

**YEAR OF ASSESSMENT 2016-2017 (INCOME FOR THE PERIOD 1 JULY 2015 TO 30 JUNE 2016)
NOTES - HOW TO FILL IN YOUR RETURN (I.T FORM 1)**

ELECTRONIC FILING

You may file your tax return electronically on MRA website <http://www.mra.mu>

CHANGE IN PERSONAL DATA

In case there are changes in your personal data, kindly fill in a Personal Data Change Form (available on MRA website/Service Counter) and send it to MRA

DUE DATE

The return should be forwarded so as to reach the office of the Director-General at latest on 30 September 2016
Where the return is filed electronically and payment, if any, is effected through internet banking, the due date is 17 October 2016

Note 1 - Section 1

Please consult "List of Activities" available under "Media Centre" on MRA website before entering appropriate sector, type and detail of activity.

Note 2 - Section 2

Where income is derived jointly by a couple, such income may be declared in any proportion by each spouse.

Trade, Business and Profession - Section 2.1

Net income is obtained by adding to the net income per accounts, all non allowable items such as provision for bad debts, depreciation, etc, and deducting all allowable items.

Expenses incurred exclusively in the production of gross income are deductible. Expenses of a private or capital nature and expenses incurred in the production of exempt income are not allowable.

Annual Allowance

(A) Capital expenditure is not an allowable deduction. However, you may claim annual allowance in respect of the capital expenditure as specified hereunder:

Capital expenditure incurred on

1. Industrial premises excluding hotels
2. Commercial premises
3. Hotels
4. Plant or Machinery –
 - (a) costing or having a base value of 30,000 rupees or less
 - (b) costing more than 30,000 rupees –
 - (i) ships or aircrafts
 - (ii) aircrafts and aircraft simulators leased by a company engaged in aircraft leasing
 - (iii) motor vehicles
 - (iv) electronic and high precision machinery or equipment, computer hardware and peripherals and computer software
 - (v) furniture and fittings
 - (vi) other
5. Improvement on agricultural land for agricultural purposes
6. Scientific research
7. Golf courses
8. Acquisition of patents
9. Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles

Rate as a % of

Base Value	Cost
-	5%
-	5%
30%	-
100% or	100%
20%	-
-	100%
25%	-
50%	-
20%	-
35%	-
25%	-
25%	-
15%	-
25%	-
-	5%

Where a person, carrying on business other than tour operator or car rental, has incurred capital expenditure on or after 1 January 2011 on a motor car costing more than three million rupees, the annual allowance shall be 25% of the base value, limited to three million rupees in the aggregate. Base value means cost less any amount allowed by way of annual allowance.

(B) Accelerated annual allowance on capital expenditure incurred as from 1 January 2013 may be claimed on the items listed below, as follows:-

Capital expenditure incurred on

1. Industrial premises dedicated to manufacturing
2. Plant or machinery costing 50,000 rupees or less
3. Electronic and high precision machinery (including computer hardware and software)
4. Plant and machinery (excluding passenger car) by a manufacturing company
5. Scientific research

Rate as a % of

Base Value	Cost
30%	-
-	100%
-	50%
-	50%
-	50%

Where annual allowance has been claimed under paragraph (A), no allowance should be claimed under paragraph (B). It is to be noted that no annual allowance is allowable unless proper books of accounts and records are kept.

Note 3 - Section 2.2

Agriculture

Income derived by an individual on the first 60 tonnes of sugar accruing to him is exempt from income tax provided that the land under cultivation does not exceed 15 hectares.

Note 4 - Section 2.5

Resident Société or Succession

(a) Société (Partnership)

A resident société is not liable to tax. Instead, every associate of the société is liable to tax on his share of income, whether distributed or not.

A resident société is required to fill in and submit its annual return of income (IT Form 6) to the MRA not later than 30 September 2016.

A non-resident société which is liable to tax as a company should fill in and submit an IT Form 3.

(b) Succession

A succession is not liable to tax. Instead, every heir of the succession is liable to tax on his share of income, whether distributed or not.

A succession is required to fill in and submit its annual return of income (IT Form 9) to the MRA not later than 30 September 2016.

Note 5 - Section 3

Social Security Pension

If you received old age pension, widow's pension or any other social security pension during the income year ended 30 June 2016, the amount should be declared in this section.

