YEAR OF ASSESSMENT 2019-2020 (INCOME FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020)
NOTES - HOW TO FILL IN YOUR RETURN (I.T FORM 1)

ELECTRONIC FILING
Please file your tax return electronically on MRA website http://www.mra.mu

CHANGE IN PERSONAL DATA
In case there are changes in your personal data, kindly fill in a Personal Data Change Form (available on MRA website/Service Counter) and send it to MRA

DUE DATE
The return should be forwarded so as to reach the office of the Director-General at latest on 30 September 2020.
However, where the return is filed electronically and payment, if any, is effected through internet banking, the due date is 15 October 2020.

Note 1 -Section 1

Please consult "List of Activities" available under "Media Centre" on MRA website before entering appropriate sector, type and detail of activity.

Expression of doubt
If you are in doubt regarding the interpretation of the law or treatment in respect of any items contained in this return, you may submit the return according to your own interpretation of the law or treatment, by giving a description of the issue in question and specify the doubt in the space provided. When you express a doubt, the law provides that there will not be any penalty for late payment on any additional tax which could result from any adjustment in relation to the doubt specified.

Note 2 -Section 2

Where income is derived jointly by a couple, such income may be declared in any proportion by each spouse.

Trade, Business and Profession - Section 2.1
Net income is obtained by adding to the net income per accounts, all non allowable items such as provision for bad debts, depreciation, etc, and deducting all allowable items. Expenses incurred exclusively in the production of gross income are deductible. Expenses of a private or capital nature and expenses incurred in the production of exempt income are not allowable.

Expenditure incurred by artists
An artist may opt to claim an amount equivalent to 50 percent of the gross income generated from his artistic work other than a literary work. The gross income generated from the artistic work should not constitute emoluments or exceeds 500, 000 rupees.

Additional deduction in respect of emoluments paid to homeworkers

Where during the period 1 July 2018 to 30 June 2020, a person employs a full –time homeworker ,he shall be allowed to deduct an additional amount equivalent to the amount already claimed in accounts in respect of emoluments payable to the homeworker.

The following conditions apply:
(i) Necessary information technology system has been acquired;
(ii) more than 5 homeworkers are employed at any time during the year;
(iii) monthly emoluments payable to the homeworker do not exceed 100,000 rupees.
The deduction shall be allowed in respect of emoluments payable to a homeworker during a period not exceeding 24 consecutive months starting from 1 July 2018 or the month in which the homeworker starts working from home, as the case may be.

Annual Allowance
(A)Capital expenditure is not an allowable deduction. However, you may claim annual allowance in respect of the capital expenditure as specified hereunder:

	Capital expenditure incurred on	Rate as a % of Base value		Rate as a % of cost
1	Industrial premises excluding hotels	-		5
2	Commercial premises	-		5
3	Hotels	30		-
4	Plant or Machinery – (a)costing or having a base value of 60,000 rupees or less	100	or	100
	(b)costing more than 60,000 rupees – (i) ships or aircrafts	20		-
	(ii) aircrafts and aircraft simulators leased by a company engaged in aircraft leasing	100	or	100
	(iii) motor vehicles	25		-
	(iv) electronic and high precision machinery or equipment, computer hardware and peripherals and computer software	50		-
	(v) furniture and fittings	20		-
	(vi) other	35		-
5	Improvement on agricultural land for agricultural purposes	25		
6	Research and development, including innovation, improvement or development of a process, product or service	-		50
7	Acquisition of solar energy unit	-		100
8	Golf courses	15		-
9	Acquisition of patents	25		-
10	Green technology equipment	-		50
11	Landscaping and other earth works for embellishment purposes	-		50
12	Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles	-		5

Where a person, carrying on business other than tour operator or car rental, has incurred capital expenditure on or after 1 January 2011 on a motor car costing more than three million rupees, the annual allowance shall be 25% of the base value, limited to three million rupees in the aggregate. Base value means cost less any amount allowed by way of annual allowance.

