



MAURITIUS REVENUE  
AUTHORITY

# Guide on Pay As You Earn

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## **Introduction**

Pay As You Earn (PAYE) is a system whereby employers are required to withhold tax from the emoluments of employees chargeable to tax at the time the emoluments are received by or made available to the employees.

The tax withheld is then remitted to the Mauritius Revenue Authority (MRA) every month.

A new cumulative PAYE System has been introduced as from 1 July 2006 to replace the non-cumulative system.

This new system aims at ensuring that the amount of tax withheld under PAYE for each month in a year corresponds exactly to the amount of tax payable on total emoluments derived in that year.

The Finance Act 2006 has brought significant amendments to Act, which affect payment of tax under the PAYE system. All personal reliefs and deductions have now been consolidated into a single deduction termed as Income Exemption Threshold. The number of tax brackets has been reduced and the tax rates have also been lowered.

The purpose of this guide is to assist employees and employers in the operation of the PAYE system.

The notes in the guide are for information only and have no legal force.

## **1. Main characteristics of the Cumulative PAYE system**

The main characteristics of the cumulative PAYE system are-

- Employees drawing monthly emoluments not exceeding Rs 16,500 are not affected by PAYE.
- Workers receiving their pay daily after each day's work are excluded from the operation of the PAYE system.
- The PAYE system operates on the pay for the current period at the time the emoluments are received by or made available to the employee.
- The amount of tax to be withheld from the emoluments of

each pay period is calculated on a cumulative basis by cumulating both the emoluments and the Income Exemption Threshold pertaining to the current and previous pay periods in the income year concerned.

- ☒ Employees have to furnish every year to their employer a PAYE Employee Declaration Form (EDF) claiming the Income Exemption Threshold to which they are entitled in an income year. An individual is entitled to the Income Exemption Threshold which corresponds to the category he falls in as hereunder indicated :-

Category A - employee with no dependent

Category B - employee with 1 dependent

Category C - employee with 2 dependents

Category D - employee with 3 dependents

“Dependent” means either: -

- (a) 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.

- ☒ The employer shall take into account the amount of Income Exemption Threshold claimed by an employee in his EDF to calculate the amount of tax to be withheld under the system.
- ☒ Arrears of emoluments earned in an income year but received by a person in the following or any subsequent income year will be deemed to have been earned in the income year in which they are received.

## **2. Registration of Employers**

The PAYE system requires an employer to register as an employer with the Director-General, MRA.

### **2.1 Who is an employer?**

“Employer” is defined in the Income Tax Act (the Act). It means a person responsible for the payment of emoluments, and includes an agent of that person, but does not include a person employing only household employees.

Person includes companies, trusts, trustees of unit trust schemes, sociétés, successions, local authorities, statutory corporations (including para-statal bodies), co-operative societies, individuals, clubs, associations, organisations and any other body of persons, whether corporate or unincorporate.

Any person who acts as an agent of an employer and is responsible for the payment of emoluments to an employee or to a former employee on behalf of that employer is also required to register as an employer e.g. an insurance company that pays pension on behalf of an employer under a superannuation fund. See definition of ‘emoluments’ at paragraph 3.

An employer employing only exempt employees will also have to register as an employer. An exempt employee is an employee whose monthly emoluments do not exceed Rs. 16,500.

### **2.2 How and when to register?**

Every person who becomes an employer should, within 14 days of his becoming an employer, register with the Director General as an employer by submitting a PAYE Employer Registration Form (ERF) duly filled in by him.

On receipt of the registration form, the Director-General will inform the employer that he has been duly registered as an employer under the Act

and will at the same time provide him with -

- (a) his PAYE Employer Registration Number (ERN);
- (b) PAYE Employee Declaration Forms (EDF) to be duly completed and submitted to him by his employees; and
- (c) PAYE Remittance Vouchers to be filled in and to be forwarded with his remittance every month.

### **2.3 How to obtain a PAYE Employer Registration Form (ERF)?**

Forms can be obtained at the MRA, Eham Court, Sir Virgil Naz Street, Port Louis.

Employers in Rodrigues may obtain the forms from the Officer-in-Charge of the MRA Office, Rodrigues.

The ERF may also be downloaded from the website of the MRA,  
<http://mra.gov.mu>

### **2.4 What if, after registration, there is a change in the particulars concerning registration?**

Where after registration, there is a change in any of the particulars provided in the ERF, the employer should, within 14 days, notify the DirectorGeneral in writing of the change. Where the change is in respect of the number of employees, it need not be notified.

### **2.5 What happens if a person ceases to be an employer?**

Where a person ceases to be an employer, he should within 7 days give written notice to that effect to the Director-General and do all such acts and things which, but for the fact of ceasing to be an employer, he would have been bound to do. Refer to paragraph 17 for further information.

## **2.6 Failure to register as an employer**

An employer who fails to register as an employer with the Director-General by the due date commits an offence and shall, on conviction, be liable to a fine not exceeding Rs. 5,000 and to imprisonment for a term not exceeding 6 months.

## **2.7 Failure to notify changes in circumstances**

It is an offence for a person who ceases to be an employer not to give due notification to the Director-General.

Failure to notify changes in the particulars concerning registration is also an offence under the Act.

## **3. What are “emoluments”?**

“Emoluments” mean any advantage in money or in money’s worth and include: -

- salary, wages, leave pay, fee, overtime pay, perquisite, allowance, bonus, gratuity, commission or other reward or remuneration in respect of or in relation to the office or employment of an individual AND any fringe benefits;
- superannuation, compensation for loss of office, pension (including a pension to a former employee or to the surviving spouse of that employee), retiring allowance, annuity or other reward in respect of or in relation to past employment or loss or reduction of future income of an individual, whether receivable by that individual or by any person who is or has been the spouse or dependent of that individual.

Emoluments also include -

- (i) a remuneration to the holder of any office and fees payable

- to the director of a company,
- (ii) an allowance under the National Assembly Allowances Act or a pension under the National Assembly (Retiring Allowances) Act,
  - (iii) a remuneration payable to a Mayor, Chairman of a District Council or Chairman of a Village Council under the Local Government Act 1989,
  - (iv) an allowance under the Rodrigues Regional Assembly (Allowances & Privileges) Act, and
  - (iv) an allowance payable to an apprentice.

### **3.1 Are all emoluments subject to tax?**

All emoluments are subject to tax, except those specified at Annex 1 to this guide.

### **3.2 Pension under a personal pension scheme**

A pension received by a person under a personal pension scheme is not emoluments and is therefore not subject to PAYE. However, the amount of pension received under a personal pension scheme is taxable and should be declared by the recipient in his annual return of income.

### **3.3 How are commissions treated?**

All commissions paid by an employer to his employee form part of emoluments and are subject to PAYE, e.g. commissions on sales paid to an employee. However, commissions paid to a person who is not an employee of the payer are not subject to PAYE, but are chargeable to tax, and should be declared by the recipient in his annual return of income.

### **3.4 In what circumstances are tips subject to PAYE?**

Tips or any amount of a similar nature placed in a fund in the custody of the employer and eventually shared among his employees form part of emoluments and are therefore subject to PAYE.

Tips received directly by an employee in the performance of his duties are not subject to PAYE. However, the tips received are taxable in the hands of the employee and should be declared by him in his annual return of income.

### **3.5 Fringe benefits.**

#### **3.5.1 What are fringe benefits?**

A 'fringe benefit' is any advantage in money's worth provided to an employee in respect of or in relation to his employment.

#### **3.5.2 Are fringe benefits taxable?**

Any fringe benefit an employer provides to his employee is taxable and must be included in the employee's pay.

However a payment by an employer-

- to provide a pension or retiring allowance for the employee or his dependents; or
- to a scheme approved by the Director-General to provide against medical expenses for the employee or his dependents;

does not constitute a taxable benefit.

#### **3.5.3 Types and valuation of fringe benefits subject to PAYE**

Fringe benefits treated as emoluments for PAYE purposes include housing benefit, car benefit, tax benefit, full board and lodging to expatriates or locals, personal expenses of the employee which are borne by the employer and any other advantage in money's worth.

The taxable value of fringe benefits are given in Annex II.

### **3.6 Queries as to whether an amount is emoluments**

If there is any question or doubt as to whether an amount is or is not emoluments, the matter should be referred in writing to the Director-General setting out all the facts and providing all necessary particulars and documents.

On receipt of the letter, the Director-General will endeavour to give a decision in writing as soon as possible. The employer or the employee concerned may make written representations to the Assessment Review Committee if he is not satisfied with the decision. If, pending the determination of the representations, the amount in question is paid to the employee, the employer will have to give effect to the decision of the Director-General.

### **4. Who is an employee?**

“Employee” is defined in the Act. It means a person who receives or is entitled to receive emoluments.

Since emoluments include pension in relation to past employment, a person in receipt of such pension is treated as an employee for income tax purposes.

#### **4.1 Employees affected by PAYE**

With the exception of exempt persons and household employees, all other employees receiving their pay weekly, fortnightly or monthly are affected by PAYE.

