

Mauritius Payroll Summary

July 2021 - June 2022

INTERNAL DOCUMENT

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Table of Contents

1.	Introduction	4
1.1	Official currency	4
1.2	Tax year	4
1.3	Revenue service	4
2.	Administration and Compliance	4
2.1	Monthly PAYE Return	4
2.2	Return of Employees (ROE)	5
2.3	Statement of Emoluments(SOE)	5
3.	Exempt employee	5
3.1	Under the threshold	5
3.2	Casual workers	5
4.	Employee Declaration Form (EDF)	5
4.1	What is EDF?	5
4.2	Why and when to submit an EDF?	5
4.3	Use made by employers on receipt of EDF	6
4.4	New employees	6
4.5	Fresh EDF during the tax year	6
4.6	Employee not furnishing an EDF	6
4.7	Change of employment	6
4.8	More than one employer at a time	6
5.	Taxable Income	7
5.1	Taxable Emoluments	7
5.2	Pension	7
5.3	Commission	7
5.4	Tips	7
6.	PAYE Tax Rate	7
7.	Fees payable to a director of a company	8
8.	Fringe Benefits	8
8.1	What are fringe benefits?	8
8.2	Types and valuation of fringe benefits subject to PAYE	9
8.3	Monthly Value of fringe benefits	9
9.	Exempt Income	10
9.1	List of Exempt Income	10
10.	End of year Bonus	12
10.1	Payment of the end of year bonus	12
10.2	Entitlement and calculation of the end of year bonus	12

10.3	Prescribed bonus and salary for the pay period paid at the same time	12
10.4	Prescribed bonus and salary for the pay period paid separately	13
10.5	Bonus received by an exempt person	13
11.	Exemptions, deductions and reliefs	13
12.	Solidarity Levy	14
13.	National Savings Fund (NSF)	14
13.1	Who contributes to the fund and at what rate?	14
13.2	Contributions payable in favour of foreign workers	15
14.	Minimum & Maximum Remuneration for NPF / NSF	15
15.	Human Resource Development Levy (HRDC Levy)	15
16.	Contribution Social Généralisée (CSG)	16
16.1	Prescribed Bonus	16
17.	Portable Retirement Gratuity Fund (PRGF)	17
17.1	PRGF Contribution Rates	17
17.2	Contributions for services prior to 1 January 2020	17
17.3	Exemptions	18
17.4	Effective date	18
18.	Mauritius compliance information	18

1. Introduction

Mauritius includes the Republic of Mauritius, Rodrigues, and Agalega.

1.1 Official currency

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

1.2 Tax year

July to June.

1.3 Revenue service

Mauritius Revenue Authority (MRA)

www.mra.gov.mu

2. Administration and Compliance

2.1 Monthly PAYE Return

All employers who have deducted PAYE tax should file a Monthly PAYE Return in CSV or XML file format in respect of all the employees. However, if you wish to input employee details one by one, you may select "SCREEN INPUT" on the screen appearing after login.

The monthly PAYE return should be in one of the following file formats: CSV or XML.

The return should be filed electronically not later than 20 days from the end of the month following which the tax was withheld.

Monthly PAYE/NPF/NSF Return

Following amendments brought under the Business Facilitation Act 2017, the MRA has been entrusted the function of collection of contributions/payments to the National Pension Fund (NPF), National Savings Fund (NSF), HRDC Training Levy and Recycling Fee. As from 1st January 2018, employers are required to submit all returns and effect payments in respect of NPF/NSF contributions to the Director-General of the MRA.

With a view to facilitate employers, the MRA has put in place a system for e-Filing of a joint monthly PAYE and NPF/NSF return. Employers are required to use the new template as from the pay period of December 2017.

The return should be filed electronically not later than 20 days from the end of the month in which contributions are payable or the tax was withheld. Where both the return and the payment are effected electronically, the due date is at the end of the month following which contributions are payable or the tax was withheld.

2.2 Return of Employees (ROE)

The Return of Employees should be submitted electronically by 15th August every year at latest through MRA's website or the system made available by Mauritius Network Services(MNS).

2.3 Statement of Emoluments(SOE)

Employers are required by law to give to all their employees a tax certificate known as an SOE for the tax year, irrespective of whether PAYE has been deducted or not.

