

**YEAR OF ASSESSMENT 2007-2008 (INCOME YEAR ENDED 30 JUNE 2007)  
NOTES - HOW TO FILL IN YOUR RETURN (I.T FORM 1)**

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      Hotline: 207-6010      Fax No. : 211-8099      Website: <http://mra.gov.mu>**

**Obligation to file a return**

A return of income should be filled in and furnished to the Director-General, MRA not later than 30 September 2007 by every person who:-

- (i) has a chargeable income; or
- (ii) has been allotted a Tax Account Number; or
- (iii) at any time during the income year ended 30 June 2007 was owner of :
  - (a) any residential property on which the National Residential Property Tax is payable;
  - (b) more than one residence;
  - (c) one or more immovable property acquired for an aggregate price exceeding Rs 2 million or on which he has incurred expenditure for the construction of a building or any other structure of an aggregate amount exceeding Rs 2 million;
  - (d) a car with an engine capacity exceeding 2000 cc; or
  - (e) a pleasure craft as defined in the Tourism Act 2004.

**Note 1 - Section 4**

Where income falling under section 4 is derived jointly by a couple, such income may be declared in any proportion by each spouse.

**Trade, Business and Profession - Section 4.1**

Net income is obtained by *adding* to the net income 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 nature and expenses incurred in the production of exempt income are not allowable.

**Annual Allowance**

You may claim annual allowance in respect of capital expenditure specified hereunder as follows:

Capital Expenditure incurred on —	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	15	-
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 4.4**

**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 in the property, provided the total income of the heir exceeds Rs 385,000.

**Note 3 - Section 6**

**Income of Dependents**

If you have claimed Income Exemption Threshold of Category B, C or D at section 13, any net income derived by the dependent/s during the year is deemed to be your income and should be included at section 6 of your tax return. Conditions for entitlement to IET Category B, C and D are given in note 6 below.

**Note 4 - Section 8**

**Losses**

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. Losses may be set off against net income other than emoluments.

**Note 5 - Section 10****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 10. The total emoluments net of exempt income should be inserted at section 10.1 and then at 10.3 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 6th row of section 10 without inserting the Employer Registration Number.

**Note 6 - Section 13****Income Exemption Threshold (IET)**

An individual who was resident in Mauritius in the income year ended 30 June 2007 is entitled, for the purpose of calculating his chargeable income, to claim a deduction in respect of Income Exemption Threshold - Category A, B, C or D as applicable to him.

If you make a claim under either Category B, C or D then your spouse shall be entitled to a claim under Category A only.

**IET - Category A - No dependent**

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

**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 2007.

**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 2007.

**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 2007.

"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

- (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.

"Resident" means an individual who has been present in Mauritius during the income year for a period of 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.

"Exempt income" includes:

- (a) Any rent allowance payable to a person appointed to an

office in the Police Force/the Fire Services/the Forests Division of the Ministry of Agriculture and Natural Resources/the Prisons and Industrial School Service/the Ministry of Fisheries/the Department of Civil Aviation/the Fire Unit of the Mauritius Marine Authority.

- (b) Any housing allowance not exceeding 100 rupees per month payable by an employer to an employee under any enactment or by virtue of an award made under an enactment.
- (c) Any transport allowance payable by an employer by virtue of the terms and conditions of service equivalent to -
  - (i) the return bus fare between residence and place of work;
  - (ii) petrol allowance, commuted travelling allowance and travel grant payable by the Government of Mauritius and the local authority to their employees; or
  - (iii) the actual petrol or travelling allowance paid or 25 per cent of the monthly basic salary up to a maximum of 7,375 rupees, whichever is the lesser, provided that the employee makes use of a private car registered in his own name for attending duty and for the performance of the duties of his office or employment.
- (d) Passage benefits provided under a contract of employment not exceeding 6 per cent of the basic salary.
- (e) Dividends -
  - (i) paid by a company resident in Mauritius; or
  - (ii) paid by a co-operative society registered under the Co-operative Societies Act.
- (f) Income derived by any person in the form of maintenance allowance or other benefit provided in respect of his attendance at a university, college, school or other educational institution in terms of a scholarship, bursary, exhibition or other education award.

**Note 7 - Section 14****Chargeable Income / Excess of Income Exemption Threshold over Total net Income**

The chargeable income is arrived at by deducting from the total net income at section 12, the Income Exemption Threshold at section 13. In case the Income Exemption Threshold exceeds the total net income, the excess amount may be transferred to section 16.4 to be set off against interest income.

