



# Mauritius

## Fiscal Guide 2015/2016

**Tax**



INTRODUCTION

# Mauritius

## Fiscal Guide

### 2015/2016



## Income tax

### Business income

Mauritian residents are taxed on their worldwide income whereas non-residents are taxed on their Mauritian-sourced income.

### Tax year

The tax year is from 1 July to 30 June. Individuals shall file a tax return on or before 30 September following the tax year end. Where returns are filed electronically, the individual has up to 15 October to file his tax return and pay any tax.

### Rates

Resident companies	
Corporation income tax	
General	15%
Category 1 Global Business Licence Companies (GBC1)	15% (maximum effective tax rate is 3% on foreign source income)
Foundation	15%, may qualify as exempt from income tax provided certain conditions are met
Trust	15%, may qualify as exempt from income tax provided certain conditions are met
Limited partnership	15%, may qualify as exempt from income tax provided certain conditions are met
Dividends	Foreign dividend is taxed as ordinary income, subject to availability of exemptions and foreign tax credits Dividend from Mauritius is exempt from tax
Interest	Taxed as ordinary income, subject to availability of exemptions and foreign tax credits
Royalties	Taxed as ordinary income, subject to availability of foreign tax credits
Fees	Taxed as ordinary income, subject to availability of foreign tax credits

Resident individuals	
Income tax	15%
Dividends	Foreign dividend is taxed as ordinary income, subject to availability of exemptions and foreign tax credits Dividend from Mauritius is exempt from tax
Interest	Taxed as ordinary income, subject to availability of exemptions and foreign tax credits
Royalties	Taxed as ordinary income, subject to availability of foreign tax credits
Fees	Taxed as ordinary income, subject to availability of foreign tax credits



Non-resident	
Individual income tax	15%
Dividends	Exempt
Interest	Taxed as ordinary income. Interest paid by GBC1 out of foreign source income is exempt. Interest paid by a bank holding a banking licence under the Banking Act out of income derived from non-residents and corporations holding a Global Business Licence under the Financial Services Act is exempt.
Royalties	Taxed as ordinary income. Royalties paid by GBC1 out of foreign source income is exempt. Royalties paid by a bank holding a banking licence under the Banking Act out of income derived from non-residents and corporations holding a Global Business Licence under the Financial Services Act is exempt.
Fees	
Directors' fees	Taxed at 15%
Consultancy fees	Taxed at 15%

The above tax rates and tax treatment are subject to any double taxation agreement between Mauritius and the foreign country where the payee is resident.

#### Amendments brought to the Income Tax Act 1995

Below are the amendments brought to the Income Tax Act 1995 following the Budget 2015:

- Effective from 14 May 2015, basic retirement pension is exempt from income tax where the person has made a request under section 3 of the National Pensions Act;
- Effective from 14 May 2015, income derived by a person engaged in a bio-farming project duly approved by the Food and Agricultural Research and Extension Institute or by the Commission responsible for the subject of agriculture of the Rodrigues Regional Assembly, is exempt from income tax during 8 succeeding income years as from the income year in which the person starts his activities;
- Effective from 14 May 2015, qualifying small companies would be exempt from income tax for a period not exceeding 8 succeeding years from the income year immediately ending after 1 July 2015 or from the income year in which the small company starts its activity, whichever is the later.
- The time limit for the Mauritius Revenue Authority to raise a tax assessment has reduced from 4 to 3 years preceding the year of assessment in which a return is made.

#### Tax Deduction at Source ("TDS")

TDS is levied on the following payments at the applicable rates upon these payments being made available to the payees:

Interest payable to non-resident by any person other than a bank or non-bank deposit taking institution under the Banking Act 2004: <sup>1</sup>	15%
Royalties <sup>1,2</sup>	10%- Resident 15%- Non-Resident
Rent	5%

<sup>1</sup>Where interest and royalties are payable to a non-resident, the rate of tax deducted at source shall be the lower of the above specified respective rate or the rate specified under any arrangement for relief from double taxation which is in force between Mauritius and the foreign country where the payee is resident

<sup>2</sup>15% for non-residents and 10% for residents.