Workers receiving their pay daily after each day’s work are excluded from the operation of PAYE.

#### **4.2 Income of a married woman**

All income, including emoluments, derived by a married woman is liable to income tax separately from the income of the husband in her own name.

PAYE therefore also affects a married woman deriving emoluments.

## **5. Declaration by employee to employer**

Every employee affected by PAYE who is entitled to claim a deduction in respect of an Income Exemption Threshold in an income year (1 July to 30 June), and who wishes to have that deduction taken into account by his employer for the purpose of calculating the amount of tax, if any, to be withheld from his emoluments during that income year should submit to his employer an Employee Declaration Form (EDF) duly completed and signed.

### **5.1 PAYE Employee Declaration Form (EDF)**

At the beginning of an income year the MRA will provide EDFs to all persons who are registered as employers with the Director-General. The forms should be made available to employees to enable them to claim the Income Exemption Threshold to which they are entitled. Where a person is registered as an employer in the course of an income year, the forms will be provided to him at the time of registration. The EDF may also be downloaded from the MRA website.

### **5.2 When should an employee submit an EDF?**

An employee may submit an EDF at any time in an income year.

### **5.3 First employment**

Where a person, other than an exempt person, takes up employment for the first time, he should, as soon as possible, furnish an EDF duly filled in to his employer to enable the latter to take into account his Income Exemption Threshold for the purpose of calculating the amount of tax to be withheld from his emoluments.

**5.4 Where an employee leaves his employment and takes up another one**

He should furnish another EDF to his new employer.

**5.5 If an employee has more than one employer at any one time**

He should furnish an EDF to only one of his employers. The other employer/s should withhold tax from his emoluments at the flat rate of 15% whenever the emoluments for the month exceed Rs. 16,500. In such a case, tax should not be calculated on a cumulative basis, i.e. the flat rate of 15% should be applied on the emoluments of the month without any deduction for Income Exemption Threshold.

**5.6 Can an employee furnish a fresh EDF in an income year?**

Yes. He can submit a fresh EDF if he becomes entitled to a new Income Exemption Threshold. In that case he may file, before the end of the relevant income year, a fresh EDF claiming the new amount of Income Exemption Threshold. This new Income Exemption Threshold will then be taken into account by the employer for calculating tax under PAYE for that employee for the subsequent pay periods of that income year.

**5.7 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 Rs 16,500.

“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.

### **5.8 EDF received by employers**

On receipt of EDFs from employees, the employer should ensure that the forms are duly completed and signed. A form without any claim for Income Exemption Threshold is not valid and the employee concerned should be treated as if he had not furnished an EDF.

The law makes it an offence for an employer to divulge or communicate to any person other than the Director-General any information contained in the EDF furnished by an employee or any matter relating to PAYE and concerning that employee.

However, the employer may disclose to the employee or, with his written consent, to any other person any information or matter relating to PAYE concerning that employee.

## **6. Calculation and withholding of tax**

Every employer should, at the time emoluments are received by or made available to his employees, withhold tax from those emoluments by reference to the chargeable income of the employees.

The amount of tax to be withheld should be in whole rupees. Cents should be left out.

### **6.1 Method to calculate chargeable income and tax to be withheld**

The method to calculate the chargeable income and arrive at the amount of tax, if any, to be withheld by the employer from the emoluments of his employees is described below: -

Where the employee is paid monthly, the amount of tax to be withheld for the first month of the income year, i.e. July, is calculated as follows: -

- (i) Deduct  $\frac{1}{13}$  of the Income Exemption Threshold claimed in the EDF from the total emoluments to obtain the chargeable income for the month of July;
- (ii) Apply the rate of 15 per cent on the chargeable income calculated at (i). This sum represents the tax to be withheld for July.

For calculating the amount of tax to be withheld in any of the subsequent months i.e. August to June, the following steps should be followed: -

- (i) Aggregate the emoluments derived for period starting 1 July of the income year up to and including the current month's emoluments on which tax has to be calculated (say November);
- (ii) Aggregate the fractions of Income Exemption Threshold allowable for the months of July to November; ( $\frac{1}{13} \times 5$  i.e.  $\frac{5}{13}$  of Income Exemption Threshold as per EDF)
- (iii) Calculate the difference between the results at (i) and (ii) above to arrive at the chargeable income (cumulative chargeable income) for that period;
- (iv) Apply to the result at (iii) above the rate of 15 %. This will represent the total tax required to be withheld for the months of July to November (cumulative PAYE for that period);
- (v) Deduct from the sum arrived at (iv) above the total amount of tax already withheld in the preceding months of the income year to arrive at the amount of tax to be withheld for the month of November;

The same principle as described above for withholding tax under the new Cumulative PAYE system will apply to fortnightly paid or weekly paid

employees, except that in such cases the fraction of Income Exemption Threshold (claimed by the employee in his EDF) to be taken into account in respect of each pay period will be 1/28 and 1/56 respectively.

Note: When the operation described at (v) above is performed for any pay period, situations may arise where the cumulative tax is less than the total amount of tax already withheld during the preceding pay periods of the income year. In such a case, no tax should be withheld from the pay of the current period while any excess withheld will be carried forward. In no circumstances the employer is allowed to refund to the employee any such excess.

Refer to pages 42 to 59 for illustrations on the calculation of tax under PAYE in different situations.

### **6.2 Adjustment to the amount of Income Exemption Threshold**

Where an employer is unable to process in time EDFs furnished by his employees for the first pay periods of an income year, he should take into account for these pay periods the Income Exemption Threshold claimed by the employees in their EDF for the preceding income year. He should then proceed in the same manner as described in Illustration 14 at page 55, to take into account the actual Income Exemption Threshold claimed in the EDF for the current year.

### **6.3 Employee not furnishing an EDF**

Where an employee, other than an exempt employee, has for one reason or another not furnished an EDF to his employer, tax should be withheld from his emoluments at the flat rate of 15%. In such cases tax should not be calculated on a cumulative basis. The flat rate of 15% will be applied to the total emoluments for the pay period only without any deduction for Income Exemption Threshold.

### **6.4 Fees payable to Board Members**

Tax is to be withheld under PAYE at the flat rate of 15% on all fees payable by a statutory body to any member of its Board, Council,

Commission, Committee or by whatever name called, even where the fee is less than the exemption threshold of Rs. 16,500 per month except where the Board member is also an employee of the statutory body.

Where a member is an employee of the statutory body and receives BOTH emoluments (including fringe benefits) and fees, he shall be treated as any other employee for PAYE purposes, and the fees received should be aggregated with the emoluments he derives as an employee.

#### **6.5 Fees payable to a director of a company**

Where any fees, irrespective of the amount, are payable to a director of a company and that director does not receive any emoluments from that company, tax at the flat rate of 15% is applicable on such fees.

Example: If a director is paid Rs 8,000 as fees in a month, the tax to be withheld for that month on account of those fees is 15% of Rs 8,000, i.e. Rs 1,200.

However, where a director is an employee of the company and receives BOTH emoluments (including fringe benefits) and fees, he shall be treated as any other employee for PAYE purposes, and the director's fees should be aggregated with the emoluments he derives as an employee.

#### **6.6 Tax on prescribed bonus**

Where an end-of-year bonus prescribed by an enactment is received or made available to an employee other than an exempt person, the following procedures should be followed for the purpose of withholding tax under PAYE-

##### **6.6.1 Prescribed bonus and salary for the pay period paid at the same time**

The bonus shall be aggregated with the emoluments of the pay period in which the bonus is received, if payment of the prescribed bonus and emoluments of the relevant pay period is effected at the same time; and 2/13 , 3/28 or 5/56 of the Income Exemption Threshold shall be taken into

account for that pay period, depending upon the pay period being a month, a fortnight or a week respectively. See Illustration 10 at page 51.

### **6.6.2 Prescribed bonus and salary for the pay period paid separately**

In this case, tax should be calculated twice for that pay period, once on the first payment and then on the second payment irrespective of whether payment of bonus occurs before payment of salary for that pay period or otherwise. The appropriate fraction of the Income Exemption Threshold applicable to the pay period shall be applied a first time to the first payment, and a second time to the second payment. The fraction applicable as deduction from bonus for the purpose of the exercise shall be  $\frac{1}{13}$ ,  $\frac{2}{28}$  or  $\frac{4}{56}$  depending on whether the pay period for the employee is monthly, fortnightly or weekly. See Illustration 11 at page 52.

Where a prescribed bonus is payable in any of the remaining pay periods, the remaining pay periods for the exercise shall be increased by-

- 1 additional pay period if the pay period is a month;
- 2 additional pay periods if the pay period is a fortnight; and  4 additional pay periods if the pay period is a week.

The appropriate fraction of the Income Exemption Threshold will then be allowed as deduction for the pay period in which the prescribed bonus is paid. See Illustration 14 at page 55.

### **6.6.3 Prescribed bonus received by an exempt person**

Where an exempt person is in receipt of an end-of-year bonus and leave pay prescribed in any enactment in his favour, he should be invited to submit an EDF in the event that his total emoluments could be likely to exceed his Income Exemption Threshold for that pay period ( $\frac{3}{13}$  for the monthly pay period in which the prescribed bonus and leave pay are payable). Where the exempt employee has a chargeable for the pay period and fails to submit an EDF tax will be deducted at the rate of 15% on his chargeable income.

