KPMG

Tax Alert

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Mauritius DMTT Regulations and DMTT Return now available

Executive summary

On 08 August 2026, the Domestic Minimum Top-up Tax Regulations ("DMTT Regulations") were gazetted in Mauritius. The DMTT was introduced in Mauritius through the Finance Acts 2022 and 2025. While the legislation established the DMTT framework, it contemplated that **seven areas** would be further prescribed by regulations. The DMTT Regulations have now been issued, providing the detailed rules and administrative guidance in respect of those areas. These clarifications now enable in-scope Multinational Enterprise ("MNE") Groups to assess the availability of safe harbour exemptions and determine whether any top-up tax liability may arise.

The gazetting of the DMTT Regulations on 08 August 2026 is particularly relevant for MNE Groups whose DMTT filing deadline had already passed. MNE groups having fiscal year ending on 01 January 2025 up to fiscal year ending on 31 May 2025 are required to submit their DMTT return and pay any DMTT on or before 07 September 2026. For MNE Groups with a 30 June 2025 year-end, the filing and payment deadline remains 30 September 2026 (15 months after year-end).

The MRA has in addition issued a communique on 18 August 2026, informing taxpayers that the electronic facility for submission of the DMTT Return, which is required to be in XML format, and payment of DMTT is now available on the MRA website.

KPMG observations

- As expected, the DMTT Regulations are largely aligned with the OECD Pillar Two Global Anti-Base Erosion ("GloBE") Model Rules, including references to OECD administrative guidance and commentary.
- The Regulations provide for a transitional Country-by-Country Reporting ("CbCR") Safe Harbour for fiscal years beginning on or before 31 December 2026. However, the Regulations do not appear to incorporate recent developments under the side-by-side package, including the extension of the CbCR Safe Harbour to fiscal years beginning in 2027 or the framework for Qualified Tax Incentives ("QTI"). QTIs increase the covered taxes and subsequently increase the Effective Tax Rate ("ETR") and decrease top-up tax payable.
- Obtaining qualified status for the Mauritius DMTT will be critical to ensure that any Pillar Two top-up tax arising in Mauritius is collected locally, thereby reducing the risk of additional top-up taxes being collected abroad under the IIR or UTPR. Policymakers should therefore complete the OECD self-assessment process and continue engaging with the OECD Inclusive Framework to support the review process and obtain qualified status for the Mauritius DMTT.
- The interaction between the DMTT and existing Mauritius tax incentives will remain a key area of focus, as traditional incentives such as partial exemptions may be less effective under Pillar Two. In this regard, the references in the Regulations to qualified refundable tax credits and marketable transferable tax credits are noteworthy, and we expect further details on such incentives.
- The introduction of the DMTT reinforces the importance of maintaining economic substance in Mauritius, as the Substance Based Income Exclusion ("SBIE") mechanism provides a direct reduction in top-up tax based on eligible payroll costs and tangible assets.
- With the framework now largely complete, in-scope groups should undertake an early impact assessment, including evaluating their eligibility for available safe harbours and any data or systems enhancements required.
- Further clarification may be required on the application of the DMTT to Protected Cell Companies ("PCCs") and Variable Capital Companies ("VCCs"), particularly to ensure that income is not subject to double taxation.

Key highlights of the DMTT regulations

The seven areas where clarity have been provided are as follows:

No	Area	Key point
1	Excluded persons	The Income Tax Act provided for number of excluded persons such as investment fund and real estate investment vehicles. Further clarity has been provided in the DMTT regulations, which include: • Investment funds and real estate investment vehicles are treated as excluded entities only where they are the Ultimate Parent Entity. • The designated person (i.e. the entity responsible for filing the DMTT return) may elect not to treat a Mauritius entity as an excluded person. • Entities owned by excluded persons may qualify as excluded person provided certain threshold are met.
2	Definition of GloBE income or loss	It starts from financial accounting net income or loss, adjusted for specified items such as net tax expense, excluded dividends, excluded equity gains/losses, asymmetric foreign currency gains/losses, policy disallowed expenses, prior period errors and changes in accounting principles and accrued pension expense.
3	Covered tax	Specific rules are provided for determining Covered Entities' adjusted covered taxes. These include specific exclusions, treatment of tax credits, allocation of covered taxes to Permanent Establishments and extensive deferred tax adjustment and recapture rules and key adjustment items such as exclusion of covered taxes incurred in respect of passive income.
4	International Shipping Income Exclusion	Definition aligns with OECD model rules.
5	Qualified Ancillary International Shipping Activity	Definition aligns with OECD model rules.
6	Substance Based Income Exclusion	SBIE allows a reduction in taxable income based on qualifying payroll and tangible assets. The payroll carve-out for a covered person is equal to 5% of its eligible payroll costs of eligible employees that perform activities in Mauritius. The tangible asset carve out for a covered person is equal to 5% of the carrying value of its eligible tangible assets located in Mauritius. For payroll, the percentages are set for each fiscal year starting at 9.8% for 2024, decreasing progressively to 5.8% in 2032. For tangible assets, the percentages are set for each fiscal year starting at 7.8% in 2024, decreasing progressively to 5.4% in 2032.
7	Investment entities	Conditions for investment entities to be treated as tax transparent entities have been provided.