### Tax Deduction at Source ("TDS") (continued)

Payment to contractors and sub-contractors	0.75%
Payments to resident providers of services <sup>3</sup>	3%
Payment made by Ministry, Government department, local authority, statutory body or the Rodrigues Regional Assembly on contracts, other than payments to contractors and subcontractors and payments to providers of services other than resident providers of services above qualifying for the 3% TDS:	
a) For the procurement of goods and services under a single contract, where the payment exceeds MUR300 000;	a) 1%
b) For the procurement of goods under a contract, where the payment exceeds MUR100 000; or	b) 1%
c) For the procurement of services under a contract, other than telephone, postal, air travel and hotel services, where the payment exceeds MUR30 000.	c) 3%
Payments made to the owner of an immovable property or his agent	5%
Payments made to a non-resident for any services rendered in Mauritius <sup>4</sup>	10%

<sup>3</sup>The services are restricted to architect, attorney/solicitor, barrister, engineer, land surveyor, legal consultant, medical service provider, project manager in the construction industry, property valuer and quantity surveyor.

<sup>4</sup>Payments made to a non-resident for services rendered in Mauritius may also be subject to a lower rate of tax deducted at source or may be exempt from income tax by virtue of any other enactment or any arrangement for relief from double taxation.

### Annual allowance

Annual allowances are available on qualifying capital expenditure incurred exclusively in the production of gross income.

Accelerated annual allowance may be claimed in respect of qualifying capital expenditure incurred during income years 2013 to 2018.

### Tax losses

The time limit to carry forward any unrelieved tax loss, applicable both to individuals and companies, is 5 years.

However, the time limit of 5 years does not apply for the carry forward of any amount of tax loss which is attributable to annual allowance claimed in respect of capital expenditure incurred on or after 1 July 2006.

In the case where there has been a change in ownership of 50% or more, any unrelieved tax loss shall not be allowed.

### Corporate Social Responsibility ("CSR")

Every company shall, in every year, set up a CSR Fund equivalent to 2% of its chargeable income derived during the preceding year to implement a CSR Programme in accordance with its own CSR framework.

The objects of the CSR Programme should fall within the following areas:

- Alleviation of poverty;
- Relief of sickness or disability;
- Advancement of education of vulnerable persons; or
- Promotion of any other public object beneficial to the Mauritian Community.

## Corporate Social Responsibility ("CSR") (continued)

Where the amount paid out of the CSR Fund is less than the amount provided under the Fund, the difference must be paid to the Mauritius Revenue Authority at the time the company submits its annual tax return.

Effective from 22 December 2012, companies may spend up to 20% more than their statutory CSR obligation in any year but not more than two consecutive years and their excess CSR spending may then be offset in five equal consecutive annual instalments against their future CSR liability. Up to 20% of the CSR liability may be carried forward to the following year.

Companies exempt from CSR include:

- A company holding a Category 1 Global Business Licence ("GBL1") under the Financial Services Act;
- A bank holding a banking licence under the Banking Act 2004, in respect of income derived from its banking transactions with;
- Non-residents; and
- Corporations holding a GBL1 under the Financial Services Act.
- An Integrated Resort Scheme ("IRS") company referred to in the Investment Promotion (Real Estate Development Scheme) Regulations 2007; and
- A non-resident société, a foundation, a trust or a trustee of a unit trust scheme.

## Capital gains tax

There is no capital gains tax in Mauritius.

## Transfer pricing and thin capitalisation rules

Mauritius does not have transfer pricing regulations. However, the Income Tax Act 1995 ("ITA") provides that transactions between related parties should be at arm's length.

Mauritius does not have thin capitalisation rules. However the ITA provides that the Director-General may disallow interest expense payable or paid to shareholders under certain conditions.

## Inheritances and donations

There is no estate duty in Mauritius.

## Transaction taxes

The basic rate of Value Added Tax ("VAT") is 15%. Certain goods and services are subject to VAT at zero rate and certain goods and services are exempt from VAT.

Effective from 14 May 2015, the time limit to claim credit for any input tax which has not been taken in the taxable period in which it ought to have been taken has increased from 24 months to 36 months.

As from 1 July 2015, the threshold of annual turnover of taxable supplies for compulsory VAT registration has increased from MUR 4 million to MUR 6 million.

## Stamp and transfer duties

Registration duty is applicable on each deed presented for registration to the Registrar General. A duty of 5% is levied on issue of shares or share transfers of a company which includes in its assets any freehold or leasehold property, while 20% is charged when a company has leasehold rights in state land. No duty is payable on the transfer of shares quoted on the Stock Exchange of Mauritius.

Land and transfer taxes are payable on the sale or transfer of immovable property:

Registration duty	5%
Land transfer tax <sup>1</sup>	5%

<sup>1</sup> Land transfer tax is also levied on issue of shares/transfer of shares in companies holding immovable property.

Stamp duty of MUR100 to MUR 1,000 is levied on documents as specified in the Act (Constitution of company or partnership, document witnessing transfer of property, loan agreement, etc.).

