

NOTES FOR COMPLETION OF ANNUAL RETURN OF INCOME OF A RESIDENT SOCIÉTÉ

YEAR OF ASSESSMENT 2023-2024

(INCOME FOR THE PERIOD 1 JULY 2022 TO 30 JUNE 2023)

Note 1

GENERAL INFORMATION ON SOCIÉTÉ

A société includes -

- (a) a société formed under any enactment in Mauritius;
- (b) a société commerciale;
- (c) a société de fait or a société en participation;
- (d) a limited partnership;
- (e) a joint venture; or
- (f) a société or partnership formed under the law of a foreign country.

"Resident" in relation to a société means a société which has its seat or siège in Mauritius and includes a société which has at least one associate or associé or gérant resident in Mauritius.

A "société commerciale" is required to submit a return whether or not it has derived any income during the income year ended 30 June 2023. Other resident sociétés should submit a return only where they have derived any income during that year.

Note 2

INCOME PERIOD

All sociétés are required to file tax returns in respect of income derived for the period 1 July to 30 June. As a result all sociétés should close their accounts on 30 June each year.

The return for the year of assessment 2023/2024 based on income derived for the period 01 July 2022 to 30 June 2023 should be submitted electronically not later than

Monday 02 October 2023.

Note 3

MAIN BUSINESS ACTIVITY

Please consult "List of Activities" available under "Media Centre" on MRA website before entering appropriate sector, type and detail of activity.

Expression of doubt

If you are in doubt regarding the interpretation of the law or treatment in respect of any items contained in this return, you may submit the return according to your own interpretation of the law or treatment, by giving a description of the issue in question and specify the doubt in the space provided. When you express a doubt, the law provides that there will not be any penalty for late payment on any additional tax which could result from any adjustment in relation to the doubt specified.

Note 4

TRADING AND PROFIT AND LOSS ACCOUNT

The details of trading and profit & loss a/c should be given on page 2. No accounts should be attached. Any item of expenditure in the Trading & Profit & Loss a/c not indicated in the return should be included 'other expenses'.

Bad debts from Peer-to-Peer Lending platform

A société may deduct the amount of debt or interest arising from money lent through any Peer-to-Peer Lending platform which is proved to have become bad from any interest received from money lent through the same Peer-to-Peer Lending platform.

Note 5

COMPUTATION OF NET INCOME

The profit as per the profit & loss a/c is not the taxable profit as not all items of income are taxable nor are all items of expenses deductible for tax purposes. The net profit/(loss) as per profit and loss a/c needs to be adjusted to arrive at the net income for tax purposes.

Income to be expressed in Mauritian Rupees

Any amount of income derived or expenditure incurred and remitted during the year ended 30 June 2023 in a currency other than Mauritian rupees should be converted in Mauritian rupees at the exchange rate in force as at the date of remittance. Where any such amount is not remitted during that year it should be converted at the exchange rate in force at the end of that year.

General Rule for deduction of expenses

Any expenditure or loss to the extent to which it is exclusively incurred in the production of gross income is deductible.

Unauthorised deductions

The following items of expenditure are specifically prohibited by Section 26 of the Income Tax Act -

- (a) any investment, expenditure or loss to the extent to which it is capital or of a capital nature;
- (b) any expenditure or loss to the extent to which it is incurred in the production of income which is exempt income;
- (c) any reserve or provision of any kind;
- (d) any expenditure or loss recoverable under a contract of insurance or of indemnity;
- (e) any expenditure incurred in providing business entertainment or any gift;
- (f) income tax, foreign tax, levy imposed in accordance with section 114 of the Gambling Regulatory Authority Act or special levy on banks in accordance with Part XB of the Value Added Tax Act;
- (g) any expenditure or loss to the extent to which it is of a private or domestic nature.

Expenditure incurred in the production of exempt income

(a) Expenditure or loss exclusively incurred in the production of exempt income is not allowable.

(b) Where expenditure or loss is incurred in the production of both gross income and exempt income, that part of the expenditure or loss attributable to the production of exempt income shall be calculated using the following formula:

$$\frac{\text{exempt income} \times \text{expenditure or loss}}{\text{total gross income (including exempt income)}}$$

(c) Where the proportion of exempt income to total gross income in the above formula is 10 per cent or less, no part of the expenditure or loss as determined above shall be disallowed.

Annual Allowance

(A) Depreciation, being a provision, is not an allowable expenditure. A société may instead, claim deduction in respect of annual allowance on capital expenditure at the prescribed rates, as follows:-

	Capital expenditure incurred on	Rate as a % of	
		Base value	cost
1	Industrial premises excluding hotels	-	5
2	Commercial premises	-	5
3	Hotels	30	-
4	Plant or Machinery –		
	(a) costing or having a base value of 60,000 rupees or less	-	100
	(b) costing more than 60,000 rupees –		
	(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	-
	(iva) 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 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

Where a company, 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.

(B) Accelerated annual allowance on capital expenditure incurred during the period from 1 January 2013 to 30 June 2018 may be claimed as follows:-

	Capital expenditure incurred on	Rate as a % of	
		Base value	cost
	Industrial premises dedicated to manufacturing	30	-

Where annual allowance has been claimed under paragraph (A), no allowance should be claimed under paragraph (B). It is to be noted that no annual allowance is allowable unless proper books of accounts and records are kept.

