

Sage in Mauritius

Payroll Taxes 2020/2021

1. General Information

Official currency

The official currency of Mauritius is the Mauritian Rupee (MUR).

Tax year

July to June.

Revenue service

Mauritius Revenue Authority (MRA)
www.mra.gov.mu

2. Exempt employee

Under the threshold

An exempt person means an employee whose emoluments in a month do not exceed Rs 25,000.
An exempt person is not subject to PAYE tax deductions.

Casual workers

Workers receiving their pay daily after each day's work are excluded from the operation of the PAYE system.

3. PAYE Tax Rate

Annual income (Rs)	Tax rate
Not exceeding 700 000	10%
Exceeding 700 000	15%

Non-residents deriving income from Mauritius are subject to tax at the same rate as residents.

4. Taxable Income

Taxable Emoluments

All emoluments are subject to tax, except those specified in law as exempt income.

Pension

A pension received by a person under a personal pension scheme is not emoluments and is therefore not subject to PAYE. However, the amount of pension received under a personal pension scheme is taxable upon assessment and should be declared by the recipient in his annual return of income.

Commission

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 on assessment, and should be declared by the recipient in his annual return of income.

Tips

Tips or any amount of a similar nature placed in a fund in the custody of the employer and eventually shared among the 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.

5. 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.

Fees payable to a non-resident director of a company which is resident in Mauritius and also subject to PAYE at the flat rate of 15%. The amount of tax withheld is the final amount of tax payable on those fees by the director.

6. Income Exemption Threshold (IET)

Income Exemption Threshold effective 1 July 2020 to 30 June 2021:

		Rs
Category A	No dependent	325,000
Category B	1 dependent	435,000
Category C	2 dependents	515,000
Category D	3 dependents	600,000
Category E	4 or more dependent	680,000

Additional IET exemption given to retired or disabled person is Rs50 000.

7. Other EDF reliefs and exemptions

Relief for Medical or Health Insurance Premium

The relief is limited to the amount of premium or contribution payable for the income year up to a maximum of:

- Rs 15,000 for self
- Rs 15,000 for first dependent
- Rs 10,000 for second dependent
- Rs 10,000 for third dependent
- Rs 10,000 for fourth dependent

Additional exemption in respect of dependent child pursuing undergraduate course

Exemption in respect of a child as follows:

- Rs135 000 or the amount of tuition fee paid up to a maximum of Rs175 000 where child is studying in Mauritius; or
- Rs200 000 where the child is studying outside Mauritius.

Interest Relief on secured housing loan

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 or profit charge paid on the loan.

Deduction for Household Employees

Where a person employs one or more household employees, he/she may claim a deduction of the wages paid to the household employees up to a maximum of Rs30 000.

Deduction for Solar Energy Investment

A person will be allowed to deduct the total amount invested in a solar energy unit during the income year.

Deduction for Rainwater Harvesting Investment

A person who has invested in a rainwater harvesting system during the income year may deduct the amount invested from his net income.

Deduction for fast charger investment allowance for an electric car

A deduction is allowed for the total investment in the acquisition of a fast charger for an electric car during the tax year.

8. Fringe Benefits

Car Benefit

Cylinder Capacity:

- Up to 1600cc - Rs 9 500
- 1601 to 2000cc - Rs 10 750
- above 2000cc - Rs 12 000

Housing benefit

- Property owned by the employer:
 - Unfurnished - 10 per cent of employee's total emoluments.
 - Furnished - 15 per cent of employee's total emoluments.

- Property is rented by the employer - Actual Rent Paid

Accommodation benefit provided by hotels

- Full board and lodging:
 - Single - Rs 11 500
 - Married - Rs 15 700
- Accommodation:
 - For managing and supervisory staff - Rs 4 400
 - Other staff - Rs 2 200

Interest free loans or loans at reduced rates

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

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

Actual amount received in the month

Repayment or write-off of employees' debt by employer

Amount of debt repaid or written off in the month

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

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

9. Exempt Income

- **Passage** benefits provided under a contract of employment not exceeding 6% of the basic salary.

- Any **transport allowance** payable by an employer to an employee by virtue of the terms and conditions of service equivalent to:
 - the return **bus fare** between residence and place of work;
 - **petrol allowance**, commuted travelling allowance and travel grant payable by the Government of Mauritius and the local authority to their employees; or
 - The **actual petrol** or **travelling allowance** paid or 25 per cent of the monthly basic salary up to a maximum of Rs11 500, 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.
- Any **housing allowance** not exceeding Rs100 per month payable by an employer to an employee under any enactment or by virtue of an award made under an enactment.
- The first 2,500,000 rupees of the aggregate amount received:
 - as **lump sum** by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury;
 - as lump sum under the National Savings Fund Act;
 - by way of retiring allowance; and
 - By way of **severance allowance** determined in accordance with the Labour Act, on such conditions as may be prescribed.
- Any **rent allowance** payable to a person appointed to an office in: the Police Force, Fire Services, Forests Division of the Ministry of Agriculture and Natural Resources, Prisons and Industrial School Service, Ministry of Fisheries, Department of Civil Aviation or the Fire Unit of the Mauritius Marine Authority.
- Emoluments derived from the office of the **President or Vice- President**.
- 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.
- Any benefit to an employee for a payment by his employer to provide a **pension or retiring allowance** for the employee or his dependants and which is an allowable deduction under section 22 or 61, as the case may be.
- 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 dependants and which is an allowable deduction under section 22 or 61, as the case may be.
- 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.
- 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.
- Any **retirement pension** not exceeding the income exemption threshold in respect of Category A payable to a citizen of Mauritius who is not resident in Mauritius.

10. End of year Bonus

Where an end of year bonus prescribed by an enactment is received or made available to an employee other than an exempt person, the following procedures should be followed for the purpose of withholding tax under PAYE.

11. Solidarity Levy

Employers should deduct solidarity levy (SL) at the rate of 25% in respect of employees who derive emoluments in excess of Rs3 000 000 annually.

In the month where an employee's salary exceeds Rs230 769, his employer will withhold 25% SL on the excess of emoluments received. However, the SL deducted must not exceed 10% of the total emoluments.

12. National Pension Fund (NPF)

Employers and employees make pension contributions in Mauritius; there are no social security taxes as such.

Employers should pay contributions on insurable wage or salary as per rates below.

Rates of Contribution	Employee's Share	Employer's share	Total
Standard Rate	3%	6%	9%
Higher Rate	5%	8.5%	13.5%
Prescribed Rate	3%	10.5%	13.5%

13. National Savings Fund (NSF)

Employers pay a monthly contribution of 2.5% of the basic wage or salary, on behalf of employees, subject to a ceiling which is periodically revised.

Employees on the National Pensions Fund also contribute an additional 1% of their basic wage or salary to the National Savings Fund, subject to the same ceiling.

14. Human Resource Development Levy (HRDC Levy)

Also known as Training Levy.

From periods from 1 July 2020, every employer shall, in respect of every employee, pay a training levy of 1%.

15. Portable Retirement Gratuity Fund (PRGF)

The PRGF contribution rate is 4.5 % of the monthly remuneration of each worker, paid by the employer. However, Small and Medium Enterprises (SME) will pay PRGF at a lower rate for the first three years. The PRGF rate applicable on monthly remuneration is based on the annual turnover of the SME.

16. Contribution Social Généralisée (CSG)

The CSG will replace the NPF contribution as from 1st September 2020. Employers would have to file the last NPF contribution return in respect of the month of August 2020 by the due date of 30 September 2020.

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