NOTES

Year of Assessment 2016-2017
(Income for the period 1 July 2015 to 30 June 2016)

Note 1

MAIN BUSINESS ACTIVITY

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

Note 2

DECLARATION

The return should be made by a representative of the succession and all the particulars furnished must relate to the year ended 30 June 2016.

State whether the return is made by you as –

(a) an heir who has accepted the succession of the deceased simply or under benefit of inventory;
(b) a surviving spouse;
(c) a universal legatee;
(d) an executor;
(e) a notary acting as liquidator of the succession of the deceased;
(f) a legatee or donee; or
(g) the Curator of Vacant Estates.

Note 3

INCOME PERIOD

All successions are required to file tax returns in respect of income derived for the period 1 July to 30 June. As a result all successions should close their accounts on 30 June each year.

The return for the year of assessment 2016/2017 based on income derived for the period 01 July 2015 to 30 June 2016 should be submitted to MRA not later than 30 September 2016.

Note 4

TRADING AND PROFIT AND LOSS ACCOUNT

The details of Trading and Profit & Loss a/c should be given on page 2. No accounts should be attached. Any item of expenditure in the Trading & Profit & Loss a/c not indicated in the return should be included in item 3.39 'other expenses'.

Note 4 (a)

INTEREST INCOME *(Item 3.5 of section 3)*

Interest earned by a succession as from 1 January 2010 on savings and fixed deposit accounts maintained with a bank or non-bank deposit taking institution, Government securities and Bank of Mauritius Bills are exempt.

However, all interests earned during period 1 July 2006 to 31December 2009, which were paid to the succession during the year ended 30 June 2016 are taxable.

Note 5

COMPUTATION OF NET INCOME

The profit as per the profit & loss a/c is not the taxable profit as not all items of income are taxable nor are all items of expenses deductible for tax purposes. The net profit/(loss) as per profit and loss a/c needs to be adjusted to arrive at the net income for tax purposes.

Income to be expressed in Mauritian Rupees

Any amount of income derived or expenditure incurred and remitted during the year ended 30 June 2016 in a currency other than Mauritian rupees should be converted in Mauritian rupees at the exchange rate in force as at the date of remittance. Where any such amount is not remitted during that year it should be converted at the exchange rate in force at the end of that year.

General Rule for deduction of expenses

Any expenditure or loss to the extent to which it is exclusively incurred in the production of gross income is deductible.

Unauthorised deductions

The following items of expenditure are specifically prohibited by Section 26 of the Income Tax Act -

(a) any investment, expenditure or loss to the extent to which it is capital or of a capital nature;
(b) any expenditure or loss to the extent to which it is incurred in the production of income which is exempt income;
(c) any reserve or provision of any kind;
(d) any expenditure or loss recoverable under a contract of insurance or of indemnity;
(e) any expenditure incurred in providing business entertainment or any gift;
(f) income tax or foreign tax;
(g) any expenditure or loss to the extent to which it is of a private or domestic nature.

Expenditure incurred in the production of exempt income

(a) Expenditure or loss exclusively incurred in the production of exempt income is not allowable.
(b) Where expenditure or loss is incurred in the production of both gross income and exempt income, that part of the expenditure or loss attributable to the production of exempt income shall be calculated using the following formula:

$$\frac{\text{exempt income x expenditure or loss}}{\text{total gross income (including exempt income)}}$$

(c) Where the proportion of exempt income to total gross income in the above formula is 10 per cent or less, no part of the expenditure or loss as determined above shall be disallowed.

Dividends receivable

Dividends receivable from a resident company are exempt from tax. However, the expenses incurred to produce such exempt income should be added back in Item 4.2 of Page 3. Dividends receivable from outside Mauritius are taxable.

Annual Allowance

(A) Depreciation, being a provision, is not an allowable expenditure. A succession may instead, claim deduction in respect of annual allowance on capital expenditure at the prescribed rates, as follows:-

Capital expenditure incurred on	**Rate as a % of** Base Value		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 30,000 rupees or less	100%	or	100%
(b) costing more than 30,000 rupees –			
(i) ships or aircrafts	20%		-
(ii) aircrafts and aircraft simulators leased by a company engaged in aircraft leasing	-		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. Scientific research	25%		-
7. Golf courses	15%		-
8. Acquisition of patents	25%		-
9. Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles	-		5%

Where a succession, 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	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 6 (Section 5)

TAX DEDUCTION AT SOURCE (TDS)

Enter at section 5 the amount deducted at source as TDS for the year ended 30 June 2016 on the succession's income as per **Statement of Income Received**.

The BRN and TAN of the payer should be inserted where the TDS has been deducted on income derived by the succession directly. However, where the succession is entitled to deduct its share of TDS on income derived by a société, the BRN and TAN of that société should be inserted.

Note 7 (Section 6)

SHARE OF BENEFICIARIES

(a) The succession is not liable to income tax in respect of income derived by the succession. Each heir is required to declare in his return of income his share of income derived by the succession, whether or not such income has been distributed among the heirs.

(b) Where tax has been deducted at source from any income derived by the succession, each of its beneficiaries is entitled to claim a credit in respect of his share of the amount of the tax deducted at source.

(c) A statement should be given by the succession to each beneficiary, showing the details provided at section 6 for inclusion in the beneficiary's annual return of income.