Key highlights of the DMTT regulations

The DMTT Regulations also provide clarification on various aspects of the regime, including the Transitional Safe Harbour (i.e. based on the Transitional CbCR Safe Harbour of the OECD). Under this provision, where the MNE Group meets any one of the prescribed tests, the DMTT liability for the relevant jurisdiction is deemed to be zero:

Safe Harbour Test	Key point
De Minimis Test	The MNE Group reports total revenue of less than EUR 10 million and profit or loss before income tax of less than EUR 1 million on its qualified CbC Report for the fiscal year.
Simplified ETR Test	Applies if simplified ETR is greater or equal to: - 15% for fiscal year starting in 2023 and 2024; - 16% for fiscal year starting in 2025; and - 17% for fiscal year starting in 2026.
Routine Profits Test	The MNE Group's profit or loss before income tax is equal to or less than the SBIE (% markup on payroll and % on tangible assets) amount, for entities resident in Mauritius under the CbCR.

Compliance framework

The Mauritius Income Tax Act and DMTT Regulations establish a detailed compliance framework requiring designation of a Mauritius-resident filing entity, clear filing and payment deadlines, joint and several liability across covered persons, and the application of penalties, interest, refund.

Please see below illustration of the DMTT mechanism.

DMTT calculation

DMTT = Top-up tax percentage × Excess profits

Where:

— Top-up tax percentage = 15% − Jurisdiction ETR
— Excess profits = GloBE income − Substance-based Income Exclusion (SBIE)
— GloBE income = Adjusted financial accounting income as defined under the rules
— SBIE = A carve-out based broadly on a % of payroll costs and tangible assets

In simple terms:

DMTT applies a top-up tax where the ETR on a jurisdictional basis is below 15%, but only on the excess profits (i.e. profits after allowing for substance in the jurisdiction).

You may refer to an illustrative example in the next page.

Illustrative example – QDMTT calculation

Assume a Mauritius entity within an in-scope MNE group has the following for a fiscal year:

Item	Amount
GloBE income	EUR 100 million
Adjusted covered taxes	EUR 10 million
Payroll costs	EUR 20 million
Tangible assets	EUR 80 million

Step 1

Step 1:
Compute ETR

- ETR = 10 /100 = 10%

Step 2

Step 2:
Top-up tax percentage

- 15% – 10% = 5%

Step 3

Step 3:
Compute SBIE

Assume 5% carve-out (steady state for simplicity):

- Payroll carve-out: 5% × 20 = 1
- Asset carve-out: 5% × 80 = 4
- Total SBIE = 5

Step 4

Step 4:
Excess profits

GloBE income – Substance-based Income Exclusion

- 100 – 5 = 95

Step 5

Step 5:
DMTT payable

- 5% × 95 = EUR 4.75 m

How can KPMG support you?

- Determining QDMTT scope and impact on the group
- Analysing potential exposure and tax liabilities
- Conducting data gap analyses and impact assessments
- Auditing tax readiness and preparing disclosures
- Developing bespoke implementation plans for ongoing compliance

KPMG BEPS 2.0 Automation Tool ("KBAT")

KPMG has developed a tool to evaluate, monitor, compile, analyse, report, and comply with your Pillar 2 obligations. Kindly follow this link for a video on who is impacted by global minimum tax and on the features of this tool.

KPMG also has a BEPS 2.0 / Pillar Two "State of Play" tracker that summarizes implementation status by jurisdiction, with relevant local announcements and KPMG contacts. It is publicly accessible (internal and external users). Link: KPMG Pillar 2 - State of Play

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