

International Tax Mauritius Highlights 2018



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 on or after 1 July 2006, which may be carried forward indefinitely. The carryback of losses is not permitted.

Rate – 15%

Surtax – No

Alternative minimum tax – The alternative minimum tax was repealed with effect from 1 July 2015.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%, unless the rate is reduced under an applicable tax treaty. 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% (for the National Pension Fund), 2.5% (for the National Solidarity Fund) and 1.5% (for the Human Resource Development Council levy) of the monthly basic salary (the monthly salary is capped for NPF and NSF contributions).

Stamp duty – No

Transfer tax – Transfer taxes may be applicable on the transfer of certain assets.

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 from the tax authorities 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 mandatory for a married couple.

Taxable income – Taxable income includes employment income, pensions, income from a trade or profession, rent and interest.

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

Deductions and allowances – Personal deductions and reliefs are consolidated under the income exemption threshold.

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, subject to a cap.

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 43 tax treaties. Mauritius signed the OECD MLI on 5 July 2017.

Tax authorities: Mauritius Revenue Authority

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