

**NOTES**  
**Year of Assessment 2017-2018**  
**(Income for the period 1 July 2016 to 30 June 2017)**

**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 2017. 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 2017/2018 based on income derived for the period 01 July 2016 to 30 June 2017 should be submitted to MRA not later than 02 October 2017.

**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.

**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 in item 3.40 'other expenses'.

**Note 4 (a)**

**INTEREST INCOME (Item 3.5 of section 3)**

Interest earned by a société as from 1 January 2010 on savings and fixed deposit accounts maintained with a bank or non-bank deposit taking institution, Government securities and Bank of Mauritius Bills are exempt.

However, all interests earned during period 1 July 2006 to 31 December 2009, which were paid to the société during the year ended 30 June 2017 are taxable.

**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 on page 3 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 2017 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 or foreign tax;
- (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.

**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 in Item 4.2 of Page 3. Dividends receivable from outside Mauritius are taxable.

**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**

1. Industrial premises excluding hotels
2. Commercial premises
3. Hotels
4. Plant or Machinery –
  - (a) costing or having a base value of 30,000 rupees or less
  - (b) costing more than 30,000 rupees –
    - (i) ships or aircrafts
    - (ii) aircrafts and aircraft simulators leased by a company engaged in aircraft leasing
    - (iii) motor vehicles
    - (iv) electronic and high precision machinery or equipment, computer hardware and peripherals and computer software
    - (v) furniture and fittings
    - (vi) other
5. Improvement on agricultural land for agricultural purposes
6. Scientific research
7. Golf courses
8. Acquisition of patents
9. Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles

<b>Rate as a % of</b>	
<u>Base Value</u>	<u>Cost</u>
-	5%
-	5%
30%	-
100%	or 100%
20%	-
-	100%
25%	-
50%	-
20%	-
35%	-
25%	-
-	5%

Where a société, 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 as from 1 January 2013 may be claimed on the items listed below, as follows:-

**Capital expenditure incurred on**

1. Industrial premises dedicated to manufacturing
2. Plant or machinery costing 50,000 rupees or less
3. Electronic and high precision machinery (including computer hardware and software)
4. Plant and machinery (excluding passenger car) by a manufacturing company
5. Scientific research

<b>Rate as a % of</b>	
<u>Base Value</u>	<u>Cost</u>
30%	-
-	100%
-	50%
-	50%
-	50%

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.

**Note 6 - Section 5****CALCULATION OF TAX**• **Item 5.8 - 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 net income of 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.

Where the amount spent out of the CSR Fund exceeds the amount provided under the Fund, the excess to the extent of 20% of the amount provided, may be carried forward and offset in equal instalments against any amount provided to be spent under the Fund in respect of the 5 succeeding years.

Where a société had not spent the whole or part of the amount of the CSR Fund for the previous income year/s, it should add, at line 5.3 of the return, the unspent amount brought forward.

Where, as at 30 June 2016, a société had paid out of its CSR Fund, a sum in excess of the amount provided for under that Fund, the excess amount may be carried forward and offset in equal instalments against any amount to be remitted at line 5.4 of the return, in respect of 5 succeeding years starting as from year of assessment 2016/2017.

Where, in respect of the income year ended 30 June 2017, a CSR fund was created before 7 September 2016, and the amount spent out of that CSR Fund exceeds the amount provided under the Fund, the excess to the extent of 20% of the amount provided, may be carried forward and offset in equal instalments against any amount provided to be spent under the Fund in respect of the 5 succeeding years.

Details of CSR projects implemented and amount spent during the year ended 30 June 2017 should be provided on page 5 of the return. Additional sheets in the same format may be attached, if necessary.

CSR is not applicable to:

- (i) a GBL I 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.

• **Item 5.11 - Tax deduction at source (TDS)**

Enter at section 5.11 the amount deducted at source as TDS for the year ended 30 June 2017 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. However, where the société is entitled to deduct its share of TDS on income derived by another société, the BRN and TAN of that société should be inserted.

• **Item 5.14 - 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.

• **Item 5.15 - 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.

• **Item 5.16 - 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 - Section 6**

**SHARE OF ASSOCIATES**

Details in respect of all associates should be provided at section 6.

- (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) Where tax has been deducted at source from any income derived by a société, the amount of tax deducted at source may be offset against any CSR amount. The remaining amount of TDS at line 5.18 may be claimed as a credit by each associate in the proportion of his share of income/(loss) in the société.

**Note 8**

A statement must be given by the société to each associate not later than 02 October 2017 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 under "Downloadable forms" on MRA website.