MAURITIUS
REVENUE
AUTHORITY

Guidelines for

Small and Medium Enterprises (SMEs)

Corporate

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Starting a Business

As soon as you incorporate a company, you should be registered with the MRA and be compliant by keeping proper company's records and submitting the returns applicable to the company under the relevant revenue legislations.

Compliance with revenue laws

To be tax compliant means:

1. Keeping proper company's records
2. Complying within due dates for submission of the company's returns and payment of taxes (if any).
3. Declaring the correct amount of income / revenue in the company's tax returns.
4. Paying the correct amount of tax.

Benefits of being compliant are:

1. Efficient and effective management of your company's business activities;
2. Improved decision making where proper company's records are kept.
3. Information is readily available to:
   - file the company's returns,
   - apply for loans, and
   - bid for tenders.
4. Promote growth of your company and increase its goodwill.

Keeping of records

Having incorporated a company, you will have to keep records as follows:

1. in computerised or manual form;
2. in English or French language;
3. in chronological order; and
4. for a period of 5 years

Benefits of keeping proper records

1. Sales

Keeping copies of all receipts and invoices issued by the company will help you to know:

1. items sold
2. value of sales
3. customers who have paid
4. what amount is still owed by your customers

2. Purchases

Recording all purchase invoices by the company will help you to know:

- from whom the company have purchased
- value of the company's purchases
- what payment has been made
- what amount your company still owe to supplier/.

3. Expenses

Recording all the company's expenses made will help you to know:

- what are the expenses relating to your business
- amount of expenses paid
- amount of expenses not paid.

4. Fixed Asset Register

Keeping a fixed asset register for the company including original invoices will help you to know:

- what assets have been purchased
- on which date the company has acquired the assets
- the amount paid
- annual allowance which you may claim as a deduction.

5. Bank statements, cheque stubs, paying-in books, import bills, export bills and other documentary evidence will enable you to support the figures in the financial statements.

6. Decision making

Information from the company's records will enable you to know:

- the cash positionof the company;
- whether it is right to invest in new technologies, to upgrade production and to increase sales

7. Financial Statement

- It will report about the position of the business.
- Enable you to know whether the business is generating a profit or making a loss.
- Help the company to apply for loans.

Obligations for corporates

Obligations under the Income Tax Act

You are required to furnish the following returns and effect payment, if any:

a. A quarterly APS Statement if your company had gross income of 10 million or above in the accounting year immediately preceding the commencement of the APS Quarter and it had a chargeable income.

b. An Annual Return declaring income derived during the preceding year.

Tax Deducted at Source (TDS)

Companies engaged in construction works and other companies whose annual turnover exceeds 6 million rupees have an obligation to operate TDS.

An SME which is exempted from payment of income tax for eight consecutive years under Section 49 B of the Income Tax Act 1995 does not have to apply TDS.

Corporate Social Responsibility (CSR)

Every company is required to set up a CSR Fund equivalent to 2% of its chargeable income of the preceding year.

As from year of assessment commencing on 1 July 2019 and onwards, CSR is also applicable for SMEs that benefit from the four years tax exemption under Item 11 of Sub Part C of the Second Schedule to the Income Tax Act . For instance, a company may be exempted from the payment of income tax for year of assessment 2018/19; however, it will have to account for CSR (2% of what would have been the chargeable income of year of assessment 2018/19) in its income tax return to be filed for year of assessment 2019/20.

Obligations as an Employer

The company has to register and submit the following:

- Monthly PAYE / NPF / NSF / Levy Returns (If you have less than 10 employees , MRAeasy, a mobile app developed by MRA can be downloaded from Google Play Store or App Store to submit the monthly return electronically)
- Return of Employees and
- Issue Statement of Emoluments to the company's employees

Obligations under the VAT Act

The company has to register for Vat if:

- its annual turnover of taxable supplies exceeds 6 million rupees or
- its business activities fall within the 10th Schedule to the VAT Act

The company has to submit:

- monthly VAT Returns when its taxable supplies exceed 10 million rupees or
- quarterly VAT returns in other cases.

Tax Exemptions under the Income Tax Act

The following tax incentives and exemptions may be applicable to your company:

Eight years tax holiday under Section 49B of the Income Tax Act

Conditions:

a. Company set up on or after 2 June 2015.

b. Holds an SME Development Scheme Certificate.

c. Qualifies under a scheme administered and managed by SME Mauritius.

Note: The 8 years tax holiday applies only to income derived from activities relating to a project as approved by SME Mauritius.

Four years tax holiday for companies starting business (Under Item 11 of Sub Part C of the Second Schedule to the Income Tax Act)

Conditions:

a. Holder of a registration certificate issued by SME Mauritius.
b. Has an annual turnover of less than 10 million rupees
c. Is not involved in any of the following activities:
- Information and communication technologies under the Information and Communication Technologies Act; or
- Financial services under the financial Services Act..

Note: During the period of exemption, if annual turnover exceeds 10 million rupees, the exemption will lapse and net income derived from the business will be subject to tax.

Presumptive Tax (starting as from year of assessment 2020/21)

If the company's gross income does not exceed 10 million rupees, the company may be eligible to elect for the presumptive tax system and pay tax at the rate of 1% of its gross income. ***(For more details click here)***

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