

# Summary of Tax Measures

The Finance Bill 2019  
approved without amendments





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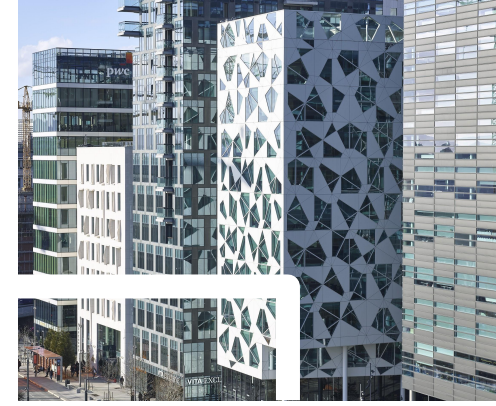
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## Real Estate Investment Trusts (REIT)

- REIT is not subject to income tax subject to meeting certain prescribed conditions.
- REIT includes collective investment scheme or a closed-end fund authorised as a REIT under the Financial Services Commission (FSC)
- REIT is not subject to Corporate Social Responsibility (CSR) tax.
- Every beneficiary or participant to a REIT will be liable to tax on his share of distribution.
- The first Rs 50,000 of an amount receivable by an individual from a REIT will be exempt from tax.
- The REIT scheme is effective as from the year of assessment commencing 1 July 2020

## Carry Forward of Tax Losses

- Effective as from 1 July 2018, companies facing financial difficulty can carry forward unrelieved accumulated tax losses upon more than 50% change in the ownership of the company, subject to meeting the conditions as imposed by the Minister of Finance and Economic Development.

## Taxation of Banks

- Effective as from the year of assessment commencing 1 July 2019, actual foreign tax credit will no longer be available in respect of foreign source income.

## Additional Tax Deduction

Effective as from the year of assessment commencing 1 July 2020, companies are entitled to the following additional tax deduction:

- 150% tax deduction on case filing fee made to a recognised arbitration institution for parties attempting mediation, conciliation and arbitration.
- 150% tax deduction on cleaning, renovation and embellishment works for hotels.

Effective as from 1 July 2019, companies are entitled to:

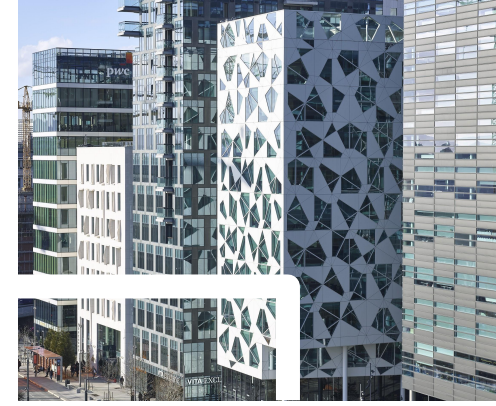
- Double deduction for expenditure incurred on fast charger for electric cars.

## Tax Residence

- Effective as from 1 July 2019, a company will not be considered as tax resident in Mauritius if it is centrally managed and controlled outside of Mauritius

## Exempt bodies

- Deemed to be effective as from 14 December 2017, the SIC Development Co. Ltd is exempt from tax.



## Partial Exemption Regime

- 80% partial exemption regime extended to cover the following:
  - Interest income derived by a person from money lent through a Peer to Peer lending platform operated under a licence issued by the FSC after the 5 year tax holiday
  - Income derived from the leasing and provision of international fibre capacity
  - Income derived from reinsurance and reinsurance brokering activities
  - Income derived from the sale, financing arrangement and asset management of aircraft and its spare parts, including aviation related advisory services
- Partial exemption on the above activities is subject to satisfying prescribed conditions.

