



BDO Tax Notes 2022

Income Tax

1 Global Minimum Tax

Regulations will be made for a company forming part of an MNE group which is liable to a Top-up Tax to compute and pay the minimum tax as provided in the domestic legislation. The MNE Group must have annual revenue of at least EUR 750 million in the Consolidated Financial Statements of the Parent Ultimate Entity in at least two of the last four immediately previous fiscal years. The effective date will be fixed by Proclamation.

2. Locally Manufactured Products

As from 1 July 2022, where a manufacturing company having an annual turnover in excess of Rs.100 million directly purchases products manufactured locally by a small and medium enterprise whose turnover does not exceed Rs.100 million, it can claim an additional deduction of 25% of the expenditure incurred on such purchases.

3. Source of Income

A person, carrying out business and having its core business activities outside Mauritius, is not considered to derive any income from Mauritius when it has an employee who holds a premium visa to perform work remotely from Mauritius.

4. Exempt Income

As from the year of assessment 2023/24, income derived during the first 8 years of operation from:

- the use of an innovative agricultural method under the Integrated Modern Agricultural Morcellement Scheme.
- sustainable agricultural practices by a person registered with the Economic Development Board.
- freeport activities by a freeport operator or private freeport developer starting operations after 30 June 2022 with an investment of at least Rs.50 million in its operations. In addition, the conditions relating to the substance of activities as may be prescribed must be satisfied.

5. Statement of Financial Transactions by Banks and Non-Bank Deposit taking Institutions

Every bank or non-bank deposit taking institution has to submit the annual statement where:

- an individual in his own name or jointly with any other person, societe or succession has made a deposit exceeding Rs.250,000 or deposits exceeding Rs.2 million in aggregate
- a person, other than an individual, societe or succession, has made a deposit exceeding Rs.500,000 or deposits exceeding Rs.4 million in aggregate.

Income Tax cont'd

6. Financial Assistance for Payment of Salary Compensation 2021

The Mauritius Revenue Authority may in respect of an eligible employee pay to his employer an allowance equivalent to Rs.235 where the employer is an export enterprise or Rs.375 in any other case for each month beginning January 2021 to the end of December 2021. The allowance is Rs.375 for each month beginning January 2022 to the end of June 2022.

An eligible employee is one whose basic salary does not exceed Rs.50,325 where the employer is an export enterprise or Rs.50,375 when paid by any other employer. In addition, he must be employed on a full-time basis by an SME deriving gross income from business.

The above excludes an employee who is a non-citizen employed by an export enterprise.

7. Financial Assistance for Payment of Salary Compensation 2022

The Mauritius Revenue Authority may, in respect of a full-time employee deriving at least the national minimum wage for 2022, pay a monthly allowance for each month beginning January 2022 to the end of June 2022 to his employer:

- which carries out an activity in the tourism sector or being an SME other than an export enterprise, an allowance of Rs.500 where the basic salary does not exceed Rs.13,500 and Rs.400 where the basic salary is higher than Rs.13,500 but does not exceed Rs.50,775.
- being an SME and also an export enterprise, an allowance of Rs.360 where the basic salary does not exceed Rs.13,360 and Rs.260 where the basic salary is higher than Rs.13,360 but does not exceed Rs.50,635.

An SME is a small or medium enterprise whose turnover did not exceed Rs.50 million for any accounting year ended in 2020.

8. Prime à l'Emploi Scheme

The Mauritius Revenue Authority (MRA) pays a monthly allowance equivalent to the basic wage or salary limited to Rs.15,000 of an eligible employee to an eligible employer under the Prime à l'Emploi Scheme. The payment is made for the first 12 months of employment of an eligible employee from the COVID-19 Solidarity Fund.

Basic salary

Prime à l'Emploi is payable on the basic wage or salary of an employee as declared in the monthly return for Social Contribution. It is also payable on the prescribed end of year bonus which is treated as remuneration for an additional month.

