

## International Tax Mauritius Highlights 2017



### Investment basics:

**Currency** – Mauritian Rupee (MUR)

**Foreign exchange control** – No

**Accounting principles/financial statements** – IAS/IFRS. Financial statements must be filed annually.

**Principal business entities** – These are the private and public limited liability company, sole proprietorship, branch of a foreign company and *société*.

### Corporate taxation:

**Residence** – A company is resident if it is incorporated in Mauritius or its central management and control is in Mauritius.

**Basis** – Residents are taxed on worldwide income; nonresidents are taxed only on Mauritius-source income.

**Taxable income** – Income tax is imposed on a company's profits, which consist of business/trading profits and passive income. Normal business expenses are deductible in computing taxable income.

**Taxation of dividends** – Dividends paid by a Mauritius-resident company are exempt from income tax. Foreign dividends are taxable, but a credit may be claimed for underlying tax and withholding tax.

**Capital gains** – No tax is imposed on capital gains in Mauritius.

**Losses** – Losses may be carried forward for five years, except for losses arising from annual allowances on capital expenditure incurred after 1 July 2006, which may be carried forward indefinitely. The carryback of losses is not permitted.

**Rate** – 15%

**Surtax** – No

**Alternative minimum tax** – Alternative minimum tax has been repealed with effect from 1 July 2015.

**Foreign tax credit** – Foreign tax paid may be credited against Mauritius tax on the same income. A company holding a Category 1 Global Business License (GBC 1 company) is entitled to claim a credit for the greater of the actual foreign tax incurred or a deemed foreign tax credit equivalent to 80% of the Mauritius tax payable, providing a maximum effective tax rate of 3%.

**Participation exemption** – No

**Holding company regime** – No

**Incentives** – No

### Withholding tax:

**Dividends** – Mauritius does not levy withholding tax on dividends.

**Interest** – A 15% withholding tax generally applies to interest paid by any person, other than a bank or non-bank deposit-taking institution, to any person other than a company resident in Mauritius, unless specifically exempted.

**Royalties** – The general rate of withholding tax on royalties paid to nonresidents is 15%, although a 0% rate applies to specified nonresidents. A 10% withholding tax generally applies to royalties paid to residents.

**Technical service fees** – A 10% withholding tax is generally levied on technical service fees paid to nonresidents, unless specifically exempted.

**Branch remittance tax** – No

### Other taxes on corporations:

**Capital duty** – No

**Payroll tax** – No

**Real property tax** – No

**Social security** – The employer is required to make pay-related social security contributions equal to 6% (in respect of the National Pension Fund), 2.5% (for the National Solidarity Fund) and 1.5% (for the HRDC Levy) of the monthly basic salary (the monthly salary is capped for NPF and NSF contributions).

**Stamp duty** – No

**Transfer tax** – No

#### Anti-avoidance rules:

**Transfer pricing** – No

**Thin capitalization** – No

**Controlled foreign companies** – No

**Disclosure requirements** – No

#### Compliance for corporations:

**Tax year** – The calendar year ending on 31 December or the accounting year, which may not exceed 12 months, may be used.

**Consolidated returns** – Consolidated returns are not permitted; each company must file a separate return. There is no relief for group losses.

**Filing requirements** – Mauritius operates a self-assessment regime. Quarterly tax payments on account are required. Annual tax returns must be filed and the balance of tax payable is due within six months of a company's year end.

**Penalties** – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.

**Rulings** – Taxpayers may request a ruling on the tax consequences of transactions.

#### Personal taxation:

**Basis** – Mauritius residents are taxed on Mauritius-source income and foreign income remitted to Mauritius. Nonresidents are taxed only on Mauritius-source income.

**Residence** – An individual is resident if he/she is domiciled in Mauritius, spends more than six months of the tax year in Mauritius or has a combined presence in Mauritius of at least 270 days in that tax year and the two preceding tax years.

**Filing status** – Separate assessment is compulsory for a married couple. Joint income may be declared in any proportion.

**Taxable income** – Taxable income includes employment income, pensions, profits from a trade and profession, rents and interest.

**Capital gains** – No tax is levied on capital gains in Mauritius.

**Deductions and allowances** – Deduction in terms of "Income Exemption Threshold," is granted.

**Rates** – 15%

#### Other taxes on individuals:

**Capital duty** – No

**Stamp duty** – No

**Capital acquisitions tax** – No

**Real property tax** – No

**Inheritance/estate tax** – No

**Net wealth/net worth tax** – No

**Social security** – The employee must make pay-related social security contributions equal to 3% (in respect of the National Pension Fund) and 1% (in respect of the National Solidarity Fund) of the monthly basic salary (capped).

#### Compliance for individuals:

**Tax year** – 1 July to 30 June

**Filing and payment** – Tax on employment income is withheld monthly by the employer under the PAYE system and remitted directly to the tax authorities. Income not subject to PAYE is self-assessed, and the individual must make quarterly payments. An annual income tax return must be filed by 30 September following the end of the tax year.

**Penalties** – Penalties apply for late filing, and interest is imposed for late payment on the tax liability.

#### Value added tax:

**Taxable transactions** – VAT is levied on the supply of goods and the provision of services.

**Rates** – 15%

**Registration** – The registration threshold is MUR 6 million.

**Filing and payment** – Filing and payment are made on a monthly or quarterly basis.

**Source of tax law:** Income Tax Act 1995 and annual Finance Acts

**Tax treaties:** Mauritius has concluded more than 43 tax treaties.

**Tax authorities:** Mauritius Revenue Authority

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