

YEAR OF ASSESSMENT 2006-2007 (INCOME YEAR ENDED 30 JUNE 2006)
NOTES - HOW TO FILL IN YOUR RETURN (I.T FORM IB)

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

Tel. No : 207-6000 and Fax No. : 211-8099

Note 1 (Section 4)

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 such as annual and investment allowances

Annual Allowance

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

<i>Capital Expenditure incurred on —</i>	<i>Rate of Annual Allowance % of Cost</i>
Industrial premises excluding hotels	5
Hotels	20
Plant or Machinery costing 10,000 rupees or less	100
<i>Plant or Machinery costing more than 10,000 rupees —</i>	
Ships or aircrafts	10
Furniture and fittings	10
Motor vehicles	20
Electronic and high precision machinery or equipment, computer hardware and peripherals and computer software	33.33
Other	20
Agricultural improvement on agricultural land	20
Capital expenditure on scientific research	20
Setting up of golf courses	10
Any other item of a capital nature which is subject to depreciation under normal accounting principles other than non-industrial premises	5

An annual allowance at the rate 33¹/₃% is allowable to a medical practitioner who has incurred expenditure on improvements to his consulting and waiting rooms in the year in which the expenditure is incurred.

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

Investment Allowance

An investment allowance at the rate of 25% of the capital expenditure incurred in the income year is allowable on the construction of industrial premises or on the acquisition of new plant and machinery, computer software or of a new bus of a seating capacity of not less than 30. A deduction at the rate of 100% of the capital expenditure is allowable if it is incurred in Rodrigues on the construction of industrial premises or on the acquisition of new plant and machinery for the processing of agricultural, fisheries or livestock products, or for manufacture.

No annual and investment allowances are allowable unless proper books of accounts and records are kept.

Note 2 (Section 7)

Personal Reliefs and Deductions

Deductions under 2.2 & 2.5(self only) can be claimed if you are either a citizen or a resident of Mauritius. Other deductions stated below can be claimed only if you are resident in Mauritius.

“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.

Note 2.1 (Section 7.1)

Agricultural Income Relief

Enter 15% of your net income (excluding exempt income) from agriculture. Maximum relief allowable is Rs 100,000.

Note 2.2 (Section 7.2)

Basic Personal Deduction

Enter Rs 85,000 if in the income year you were a citizen of or resident in Mauritius.

Note 2.3 (Section 7.3)

Deduction for Dependent Spouse

Enter Rs 85,000 if in the income year you were married, your spouse was living with or maintained by you and your spouse's net income (including exempt income) for the income year did not exceed Rs 85,000.

Note 2.4 (Section 7.4)

Basic Deduction for Dependent Children (limited to 3)

Enter Rs 30,000 for each dependent child.

You may claim a deduction for :-

- (i) your unmarried child, step child or adopted child,
- (ii) an unmarried child whose guardianship or custody has been entrusted to you **by virtue of any enactment or court order**,
- (iii) an unmarried child placed in your foster care **by virtue of a court order**.

In the case of a couple, both spouses may claim deduction in respect of dependent children. However, they cannot both claim a deduction in respect of the same child and for more than **THREE** children in the aggregate.

Note 2.4a**Deduction for school fees for dependent children**

You may claim a deduction **in respect of school fees** paid by you to a recognised educational institution for the education of your dependent child in respect of whom a deduction has been claimed under Section 7.4.

- (i) The maximum deduction allowable for each child is as follows :-
- Rs 10,000 in respect of a child receiving pre primary, primary or secondary education.
 - Rs 80,000 in respect of a child receiving tertiary education in Mauritius.
- (ii) The deduction allowable for a child receiving tertiary education outside Mauritius is Rs 80,000.

No deduction should be claimed if the child's net income (including exempt income) for the income year is likely to exceed the amount of the deductions under 2.4 & 2.4a.

Note 2.5 (Section 7.5)**Deduction for handicapped persons**

If –

- (i) you or your dependent spouse, or
- (ii) any of your dependent children in respect of whom you have claimed a deduction under section 7.4, or
- (iii) any of your dependent children over the age of 18 in respect of whom you have not claimed a deduction under section 7.4, or
- (iv) any other person for whom you are a **tutor**,

was physically or mentally handicapped in a permanent capacity, you may in each case claim a deduction of Rs 70,000.

For the purposes of (iv), tutor means a person who maintains a handicapped person who is connected with him or his **dependent** spouse by blood relationship as parent, grand-parent, brother, sister, uncle, aunt, nephew or niece. Where claims for deduction in respect of a handicapped person are made by 2 or more taxpayers, the deduction shall be apportioned between them in proportion to the amount or value of their respective contributions.

Please attach medical certificate, photocopy of National Identity Card of the handicapped person and relevant birth certificates to establish blood relationship.

Note 2.6 (Section 7.6)**Alimony and Maintenance**

Enter payments made in accordance with a Court Order.