### Other taxes

Tax	Rate
Airport Departure Tax –(Domestic passenger service charge)	MUR 1,400 ( for Senior Citizen MUR 500)
Tourist Arrival Tax (non-Mauritian passport holders)	Minimum MUR 300 – MUR 1,400 (depends on country of departure)

Other taxes relating to air tickets are also applicable with variable rates.

### Double tax treaties and reduced rates

Country	Minimum duration to constitute permanent establishment		Maximum tax rates applicable in the State of Source		
	Building site, etc	Furnishing of services	Dividends	Interest (i)	Royalties
Barbados	> 6 months	-	5%	5%	5%
Belgium	> 6 months	-	5% & 10%	10%	Exempt
Botswana	> 6 months	> 6 months*	5% & 10%	12%	12.5%
China	> 12 months	> 12 months**	5%	10%	10%
Congo	> 12 months	> 12 months	0% & 5%	5%	Exempt
Croatia	> 12 months	-	Exempt	Exempt	Exempt
Cyprus	> 12 months	> 9 months*	Exempt	Exempt	Exempt
Egypt	> 6 months	> 6 months	5% & 10%	10%	12%
France	> 6 months	-	5% & 15%	Same rate as under domestic law	15%
Germany	> 12 months	-	5% & 15%	Exempt	10%
Guernsey	> 12 months	> 9 months*	Exempt	Exempt	Exempt
India	> 9 months	-	5% & 15%	Same rate as under domestic law	15%
Italy	> 6 months	-	5% & 15%	Same rate as under domestic law	15%
Kuwait	> 9 months	-	Exempt	Exempt	10%
Lesotho	> 6 months	> 6 months*	10%	10%	10%
Luxembourg	> 6 months	-	5% & 10%	Exempt	Exempt
Madagascar	> 6 months	-	5% & 10%	10%	5%
Malaysia	> 6 months	-	5% & 15%	15%	15%
Malta	> 12 months	> 12 months	Exempt	Exempt	Exempt
Monaco	> 12 months	> 12 months	Exempt	Exempt	Exempt
Mozambique	> 6 months	> 6 months*	8%, 10% & 15%	8%	5%

\*within any 12-month period

\*\*within any 24-month period

## Double tax treaties and reduced rates (continued)

Country	Minimum duration to constitute permanent establishment		Maximum tax rates applicable in the State of Source		
	Building site, etc	Furnishing of services	Dividends	Interest (i)	Royalties
Namibia	> 6 months	> 6 months*	5% & 10%	10%	5%
Nepal	> 6 months	> 6 months*	5%, 10% & 15%	10% & 15%	15%
Oman	> 6 months	-	Exempt	Exempt	Exempt
Pakistan	> 6 months	-	10%	10%	12.5%
People's Republic of Bangladesh	>12 months	> 12 months	10%	Normal rate	Normal rate
Rwanda	> 6 months	> 6 months	10%	10%	10%
Senegal	> 9 months	> 9 months****	Exempt	Exempt	Exempt
Seychelles	> 12 months	> 6 months*	Exempt	Exempt	Exempt
Singapore	> 9 months	-	Exempt	Exempt	Exempt
South Africa (2013)	> 12 months	> 6 months*	5% & 10%	10%	5%
Sri Lanka	> 6 months	> 6 months*	10% & 15%	10%	10%
State of Qatar	> 6 months	> 6 months*	Exempt	Exempt	5%
Swaziland	> 6 months	> 6 months*	7.5%	5%	7.5%
Sweden	> 12 months	-	0% & 15%	Exempt	Exempt
Thailand	> 6 months	> 6 months*	10%	10% & 15%	5% & 15%
Tunisia	> 12 months	-	Exempt	2.5%	2.5%
Uganda	> 6 months	> 4 months*	10%	10%	10%
United Arab Emirates	> 12 months	> 12 months	Exempt	Exempt	Exempt
United Kingdom	> 6 months	-	10% & 15%	Same rate as under domestic law	15%
Zimbabwe	> 6 months	-	10% & 20 %	10%	15%
Zambia	> 9 months	-	5% & 15%	10%	5%

7 treaties await ratification: Gabon, Nigeria, Russia and Morocco

3 treaties await signature: Burkina Faso, Cape Verde and Ghana

\*within any 12-month period

\*\*within any 24-month period

\*\*\*Not yet in force

\*\*\*\*Where interest is taxable at the rate provided in the domestic law of the State of source or at the reduced treaty rate, provision is usually made in the treaty to exempt interest receivable by a Contracting State itself, its local authorities, its Central Bank/all banks carrying on bona fide banking business and any other financial institutions as may be agreed upon by both Contracting States.

