

# GUIDELINES FOR CURRENT PAYMENT SYSTEM (CPS)



January 2024

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## 1. Who is a self-employed?

A self-employed person is one who does not have a contract of employment and who derives income from any trade, business or profession in his own name or also from rental of property.

## 2. Business Registration Number (BRN)

Any individual conducting business in Mauritius should obtain his Business Registration Number (BRN) from the Companies and Business Registration Department. The BRN should be indicated on all invoices issued by him.

## 3. Obligations for Submission of CPS

A CPS Statement of Income should be submitted quarterly to the Director -General by every self-employed taxpayer deriving business income (Including Income from Profession, Vocation or Occupation) and rental Income where:

- i. the gross income falling under CPS for the preceding income year exceeded Rs. 4 million;
- ii. had chargeable income in the preceding income year; and
- iii. the tax payable on the chargeable income exceeds Rs. 500.

### Note:

CPS does not apply to an individual in respect of gross income derived from the cultivation of sugar cane or the growing of tobacco.

## 4. Due Dates

The Current Payment System (CPS) Statement of Income should be submitted as follows:

| In respect of CPS quarter | Due date for submission of CPS Statement and payment of tax               |
|---------------------------|---------------------------------------------------------------------------|
| 1 Jul to 30 Sept          | 2 days excluding Saturdays and public holidays before the end of December |
| 1 Oct to 31 Dec           | 31 March                                                                  |
| 1 Jan to 31 March         | 2 days, excluding Saturdays and public holidays, before the end of June   |

No need to submit for the 4<sup>th</sup> quarter, since a taxpayer is required to submit Annual Return by 15 October.

## 5. You may opt to calculate your chargeable income for a CPS quarter based on either Method 1 or Method 2.

**Method 1** - The chargeable income for a quarter in the income year ending 30 June 2024 should be computed by reference to the chargeable income, net income and the total net income of the preceding income year as follows:

$$25 \times \text{chargeable income} \times \frac{\text{net income falling under CPS100}}{\text{total net income}}$$

**Method 2** - Compute the gross income derived in the CPS quarter and deduct therefrom the expenses incurred in the production of that gross income.

Where the chargeable income in respect of the CPS quarter is computed by applying **Method 1**, no CPS statement should be submitted in case the tax payable for the CPS quarter does not exceed 500 rupees.

## 6. Business expenses

Expenses incurred exclusively in the production of gross income are deductible. Expenses of a private nature and expenses incurred in the production of exempt income are not allowable.

Where in respect of certain items of expenditure the amount is not known at the time of making the Statement of Income, an estimate of the expenditure for the quarter may be included in the Statement of Income.

## 7. Annual allowance

4.1 Depreciation is not an allowable deduction. You may instead, in the CPS quarter, deduct 25% of the annual allowance on capital expenditure incurred on the items listed below:

| SN    | Capital Expenditure incurred on                                                                                                          | Rate of annual allowance<br>% of |      |
|-------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------|
|       |                                                                                                                                          | Base value                       | Cost |
| 1     | Industrial premises excluding hotels                                                                                                     | -                                | 5    |
| 2     | Commercial premises                                                                                                                      | -                                | 5    |
| 3     | Hotels                                                                                                                                   | 30                               | -    |
|       | Plant or Machinery -                                                                                                                     |                                  |      |
|       | (a) costing or having a base value of 60,000 rupees or less                                                                              |                                  | 100  |
| 4 (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  |
|       | (iii) motor vehicles                                                                                                                     | 25                               | -    |
|       | (iv) Computer hardware and peripherals and computer software                                                                             | 50                               |      |
|       | (iv a) electronic, high precision machinery or equipment and automated equipment                                                         |                                  | 100  |
|       | (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     | Golf courses                                                                                                                             | 15                               | -    |
| 7A    | Acquisition of patents                                                                                                                   | 25                               | -    |
| 7B    | Green technology equipment                                                                                                               | -                                | 50   |
| 7C    | Landscaping and other earth works for embellishment purposes                                                                             | -                                | 50   |
| 7D    | Acquisition of a solar energy unit                                                                                                       |                                  | 100  |
| 8     | Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles | -                                | 5    |

4.2 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.

## 8. Reliefs, deductions and allowances applicable for year 2023/24

*(For the purpose of calculating income tax to be paid under CPS, only 25% of the reliefs, deductions and allowances should be applied.)*

Only an individual who is resident in Mauritius during the income year ending 30 June 2024 is entitled to claim a deduction, additional deduction for dependent child pursuing undergraduate or postgraduate course or relief for interest paid on housing loan.

Where for the income year ending 30 June 2024, a person claims deduction for dependents, the spouse of that person is not entitled to claim any deduction for dependents.

An individual is entitled to claim for the income year ending 30 June 2024 deduction for dependents as shown in the table below:

| Dependent            | Amount of Deduction (Rs) |
|----------------------|--------------------------|
| 1 dependent          | 110,000                  |
| 2 dependents         | 190,000                  |
| 3 dependents         | 275,000                  |
| 4 or more dependents | 355,000                  |

## A. Who is a Dependent?

**Dependent** means either a spouse, a bedridden next of kin under his care, 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.

Where for the income year ending 30 June 2024, a person claims deduction for dependents, the spouse of that person is not entitled to claim any deduction for dependents.

## B. Who is a Bedridden next of kin?

'Bedridden next of kin' in respect of a person, means the bedridden spouse, father, mother, grandfather, grandmother, brother or sister of that person or of his spouse, provided the bedridden next of kin is -

- a. eligible to the carer's allowance payable under the National Pensions Act; and
- b. under the care of that person.

