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# *Finance Bill 2016*

National Budget 2016



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# *The Finance (Miscellaneous Provisions) Bill 2016*

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The Finance (Miscellaneous Provisions) Bill 2016 (“Finance Bill 2016”) has been released for consultation.

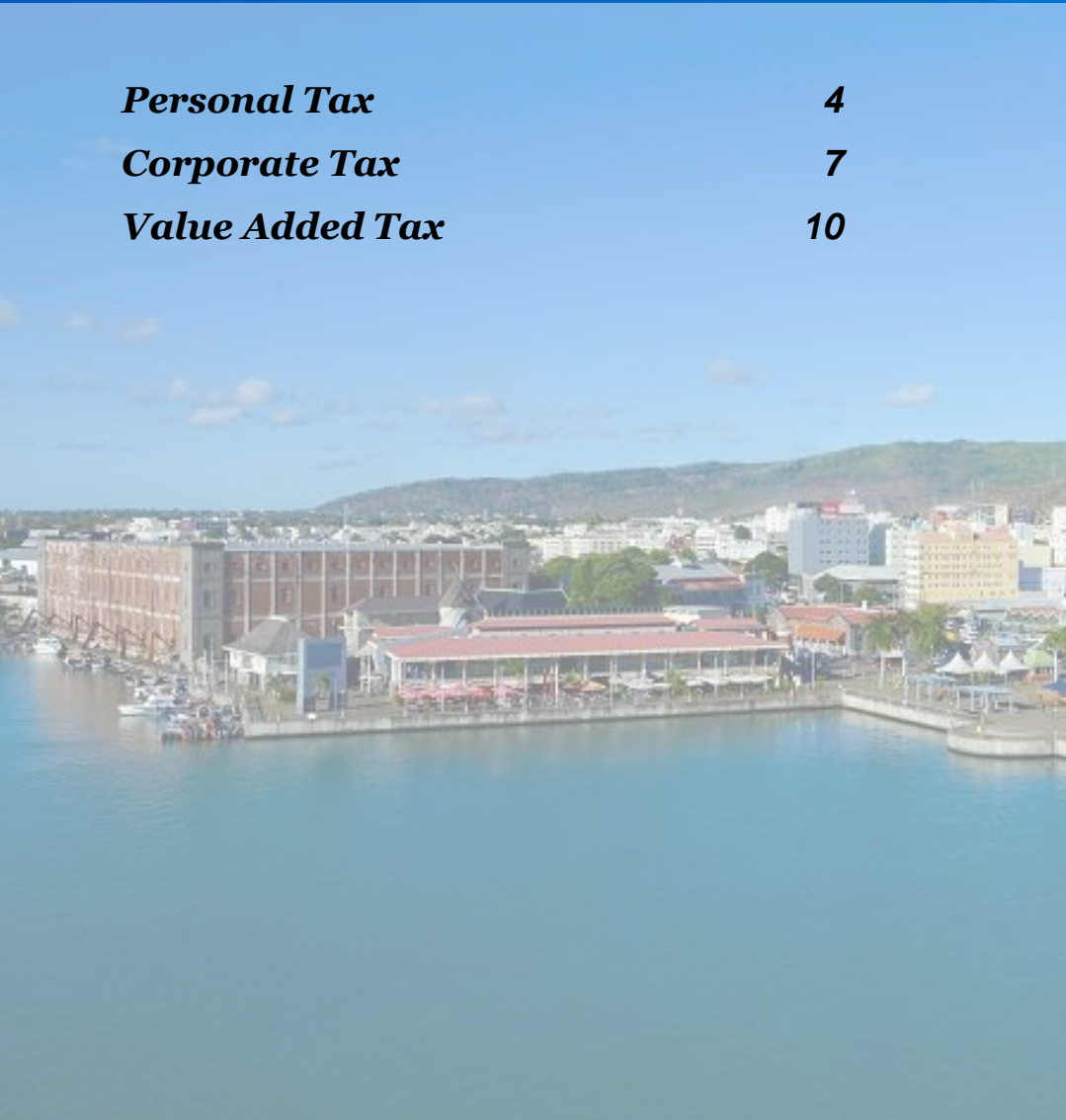
Several key measures such as tax holidays to boost the global business sector, were announced in the Budget Speech of 29 July 2016 by the Minister of Finance. However, those measures are not reflected in the Finance Bill 2016 but which, we understand, will be promulgated by way of regulations in due course.

