

Payroll Compliance

A short guide for payroll professionals navigating the latest employees' tax legislation.

Table of Contents

1. General Information	3
2. Administration and Compliance.....	3
3. Pay As You Earn (PAYE)	4
4. Fringe Benefits	6
5. Exempt Income	8
6. End of year Bonus	10
7. Exemptions, deductions and reliefs.....	10
8. Solidarity Levy.....	11
9. National Savings Fund (NSF)	11
10. Human Resource Development Levy (HRDC Levy).....	13
11. Contribution Social Généralisée (CSG).....	13
12. Portable Retirement Gratuity Fund (PRGF)	14

1. General Information

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

Every employer is required to submit, electronically, a monthly contribution return on a monthly basis giving the details of each employee, the CSG, NSF and Training Levy applicable and at the same time electronically pay the contributions payable to the MRA

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.

2.4 Exempt employee

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.

3. Pay As You Earn (PAYE)

3.1 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.

3.2 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.

3.3 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.

3.4 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.

3.5 PAYE Tax Rate

Effective 1 July 2022

Average Cumulative Monthly Salary (Rs)	Tax rate
Not exceeding 53 846	10%
53 846 – 75 000	12.5%
Exceeding 75 000	15%

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 in all the MRA reports.

3.6 Employees with no EDF

Where the employee has not submitted an EDF and the emoluments derived by him in a month exceed Rs25 000, the tax rate applicable is 15%.

3.7 Fees payable to a director of a company

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%.

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.

4. Fringe Benefits

4.1 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.

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.

4.2 Car Benefit

Cylinder Capacity:

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

4.3 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

4.4 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

4.5 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.

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

Actual amount received in the month.

4.7 Repayment or write-off of employees' debt by employer

Amount of debt repaid or written off in the month.

4.8 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.

4.9 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

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5. Exempt Income

5.1 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 Rs20 000, 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:
 - by virtue of any enactment;
 - from a superannuation fund; and
 - 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 Act

Contributions 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.

6. 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.

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.

7. 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
- 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
- Deduction for contribution made to approved personal pension schemes

8. Solidarity Levy

Employers should calculate cumulative PAYE for Solidarity Levy (SL) where, in a month, the cumulative chargeable of the employee, excluding any lump sum payable by way of commutation of pension or of death gratuity, exceeds SLET*.

The rate applicable is:

- 25% of the cumulative excess; or
- 10% of the cumulative emoluments (excluding any lump sum payable by way of commutation of pension or of death gratuity), whichever is the lower.

The PAYE for SL, for the current month, is then calculated by deducting, from the cumulative PAYE for SL, the PAYE for SL withheld in previous months of the income year. The PAYE for SL to be deducted from the emoluments of an employee in a month shall, in any case, not exceed 15% of the emoluments for the month.

*SLET - is the sum of the amount of solidarity levy exemption threshold, and is calculated by multiplying Rs 230,769 ($3,000,000 \div 13$) by the number of months from July to the current month.

9. 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.

9.1 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.

9.2 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 in all the MRA reports.

9.3 Minimum & Maximum Remuneration for 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 2022.

Pay period	INSURABLE SALARY		
	Minimum Wage		Maximum wage
	Private Household Employees (MUR)	Employees in other sectors (MUR)	For all employees (MUR)

Daily	80	127	832
Weekly	482	760	4947
Fortnightly	965	1521	9 893
Half Monthly	1 045	1 648	10 718
Monthly	2 090	3 295	21 435

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

10. 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).

11. Contribution Social Généralisée (CSG)

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.

11.1 Prescribed Bonus

Social contributions 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.

12. 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.

12.1 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;

12.2 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.