No tax should be withheld from the prescribed bonus of an exempt employee where the prescribed bonus does not exceed the appropriate fraction of Category A Income Exemption Threshold.

## **6.7 Employee furnishing a fresh EDF with variance**

Where in the course of an income year, an employee furnishes a fresh EDF, the employer should, after ensuring that there is a variance between the amount of the Income Exemption Threshold being claimed and the amount already claimed, adjust the chargeable income of the employee for each of the remaining pay periods of the income year by taking into account the amount of the variance.

**6.8 Non-resident and non-resident citizen of Mauritius drawing emoluments including pension**

A non-resident in receipt of emoluments, including pension, irrespective of the amount, is not entitled to any Income Exemption Threshold deduction. His gross emoluments for any pay period shall represent his chargeable income for that pay period.

On the other hand, where a person being a non resident citizen of Mauritius receives any retirement pension, only that part of the retirement pension which exceeds the Income Exemption Threshold in respect of Category A shall be subject to PAYE. The excess shall form part of the chargeable income in such cases and the appropriate rate shall apply thereon.

A non-resident is a person who is not resident in Mauritius. The definition of 'resident' in relation to an individual is given at paragraph 5.7.

**6.9 Employee receiving salary monthly but overtime pay or any other allowance separately**

Where an employee who has furnished an EDF receives salary monthly but is paid overtime or other allowance separately in the same pay period, cumulative PAYE shall apply to each payment after aggregating it with any previous payment in the pay period but accounting, against the aggregated amount, only once, for the appropriate fraction of Income

Exemption Threshold to which the employee is entitled for that pay period. The total tax to be deducted and remitted to the Director-General on account of PAYE withheld for that pay period shall be the sum of the amounts computed as tax to be withheld from each payment effected.

The same principle shall apply where the pay period is a fortnight or a week with the appropriate fraction for each specific pay period being taken for computing tax to be withheld, viz.  $\frac{1}{28}$  for a fortnight and  $\frac{1}{56}$  for a week respectively. See Illustration 9 at page 50.

#### **6.10 Employee receiving emoluments relating to two or more pay periods in one pay period**

Where an employee who has furnished an EDF receives emoluments for one pay period together with his emoluments for the following or preceding pay period/s, cumulative PAYE shall apply on the total emoluments for these pay periods but taking also into account the sum of the fractions of the relevant Income Tax Exemption Threshold for these pay periods. See Illustration 13 at page 54.

#### **6.11 Employee receiving a tax benefit, viz. tax is paid by employer**

An employee enjoys a tax benefit when his tax liability is borne by his employer. This tax benefit is treated as a fringe benefit and is valued according to the Regulations to the Act (refer to Annex II).

In these situations, for the purposes of calculating tax to be withheld under PAYE, in each pay period, the tax on the employee's chargeable income, before taking into account the tax benefit, is divided by a specific factor/s depending on the conditions pertaining to the employee. The result represents the amount of tax required to be withheld on that chargeable income. The amount of tax already withheld during the preceding pay periods should be deducted to arrive at the amount of tax required to be withheld for each relevant pay period. | |

The method of calculation of tax benefit is given hereunder for different situations. An example for each situation is given at Illustrations 15 to 18



at pages 56 to 59. In each example, “chargeable income” refers to chargeable income before taking into account tax benefit.

**6.11.1 Where the employee does not enjoy any benefit calculated by reference to his emoluments for the pay period**

- (i) Apply the rate of 15% to chargeable income and divide the result by the factor 0.85, i.e.(1- 0.15)

**6.11.2 Where the employee enjoys a housing benefit valued at 10% of his emoluments**

- (i) Apply the rate of 15% to chargeable income and divide the result by the factor 0.835\*\*

	Housing Benefit		Tax Rate
			
** arrived at by taking 1- [	$(1+0.10)$	$\times$	$0.15]$ = 0.835

**6.11.3 Where the employee enjoys a housing benefit valued at 15% of his emoluments**

- (i) Apply the rate of 15% to chargeable income and divide the result by the factor 0.8275

#### **6.11.4 Where the employee enjoys a housing benefit valued at 20% of his emoluments**

- (i) Apply the rate of 15% to the chargeable income and  
divide the result by the factor 0.82.

Note : An employee who receives a tax benefit and is resident in Mauritius is entitled to furnish an EDF to his employer to claim the Income Exemption Threshold to which he is entitled and this has to be considered in the computation of PAYE. The necessary fields relating to the Income Exemption Threshold in the illustrations provided in this guide will need to be completed to take this into account.

#### **7 Direction not to withhold tax**

Where tax is required to be withheld from the emoluments of an employee during an income year and the employee proves to the satisfaction of the Director-General that he is not chargeable to income tax for that income year, the Director-General may, by written notice under his hand to the employer, direct that no tax shall be withheld from the emoluments of that employee. On receipt of the written notice from the Director-General, the employer should give effect to the direction.

#### **8 Tax to be withheld in priority**

The obligation of an employer to withhold tax from emoluments prevails over any right or obligation to withhold any other amount from such emoluments or any law providing that such emoluments should not be reduced or be subject to attachment. In other words, tax to be withheld ranks first among deductions from emoluments.

## **9 Employer not withholding the required amount of tax**

An employer who fails to withhold the required amount of tax is liable to pay to the Director-General the amount of tax which has not been so withheld but the employer is entitled to recover that amount from the employee.

## **10 No refund of tax by employer**

Refund of income tax can only be made by the Director-General. In no circumstances can an employer refund part or whole of the amount of tax already withheld from the emoluments of an employee and remitted to the MRA.

## **11 Remittance of tax withheld**

The tax required to be withheld under PAYE should be remitted either directly to the MRA or electronically through a computer system approved by the Director-General. Employers having 50 employees or more are required to remit tax electronically.

Tax withheld by an employer under PAYE should be paid to the Director-General within 20 days from the end of the month in which the tax was withheld. In case tax withheld is remitted electronically, it should be paid on or before the end of the month immediately following the month in which the tax was withheld.

Since the tax withheld from the emoluments of employees is held on behalf of the Government and is not subject to attachment in respect of a debt or liability of the employer, remittance of tax to the MRA should not be delayed for any reason whatsoever and should always be remitted by the due date.

### **11.1 Penalty for late payment**

Failure to pay the amount of tax required to be withheld on or before the last payable date renders the employer liable to a penalty of 5% thereof.

In addition, interest at the rate of 1% for each month or part of the month will be added on any amount of tax (excluding any penalty for late payment) not remitted by the due date. The amount of tax not remitted together with the penalty and interest is payable without demand.

Example : Tax withheld (Rs. 20,000) on emoluments for the month of September 2006, due to be remitted on or before the 20 October 2006, is remitted to the Director-General on the 28th of December 2006. The amount to be remitted together with penalty and interest for late payment is computed as follows: -

Amount of tax required to be withheld	Rs	20,000
Penalty for late payment (5%)	Rs	1,000
Interest for late payment (1% for 3 months)	Rs	600
Total amount to be remitted	Rs	21,600

Payment of tax and penalty should be made in whole rupees.

### **11.2 Remittance of tax withheld directly to the MRA**

Where the amount of tax required to be withheld is remitted directly to the MRA, a PAYE Remittance Voucher duly filled in should accompany the remittance.

Upon registration, the employer will be provided with PAYE Remittance Vouchers, which can also be downloaded from the MRA website.

If the employer pays by cheque he can send it together with the original of the PAYE Remittance Voucher duly filled in, by registered post, to the Director-General, MRA, Ehram Court, Cnr Mgr Gonin & Sir Virgil Naz streets, Port Louis.

Alternatively, the envelope (addressed to the Director General, MRA) containing the cheque and the original PAYE Remittance Voucher may be deposited at the Reception Counter at the abovementioned address.

Where payment is made in the manner described above, an official receipt acknowledging payment of the tax will be sent to the employer by post.

An employer who pays by cheque may wish to obtain an official receipt at the time payment is effected. In that case, he should call at the MRA office to effect payment. The original PAYE Remittance Voucher duly filled in should accompany the payment.

Cheques should be crossed and made payable to the Director-General MRA. The PAYE Employer Registration Number should be written on the reverse of the cheque. Any cheque not honoured by the bank for whatever reason, technical or otherwise, at the time of first presentation will be regarded as a failure to pay and the appropriate penalty will automatically be added.

An employer should call at the MRA office to effect a cash payment on account of tax withheld. He should present the original PAYE Remittance Voucher duly filled in at the time of payment and must see to it that he obtains an official receipt acknowledging payment of the tax. He should verify the accuracy of the particulars shown on the receipt before leaving the counter.

Under no circumstances should a remittance of tax withheld under PAYE be sent without a PAYE Remittance Voucher.

Cash should never be sent by post or left at the Reception Counters.

