

**YEAR OF ASSESSMENT 2009-2010 (INCOME YEAR ENDED 30 JUNE 2009)
NOTES - HOW TO FILL IN YOUR RETURN (I.T FORM 1)**

ELECTRONIC FILING

You may file your tax return electronically on MRA website <http://mra.gov.mu>

CHANGE IN PERSONAL DATA

In case there are changes in your personal data as printed on the return, kindly fill in a Personal Data Change Form (available on MRA website / Service Counter) and send it to MRA

DUE DATE

The return should be forwarded so as to reach the office of the Director-General at latest on 30 September 2009

Note 1 - Section 2

Where income falling under section 2 is derived jointly by a couple, such income may be declared in any proportion by each spouse.

Trade, Business and Profession - Section 2.1

Net income is obtained by **adding** to the net profit per accounts, all non-allowable items such as provision for bad debts, depreciation, etc, and **deducting all** allowable items.

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

Annual Allowance

Capital expenditure is not an allowable deduction. However, you may claim annual allowance in respect of the capital expenditure as specified hereunder:

| <i>Capital Expenditure incurred on —</i> | Rate of Annual Allowance | |
|--|--------------------------|------|
| | Percentage of | |
| | Base Value | Cost |
| Industrial premises | - | 5 |
| Commercial premises | - | 5 |
| Hotels | 30 | - |
| Plant or Machinery- | | |
| (a) costing 30,000 rupees or less | - | 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 | - |
| Improvement on agricultural land for agricultural purposes | 25 | - |
| Scientific research | 25 | - |
| Golf courses | 5 | - |
| Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles | - | 5 |

No other deduction is however allowable in respect of the same expenditure.

No annual allowance is allowable unless proper books of accounts and records are kept.

Note 2 - Section 2.4 - Resident Société or Succession

(a) Société (Partnership)

A resident société is not liable to tax. Instead, every associate of the société is liable to tax on his share of income, whether distributed or not.

However, where a société owns a residential property, the société is liable to pay the National Residential Property Tax (NRPT).

A resident société is required to fill in and submit its annual return of income (**IT Form 6**) to the MRA not later than 30 September.

A non-resident société which is liable to tax as a company should fill in and submit an **IT Form 3**.

(b) Succession

A succession is not liable to tax. Instead, every heir of the succession is liable to tax on his share of income, whether distributed or not.

A succession is required to fill in and submit its annual return of income (**IT Form 9**) to the MRA not later than 30 September.

Where a succession owns a residential property, the heirs are liable to NRPT on their share of the property, provided the total income of the heir exceeds Rs 385,000.

Note 3 - Section 3 - Interest Income

Enter at section 3.1 all gross interest income received by you and your dependents during the income year from banks and other financial institutions. Other interest income should be included at section 3.2. In case of more than 7 Statement of Income Received, insert total of the additional interest and tax deducted at section 3.2. Where interest income is derived jointly by a couple, such income may be declared in any proportion by each spouse.

Note 4 - Section 5 - Income of Dependents

If you have claimed Income Exemption Threshold of Category B, C, D or F at section 12, any net income derived by the dependent/s during the year is deemed to be your income and should be included at section 5 of your tax return. Conditions for entitlement to IET Category B, C, D and F are given in note 7.

Note 5 - Section 7 - Losses

Losses may be set off against net income other than emoluments subject to the following:

- (i) Losses incurred in an income year may be carried forward to be set-off against net income of the following 5 income years only.
- (ii) Any unrelieved loss as at 30 June 2006 (including loss attributable to capital allowances) may be carried forward for a maximum period of 5 years.
- (iii) The time limit of 5 years is not applicable for the carry forward of any amount of loss that is attributable to annual allowance claimed in respect of capital expenditure incurred on or after 1 July 2006.

Note 6 - Section 9 - Emoluments

If you derived emoluments, the PAYE Employer Registration Number, total emoluments, exempt income, emoluments net of exempt income, tax withheld under PAYE as appearing in your Statement/s of Emoluments and Tax Deduction should be inserted at section 9. The total emoluments net of exempt income should be inserted at section 9.1 and then at 9.3 after deducting any expenditure incurred wholly and exclusively in the performance of the duties of the office. If you derived emoluments from more than 5 sources, the required details of emoluments drawn should be given in a separate sheet, however the total amount thereof should be inserted in the 5th row of section 9 without inserting the Employer Registration Number.

Note 7 - Section 12 - Income Exemption Threshold (IET)

An individual who was resident in Mauritius in the income year ended 30 June 2009 is entitled, for the purpose of calculating his chargeable income, to claim a deduction in respect of Income Exemption Threshold - Category A, B, C, D, E or F as applicable to him. If you make a claim under either Category B, C, D or F then your spouse is entitled to a claim in respect of category A or E only in his/her tax return of the year.

IET - Category A - No dependent

If you were resident and had no dependent (spouse or child), you should claim IET Category A, unless you are entitled to claim IET Category E.

IET - Category B - One dependent

A claim under Category B shall be allowable if the net income and exempt income of your first dependent did not exceed Rs 110,000 in the income year ended 30 June 2009.

IET - Category C - Two dependents

A claim under Category C shall be allowable if the net income and exempt income of your second dependent did not exceed Rs 60,000 in the income year ended 30 June 2009.

IET - Category D - Three dependents

A claim under Category D shall be allowable if the net income and exempt income of your third dependent did not exceed Rs 40,000 in the income year ended 30 June 2009.

IET - Category E - Retired person - No dependent

A claim under Category E shall be allowable to a retired person who has attained the age of 60 at any time prior to 1 July of the current income year and has not received any business income or emoluments other than retirement pension.