**Note 8 - Section 15****Calculation of Tax**

The tax on chargeable income at A is calculated at the rate of 15% on the first Rs 500,000 and at 22.5% on the remainder.

**Note 9 - Section 16****Tax on Interest Income**

Enter at section 16.1 all interest receivable by you during the income year.

Where interest income is derived jointly by a couple, such income may be declared in any proportion by each spouse.

The tax on interest income is calculated at the rate of 15% irrespective of the amount of chargeable income (**B**)

**Note 10 - Section 17****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 2007, you are not liable to the tax.

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 2006. 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 2007.

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 17.1.6.

Any tax paid under Local Government Act in respect of a residential property is deductible from the NRPT payable in respect of that property.

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 19****Tax Credits**

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

**Note 12 - Section 21****Specified Mauritian / Expatriate Staff Relief**

This relief applies to an expatriate employee or a specified Mauritian whose entitlement to the 50% tax exemption continues to apply beyond 30 June 2006.

**Note 13 - Section 23****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.

Attach an additional sheet in case the space provided is not sufficient.

**Note 14 - Section 25****Penalty and Interest****Penalty for late submission of return**

Every person who is required to submit a return as per page 1 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 25.3.

**Interest on late payment of tax**

In case of late payment, enter 1% of the balance of tax payable at section 25.4 for each month or part of the month during which the tax remains unpaid after 30 September 2007.

Tax Account Number **COPY OF YOUR 2007-2008 RETURN FOR YOUR RECORDS**

4	TOTAL INCOME	Rs only		Rs only
4.1.10	Net income from trade, business, profession		18	<b>TOTAL TAX (A + B + C)</b>
4.2.3	Net income from Agriculture		19	<b>TAX CREDITS</b>
4.3.3	Net Rent		19.1	Foreign tax credit .....
4.4.4	Net income from Resident Société, Succession		19.2	Adjustment of tax on share of income from société engaged in international business activity .....
4.5.2	Total Royalty, premium, annuity etc		19.3	<b>Deduct total tax credits</b>
4.6.1	Net income from other sources		20	<b>BALANCE AFTER TAX CREDITS</b>
4.7.3	Net income derived from outside Mauritius		21	<b>SPECIFIED MAURITIAN/EXPATRIATE STAFF RELIEF</b>
5	<b>TOTAL</b>		21.1	<b>Deduct 50% of tax on qualifying emoluments</b>
6	<b>INCOME OF DEPENDENTS (balance at 6.5)</b>		22	<b>BALANCE AFTER RELIEF AT 21.1</b>
7	<b>TOTAL</b>		23	<b>TAX WITHHELD UNDER PAYE AND PAID UNDER CPS</b>
8	<b>LOSSES</b>		23.1	Tax withheld under PAYE .....
	(i) Losses for the year Rs .....		23.2	Tax paid under CPS .....
	(ii) Losses B/F Rs .....		23.3	Tax deducted at source on interest .....
	(iii) Losses C/F Rs .....		23.4	Tax deducted at source on other income .....
	<b>Losses claimed</b>		23.5	<b>Deduct total</b>
10.3	<b>EMOLUMENTS (Self)</b>		24	<b>BALANCE</b>
11	<b>EMOLUMENTS (Dependents)</b>		25	<b>PENALTY</b> If applicable, add
12	<b>TOTAL NET INCOME</b>		25.1	Penalty for late submission of return .....
13.5	<b>Deduct: Income Exemption Threshold</b>		25.2	Penalty for underpayment of tax under CPS .....
14	<b>Chargeable Income(A)/Excess of Income Exemption Threshold over net emoluments</b>		25.3	Penalty for late payment of tax .....
15	<b>CALCULATION OF TAX</b>		25.4	Interest for late payment of tax .....
			25.5	<b>Enter total</b>
	Chargeable Income (A) (Rs)	Rate %	Tax(Rs only)	
	First Rs 500,000	15		
	Remainder	22.5		
	<b>TOTAL TAX (A)</b>			
16	<b>TAX ON INTEREST INCOME</b>		26	<b>TAX PAYABLE/TAX PAID IN EXCESS</b>
16.3	Total interest receivable .....			
16.4	Less: Excess of Income Exemption Threshold at section 11 .....			
16.5	Less: Loss transferred from section 8.5 .....			
16.6	Chargeable Income (B)/Loss carried forward .....			
16.7	<b>TAX ON INTEREST INCOME (B)</b>			
17	<b>NATIONAL RESIDENTIAL PROPERTY TAX</b>			
17.4	<b>TOTAL TAX (C)</b>			
18	<b>TOTAL TAX (A + B + C)</b>			