(B) Accelerated annual allowance on capital expenditure incurred as from 1 January 2013 may be claimed on the items listed below, as follows:-

	Capital expenditure incurred on	Rate as a % of Base value	Rate as a % of cost
1	Industrial premises dedicated to manufacturing	30	-
2	Plant or machinery costing 50,000 rupees or less	-	100
3	Electronic and high precision machinery (including computer hardware and software)	-	50
4	Plant and machinery (excluding passenger car) by a manufacturing company	-	50
5	Scientific research	-	50

Where annual allowance has been claimed under paragraph (A), no allowance should be claimed under paragraph (B). It is to be noted that no annual allowance is allowable unless proper books of accounts and records are kept.

Note 3 **-Section 2.2**

Income derived by an individual on the first 60 tonnes of sugar accruing to him is exempt from income tax provided that the land under cultivation does not exceed 15 hectares.

Note 4 **-Section 2.5**

Resident Société or Succession
(a) Société (Partnership)
A resident société is not liable to tax. Instead, every associate of the société is liable to tax on his share of income, whether distributed or not.
A resident société is required to fill in and electronically submit its annual return of income **(IT Form 6)** to the MRA not later than 30 September 2020.
A non-resident société which is liable to tax as a company should fill in and submit an **IT Form 3.**

(b) Succession
A succession is not liable to tax. Instead, every heir of the succession is liable to tax on his share of income, whether distributed or not.
A succession is required to fill in and electronically submit its annual return of income (IT Form 9) to the MRA not later than 30 September 2020.

Note 5 **-Section 3**
If you received Basic Retirement Pension (old age pension) during the income year ended 30 June 2020, the amount should be declared at section 3.1. However, where a person has made a request to the Ministry of Social Security to donate his old age pension to a charitable institution approved by the MRA, a charitable foundation or a charitable trust, the amount donated as from December 2015 is not taxable.
Invalid's basic pension, contributory invalidity pension and carer's allowance payable under the National Pension Act is exempt.
Any other pension received from the Ministry of Social Security should be declared at section 3.2.

Note 6 **-Section 4**
Interest earned as from 1 January 2010 on savings and fixed deposit accounts maintained with a bank or non-bank deposit taking institution, Government securities,debentures,bonds,sukuks quoted on the stock exchange and Bank of Mauritius Bills are exempt.
However, all interests earned during period 1 July 2006 to 31 December 2009, which were paid to you in the income year ended 30 June 2020 are taxable.
Enter at section 4.1 any interest income, other than the above mentioned exempt interest, received by you and your dependents in the income year ended 30 June 2020, including interest relating to period 1 July 2006 to 31 December 2009 which were paid to you in that income year.

Where a person deriving interest from peer-to-peer lending platform, 80% of such amount is exempted from tax. Any amount lent which have become bad may be deducted from the interest received through the peer-to-peer lending platform. Any debt or interest which cannot be fully relieved may be carried forward and set off against interest received on the same peer-to-peer lending platform in the suceeding income year.

Note 7 **-Section 7**
Exempt Income (Self) and Income of Dependents
Exempt Income (Self)
Enter at section 7.1 any amount of exempt dividends, exempt interest and any other exempt income received by you in the income year ended 30 June 2020.
Income of Dependents
If you have claimed Income Exemption Threshold of Category B, C, D or E at section 14, any net income derived by the dependent/s in the income year ended 30 June 2020 is deemed to be your income and should be included at section 7.2 of your tax return. Conditions for entitlement to IET Category B, C, D and E are given in note 10.

Note 8 **-Section 9**
Losses
Losses may be set off against net income other than emoluments subject to the following:
(i) Losses incurred in an income year may be carried forward to be set-off against net income of the following 5 income years only.
(ii) The time limit of 5 years is not applicable for the carry forward of any amount of loss that is attributable to annual allowance claimed in respect of capital expenditure incurred on or after 1 July 2006.