3. Exempt employee

3.1 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.

However, it is to be noted that any fee paid by a company to its directors or by a statutory body to any member of its Board, Council, Commission or Committee, is subject to PAYE deduction at the rate of 15%.

3.2 Casual workers

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

4. Employee Declaration Form (EDF)

4.1 What is EDF?

Employees have to furnish every year to their employer an EDF claiming the Income Exemption Threshold to which they are entitled in an income year. An individual is entitled to the Income Exemption Threshold(IET) which corresponds to the category he falls in.

4.2 Why and when to submit an EDF?

At the beginning of an income year the MRA will provide EDFs to all persons who are registered as employers with the Director-General. The forms should be made available to employees to enable them to claim the IET to which they are entitled. Where a person is registered as an employer during an income year, the forms will be provided to him at the time of registration. The EDF may also be downloaded from the MRA website.

4.3 Use made by employers on receipt of EDF

On receipt of EDFs from employees, the employer should ensure that the forms are duly completed and signed. A form without any claim for Income Exemption Threshold is not valid and the employee concerned should be treated as if he had not furnished an EDF. The law makes it an offence for an employer to divulge or communicate to any person other than the Director-General any information contained in the EDF furnished by an employee or any matter relating to PAYE and concerning that employee. However, the employer may disclose to the employee or, with his written consent, to any other person any information or matter relating to PAYE concerning that employee.

4.4 New employees

Where a person, other than an exempt person, takes up employment for the first time, he should, as soon as possible, furnish an EDF duly filled in to his employer to enable the latter to take into account his Income Exemption Threshold for the purpose of calculating the amount of tax to be withheld from his emoluments.

Where an employee leaves his employment, and takes up another one, he should furnish another EDF to his new employer.

4.5 Fresh EDF during the tax year

An employee can submit a fresh EDF if he becomes entitled to a new exemption or relief. In that case he may file, before the end of the relevant income year, a fresh EDF claiming the new amount of total deductions. This new total deduction will then be considered by the employer for calculating tax under PAYE for that employee for the subsequent pay periods of that income year.

4.6 Employee not furnishing an EDF

Where an employee, other than an exempt employee, has for one reason or another not furnished an EDF to his employer, tax should be withheld from his emoluments at the prevailing PAYE rates. In such cases tax should not be calculated on a cumulative basis. The PAYE rates will be applied to the total emoluments for the pay period only without any deduction in respect of exemptions and reliefs.

4.7 Change of employment

Where an employee leaves his employment, and takes up another one, he should furnish another EDF to his new employer.

4.8 More than one employer at a time

If an employee has more than one employer, then he should furnish an EDF to only one of his employers. The other employer/s should withhold tax from his emoluments at the prevailing PAYE rates. In such a case, tax should not be calculated on a cumulative basis.

5. Taxable Income

5.1 Taxable Emoluments

“**Emoluments**” mean any advantage in money or in money’s worth and include:

- Salary, wages, leave pay, fee, overtime pay, perquisite, allowance, bonus, gratuity, commission or other reward or remuneration in respect of or in relation to the office or employment of an individual and any fringe benefits;
- Superannuation, compensation for loss of office, pension (including a pension to a former employee or to the surviving spouse of that employee), retiring allowance, annuity or other reward in respect of or in relation to past employment or loss or reduction of future income of an individual, whether receivable by that individual or by any person who is or has been the spouse or dependent of that individual.

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

5.2 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.

5.3 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.

5.4 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.

6. PAYE Tax Rate

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

Exceeding 700 000	15%
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Non-residents deriving income from Mauritius are subject to tax at the same rate as residents.

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

The amount of tax to be withheld from the emoluments of each pay period is calculated on a cumulative basis by cumulating both the emoluments and the Income Exemption Threshold pertaining to the current and previous pay periods in the income year concerned.

The amount of tax to be withheld should be in whole rupees. Cents should be left out.

7. 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.

Example: If a director is paid Rs 8,000 as fees in a month, the tax to be withheld for that month on account of those fees is 15% of Rs 8,000, i.e. Rs 1,200.

Where a director is an employee of the company and receives BOTH emoluments (including fringe benefits) and fees, he shall be treated as any other employee for PAYE purposes, and the director's fees should be aggregated with the emoluments he derives as an employee.

