

Finance Act 2017 update Individual, TDS & MRA Act

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Operational Services Department.



Partners in Progress and Prosperity

Date: 29 January 2018

Solidarity Levy

(Sub-Part AB of Part III)

- Every individual whose leviable income exceeds 3.5 million rupees shall, in addition to his liability to income tax, be liable to pay to the Director-General a solidarity levy.
- The solidarity levy shall be calculated at the rate of 5 percent of the leviable income in excess of 3.5 million rupees and shall be paid at the time the individual submits his return of income.
- Not applicable to an individual who is not resident in Mauritius.

Definitions:

- **Section 2 - “income tax”** includes levy imposed by Sub-Part AB of Part III”
- **Section 16B –**
 - **“leviable income”** means the sum of –
 - (a) the chargeable income of an individual, and
 - (b) the dividends paid to that individual by a resident company and a co-operative society registered
 - **“solidarity levy”** –
 - (a) means the solidarity levy referred to in section 16C; and
 - (b) includes any penalty and interest imposed under this Act.



Contribution to Superannuation Fund (Section 22(3))

No deduction shall be allowed under this section where the fund has been set up for the principal purpose of providing tax benefits to selected employees and their dependents.



Income Exemption Threshold

(Section 27)

IET Category		Rs	Net income and exempt income of dependent does not exceed
A	No dependent (was 295,000)	300,000	-
B	One dependent (was 405,000)	410,000	110,000
C	Two dependents (was 465,000)	475,000	65,000
D	Three dependents (was 505,000)	520,000	45,000
E	Four dependents (New)	550,000	30,000
F	Retired or disabled person with no dependent (was 345,000)	350,000	-
G	Retired or disabled person with one dependent (was 455,000)	460,000	110,000

Commencement:

Income Year commencing on 01 July 2017

Relief for medical and health insurance

(Section 27B – Third Schedule)

	Self	1 st Dependent	2 nd Dependent	3 rd Dependent
Category A	15,000			
Category B	15,000	15,000		
Category C	15,000	15,000	10,000	
Category D	15,000	15,000	10,000	10,000
Category F	15,000			
Category G	15,000	15,000		

Deduction for Household Employees (Section 27D)

- Where, in an income year, a person employs one or more household employees **in respect of whom he has paid the contributions payable under the National Pensions Act and the National Savings Fund Act**, he shall be entitled to deduct from his net income for that income year the wages paid to the household employees or 30,000 rupees, whichever is the lower.
- In the case of a couple, where both spouses employ household employees, the deduction allowable to them shall not, in the aggregate, exceed 30,000 rupees.

Employer to withhold tax from emoluments (Section 93(2))

- An exempt person or a person deriving any -
 - (i) pension in relation to a past employment or that of his spouse; or
 - (ii) annuity, pension or similar payment,may make a request to his employer/payer for income tax to be withheld under PAYE.
- The employer/payer shall withhold income tax in the same manner as for PAYE and at the rate of 15%.
- The request shall be made in such form and manner as the Director-General may approve.

Employer to withhold tax from emoluments (Section 93(2))

- The [application form](#) is available on MRA website: www.mra.mu
- The request shall remain applicable until it is revoked by the person or the Director-General.
- All the provisions applicable for PAYE shall apply to the employer/payer.
 - Statement of Emoluments and Tax Deduction
 - Return of Employees (ROE)
 - Penalty for late/non-submission of ROE
 - Offence for non-submission of ROE
 - Registration of Employer
 - Obligation to withhold tax
 - Payment of PAYE to MRA, Penalty and interest

Registration of Employees (Section 99A)

- Employer is no more required to request for Tax Account Number (TAN) and insert in payroll.
- The employer shall request for National Identity Card from the employee who is required to produce same.
- In the case of non-Mauritian Citizen, the identification number issued by the Passport and Immigration Office is applicable.
- In ROE, the TAN is no more mandatory provided the National ID number or the ID number issued by the immigration officer is inserted. Next year, the field for TAN will no more apply.
- Monthly PAYE return for pay period July 2017 onwards will not include the field for TAN.