Note 9 **-Section 11**
Emoluments
If you derived emoluments, the PAYE Employer Registration Number, emoluments net of exempt income, tax withheld under PAYE as appearing in your Statement/s of Emoluments and Tax Deduction should be inserted at section 11. The total emoluments net of exempt income should be inserted at section 11.8 and then at 11.11 after deducting any expenditure incurred wholly, exclusively and necessarily in the performance of the duties of the office and exempt income under Mauritian Diaspora Scheme. If you derived emoluments from more than 10 sources, give details of the 10 main sources at 11.1 to 11.7. For the remaining sources, give details on a separate sheet.

Note 10 **-Section 14**

Income Exemption Threshold (IET)
An individual who was resident in Mauritius in the income year ended 30 June 2020 is entitled, for the purpose of calculating his chargeable income, to claim a deduction in respect of Income Exemption Threshold Category A, B, C, D or E as applicable to him.
In case of a couple, only one spouse is allowed to claim deduction in respect of dependent children. If you make a claim under either Category B, C, D or E then your spouse shall be entitled to a claim under Category A only in his/her tax return for the year.
IET - Category A - No dependent
If you were resident and had no dependent (spouse or child), you should claim IET Category A.
IET - Category B - one dependent
A claim under Category B shall be allowable if the net income and exempt income of your first dependent did not exceed Rs 110,000 in the income year ended 30 June 2020.

IET - Category C - two dependents
A claim under Category C shall be allowable if the net income and exempt income of your second dependent did not exceed Rs 80,000 in the income year ended 30 June 2020.

IET - Category D - three dependents
A claim under Category D shall be allowable if the net income and exempt income of your third dependent did not exceed Rs 50,000 in the income year ended 30 June 2020.

IET - Category E - four or more dependents
A claim under Category E shall be allowable if the net income and exempt income of the fourth or more dependents did not exceed Rs 50,000 in the income year ended 30 June 2020.

"Dependent" means a spouse, a child under the age of 18 or a child over the age of 18 and who is pursuing full time education or training or who cannot earn a living because of a physical or mental disability.

"Child" means

(a) an unmarried child, stepchild or adopted child of a person;

(b) an unmarried child whose guardianship or custody is entrusted to the person by virtue of any other enactment or of an order of a court of competent jurisdiction;

(c) an unmarried child placed in foster care of the person by virtue of an order of a court of competent jurisdiction.

"Resident" means an individual who has been present in Mauritius in the income year ended 30 June 2020 for a period of or an aggregate period of 183 days or more; or who has been present in Mauritius during that income year and the 2 preceding income years for an aggregate period of 270 days or more; or who has his domicile in Mauritius unless his permanent place of abode is outside Mauritius.

"Retired person" means a person who attains the age of 60 at any time prior to 1 July 2019 and who, during the income year ending 30 June 2020, is not in receipt of any business income or emoluments exceeding Rs 50,000 other than retirement pension.

"Disabled person" means a person suffering from permanent disablement.

Note 11 **-Section 15**

Additional exemption in respect of dependent child pursuing undergraduate course

(a) Where a person has claimed an Income Exemption Threshold in respect of category B, C, D or E and the dependent is a child pursuing a non-sponsored full-time undergraduate course in Mauritius at an institution recognised by the Tertiary Education Commission or outside Mauritius at a recognised institution, the person may claim an additional exemption in respect of that child as follows:

(i) Rs 135, 000 or the amount of tuition fees paid up to a maximum of Rs175, 000 where child is studying in Mauritius;or

(ii) Rs 200, 000 where the child is studying outside Mauritius.

(b) The additional exemption is not allowable:-

(i) in respect of more than three children;

(ii) in respect of the same child for more than 6 consecutive years;

(iii) where the annual tuition fees, excluding administration and student union fees, are less than Rs 34,800 for a child following an undergraduate course in Mauritius;

(iv) to a person whose total income (net income plus interest and dividends received) or that of his/her spouse for the income year ended 30 June 2020 exceeded Rs 4 million.

Note 12 **-Section 16**

Relief for Medical Insurance Premium or Contribution to approved Provident Fund

A person may claim relief for premium or contribution payable for himself or his dependents in respect of whom Income Exemption Threshold has been c;aimed at section 14.3:-

(a) on medical or health insurance policy; or

(b) to an approved provident fund which has its main object to provide for medical expenses.