## Tax Holidays

- 8 year tax holiday - Innovation driven activities on:
  - Income derived by a company from intellectual property assets developed in Mauritius on or after 10 June 2019.
- 8 year tax holiday for a company set up on or after 10 June 2019 and engaged in the development of a marina.
- 5 year tax holiday to companies setting up an e-commerce platform in Mauritius before 30 June 2025 and is a holder of an E-commerce certificate issued by the Economic Development Board, subject to satisfying certain substance conditions.
- 5 year tax holiday on income derived from a Peer-to-Peer lending platform operated under a licence by the FSC starting operation before 31 December 2020, subject to satisfying certain prescribed conditions.
- 4 year tax holiday granted on income derived from bunkering of low sulphur heavy fuel oil for companies with an income year ending 30 June 2019 or newly set up companies after 1 July 2019.



## Controlled Foreign Company (CFC) Rule

- Introduction of CFC rule in Mauritius effective as from the year of assessment commencing 1 July 2020.
- CFC is a company which is not resident in Mauritius and in which more than 50% of its total participation rights are held directly and indirectly by a resident company in Mauritius or together with associated enterprises.
- CFC also includes a permanent establishment of the resident company
- CFC rules are not applicable to a CFC where in an income year -
  - accounting profits are less than EUR 750,000 and non-trading income is less than EUR 75,000;
  - accounting profits are less than 10% of its operating costs of the tax period; or
  - The tax rate in the country of residence of the CFC is more than 50% of the tax rate in Mauritius.
- The CFC rules applies where the Mauritius Revenue Authority (MRA) consider that the non-distributed income of the CFC arises from non-genuine arrangements designed for the purpose of obtaining tax benefits.

## Presumptive Tax on Small Enterprises

- Introduction of presumptive tax for Small Enterprises effective as from the year of assessment commencing 1 July 2020.
- Small Enterprise means a person engaged in activities such as Agriculture, manufacturing, wholesale and retail of goods, etc having a gross income of less than Rs10m in an income year and having income from others sources not exceeding Rs 400,000.
- The Small Enterprise shall make an irrevocable election for the application of the presumptive tax of 1% of its gross income.
  - Any Tax Deducted at Source (TDS) suffered can be offset against the presumptive tax payable.
- Where election has been made for the presumptive tax, the small enterprise would not be entitled to claim deductions, relief and allowances.
- Penalties and interests would be applicable at the relevant rate for failure to pay the presumptive tax
- The MRA may impose presumptive tax on Small Enterprises where the undeclared gross income does not exceed Rs 10m.

# Corporate Tax



## Freeport Regime

- Effective as from the year of assessment commencing on 1 July 2020, freeport operators or private freeport developers engaged in the manufacture of goods will be liable to tax at the rate of 3% from sale of goods on local market provided certain substance conditions are met.
- Freeport operators will be liable to Corporate Social Responsibility (“CSR”) on local sales. CSR fund shall be calculated using the following formula:

$$a/b \times c \times 2\%$$

where –

a - is the gross income derived from sale of goods on the local market for the preceding year

b - is the gross income derived from all the activities of the freeport operator or private freeport developer for the preceding year

c - is the chargeable income for the preceding year.

## Fast charger for electric car

- Double deduction from gross income on expenditure incurred on fast charger for an electric car.



# Personal Tax



## Exemptions and reliefs

- Deduction for a child pursuing tertiary studies extended to a maximum of 4 dependents.
- Relief of Rs10,000 for medical insurance premium paid for fourth dependent.
- Additional income tax exemption of Rs50,000 granted to retired or disabled persons.

## Tax credit

- Tax credit of 5% available to employees deriving salary not exceeding Rs50,000 in the first month provided the annual net income does not exceed Rs700,000.
- Employees with a net income of Rs650,000 in an income year will not be entitled to the 5% tax credit.

## Solidarity levy

- Lump sum income received by a person as pension, death gratuity or compensation for death or injury will be excluded from the computation of Solidarity levy. This will be backdated to take effect as from 1 July 2017.
- With effect from 1 July 2019, solidarity levy will apply on an individual's share of dividend in a resident societe or succession.

## Peer-to-Peer lending

As from 1 July 2019,

- Any debt or interest due which is proved to have become bad is allowed as a deduction against interest received on money lent through the same peer to peer lending platform.
- Any unrelieved debt or interest may be carried forward indefinitely and set off against interest income in succeeding years.
- 80% partial exemption is available on interest income received by an individual.
- No tax deduction at source applicable on Peer-to-Peer interest.