Note 2.7 (Section 7.7)**Relief for Pension Contribution (NPF, etc)**

Enter contributions to approved superannuation/pension funds or schemes.

Note 2.8 (Section 7.8)**Interest Relief**

Enter the amount of interest paid during the income year on loans that are secured and are used exclusively for the purchase of land to be used for the construction of your residence or the purchase, construction or improvement of your residence, or to finance tertiary education of your dependent children.

A loan is considered secured when it is :

- secured by mortgage or fixed charge on immovable property;
- raised on the security of a life insurance policy on your life or on the life of your dependent spouse or on the life of your dependent children;
- raised on the security of a standing crop or the proceeds of a crop;
- raised on the pledge of shares or debentures.

NOTE:

- The maximum amount allowable is Rs 250,000; however, a couple may deduct interest paid as follows:
 - Where neither spouse is a dependent spouse, each spouse Rs 125,000
 - Where one spouse is a dependent spouse or where neither spouse is a dependent spouse but the loan has been contracted by only one spouse Rs 250,000
 - Where a loan has been contracted jointly by a couple, the interest relief may be shared in any proportion, provided that, in the aggregate, the deduction does not exceed Rs 250,000

NOTE:

- (1) In respect of secured loan raised prior to 1 June 1996 the deduction for interest paid, is **unlimited**.
- (2) Interest paid on a secured loan raised prior to 1 July 1999 for any purpose, other than for the production of exempt income, qualifies for deduction.

Interest on unsecured loans (even for construction purposes) is NOT allowable.

Note 2.9 (Section 7.9)**Investment Relief**

Enter the sum of –

- (i) 40% of –
 - the amount paid as subscription to the share capital of a company listed on the Stock Exchange or of an authorised mutual fund;
 - investments made in newly issued securities of an investment trust company;
 - the excess of the investments in units held at 30.6.2006 over the investments in units held at 30.6.2005;
 - contributions made to an approved medical savings scheme or an investment club formed in accordance with the Stock Exchange Act; **and**
- (ii) any excess relief brought forward from the last income year.

Note: – The relief in any one income year shall not exceed Rs 50,000;

Note 2.10 (Section 7.10)**Relief for Investment in Retirement Savings Scheme.**

Enter the amount of investments made in any prescribed retirement savings scheme. The maximum amount allowable is Rs 50,000 in the aggregate.

Note 2.11 (Section 7.11)**Deduction for Medical Expenses**

You may claim a deduction of –

(a) 75% of net expenses (i.e. expenses less any refund) incurred for medical treatment of yourself, your dependent spouse or your dependent children in a health institution or hospital, **AND**

(b) any excess brought forward from the previous income year.

The maximum amount allowable is Rs 25,000 for treatment in Mauritius or Rs 35,000 for treatment outside Mauritius.

Note 2.12 (Section 7.12)**Donations to Charitable Institutions**

You may claim a deduction in respect of donations made to approved charitable institutions. The maximum aggregate amount allowable is Rs 40,000.

Note 2.13 (Section 7.13)**Relief for Contribution to the National Solidarity Fund and Prime Minister's Children's Fund**

Enter the total amount paid as contribution to the National Solidarity Fund or the Prime Minister's Children's Fund.

Note 2.14 (Section 7.14)**Deduction for Expenditure on Education and Training**

You may claim a deduction in respect of any subscription, examination or course fees or expenses payable to a recognised institution for your education and training, whether by distance learning or otherwise. The maximum amount allowable is Rs 50,000.

Note 2.15 (Section 7.15)**Relief for Life Insurance Premium**

Enter the amount of life insurance premium payable under a policy on your life, the life of your dependent spouse or the life of any of your children who was under the age of 18 on 30 June 2006.

Where your spouse is not a dependent spouse and the policy is held in the joint names of the spouses, the total amount paid may be shared by the spouses in any proportion.

The maximum amount allowable is Rs 80,000.

Note 2.16 (Section 7.16)**Relief for Premium on Personal Pension Scheme**

Enter the amount of premium payable under an approved personal pension scheme to provide for a pension for yourself or your dependent spouse.

Note 2.17 (Section 7.17)**Relief for Premium on Retirement Annuity**

Enter the amount of premium or contribution payable under an approved annuity contract or scheme to provide for a life annuity in your old age.

Note 2.18 (Section 7.18)**Relief for Contribution to Medical Scheme and for Ambulance Services**

Enter contributions made by you under an approved medical scheme to provide for medical expenses or for the provision of ambulance services for yourself and your dependants.

Note 2.19 (Section 7.20)**Savings Relief**

This relief represents the aggregate deduction allowable under 7.16 to 7.18 which is limited to 20% of the net income at 6.

Note 3 (Section 10)**Foreign Tax Credit**

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

Note 4 (Section 14)**Penalty****Note 4.1 (Section 14.1)****Late Submission of Return**

In case of late submission of return, enter at Section 14.1 Rs 5,000 per month or part of the month (Maximum of Rs 50,000).

