



Mauritius Finance Bill 2023

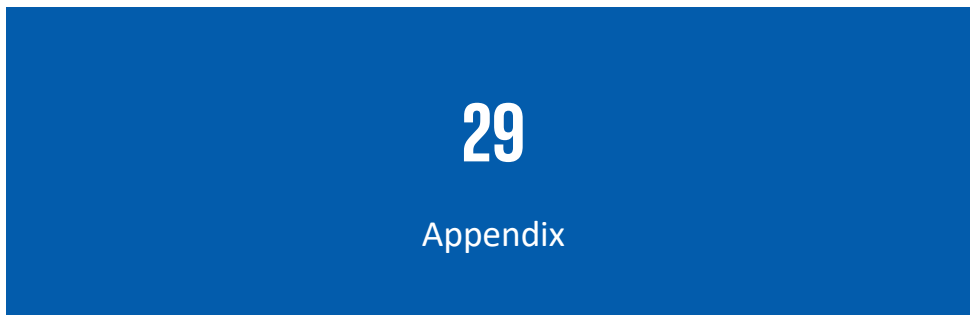
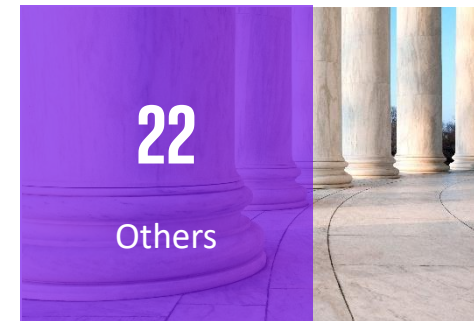
Key Tax and Regulatory Changes

09 July 2023

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Foreword



Foreword

Dear Valued Clients,

The Finance (Miscellaneous Provisions) Bill 2023 (“the Bill”) has been released for consultation. This draft legislation incorporates the measures announced by the Honourable Minister of Finance in his Budget Speech on 2 June 2023. This Alert covers the key tax and regulatory measures contained in the Bill which are still subject to changes following parliamentary debates.

The changes in the taxation of individuals have been much welcome. When the budget was read, there was some confusion especially around the Income Exemption Threshold and allowances for individuals with dependents. However, the Mauritius Revenue Authority (“MRA”) responded quickly with clarifications and with the income tax calculator. Indeed, the Bill confirms that the Income Exemption Threshold has been replaced by an annual deduction for dependents. The progressive tax system will result in an increase in disposable income when the different tax rates ranging from 0% to 20% are applied. As from income year beginning 1st July 2023, solidarity levy will not be applicable. This measure is expected to attract foreign professionals to relocate to Mauritius.

A number of incentives have also been provided to corporates ranging from additional partial exemptions to double or triple tax deductions of certain expenditures in order to boost certain sectors, activities or to empower women or in relation to ESG centered investments. For example, with the additional tax partial exemption on interest income, Mauritius IFC is expected to become more attractive to debt funds.

The Bill eliminates the incentive tax rate of 5% applicable to Banks with chargeable income over MUR 1.5 Billion. However, the amendment is not being made retrospectively from year of assessment 2022/23 as was provided in the annex to the budget speech. It is not clear whether banks will still be eligible for the 5% tax rate for year of assessment 2022/23, with respect to chargeable income above MUR 1.5 Billion.

The negative excise duty scheme has been extended by one additional year. However, we note there are restrictions for corporates compared to individuals. We are of the view that the scheme for corporates should be aligned to the scheme for individuals where there is no restriction with respect to the power of the car in order to encourage corporates to move to electric cars.

Foreword

We note there is now a limit on the refund under the Home Ownership Scheme such that an individual will not be entitled to more than MUR 500,000 in aggregate since the scheme was introduced. It is not clear whether individuals who benefitted refund of more than MUR 500,000 will have to repay back the amount in excess of MUR 500,000. A similar restriction has been introduced to the Home Loan Payment Scheme as well.

