

## Solidarity Levy

The Solidarity Levy has come into the spotlight in the new Financial Act of 2020. We attempt to bring some clarity in this regard with some realistic scenarios depicting the calculations of the solidarity levy based on 10% Total Income vs 25% of Leivable Income. For an explanation of the terms, please refer to the glossary at the end of the document.

<b>Hypothetical Tax Simulation</b>	<b>MUR</b>	<b>MUR</b>
Solidarity Levy Scenario 10% Total Income	6/30/21	6/30/20
Emoluments	6,000,000	6,000,000
Interest income from banks	20,000	20,000
Dividends	1,000,000	1,000,000
<b>Total income</b>	<b>7,020,000</b>	<b>7,020,000</b>
Exempt income	-1,020,000	-1,020,000
<b>Total net income</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>Deductions - 3 dependants</b>		
Dependant	-600,000	-550,000
Relief for medical	-50,000	-50,000
Relief for household wages	-30,000	-30,000
<b>Total relief</b>	<b>-680,000</b>	<b>-630,000</b>
<b>Chargeable income</b>	<b>5,320,000</b>	<b>5,370,000</b>
<b>Tax calculation</b>		
Income tax rate	15%	15%
CSG rate	3%	3%
Solidarity levy rate	25% or 10%	5%
Solidarity levy threshold	3,000,000	3,500,000
<b>CSG/NPF</b>	<b>180,000</b>	<b>6,750</b>
<b>Personal tax rate</b>	<b>798,000</b>	<b>805,500</b>
<b>Solidarity levy lower of:</b>	<b>700,000</b>	<b>143,500</b>
10% of total income excluding interests	700,000	
25% of leivable income	830,000	
<b>Total tax paid</b>	<b>1,678,000</b>	<b>955,750</b>
Marginal tax rate	24%	14%

**10% of  
Total Income**

**2021  
Rs 1,678,000**



**2020  
Rs 955,750**

<b>Hypothetical Tax Simulation</b>	<b>MUR</b>	<b>MUR</b>
Solidarity Levy Scenario 25% Leviaible Income	6/30/21	6/30/20
Emoluments	4,000,000	4,000,000
Interest income from banks	20,000	20,000
Dividends	1,000,000	1,000,000
<b>Total income</b>	<b>5,020,000</b>	<b>5,020,000</b>
Exempt income	-1,020,000	-1,020,000
<b>Total net income</b>	<b>4,000,000</b>	<b>4,000,000</b>
<b>Deductions - 3 dependants</b>		
Dependant	-600,000	-550,000
Relief for medical	-50,000	-50,000
Relief for household wages	-30,000	-30,000
<b>Total relief</b>	<b>-680,000</b>	<b>-630,000</b>
<b>Chargeable income</b>	<b>3,320,000</b>	<b>3,370,000</b>
<b>Tax calculation</b>		
Income tax rate	15%	15%
CSG rate	3%	3%
Solidarity levy rate	25% or 10%	5%
Solidarity levy threshold	3,000,000	3,500,000
<b>CSG/NPF</b>	<b>120,000</b>	<b>6,750</b>
<b>Personal tax rate</b>	<b>498,000</b>	<b>505,500</b>
<b>Solidarity levy lower of:</b>	<b>330,000</b>	<b>43,500</b>
10% of total income excluding interests	500,000	
25% of leviaible income	330,000	
<b>Total tax paid</b>	<b>948,000</b>	<b>555,750</b>
Marginal tax rate	19%	11%

**25% of  
Leviaible Income**

**2021  
Rs 948,000**



**2020  
Rs 555,750**

### Glossary

Total Income	All income received. Emoluments + Interests from Financial Institutions + Dividends
Total Net Income	Total Income less Exempt Income (interests & Dividends received)
Chargeable Income	Total Net income less Reliefs & Deductions
Leviaible Income	Chargeable Income plus Dividends received
Income Tax	15% of Chargeable Income
Solidarity Levy Threshold	Rs 3,000,000
Solidarity Levy	The lower of 10% of Total Income excluding interest from Financial institutions or 25% of Leviaible income
CSG	3% of Total Net Income

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