Income Tax cont'd

8. Prime à l'Emploi Scheme (cont'd)

Eligible employee

The person must be a citizen and a resident of Mauritius and aged at least 18 years old but not older than 35 years old for a male or 50 years old for a female at the time of taking up full-time employment with an eligible employer. The person must have been unemployed for at least 6 months prior to taking up employment for a monthly basic wage or salary not exceeding Rs.50,000. An eligible employee does not include a person undergoing training or a household employee.

Eligible employer

It must be an employer established in Mauritius and includes a company, a societe, an association, a trust, a foundation, a co-operative, a charitable institution approved by the MRA or registered with the Registrar of Associations, a charitable trust, a charitable foundation, a religious body and an individual who is an employer of other than household employees.

An eligible employer has 15 days after an eligible employee takes up employment during the period 1 July 2022 to 30 June 2023 to apply to the MRA for payment of the allowance. The MRA may reject any application and will accept only the first 10,000 successful applications.

An eligible employer must apply electronically for every month he is entitled to an allowance for an eligible employee within 3 months after the end of that month. The employer must be compliant with his obligations in respect of Social Contribution, National Savings Fund contribution and Human Resource Development levy to receive the allowance. The employer must undertake to safeguard employment for a period of at least 3 years. Where employment of an eligible employee is terminated before the end of the 3 years, the total allowance received in respect of that employee must be refunded.

The employer must refund the allowance for a month when he does not pay the basic wage or salary to the eligible employee for that month and will also not be entitled to the allowance for subsequent months.

The MRA can recover any allowance paid in excess to an employer which has provided false, incorrect, incomplete or inaccurate information. The MRA has 4 years after an allowance has been paid to request any information or document to determine its validity.

Any person committing an offence in relation to the payment of the allowance is liable on conviction to a fine not exceeding Rs.50,000 and to imprisonment for a term not exceeding 2 years.

9 Waiving of Penalty For Late Filing of Return for SME

An SME, whose annual turnover does not exceed Rs.100 million, with penalties for late submission of returns outstanding as at 25 March 2022 under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act can benefit from the waiving of penalties provided:

Income Tax cont'd

9 Waiving of Penalty for Late Filing of Return for SME (cont'd)

- the claim for the penalties has been issued by 25 March 2022; or
- the returns have been submitted by 25 March 2022.
- the due date for the submission of returns falls in the year 2020 or 2021.
- the tax payable in accordance with the return has already been paid.

10 Waiving of Penalties and Interest for Late Payment of Tax for SME

An SME, whose annual turnover does not exceed Rs. 100 million, having penalties and interest for late payment or non-payment of tax outstanding as at 25 March 2022 under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act can benefit from the waiving of penalties and interest provided:

- the returns have been submitted by 25 March 2022.
- the due date for the payment of the tax falls in the year 2020 or 2021.
- the tax payable in accordance with the return has already been paid.

11 Non-Submission of Return

The Mauritius Revenue Authority may publish on its website the name of a company as well as the name and address of its directors where the company has not submitted its tax return by the due date and even after being notified by the Mauritius Revenue Authority to do so within 7 days.

12 Tax Deduction at Source (TDS)

As from 3 October 2022,

- the rate of tax deduction from rent paid to a resident is increased from 5% to 7.5%.
- the rate of tax deduction is increased from 3% to 5% for payments to accountant or accounting firm, architect, attorney or solicitor, barrister, engineer, land surveyor, legal consultant, medical service provider, project manager in the construction industry, property valuer, quantity surveyor and tax adviser or his representative.
- tax should be deducted at source at the rate of 3% from the following payments:
 - o by any person, other than an individual, to consultants other than those mentioned above.
 - o by any person, other than an individual, to a provider of security services, cleaning services, pest management services and other ancillary services.
 - o by insurance companies to motor surveyors and mechanics for repairs of motor vehicles of policy holders.

