THE MAURITIUS FINANCE (MISCELLANEOUS PROVISIONS) ACT 2015 (“THE ACT”)

Following the 2015/16 national budget presented by the Minister of Finance and Economic Development, The Honourable Vishnu Lutchmeenaraidoo in March 2015, the Finance (Miscellaneous Provisions) Act 2015 was enacted on 14 May 2015 to enforce measures announced therein, with regard to consolidating and diversifying the market and product base. The aim of this paper is to highlight the most salient amendments brought about to the Income Tax Act 1995 (ITA), the Companies Act 2001, Value Added Tax Act 1998 (VAT) and the Registration Duty Act 1804 (RDA).

KEY HIGHLIGHTS FOR INCOME TAX ACT 1995 (ITA)

CORPORATE TAX

“Foreign tax” definition

- The definition of “foreign tax” has been amended as “any tax of every kind and description imposed by the law of another State”.

Corporate Social Responsibility - (Effective 1 July 2015)

- “CSR programme” is defined as “a programme having as its objects the alleviation of poverty, the relief of sickness or disability, the advancement of education of vulnerable persons or the promotion of any other public object beneficial to the Mauritian community”.
- All existing CSR guidelines have been removed to allow all companies contributing the 2% of CSR to decide how to fulfill their social responsibility as per their own CSR framework.
- Companies shall submit as an annex to their annual return of income a statement showing the amount of CSR spent and the details of CSR projects implemented during the income year.

Statement by a company having annual turnover exceeding MUR 100 million - (Effective upon Proclamation)

- Companies whose annual turnover exceeds MUR 100 million, shall submit a statement giving details of payments made during the year for the purchase of goods and services in excess of MUR 100,000 within the prescribed time.
- A penalty of MUR 5,000 per month will be applicable for late submission of statement.
- A fine of MUR 50,000 will be applicable for non-compliance.

Special Levy on Banks

- Every bank shall be liable to pay a special levy at the rates specified:
  ⇒ Segment A banking business – 10% of chargeable income;
  ⇒ Segment B banking business – 3.4% on book profit and 1.0% cent on operating income.

Exempt Income - (Effective 1 July 2015)

- Interest payable on bonds quoted on the stock exchange held by a non-resident company shall be exempt from tax.

Advanced Payment System (APS) - (Effective 1 July 2015)

- APS is applicable to companies whose gross income exceeds MUR 10 million (increased from MUR 4 million) in the preceding accounting year.
- Companies having accounting year ending 30 June and submitting returns by end of December may opt to submit a fourth quarter APS return by 31 January.
### KEY HIGHLIGHTS FOR INCOME TAX ACT 1995 (ITA) - CTND

#### Annual Allowance
- Accelerated annual allowance shall be granted in respect of capital expenditure incurred during the period from 1 January 2013 to 30 June 2018 as follows:

<table>
<thead>
<tr>
<th>Capital Expenditure incurred on</th>
<th>Rate of Annual Allowance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base Value</td>
</tr>
<tr>
<td>Industrial premises dedicated to manufacturing</td>
<td>30</td>
</tr>
<tr>
<td>Plant or machinery costing MUR 50,000 or less</td>
<td>-</td>
</tr>
<tr>
<td>Electronic and high precision machinery (including computer hardware and software)</td>
<td>-</td>
</tr>
<tr>
<td>Plant and machinery (excluding passenger car) by a manufacturing company</td>
<td>-</td>
</tr>
<tr>
<td>Scientific research</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Tax Deduction at Source (TDS)
- No TDS obligations for companies whose annual turnover does not exceed MUR 6 million (**effective 1 July 2015**).
- Annual Statement of Emoluments and Tax Deduction are to be given to employees not later than 15 August every year (previously 15 February), first one being for period 1 January 2015 to 30 June 2015.

#### Alternative Minimum Tax (AMT)
- AMT is no longer applicable (**effective 1 July 2015**).

#### PERSONAL TAX
Personal Income Exemption Thresholds for all categories have been increased by Rs 10,000 for the income year 1 July 2015 to 30 June 2016 as following:

<table>
<thead>
<tr>
<th>Category</th>
<th>Income Exemption Threshold (MUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 Mths to 30 Jun 2015</td>
</tr>
<tr>
<td>Category A - Individual with no dependent</td>
<td>137,500</td>
</tr>
<tr>
<td>Category B - Individual with one dependent</td>
<td>192,500</td>
</tr>
<tr>
<td>Category C - Individual with two dependents</td>
<td>222,500</td>
</tr>
<tr>
<td>Category D - Individual with three dependents</td>
<td>242,500</td>
</tr>
<tr>
<td>Category E - Retired/Disabled person with no dependent</td>
<td>162,500</td>
</tr>
<tr>
<td>Category F - Retired/Disabled person with one dependent</td>
<td>217,500</td>
</tr>
</tbody>
</table>

- Income derived from within or outside Mauritius by a member of the Mauritian Diaspora will be exempted from income tax on their worldwide income for a full period of 10 years as from the income year in which he/she returns to Mauritius.
- Relief, by way of deduction from net income, of the amount invested in a solar energy unit, including photovoltaic kits and battery for storage of electricity (**effective 1 July 2013**).
- Additional deductions for children pursuing tertiary studies, whether in Mauritius or abroad, has been increased to Rs 135,000 per child and the number of years from 3 to 6 years (**effective 1 July 2015**).
COMPANIES ACT 2001

- “CBRIS” or “Companies and Businesses Registration Integrated System” means for the purposes of the Act, the Business Registration Act, the Foundations Act and the Limited Partnerships Act, “the electronic system operated by the Registrar for—
  ⇒ the filing of particulars, financial statements and other documents; and
  ⇒ the payment of fees”.
- A new section is included namely “Rectification on Registrar’s initiative or on request”, for rectifying any typographical or grammatical mistake on the register.

