

03 August 2018

To: ALL EMPLOYERS

INCOME TAX – PAY AS YOU EARN (PAYE)

INCOME YEAR 2018-2019

Employers are informed of the following changes in the operation of the PAYE system.

1. Reduced tax rate

Individuals having an annual net income not exceeding Rs 650,000 in an income year are now taxable at the reduced rate of 10%. Those deriving more than Rs 650,000 will continue to be taxed at 15%.

For determining the applicable tax rate, an employer should calculate, for each month, the average cumulative emoluments of the employee by dividing his cumulative emolument by the number of pay periods to which it relates. Where the average cumulative emolument in a month does not exceed Rs 50,000 the reduced tax rate of 10% should be applied and 15% when it exceeds Rs 50,000.

An employee may, depending on his average cumulative emoluments, suffer PAYE tax deductions at 10% in one month and 15% in another. When shifting from tax rate of 10% to 15%, an employee will have to catch up on tax underpaid in preceding pay periods. However, a ceiling applies to limit tax deductions under PAYE in a month to 15 % of an employee's salary.

2. Reliefs and deductions

(a) Income Exemption Threshold

All categories of Income Exemption Threshold have increased by Rs 5,000 as follows:

Category	2017-18	2018-19
A. Individual with no dependent	Rs 300,000	Rs 305,000
B. Individual with one dependent	Rs 410,000	Rs 415,000
C. Individual with two dependents	Rs 475,000	Rs 480,000
D. Individual with three dependents	Rs 520,000	Rs 525,000
E. Individual with four or more dependents	Rs 550,000	Rs 555,000
F. Retired/disabled person with no dependent	Rs 350,000	Rs 355,000
G. Retired /disabled person with dependents	Rs 460,000	Rs 465,000

(b) Additional IET for children following undergraduate Course

The new deductions are as follows:

- Rs 135,000 or the amount of tuition fees paid up to a maximum of Rs 175,000 where the child is studying in Mauritius.
- Rs 200,000 where the child is studying outside Mauritius.

Commitment beyond Revenue

Operational Services Department

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(c) Retired Person

A retired person who derives emoluments not exceeding Rs 50,000 in an income year, is now entitled to claim IET category F or G, as applicable.

(d) Rainwater harvesting system investment allowance

Where an individual has, in an income year invested in a rainwater harvesting system, he may deduct from his net income, the amount invested in that income year.

3. Return of Employees (ROE)

ALL employers are required to submit a ROE electronically, on or before **16 August 2018**, and include in the ROE the details of **ALL their employees**.

Employers are no more compulsorily required to insert the Tax Account Number (TAN) of their employees in the ROE. They should instead insert the National ID number of the employee or in case of non-Mauritian citizen, the non-Citizen ID number (NCID) issued by the Passport and Immigration Office.

Employers submitting their monthly PAYE return through the Mauritius Network Services (MNS) system should submit their ROE through that system. Other employers should submit their ROE through the system made available by MRA on its website www.mra.mu.

Household employers are not required to submit a ROE in respect of the employees in their domestic service.

4. Employee Declaration form (EDF)

EDF for the income year 2018/19 is available on MRA website for download.

5. Exempt Person

An exempt person means an employee whose emoluments in a month do not exceed Rs 23,461. An exempt person is not subject to PAYE tax deductions. However, it is to be noted that any fee paid by a company to its directors or by a statutory body to any member of its Board, Council, Commission or Committee, is subject to PAYE deduction at the rate of 15%.

6. Optional PAYE Deduction

An employee deriving emoluments less than Rs 23,461 or a person deriving any annuity or pension may, in a form approved by the Director-General, request the employer/payer to deduct income tax under PAYE from his emoluments, annuity or pension. The employer/payer must on receipt of the application deduct PAYE at the rate of 15% from the payments and remit same to MRA.

For any additional information, please phone on our hotline **207 6010** or call in person at the MRA Customer Service Centre, Ground Floor, Efram Court, Cnr Mgr Gonin & Sir Virgil Naz Streets, Port Louis.

Yours faithfully,



D.Ramdin

For Director-General

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