Income Tax cont'd

13 PAYE and Solidarity Levy

As from the income year commencing on 1 July 2022, an individual deriving emoluments including pension in relation to past employment, annuity, pension or similar payment not exceeding Rs.230,769 in a month may request the payer in an approved form to withhold the solidarity levy payable.

A payer of annuity, pension or similar payment:

- has to register as an employer with the Mauritius Revenue Authority.
- has to remit the tax withheld before the end of the month following the month in which the tax was withheld.
- has to give a Statement of Emoluments and Tax Deduction to the payees.
- has to submit a Return of Employees to the Mauritius Revenue Authority.
- is liable to a penalty of Rs.5,000 per month limited to Rs.20,000 for non-submission of the Return of Employees.
- is liable on conviction to a fine not exceeding Rs.50,000 for failing to submit the Return of Employees.

14 Income Tax Rates

The income tax rates as from the income year commencing on 1 July 2022 are as follows:

An individual having an annual net income	Rate
not exceeding Rs.700,000	10%
exceeding Rs.700,000 but not exceeding Rs.975,000	12.5%
exceeding Rs.975,000	15%

15 Income Exemption Threshold

There has been no change in the income exemption thresholds and dependent income level below.

Category		Income exemption threshold	Net income and exempt income
A	Individual without any dependent	Rs.325,000	
B	Individual with 1 dependent	Rs.435,000	Rs.110,000
C	Individual with 2 dependents	Rs.515,000	Rs.80,000
D	Individual with 3 dependents	Rs.600,000	Rs.85,000
E	Individual with 4 or more dependents	Rs.680,000	Rs.80,000

Income Tax cont'd

15 Income Exemption Threshold (cont'd)

To qualify as a dependent, the latter must not have net and exempt income which exceed the amount stated in the above table and if they exceed his income should be added to those of the taxpayer claiming him as a dependent. If his net and exempt income exceed the above threshold he does not qualify as a dependent and must submit an income tax return in his own name.

A dependent can now be a bedridden next of kin eligible to the carer's allowance paid under the National Pensions Act. The next of kin can be the father, mother, grandfather, grandmother, brother or sister of the taxpayer or his spouse under his care. The next of kin can only be claimed as a dependent by one taxpayer. To determine whether a bedridden next of kin is qualified as a dependent, the benefits derived by him under the National Pensions Act should not be included in his net income or exempt income. In addition, those benefits are not included in the net income of the taxpayer claiming a deduction for his bedridden next of kin.

16 Deduction for Tertiary Education

As from the income year commencing on 1 July 2022, an individual irrespective of the amount of income derived by him can claim a deduction of Rs.500,000 in respect of a dependent child who is pursuing a non-sponsored full-time undergraduate or postgraduate course at a recognised tertiary educational institution in or outside Mauritius. For a dependent child studying in Mauritius, tuition fees of at least Rs.34,800 should be paid. The deduction cannot be claimed for more than 6 consecutive years for the same dependent.

17 Medical or Health Insurance Premium Relief

As from the income year commencing on 1 July 2022, the maximum relief for premium paid for a medical or health insurance policy contracted is increased from Rs.20,000 to Rs.25,000 for a taxpayer. If he is claiming for dependents, the relief is the lower of the premium paid or the following amounts:

Category claimed as income exemption threshold	Premium allowable for dependent
Category B (one dependent)	Rs.25,000
Category C (two dependents)	Rs.25,000 for first & Rs.20,000 for second dependent
Category D (three dependents)	Rs.25,000 for first & Rs.20,000 for each other dependents
Category E (four dependents)	Rs.25,000 for first & Rs.20,000 for each other dependents

18 Donation to Charitable Institutions

As from the income year commencing on 1 July 2022, an individual can claim a deduction for the amount donated through electronic means to a charitable institution approved by the Mauritius Revenue Authority. The limit of the deduction is increased from Rs.30,000 to Rs.50,000. The individual may be required to provide evidence that the donation has been made in case the charitable institution fails to submit a statement of donation received.

