

Voluntary Disclosure of Income Scheme

Foreign Assets



1. Voluntary Disclosure of Income Scheme – Foreign Assets. What is it all about?

Many persons who are resident in Mauritius hold assets abroad. It can be in the form of property, shares or cash at bank. The assets may have been financed by undeclared income or may generate income which is taxable in Mauritius.

The Voluntary Disclosure of Income Scheme for Foreign Assets (VDIS-FA) has been implemented to enable these persons to regularize their tax affairs.

2. For example, what types of undeclared income are covered by the scheme?

An individual residing in Mauritius is taxable on income derived from Mauritius and income derived from abroad to the extent that it is remitted in Mauritius. As regards a company, it is taxable on its worldwide income.

Let's take the case of a person who has a business or profession in Mauritius. If that person has not declared all his income and has invested that undeclared income abroad, he can avail himself of the scheme.

Another example could be a businessman who has placed orders abroad and received commission on those orders.

The commission is derived by virtue of his business in Mauritius and is taxable whether he has remitted that income to Mauritius or not.

We may also have the case of an individual who has assets abroad and is deriving income therefrom such as dividend, interest or rental income.

If that individual is resident in Mauritius, the income that is remitted to Mauritius is liable to tax here.

3. What are the benefits that a person gets from a voluntary disclosure under the Scheme?

A person who makes a Voluntary Disclosure under the VDIS-FA pays tax on the undeclared income at the rate of 15% only, irrespective of when the income was derived.

He would also not be liable to any penalty and interest that have accrued on the unpaid tax.

4. What is the income period covered by the Scheme?

For an individual, the scheme covers income derived in any income year up to and including income year ended 30 June 2018.

For a company, the scheme covers any year of assessment up to and including year of assessment 2018-2019.

5. Is any person having assets abroad eligible to join the Scheme?

Any person can avail himself of the Scheme provided he has not been convicted on or after 01 July 2001 of an offence relating to drug trafficking, arms trafficking, terrorism, money laundering or corruption. Also, civil or criminal proceedings relating to these offences should not be pending or contemplated against him. He must also not be subject to any enquiry in relation to these offences.

6. What is the procedure for the submission of a Voluntary Disclosure?

Any person wishing to avail himself of the Voluntary Disclosure of Income Scheme for Foreign Assets has to file a declaration form electronically by using his **Login** and **Password** for MRA e-services. He has to compute the tax at the rate of 15% on the undisclosed income and pay the tax declared (preferably by direct debit).

7. What will happen if a person who has assets abroad does not regularize his tax affairs?

Since September 2018, the MRA has been receiving information from other jurisdictions on assets held by persons who are tax resident in Mauritius, by way of automatic exchange of information under the Common Reporting Standard (CRS).

The information is being processed. If a person who is suspected to have undeclared income does not make a voluntary declaration, he will be subject to audit and investigation.

8. What if the person contends that he has acquired assets prior to the time-barred period?

In such a case, the person will be required to submit a Statement of Assets and Liabilities at the beginning of the in date period, that is 01 July 2015. We may, by virtue of the Agreement for the Avoidance of Double Taxation that we have with the foreign country, ask for precise information on the assets held.

In case the assets have been acquired prior to the time-barred period, but we have strong grounds to suspect that the person has not declared all his income, we shall seek the authorization of the Independent Tax Panel to open the time-barred period.

9. What is the time limit for the submission of the Voluntary disclosure?

The person may avail himself of the Voluntary Disclosure of Income Scheme for Foreign Assets up to **26 June 2020***.

**The new deadline of 26 June 2020 came into effect following the enactment of THE COVID-19 (MISCELLANEOUS PROVISIONS) ACT 2020.*