We are currently engaging with the authorities and will keep you posted on the developments herewith.

*It should be noted that the provisions of the Finance Bill will only become effective once it is ratified by the Parliament and assented by the President of the Republic of Mauritius. Therefore, you are cautioned to consult with your tax advisor or ourselves prior to any action being taken. In any event, we neither make any representations, nor shall we have any liability, including claims for damages of any nature, to any parties.*

# *Finance Bill 2016*

<i>Personal Tax</i>	<b>4</b>
<i>Corporate Tax</i>	<b>7</b>
<i>Value Added Tax</i>	<b>10</b>





## Personal Tax

Personal Tax

Corporate Tax

Value Added Tax



### ***Unexplained wealth***

The MRA to make a written report to the Integrity Reporting Services Agency in case of a person having unexplained wealth of 10 million rupees or more.

Unexplained wealth taxable only if Integrity Reporting Board does not confiscate the amount.



### ***Interest relief on secured housing loan by first-time home-owner***

Interest relief will be allowed irrespective of the date housing loan was contracted.

Income eligibility criteria to benefit from interest relief on secured housing loan has been increased from Rs2m to Rs4m.



### ***Penalties***

Penalty for late submission of return for an individual who is not in business limited to Rs5,000.

Penalty for late payment of tax for an individual who is not in business shall be 2%.



### ***Small enterprise qualified under an approved scheme***

A new small enterprise set upon or after 2 June 2015 will be exempt on income derived in accordance with SMEDA Act for a period of 8 years.

Any unrelieved tax losses cannot be carried forward after the period of exemption.



### ***Payment of tax by employer***

Due date for submission of PAYE return and remittance of tax withheld for the month of May shall be 2 days (excluding Saturdays and public holidays) before the end of June.

Penalty for late payment of tax by an employer increased from 5% to 10%.



## Personal Tax

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### ***Amended tax return***

Submission date of an amended tax return deemed to be in the year the return is submitted. Penalty for late filing shall apply.

Penalty not applicable in case where amendments limited to emoluments and personal reliefs and deductions.

Time limit of 3 years applicable for submission of an amended return.



### ***Exemption for dependent child in tertiary education***

Tertiary education additional income exemption threshold not available if –

- Income exceeds Rs4m; or
- Tuition fee less than Rs34,800.



### ***Submission of statement of assets and liabilities by individuals***

Individual deriving income exceeding 15 million rupees or who owns assets exceeding Rs50 million must submit Statement of assets and liabilities .



### ***Tax Deducted at Source (TDS)***

TDS applicable on –

- Management fees payable to an individual by a company at 5% (to resident) and at 10% (to non-resident);
- Payments made to a non-resident entertainer or sportsperson at 10%;
- Payments made to “Accountant/Accounting firm” and “Tax adviser” at 3%.