An important measure impacting large employers relate to the mandatory childcare facilities. Such facilities will be made mandatory and need to be provided on the workplace or within a radius of 1 km from the workplace.

As mentioned in our budget highlights, the next one or two years will be crucial time for Mauritius to review its tax incentives and tax holidays such that they are still fit for purpose post Global Minimum Tax (Globes) rules.

I hope you find this Alert informative. Feel free to contact us for any queries you may have.

Regards,

Wasoudeo Balloo
Partner, Head of Tax
KPMG in Mauritius

Corporate Tax



Corporate tax

| Key measures | Effective Date |
|---|---|
| <p>Tax incentives</p> <ul style="list-style-type: none"> • Profits derived from sale of aviation fuel to an airline will be considered as export of goods and benefit from concessionary tax rate of 3%. • Double deduction on; <ul style="list-style-type: none"> - Cost of setting up a Child Day Care Centre to companies. Child Day Care Centre is as prescribed under the Children's Act 2020. - Emoluments paid by companies to full time employed-women, approved under the Prime a L'emploi scheme, in the period in which the payment is made in respect to that employee. - Costs incurred by new campuses or local training institutions partnering with their African counterparts. The 'costs' include marketing cost, cost of hiring consultants and such other costs as the EDB may approve, but does not include any cost of a capital nature. - Expenditure incurred by a local company participating in financing, sponsoring, marketing or distribution of an approved film project, provided it is made up of at least 90% of the principal photography of Mauritius as certified by EDB. | <p>Gazette date</p> <p>YOA commencing 1 July 2023</p> <p>YOA commencing 1 July 2023</p> <p>YOA commencing 1 July 2023</p> <p>Gazette date</p> |

Corporate tax

| Key measures | Effective Date |
|--|--|
| <p>Tax incentives</p> <ul style="list-style-type: none"> • Increase in; <ul style="list-style-type: none"> - Partial exemption on interest earned by a Collective Investment Scheme and Closed End Fund from 80% to 95%. - Tax deduction from 200% to 300% to companies employing disabled individuals on the emoluments paid to the individuals. | <p>YOA commencing 1 July 2024 Gazette date</p> |
| <p>Taxation of Banks</p> <ul style="list-style-type: none"> • The incentive tax rate of 5% (third tax band) has been removed. • The tax rates of Banks will be as follows; <ul style="list-style-type: none"> - Chargeable income up to MUR 1.5 Billion – 5% - Chargeable income above MUR 1.5 Billion – 15% | <p>Gazette Date</p> |

Corporate tax

| Key measures | Effective Date |
|---|-------------------------------|
| <p>Telephony Service Providers</p> <ul style="list-style-type: none">• Solidarity levy applicable on Turnover component reduced from 1.5% to 1%.• Companies who has made a loss still required to pay the levy at 1% of their Turnover.• The Solidarity levy is applicable even if the Company has made a loss in the year immediately preceding that year. | YOA commencing 1 July 2024 |
| <p>Donations made to charitable institutions</p> <ul style="list-style-type: none">• Triple deduction on donations made by companies to charitable institutions through electronic means, involved in;<ul style="list-style-type: none">- Supporting persons with health issues and disabilities;- protection or rehabilitation of street children; or- Animal welfare and protection <p>The amount of deduction shall not exceed MUR 1 Million in an income year.</p> | YOA commencing 1 July 2023 |

Corporate tax

| Key measures | Effective Date |
|--|---|
| <p>Manufacturing companies</p> <ul style="list-style-type: none"> • Double deduction in respect of expenditure incurred on market research and product development will no longer be restricted to the African market. However, this incentive is restricted to companies having annual turnover not exceeding MUR 500 million. • Clarification provided that manufacturing companies producing both alcoholic and non-alcoholic drinks can claim the investment tax credit on expenditure on plant and machinery used exclusively in production of non-alcoholic drinks. • Investment tax credit of 15% over 3 years on new plant and machinery (excluding motor cars) is extended up to 30 June 2026. • Unrelieved tax credit may be carried forward over 10 years. | <p>YOA commencing 1 July 2023</p> <p>Gazette date</p> <p>Gazette date</p> <p>Gazette date</p> |
| <p>Introduction of TDS on payments made;</p> <ul style="list-style-type: none"> • Introduction of TDS on payments made to Interior Decorator/Designer – 5% • Exemption from TDS on fees paid to Management companies and Investment advisor licensed by FSC. | <p>Gazette date</p> |