However, where a person has made a request to the Ministry of Social Security to donate his old age pension to a charitable institution approved by the MRA, a charitable foundation or a charitable trust, the amount donated as from December 2015 is not taxable.

Note 6 - Section 4

Interest Income

Interest earned as from 1 January 2010 on savings and fixed deposit accounts maintained with a bank or non-bank deposit taking institution, Government securities and Bank of Mauritius Bills are exempt.

However, all interests earned during period 1 July 2006 to 31 December 2009, which were paid to you in the income year ended 30 June 2016 are taxable.

Enter at section 4.1 any interest income, other than the above mentioned exempt interest, received by you and your dependents in the income year ended 30 June 2016, including interest relating to period 1 July 2006 to 31 December 2009 which were paid to you in that income year.

Note 7 - Section 7**Exempt Income (Self) and Income of Dependents****Exempt Income (Self)**

Enter at section 7.1 any amount of exempt dividends, exempt interest and any other exempt income received by you in the income year ended 30 June 2016.

Income of Dependents

If you have claimed Income Exemption Threshold of Category B, C, D or F at section 14, any net income derived by the dependent/s in the income year ended 30 June 2016 is deemed to be your income and should be included at section 7.2 of your tax return. Conditions for entitlement to IET Category B, C, D and F are given in note 10.

Note 8 - Section 9**Losses**

Losses may be set off against net income other than emoluments subject to the following:

- (i) Losses incurred in an income year may be carried forward to be set-off against net income of the following 5 income years only.
- (ii) The time limit of 5 years is not applicable for the carry forward of any amount of loss that is attributable to annual allowance claimed in respect of capital expenditure incurred on or after 1 July 2006.

Note 9 - Section 11**Emoluments**

If you derived emoluments, the PAYE Employer Registration Number, emoluments net of exempt income, tax withheld under PAYE as appearing in your Statement/s of Emoluments and Tax Deduction should be inserted at section 11. The total emoluments net of exempt income should be inserted at section 11.11 and then at 11.13 after deducting any expenditure incurred wholly, exclusively and necessarily in the performance of the duties of the office. If you derived emoluments from more than 10 sources, give details of the 10 main sources at 11.1 to 11.10. For the remaining sources, give details on a separate sheet.

Note 10 - Section 14**Income Exemption Threshold (IET)**

An individual who was resident in Mauritius in the income year ended 30 June 2016 is entitled, for the purpose of calculating his chargeable income, to claim a deduction in respect of Income Exemption Threshold - Category A, B, C, D, E or F as applicable to him.

In case of a couple, only one spouse is allowed to claim deduction in respect of dependent children. If you make a claim under either Category B, C, D or F then your spouse shall be entitled to a claim under Category A or E only in his/her tax return for the year.

IET - Category A - No dependent

If you were resident and had no dependent (spouse or child), you should claim IET Category A unless you are entitled to claim IET Category E.

IET - Category B - one dependent

A claim under Category B shall be allowable if the net income and exempt income of your first dependent did not exceed Rs 110,000 in the income year ended 30 June 2016.

IET - Category C - two dependents

A claim under Category C shall be allowable if the net income and exempt income of your second dependent did not exceed Rs 60,000 in the income year ended 30 June 2016.

IET - Category D - three dependents

A claim under Category D shall be allowable if the net income and exempt income of your third dependent did not exceed Rs 40,000 in the income year ended 30 June 2016.

IET - Category E - Retired or disabled person - no dependent

A claim under Category E shall be allowable to a retired person who has attained the age of 60 at any time prior to 1 July 2015 and has not received any business income or emoluments other than retirement pension.

This category is also applicable to a person suffering from permanent disablement irrespective of his age and source of income.

IET - Category F - Retired or disabled person - One dependent

A claim under Category F shall be allowable to a retired person who has attained the age of 60 at any time prior to 1 July 2015 and has not received any business income or emoluments other than retirement pension. The net income and exempt income of the dependent should not exceed Rs 110,000 in the income year ended 30 June 2016.

This category is also applicable to a person suffering from permanent disablement irrespective of his age and source of income.

