia, the following:

- Definition of "home", in relation to a worker –
 - (a) means the place of residence of the worker; and
 - (b) includes such other place as may be agreed upon by the 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 place of business of the client;
 - (d) work performed on an hourly rate, a weekly rate, a fortnightly rate, a monthly rate, piece rate or a task basis ;
 - (e) work performed through –
 - (i) teleworking;
 - (ii) online platform ;
 - (iii) any other form or nature of work, whether performed through electronic device, IT system or not.

- Regulation 5
Subject to regulation 6, where –
 - (a) a worker is required to work from home; or
 - (b) an employer accedes to the request of a worker to work from home,
the worker and the employer shall enter into a Working From Home Agreement in the form set out in the First Schedule.

The First 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 homeworker during a period not exceeding 24 consecutive months starting from 1 July 2018 or the month in which the homeworker 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.

Commitment beyond Revenue



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

6 October 2020

Commitment beyond Revenue

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FIRST SCHEDULE
[Regulation 5]
WORKING FROM HOME AGREEMENT

This document constitutes an agreement between, hereinafter referred as the homeworker and, hereinafter referred as the employer.

Details of homeworker

Name

National identity card no.

Residential address

Telephone no. Mobile no.

Email address

Duration of Agreement

- (1) Indeterminate period

Commencement date

- (2) Determinate period

Commencement date Expiry date

Position to be held by the worker

Wages per week/fortnight/month

Agreed location to work from home

Assignment and schedule of work

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