Return of Employees (ROE) (Income Tax Regulations) & Monthly PAYE Return

- Employers are henceforth required to include in ROE details in respect of **ALL** employees.
- TAN is no more mandatory in ROE.
- Monthly PAYE return, as from Pay period July 2017, should also include the emoluments, annuity, pension of the “employee” excluding travelling and end of year bonus.
- TAN is no more required in Monthly PAYE return
- Monthly PAYE return should be submitted electronically (Sec 100).

Priority of Tax withheld (Section 102)

- Where a receiver is appointed by the chargor of a charge for the purpose of satisfying a debt secured by the charge as specified in section 204 of the Insolvency Act, any tax withheld by a chargor under PAYE or deducted by a chargor under TDS shall, subject to section 204(5) of that Act, be paid in accordance with section 204(4) of that Act.
- Priority of tax withheld under PAYE and TDS applied also to receiver

Tax Deduction at Source (TDS)

(Section 111A)

- Payer excluded a company which has an annual turnover not exceeding 6 million rupees.
- Now Payer excludes a company, *société* or succession which has an annual turnover not exceeding 6 million rupees, other than a company, *société* or succession which awards contracts for construction works

Tax Deduction at Source (TDS)

(Section 111B & 111D)

- TDS was applicable on Royalties payable by any person other than an individual to any person other than a GBL 1 corporation.
- Now TDS is applicable on Royalties payable to any person, other than a citizen in respect of royalties for artistic or literary work, by any person, other than an individual or a GBL 1 corporation.
- New item added: Fees, in lieu of director's fees, payable by any company to a person, other than an individual
- Monthly TDS return is now required to be submitted electronically

Obligation to submit return

- Economic criteria removed:
 - immoveable property costing more than Rs 5m
 - motor vehicle costing more than Rs 2m or paid Registration duty more than Rs 75,000
 - pleasure craft costing more than Rs 1m

- Pays NPS to the Director-General

Return of income by companies (Section 116(3))

- **ALL companies** are now required to submit return electronically.

Return of dividend by companies (Section 116D)

- Companies paying dividend exceeding 100,000 rupees to an individual, *société* or succession in a year shall submit electronically in respect of the preceding income year, a return of dividend, in such form and manner as the Director-General may approve, giving the following information –
 - the name and surname of every shareholder
 - the NIC number of every shareholder or, in the case of a non-citizen, the identification number issued to him by the immigration officer
 - the amount of dividend paid.
- Due date is 15 August in every year

Obligation to furnish information (Section 124(1A))

Notwithstanding the Information and Communication Technologies Act and the Data Protection Act, where the Director-General has reason to believe that a person –

- (a) is using any information and communication technology equipment for business purposes, he may request any public operator or service provider licensed under the Information and Communication Technologies Act, within the time fixed by the Director-General, to provide all such information regarding the identity and address of the person using that equipment; or
- (b) operates his business through any information and communication technology network, that person shall, on request, furnish to the Director-General all such information regarding his business transactions recorded digitally.

➤ 150A. Negative Income Tax allowance

- The Director-General shall pay to every individual who derives earnings of 9,900 rupees or less in a month, a Negative Income Tax allowance as specified in the Eleventh Schedule.
- No allowance shall be paid unless:
 - ✓ He is a Mauritian Citizen
 - ✓ In full time employment (30 hrs in a week over at least 5 days)
 - ✓ In continuous for the preceding 6 months
 - ✓ Aggregate income of self and spouse including dividend and interest in the current year does not exceed Rs 390,000
 - ✓ Employee & employer fully compliant with contribution for NPF and NSF

Negative Income Tax

(As subsequently amended by Government decision)

- **Eligibility for Negative Income Tax**
- The applicant should be a Mauritian Citizen;
- The applicant's basic salary should be less than or equal to Rs 9,900 per month, provided that his total earnings (excluding travelling) in that month, does not exceed Rs 20,000;
- In case of a couple, the net income of the applicant's spouse should not exceed Rs 390,000 in the year;
- The applicant should work for a minimum of 24 hours in a week, over at least 3 days; and
- The applicant's employer has paid contributions on his behalf to National Pension Fund (NPF) and the National Saving Fund (NSF) in respect of the month for which NIT is being claimed.