Corporate tax

| Key measures | Effective Date |
|---|---|
| <p data-bbox="111 379 932 415">Tax exemption on interest income extended to</p> <ul data-bbox="111 434 1549 615" style="list-style-type: none"><li data-bbox="111 434 1549 515">- Bonds, debentures or sukuks to finance renewable energy projects approved by the MRA; and<li data-bbox="111 534 1549 615">- Sustainability bonds or sustainability-linked bond relating to qualifying sustainable, social and environmental projects. | <p data-bbox="1682 434 1897 469">Gazette date</p> |

Personal Tax



Personal Tax

| Key measures | Effective Date |
|--|---|
| <p>Introduction of progressive tax system</p> <ul style="list-style-type: none"> All income will be taxed incrementally i.e. the chargeable income will be divided into different brackets. Each bracket will have a specific tax rate starting at 0% and will be capped at a maximum of 20% as detailed in Table 1 of the Appendix. | <p>Income Year commencing 1 July 2023</p> |
| <p>Solidarity Levy</p> <ul style="list-style-type: none"> Solidarity levy imposed on individuals earning a leviabile income of more than MUR 3 Million has been abolished. Employers are no longer required to deduct PAYE for solidarity levy as from 01 July 2023. | <p>Income Year commencing 1 July 2023</p> |
| <p>Income Exemption Thresholds (IET)</p> <ul style="list-style-type: none"> The IET of MUR 325,000 granted to a taxpayer in respect of self has been replaced by a tax rate of 0% applicable on the first MUR 390,000 of chargeable income. IET for categories B, C, D and E have been replaced by deduction for dependents as detailed in Table 3 of the Appendix. | <p>Income Year commencing 1 July 2023</p> |

Personal Tax

| Key measures | Effective Date |
|---|---|
| <p>Relief for adoption of animals</p> <ul style="list-style-type: none"> A deduction of MUR 10,000 will be available for individuals adopting animals from registered NGOs. The deduction will be applicable for each animal adopted up to MUR 30,000 per income year. The other personal reliefs, deductions and allowances have remained unchanged and detailed in Table 5 of the Appendix. | <p>Income Year commencing 1 July 2023</p> |
| <p>Exempt employee</p> <ul style="list-style-type: none"> No PAYE is required to be deducted from the monthly emoluments of an employee where such emoluments do not exceed MUR30,000 except where the emoluments constitute of fees payable to a company director or a member of a Board, Council, Commission, Committee of a statutory body. In such case, PAYE is applicable at a flat rate of 15% or 20% at the option of the director or member. | <p>Income Year commencing 1 July 2023</p> |
| <p>Income Tax Exemption on interest income extended to:</p> <ul style="list-style-type: none"> Bonds, debentures or sukuks to finance renewable energy projects approved by the MRA; Sustainability bonds or sustainability-linked bond relating to qualifying sustainable, social and environmental projects. | <p>Gazette date</p> |

Value Added Tax



Value Added Tax

| Key measures | Effective Date |
|--|--|
| <p>Special Levy on Banks</p> <ul style="list-style-type: none"> Alignment of special levy to 5.5% on leviable income for all banks irrespective of level of operating income. | Accounting period starting as from 1 July 2023 |
| <p>VAT Refund</p> <ul style="list-style-type: none"> Limit for cost of construction of MUR 3 Million for VAT refund on residential building, house or apartment re-introduced. Name, address and NIC number of purchaser to be specified, upon request by purchaser, on invoices issued by VAT registered persons. | <p>1 September 2023</p> <p>Gazette date</p> |
| <p>VAT Exemption</p> <ul style="list-style-type: none"> Event organisers now exempt from payment of VAT on accommodation costs instead of being eligible for VAT refund. VAT refund to be claimed for qualifying events ending before 30 September 2023 where no application for refund has been made as at 30 September 2023. Exemption on construction of a purpose-build building for the provision of tertiary education now extended to primary and secondary education. | <p>1 October 2023</p> <p>Gazette date</p> |