### **11.3 Requirements to join the Electronic System**

Employers having 50 employees or more are required by law to remit tax withheld under PAYE electronically. On having 50 employees, an employer should:

- (i) forthwith notify the Director-General of the number of employees in his employ; and
- (ii) after proper arrangements are made, remit tax withheld electronically through a computer system approved by the Director-General as from such date as may be specified in a notification issued to him.

For any further information about electronic submission of returns and payment of tax, please refer to the Guide on Electronic Filing on the MRA website.

#### **11.4 Remittance of PAYE withheld distinguished from remittance of arrears of Income Tax**

Where an employee is indebted to the Director-General on account of unpaid income tax arrears, the Director-General may instruct his employer to deduct the amount unpaid from his emoluments in one or a given number of monthly instalments.

Such deduction relating to arrears of income tax should be distinguished from PAYE and should NOT be remitted together with tax withheld under PAYE. Remittances relating to deduction on account of these arrears should instead be made separately by cheque or cash directly to the MRA together with a note indicating the TAN and name of the employee/s in respect of whom the deduction has been effected.

#### **12. Employer employing only exempt persons**

Even if an employer employs only exempt persons, the employer is still required by the Income Tax Act to register himself as an employer with the Director-General.

An exempt person may furnish an EDF to his employer at any time if his emoluments are likely to exceed the exemption threshold of Rs. 16,500 per month.

If for any pay period in an income year, the emoluments of any one of his employees exceed the exemption threshold, the employer should operate PAYE and withhold tax, if any, from the emoluments of that employee.

#### **13. Statement of Emoluments and Tax Deduction**

Not later than 31 July following an income year, an employer should give to each employee employed by him during that income year a Statement of Emoluments and Tax Deduction in duplicate in the form reproduced at Annex V.

The emoluments should relate to the emoluments received by or made available to the employee in the income year and should exclude exempt emoluments. Where the employee is in receipt of fringe benefits, details of each benefit (e.g. car benefit, housing benefit, tax benefit etc.) should be shown separately.

Any correction in the entries originally made on the Statement of Emoluments and Tax Deduction should be made by striking out the word or figure and writing the correct one alongside. Each correction should be duly signed. In no circumstances should there be any over-writing. No liquid paper or correcting fluid should be used to make any correction.

### **13.1 Tax Account Number**

Every employee from whose emoluments tax is withheld should have a Tax Account Number (TAN) in the payroll system of the employer. In the case of new employees, the employer should send a list to the Director-General every month. Arrangements will then be made to communicate to the employer the correct TAN of those employees so that at the end of the income year, every employee from whose emoluments tax is withheld has a correct TAN in the employer's payroll system.

### **14. Reconciliation Statement**

Every employer who is required to withhold tax should, not later than 31 August every year, submit to the Director-General, in respect of the preceding income year, a statement reconciling on a monthly basis the total tax withheld in accordance with his payroll during that year with -

- (i) the amount of tax; and
- (ii) penalty and interest for late payment of tax

remitted to the Director-General on account of tax withheld during that year.

An employer who remits tax electronically is not required to submit a Reconciliation Statement to the Director-General.

## **15. Return of Employees**

Every employer who is required to withhold tax should, not later than 31 August every year, submit to the Director-General, electronically unless otherwise authorised by the Director-General, a return in respect of the preceding income year specifying in respect of every employee whose total emoluments for that income year exceed Rs 215,000 the following-

- (i) the full name;
- (ii) the National Identity Card Number;
- (iii) the Tax Account Number (TAN);
- (iv) the particulars of his emoluments including exempt emoluments;
- (v) the Income Exemption Threshold claimed by the employee in his Employee Declaration Form; and
- (vi) the total tax withheld and remitted to the MRA, if any.

## **16. Books and Records**

### **16.1 Keeping of records**

Every person carrying on business or deriving income other than emoluments should -

- (a) keep sufficient books and records in the English or French language to enable his gross income and allowable deductions to be readily ascertained by the Director-General;
- (b) keep records showing emoluments paid to each employee and tax withheld from those emoluments; and
- (c) keep the Employee Declaration Forms (EDFs) furnished by his employees.

Every book, record or document should be kept for a period of at least 5 years after the completion of the transaction, act or operation to which it relates.

## **16.2 Audit Procedures**

Officers of the MRA may inspect employers' payroll system at any time during the year to ensure that employers are operating the PAYE system correctly and to provide proper guidelines wherever necessary.

Officers visiting an employer should disclose to the latter the appropriate signed authority, which authorises them access to the employer's premises and relevant records. Employers will be expected to make all such records available to these officers for inspection and to also provide the necessary facilities that would enable them to properly discharge their duties.

The audit process will include, inter alia, a check that-

- (a) the employer has included in his payroll all his employees' emoluments, cash allowances and fringe benefits;
- (b) the employer has deducted the correct amount of tax; and (c) the tax deducted has been duly remitted to the MRA.

## **16.3 Power of the Director-General to require information**

Every employer should, when so required by notice in writing, furnish to the Director-General in such manner and in such form as may be approved by him, within the time specified in the notice, information and particulars relating to the operation of PAYE, e.g. annual return of employees, reconciliation statement, etc. which the Director-General considers necessary or relevant and which may be in his possession or custody or under his control.

## **17. Person ceasing to be an employer**

Where a person ceases to be an employer, he should within 7 days -

- (a) give written notice to the Director-General to that effect; (b) pay to the Director-General any amount of tax required to be withheld but not remitted;
- (c) give to his employees their Statement of Emoluments and Tax Deduction; and
- (d) submit a Reconciliation Statement to the Director-General.

In the event of the liquidation or bankruptcy of the employer, the amount of tax withheld does not form part of the estate in liquidation or bankruptcy and must be paid in full to the Director-General before any distribution of property is made.

#### **18. Offences in relation to PAYE**

An employer is liable to prosecution if -

- (a) he fails to register as an employer;
- (b) he fails to pay the amount of tax required to be withheld; (c) he fails to pay the amount of tax in arrears required to be deducted;
- (d) he fails to give the Statement of Emoluments and Tax Deduction to his employee.

On conviction, he is liable to a fine not exceeding Rs 5,000 and to imprisonment for a term not exceeding 6 months.

The law also makes it an offence for an employer

- (a) to give a Statement of Emoluments and Tax Deduction which is false or misleading in any material particular, and
- (b) to disclose, without lawful authority, any information concerning his employee.

On conviction, he is liable to a fine not exceeding Rs 50,000 and to imprisonment for a term not exceeding 2 years.

## 19. PAYE ILLUSTRATIONS (See ANNEX III, Pages 42 to 59)

Refer to -	For an example of -
Illustration 1	A monthly paid employee furnishes an EDF to his employer
Illustration 2	A fortnightly paid employee furnishes an EDF to his employer
Illustration 3	A weekly paid employee furnishes an EDF to his employer
Illustration 4	An employee submitting an EDF after having been subjected to PAYE at the flat rate of 15%
Illustration 5	An employee takes up his first employment in an income year and submits an EDF
Illustration 6	An employee taking up his first employment in an income year submits an EDF to his employer after having been subjected to withholding at the flat rate of 15%
Illustration 7	An employee takes up employment with a new employer in an income year and submits an EDF to his new employer
Illustration 8	An employee submitting an EDF to his new employer after having been subjected to PAYE at the flat rate of 15%
Illustration 9	An employee receives his salary monthly but overtime pay and other allowances separately
Illustration 10	An employee receives prescribed bonus together with his salary
Illustration 11	An employee receives payment of prescribed bonus and salary separately
Illustration 12	An exempt employee loses his status of exempt employee in the income year and furnishes an EDF to his employer
Illustration 13	An employee receives emoluments for two or more pay periods in one pay period
Illustration 14	An employee furnishes a fresh EDF with variance
Illustration 15	Non resident employee-Tax liability borne by employer
Illustration 16	An employee receives a tax benefit; viz. his tax is borne by his employer. Housing benefit=10% of emoluments
Illustration 17	An employee receives a tax benefit; viz. his tax is borne by his employer. Housing benefit=15% of emoluments
Illustration 18	An employee receives a tax benefit; viz. his tax is borne by his employer. Housing benefit=20% of emoluments

**20. Additional Information**

Additional information on the law or procedures relating to the operation of PAYE may be obtained at the-

MRA  
Ehram Court  
Cnr Mgr Gonin & Sir Virgil Naz Streets  
Port Louis  
Tel: 207 6000, Ext. 2131/2113  
Fax: 211-6048

## ANNEX I

### Exempt income

1. Emoluments derived from the office of the President or Vice-President.
2. Any rent allowance payable to a person appointed to an office in-
  - (a) the Police Force;
  - (b) the Fire Services;
  - (c) the Forests Division of the Ministry of Agriculture and Natural Resources;
  - (d) the Prisons and Industrial School Service; (e) the Ministry of Fisheries;
  - (f) the Department of Civil Aviation; or
  - (g) the Fire Unit of the Mauritius Marine Authority.
3. 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.
4. Any transport allowance payable by an employer to an employee by virtue of the terms and conditions of service equivalent to -
  - (a) the return bus fare between residence and place of work;
  - (b) petrol allowance, commuted travelling allowance and travel grant payable by the Government of Mauritius and the local authority to their employees; or

- (c) 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.
5. Passage benefits provided under a contract of employment not exceeding 6 per cent of the basic salary.
  6. The first 1,000,000 rupees of the aggregate amount received -
    - (a) as lump sum by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury, and paid -
      - (i) by virtue of any enactment;
      - (ii) from a superannuation fund; and
      - (iii) under a personal pension scheme approved by the Director-General;
    - (b) as lump sum under the National Savings Fund Act;
    - (c) by way of retiring allowance; and
    - (d) by way of severance allowance determined in accordance with the Labour Act,on such conditions as may be prescribed.
  7. Any payment of foreign service allowance, reimbursement of the cost or payment of personal and private expenses including medical expenses, to homebased staff of overseas mission.
  8. Any advantage in money or in money's worth received as lump sum by an employee voluntarily terminating his contract of employment in the context of a factory closure pursuant to the Cane

Planters and Millers Arbitration and Control Board Act or under the Voluntary Retirement Scheme under the Sugar Industry Efficiency Act 2001.