➤ **150A. Negative Income Tax allowance**

earnings –

- means all salary, wages, overtime pay, leave pay, and other allowances in money or money's worth, other than travelling and end-of-year bonus derived from employment; and
- includes any annuity, pension and basic retirement pension.

Negative Income Tax (Part XIIA)

➤ 150A. Negative Income Tax allowance

- An individual who meets the requirements shall be paid the Negative Income Tax allowance where he has submitted an application in such form and manner as the Director-General may determine.
- The Negative Income Tax allowance shall be paid at such interval as may be prescribed.
- Where an individual benefits from Negative Income Tax allowance in a month and the Director-General finds that the individual is not entitled to the allowance, the Director-General shall issue a claim to the individual for repayment of the allowance within 28 days of the date of the claim.

Negative Income Tax (Part XIIA)

➤ **150A. Negative Income Tax allowance**

- Where the individual fails to pay the amount claimed, enforcement actions under Part XI of the Act applies

Negative Income Tax (Eleventh Schedule)

An individual deriving the following earnings in a month	Allowance (Rs)
Less or equal to Rs 5,000	1,000
Above Rs 5,000 but less or equal to Rs 7,000	800
Above Rs 7,000 but less or equal to Rs 9,000	500
Above Rs 9,000 but less or equal to Rs 9,750	250
Above Rs 9,750 but less or equal to Rs 9,900	100

Negative Income Tax

(*Modus operandi* of NIT)

➤ Mode of application

- All applications must be made [electronically](#) on the MRA's website. .

➤ Mode of payment

- All payments are to be made directly into the bank account of the applicant.

➤ Frequency of payment

- On a quarterly basis, as from July 2017

➤ In case of unlawful payment to a person

- Where an individual benefits from NIT allowance in a month and it is later found that the individual is not entitled to the allowance, the Director-General shall issue a claim to the individual for repayment of the allowance within 28 days of the date of the claim.

Negative Income Tax

(Frequency of payment)

Quarter	Due dates for payment
July-September	30 November
October- December	28 February
January- March	31 May
April –June	31 August



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Salient Features of the Special Allowance (following introduction of minimum wages)

- ❑ All **full-time** employees deriving a monthly basic salary not exceeding Rs 9,000 shall be paid an allowance by MRA as a top-up to minimum wage so that employees get a take home pay of at least Rs 9,000 per month excluding bonuses, allowances and overtime
- ❑ The allowance payable to an employee is the difference between Rs 9,000 and the basic pay of the employee subject to a maximum amount of **Rs 860** for employees of export enterprises and **Rs 500** for other employees
- ❑ The allowance will be payable to both Mauritian and **expatriate** employees

Salient Features of the Special Allowance (following introduction of minimum wages) (contd.)

- ❑ Full time employee is an employee who works for normal hours of work in the sector concerned. Normal hours of work differ depending on the sector. Example for factory workers, the normal working week for every employee, other than a watchman, consists of 45 hours' work, excluding time allowed for meal and tea breaks, made up of –
 - (a) 8 hours' work on every day other than a Saturday or public holiday, and 5 hours' work on every Saturday other than a public holiday, if the employee is required to work 6 days in a week;
 - (b) 9 hours' work on every day, other than a Saturday or public holiday, if the employee is required to work 5 days in a week;
 - (c) A normal working week for a watchman consist of 72 hours, made up of 12 hours work on every day, other than a public holiday.

Salient Features of the Special Allowance (following introduction of minimum wages) (contd.)

- ❑ The allowance will be payable during the year 2018 and 2 payments will be made in December 2018 (i.e. 13 payments in all). The allowance will be credited by the MRA into the employee's bank account
- ❑ The MRA is allowed to recover any amount of allowance paid in excess
- ❑ An employee having more than one full-time employment will benefit from the allowance, if so entitled, only in respect of the employment where his salary is the highest
- ❑ All employees should communicate their bank account details to MRA through their employer before the end of January 2018 so that MRA may credit the allowance to their bank accounts

Salient Features of the Special Allowance (following introduction of minimum wages) (contd.)