# Personal Tax



## Current Payment System (CPS)

- No CPS statement required where the gross income of an individual does not exceed Rs10m in the preceding year and he is engaged in activities such as agriculture, manufacturing, wholesale and retail of goods.

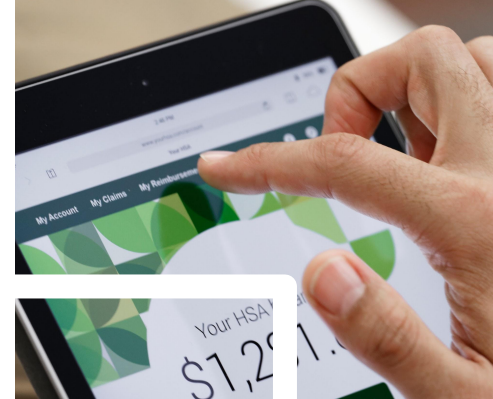
## Fast charger for electric car

- Deduction from net income on expenditure incurred on fast charger for an electric car.
- Unrelieved amount can only be carried forward and offset against net income of succeeding years where single deduction is taken.





# Income Exemption Threshold



Category	From (Rs)	To (Rs)	Increase (Rs)
A. Individual with no dependent	305,000	310,000	5,000
B. Individual with one dependent	415,000	420,000	5,000
C. Individual with two dependents	480,000	500,000	20,000
D. Individual with three dependents	525,000	550,000	25,000
E. Individual with four or more dependents	555,000	600,000	45,000



# Value Added Tax



## VAT Refund Scheme

### Refund of VAT to event organisers

- Introduction of VAT refund scheme on accommodation costs for events (business meeting, conference or wedding) of at least 100 visitors over 3 nights in a hotel in Mauritius by an event organiser registered with the Economic Development Board.
- The VAT refund application should be made within 60 days from the end of the event and should be accompanied by VAT invoices.
- MRA will process the refund within 30 days from receipt of application.

### VAT refund scheme

Equipment and services applicable to a planter or an horticulturist extended to:

- Agricultural dehumidifiers;
- Aquaponics test kits;
- Dutch buckets/pots system;
- Generators;
- Greenhouse cooling pads;
- Greenhouse fans;
- Greenhouse growlights;
- Hydroponic trough systems;
- Insect traps;
- Mesh bags;
- Net cups and pots;
- Plant support clips;
- Vertical grow towers;

## VAT Refund Scheme (Cont.)

Equipment applicable to a breeder other than pig breeder extended to:

- Machinery for preparing animal feed; and
- Pregnancy diagnosis kits for cows.

Equipment applicable to a fisherman

- All outboard and inboard motors

### Refund of VAT to persons on residential building, house or apartment

- VAT Refund Scheme on construction of residential building, house or acquisition of apartment will be extended to 30 June 2025 with the following revised eligibility criteria:
  - Cost of construction of residential building or house or purchase price of apartment increased from Rs4m to Rs5m
  - Annual net income for applicant and spouse increased from Rs2m to Rs3.5m

### Exempt supplies

- Services provided by a person operating a peer-to-peer lending platform



# Value Added Tax (cont.)

## Special Levy on Banks

Effective for accounting period commencing on or after 2 January 2018 -

- Income derived from Global Business Companies not subject to special levy.
- Levy increased from 4% to 4.5% for a bank having leviable income of more than Rs1.2bn.
- Where a bank has been in operation as at 30 June 2018, the special levy will be the lower of:
  - 5.5% or 4.5% depending on whether the leviable income is less or more than Rs1.2bn; or
  - 1.5 times of the levy payable for the year of assessment 2017-2018.

## Repayment of input tax

- A VAT registered person may claim repayment of VAT paid on -
  - Goodwill on acquisition of business or part of business; or
  - Computer software, patents or franchise agreements.

## Liability of principal officer of a private company

- The principal officer of a private company to be answerable and personally liable for VAT payable by the company
- Principal officer means the executive director or any other person with powers which could be exercised by the Board of Directors.