9. Any benefit to an employee for a payment by his employer to provide a pension or retiring allowance for the employee or his dependants and which is an allowable deduction under section 22 or 61, as the case may be.
10. Any benefit to an employee for a payment by his employer to a scheme approved by the Director-General to provide against medical expenses for the employee or his dependants and which is an allowable deduction under section 22 or 61, as the case may be.
11. Emoluments of a non-citizen who holds office in Mauritius as an official of a Government other than the Government of Mauritius and is posted to Mauritius for that purpose.
12. Any foreign service allowance payable under a contract of employment to staff of statutory bodies posted abroad, as may be approved by the Director-General.
13. Any retirement pension not exceeding the income exemption threshold in respect of Category A payable to a citizen of Mauritius who is not resident in Mauritius.

## ANNEX II

### Value of fringe benefits

	Monthly taxable benefits (Rs)
1. Car Benefit -	
(a) where car is used for official or business purposes and private purposes -	
Cylinder capacity -	
up to 1600cc	4,000
1601 to 2000cc	4,500
above 2000cc	5,000
(b) where a car is used exclusively for private purposes -	
Cylinder capacity -	
up to 1600cc	12,000
1601 to 2000cc	13,500
above 2000cc	15,000

		Monthly taxable benefits (Rs)
2.	Housing benefit -	
	Where property is -	
(a)	owned by the employer	
	Unfurnished	- 10 per cent of employee's total emoluments.
	Furnished	- 15 per cent of employee's total emoluments.
(b)	rented by the employer	
	Unfurnished	- 15 per cent of employee's total emoluments or actual rent paid, whichever is the lower.
	Furnished	- 20 per cent of employee's total emoluments or actual rent paid, whichever is the lower.

3. Accommodation benefit provided by hotels -

(a) Full board and lodging -

Monthly  
taxable benefits  
(Rs)

(i) Single

5,000

(ii) Married

7,000

(b) Accommodation -

(i) For managing and supervisory staff

2,000

(ii) Other staff

1,000

4. Interest free loans or loans  
at reduced rates

Difference between the amount  
of interest for the month, calcu-  
lated at 8 per cent per annum and  
the amount of interest paid by  
the employee in that month.

5. Tips received by an em-  
ployee from a pool  
managed by the em-  
ployer

Actual amount received in the  
month by the employee

6. Repayment or write-off of  
employees' debt by the  
employer

Amount of debt repaid or writ-  
ten off in the month

7. Domestic and private expenses borne by employer including utilities, wages of housemaids, school fees of children, club membership fee and any other domestic and private expenses

Actual amount paid for the month

8. Tax paid by the employer

Tax benefit is arrived at by dividing the tax payable on the actual emoluments by a factor which varies according to the marginal tax rate applicable

- Note: - (1) For the purposes of items 1 and 2, any contribution made by an employee to his employer shall be deducted from the car benefit or housing benefit, as the case maybe.
- (2) For the purposes of item 2, total emoluments shall exclude the yearly bonus and housing benefit.

*ANNEX III*

<b>Illustration 1</b>					
<b>Monthly paid employee -EDF furnished</b>					
<i>Month</i>	July	Aug	Sep	Oct	Nov
BASIC SALARY	28,000	28,000	28,000	28,000	28,000
OVERTIME	-	-	3,000	4,000	-
BONUS	-	-	-	-	-
<b>TOTAL EMOLUMENTS for the month</b>	<b>28,000</b>	<b>28,000</b>	<b>31,000</b>	<b>32,000</b>	<b>28,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>28,000</b>	<b>56,000</b>	<b>87,000</b>	<b>119,000</b>	<b>147,000</b>
Income Exemption Threshold say Rs 215,000 (215,000/13)	16,538	16,538	16,538	16,538	16,538
<b>Cumulative Income Exemption Threshold</b>	<b>16,538</b>	<b>33,077</b>	<b>49,615</b>	<b>66,154</b>	<b>82,692</b>
<b>CHARGEABLE INCOME</b>	11,462	22,923	37,385	52,846	64,308
Tax on cumulative chargeable income	1,719	3,438	5,608	7,927	9,646
<u>Less</u> Tax already withheld in previous pay periods	-	1,719	3,438	5,608	7,927
Tax withheld for month	<b>1,719</b>	<b>1,719</b>	<b>2,170</b>	<b>2,319</b>	<b>1,719</b>

**Illustration 2****Employee paid fortnightly -EDF furnished**

<i>Fortnight</i>	1	2	3	4	5	6	7	8
BASIC SALARY	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
OVERTIME	-	-	3,000	4,000	-	-	-	-
<b>TOTAL EMOLUMENTS</b>	<b>14,000</b>	<b>14,000</b>	<b>17,000</b>	<b>18,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>14,000</b>	<b>28,000</b>	<b>45,000</b>	<b>63,000</b>	<b>77,000</b>	<b>91,000</b>	<b>105,000</b>	<b>119,000</b>
Income Exemption Threshold (215,000/28)	7,679	7,679	7,679	7,679	7,679	7,679	7,679	7,679
<b>Cumulative Income Exemption Threshold</b>	<b>7,679</b>	<b>15,357</b>	<b>23,036</b>	<b>30,714</b>	<b>38,393</b>	<b>46,071</b>	<b>53,750</b>	<b>61,429</b>
<b>CHARGEABLE INCOME</b>	6,321	12,643	21,964	32,286	38,607	44,929	51,250	57,571
Tax on cumulative chargeable income	948	1,896	3,295	4,843	5,791	<b>6,739</b>	<b>7,688</b>	8,636
<u>Less</u> Tax withheld in previous pay periods	-	948	1,896	3,295	4,843	<b>5,791</b>	<b>6,739</b>	7,688
Tax withheld for the fortnight	948	948	1,399	1,548	948	948	949	948

**Illustration 3****Weekly paid employee - EDF furnished**

<i>Week</i>	1	2	3	4	5	6	7
BASIC SALARY	7,000	7,000	7,000	7,000	7,000	7,000	7,000
OVERTIME	-	-	3,000	4,000	-	-	-
TOTAL EMOLUMENTS for the week	<b>7,000</b>	<b>7,000</b>	<b>10,000</b>	<b>11,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>
CUMULATIVE EMOLUMENTS	<b>7,000</b>	<b>14,000</b>	<b>24,000</b>	<b>35,000</b>	<b>42,000</b>	<b>49,000</b>	<b>56,000</b>
Income Exemption Threshold (215,000/56)	3,839	3,839	3,839	3,839	3,839	3,839	3,839
<b>Cumulative Income Exemption Threshold</b>	<b>3,839</b>	<b>7,679</b>	<b>11,518</b>	<b>15,357</b>	<b>19,196</b>	<b>23,036</b>	<b>26,875</b>
<b>CUMULATIVE CHARGEABLE INCOME</b>	3,161	6,321	12,482	19,643	22,804	25,964	29,125
Tax on cumulative chargeable income	474	948	1,872	2,946	3,421	<b>3,895</b>	<b>4,369</b>
<u>Less</u> Tax withheld in previous pay periods	-	474	948	1,872	2,946	3,421	3,895
Tax withheld for the week	<b>474</b>	<b>474</b>	<b>924</b>	<b>1,074</b>	<b>474</b>	<b>474</b>	<b>474</b>

<b>Illustration 4</b>					
<b>EDF furnished after flat rate of 15% is applied.</b>					
<b>Eg:- An employee submits an EDF effective as from end of October after having been taxed at the flat rate of 15%.</b>					
<b>PAY PERIOD IS A MONTH</b>					
<i>Month</i>	July	Aug	Sep	Oct	Nov
BASIC SALARY	28,000	28,000	28,000	28,000	28,000
OVERTIME	-	-	3,000	4,000	-
BONUS	-	-	-	-	28,000
TOTAL EMOLUMENTS	28,000	28,000	31,000	32,000	28,000
CUMULATIVE EMOLUMENTS	28,000	28,000	31,000	119,000	147,000
Income Exemption Threshold say Rs 215,000 (215,000/13)	-	-	-	16,538	16,538
<b>CUMULATIVE EXEMPTION THRESHOLD</b>	-	-	-	66,154	82,692
<b>CHARGEABLE INCOME</b>	28,000	28,000	31,000	52,846	64,308
PAYE @ flat rate of 15 %	4,200	4,200	4,650	-	-
Tax on cumulative chargeable income	-	-	-	7,927	9,646
Less Tax already withheld in previous pay periods	N/A	N/A	N/A	13,050	13,050
Tax withheld for the month	5,600	5,600	6,200	-	-
Note:- The tax already withheld is limited to the Cumulative PAYE each time the latter is less than the former.					