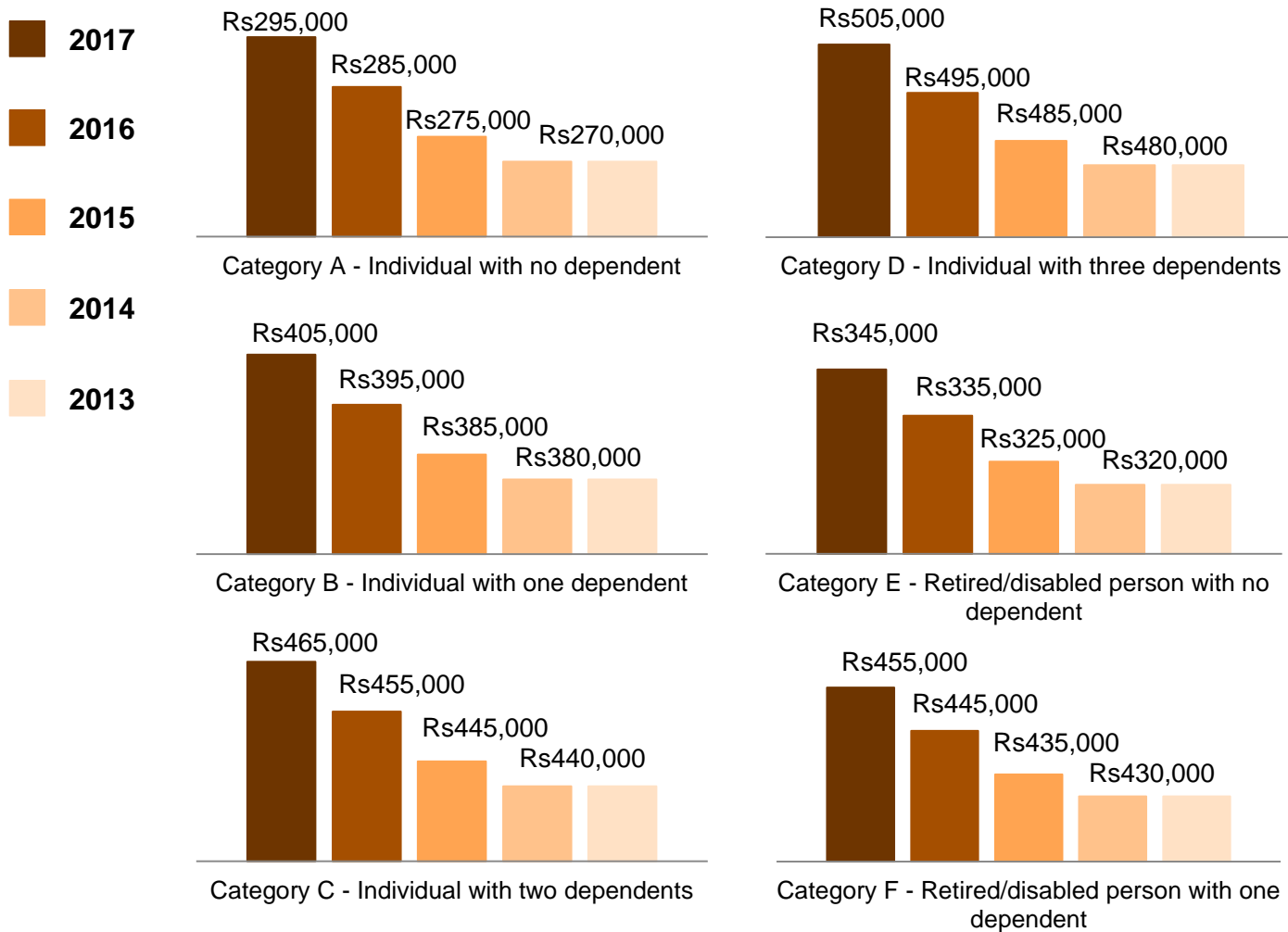
### ***Solar Energy Investment Allowance***

Individuals purchasing a solar energy unit may deduct from his net income the amount spent, after the Income Exemption Threshold, interest relief and relief for medical or health insurance premium.



## Personal Tax - Income Exemption Threshold

- Personal Tax
- Corporate Tax
- Value Added Tax





## Corporate Tax

Personal Tax

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### ***Investment Tax Credit – Textile Industries***

Companies investing or acquiring shares (during 2003 to 2008 ) in a company involved in spinning, weaving, dyeing or knitting eligible for a tax credit as follows:

- 15% of the investment over 4 years, or
- 10% over 6 years

Tax credit is reduced by the amount already claimed in previous years.

Tax credit may be carried forward for a period of 6 years.

Tax credit cannot give rise to a tax refund.



### ***Investment Tax Credit – Plant & Machinery***

Tax credit available (to companies engaged in manufacturing) on plant and machinery (excluding motor cars) acquired between 1 July 2016 and 30 June 2020 as follows:

- Computers – 15%
- Electronic or optical products – 5%
- Electrical equipment – 5%
- Film – 15%
- Furniture – 5%
- Jewellery and bijouterie – 5%
- Medical and dental instruments, devices and supplies – 5%
- Pharmaceutical or medicinal chemicals – 15%
- Ships and boats – 15%
- Textiles – 15%
- Wearing apparels – 15%

Tax credit repaid if company sells the plant and machinery within 5 years of acquisition



## Corporate Tax

Personal Tax

Corporate Tax

Value Added Tax



### ***Investment Tax Credit – Start-up Investors***

Tax credit of 15% capped at Rs3m available for companies investing in companies setting up and managing start up businesses.

Tax credit available in the year of acquisition or investment and for the 2 subsequent income years.