12.3 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

12.4 Effective date

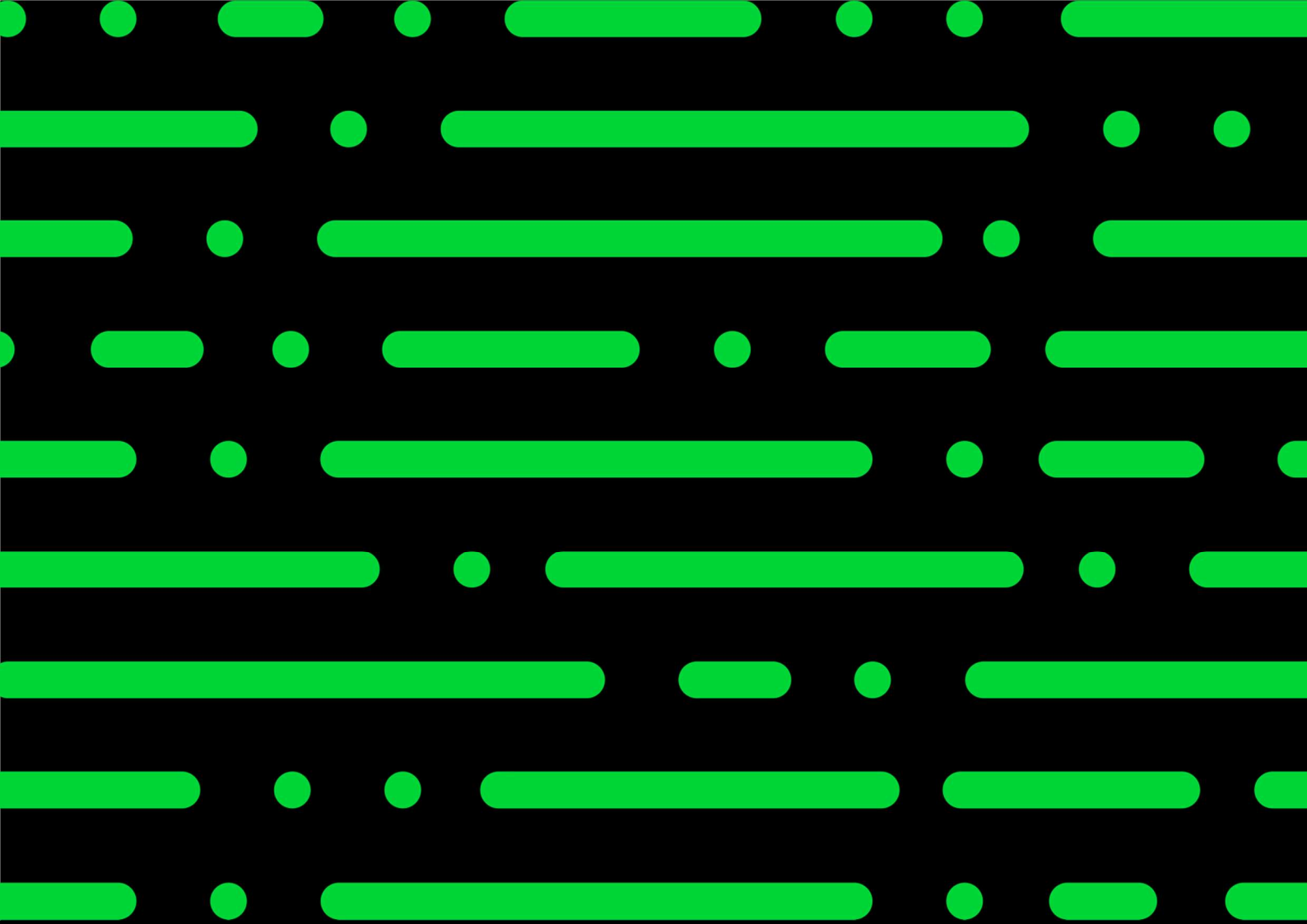
It should be noted that although Proclamation 45 of 2019 stated the effective date for the PRGF as 1 January 2020, Cabinet postponed the entry into force of the PRGF until 1 April 2020, as many companies might not be ready to implement this in time.

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.

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