**Illustration 5****Employee takes up first employment -EDF furnished**

Eg: An employee takes up employment at the beginning of February and draws monthly salary of Rs 54,000. In his EDF he has claimed IET Category A - Rs 215,000. Tax to be withheld for the months of February to June will be calculated as follows:-

<b>Pay period is a month</b>					
<i>Month</i>	Feb	Mch	Apr	May	Jun
Total emoluments for the month	54,000	54,000	54,000	54,000	54,000
<b>CUMULATIVE EMOLUMENTS</b>	<b>54,000</b>	<b>108,000</b>	<b>162,000</b>	<b>216,000</b>	<b>270,000</b>
Income Exemption Threshold <b>(215,000/5)</b>	43,000	43,000	43,000	43,000	43,000
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	<b>43,000</b>	<b>86,000</b>	<b>129,000</b>	<b>172,000</b>	<b>215,000</b>
<b>CHARGEABLE INCOME</b>	11,000	22,000	33,000	44,000	55,000
<b>Tax on cumulative chargeable income</b>	<b>1,650</b>	<b>3,300</b>	<b>4,950</b>	<b>6,600</b>	<b>8,250</b>
<b>Less Tax withheld in previous pay periods</b>	-	1,650	3,300	4,950	6,600
Tax withheld for the month	<b>1,650</b>	<b>1,650</b>	<b>1,650</b>	<b>1,650</b>	<b>1,650</b>

Note:- The employee should be allowed the total IET claimed in his EDF over the remaining months of the income year.

**Illustration 6****New employee takes up first employment - EDF furnished after some months**

Eg: An employee takes up his first employment at the beginning of February and draws monthly salary of Rs 54,000. An EDF claiming Income Exemption Threshold of Rs 215,000 is submitted in April and is effective as from that month. Tax to be withheld for the months of February to June will be calculated as follows:-

**PAY PERIOD IS A MONTH**

<i>Month</i>	Feb	Mch	Apr	May	Jun
TOTAL EMOLUMENTS	54,000	54,000	54,000	54,000	54,000
CUMULATIVE EMOLUMENTS	N/A	N/A	162,000	216,000	270,000
Income Exemption Threshold say Rs 215,000 (215,000/5)	N/A	N/A	43,000	43,000	43,000
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	N/A	N/A	43,000	86,000	129,000
<b>CHARGEABLE INCOME</b>	54,000	54,000	119,000	130,000	141,000
<b>Tax on cumulative chargeable income</b>	8,100	8,100	17,850	19,500	21,150
<b>Less Tax withheld in previous pay periods</b>	N/A	N/A	16,200	17,850	19,500
Tax withheld for the month	8,100	8,100	1,650	1,650	1,650

**NOTE:-**

-For the month of April to take into account the fraction applicable for employees taking up their first employment (see illustration 7) multiplied by the factor corresponding to the number of months the employee has been in employment when the EDF becomes effective. 1/5 multiplied by 3 in this case .

-Refund in respect of tax over withheld, if any, to be claimed on submission of annual return of income by employee.

**Illustration 7****Employee changes employment - EDF furnished**

Eg: An employee takes up a new employment in Feb and advises his new employer that this is not his first employment. He draws a monthly salary of Rs 54,000 and has claimed Income Exemption Threshold of Rs 215,000. For the months of Feb to June, PAYE will be calculated as follows:-

<i>Month</i>	Feb	Mch	Apr	May	Jun
BASIC SALARY	54,000	54,000	54,000	54,000	54,000
Total emoluments for the month	54,000	54,000	54,000	54,000	54,000
CUMULATIVE EMOLUMENTS	54,000	108,000	162,000	216,000	270,000
Income Exemption Threshold <b>(215,000/13)</b>	16,538	16,538	16,538	16,538	16,538
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	16,538	33,077	49,615	66,154	82,692
<b>CHARGEABLE INCOME</b>	37,462	74,923	112,385	149,846	187,308
<b>Tax on cumulative chargeable income</b>	5,619	11,238	16,858	22,477	28,096
<u>Less</u> Tax already withheld in previous pay periods	-	5,619	11,238	16,858	22,477
Tax withheld for the month	5,619	5,619	5,619	5,619	5,619

**Illustration 8**

New Employer - EDF furnished after some months

An employee takes up a new employment in February and advises his new employer that this is not his first employment. He draws a monthly salary of Rs 54,000 and submits an EDF claiming Income Exemption Threshold of Rs 215,000 in April. For the months of February to June PAYE will be calculated as follows:-

**PAY PERIOD IS A MONTH**

<i>Month</i>	Feb	Mch	Apr	May	Jun
BASIC SALARY	54,000	54,000	54,000	54,000	54,000
Total emoluments for the month	54,000	54,000	54,000	54,000	54,000
CUMULATIVE EMOLUMENTS	N/A	N/A	162,000	216,000	270,000
Income Exemption Threshold say Rs 215,000 <b>(215,000/13)</b>	-	-	49,615	16,538	16,538
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	-	-	49,615	66,154	82,692
<b>CHARGEABLE INCOME</b>	54,000	54,000	112,385	149,846	187,308
<b>Tax on cumulative chargeable income</b>	8,100	8,100	16,858	22,477	28,096
<u>Less</u> Tax already withheld in previous pay periods	N/A	N/A	16,200	16,858	22,477
Tax withheld for the month	8,100	8,100	658	5,619	5,619

NOTE:-

For the month of April to take into account the fraction applicable for employees changing employment (see illustration 5) multiplied by the factor corresponding to the number of months the employee has been in employment when the EDF becomes effective. 1/13 multiplied by 3 in this case.

**Illustration 9****Overtime/other allowances paid separately from salary**

<i>Month</i>	July-29	Aug-29	Sep-29	Oct-7	Oct-14	Oct-29
BASIC SALARY	28,000	28,000	28,000	-	-	28,000
OVERTIME	-	-	3,000	2,000	2,000	-
BONUS	-	-	-	-	-	-
<b>TOTAL EMOLUMENTS</b>	<b>28,000</b>	<b>28,000</b>	<b>31,000</b>	<b>2,000</b>	<b>2,000</b>	<b>28,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>28,000</b>	<b>56,000</b>	<b>87,000</b>	<b>89,000</b>	<b>91,000</b>	<b>119,000</b>
Income Exemption Threshold say Rs 215,000 (215,000/13)	16,538	16,538	16,538	-	-	16,538
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	<b>16,538</b>	<b>33,077</b>	<b>49,615</b>	<b>49,615</b>	<b>49,615</b>	<b>66,154</b>
<b>CHARGEABLE INCOME</b>	<b>11,462</b>	<b>22,923</b>	<b>37,385</b>	<b>39,385</b>	<b>41,385</b>	<b>52,846</b>
<b>Tax on cumulative chargeable income</b>	<b>1,719</b>	<b>3,438</b>	<b>5,608</b>	<b>5,908</b>	<b>6,208</b>	<b>7,927</b>
<b>Less Tax already withheld in previous pay periods</b>	<b>-</b>	<b>1,719</b>	<b>3,438</b>	<b>5,608</b>	<b>5,908</b>	<b>6,208</b>
<b>Tax withheld for the month</b>	<b>1,719</b>	<b>1,719</b>	<b>2,169</b>	<b>300</b>	<b>300</b>	<b>1,719</b>

Note:

-When computing PAYE on overtime pay and allowances paid separately from salary for the pay period no account should be taken of IET for the pay period

-It is assumed here that salary is paid on the 29 of each month

<b>Illustration 10</b>						
<b>Prescribed bonus paid together with salary</b>						
<i>Month</i>	July	Aug	Sep	Oct	Nov	Dec
BASIC SALARY	28,000	28,000	28,000	28,000	28,000	28,000
OVERTIME	-	-	3,000	4,000	-	-
BONUS	-	-	-	-	-	28,000
<b>TOTAL EMOLUMENTS for the month</b>	<b>28,000</b>	<b>28,000</b>	<b>31,000</b>	<b>32,000</b>	<b>28,000</b>	<b>56,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>28,000</b>	<b>56,000</b>	<b>87,000</b>	<b>119,000</b>	<b>147,000</b>	<b>203,000</b>
Income Exemption Threshold say Rs 215,000 (215,000/13)	16,538	16,538	16,538	16,538	16,538	33,077
<b>Cumulative Income Exemption Threshold</b>	<b>16,538</b>	<b>33,077</b>	<b>49,615</b>	<b>66,154</b>	<b>82,692</b>	<b>115,769</b>
<b>CHARGEABLE INCOME</b>	11,462	22,923	37,385	52,846	64,308	87,231
Tax withheld on cumulative chargeable income	1,719	3,438	5,608	7,927	9,646	13,085
Less Tax already withheld in previous pay periods	-	1,719	3,438	5,608	7,927	9,646
<b>Tax withheld for the month</b>	<b>1,719</b>	<b>1,719</b>	<b>2,170</b>	<b>2,319</b>	<b>1,719</b>	<b>3,439</b>
NOTE: -						
For a monthly paid employee, $\frac{2}{13}$ of the IET is deductible when calculating PAYE to be withheld for the pay period in which a prescribed bonus is paid.						
$\frac{3}{28}$ of the IET is deductible for fortnightly pay periods and $\frac{5}{56}$ of the IET is deductible for weekly pay periods.						