Mauritius has entered into Tax Information Exchange Agreements with Australia, Austria, Denmark, Finland, Norway, States of Guernsey, Iceland, US.

A Memorandum of Understanding was also signed between the Mauritius Revenue Authority and the South African Revenue Service concerning Avoidance of Double Taxation and Fiscal Evasion.

## Foreign Account Tax Compliance Act ("FATCA")

FATCA legislations came into force during the year 2012. This is a US legislation that provides for the exchange of information on US persons who hold non-US accounts. The Internal Revenue Service ("IRS") came up with the Inter-Governmental Agreement ("IGA") which outlines the rules applicable to be FATCA compliant.

In order to ensure compliance with the FATCA legislations, the IRS came up with two options – Model A (Whereby the financial institution will report to the competent authority in the country, which will in turn transfer all the reporting to the IRS) and Model B (where the Financial Institution will report directly to the IRS). The IRS also provide for the imposition of a 30% withholding tax to payments made of certain U.S sourced income, in case of non-compliance.

Mauritius has adopted the Method A FATCA IGA, whereby reporting is conducted through the Mauritius Revenue Authority ("MRA") portal. Mauritius adopted the IGA on the 27 December 2013 and the first reporting was for all new accounts (accounts that were opened after the 31 July 2014). The deadline for the reporting was set for 31 July 2015 but was further extended to 31 August 2015. In exceptional cases, with the approval of the MRA, certain institutions were able to file their report up to the 30 September 2015.

For new and pre-existing accounts (Accounts opened prior to 31 July 2014), reporting for the year 2015 (01 January to 31 December 2015) will be by latest the 31 July 2016.

## Common Reporting Standard ("CRS")

CRS was developed by the Organisation for Economic Co-operation and Development ("OECD") during the year 2014. CRS provides for jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis.

Mauritius signed the Competent Authority Agreement in October 2014 and was therefore within the early adopters list.

In addition, Mauritius signed the Convention on Mutual Administrative Assistance on the 23rd June 2015. The Convention came into force on 1 December 2015. Mauritius has also brought changes to its Income Tax Act (section 76) that gives powers to the Director-General of the MRA to require any person to establish, maintain and document such due diligence procedures as he may determine and to provide him with information of a specified description at such time and in such form and manner as he may determine. As such, it was not required to ratify the convention in the local laws.

The first reporting under CRS was expected to be due by the 31 July 2017, for new accounts (accounts opened as from 01 January 2016). However it has been deferred for 31 July 2018.

## Investment information

### Investment rules

Mauritius is committed to develop itself as an international financial and business centre. Foreigners may invest in the local market subject to certain conditions being met.

#### Investment incentives

### General

Under the Investment Promotion Act 2000 the following incentives are available:

- Freeport Operator or Private Freeport Developer licenced under the Freeport Act may be exempt from income tax subject to certain conditions;
- A company engaged in the provision of health services is exempt from income tax for a period not exceeding 5 succeeding income years as from the income year the company starts its operations;
- Income derived from within or outside Mauritius by a member of the Mauritian Diaspora under the Mauritian Diaspora Scheme prescribed under the Investment Promotion Act, during the 10 succeeding income years as from the income year in which he returns to Mauritius is exempt from income tax in Mauritius;
- Foreigners may acquire residential property under The Integrated Resort Scheme and The Real Estate Scheme and become residents of Mauritius subject to certain conditions being met; and

## General (continued)

- The Investment Promotion Act makes provision for the introduction of a Smart City Scheme (SCS) and a Property Development Scheme (PDS). The two new schemes will be administered by the BOI under a new set of Regulations. Government will come up with a clear roadmap and guidelines for the development of these projects that will be prescribed shortly.

## Tax incentives under the Smart City Scheme

A company investing in the development of a smart city and/or its components is exempted from payment of:

- Income Tax** for a period of 8 years from the issue of the SCS Certificate provided that the income is derived from an activity pertaining to the development and sale, rental or management of immovable property other than an activity in respect of the supply of goods and services;
- Value Added Tax** paid on capital goods (building, structure, plant, machinery or equipment);
- Customs duty** on import or purchase of any dutiable goods, other than furniture, to be used in infrastructure works and construction of building within the Scheme;
- Land Transfer Tax and Registration Duty** on transfer of land to a SPV provided that the transferor holds shares in the SPV equivalent to at least the value of the land transferred;
- Land Conversion Tax** in respect of the land area earmarked for the development of non-residential components (office and business parks, ICT and innovation clusters, touristic, leisure and entertainment facilities including hotels and golf courses, renewable energy and green initiatives); and
- Morcellement Tax** for the subdivision of land.