- ❑ Employers should submit electronically by 29th January 2018 at latest, a list of all their employees who derive a basic salary not exceeding Rs 9,000. MRA has made available facilities on its website for employers to submit the required employees' details re. NID/NCID, full name, bank account details and basic salary
- ❑ Employees are **not** required to make any application for SPA
- ❑ Employees deriving more than Rs 8,500 will be paid NIT on application
- ❑ An employee who is paid the special allowance will not be entitled to NIT

Tax Arrears Settlement Scheme (TASS) (Section 161A)

- Where **tax arrears** outstanding as at 8 June 2017 are fully paid by a person on or before 31 May 2018, any penalty and interest included in the tax arrears shall be reduced by 100 per cent, provided that an application for the reduction is made to the Director-General on or before 31 March 2018.

- “**tax arrears**” –
 - (a) means tax and penalty due and payable under an assessment issued or a return submitted on or before 30 June 2015; but
 - (b) does not include tax due under an assessment in respect of which representations are pending before the Assessment Review Committee, or an appeal is pending before the Supreme Court or Judicial Committee of the Privy Council.

Exempt Income

(Second Schedule)

- Invalid's basic pension, contributory invalidity pension and carer's allowance payable under the National Pensions Act.

Commencement: Year of Assessment commencing on 01 July 2017

- Diaspora exemption

- The exemption in respect of income derived from within Mauritius shall be limited to the specific employment, business, trade, profession or investment for which the member of the Mauritian Diaspora is registered under the Mauritian Diaspora Scheme.

Commencement: Income Year commencing on 01 July 2017

Registered Tax Agents

(Part IIIA of MRA Act – Section 17C)

- No person shall –
- prepare and sign the annual return of a tax payer
 - represent a tax payer before the Authority
 - represent a tax payer before the ATDR Panel
 - represent a tax payer before the Assessment Review Committee
 - transact any business on behalf of any person in respect of the person's rights or obligations under any Revenue Law
- unless he is registered as a tax agent, a registered nominee of a tax agent or a person nominated in writing by a tax payer.

Registration of Tax Agents

(Part IIIA of MRA Act – Section 17E)

- No person shall be registered as a tax agent unless –
 - in the case of an individual, he
 - ✓ is a citizen of Mauritius; and
 - ✓ is a member of the MIPA or a law practitioner; or
 - ✓ satisfies the Director-General that he has at least 2 years' experience in the employment of a person who is a member of the MIPA or, a person registered as a tax agent; or
 - ✓ a person holding a degree in the field of taxation, accountancy, economics, business management or any other related field.
 - in the case of a corporate entity, the person nominated by it to act on its behalf under this Part satisfies the above.

Registration of Tax Agents

(Part IIIA of MRA Act – Section 17E)

- Any person who wishes to be registered as a tax agent shall make an application to the Director-General in such form as he may approve.
- Any person who is a member of MIPA or a law practitioner shall be deemed to be registered as tax agent.
- An application to be registered as a tax agent shall be referred by the Director-General to a committee for its recommendations.
- The Director-General may, after due consideration of the recommendations of the committee, grant or reject the application and shall forthwith notify the applicant of its decision.

Registration of Tax Agents

(Part IIIA of MRA Act – Section 17E)

- Where the Director-General grants an application he shall register the applicant as a tax agent and where the registered tax agent is a corporate entity, register any of its nominees. The registration shall be on such terms and conditions as the Director-General may determine.
- The registration of a tax agent or nominee of a tax agent shall be valid for a period not exceeding 5 years and may be renewed in such manner as may be prescribed.
- The Director-General may, from time to time, publish in such manner as the Director-General may determine, a list of persons registered as tax agents.

Registration of Tax Agents

(Part IIIA of MRA Act – Section 17D)

➤ The Committee

- shall consist of such persons as the Minister may appoint.
- shall, in the discharge of its functions, determine –
 - ✓ any application made under this Part
 - ✓ whether to suspend or cancel the registration of a tax agent or a nominee of a tax agent.



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THANK YOU

Any Questions?