Note 4.2 (Section 14.2)**Underpayment of tax under CPS**

Enter under Section 14.2 the amount calculated as per following formula :—

$$\frac{25}{100} \times \left(\frac{40A}{100} - B \right)$$

Where :—

A is the balance of tax at Section 11.

B is the total tax paid under CPS shown at Section 12.1.

This section is not applicable where :—

- B is equal to or exceeds 40% of A.
- you were not required to furnish a Statement of Income under CPS during the income year.
- the net income declared in your Statement of Income in respect of the CPS period ended 31 December 2005 was based on your income for the year ended 30 June 2005.

Note 4.3 (Section 14.3)**Late Payment of tax on Annual Return.**

In case of late payment, enter 2% of the balance of tax payable at Section 13 for each month or part of the month during which the tax remained unpaid after 30 September 2006.

Tax Account Number **COPY OF YOUR 2006-2007 RETURN FOR YOUR RECORDS**

4	TOTAL INCOME	Rs only		7	PERSONAL RELIEFS AND DEDUCTIONS	Rs only															
4.1	Net income from trade, business, profession		7.1	Agricultural income relief															
4.2	Net income from Agriculture		7.2	Basic personal deduction															
4.3	Net Rent		7.3	Deduction for dependent spouse															
4.4	Net income from Resident Société, Succession		7.4	Deduction for dependent children and school fees																
4.5	Total Income			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Name</th> <th style="width: 30%;">Deduction (Rs)</th> <th style="width: 40%;">School Fees (Rs)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	Name	Deduction (Rs)	School Fees (Rs)												
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5	LOSSES			7.5	Deduction for handicapped persons																
	(i) Losses for the year Rs			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 100%;">Name</th> </tr> </thead> <tbody> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </tbody> </table>	Name														
Name																					
	(ii) Losses B/F Rs															
	Enter total ➤															
6.	NET INCOME/LOSS C/F		7.6	Alimony and maintenance															
7.	<u>Deduct</u> : Total personal reliefs and deductions at section 7.21		7.7	Relief for pension contribution (NPF, FPS etc.)															
8.	CHARGEABLE INCOME ➤		7.8	Interest relief																
9.	CALCULATION OF TAX				(i) prior to 1 June 1996 Rs															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Chargeable Income (Rs)</th> <th style="width: 10%;">Rate %</th> <th style="width: 10%;">Tax(Rs only)</th> </tr> </thead> <tbody> <tr> <td>First Rs 25,000</td> <td>10</td> <td> </td> </tr> <tr> <td>Next Rs 25,000</td> <td>20</td> <td> </td> </tr> <tr> <td>Next Rs 450,000</td> <td>25</td> <td> </td> </tr> <tr> <td>Remainder</td> <td>30</td> <td> </td> </tr> </tbody> </table>	Chargeable Income (Rs)	Rate %	Tax(Rs only)	First Rs 25,000	10		Next Rs 25,000	20		Next Rs 450,000	25		Remainder	30					(ii) on or after 1 June 1996 Rs
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	TOTAL TAX ➤			(iii) on or after 1 July 1999 Rs															
10	FOREIGN TAX CREDIT				Enter total ➤															
10.1	Deduct foreign tax credit		7.9	Investment relief																
11	BALANCE AFTER TAX CREDIT ➤			• 40% of investments/contributions made in the year Rs															
12	TAX PAID UNDER CPS				• Excess relief brought forward from last year Rs															
12.1	Deduct Tax paid (excluding penalty) for CPS period ended 31.12.2005			Enter total (Max. Rs 50,000) ➤															
13	BALANCE AFTER TAX PAID UNDER CPS		7.10	Investment in retirement savings scheme															
14	PENALTY If applicable, <u>add</u> penalty for			7.11	Deduction for medical expenses															
14.1	Late submission of return		7.12	Donations to charitable institutions															
14.2	Underpayment of tax under CPS		7.13	Deduction for contribution to the National Solidarity Fund and Prime Minister's Children's Fund															
14.3	Late payment of tax		7.14	Deduction for expenditure incurred on education and training for self															
14.4	Enter total ➤		7.15	Relief for life insurance premium																
15	TAX PAYABLE/TAX PAID IN EXCESS (Delete as appropriate)			<i>On joint life insurance policy with spouse,</i>																
					(i) total premium paid Rs															
					(ii) amount claimed under this section Rs															
					Enter total ➤															
					SAVINGS RELIEF																
				7.16	Premium on personal pension scheme															
				7.17	Premium on retirement annuity															
				7.18	Contribution to medical scheme and for ambulance services															
				7.19	Total of 7.16 to 7.18 (Claimed under 7.20)															
				7.20	Savings Relief is either total at 7.19 or 20% of net income at 6, whichever is the lesser.															
				7.21	Total personal reliefs and deductions															