The relief is limited to the aggregate amount of premium or contribution payable for the income year up to a maximum of -

- Rs 15,000 for self
- Rs 15,000 for first dependent
- Rs 10,000 for second dependent
- Rs 10,000 for third dependent
- Rs 10,000 for fourth dependent

No relief should be claimed where the premium or contribution is payable by the employer or under a combined medical or life insurance scheme.

Note 13 **-Section 17**

Interest Relief on secured housing loan

(a) A person who has contracted a housing loan, which is secured by a mortgage or fixed charge on immoveable property and which is used exclusively for the purchase or construction of his house, may claim a relief in respect of the interest paid or profit charge paid on the loan.

(b) The relief to be claimed is the amount of interest payable or profit charge payable in the income year ending 30 June 2020. In the case of a couple where neither spouse is a dependent spouse, the relief may be claimed by either spouse or at their option, divide the claim equally between them.

(c) The loan must have been contracted from :-

(i) a bank, a non-bank deposit taking institution, an insurance company, or the Sugar Industry Pension Fund;

(ii) the Development Bank of Mauritius by its employees; or

(iii) the Statutory Bodies Family Protection Fund by its members.

(iv) an Islamic Financing Arrangement.

(d) The relief is not allowable where the person or his spouse :-

(i) is, at the time the loan is contracted, already the owner of a residential building;

(ii) derives in the income year ending 30 June 2020, total income (net income plus interest and dividends received) exceeding Rs 4 million;

(iii) has benefited from any new housing scheme set up on or after 1 January 2011 by a prescribed competent authority.

See also Statement of Practice (SP11/15) on MRA website.

Note 14 **-Section 18**

Deduction for Household Employees

Where a person employs one or more household employees, he may claim a deduction of the wages paid to the household employees up to a maximum of Rs 30,000, from his net income, provided he has duly paid the contributions payable under the National Pensions Act and the National Savings Fund Act,.

In the case of a couple, the deduction shall not, in the aggregate, exceed 30,000 rupees.

Note 15 **-Section 21**

Contribution to COVID-19 Solidarity Fund

An individual may deduct from his net income the amount contributed to the COVID-19 Solidarity fund for the income year ended 30 June 2020. Any unrelieved amount in the income year may be carried forward and deducted from his net income of succeeding years.

Note 16 **-Section 22**

Solar Energy Investment Allowance

An individual may deduct from his net income the amount invested during the income year ended 30 June 2020 in a solar energy unit,including photovoltaic kits and battery for storage of electricity.

In the case of a couple, the total amount invested may be claimed either by one spouse or in equal proportion by both spouses.
Any unrelieved amount at line 21.7 of the return may be carried forward and deducted against the net income of succeeding years.

Note 17 **-Section 23**

Rainwater harvesting system investment allowance

An individual may deduct from his net income the amount invested during the income year ended 30 June 2019 in a rainwater harvesting system.

In the case of a couple, the total amount invested may be claimed either by one spouse or in equal proportion by both spouses.
Any unrelieved amount at line 22.5 of the return may be carried forward and deducted against the net income of succeeding years.

Note 18 **-Section 24**

Fast car charger for electric car investment allowance

An individual may deduct from his net income the amount invested during the income year ended 30 June 2019 in the acquisiton of a fast car charger for an electric car. Any unrelieved amount in the income year may be carried forward and deducted from his net income of succeeding years.

However, a person who has incurred expenditure on a fast car charger for an electric car in the production of his gross income, may deduct twice the amount spent from his gross income. But, the person is not entitled to claim a deduction in respect of the same car charger at section 23 of the return.

Note 19 **-Section 25**

Chargeable Income

The chargeable income is arrived at by deducting from the balance at line 20, the amount claimed at line 21.2, 22.6, 23.6 and 24.2.

Note 20 **-Section 26**

Calculation of Tax

The tax on chargeable income is calculated at the rate of 10% for an individual having an annual net income not exceeding Rs 650, 000 and 15% for an individual having an annual net income exceeding Rs 650, 000.