Excess tax credit cannot be carried forward for more than 10 years.

Tax credit repaid if company sells the shares within 5 years of acquisition.



### ***Corporate Social Responsibility (CSR)***

50% of CSR amount, as from 1 January 2017, to be remitted to the MRA. The percentage increased to 75% as from 1 January 2018.

Remainder of CSR amount to be used in accordance with the company's own CSR framework up to 1 January 2019.

Companies under the APS regime to remit CSR through APS returns. The final payment to be made under the final return.

Any excess CSR paid to be carried forward and offset in equal instalments against 5 succeeding years starting as from year of assessment 2016/2017.

Any unspent amount to be remitted to the MRA.



## Corporate Tax

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### **Return by Companies**

To object against a tax assessment, a company needs to file any tax return and APS statements not submitted. Any tax due under the APS to be paid together with any applicable penalty.

No penalty and interest applicable to companies disclosing doubtful interpretation of the law or tax treatment in annual return.

Time limit of 3 years applicable for the submission of amended tax return.

Dormant companies (other than GBC1 or trust) only required to submit a declaration to the MRA within 3 months of the end of the income year .

Power given to MRA to request information and raise tax assessment for periods beyond 3 years in case of non submission of tax returns.



### **Small and Medium sized Enterprises**

Corporate tax exemption of 4 years for companies set up prior to 1 June 2015 and registered with SMEDA with a turnover not exceeding Rs10m

Losses incurred during the exemption period shall be available to carry forward.



### **Penalties**

25% penalty applicable on excess refund claimed.

5% penalty applicable on loss over claimed.

Late filing penalty applicable when a company submits an amended tax return



### **Tax Losses**

Tax losses in a company may be carried forward where an acquisition is in the public interest.



## Value Added Tax

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Value Added Tax



### ***VAT on services sourced from abroad***

Non-VAT registered persons receiving supply of services from abroad required to pay output VAT on value of services received without any input tax claimed.

Not applicable to individual not registered under the Business Registration Act.



### ***Compulsory Registration***

Excess of input tax not refundable to persons applying for deregistration, where turnover is below the increased threshold.



### ***Input VAT over-claimed***

Penalty limited to Rs 100,000 applicable for any input VAT over-claimed.



### ***Cancellation of registration***

On cancellation of registration, a final VAT return should be submitted.

No refund would apply in case of excess input tax.



### ***Penalty for late payment of tax***

Penalty for late payment of tax is increased from 5% to 10%.



### ***Public Section Agency***

Public Section Agency not required to deduct VAT on payment made to a registered person.



## Value Added Tax

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### ***Request for information beyond the in-date years***

Time limit for requesting information and raising tax assessment beyond 3 years of assessment allowed in case of non submission of return or authorised by Independent Tax Panel.



### ***Validity of notice of assessment or determination***

Validity of tax assessment or determination not affected by errors, mistakes or omission regarding the:

- (a) the name or address of the person;
- (b) the date or period; or
- (c) the amount of VAT assessed.



### ***Objection to assessment***

Objection entertained only if all tax due (per original returns submitted) has been paid as well as 10 per cent of the amount claimed in the notice of assessment.



### ***Refund of VAT to persons on residential building or apartment***

Extension of VAT refund in respect of purchase of residential house from a property developer.

Refund limit increased from MUR 300,000 to MUR 500,000.

## Value Added Tax

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### ***Additional items considered as zero rated supplies***

The following zero-rate items have been added:

- a) Photovoltaic generators, photovoltaic batteries and photovoltaic inverters
- b) Production of films for export
- c) Entrance fee to a new world class aquarium or other new leisure activities
- d) Fees payable for examination of vehicles under the Road Traffic Act
- e) CCTV camera systems, including CCTV digital video recorders
- f) Burglar alarm systems and sensors



### ***Supplies to exempt bodies***

No VAT should be charged to:

- a) Airlines on supplies of aircraft spare parts including aircraft engines or repairs, printed ticket stock, airway bill;
- b) Holder of a road service licence for the transport of general public by bus on supplies of Semi-low floor bus bodies built on chassis for semi-low floor buses
- c) Private hospitals, nursing homes and residential care home on construction of a purpose-built building for own use.
- d) Companies engaged in exploration and mining of seabed minerals on purchase of plant, machinery and equipment.

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