



Mauritania Fiscal Guide 2016/2017

Tax

Introduction: Mauritius Fiscal Guide 2017/2018

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.

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 dividends are taxed as ordinary income, subject to availability of exemptions and foreign tax credits Dividends from Mauritius are 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 dividends are taxed as ordinary income, subject to availability of exemptions and foreign tax credits Dividends from Mauritius are 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

Tax Rates

Tax Rates

Non-resident	
Individual income tax	15%
Dividends	Foreign dividends are taxed as ordinary income, subject to availability of exemptions and foreign tax credits Dividends from Mauritius are exempt from tax
Interest	Subject to Note 1
Royalties	Subject to Note 1
Fees	
Directors' fees	Subject to Note 1
Consultancy fees	Subject to Note 1

Note 1: The non-resident will be taxed on a remittance basis assuming that these income are not sourced in Mauritius.

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 2016:

- Investment tax credit can be offset against past tax liability but shall not give rise to refund of tax already paid
- Companies may offset investment tax credit against past tax liabilities only if the amount paid is still under dispute with the MRA. This shall not apply if the dispute is pending before any court or other judicial bodies
- Effective as from 7 September 2016, an investment tax credit shall be allowable by way of deduction from a company's income tax in respect of the year of investment and for each of the 2 subsequent income years for investment made during the period 1 July 2016 to 30 June 2020, in respect of plant and machinery acquired by a company manufacturing or producing any of the goods or products or share capital of a subsidiary company engaged primarily in the setting up and management of an accredited business incubator at 15% per annum up to a maximum of MUR 3 Million. Where the plant and machinery or the shares are sold or otherwise transferred, within a period of 5 years from the date of its acquisition, the tax shall be clawed back.
- Any excess tax credit may be carried forward to the following income year. The tax credit shall not be carried forward beyond a period of 10 consecutive income years following the income year in which the capital expenditure was incurred.
- Effective as from 7 September 2016, investment tax credit shall be allowed in respect of investment made during the year 2003 to 2008 amounting to MUR 60 Million or 20% of stated capital, whichever is higher, of a Spinning Factory: and MUR 10 Million or 20% of stated capital, whichever is higher, of a weaving, dyeing or knitting of fabrics factory. The tax credit shall be, by way of deduction from the factory's income tax payable at 15 per cent of the investment over 4 years or 10 per cent over 6 years as from the year the investment was made, less any investment tax credit it has been allowed in the past in respect of the same investment
- Investment tax credit may now be carried forward for a period of 6 consecutive years from the income year in which the investment was 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. ¹	15%
Royalties:	10%- Resident 15%- Non-Resident
Rent	5%
Payment to contractors and sub-contractors	0.75%
Payments to resident providers of services. ³	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. ⁴	10%

¹ 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

² 15% for non-residents and 10% for residents.

³ 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.

⁴ 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.

Transfer of losses upon takeovers or mergers

Effective as from 7 September 2016 - Authorisation of the transfer any unrelieved losses where the Minister has deemed such take-over to be in the public interest. The acquiree company may remain in operation as a going concern.

Corporate Social Responsibility (“CSR”)

CSR Fund to be remitted to MRA as follows:

- At least 50% of the CSR Fund set up on or after 1 January 2017 up to 31 December 2017;
- At least 75% of the CSR Fund set up on or after 1 January 2018;
- before 1 January 2019, shall be used by a company to implement a CSR Programme in accordance with its own CSR Framework;
- On or after 1 January 2019, CSR fund should be disbursed in 6 new priority areas of intervention

No CSR money shall be spent by a company in respect of the activities specified in discriminating on the basis of race, place of origin, political opinion, colour or creed among others.

- Where a company is required to file Advanced Payment System (“**APS**”) return, it shall remit 25% of the above mentioned CSR fund payable to MRA in each of the first 3 quarters and the remaining 25% in its annual return
- Where a company is not required to file APS returns, the CSR fund payable to MRA shall be remitted in its annual return

The effective date of this new CSR framework is 7 September 2016

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 ¹	5%

¹ 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%
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%

Double tax treaties and reduced rates (cont.)

8 treaties await ratification: Cape Verde, Gabon, Ghana, Jersey, Kenya, Morocco, Nigeria and Russia
4 treaties await signature: Cote D'Ivoire, Gibraltar, Malawi and The Gambia

*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.

Tax Information Exchange Agreements with Greenland and Korea have been signed but are not yet in force.

Tax Information Exchange Agreements with Argentina, Greece and Isle of Man are awaiting signature.

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")

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. The deadline for the reporting for year 2015 was set for 31 July 2016 but was further extended to 31 August 2016.

For new and pre-existing accounts (Accounts opened prior to 31 July 2014), reporting for the year 2016 (01 January to 31 December 2016) will be by latest the 31 July 2017.

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 to 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

- 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.
- 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.
- **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)
- **Morcellement Tax** for the subdivision of land.

Exchange controls

There are no exchange controls in Mauritius.

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:

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	<p>Initial transfer of USD 100,000 and the business activity should generate an annual turnover of at least MUR 2 million for the first year and cumulative turnover of at least MUR 10 million for the subsequent two years.</p> <p>Existing investor with a net asset value of at least USD 100,000 and a cumulative turnover of MUR 12 million during the preceding 3 years with a turnover of at least MUR 2 million in any one year.</p> <p>Individual who has inherited a business in case of death or incapacity of the previous investor provided that the net asset value of the business is at least USD 100,000 and a cumulative turnover of MUR 12 million with a turnover of at least MUR 2 million in any one year.</p>
Self-employed	Income from the business activity should exceed MUR 600,000 annually for the first two years of activity with an initial investment of USD 35,000.
Retired Non-citizen	<p>The non-citizen must undertake to transfer to his/her local bank account in Mauritius, at least USD 40,000 annually</p> <p>The Occupation Permit/ Residence Permit is granted for a maximum period of three years, renewable thereafter subject to established criteria.</p>
Professional	Basic salary should exceed MUR 60,000 monthly. However, the basic salary for professionals in the ICT Sector should exceed MUR 30,000 monthly.

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	4.0%
US\$ Exchange rate – December 2016	MUR 34.5970
Inflation (December 2016)	1.0%
GDP at Market Prices (December 2016)	441.5

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 Shivaratree
12 March	- National Day
8 April	- Ougadi
1 May	- Labour Day
6 July	- Eid-UI-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.

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	<p>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.</p> <p>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.</p>

Thank you

Contact us

Wasoudeo Balloo
Partner (Tax)

T: +230 406 9891

E: wballoo@kpmg.mu

Bobby Yerkiah
Senior Manager

T: +230 406 9768

E: byerkiah@kpmg.mu

Aveenash Ramtohul
Senior Manager

T: +230 406 9892

E: aramtohul@kpmg.mu

Anisha Fagoonee
Manager

T: +230 406 9824

E: afagoonee@kpmg.mu

www.kpmg.com





kpmg.com/socialmedia



kpmg.com/app

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.