8. Fringe Benefits

8.1 What are fringe benefits?

A fringe benefit is *any* advantage in money's worth provided to an employee in respect of or in relation to his employment.

Any fringe benefits an employer provides to his employee is taxable and must be included in the employee's pay.

However, a payment by an employer:

- to provide a pension or retiring allowance for the employee or his dependents.
- to a scheme approved by the Director-General to provide against medical expenses for the employee or his dependents; does not constitute a taxable benefit.

8.2 Types and valuation of fringe benefits subject to PAYE

Fringe benefits treated as emoluments for PAYE purposes include housing benefit, car benefit, tax benefit, full board and lodging to expatriates or locals, personal expenses of the employee which are borne by the employer and any other advantage in money's worth.

8.3 Monthly Value of 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

Where property is:

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

Note: For the purposes of items 1 and 2, any contribution made by an employee to his employer shall be deducted from the car benefit or housing benefit, as the case may be.

For the purposes of item 2, total emoluments shall exclude the prescribed bonus and housing benefit.

9. Exempt Income

Certain types of income are exempted from income tax, and certain types of expense may be deducted.

9.1 List of 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, and paid -
 - i. by virtue of any enactment;
 - ii. from a superannuation fund; and
 - iii. under a personal pension scheme approved by the Director-General;
 - 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-
 - (a) the Police Force;
 - (b) the Fire Services;
 - (c) the Forests Division of the Ministry of Agriculture and Natural Resources;
 - (d) the Prisons and Industrial School Service;
 - (e) the Ministry of Fisheries;
 - (f) the Department of Civil Aviation; or
 - (g) 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.

Section 22 of Income Tax ActContributions to superannuation fund

(1) Subject to subsection (2), an employer may deduct any amount irrevocably paid by him to provide -

(a) a pension or retirement allowance to his employees and their dependants under a superannuation fund; and

(b) for the medical expenses of his employees and their dependants under a scheme approved by the Director-General.

(2) Notwithstanding section 18, where an amount paid by an employer under subsection (1) is a lump sum payment in respect of past services of employees, one-tenth of the payment shall be deductible in the income year in which the payment is made and in each of the 9 succeeding years.

Section 61 of Income Tax Act

The provisions of section 22 shall apply in all respects to a company as they apply to an individual.

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.

10.1 Payment of the end of year bonus

Among other things, Section 3 of the *End of year Gratuity Act* states the following:

“(1) Subject to the other provisions of this section, every employer shall, on or before 21 December of every year, pay a gratuity to every employee who is or has been in his continuous employment during the year.

10.2 Entitlement and calculation of the end of year bonus

Entitlement to the end of year bonus has been extended to an employee who, during the course of the year, resigns after having been in continuous employment for at least 8 months, or is terminated for any reason.

The end of year bonus is now based on one twelfth of ‘earnings’ accrued during the calendar year, or on the last monthly (pro-rated) basic salary, whichever is higher.

10.3 Prescribed bonus and salary for the pay period paid at the same time

The bonus shall be aggregated with the emoluments of the pay period in which the bonus is received, if payment of the prescribed bonus and emoluments of the relevant pay period is effected at the same time; and $\frac{2}{13}$, $\frac{3}{28}$ or $\frac{5}{56}$ of the total deductions shall be taken into account for that pay period, depending upon the pay period being a month, a fortnight or a week respectively.

10.4 Prescribed bonus and salary for the pay period paid separately

In this case, tax should be calculated twice for that pay period, once on the first payment and then on the second payment irrespective of whether payment of bonus occurs before payment of salary for that pay period or otherwise.

The appropriate fraction of the total deductions applicable to the pay period shall be applied a first time to the first payment, and a second time to the second payment. The fraction applicable as deduction from bonus for the purpose of the exercise shall be $\frac{1}{13}$, $\frac{2}{28}$ or $\frac{4}{56}$ depending on whether the pay period for the employee is monthly, fortnightly or weekly.

