

NOTICE TO EMPLOYERS

INCOME TAX – PAYE

INCOME YEAR 2015-2016

The attention of all employers is drawn to the under-mentioned changes brought by the Finance Act 2015 in the operation of the cumulative PAYE system.

1. Exempt employee

The revised threshold for exempt person is of an amount equivalent to one thirteenth of Income Exemption Threshold Category A which for the year 2015-16 stands at Rs 285,000. Therefore, an employer should not withhold any tax under PAYE in respect of an employee whose emoluments does not exceed **Rs. 21,923** in a month whether or not an EDF has been submitted by that employee. However, all fees paid to company directors and board members are subject to tax withholding under PAYE even when the amount is less than Rs 21,923.

2. Exempt income

The first Rs 2 million of lump sum payments on commutation of pension, retiring allowance or severance allowances are now exempt instead of Rs 1.5 million previously.

3. Employee Declaration Form (EDF)

New EDF has been issued by MRA to employers for distribution to their employees so that the new personal reliefs and deductions may be allowed as from July 2015. EDFs may also be downloaded from MRA's website: www.mra.mu.

4. Monthly deductions to be allowed for calculation of tax to be withheld

- a. For calculating the chargeable income and the amount of tax, if any, to be withheld under the PAYE system, employers should allow as from July 2015, 1/13 (one thirteenth) of the total personal reliefs and deductions as claimed by employees in their EDFs for the year 2015-16.
- b. For the month/s of July and/or August 2015, an employer may allow 1/13 (one thirteenth) of the IET as claimed by the employees in their EDF for the preceding year. Thereafter, when the deductions are allowed in accordance with the new EDF for income year 2015-16, the cumulative PAYE system would automatically make the necessary adjustments to have the correct amount of tax to be withheld.

5. Statement of Emoluments and Tax Deduction for period 1 January to 30 June 2015

Employers should give to all their employees not later than 15th August 2015, a Statement of Emoluments and Tax Deductions for the six months period ended 30 June 2015.

6. Return of Employees (ROE)

- a. The Return of Employees for the six months period ending 30 June 2015 should be submitted electronically by 15th August 2015 at latest through MRA's website or the system made available by Mauritius Network Services.

7. For any additional information, employers may either phone our hotline 207-6010 or call on our Customer Service Centre.