Unrelieved bad debts from Peer-to-Peer Lending platform carried forward

Where the amount of debt or interest derived from any Peer-to-Peer Lending platform cannot be fully relieved, the société may claim the unrelieved amount of debt or interest carried forward and set off against interest received from money lent through the same Peer-to-Peer Lending platform in the succeeding income years.

Dividends receivable

Dividends receivable from a resident company are exempt from tax. However, the expenses incurred to produce such exempt income should be added back. Dividends receivable from outside Mauritius are taxable.

Additional deduction in respect of expenditure incurred on fast charger for electric car

A deduction may be claimed for the amount of such expenditure incurred in that income year.

Expenditure incurred by hotels on cleaning, renovation and embellishment works

A société operating a hotel may, in an income year, deduct from its gross income an amount equal to 150 per cent of any expenditure incurred in that income year on cleaning, renovation and embellishment works in the public realm.

Expenditure incurred for arbitration, conciliation or mediation under an Alternative Dispute Resolution Mechanism

Where, in an income year, a société makes an application for arbitration, conciliation or mediation for the settlement of a dispute before a recognised arbitration institution in Mauritius and has incurred expenditure in respect of filing fees, it shall in that income year be allowed a deduction of an amount equivalent to 150 per cent of the expenditure so incurred from its gross income.

Peer-to-Peer Lending platform

An exemption of 80 per cent of interest derived by a person from money lent through a Peer-to-Peer Lending platform may be claimed in an income year, provided that –

- (i) the person has started its operations prior to 31 December 2020;
- (ii) the income is derived from the activities covered under that licence; and
- (iii) the person satisfies the conditions relating to the substance of its activities, as specified by the Financial Services.

Note: The exemption shall be for a period of 5 succeeding income years as from the income year in which the person started its operations.

Contribution to COVID-19 Solidarity Fund

Where a société has, in the income year commencing on 1 July 2019 or 1 July 2020, made a contribution to the COVID-19 Solidarity Fund, it shall be allowed a deduction from its net income in respect of the amount contributed or donated in that income year. Any unrelieved amount of Contribution to Covid-19 Solidarity Fund for an income year may be carried forward and deducted against the net income of the income year immediately following that income year up to a maximum of 2 income years.

Contribution to National COVID-19 Vaccination Programme Fund

Where a société has, in the income year commencing on 1 July 2020, made a contribution to the COVID-19 Vaccination Programme Fund, it shall be allowed a deduction from its net income in respect of the amount contributed or donated in that income year. Any unrelieved amount of Contribution to COVID-19 Vaccination Programme Fund for an income year may be carried forward and deducted against the net income of the income year immediately following that income year up to a maximum of 2 income years.

Note 6

CALCULATION OF TAX

Corporate Social Responsibility (CSR)

Every “société commerciale” or any other resident société deriving income is required to set up a CSR Fund equivalent to 2% of its chargeable income for the preceding year to implement a programme in accordance with its own CSR framework and having as its objects the alleviation of poverty, the relief of sickness or disability, the advancement of education of vulnerable persons or the promotion of any other public object beneficial to the Mauritian community.

An amount equal to the percentage of the CSR Fund, as specified in the following table, shall be remitted to the Director-General –

	Percentage to be remitted to the Director-General
CSR Fund set up on or after 1 January 2017 up to 31 December 2018	At least 50%
CSR Fund set up on or after 1 January 2019	At least 75%

CSR is not applicable to:

- (i) a GBL company;
- (ii) a bank, in respect of income derived from non-residents or GBL corporations;
- (iii) an IRS company;
- (iv) a non-resident société, a foundation, a trust or a trustee of a unit trust scheme

Penalty for late submission of return

A penalty of Rs 2000 per month or part of the month is payable until the time the return is submitted, up to a maximum of Rs 20,000. However, where the société is a small enterprise having an annual turnover not exceeding 10 million rupees, the maximum penalty is Rs 5,000.

Penalty for late payment of tax

A penalty of 5 per cent of the amount of tax is payable in case of late payment. However, where the société is a small enterprise having an annual turnover not exceeding 10 million rupees, the rate of penalty is 2 per cent.

Interest on late payment of tax

Interest at the rate of 0.5% per month or part of the month is payable on any amount of tax remaining unpaid after the due date.

Note 7

TAX DEDUCTION AT SOURCE (TDS)

The amount deducted at source as TDS for the year ended 30 June 2023 should be inserted on the société's income as per Statement of Income Received. The BRN and TAN of the payer should be inserted where the TDS has been deducted on income derived by the société directly.

Note 8

SHARE OF ASSOCIATES

Details in respect of all associates should be provided in this section.

- (a) The income of an associate from a resident société is deemed to be the share to which he would have been entitled in the income of the société if the income had been wholly distributed among the associates.
- (b) For the purposes of calculating the net income/(loss) of an associate from a société, the associate is deemed –
 - (i) to have derived that part of the gross income of the société; and
 - (ii) to have incurred that part of the allowable deductions of the société which bears the same proportion to the gross income or allowable deductions of the société as his share in the income/loss of the société bears to the income/loss of the société.
- (c) The TDS amount at line 6 may be claimed as a credit by each associate in the proportion of his share of income/(loss) in the société.

Note 9

A statement must be given by the société to each associate not later than **Monday 02 October 2023** showing the share of net income/loss accruing to that associate and his share of TDS. The statement must be made in the approved form "Statement by société to associate" available on e-services - corporate - société on MRA website.