Income Tax cont'd

19 Contribution to Personal Pension Schemes

As from the income year commencing on 1 July 2022, an individual can claim a deduction for the amount contributed to an individual pension scheme approved by the Financial Services Commission for his future pension. The limit of the deduction is increased from Rs.30,000 to Rs.50,000.

20 Tax Credit for Employees

As from the income year commencing on 1 July 2022, an individual can no longer claim the tax credit of 5% when his total annual net income does not exceed Rs.700,000.

21 Angel Investor Allowance

As from the income year commencing on 1 July 2022, an individual (angel investor) can claim a deduction of 50% of the amount invested in the seed capital of a qualifying start-up SME under the following conditions:

- the minimum deduction is Rs.100,000 while the maximum is Rs.500,000.
- where the deduction exceeds the net income, the excess can be claimed in the next two succeeding years.
- an angel investor and his relatives cannot hold more than 25% of the share capital of a qualifying start-up SME.
- the shares must be held for a minimum period of 36 months from the date of acquisition. If sold during that period, any deduction already claimed is clawed back as taxable income in the year of sale
- the qualifying start-up SME has 36 months to inform the Mauritius Revenue Authority of any disposal of shares.

Regulations will be made to specify:

- the terms and conditions of the deduction.
- the eligibility criteria to be an angel investor.
- the eligibility criteria for a qualifying start-up SME set up after 30 June 2022.

22 Exempt Income

As from the income year commencing on 1 July 2022,

- The monthly exempt travelling allowance limit when an employee uses a private car registered in his own name to attend duty or perform the duties of his employment is increased from Rs.11,500 to Rs.20,000. The exempt travelling allowance is the lower of the travelling allowance received or 25% of the monthly basic salary limited to Rs.20,000
- Social contribution income allowance receivable under the Social Contributions and Social Benefits Act.

As from 1 September 2020, any allowance paid by an employer to an employee equivalent to the amount payable by the employee as social contribution.

Value Added Tax

1 Exempt persons

Any person who holds an Investment Certificate issued by the Economic Development Board (EDB) to operate a museum for motor vehicles is exempted from the payment of VAT on:

- the construction of a purpose-built building or facility to operate the museum;
- motor vehicles for exhibition in the museum and spare parts to be used exclusively for the motor vehicles;
- automobilia for exhibition in the museum.

2 Zero-rated supplies

Boiled or steamed dumplings made up of meat, fish, squid, crab, chicken, vegetables or milk, whether cooked or uncooked, prepared and supplied to final consumers introduced last year has been changed to dumplings made up of meat, fish, chicken, molluscs, crustaceans, vegetables or milk to be consumed boiled or steamed since 1 January 2022.

3 Agency sales

VAT is charged on the selling price of the goods by a VAT registered agent on the sale of goods received under consignment.

VAT is charged on the selling price of goods by an agent in the name of the principal who is registered for VAT on sale of goods for a principal.

4 Deceased persons

As from 3 October 2022, where a VAT registered person dies, his agent has to pay any VAT collected on taxable supplies but not yet remitted to the Mauritius Revenue Authority. An heir, the surviving spouse or a universal legatee is not liable to pay any VAT in excess of his share in the estate of the deceased person. The succession of a deceased person is deemed to be VAT registered as from the date of death. Any supply of goods or services made by an agent of a deceased person is deemed to be made by the succession, hence VAT should be charged where applicable. The agent of a deceased person is:

- an heir who accepts the succession;
- the surviving spouse;
- a universal legatee;
- an executor or liquidator of the succession;
- a legatee or donee;
- the Curator of Vacant Estates.

Value Added Tax cont'd

5 Deemed VAT registration

As from 3 October 2022, the Mauritius Revenue Authority shall deem a person to be registered for VAT where he ought to have been compulsorily registered for VAT or who is required by the Mauritius Revenue Authority to register for VAT but fails to do so.