10.5 Bonus received by an exempt person

Where an exempt person is in receipt of an end-of-year bonus and leave pay prescribed in any enactment in his favour, he should be invited to submit an EDF in the event that his prescribed end-of-year bonus and leave pay could be likely to exceed the threshold for exempt persons. Where the employee has a chargeable income for the pay period and fails to submit an EDF, tax will be deducted at the flat rate of 15% (or 10% if the annual net income is less than Rs 650,000). No tax should be withheld from the prescribed bonus of an exempt employee where the prescribed bonus does not exceed the appropriate fraction of the total deductions in the EDF.

11. Exemptions, deductions and reliefs

An employee who, is entitled to an income exemption threshold, reliefs and deductions in respect of that income year.

Such an employee may submit an EDF electronically to his employer through the MRA platform.

If an Employee has more than one Employer at any one time, the form should be submitted to only ONE of his Employers.

Where during the income year, an employee becomes entitled to new exemptions, reliefs and deductions, he may submit to his employer a fresh EDF claiming therein the new exemptions, reliefs and deductions to which he is entitled.

An employee can apply for the following exemptions, deductions and relief on the EDF:

- Income Exemption Threshold (IET)
- Additional Income Tax exemption granted to retired or disabled person
- Additional Exemption in respect of dependent child pursuing undergraduate course
- Interest Relief on secured housing loan
- Relief for Medical insurance premium or contribution

- Deduction for solar energy investment allowance
- Deduction for household employees (Max Rs 30 000)
- Deduction for rainwater harvesting investment allowance
- Deduction for fast charger investment allowance in respect of electric car
- Deduction for contribution made to COVID-19 Solidarity Fund
- Deduction for contribution made to National COVID-19 Vaccination Programme Fund
- Deduction for donation to charitable institutions (Max Rs 30 000)
- Deduction for contribution made to approved personal pension schemes (Max Rs 30 000)

The details of the deductions and reliefs are provided in the Notes of the EDF, page 2.

12. 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.

In December, in view of the end of year bonus, twice the monthly amount of SL exemption threshold (Rs230 769 x 2) should be allowed.

Lump sum payments under the Pension Act, the Superannuation Fund or Personal Pension Plan are not liable to Solidarity Levy.

13. National Savings Fund (NSF)

The National Savings Fund was established in 1995 under the National Savings Fund Act. The benefits payable are based on the employment period and contributions paid.

13.1 Who contributes to the fund and at what rate?

Every employee both in private and public sector aged between 18 and retirement age who works under either a full time or a part time contract of service.

No NSF contributions are payable in respect of an employee who has reached retirement age (65 years old) whether or not the employee receives Contributory Retirement Pension (CRP).

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 contribute **1%** of their basic wage or salary to the National Savings Fund, subject to the same ceiling.

13.2 Contributions payable in favour of foreign workers

With effect from 01-01-2014, contributions in favour of foreign workers, to the National Pensions Fund (NPF), National Savings Fund (NSF*) and HRDC Levy are payable as from the first day of employment, except, for foreign workers working in the export manufacturing enterprises, where contributions to the NPF, NSF & HRDC Levy will be payable after two years of continuous residence.

Contributions made to the NSF should be rounded to the nearest Rupee.

14. Minimum & Maximum Remuneration for NPF / NSF

Minimum and maximum basic wage on which contributions to the National Pension Fund (NPF) & National Savings Fund (NSF) are payable as from 1st July 2021.

Pay period	INSURABLE SALARY		
	Minimum Wage		Maximum wage
	Private Household Employees (MUR)	Employees in other sectors (MUR)	For all employees (MUR)
Daily	80	126	818
Weekly	478	753	4 905
Fortnightly	955	1 507	9 810
Half Monthly	1 035	1 633	10 628
Monthly	2 070	3 265	21 255

The above limits do not apply to the HRDC Training Levy.

15. Human Resource Development Levy (HRDC Levy)

Also known as Training Levy.

From 1 July 2021 the training levy is 1.5% of employee's basic salary.

There is no maximum or minimum contribution.

No Training Levy is payable in respect of an employee after he has attained final retirement age (70 years old). Where an employee has not reached final retirement age, training Levy is payable whether or not the employee receives Contributory Retirement Pension (CRP).

16. Contribution Social Généralisée (CSG)

The CSG replaced the NPF contribution as from 1st September 2020.