Value Added Tax

| Key measures | Effective Date |
|--|----------------|
| <p>Transfer of VAT exempt purpose-built building</p> <ul style="list-style-type: none">• Persons engaged in construction of building for activities listed in Investment certificate or for provision of primary, secondary or tertiary education to inform MRA where building is no longer used for the specified purpose or is sold before the end of the nineteenth year following completion of the building. | 5 August 2021 |
| <p>Credit for input tax for voluntarily registered persons</p> <ul style="list-style-type: none">• Credit for input tax to be claimed on goods and services acquired as from date of VAT registration. | Gazette date |



Tax Administration

Tax Administration

| Key measures | Effective Date |
|--|----------------|
| <p>Tax Arrears Settlement Scheme (TASS)</p> <ul style="list-style-type: none"> • Taxpayers registering under TASS by 31 December 2023 will benefit from full waiver of penalties and interest of tax arrears due as at 2 June 2023 under the Income Tax Act, the VAT Act and the Gambling Regulatory Authority Act provided the arrears are paid in full by 31 March 2024. • Taxpayers having assessments pending before the Assessment Review Committee, the Supreme Court or Judicial Committee of the Privy Council as at 2 June 2023 may take advantage of full waiver of penalties and interests under TASS by withdrawing the case before these institutions. | Gazette date |
| <p>Waiver of COVID-19 levy</p> <ul style="list-style-type: none"> • All outstanding debts of the COVID-19 levy as at 20 January 2023 inclusive of penalties and interest will be written off. | Gazette date |
| <p>Appointment of Technical Experts</p> <ul style="list-style-type: none"> • The MRA may retain the services of an expert in a technical field or the services of a specialized agency to determine the tax liability of a taxpayer. | Gazette date |

Tax Administration

| Key measures | Effective Date |
|--|---------------------|
| <p>Power to require information by MRA</p> <ul style="list-style-type: none"> • Provisions of the Information and Communication Technologies Act and the Data Protection Act will not apply to information requested by MRA under Section 123 of the Income Tax Act. • The MRA may also require additional information from any person if a payment has wrongly been credited in a bank account. | <p>Gazette date</p> |
| <p>Protected Cell Company (PCC) and Variable Capital Company (VCC)</p> <ul style="list-style-type: none"> • Where a PCC has made an election to present financial statements in respect of each of its cells, the MRA will not recover income tax due by a cell from the cellular /non-cellular assets of the PCC except where such assets are directly attributable to that cell of the PCC. • Likewise, each sub-fund or special purpose vehicle of a VCC will be treated as a separate entity for the purpose of recovery of income tax. | <p>Gazette date</p> |

Tax Administration

| Key measures | Effective Date |
|--|---------------------|
| <p>Statement of Financial transactions by virtual asset service provider and issuer of initial token offerings</p> <ul style="list-style-type: none"> • An annual disclosure to the MRA, on or before 15 August, in relation to a transaction made by: <ul style="list-style-type: none"> - an individual, a société or succession exceeding MUR 250,000 or transactions exceeding MUR2 Million in aggregate in the preceding year; or - a company exceeding MUR 500,000 or transactions exceeding MUR4 Million in aggregate in the preceding year. | <p>Gazette date</p> |
| <p>Land Transfer Tax - Waiver of penalty and interest</p> <ul style="list-style-type: none"> • Waiver of penalty and interest unpaid as at 31 May 2023 where the land transfer tax is payable by 31 March 2024 and the person withdraws or formally undertake to withdraw any objection before the Registrar General, Assessment Review Committee, appeal to the Judicial Committee of the Privy Council. | <p>Gazette date</p> |