"Dependent" means a spouse, a child under the age of 18 or a child over the age of 18 and who is pursuing full time education or training or who cannot earn a living because of a physical or mental disability.

"Child" means

- (a) an unmarried child, stepchild or adopted child of a person;
- (b) an unmarried child whose guardianship or custody is entrusted to the person by virtue of any other enactment or of an order of a court of competent jurisdiction;
- (c) an unmarried child placed in foster care of the person by virtue of an order of a court of competent jurisdiction.

"Resident" means an individual who has been present in Mauritius in the income year ended 30 June 2016 for a period of or an aggregate period of 183 days or more; or who has been present in Mauritius during that income year and the 2 preceding income years for an aggregate period of 270 days or more; or who has his domicile in Mauritius unless his permanent place of abode is outside Mauritius.

Note 11 - Section 15**Additional exemption in respect of dependent child pursuing undergraduate course**

- (a) Where a person has claimed an Income Exemption Threshold in respect of category B, C, D or F and the dependent is a child pursuing a non-sponsored full-time undergraduate course in Mauritius at an institution recognised by the Tertiary Education Commission or outside Mauritius at a recognised institution, the person may claim an additional exemption of Rs 135,000 in respect of that child.
- (b) The additional exemption is not allowable:-
 - (i) in respect of more than three children;
 - (ii) in respect of the same child for more than 6 consecutive years;
 - (iii) where the tuition fees, excluding administration and student union fees, are less than Rs 44,500 for a child following an undergraduate course in Mauritius;
 - (iv) to a person whose total income (net income plus interest and dividends received) or that of his/her spouse for the income year ended 30 June 2016 exceeded Rs 2 million.

Note 12 - Section 16**Relief for Medical Insurance Premium or Contribution to approved Provident Fund**

A person may claim relief for -

- (a) premium paid in respect of a medical or health insurance policy contracted for himself or his dependents in respect of whom Income Exemption Threshold has been claimed at section 14.3.
- (b) contribution made to an approved provident fund which mainly provides for medical expenses for himself or his dependents in respect of whom Income Exemption Threshold has been claimed at section 14.3.

The relief is limited to the aggregate amount of premium and contribution paid for the income year ended 30 June 2016 up to a maximum of -

- Rs 12,000 for self
- Rs 12,000 for first dependent
- Rs 6,000 for second dependent
- Rs 6,000 for third dependent

No relief should be claimed where-

- (i) the premium or contribution has been paid by the employer; or
- (ii) the premium is paid under a combined medical or life insurance scheme.

Note 13 - Section 17**Interest Relief on secured housing loan**

- (a) A person who has contracted a housing loan, which is secured by a mortgage or fixed charge on immovable property and which is used exclusively for the purchase or construction of his house, may claim a relief in respect of the interest paid on the loan.
- (b) The relief allowable is the amount of interest paid in the income year ended 30 June 2016. In the case of a couple, the relief may be claimed either by one spouse or in equal proportion by both spouses.
- (c) The loan must have been contracted on or after 1 July 2006 from:-
- a bank, a non-bank deposit taking institution, an insurance company or the Sugar Industry Pension Fund;
 - the Development Bank of Mauritius by its employees; or
 - the Statutory Bodies Family Protection Fund by its members.
- (d) The relief is not allowable where :-
- the person or his spouse is, at the time the loan is contracted, already the owner of a residential building;
 - the person or his spouse has benefitted from any new housing scheme set up on or after 1 January 2011 by a prescribed competent authority;
 - the person's total income (net income plus dividends and interest received) or that of his/her spouse in the income year ended 30 June 2016 exceeded Rs 2 million.

See also Statement of Practice (SPI 1/15) on MRA website.

Note 14 - Section 20**Solar Energy Investment Allowance**

An individual may deduct from his net income the amount invested during the income year ended 30 June 2016 in a solar energy unit, including photovoltaic kits and battery for storage of electricity.

In the case of a couple, the total amount invested may be claimed either by one spouse or in equal proportion by both spouses.

Any unrelieved amount at line 20.5 of the return may be carried forward and deducted against the net income of succeeding years.

Note 15 - Section 21**Chargeable Income**

The chargeable income is arrived at by deducting from the balance at line 19, the amount claimed at line 20.4

Note 16 - Section 22**Calculation of Tax**

The tax on chargeable income is calculated at a flat rate of 15%.