<b>Illustration 11</b>							
<b>Prescribed bonus and salary paid separately</b>							
<i>Month</i>	July	Aug	Sep	Oct	Nov	Dec	Dec
BASIC SALARY	28,000	28,000	28,000	28,000	28,000	28,000	-
OVERTIME	-	-	3,000	4,000	-	-	-
BONUS	-	-	-	-	-	-	28,000
<b>TOTAL EMOLUMENTS for the month</b>	<b>28,000</b>	<b>28,000</b>	<b>31,000</b>	<b>32,000</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>28,000</b>	<b>56,000</b>	<b>87,000</b>	<b>119,000</b>	<b>147,000</b>	<b>175,000</b>	<b>203,000</b>
Income Exemption Threshold say Rs 215,000 (215,000/13)	16,538	16,538	16,538	16,538	16,538	16,538	16,538
<b>CUMULATIVE EXEMPTION THRESHOLD</b>	<b>16,538</b>	<b>33,077</b>	<b>49,615</b>	<b>66,154</b>	<b>82,692</b>	<b>99,231</b>	<b>115,769</b>
<b>CHARGEABLE INCOME</b>	11,462	22,923	37,385	52,846	64,308	75,769	87,231
Tax- 15 % of cumulative chargeable income	1,719	3,438	5,608	7,927	9,646	11,365	13,085
Less Tax withheld in previous pay periods	-	1,719	3,438	5,608	7,927	9,646	11,365
<b>Tax withheld for the month</b>	<b>1,719</b>	<b>1,719</b>	<b>2,170</b>	<b>2,319</b>	<b>1,719</b>	<b>1,719</b>	<b>1,720</b>
<b>NOTE:</b>							
-The employer shall calculate PAYE on the prescribed bonus and the salary for the pay period as if these two payments relate to two distinct pay periods; and							
-For a monthly paid employee, $\frac{1}{13}$ of the IET is deductible when calculating PAYE to be withheld from the prescribed bonus and $\frac{1}{13}$ of the IET is deductible from the salary paid in that pay period.							
- $\frac{2}{28}$ and $\frac{4}{56}$ of the IET is deductible for calculating PAYE on <b>bonus</b> of employees paid fortnightly or weekly respectively and the appropriate fraction will apply when calculating PAYE on the salary for the relevant pay period, $\frac{1}{28}$ for a fortnight and $\frac{1}{56}$ for a week.							

<b>Illustration 12</b>					
<b>Exempt employee becoming taxable - EDF furnished</b>					
<i>Month</i>	July	Aug	Sep	Oct	Nov
BASIC SALARY	13,000	13,000	13,000	22,000	22,000
OVERTIME	-	-	-	4,000	3,000
BONUS	-	-	-	-	-
TOTAL EMOLUMENTS	13,000	13,000	13,000	26,000	25,000
CUMULATIVE EMOLUMENTS	13,000	26,000	39,000	65,000	90,000
Income Exemption Threshold say Rs 215,000 (215000/13)	-	-	-	66,154	16,538
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	-	-	-	66,154	82,692
<b>CHARGEABLE INCOME</b>	-	-	-	-	7,308
Tax on cumulative chargeable income	-	-	-	-	1,096
Less Tax already withheld in previous pay periods	-	-	-	-	-
Tax withheld for the month	-	-	-	-	1,096
NOTE: The factor by which the (monthly) fraction of Income Exemption Threshold claimed has to be multiplied in such cases depends on the rank in the income year, of the month in which the employee is no longer an exempt employee.					
In this case, as October is at the 4 <sup>th</sup> rank, the IET fraction is multiplied by 4 for the purpose of calculating the chargeable income for Oct. Had the employee not submitted his EDF in October, he would have been taxable at the flat rate of 15%.					

<b>Illustration 13</b>					
<b>Emoluments of 2 or more pay periods received in one pay period</b>					
<i>Month</i>	July	Aug	Sep	Oct	Nov
BASIC SALARY	28,000	28,000	28,000	-	56,000
OVERTIME	-	-	3,000	-	-
BONUS	-	-	-	-	-
<b>TOTAL EMOLUMENTS</b>	<b>28,000</b>	<b>28,000</b>	<b>31,000</b>	<b>-</b>	<b>56,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>28,000</b>	<b>56,000</b>	<b>87,000</b>	<b>87,000</b>	<b>143,000</b>
Income Exemption Threshold say Rs 215,000 (215,000/13)	16,538	16,538	16,538	-	33,077
<b>CUMULATIVE INCOME EXEMPTION THRESHOLD</b>	<b>16,538</b>	<b>33,077</b>	<b>49,615</b>	<b>49,615</b>	<b>82,692</b>
<b>CHARGEABLE INCOME</b>	11,462	22,923	37,385	37,385	60,308
Tax on cumulative chargeable income	1,719	3,438	5,608	5,608	9,046
<u>Less</u> Tax already withheld in previous pay periods	-	1,719	3,438	5,608	5,608
Tax withheld for the month	<b>1,719</b>	<b>1,719</b>	<b>2,170</b>	-	<b>3,438</b>
NOTE: The employee in this illustration receives his emoluments for October together with his emoluments for November.					

**Illustration 14****Employee furnishes a new EDF**

-A new EDF is furnished in September claiming new Income Exemption Threshold of RS325,000 effective as from end September

<i>Month</i>	July	Aug	Sep	Oct	Nov
BASIC SALARY	28,000	28,000	28,000	28,000	28,000
OVERTIME	-	-	3,000	4,000	-
BONUS	-	-	-	-	-
<b>TOTAL EMOLUMENTS for the month</b>	<b>28,000</b>	<b>28,000</b>	<b>31,000</b>	<b>32,000</b>	<b>28,000</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>28,000</b>	<b>56,000</b>	<b>87,000</b>	<b>119,000</b>	<b>147,000</b>
Income Exemption Threshold say Rs 215,000 per first EDF, (215,000/13)	16,538	16,538	26,538	26,538	26,538
<b>Cumulative Income Exemption Threshold</b>	<b>16,538</b>	<b>33,077</b>	<b>59,615</b>	<b>86,154</b>	<b>112,692</b>
<b>CHARGEABLE INCOME</b>	11,462	22,923	27,385	32,846	34,308
Tax on cumulative chargeable income	1,719	3,438	4,108	4,927	5,146
Less Tax already withheld	-	1,719	3,438	4,108	4,927
Tax withheld for the pay period	<b>1,719</b>	<b>1,719</b>	<b>670</b>	<b>819</b>	<b>219</b>

-The amount to be taken into account as IET as from September will be computed by-(i) taking the new Income Exemption Threshold for the year and deducting therefrom the amounts already taken into account for the months of July and August (ii) dividing the result at (i) by 11, i.e. 13 less 2.