Others

Others

| Key measures | Effective Date |
|---|----------------------|
| Acquisition of Immovable Property by non citizens | |
| <p>Acquisition of immovable property outside existing schemes</p> <ul style="list-style-type: none"> • Non citizens who are resident in Mauritius will be allowed to acquired a residential property outside of existing schemes (such as smart city scheme and property development scheme), subject to conditions including <ul style="list-style-type: none"> - payment of an additional registration duty of 10% - the purchase price is not less than USD 500,000 or its equivalent | Gazette date |
| <p>Sustainable City Scheme</p> <ul style="list-style-type: none"> • Non citizens will be allowed to acquire residential property in a sustainable city • The non citizen and his family will be granted a Resident Permit on acquisition of property of a minimum price of USD 375,000 under the Sustainable City Scheme | Date of proclamation |
| Resident Permit | |
| <p>Property Development Scheme (PDS) Project relating to Senior Living</p> <ul style="list-style-type: none"> • Non citizens will be given Residence Permit on acquisition of a property in a PDS relating to a senior living provided that: <ul style="list-style-type: none"> - the acquisition price exceeds USD 200,000; and - the non-citizen is aged above 50 years old | 27 April 2019 |

Others

| Key measures | Effective Date |
|---|----------------|
| Occupation Permit (OP) | |
| Professional OP <ul style="list-style-type: none"> Monthly salary threshold for Professional OP reduced from MUR 60,000 to MUR 30,000. | 01 August 2023 |
| Young Professional OP <ul style="list-style-type: none"> The Young Professional OP will be opened to all fields of study. | Gazette date |
| Investor OP <ul style="list-style-type: none"> The non citizen will be allowed to submit a written undertaking to transfer the minimum amount of USD 50,000 or USD 25,000 from his foreign bank account to his Mauritius bank account within 60 days of the issuance of the OP. | 01 August 2023 |
| Self employed OP <ul style="list-style-type: none"> The non citizen will be allowed to submit a written undertaking to transfer the minimum amount of USD 35,000 from his foreign bank account to his Mauritius bank account within 60 days of the issuance of the OP. | 01 August 2023 |

Others

| Key measures | Effective Date |
|---|----------------|
| <p>Home Ownership Scheme (HOS) & Home Loan Payment Scheme (HLPS)</p> <ul style="list-style-type: none"> • 5% refund under HOS & HLPS have been extended until 30 June 2024. • The total aggregate amount payable to a person under the HOS will not exceed MUR 500,000 for property acquired during 12 June 2021 to 30 June 2023, or after 30 June 2023. | Gazette date |
| <p>Transfer of shares in company holding immovable property</p> <ul style="list-style-type: none"> • Currently, registration duty and land transfer tax arising on transfer of shares in a company holding immovable property is the lower of <ul style="list-style-type: none"> - Value of the shares transferred; or - The open market value of the immovable property comprised in the assets of the company. • Moreover, where the value of the shares in such a company exceeds MUR 200,000, the transferor need to submit a certificate from a professional accountant as to the value of the shares transferred. • The registration duty and land transfer tax shall now be levied on the value in the deed or certificate from the professional accountant, whichever is higher. | Gazette date |
| <p>Housing Loan Relief Scheme</p> <ul style="list-style-type: none"> • An allowance of MUR 1,000 will be payable to individuals who have a secured housing loan not exceeding MUR 5 Million. An application will have to be made with the MRA. | Gazette date |

Others

| Key measures | Effective Date |
|--|---------------------|
| <p>Premium Investor Certificate</p> <ul style="list-style-type: none">• The Premium Investor Certificate (PIC) was introduced in 2021 and is granted where the project<ul style="list-style-type: none">(a) Relates to the manufacture of<ul style="list-style-type: none">(i) pharmaceuticals; or(ii) medical devices; or(b) involves a minimum investment of MUR 500 million in –<ul style="list-style-type: none">(i) emerging sectors;(ii) pioneering industries and first movers;(iii) innovative technologies and industries; or(iv) such targeted economic activities as the Minister may approve• The PIC holder is allowed to negotiate incentives with the EDB.• The PIC will be extended to entities engaged in manufacture of materials for renewable energy technologies. | <p>Gazette date</p> |

