

**YEAR OF ASSESSMENT 2018-2019 (INCOME FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2018)
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 01 October 2018. However, where the return is filed electronically and payment, if any, is effected through internet banking, the due date is 15 October 2018

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.

Expression of doubt on interpretation or treatment

If you have any doubt regarding the interpretation of the law or treatment in respect of any item contained in this return, you may submit the return according to your own interpretation of the law or treatment by giving a description of the issue in question and specify the doubt in the space provided. There will not be any penalty of late payment on additional tax which could result from any adjustment in relation to the doubt specified.

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

	Rate as a % of	
	Base Value	Cost
1. Industrial premises excluding hotels	-	5%
2. Commercial premises	-	5%
3. Hotels	30%	-
4. Plant or Machinery –		
(a) costing or having a base value of 30,000 rupees or less	100%	100%
(b) costing more than 30,000 rupees –		
(i) ships or aircrafts	20%	-
(ii) aircrafts and aircraft simulators leased by a company engaged in aircraft leasing	-	100%
(iii) motor vehicles	25%	-
(iv) electronic and high precision machinery or equipment, computer hardware and peripherals and computer software	50%	-
(v) furniture and fittings	20%	-
(vi) other	35%	-
5. Improvement on agricultural land for agricultural purposes	25%	-
6. Research and development, including innovation, improvement or development of a process, product or service	-	50%
7. Acquisition of solar energy unit	-	100%
8. Golf courses	15%	-
9. Acquisition of patents	25%	-
10. Green technology equipments	-	50%
11. Landscaping and other earth works for embellishment purposes	-	50%
12. Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles	-	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

- Industrial premises dedicated to manufacturing
- Plant or machinery costing 50,000 rupees or less
- Electronic and high precision machinery (including computer hardware and software)
- Plant and machinery (excluding passenger car) by a manufacturing company
- 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 01 October 2018.

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 01 October 2018.

Note 5 - Section 3

Pension from Ministry of Social Security

If you received Basic Retirement Pension (old age pension) during the income year ended 30 June 2018, the amount should be declared at section 3.1.

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.

Invalid's basic pension, contributory invalidity pension and carer's allowance payable under the National Pension Act is exempt.

Any other pension received from the Ministry of Social Security should be declared at section 3.2.

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 2018 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 2018, 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 2018.

Income of Dependents

If you have claimed Income Exemption Threshold of Category B, C, D, E or G at section 14, any net income derived by the dependent/s in the income year ended 30 June 2018 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, E and G 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 11.14 after deducting any expenditure incurred wholly, exclusively and necessarily in the performance of the duties of the office and exempt income under Mauritian Diaspora Scheme. 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 2018 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, F or G 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, E or G then your spouse shall be entitled to a claim under Category A or F 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 F.

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 2018.

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 65,000 in the income year ended 30 June 2018.

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 45,000 in the income year ended 30 June 2018.

IET - Category E - four or more dependents

A claim under Category E shall be allowable if the net income and exempt income of the fourth or more dependents did not exceed Rs 30,000 in the income year ended 30 June 2018.

IET - Category F - Retired or disabled person - no 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 2017 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 G - Retired or disabled person - One dependent

A claim under Category G shall be allowable to a retired person who has attained the age of 60 at any time prior to 1 July 2017 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 2018.

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 2018 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, E or G 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 34,800 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 2018 exceeded Rs 4 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 2018 up to a maximum of -

- Rs 15,000 for self
- Rs 15,000 for first dependent
- Rs 10,000 for second dependent
- Rs 10,000 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 2018. 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 from :-
 - (i) a bank, a non-bank deposit taking institution, an insurance company or the Sugar Industry Pension Fund;
 - (ii) the Development Bank of Mauritius by its employees; or
 - (iii) the Statutory Bodies Family Protection Fund by its members.
- (d) The relief is not allowable where :-
 - (i) the person or his spouse is, at the time the loan is contracted, already the owner of a residential building;
 - (ii) 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;
 - (iii) 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 2018 exceeded Rs 4 million.

See also Statement of Practice (SP11/15) on MRA website.

Note 14 - Section 18**Deduction for Household Employees**

Where a person employs one or more household employees, he may claim a deduction of the wages paid to the household employees up to a maximum of Rs 30,000, from his net income, provided he has duly paid the contributions payable under the National Pensions Act and the National Savings Fund Act.

In the case of a couple, the deduction shall not, in the aggregate, exceed 30,000 rupees.

Annual NPF/NSF return for Private Household Employers

The facilities for a household employer to declare and pay his contributions for the pay periods July 2017 to June 2018 is available on the MRA website. A separate NPF/NSF return is required to be submitted.

Note 15 - Section 21**Solar Energy Investment Allowance**

An individual may deduct from his net income the amount invested during the income year ended 30 June 2018 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 21.7 of the return may be carried forward and deducted against the net income of succeeding years.

Note 16 - Section 22**Chargeable Income**

The chargeable income is arrived at by deducting from the balance at line 20, the amount claimed at line 21.6.

Note 17 - Section 23**Calculation of Tax**

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

Note 18 - Section 24**Liability to Solidarity Levy**

An individual whose leviable income exceeds 3.5 million rupees in an income year shall be liable to pay a solidarity levy.

The liability to solidarity levy is computed as follows:

The chargeable income at 22 **plus** dividends received from a resident company and co-operative society registered under the Cooperative Act 2016 declared at section 7.1.1 **less** Rs 3.5 million.

The rate of tax is 5%.

Note 19 - Section 25**Tax Credit**

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

Note 20 - Section 27**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 2018 as per Statement of Income Received.

The BRN and 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 BRN and TAN of the Société should be inserted.

Note 21

The due date for submission of the return is 01 October 2018. The return should be submitted electronically in case your total income for the income year ended 30 June 2018 exceeded 2 million rupees.

Where a return is filed electronically and payment of tax, if any, is effected through direct debit, mobile payment (SMS) and credit card, the due date for submission of the return is 15 October 2018.

Note 22 - Section 29**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 29 for each month or part of the month during which the tax remains unpaid after the due date.

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

Fax No. : 211-8099

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