



Tax Basics for Newly incorporated companies

Pay As You Earn (PAYE)

- A company should, within 14 days of becoming an employer, register with the Director-General.
- As an employer, it should:
 - Withhold tax as required from emoluments and directors' fees.
 - Remit the amount withheld to the MRA by the due date.
 - Give statement of Emoluments and tax deductions to employees on or before 15th February of every year.
 - Submit to MRA an annual Return of Employees.
- Where the company pays directors' fees, tax should be withheld from those fees irrespective of the amount being paid.
- Where the company has 50 or more employees, it should submit monthly electronic PAYE return and also remit the tax withheld electronically.
- The Guide on PAYE, a copy of which may be downloaded from MRA website, provides all the necessary information on the operation of the PAYE system.

Tax Deduction at Source (TDS)

Every payer of Interest, Royalty, Rent, Payments to contractors/subcontractors, and payments to providers of specified services should deduct tax at source on the invoiced amount (pre-VAT), at the time the payment is made available to the payee.

Advanced payment System (APS)

A company is required to submit quarterly APS Statement and pay tax under the Advanced Payment System (APS)

Submission of Annual Return and Payment of Tax

- An annual return of income tax should be filed by every company whether or not it has a chargeable income.
- The annual return should be filed within 6 months after the end of the company's accounting year.
- For the first year a company may prepare accounts for a period not exceeding 18 months.
- Where a corporation holding a Category 1 Global Business Licence prepares its financial statements in either US dollar, Euros or GB pound sterling, it should submit its APS Statement and annual return and pay the tax specified therein, in that currency.

Return of dividends

Every company which pays dividends in an accounting period should, within one month after the end of that accounting period, submit a return to MRA in respect of every person to whom dividends exceeding Rs. 50,000 were paid.

Electronic Filing

A company whose turnover exceeds Rs. 10 million or which submits electronic PAYE returns should also file the following returns/statements electronically.

- Corporate tax return
- VAT returns
- Annual return of employees
- Monthly TDS return
- APS statement
- Return of dividends paid

MRA recommends all other companies to file electronic returns and pay tax electronically.

Keeping of books and records

The company should keep, in English or French language, proper books, registers, accounts, records such as receipts, invoices or vouchers etc... for the purpose of enabling its gross income and allowable deductions to be readily ascertained.

Compulsory Registration for Value Added Tax (VAT)

The company should register for VAT purposes where:

- its annual turnover of taxable supplies exceeds or is likely to exceed 2 million rupees; or
- it is engaged in any business or profession specified in the Tenth Schedule of the VAT Act irrespective of its turnover or taxable supplies.

Environment Protection Fee (EPF)

Companies engaged in the undermentioned activities are liable to EPF and they should register with MRA for EPF purposes within 14 days of the start of their activities.

- Hotel, Guest house or tourist residence of more than 4 bedrooms.
- Stone crushing, manufacture or processing of aggregates, concrete blocks, pre-cast units, coral sand, rock sand and basalt sand.
- Manufacture, assembly or importation of mobile phones, pneumatic tyres and batteries for vehicles.

Customs clearance for goods imported/ exported

- The company should be registered at Customs before any goods are cleared. The registration may be done through an approved broker.
- The Tax Account Number (TAN) of the company is required for registration.
- A customs declaration (bill of entry) in respect of every import/export has to be lodged electronically by an approved broker.

Business Registration Number (BRN)

Every company is allocated a BRN by the Registrar of Companies. The BRN should be indicated on all invoices issued by the company.

Additional information

For further information you may consult our website: <http://mra.gov.mu> or phone on our hotline 207-6010

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