## Captive Insurance Act 2015

Establishment of a framework for the licensing, regulation and supervision of captive insurance business and connected purposes. The Captive Insurance Act 2015 came into operation on 29 January 2016.

Eligible entities under the Captive Insurance Act 2015 would be exempt from income tax for a maximum period of 10 years.

## Exchange controls

There are no exchange controls in Mauritius.

## Occupation permits

Expatriates may apply for and obtain occupation permits valid for a maximum period of 3 years, within 10 working days, provided all information or documents required are submitted. Dependents of these expatriates may apply for a residence permit.

## Occupation permit application fees

Between 3-9 months (short-term work permit)	MUR 10 000
Between 10-24 months	MUR 15 000
Between 15-36 months	MUR 20 000

## Criteria for occupation permits

Investor	Annual turnover exceeding MUR 4 million
Self-employed	Annual income exceeding MUR 600,000 for the first 2 years and MUR 1,200,000 for the last year
Retired Non-citizen	Annual income exceeding MUR 40,000
Professional	Monthly salary exceeding MUR 60,000 (exception: Professional in the ICT sector – Monthly salary exceeding MUR30,000)

### Criteria for occupation permits (continued)

As from 25 September 2015, new applications for occupation permit will only be accepted if they fall under the scarcity list established by Ministry of Tourism and external communications.

Work and residence permits are still applicable for expatriates not fulfilling the above conditions.

### Annual budget announcement

The Minister of Finance generally announces the annual Budget and Taxation Proposals in June each year for the tax year commencing 1 July thereafter.

### Trade and bilateral agreements

Mauritius is a member of several international organisations including African, Caribbean and Pacific Group States (ACP), Common Market for Eastern and Southern Africa (COMESA), Indian Ocean Commission (IOC), Southern African Development Community (SADC), World Trade Organisation (WTO), International Finance Corporation (IFC), International Monetary Fund (IMF), United Nations (UN) and World Customs Organization (WCO).

A Preference Trade Agreement has been entered into with Pakistan and a Free Trade Agreement with Turkey.

Special agreements entered into with the United States include the Trade and Investment Framework Agreement (TIFA) and the African Growth and Opportunity Act (AGOA).

### Economic statistics

Bank rate	4.4%
US\$ Exchange rate	MUR 34.6929
Inflation (December 2015)	1.3%
GDP at Market Prices (December 2015)	406.6

### Travel Information

Visa requirements	Visas are issued to foreigners who require a visa (e.g. businessmen, tourists and visitors) to enable them to enter Mauritius freely and without hindrance for a short duration (usually not exceeding six months in one calendar year). Citizens of certain countries (including some 50 African countries) do not require a visa to enter Mauritius or are granted a visa on arrival. A multiple entry visa may be issued to non-citizens who by virtue of their business/ assignments, have to leave and re-enter the country very often and stay in the country for short periods, on and off. It should be noted that where such visa has been issued and the non-citizen's stay exceeds 90 days in one calendar year, the non-citizen should apply for a work permit.
Flights	Most international airlines fly to Mauritius and there are regular flights to and from major regional and international hubs.
Inoculations	A yellow fever vaccination certificate is required for travellers over 1 year of age – when coming from areas which the World Health Organisation (WHO) includes in the endemic zones. No certificate is needed in respect of smallpox and cholera. There is no malaria risk in Mauritius.  With the outbreak of the Ebola Virus in West African countries, all foreign nationals who have visited one or more of the four countries affected by Ebola Virus Disease namely Sierra Leone, Guinea, Liberia, and the Democratic Republic of Congo during the last 21 days as from the date of their travel to Mauritius are not allowed entry in Mauritius.

## Currency

The Mauritian rupee (MUR), which is equal to 100 cents.

## Languages

The official language is English. French and Creole are widely spoken languages.

## Official 2016 public holidays

- 1 January (New Year)
- 2 January (New Year)
- 1 February (Abolition of Slavery)
- 8 February (Chinese Spring Festival)
- 7 March (Maha Shivaratri)
- 12 March (National Day)
- 8 April (Ougadi)
- 1 May (Labour Day)
- 6 July (Eid-Ul-Fitr)\*
- 15 August (Assumption of the Blessed Virgin Mary)
- 6 September (Ganesh Chaturthi)
- 30 October (Divali)
- 2 November (Arrival of Indentured Labourers)
- 25 December (Christmas)

\*Muslim festivals are timed according to local sightings of various phases of the moon. The date given above is therefore an approximation.





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