Others

| Key measures | Effective Date |
|--|---------------------|
| <p>Premium Investor Certificate</p> <ul style="list-style-type: none"> • The PIC will be extended for projects with minimum investment of MUR 500 million in <ul style="list-style-type: none"> - the acquisition or taking over of the whole or part of a Government undertaking - the acquisition of more than 50 per cent of the shareholding held by Government in a company; - a project implemented under an appropriate Environmental, Social and Governance (ESG) framework and having met a minimum ESG score as certified by a recognised rating agency. | <p>Gazette date</p> |
| <p>Variable Capital Company</p> <ul style="list-style-type: none"> • A Variable Capital Company (VCC) will be allowed to operate as: <ul style="list-style-type: none"> - A VCC Fund. - Family Office through a special purpose vehicle. - Such other activity as may be prescribed. • No other company shall be allowed to operate as a VCC. | <p>Gazette date</p> |

Others

| Key measures | Effective Date |
|--|-----------------|
| <p>Women Empowerment</p> <ul style="list-style-type: none"> The Companies Act will be amended to provide that listed companies shall have a minimum of 25% of women on their boards. | 01 January 2024 |
| <p>Mandatory Childcare Facilities</p> <ul style="list-style-type: none"> The Worker's Rights Act will be amended such that employers who employ more than 250 employees, shall provide childcare facilities, free of charge to their employees on the premises of the workplace or within a distance of one kilometre from the workplace for their children, if any, aged not more than 3 years. | Gazette date |
| <p>Annual rental fee of State Land</p> <ul style="list-style-type: none"> Payment facility for payment of annual rental fee where the entity is facing financial difficulty, subject to successful application. Reduction in annual rental fee, subject to successful application. | Gazette date |
| <p>Negative Excise duty Scheme</p> <ul style="list-style-type: none"> Refund of 10% (up to a maximum of MUR 200,000) of the value at importation of electric motor car or electric motor vehicle for transport of goods, extended up to 30 June 2024. | 01 July 2022 |

Appendix

Tax Rate Card

This Tax Rate Card is based on current tax legislation as updated by the measures set out in the Finance Bill 2023 and is subject to the Finance Act 2023.

| Table 1: New Tax Band Rate | |
|----------------------------|--------------------------------|
| Year of Assessment | 2023/2024 |
| Income year | 1 July 2023 to 30 June 2024 |
| Chargeable income | Rate of income tax |
| First MUR390,000 | 0% |
| Next MUR40,000 | 2% |
| Next MUR40,000 | 4% |
| Next MUR60,000 | 6% |
| Next MUR60,000 | 8% |
| Next MUR300,000 | 10% |
| Next MUR300,000 | 12% |
| Next MUR300,000 | 14% |
| Next MUR400,000 | 16% |
| Next MUR500,000 | 18% |
| Remainder | 20% |

| Table 2: Previous Tax Band Rate | |
|--|--------------------------------|
| Year of Assessment | 2022/2023 |
| Income year | 1 July 2022 to 30 June 2023 |
| An individual having an annual net income: | Rate of income tax |
| Not exceeding MUR700,000 | 10% |
| Between MUR700,000 and MUR975,000 | 12.5% |
| Exceeding MUR975,000 | 15% |

Tax Rate Card (cont.)

This Tax Rate Card is based on current tax legislation as updated by the measures set out in the Finance Bill 2023 and is subject to the Finance Act 2023.

| Table 3: Deduction for dependents (Now) | |
|--|--------------------------------|
| Year of Assessment | 2023/2024 |
| Income year | 1 July 2023 to 30 June 2024 |
| Dependent | MUR |
| Self | Not applicable |
| One dependent | 110,000 |
| Two dependents | 190,000 |
| Three dependents | 275,000 |
| Four or more dependents | 355,000 |

| Table 4: Income Exemption Threshold (Previously) | |
|---|--------------------------------|
| Year of Assessment | 2023/2024 |
| Income year | 1 July 2023 to 30 June 2024 |
| Individual | MUR |
| Category A | 325,000 |
| Category B | 435,000 |
| Category C | 515,000 |
| Category D | 600,000 |
| Category E | 680,000 |

Tax Rate Card (cont.)