IET - Category F - Retired person - One dependent

A claim under Category F shall be allowable to a retired person who has attained the age of 60 at any time prior to 1 July of the current income year and has not received any business income or emoluments other than retirement pension. The net income and exempt income of the dependent should not exceed Rs 110,000 in the income year ended 30 June 2009.

“*Dependent*” means a spouse, 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.

“*Child*” means

- an unmarried child, stepchild or adopted child of a person;
- 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;
- an unmarried child placed in foster care of the person by virtue of an order of a court of competent jurisdiction.

“*Resident*” means an individual who has been present in Mauritius during the income year for a period or an aggregate period of 183 days or more; or who has been present in Mauritius during the income year and the 2 preceding income years for an aggregate period of 270 days or more; or who has his domicile in Mauritius unless his permanent place of abode is outside Mauritius.

Note 8 - Section 13 - Chargeable Income

The chargeable income is arrived at by deducting from the total net income at section 11, the Income Exemption Threshold at section 12.7

Note 9 - Section 14 - Calculation of Tax

The tax on chargeable income is calculated at a flat rate of 15%.

Note 10 - Section 15 - National Residential Property Tax (NRPT)

NRPT is payable by every owner of a residential property. However, if you were resident in Mauritius and derived total income (net income and exempt dividend) not exceeding Rs 385,000 during the income year ended 30 June 2009, you are not liable to NRPT.

Non-resident owners are liable to NRPT irrespective of whether or not they derive any income.

“*Owner*” includes the owner of a residential property on any leased land or the person who receives or is entitled to receive any rent therefrom.

“*Residential Property*” means any immovable property including any building, apartment, flat, tenement, campement or bungalow, used or available for use as residence. It includes any tourist residence, i.e. any premises, other than a hotel or a guesthouse, which offers sleeping accommodation to tourists, with or without meals, for a fee as defined in the Tourism Authority Act. No NRPT is payable on bare land i.e. a plot of land on which there is no residential building.

NRPT is calculated in case of apartment, flat or tenement with reference to its floor area as specified in the title deed or contract and the rate is Rs 30 per square metre. In the case of any other residential property, i.e. building, campement, bungalow etc., the tax is calculated with reference to the surface area of the land at the rate of Rs 10 per square metre.

Conversion Rate

One Toise is approximately equal to 3.8 square metres.

One Perche is approximately equal to 42.21 square metres.

10.76 Square feet is approximately equal to 1 square metre.

Period of ownership - Insert in the relevant column the number of month/s

during which you owned the property in the income year ended 30 June 2009. Where a residential property is acquired, sold or transferred during the income year, the NRPT should be pro-rated based on the number of months of ownership during the year as follows:

$$\text{NRPT} \times \frac{1}{12} \times \text{no. of months of ownership during the year}$$

NRPT is limited to 5% of the total net income and exempt income of the owner at section 15.1.6.

Any tax paid under Local Government Act in respect of a residential property is deductible from the NRPT payable in respect of that property. Campement site tax is not deductible.

Where the owner is married and the total income of each spouse exceeds Rs 385,000, the NRPT shall, at their option be deemed to be payable by them in equal proportion or by one spouse in full. Where total income of only one spouse exceeds Rs 385,000, the full NRPT shall be paid by the spouse whose total income exceeds Rs 385,000.

Where the owner is a minor, the residential property of the minor shall be included in that of the legal administrator. In case there is no legal administrator, the legal guardian shall be liable to pay the NRPT provided the total income of the minor exceeds Rs 385,000.

Where a residential property has been acquired by inheritance or legacy and no division in kind has been effected or the property is owned by 2 or more individuals, the NRPT shall be paid by each of the heirs, legatees or co-owners, as the case may be, on his share of the property, provided his total income in the income year exceeds Rs 385,000.

Where a building used as residence is located on a portion of land used for agriculture and the gross income derived therefrom is declared by the owner in his return of income or the building is located on a portion of land outside a residential area, the owner is liable to NRPT with reference to the surface area of land on which stands the building, garage and related structures as well as on the surface area of the background, grounds and garden up to a maximum area of 1A25 (0.5276 hectare).

Where a building is used for both business and residential purposes, or where the residential part is located above that on which stands the non-residential part, the NRPT is payable on the whole surface area of land. Where a residential building is constructed on top of an existing building by virtue of a ‘droit de surélévation’, it is deemed to be a flat and NRPT is payable based on the floor area of the building.

Note 11 - Section 17 - Tax Credits

Enter foreign tax paid or the amount of Mauritius tax attributable to the foreign income, whichever is the lesser.

Note 12 - Section 19**Tax Withheld under PAYE and TDS and paid under CPS**

Enter amount withheld under PAYE as per Statement of Emoluments and Tax deduction.

Enter amount deducted at source as TDS on your income from interest, royalties, rent, contracting and sub contracting and other services (architect, engineer, land surveyor, project manager in the construction industry, property valuer and quantity surveyor) as per Statement of Tax Deduction at Source.

Note 13 - Section 21 - Penalty and Interest**Penalty for late submission of return**

Every person who is required to submit a return as per page I of the return and who fails to do so, shall be liable to pay a monthly penalty of Rs 2,000 up to a maximum of Rs 20,000.

Penalty for late payment of tax

In case of late payment, enter 5% of the balance of tax payable at section 16.

Interest on late payment of tax

In case of late payment, enter 1% of the balance of tax payable at section 16 for each month or part of the month during which the tax remains unpaid after 30 September 2009.

These notes are intended to assist in the completion of the return. If further information is required, please contact the Mauritius Revenue Authority, Efram Court, Cnr Mgr Gonin & Sir Virgil Naz Streets, Port Louis.

Tel. No: 207-6000

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