## Airline industry

- VAT exemption for airlines on printed materials bearing their insignia, publicity materials and uniforms for personnel.

## Marinas

- VAT exemption on construction of marinas.

## Zero-rated supplies

- Cooking gas for domestic use by households in cylinders up to 12 kg
- Transport fares of passengers by light rail
- With retrospective effect as from 1 March 2019, bread reclassified from exempt to zero-rated.



# Tax Administration



## General

### Voluntary Disclosure of Income - Foreign Assets

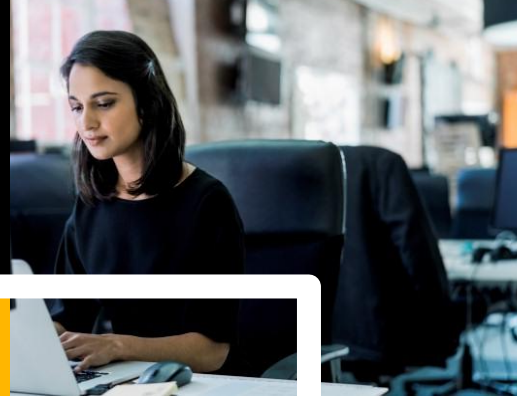
- Introduction of a Voluntary Disclosure Scheme for previously undeclared income derived from Mauritius but held in a bank account overseas or used to purchase foreign assets.
- A person making the voluntary disclosure on or before 31 March 2020 will be taxed at 15% on the disclosed chargeable income but will not be subject to penalties and interests.
- If the tax is not paid in full prior to 31 March 2020, an interest of 0.5% per month will be applicable on the unpaid amount.
- The above scheme shall not apply in cases where an individual is subject to enquiries, proceedings or convictions for offences such as drug trafficking, terrorism, etc.

### Voluntary Disclosure of Income - SMEs

- No penalties and interests for Small and Medium Enterprises (“SMEs”) with turnover not exceeding Rs50m willing to regularise and pay on or before 29 November 2019:
  - any undeclared or under-declared income for the year of assessment 2017/2018 and any preceding years of assessment; or
  - Taxable supplies for the taxable period ended 30 June 2018 and any preceding taxable period.
- Where a SME has been assessed, objected to the MRA, appealed to the ARC or the Supreme Court, the SME may still consider the voluntary disclosure for:
  - the year of assessment 2018/2019 and prior years; or
  - Taxable supplies for the taxable period ended 30 June 2018 and any preceding taxable period.



# Tax Administration



## Arrears Payment Scheme - SMEs

- Any tax arrears owed by SMEs as at 10 June 2019 will not be subject to any penalties and interest if the tax is paid on or before 31 March 2020.

## Assessment Review Committee (ARC)

- Subject to certain conditions, where a statement of case and relevant documents are not filed within one month of the proforma date, the ARC may upon reasonable grounds provide an extension for the submission of the documents.

## Income Tax

### Corporate Social Responsibility (CSR) Assessment

- Effective as from 1 July 2019, the MRA may raise an assessment on a company which has neither spent the CSR fund as required by the law nor remitted same to the MRA.

# Tax Administration (cont.)

## Value Added Tax

- Compulsory registration for wholesale dealers in liquor and alcoholic products.
- VAT exemption on payment of subscription fees will be extended to cover prescribed professional bodies.
- Where there is a splitting of a business entity into different entities to avoid registration for VAT purposes, each entity will be required to be compulsorily registered for VAT.
- A VAT invoice issued to a non VAT registered person in business should include his name, business address and the Business Registration Number.
- It was clarified that the management of insurance schemes is exempted from VAT.
- All VAT-registered persons will have to file their VAT return and pay VAT electronically.





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**Driving Innovation** 

**100**

Countries using Global Payroll Portal developed by PwC Mauritius

**Global Acumen** 

**158**

Countries with a PwC firm

**Young Leadership** 

**30 yrs**

Average age of our workforce

**Sustainability** 

**2019**

Move to a new LEED certified building

**Employer of Choice** 

**70**

New graduates join us every year

**Diversity** 

**12:10**

Ratio of Women:Men

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