This Tax Rate Card is based on current tax legislation as updated by the measures set out in the Finance Bill 2023 and is subject to the Finance Act 2023.

| Table 5: Personal Reliefs and Deductions | | |
|---|-----------------------------|-----------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| Tuition fee deduction (per dependent child) [Note 1] | MUR500,000 | MUR500,000 |
| Lump sum received as commutation of pension and retiring allowance [Note 2] | MUR2.5 Million | MUR2.5 Million |

Notes

1. An individual is entitled to a deduction of MUR 500,000, irrespective of the place of study and total income of the household and it covers both undergraduate and post-graduate courses.
2. The exemption threshold on lump sum has remained same as last year. The lump sum relates to severance allowance, pension or retiring allowance.
3. The relief of MUR 10,000 is per animal adopted. The relief cannot exceed MUR 30,000 per income year.

| Table 5: Personal Reliefs and Deductions (Cont'd) | | |
|---|-----------------------------|-----------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| Relief for Medical insurance premium or contribution | | |
| Self and one dependent | MUR25,000 for each | MUR25,000 for each |
| Each other dependent | MUR20,000 | MUR20,000 |
| Additional deduction on | | |
| Contribution to personal pension scheme | MUR50,000 | MUR50,000 |
| Donations made to an approved charitable institutions | MUR50,000 | MUR50,000 |
| Adoption of animals from registered NGOs [Note 3] | MUR10,000 | - |

Tax Rate Card (cont.)

This Tax Rate Card is based on current tax legislation as updated by the measures set out in the Finance Bill 2023 and is subject to the Finance Act 2023.

| Table 6: Solidarity Levy | | |
|---|--------------------------------|--|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| Chargeable income plus local dividends in excess of MUR 3 Million | Abolished | 25% on leviabie income exceeding MUR3 Million (capped at 10% of net income including local dividend) |

Income Tax Computation – Simulation 1

| Income Tax Computation – Simulation 1 | | |
|---|--------------------------------|--------------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| | MUR | MUR |
| Annual Salary | 975,000 | 975,000 |
| Petrol Allowance | 240,000 | 240,000 |
| Total Income | 1,215,000 | 1,215,000 |
| Less Exempt Income [See assumption 1] | (240,000) | (240,000) |
| Total Net Income | 975,000 | 975,000 |
| Less Personal Reliefs and Deductions: | | |
| Deduction for dependents/IET [See assumption 2] | (190,000) | (515,000) |
| Other Reliefs [Working 1] | (230,000) | (200,000) |
| Chargeable Income | 555,000 | 260,000 |
| Tax Liability [Working 2] | 8,000 | 32,500 |
| CSG | 29,250 | 29,250 |
| Total tax and contributions payable | 37,250 | 61,750 |
| Disposal Income | 1,177,750 | 1,153,250 |
| Decrease in tax | (24,500) | - |
| Effective Tax Rate | 3.82% | 6.33% |

Income Tax Computation – Simulation 1 (cont.)

| Working 1 – Other Reliefs | | |
|---|--------------------------------|--------------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| | MUR | MUR |
| Relief for medical insurance contribution [See assumption 3] | 70,000 | 70,000 |
| Relief for the wages paid during a year to household employees [See assumption 4] | 30,000 | 30,000 |
| Relief for Donations made to a charitable institution donation [See assumption 5] | 50,000 | 50,000 |
| Relief for personal pension scheme [See assumption 5] | 50,000 | 50,000 |
| Relief for adoption of animals from registered NGOs [See assumption 6] | 30,000 | - |
| Total Other Reliefs | 230,000 | 200,000 |

| Working 2 – Tax Liability | | |
|-----------------------------|--------------------------------|--------------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| | MUR | MUR |
| Chargeable income | 555,000 | 260,000 |
| First MUR390,000 at 0% | 0 | Taxed at 12.5% |
| Next MUR40,000 at 2% | 800 | |
| Next MUR40,000 at 4% | 1,600 | |
| Next MUR60,000 at 6% | 3,600 | |
| Remainder [MUR25,000] at 8% | 2,000 | |
| Tax liability | 8,000 | 32,500 |

Income Tax Computation – Simulation 1 (cont.)