FINANCIAL SERVICES ACT 2007

- A new section is included in the Act namely “THE FINANCIAL SERVICES PROMOTION AGENCY”.

FOUNDATIONS ACT 2012

- A notice or order shall be filed with the Registrar for removal of Foundation from the register.
- A new section is included in the Act namely “Compounding of offences”.

LIMITED PARTNERSHIPS ACT 2011

- The Registrar shall issue a certificate of current standing if the name of the limited partnership is on the register.
- The certificate of current standing shall contain a statement as to whether:
  a. the limited partnership
     ⇒ has paid all fees and charges due and payable;
     ⇒ has submitted its annual return under section 53; or
     ⇒ is in the process of being dissolved; or
  b. any proceedings to remove the limited partnership from the register have been instituted.
- A new section is included in the Act namely “Compounding of offences”.

BANKING ACT 2004

- “Place of Business” under the Banking Act is defined as “in relation to a bank, includes its head or main office, a branch, an agency, a representative office, a mobile branch, an office established and maintained for a limited period and any other place used by the bank for the dispensing or acceptance of money on account or for the conduct of other banking business”.

© 2015 DTOS
VALUE ADDED TAX ACT 1998 (VAT)

- VAT registration threshold has been increased from MUR 4 million to MUR 6 million (effective 1 July 2015).
- A new section is included in the Act namely “Import and Export of Goods”.
- The time limit for the repayment of a claim shall run as from the date of submission of all invoices, documents and information requested.
- Agents in the importation of second-hand motor cars or other motor vehicles are now compulsorily required to be VAT registered (effective 1 July 2015).
- Jewellers registered with the Assay Office are no longer required to be VAT registered (effective 1 July 2015).

INVESTMENT PROMOTION ACT 2000

- IRS and RES schemes have been restructured as following:
  i. Mauritian Diaspora Scheme;
  ii. Property Development Scheme;
  iii. Smart City Scheme.
- “IRS certificate” and “RES certificate” have been replaced by:
  - “PDS certificate” means a Property Development Scheme certificate issued under the Property Development Scheme.
  - “SCS certificate” means a Smart City Scheme certificate issued under the Smart City Scheme.
- Any self-employed or professional member of the Mauritian Diaspora may apply for registration under the Mauritian Diaspora Scheme.
- An investor may apply for registration under the Property Development Scheme or Smart City Scheme.

REGISTRATION DUTY ACT 1804

- First time buyers of residential bare land will be exempt from registration duty where the cost of the land does not exceed MUR 1.5 million.

TAX ADMINISTRATION

- The tax year has been changed from 31 December to 30 June to align with the financial year of the Government.
- The statutory time limit for an assessment by the MRA is 3 years (previously 4 years), effective upon Proclamation.
- The deposit required to lodge an objection against a tax assessment is now 10% (reduced from 30%) of amount paid (effective 1 July 2015).
- The penalty for late submission of return of income for companies, whose annual turnover does not exceed MUR 10 million, shall not exceed MUR 5,000 (effective 1 July 2015).
- Interest rate for the late payment of taxes has been reduced from 1% per month or part of the month to 0.5%.
An enterprise is defined as:

a. “any form of trade, business or manufacture, craft by hand or foot, cultivation of fruits, vegetables or flowers, livestock breeding, or activity approved as such by the Authority; and

b. includes –

⇒ any supply of services, including goods relating to those services; or

⇒ a co-operative society; but

c. does not include an office or employment or a religious or charitable institution”.

“Small enterprise” means “a person who has an annual turnover not exceeding 10 million rupees; but does not include:

⇒ a company holding a Category 1 Global Business Licence; and

⇒ a non-resident société”.

“SMEs” means:

⇒ small and medium enterprises; and

⇒ includes microenterprises;

“Microenterprise” means “a small business owned and operated by an individual at his own domestic premises or other premises, either alone or with unpaid family workers or having 5 or fewer employees and which has an annual turnover not more than MUR 2 million”.

Should you require any further information or have any specific query on the above, you may contact:

Jimmy Wong, FCA, TEP
Madvi Jeebun, FCCA
DTOS Ltd
10th Floor, Raffles Tower
19 Cybercity, Ebene
Mauritius
Email: info@dtos-mu.com
Tel: +230 404 6000
Fax: +230 468 1600
Website: www.dtos-mu.com

Disclaimer: The information in the tax alert was prepared by the professional staff of DTOS Ltd. The information given is not exhaustive and readers are advised to consult with professionals such as independent accountants, legal counsel and investment bankers before taking any formal action. DTOS Ltd will be pleased to discuss specific problems.

Whilst all reasonable care has been taken in the preparation of this tax alert, DTOS Ltd accepts no responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, however caused, sustained by any person that relies on it.