Note 17 - Section 23**Tax Credit**

Enter foreign tax paid or the amount of Mauritius tax attributable to the foreign income, whichever is the lesser.

Note 18 - Section 25**Tax Withheld under PAYE and TDS and paid under CPS**

Enter amount withheld under PAYE as per Statement of Emoluments and Tax deduction.

Enter amount deducted at source as TDS in the income year ended 30 June 2016 as per Statement of Income Received.

The TAN of payer should be inserted where TDS has been deducted on income derived by the individual directly. Where the individual is entitled to deduct the share of TDS on income derived by a Société, the TAN of the Société should be inserted.

Note 19

The due date for submission of the return is 30 September 2016. The return should be submitted electronically in case your total income for the income year ended 30 June 2016 exceeded 2 million rupees. Where a return is filed electronically and payment of tax, if any, is effected through internet banking, the due date for submission of the return is 17 October 2016.

Note 20 - Section 27**Penalty and Interest****Penalty for late submission of return**

Every person who is required to submit a return and who fails to do so, shall be liable to pay a penalty of Rs 2,000 per month until the time the return is submitted, up to a maximum of Rs 20,000. However, where the person is a small enterprise having an annual turnover not exceeding 10 million rupees, the maximum penalty is Rs 5,000.

Penalty for late payment of tax

A penalty of 5 per cent of the amount of tax is payable in case of late payment. However, where the person is a small enterprise having an annual turnover not exceeding 10 million rupees, the rate of penalty is 2 per cent.

Interest on late payment of tax

In case of late payment, enter 0.5% of the balance of tax payable at section 26 for each month or part of the month during which the tax remains unpaid after the due date.

Note 21 - Sections 29 and 30**Contribution to National Pensions Fund (NPF) and National Savings Fund (NSF)**

An individual who, during the income year ended 30 June 2016, employed any person in the **domestic service**, may either pay his NPF and NSF contributions on a monthly basis to the Ministry of Social Security or effect the payment in one sum to the MRA together with the annual income tax return.

Where an employer pays his NPF/NSF contributions for any year to the MRA, he should continue to do so for every subsequent year.

In case NPF/NSF contributions are paid to the MRA after the due date for submission of income tax return, a surcharge of 5% per month or part of the month up to a maximum of 100% of the amount payable is applicable under the National Pensions Act and the National Savings Act.

"domestic service" means employment in a private household and includes employment as cook, driver, gardener, garde malade, maid, seamstress.

Contributions are payable on the basic wage or salary as prescribed in the Remuneration Order, award or agreement, or where the employer pays a higher salary, the higher salary, excluding allowances. The minimum and maximum monthly salary subject to NPF and NSF contributions for the income year ended 30 June 2016 are as follows –

	Minimum monthly salary (full time employee) Rs	Maximum monthly salary Rs
July 2015 to June 2016	1,515	15,710

Contributions are payable as per rates below -

	Employee's Contribution	Employer's Contribution	Total
NPF	3%	6%	9%
NSF	1%	2.5%	3.5%

The employee's and employer's share of NPF and NSF contributions should each be calculated separately and rounded to the nearest rupee.

Where the employee's salary including salaries earned by him in the service of other employers does not exceed Rs 3,000 in the aggregate in a month, the employee's share of NPF and NSF contributions (3% and 1% respectively) should not be deducted from the employee's salary. However, the employer should pay his share of contributions (6% and 2.5%).

Section 29 should be filled in if -

- all the domestic employees in respect of whom you are required to make NPF/NSF contributions were employed by you during the whole income year ended 30 June 2016;
- the monthly salary of all the employees was constant throughout the whole income year.

Otherwise, section 30 should be filled in.

In case there are more than five employees, attach additional sheet(s) in the same format as page 5 or 6 of the return to give the required details.

For additional information, please consult the website of the Ministry of Social Security <http://socialsecurity.govmu.org>

These notes are intended to assist in the completion of the return. If further information is required, please contact the Mauritius Revenue Authority, Eham Court, Cnr Mgr Gonin & Sir Virgil Naz Streets, Port Louis.

Tel. No: 207-6000

Hotline: 207-6010

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Website: <http://www.mra.mu>