

## Update on Portable Retirement Gratuity Fund ("PRGF")

### What is PRGF?

The 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 a worker, while recognizing the worker's terms of service irrespective of the number of employers served.

### Contribution Rates

Employers are required to pay PRGF contributions at the rate of 4.5% of the monthly remuneration of each worker.

The monthly remuneration, for the purpose of the PRGF, is defined as the sum total of the monthly basic wage, any productivity and attendance bonus, and any payment for extra work performed.

However, Small and Medium Enterprises ("SME") will pay PRGF at a lower rate for the first three years based on the annual turnover of the SME.



### Contribution for Current Services

Due to the COVID-19 Pandemic, the obligation to submit monthly PRGF returns and make payment of contribution was suspended for the period from 1 January 2020 to 31 December 2021.

There was no obligation for an employer to pay PRGF for the above quoted period although PRGF became into operation as from 1 January 2020.

An employer who does not maintain an approved private pension scheme, has now an obligation to contribute to PRGF as from the month of **January 2022**. Both the return and the payment are required to be made electronically on or before the end of the month following the month in which the PRGF is payable.

The employer shall, not later than 15 July of every year, submit to the Mauritius Revenue Authority ("MRA"), an annual PRGF return containing the names and dates of births of the workers in his employment as at 30 June of that year.

## Contribution for Past Services

### — Cessation of employment

PRGF for past services is applicable in case a worker has ceased to be employed in these circumstances: "Termination of employment, Resignation, Death, Retirement or Change in employment"

In the event of the above, if a worker has ceased to be employed as from January 2020, the employer is required to submit an Exit Statement to the MRA within one month of the occurrence and effect the appropriate payment into the PRGF in respect of that worker.

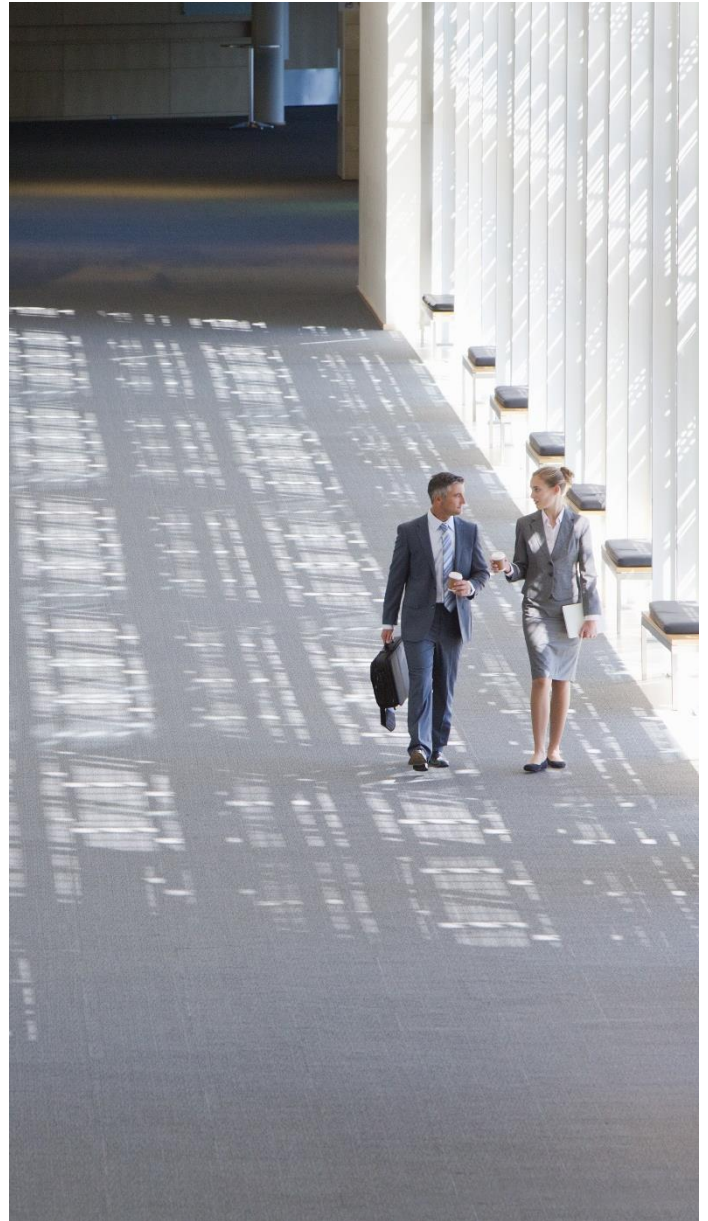
### — Existing employees

The MRA has recently clarified that employers who, for months prior to January 2022:

- have submitted PRGF returns and paid PRGF for some months; or
- who have not paid PRGF for any of the months,

shall also be deemed to form part of "Past Services"

The employer may submit a "PRGF Past Services" return and pay the PRGF contribution for months prior to January 2022 in respect of workers who remain in employment from January 2020 to date with the same employer.



## Surcharge on late contributions or late return

|   | Details                              | Implications   |
|---|--------------------------------------|--|
| 1 | Late payment of monthly contribution | 5% per month for every month or part of the month during which any contributions remained unpaid                                     |
| 2 | Late submission of monthly return    | 1% of the total contributions payable, for every day until the return in respect of each insured person for that month is submitted. |
| 3 | Late submission of annual return     | MUR500 for every day until the return for that year is submitted.  |

## KPMG Views

It is not clear whether surcharge will be applicable to employers on late submission of Exit Statement or PRGF Past services return. We expect that no surcharge would be applicable for the suspension period i.e. from January 2020 to December 2021. We hope that the MRA will provide clarifications on the above.

## How KPMG can assist you

We shall be pleased to assist you in meeting your PRGF obligations.

## Contact Us

We hope you find this tax alert useful. Feel free to contact us if you have any questions.



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