In case the dependent in respect of whom a deduction has been claimed includes a bedridden next of kin, the net income and exempt income of that dependent shall exclude the benefits derived by the bedridden next of kin under the National Pensions Act.

## C. Who is a Child?

- 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.

#### **D. Who is a Retired Person?**

“Retired person” means a person who attains the age of 60 at any time prior to 01 July 2023 and who, during the income year ending 30 June 2024, is not in receipt of any business income or emoluments exceeding Rs. 50,000 other than retirement pension.

#### **E. Who is a Disabled Person?**

“Disabled person” means a person a person suffering from permanent disablement.

#### **F. Additional exemption in respect of dependent child pursuing undergraduate or postgraduate course**

a. Where a person has claimed an additional deduction and the dependent is a child pursuing a non-sponsored full-time undergraduate or postgraduate course at an institution recognised by the tertiary Education Commission established under the Tertiary Education Commission Act or at a recognized tertiary educational institution, outside Mauritius, the person may claim an additional deduction in respect of that child pursuing tertiary education of Rs. 500,000.

b. The additional exemption is not allowable:-

- i. in respect of the same dependent for more than 6 years;
- ii. where the tuition fees, excluding administration and student union fees, are less than Rs. 34,800 for a child following an undergraduate course in Mauritius;.

#### **G. Relief for Medical insurance premium or contribution:**

A person may claim relief for premium or contribution payable for himself or his dependents in respect of whom deduction for dependents has been claimed:

- a. on a medical or health insurance policy; or
- b. to an approved provident fund which has its main object the provision for medical expenses.



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

- Rs. 25,000 for self
- Rs. 25,000 for first dependent
- Rs. 20,000 for second dependent
- Rs. 20,000 for third dependent
- Rs. 20,000 for fourth dependent

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

#### **H. 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 (under the Islamic financing arrangement).
- b. The relief to be claimed in the EDF is the amount of interest payable or profit charge payable in the income year ending 30 June 2024. 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;
  - iii. the Statutory Bodies Family Protection Fund by its members; or
  - 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 2024, total income (net income plus interest and dividends received) exceeds Rs. 4 million;
  - iii. has benefitted from any new housing scheme set up on or after 01 January 2011 by a prescribed competent authority.

## **I. Solar Energy Investment Allowance**

A person will be allowed to deduct the total amount invested in a solar energy unit during the income year. 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.

## **J. Rainwater Harvesting Investment Allowance**

A person who has invested in a rainwater harvesting system during the income year ending 30 June 2024 may deduct the amount invested from his net income. 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.

## **K. Deduction for fast charger investment allowance in respect of electric car**

A person will be allowed to deduct the total investment in the acquisition of a fast charger for an electric car during the income year ending 30 June 2024.

## **L. 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 30,000 rupees, from his net income, provided he has duly paid the contributions payable under the Social Contribution and Social Benefits Act 2021 and the National Savings Fund Act. In case of a couple, the deduction shall not, in the aggregate, exceed 30,000 rupees.

## **M. Approved Charitable Institutions**

A person will be allowed to deduct from its net income the amount donated to approved charitable institutions up to an amount of Rs. 50,000 in the income year commencing on 1 July 2023.

## **N. Deduction for contribution made to approved personal pension schemes**

A person will be allowed to deduct from its net income the amount contributed in respect of an individual pension scheme, an amount of up to Rs. 50,000, in the income year commencing on 1 July 2023.

## **O. Angel Investor Allowance**

Where an angel investor has, in an income year, invested a minimum of Rs. 100,000 to the seed capital of a qualifying start-up SME by way of acquisition of shares, he shall be entitled to a relief, by way of a deduction from his net income, of 50 per cent of the amount invested in that income year.

The total deduction shall not exceed Rs. 500,000 in an income year.

Any unrelieved amount in an income year may be carried forward and deducted against the net income of the 2 succeeding years.

Angel investor means an individual who is aged 18 years or above and who is:-

- a. a citizen of Mauritius; or
- b. the holder of a permanent residence permit or residence permit.

Where during the income year ending 30 June 2024, an employee becomes entitled to new reliefs, deductions and allowances, he may submit to his employer a fresh EDF claiming therein the new reliefs, deductions and allowances to which he is entitled.



## 9. Calculation of Tax

The tax for a CPS quarter is calculated as per table below:

| Annual Chargeable Income | Rate of Income tax | Annual Chargeable Income | Rate of Income tax |
|--------------------------|--------------------|--------------------------|--------------------|
| First Rs. 97,500         | 0%                 | Next Rs. 75,000          | 12%                |
| Next Rs. 10,000          | 2%                 | Next Rs. 75,000          | 14%                |
| Next Rs. 10,000          | 4%                 | Next Rs. 100,000         | 16%                |
| Next Rs. 15,000          | 6%                 | Next Rs. 125,000         | 18%                |
| Next Rs. 15,000          | 8%                 | On the remainder         | 20%                |
| Next Rs. 75,000          | 10%                |                          |                    |

## 10. Tax Deducted at Source (TDS)

If tax has been deducted at source from the gross income derived by you during the CPS quarter, you may claim a credit in respect of the tax deducted during the quarter by the payer.

For further details, refer to the guide on [TDS](#).

## 11. Penalty & Interest

### Late Submission of Statement of Income

A penalty of Rs. 2,000 per month or part of the month until such time as the Statement of Income is submitted provided that the total penalty payable shall not exceed Rs. 6,000 per Statement of Income.

### Late Payment of Tax under CPS

A penalty of 5% of the amount of tax remaining unpaid and interest at the rate of 0.5% per month or part of the month during which the tax remains unpaid.

## 12. Annual Return

Every person who is required to submit a Statement of Income under the CPS shall at the end of the income year, submit to the Director- General the annual return by 15 October of each year.



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