6 List of VAT registered persons

As from 3 October 2022, the Mauritius Revenue Authority will publish a list of VAT registered persons, which will be updated on a quarterly basis, disclosing:

- name;
- trading name;
- Business Registration Number;
- VAT Registration Number.

7 Publication of non-compliant VAT filers

As from 3 October 2022, the Mauritius Revenue Authority will publish electronically a list of VAT registered persons, who has failed to file their VAT return, disclosing:

- their name, trading name and address;
- name and address of the directors of the company or 'associés' of a 'société' where applicable;
- the taxable period for which the return has not been filed.

The registered person, directors or associates should be notified before the publication is made. The publication will not be made where the return is filed within 7 days of the notice. The publication should be made not later than 3 months after the failure to file the return.

8 VAT deduction by public sector agency

A Ministry, a Government department, a local authority, a statutory body and the Rodrigues Regional Assembly must deduct an amount representing a percentage of the VAT charged at the time of payment of an invoice in respect of the following:

Goods and Services	Rate of Deduction
Goods and services procured under a single contract and where the payment, exclusive of VAT, exceeds Rs.300,000	40%
Goods procured under a contract and where the payment, exclusive of VAT, exceeds Rs.100,000	30%
Services procured under a contract and where the payment, exclusive of VAT, exceeds Rs.30,000	60%

Value Added Tax cont'd

8 VAT deduction by public sector agency (cont'd)

The amount deducted is considered to have been paid as VAT by the VAT registered person in his return for the taxable period immediately following that in which the deduction is made. Under this circumstance, the time of supply for the taxable goods and services is at the time payment for that supply is received by the supplier. The supplier should not include such invoice in his VAT return at the time it is issued.

The amount deducted should be remitted electronically together with a return to the Mauritius Revenue Authority by the end of the month following the one in which the deduction is made. Late payment of the amount deducted entails a penalty of 10% and interest at the rate of 1% per month or part of a month during which the amount remains unpaid.

A statement of VAT deduction should be given to each VAT registered person who has been subject to the deduction. The above measure will come into operation on a date to be fixed by Proclamation.

9 Determination of objection

As from 3 October 2022, where a person does not provide within the set time the information requested by the Mauritius Revenue Authority before determining an objection, he will be given additional time to do so. He will also be informed that his objection will lapse in case he still does not provide the requested information. Where an objection is lapsed for non-provision of information, the person will not be allowed to then submit the information to the Assessment Review Committee.

10 VAT Refund Scheme

A group of small farmers, such as a farmers' association, society, company, or a co-operative owned by a small farmer or owned by a group of small farmers, having an annual turnover not exceeding Rs.10 million can apply for a refund of VAT paid on the purchase of specified equipment and services. The Scheme also applies to a horticulturist registered with the Small Farmers Welfare Fund or a cooperative society.

11 VAT refund to event organisers

An event organizer could apply for a VAT refund where a business meeting, conference or wedding was attended by a minimum of 100 visitors staying for a minimum of 3 nights in a hotel in Mauritius. The threshold of 100 visitors is reduced to 50 visitors.

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below:

GILBERT SEEYAVE
Partner/Tax
T: +230 202 9548
M: +230 5250 6843
E: gilbert.seeyave@bdo.mu

NAUSHEEN NUJJOO
Manager/Tax
T: +230 202 9786
M: +230 5733 7740
E: nausheen.nujjoo@bdo.mu

SIDICQ BAUHADOOR
Senior Manager/Tax
T: +230 202 9810
M: +230 5737 1785
E: sidicq.bauhadoor@bdo.mu

DEVIKA JUGANAIDOO
Manager/Tax
T: +230 202 9515
M: +230 5750 5039
E: devika.juganaidoo@bdo.mu

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact us to discuss these matters in the context of your particular circumstances. BDO, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO (Mauritius)
10, Frère Félix de Valois Street
Port Louis,
P.O. Box 799

Tel: +230 202 3000
Fax: +230 202 9993
www.bdo.mu