Income Tax Computation is based on the following assumptions:

1. Actual petrol or travelling allowance paid or 25% of the monthly basic salary up to a maximum of MUR 20,000, whichever is 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.
2. Individual married with two dependents, claiming deductions for only the two dependent children.
3. Claiming relief for medical insurance contribution for the two dependents (MUR 25,000 each for self and first dependent and MUR 20,000 for the second dependent).
4. Wages of MUR 50,000 paid during the year to household employees (relief available up to MUR 30,000, provided compliance with social security contributions).
5. Maximum deductions are MUR 50,000 each for donations and pension scheme.
6. Maximum deduction is MUR 30,000 for adopted animals.

Income Tax Computation – Simulation 2

| Income Tax Computation – Simulation 2 | | |
|--|--------------------------------|--------------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| | MUR | MUR |
| Annual Salary | 5,000,000 | 5,000,000 |
| Petrol Allowance | 240,000 | 240,000 |
| Dividend income | 500,000 | 500,000 |
| Total Income | 5,740,000 | 5,740,000 |
| Less Exempt Income | (240,000) | (240,000) |
| Dividend income | (500,000) | (500,000) |
| Total Net Income | 5,000,000 | 5,000,000 |
| Less Personal Reliefs and Deductions: | | |
| Deduction for dependents / IET | (190,000) | (515,000) |
| Other Reliefs [same as per Simulation 1] | (230,000) | (200,000) |
| Chargeable Income | 4,580,000 | 4,285,000 |
| Tax Liability [Working 1] | 710,800 | 642,750 |
| Solidarity Levy [Working 2] | - | 446,250 |
| CSG | 150,000 | 150,000 |
| Total tax and contributions payable | 860,800 | 1,239,000 |
| Disposal Income | 4,879,200 | 4,501,000 |
| Decrease in tax | (378,200) | |
| Effective Tax Rate | 17.22% | 24.78% |

Income Tax Computation – Simulation 2 (cont.)

| Working 1 – Tax Liability | | |
|---------------------------------|--------------------------------|-----------------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| | MUR | MUR |
| Chargeable income | 4,580,000 | 4,285,000 |
| First MUR390,000 | 0 | Taxed at 15% |
| Next MUR40,000 at 2% | 800 | |
| Next MUR40,000 at 4% | 1,600 | |
| Next MUR60,000 at 6% | 3,600 | |
| Next MUR60,000 at 8% | 4,800 | |
| Next MUR300,000 at 10% | 30,000 | |
| Next MUR300,000 at 12% | 36,000 | |
| Next MUR300,000 at 14% | 42,000 | |
| Next MUR400,000 at 16% | 64,000 | |
| Next MUR500,000 at 18% | 90,000 | |
| Remainder [MUR2,190,000] at 20% | 438,000 | |
| Tax liability | 710,800 | |

| Working 2 – Solidarity Levy | | |
|--|-----------------------------------|-----------------------------------|
| Year of Assessment | 2023/2024 | 2022/2023 |
| Income year | 1 July 2023 to 30 June 2024 | 1 July 2022 to 30 June 2023 |
| | MUR | MUR |
| Lower of | | |
| 10% of net income including dividend | - | 550,000 |
| 25% of leviable income in excess of MUR3 million | - | 446,250 |
| Solidarity Levy | - | 446,250 |

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The above information has been extracted from the Mauritius Finance Bill 2023. The Finance Bill 2023 has been released for consultation on 07 July 2023 and may be amended significantly before enactment. The content of this summary is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. In such cases, specialist advice should be taken.

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