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flash Alert

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Mauritius – New Fiscal Year but No Tax Increases in Budget

by KPMG Tax Services Ltd., Mauritius (KPMG in Mauritius KPMG International member firm)

In This Issue:

* Change in Fiscal Year
* Personal Income Exemption Thresholds
* Deductions/ Reliefs/ Exemptions
* Returning Resident Professionals
* Solar Investment Allowance
* Donation of Basic Retirement Pension
* Next Steps

The newly elected Mauritian government presented a "No Tax" budget for 2015-2016 on 23 March 2015.[1] The key measures relating to personal taxation are: the change in the fiscal year, the increase in the income exemption threshold, an income tax holiday for returning Mauritian professionals, and increases in reliefs and deductions available to individuals. The personal income tax rate has remained unchanged at a flat rate of 15 percent.

Why This Matters

International assignment program managers should be aware of the change in the fiscal year and its impact on tax return completion/filing since this will affect assignees as well as their tax service providers.

Although the tax changes were minor, they may nonetheless affect cost projections for future assignees and budgeting for international assignments to Mauritius and from Mauritius where the assignee will be subject to Mauritian taxation. Moreover, employers should take note in cases where they are required to withhold and remit the correct amount of employment taxes to the tax authorities.

Finally, the budget provides for advantageous measures for returning Mauritian professionals working abroad and having more than 10 years' experience.

For a complete analysis of the Budget, see "Mauritius 2015/16" a publication of the KPMG International member firm in Mauritius.

Change in Fiscal Year

The fiscal year in Mauritius has changed from the calendar year to a year end of 30 June. Therefore, for 2015, there will be a transitional period of six months, i.e., 1 January 2015 to 30 June 2015. Individuals will be required to file two separate personal tax returns in 2015 as follows:

Income period	Manual filing due date	Electronic filing due date
1 January 2014 to 31 December 2014	30 March 2015	15 April 2015
1 January 2015 to 30 June 2015	30 September 2015	15 October 2015

Personal Income Exemption Thresholds

The personal income exemption threshold for resident individual taxpayers has been increased by MUR 10,000 and will take effect from YA 2016/2017 as shown below.

Year of Assessment	**2015**	**2015/2016**	**2016/2017**
Period Ended	**12 months to 31.12.14**	**6 months to 30.06.15**	**12 months to 30.06.16**
	MUR	**MUR**	**MUR**
Category A (1) – Individual with no dependent	275,000	137,500	285,000
Category B (2) – Individual with one dependent	385,000	192,500	395,000
Category C (3) – Individual with two dependents	445,000	222,500	455,000
Category D (4) – Individual with three dependents	485,000	242,500	495,000
Category E (5) – Retired/Disabled person with no dependent	325,000	162,500	335,000
Category F (6) – Retired/Disabled person with one dependent	435,000	217,500	445,000

MUR 1 = EUR 0.025; MUR 1 = USD 0.028; MUR 1 = INR 1.72

Deductions/ Reliefs/ Exemptions

Deductions/ reliefs/ exemptions available to individuals have been set as shown below.

Year of Assessment	**2015**	**2015/2016**	**2016/2017**
Period Ended	**12 months to 31.12.14**	**6 months to 30.06.15**	**12 months to 30.06.16**
Relief for interest on secured housing loans[1]	MUR 120,000 p.a. Limited to 5 years	MUR 60,000 Limited to 5 years	Full deduction for interest paid Loan period
Exemption in respect of dependent child pursuing an undergraduate course[2]	MUR 80,000 (in Mauritius) or MUR 125,000 (outside Mauritius) 3 years	MUR 40,000 (in Mauritius) or MUR 62,500 (outside Mauritius) 3 years	MUR 135,000 (in or outside Mauritius) 6 years
Lump sum received as commutation of pension and retiring allowance	MUR 1.5 million	MUR 0.75 million	MUR 2 million

1) Previously, relief for secured housing loans was restricted to MUR 120,000 per annum and limited to five consecutive years. As from YA 2016/17, relief can be claimed on the full amount on interest incurred and for the full duration of the loan period.

2) Previously restricted to three years at the rates shown above; this has been changed to six years with a maximum deduction of MUR 135,000.

Returning Resident Professionals

Mauritian professionals who have a minimum 10 years' experience working abroad and are returning to Mauritius will be exempt from income tax for a period of 10 years on their worldwide income.

- All Mauritian adults holding Mauritian passports as well as their children, whether they have a Mauritian passport or not, are eligible to apply.
- No PAYE should be withheld by employers on emoluments paid to returning professionals for the 10-year period.
- Exemption of up to MUR 2 million on customs duties on purchases of motor cars in Mauritius or abroad.
- No VAT or customs duties on repatriation of personal belongings.

Solar Energy Investment Allowance

Costs incurred on solar energy units can be claimed as a deduction from individuals' taxable income.

Donation of Basic Retirement Pension

Senior citizens will be exempted from income tax on their basic retirement pension withdrawals/pay-outs if they elect to donate their pension income in full to an approved charitable institution or an approved foundation.

Next Steps

The budget measures are currently being debated in Parliament prior to the Finance Bill being issued.

The Bill is expected to be introduced in Parliament on 17 April 2015. It is expected that the Finance Act will be enacted by end of the month.

Footnote:

1 See the budget speech and related documents on the Web site for the Ministry of Finance and Economic Development at: http://mof.govmu.org/English/Pages/default.aspx.

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For further information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in Mauritius:

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6 – 8 October 2015: Save The Date!

KPMG's Global Mobility Forum in Rome!

Deploying Talent in the Borderless Economy

If you think it's become easier to deploy talent in the global economy, it's time to reconsider. The trend toward stricter immigration regulation defies the borderless economy. Taxes present significant hurdles to the free movement of employees across geographies. The diversity of labor laws complicates decisions with respect to benefit plan offerings and participation in the cross-border environment. The cost of compliance has never been higher . . . and it's rising.

Please 'Save the Date' in your calendar today and join us in Rome at KPMG's Global Mobility Forum to discuss the challenges of deploying talent in the borderless economy. Gain the insight of industry leaders who have shaped the responses of leading organizations to the reality of today's global economy and learn how they are planning for an ever-changing, more complex future.

Venue: Rome Cavalieri Hotel, Rome Italy

For further information please contact your local KPMG People Services or Global Mobility Services representative.

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