Where the pay period is a fortnight or a week, the result at (i) shall be divided by the number of remaining fortnightly pay periods or weekly pay periods whichever is applicable

<b>Illustration 15</b>					
<b>Non resident employee-Tax liability borne by employer. No benefit valued as % of emoluments</b>					
<i>Month</i>	July	Aug	Sep	Oct	Nov
BASIC SALARY	125,000	125,000	125,000	125,000	125,000
Car Benefit	1,000	1,000	1,000	1,000	1,000
TOTAL EMOLUMENTS	126,000	126,000	126,000	126,000	126,000
CUMULATIVE EMOLUMENTS	126,000	252,000	378,000	504,000	630,000
Income Exemption Threshold -Nil (non resident)	-	-	-	-	-
<b>CUMULATIVE EXEMPTION THRESHOLD</b>	-	-	-	-	-
<b>CHARGEABLE INCOME-Before tax benefit</b>	126,000	252,000	378,000	504,000	630,000
<b>Tax benefit -(15 % on chargeable income )/0.85</b>	22,235	44,471	66,706	88,941	111,176
<b>Total tax benefit</b>	22,235	44,471	66,706	88,941	111,176
<b>CHARGEABLE INCOME Adjustment</b>	22,235	44,471	66,706	88,941	111,176
<b>CHARGEABLE INCOME after tax benefit</b>	148,235	296,471	444,706	592,941	741,176
Tax @ 15 % of chargeable income	22,235	44,471	66,706	88,941	111,176
Tax on cumulative chargeable income after tax benefit	22,235	44,471	66,706	88,941	111,176
Less Tax already withheld in previous pay periods	-	22,235	44,471	66,706	88,941
Tax withheld for the month	22,235	22,235	22,235	22,235	22,235

**Illustration 16****Non resident employee-Tax liability borne by employer. Housing benefit=10% of emoluments**

<i>Month</i>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>
BASIC SALARY	125,000	125,000	125,000	125,000	125,000
Car Benefit	1,000	1,000	1,000	1,000	1,000
Housing Benefit	12,600	12,600	12,600	12,600	12,600
<b>TOTAL EMOLUMENTS</b>	<b>138,600</b>	<b>138,600</b>	<b>138,600</b>	<b>138,600</b>	<b>138,600</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>138,600</b>	<b>277,200</b>	<b>415,800</b>	<b>554,400</b>	<b>693,000</b>
Income Exemption Threshold -Nil (non resident)	-	-	-	-	-
<b>CUMULATIVE EXEMPTION THRESHOLD</b>	-	-	-	-	-
<b>CHARGEABLE INCOME-Before tax benefit</b>	138,600	277,200	415,800	554,400	693,000
<b>Tax benefit -(15 % on chargeable income)/0.835</b>	24,898	49,796	74,695	99,593	124,491
<b>Total tax benefit</b>	<b>24,898</b>	<b>49,796</b>	<b>74,695</b>	<b>99,593</b>	<b>124,491</b>
<b>Housing benefit adjustment-(10% of total tax benefit)</b>	2,490	4,980	7,469	9,959	12,449
<b>CHARGEABLE INCOME Adjustment</b>	27,388	54,776	82,164	109,552	136,940
CHARGEABLE INCOME after tax benefit	165,988	331,976	497,964	663,952	829,940
Tax @ 15 % of chargeable income	24,898	49,796	74,695	99,593	124,491
Tax on cumulative chargeable income after tax benefit	24,898	49,796	74,695	99,593	124,491
<u>Less</u> Tax already withheld in previous pay periods	-	<b>24,898</b>	<b>49,796</b>	<b>74,695</b>	<b>99,593</b>
Tax withheld for the month	24,898	24,898	24,898	24,898	24,898

<b>Illustration 17</b>					
<b>Non resident employee-Tax liability borne by employer. Housing benefit=15% of emoluments</b>					
<i>Month</i>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>
BASIC SALARY	125,000	125,000	125,000	125,000	125,000
Car Benefit	1,000	1,000	1,000	1,000	1,000
Housing Benefit	18,900	18,900	18,900	18,900	18,900
<b>TOTAL EMOLUMENTS</b>	<b>144,900</b>	<b>144,900</b>	<b>144,900</b>	<b>144,900</b>	<b>144,900</b>
<b>CUMULATIVE EMOLUMENTS</b>	<b>144,900</b>	<b>289,800</b>	<b>434,700</b>	<b>579,600</b>	<b>724,500</b>
Income Exemption Threshold -Nil (non resident )	-	-	-	-	-
<b>CUMULATIVE EXEMPTION THRESHOLD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHARGEABLE INCOME-Before tax benefit</b>	<b>144,900</b>	<b>289,800</b>	<b>434,700</b>	<b>579,600</b>	<b>724,500</b>
<b>Tax benefit -(15 % on chargeable income)/0.8275</b>	<b>26,266</b>	<b>52,532</b>	<b>78,798</b>	<b>105,063</b>	<b>131,329</b>
<b>Total tax benefit</b>	<b>26,266</b>	<b>52,532</b>	<b>78,798</b>	<b>105,063</b>	<b>131,329</b>
<b>Housing benefit adjustment-(15% of total tax benefit)</b>	<b>3,940</b>	<b>7,880</b>	<b>11,820</b>	<b>15,760</b>	<b>19,699</b>
<b>CHARGEABLE INCOME Adjustment</b>	<b>30,206</b>	<b>60,411</b>	<b>90,617</b>	<b>120,823</b>	<b>151,029</b>
<b>CHARGEABLE INCOME after tax benefit</b>	<b>175,106</b>	<b>350,211</b>	<b>525,317</b>	<b>700,423</b>	<b>875,529</b>
<b>Tax @ 15 % of chargeable income</b>	<b>26,266</b>	<b>52,532</b>	<b>78,798</b>	<b>105,063</b>	<b>131,329</b>
<b>Tax on cumulative chargeable income after tax benefit</b>	<b>26,266</b>	<b>52,532</b>	<b>78,798</b>	<b>105,063</b>	<b>131,329</b>
<b>Less Tax already withheld in previous pay periods</b>	<b>-</b>	<b>26,266</b>	<b>52,532</b>	<b>78,798</b>	<b>105,063</b>
<b>Tax withheld for the month</b>	<b>26,266</b>	<b>26,266</b>	<b>26,266</b>	<b>26,266</b>	<b>26,266</b>

**Illustration 18****Non resident employee-Tax liability borne by employer. Housing benefit=20% of emoluments**

Month	July	Aug	Sep	Oct	Nov
BASIC SALARY	125,000	125,000	125,000	125,000	125,000
Car Benefit	1,000	1,000	1,000	1,000	1,000
Housing Benefit	25,200	25,200	25,200	25,200	25,200
TOTAL EMOLUMENTS	151,200	151,200	151,200	151,200	151,200
CUMULATIVE EMOLUMENTS	151,200	302,400	453,600	604,800	756,000
Income Exemption Threshold -Nil (non resident)	-	-	-	-	-
<b>CUMULATIVE EXEMPTION THRESHOLD</b>	-	-	-	-	-
<b>CHARGEABLE INCOME-Before tax benefit</b>	151,200	302,400	453,600	604,800	756,000
<b>Tax benefit -(15 % on chargeable income )/0.82</b>	27,659	55,317	82,976	110,634	138,293
<b>Total tax benefit</b>	27,659	55,317	82,976	110,634	138,293
<b>Housing benefit adjustment-(20% of total tax benefit)</b>	5,532	11,063	16,595	22,127	27,659
<b>CHARGEABLE INCOME Adjustment</b>	33,190	66,380	99,571	132,761	165,951
CHARGEABLE INCOME after tax benefit	184,390	368,780	553,171	737,561	921,951
Tax @ 15 % of chargeable income	27,659	55,317	82,976	110,634	138,293
Tax on cumulative chargeable income after tax benefit	27,659	55,317	82,976	110,634	138,293
<u>Less</u> Tax already withheld in previous pay periods	-	27,659	55,317	82,976	110,634
Tax withheld for the month	27,659	27,659	27,659	27,659	27,659



*ANNEX IV*

<b>Income year commencing on -</b>	<b>Chargeable income</b>	<b>Rate of tax</b>
<b>1 July 2007</b>	<b>Any amount of chargeable income Chargeable</b>	<b>15.0 per cent</b>

**STATEMENT OF EMOLUMENTS AND TAX DEDUCTION FOR INCOME YEAR ENDED 30 JUNE....**

*(To be given in duplicate by an employer to his employee not later than 31 July in the year of assessment)*

**1. IDENTIFICATION OF EMPLOYER**

Full Name .....

PAYE Employer Registration Number .....

Business Registration Number .....

**2. IDENTIFICATION OF EMPLOYEE**

Full Name of employee .....

Employed from ..... to .....

National Identity Card No. .... Tax Account No. ....

**EMOLUMENTS**

Rs

Salary, wages leave pay, fee, overtime pay, perquisite, allowance, gratuity, commission or other reward or remuneration .....

Bonus including end-of-year bonus .....

Rent or housing allowance .....

Entertainment allowance .....

Transport, travelling, petrol or driver's allowance, travel grant, commuted travelling allowance *(please specify)* .....

Reimbursement of travelling expenses .....

Any other allowance or sum by whatever name called *(please specify)* .....

Reimbursement of the cost or payment of personal and private expenses *(please specify)* .....

Reimbursement of the cost or payment of passages, by sea, air or land between Mauritius and another country on behalf of the employee, his spouse and dependents .....

Fringe benefits *(please specify)* .....

Lump sum by way of commutation of pension, death gratuity, consolidated compensation for death or injury, retiring allowance, severance allowance, compensation for loss of office, superannuation, .....

Retirement pension, annuity or other reward *(please specify)* .....

**TOTAL**

Deduct: Exempt income in accordance with Sub-Part A of Part II of the Second Schedule to the Act *(please specify)* .....

**EMOLUMENTS NET OF EXEMPT INCOME**

Income Exemption Threshold claimed by employee in his/her Employee Declaration Form .....

**TAX DEDUCTION**

Tax withheld and remitted to the Mauritius Revenue Authority .....

**DECLARATION BY EMPLOYER**

(Full name of signatory in **BLOCK LETTERS**)

do hereby declare that the information I have given in this statement is true and correct.

Date : .....

Signature .....

SEAL

Capacity in which acting .....