Under the CSG, employers are required to deduct, where applicable, the employee's contribution from his wage or salary and pay that contribution together with the employer's contribution to the MRA. The rate of contribution applicable is shown in the table below.

Category of employee	Employee Rate	Employer Rate
An employee, other than a Public Sector employee, earning a basic wage or salary NOT exceeding Rs 50,000 in a month	1.5 per cent	3 per cent
An employee other than a Public Sector employee earning a basic wage or salary exceeding Rs 50,000 in a month	3 per cent	6 per cent
Public Sector employee earning a basic wage or salary not exceeding Rs 50,000 in a month	Not applicable	4.5 per cent
Public Sector employee earning a basic wage or salary exceeding Rs 50,000 in a month	Not applicable	9 per cent
An employee who is in the domestic service earning a basic wage or salary NOT exceeding Rs 3,000 in aggregate in a month, from one or more employers	Not applicable	3 per cent

No CSG contribution is payable to the Mauritius Revenue Authority(MRA) for employees who are non-citizens and non-tax residents.

16.1 Prescribed Bonus

As from September 2021 under The Social Contribution and Social Benefits Act 2021, social contributions shall apply on end of year bonus prescribed under an enactment. The social contributions payable on end of year bonus shall be computed separately from the contributions

payable on the monthly basic wage/salary. The social contribution on end of year bonus shall be calculated on the basic wage/salary component only (excluding any allowance, commission, productivity payment etc).

Where in a calendar year an employer effects payment of the statutory end of year bonus in more than one month, the social contribution rate applicable in each month shall be determined by cumulating the amount of end of year bonus paid in the respective month.

17. Portable Retirement Gratuity Fund (PRGF)

New statutory contribution

The Portable Retirement Gratuity Fund (PRGF) is a fund which is established under the Mauritius Workers' Rights Act 2019 for the purpose of providing for the payment of a gratuity on the death or retirement of an employee, while recognizing the employee's terms of service irrespective of the number of employers served.

17.1 PRGF Contribution Rates

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.

On filing the PRGF monthly return, the employer is required to select the annual turnover in which it falls from the following list:

- Not more than Rs 2 million
- More than Rs 2 million but not more than Rs 10 million
- More than Rs 10 million but not more than Rs 50 million
- More than Rs 50 million

Where MRA already has the information about the annual turnover, the selection will be pre-set.

"Monthly remuneration" means the sum total of:

- (a) the monthly basic wages paid to a worker; and
- (b) any productivity bonus, attendance bonus and payment for extra work performed, on the basis of which monthly contribution is paid to the Portable Retirement Gratuity Fund in relation to the worker;

17.2 Contributions for services prior to 1 January 2020

An employer will be required to pay contributions in respect of eligible employees who are in his employment on 1 January 2020, for the services of those employees from their date of entry to 31 December 2019.

A moratorium period will be granted with a view to alleviating the initial financial burden on employers in respect of those contributions for past services. Contributions for past services can

be paid at the end of the term of service of the employee, with the contribution based on the final monthly salary.

The employer has also the option to pay the contribution for past services at any time before the end of the term of service of the employee, in which case the contribution for those past services will be computed based on the last monthly salary as at 1 January 2020.

17.3 Exemptions

The PRGF applies to all employees other than:

- Expatriates
- Public sector employees whose retirement benefits are administered by the Statutory Bodies Pension Funds Act
- Employees drawing a monthly basic salary of over MUR 200 000
- Employees already covered by a private pension fund

17.4 Effective date

It should be noted that although Proclamation 45 of 2019 stated the effective date for the PRGF as 1 January 2020, Cabinet postponed the entry into force of the PRGF until 1 April 2020, as many companies might not be ready to implement this in time.

The obligation to submit monthly PRGF returns and make payment of contribution has been postponed to Jan 2022. However, employers may opt to file the monthly PRGF return and make payment of PRGF accordingly.

Where an employee resigns or his employment is terminated, the employer has a legal obligation to submit an exit statement to MRA in respect of that employee. The Ministry of Social Security will thereafter notify the employer of the amount of PRGF to be paid to MRA in respect of past services of that employee.

18. Mauritius compliance information

More information regarding Mauritius compliance is available on SharePoint

<https://sage365.sharepoint.com/sites/za/pd/Compliance/SitePages/Home.aspx>

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