Note 21 **-Section 27**

Liability to Solidarity Levy

An individual whose leviable income exceeds 3.5 million rupees in an income year shall be liable to pay a solidarity levy. ***Lump sum income received by a person by way of commutation of pension, death gratuity or as compensation for death or injury will be excluded from the computation of the Solidarity Levy as from 1st July 2017.***

The liability to solidarity levy is computed as follows:

The chargeable income at 27.1 (**less lump sum received as pension,death gratuity or *as compensation in excess of 2.5 million rupees of the aggregate amount received***) plus dividends received from a resident company and co-operative society registered under the Cooperative Act 2016 declared at section 7.1.1 and share of dividends from a resident societe or succession in case such dividends has been wholly distributed among the associates or heirs less 3.5 million rupees.

The rate of tax is 5%.

Note 22 **-Section 28**

Tax Credit

- Enter foreign tax paid or the amount of Mauritius tax attributable to the foreign income, whichever is the lesser.
- Where, during the period 1 July 2018 to 30 June 2020, a person incurs capital expenditure on information technology systems for the purpose of employing homeworkers, he shall be allowed, in the year of acquisition and in each of the two subsequent income years, a tax credit of an amount equal to 5 per cent of the cost of the information technology system.

Where, during the income year ended 30 June 2020, an employee has earned an annual net income not exceeding 700,000 rupees and not less than 650,000 rupees, he shall be allowed a tax credit of 5% of the chargeable income attributable to his net income from emoluments. In order to be entitled to the tax credit, the person must derive in the first month of the income year a basic salary inclusive of compensation not exceeding 50,000 rupees.

Note 23 **-Section 30**

Tax Withheld under PAYE and TDS and paid under CPS

Enter amount withheld under PAYE as per Statement of Emoluments and Tax deduction.

Enter amount paid under CPS.
Enter amount deducted at source as TDS in the income year ended 30 June 2020 as per Statement of Income Received.
The BRN and TAN of payer should be inserted where TDS has been deducted on income derived by the individual directly. Where the individual is entitled to deduct the share of TDS on income derived by a Société, the BRN and TAN of the Société should be inserted.

Note 24 **-Section 32**

The due date for submission of the return is 30 September 2020. The return should be submitted electronically in case your total income for the income year ended 30 June 2020 exceeded 2 million rupees.
Where a return is filed electronically and payment of tax, if any, is effected through direct debit, mobile payment (SMS) and credit card, the due date for submission of the return is 15 October 2020.

Penalty and Interest

Penalty for late submission of return
Every person who is required to electronically submit a return and who fails to do so, shall be liable to pay a penalty of Rs 2,000 per month until the time the return is submitted, up to a maximum of Rs 20,000. However, where the person is a small enterprise having an annual turnover not exceeding 10 million rupees or an individual who is not in business, the maximum penalty is Rs 5,000.

Penalty for late payment of tax
A penalty of 5 per cent of the amount of tax is payable in case of late payment. However, where the person is a small enterprise having an annual turnover not exceeding 10 million rupees or an individual who is not in business, the rate of penalty is **2** per cent.

Interest on late payment of tax
In case of late payment, enter **0.5**% of the balance of tax payable at section 31 for each month or part of the month during which the tax remains unpaid after the due date.

Note 25 **-Section 33**

COVID-19 Levy
An employer who has benefited from an allowance under the Wage Assistance Scheme (amount in line 33.1.a) shall be liable to pay the COVID-19 levy to the Director-General as follows:

the lower of:
(i) the total amount paid to him under the Wage Assistance Scheme; or
(ii) 15% of the gross income derived by him from business after deducting expenses incurred in gross income, interests and annual allowances.

Penalty on COVID-19 Levy remaining unpaid

The COVID-19 (MISCELLANEOUS PROVISIONS) ACT 2020 provides for a penalty of 10 per cent of the amount of levy remaining unpaid, in addition to the levy.

Interest on COVID-19 Levy remaining unpaid

The COVID-19 (MISCELLANEOUS PROVISIONS) ACT 2020 provides for an interest at the rate of one per cent per month or part of the month during which the levy tax remains unpaid.