



**Taxpayer Education and Communication Department**

**Guide  
on  
Income Tax  
and  
Employees taking up  
Employment for the first time**

August 2008

## **Introduction**

This leaflet is to help you understand the income tax system and how it will affect you when you start your employment.

The notes in this Guide are informative only and have no legal force.

## WHAT IS PAYE?

PAYE is an amount of money which is withheld from your salary/emoluments each time you are paid. PAYE stands for Pay As You Earn. This means just what it says, you pay your tax as you earn your income. Each time you are paid, the right amount of tax will be withheld from your pay, in case you have claimed the right Income Exemption Threshold in your Employee Declaration Form (“EDF”).

## WHAT IS EMPLOYEE DECLARATION FORM (EDF)?

At the beginning of an Income Year, the MRA provides EDFs to all registered Employers. The forms are made available through the employer to all employees to enable them to claim the Income Exemption Threshold to which they are entitled.

## WHAT IS INCOME EXEMPTION THRESHOLD?

With the Finance Act 2006, all personal reliefs and deductions have been consolidated into a single deduction termed as Income Exemption Threshold and with the Finance Act 2008, amendments have been brought as shown hereunder:

<b>Individual Category</b>		<b>Amount(Rs)</b>
<b>Category A</b>	<b>Without dependent</b>	<b>240 000</b>
<b>Category B</b>	<b>With one dependent</b>	<b>350 000</b>
<b>Category C</b>	<b>With two dependents</b>	<b>410 000</b>
<b>Category D</b>	<b>With three dependents</b>	<b>450 000</b>
<b>Category E</b>	<b>A retired person with no dependent</b>	<b>285 000</b>
<b>Category F</b>	<b>A retired person with one dependent</b>	<b>395 000</b>

## **WHAT IS A DEPENDENT?**

Dependent means:

- (a) Spouse
- (b) A child under the age of 18 or
- (c) A child over the age of 18 and who is pursuing full-time course at an educational institution or a training institution or who cannot earn a living because of a physical or mental disability.

## **HOW IS PAYE CALCULATED**

You have to fill in and submit to your employer an Employee Declaration Form (EDF), claiming the Income Exemption Threshold to which you are entitled. Your employer will then deduct 1/13 of the Income Exemption Threshold claimed to obtain the chargeable income on which he will apply the rate of 15%. Employees drawing monthly emoluments not exceeding Rs18,500 are not affected by PAYE.

In case your emoluments exceed Rs18,500 and you have not furnished an EDF to your employer, tax will be withheld from your emoluments at the flat rate of 15% without any deduction whatsoever.

## **DOES A NON-CITIZEN HAVE TO FURNISH AN EDF?**

A non-citizen who is resident in Mauritius for income tax purposes has to furnish an EDF to his employer in Mauritius unless his monthly emoluments do not exceed Rs18,500.

“Resident” is defined in the Act. In relation to an individual, it means a person who -

- (a) has his domicile in Mauritius, unless his permanent place of abode is outside Mauritius;
- (b) has been present in Mauritius in that income year, for a period of, or an aggregate period of, 183 days or more; or
- (c) has been present in Mauritius in that income year and the 2 preceding income years, for an aggregate period of 270 days or more.

## **WHAT IF I ALSO HAVE A PART TIME JOB?**

If you also have a part-time job, you will be liable to tax at the rate of 15% on your emoluments if it exceeds Rs18,500 monthly

## **WHAT HAPPENS IF I CHANGE MY JOB?**

It is very important to fill in a fresh EDF to be submitted to your new employer when you take a new job.

At the end of the year, your previous employer as well as your new employer will each give you a Statement, known as Statement of Emoluments and Tax Deduction, which shows your total emoluments and the PAYE deducted for the year.

## **HOW IS THE TAX CALCULATED AT THE END OF THE YEAR?**

In case of an individual, he has to deduct from his net income the right Income Exemption Threshold.

Tax at the rate of 15% is payable on the balance, which is termed “the chargeable income”. Tax withheld, if any, by the employer is then deducted from the balance of tax payable. Any additional tax resulting therefrom should be paid on or before 30 September at latest, failing which a penalty of 5% of the tax due and interest of 1% of the month or part of the month will accrue.

## **CAN I CLAIM EXPENSES?**

You can claim as exempt income any transport allowance which is equivalent to the return bus fare between residence and place of work or any traveling allowance to the extent of 25% of your monthly basic salary or Rs 8,480 whichever the lesser provided that you make use of your private car registered in your name.

## **HOW DO I KNOW IF I HAVE PAID TOO MUCH TAX?**

At the end of the tax year you will fill in an Income Tax Form and forward it together with your Statement of Emoluments and Tax Deduction. If your tax computation shows that the PAYE withheld exceeds the tax calculated by you, you have to claim a refund. The refund will either be effected by cheque or credited to your bank account. If you want your employer to deduct the right amount of tax you have to submit a new EDF any time your personal circumstances change.

## **IN WHAT CIRCUMSTANCES SHALL I HAVE ADDITIONAL TAX TO PAY?**

You may have to pay additional tax if:

- you have not submitted a proper EDF;
- you have derived income from interest;
- you are liable to pay NRPT.

## **WHERE DO I GO FOR ADVICE?**

If you want any help of advice, please call at the MRA help desk,

Ehram Court,  
Crn Sir Virgil Naz & Mgr Gonin Streets,  
or phone on 207 6000,  
Fax 211 8099 Hotline 207 6010

E mail: [headoffice@mra.mu](mailto:headoffice@mra.mu)

Website: <http://mra.gov.mu>