FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2015/16 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2015, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com
Mauritius

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For further advice or information please contact:

<table>
<thead>
<tr>
<th>City</th>
<th>Name</th>
<th>Contact Information</th>
</tr>
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<tbody>
<tr>
<td>Port Louis</td>
<td>Michael Lo</td>
<td>+230 208 0878</td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="mailto:pkf.mu@intnet.mu">pkf.mu@intnet.mu</a></td>
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BASIC FACTS

Full name: Republic of Mauritius
Capital: Port Louis
Main languages: French, English, Mauritian Creole, Mauritian Bhojpuri
Population: 1.3 million (2014 estimate)
Major religion: Hinduism, Christianity
Monetary unit: Mauritian Rupee (MUR)
Internet domain: .mu
Int. dialling code: +230

KEY TAX POINTS

• A corporation resident in Mauritius is subject to tax on its worldwide income. A non-resident corporation is liable to tax on any Mauritius source income, subject to any applicable tax treaty provisions. Corporations are liable to income tax on their net income, currently at a flat rate of 15%.

• Value-Added Tax (VAT) is charged by VAT registered entities at the standard rate of 15% on goods and services supplied by them in Mauritius. Certain supplies are exempted or zero-rated.

• Certain local taxes apply including excise duty, land and property taxes and customs duties.

• Personal income tax is chargeable at a flat rate of 15% for individuals resident in Mauritius.

• There is no capital gains tax.

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES

The main income tax legislation in Mauritius is the Income Tax Act 1995 as amended by subsequent Finance Acts. Corporate and Personal Taxes are embodied under one heading of Income Tax and are payable by all resident companies and individuals on non-exempt income derived from Mauritius and from other sources.

The profits of all Resident ‘Sociétés’ (Partnerships) are taxable in the hands of the partners in proportion to their profit sharing ratio. A non-resident société is liable to income tax as if the société was a company. ‘Resident’, in relation to an income year, means:

• A company which is incorporated in Mauritius or has its Central Management and control in Mauritius;
Mauritius

- An individual who:
  (a) Has his/her domicile in Mauritius unless his/her permanent place of abode is outside Mauritius;
  (b) Has been present in Mauritius in that income tax year for a period of, or an aggregate period of, 183 days or more or has been present in Mauritius in that income year and the two preceding income years for an aggregate period of 270 days or more;

- A société which has its registered office address in Mauritius and includes a société which has at least one partner resident in Mauritius;

- Trust – where the trust is administered in Mauritius and a majority of the trustees are resident of Mauritius or where the settlor of the trust was resident in Mauritius at the time the instrument creating the trust was executed;

- Any other association – an association or body of persons which is managed or administered in Mauritius.

**CORPORATE TAXATION**

The rate of tax applicable for all companies is 15% on the companies’ profit which consist of business/trading profits and passive income.

**Alternative minimum tax (AMT)**

Where in the case of a company the normal tax payable is less than 7.5% of its book profit, the tax payable for that income year is deemed to be 7.5% of its book profit or 10% of any dividends declared in respect of that year, whichever is the lesser. This alternative minimum tax is applicable in certain specific cases.

**Global business companies**

Corporations holding Category 1 Global Business Licence (GBC1) pay tax at a rate of 15%. Pursuant to the Foreign Tax Credit Regulation Act 1996, a GBC1 which does not pay tax in a foreign jurisdiction on its foreign income earned outside Mauritius, is presumed to have paid tax elsewhere and can claim tax credit of 80% of its income resulting in an effective tax rate of 3% only. Corporations Holding Category 2 Global Business Licence (GBC2) are exempt from tax.

**Due dates for payment of tax**

Companies must file tax returns and pay any income tax not later than six months from the end of the month in which the accounting period ends.

**Advance Payment System (APS)**

Companies, unit trust schemes, collective investment trusts, cells of a protected cell company, société holding Category 1 Global Business Licence, must submit an APS Statement in respect of each of the three months period commencing the first day of the accounting year and pay any tax in accordance with the APS Statement within three months from the end of the quarter. Applicable to companies having an annual turnover exceeding MUR 4M.
CAPITAL GAINS TAX

There is no Capital Gains Tax in Mauritius.

BRANCH PROFITS TAX

There is no Branch Profits Tax in Mauritius.

VALUE ADDED TAX (VAT)

VAT is charged on taxable supplies (both goods and services) made in Mauritius at a standard rate of 15%.

Certain items such as basic foodstuffs and medical and educational services are exempted while exports are zero rated. The threshold for VAT registration is a turnover of taxable supplies exceeding MUR 4m per year. VAT Registration is compulsory irrespective of the annual turnover for persons engaged in certain business or profession.

FRINGE BENEFITS TAX

Employees receiving any advantage in money or money's worth are taxed thereon. Certain income are exempt:

- Rent and housing allowance for certain persons;
- Passage benefits, limited to 6% of basic salary;
- The first MUR 1.5 million of lump sum paid on retirement or death.

LOCAL TAXES

All taxes are on a ‘national’ basis but municipal and district councils are empowered to levy property tax, entertainment tax and certain licences.

B. DETERMINATION OF TAXABLE INCOME

The taxable income is determined by ascertaining the assessable income and then deducting any expenditure or loss in the income year to the extent to which it is exclusively incurred in the production of gross income (other than ‘emoluments’). For emoluments, the expenditure must be wholly, exclusively and necessarily incurred in performing the duties of an office or employment.

The unauthorised deductions are:

- Investment, expenditure or loss of a capital, private or domestic nature, fine;
- Expenditure or loss incurred in the production of exempt income or which is recoverable under a contract of insurance or indemnity;
- Income tax or foreign tax;
- Any expenditure incurred in providing business entertainment or gifts.
CAPITAL ALLOWANCES

Annual allowances are available on capital expenditure incurred exclusively in the production of gross income. The rate of annual allowance varies from 5% to 100% depending on the type of asset and is calculated on the base value or on cost.

DEPRECIATION PAID BY RESIDENT COMPANIES

Dividends paid by resident companies are exempted.

ROYALTIES

Royalties paid to a non-resident are exempted from tax for the following companies / trusts:

(i) A company holding a GBC1 Licence out of its foreign source income;
(ii) A bank in so far as the royalty is paid out of gross income derived from its banking transactions with non-residents and corporation holding a GBC2 Licence

INTEREST DEDUCTIONS

The following interests are exempt from tax. Interest payable on:

• A balance maintained in a bank by an individual who is not resident in Mauritius.
• Savings and fixed deposit account held by an individual, a société or a succession.
• Call and deposit amounts held with any bank by a GBC1.
• Interest paid to a non-resident not carrying on any business in Mauritius by:
  (a) A GBC1 out of its foreign source income; or,
  (b) By a bank in so far as the interest is paid out of gross income derived from its banking transactions with non-residents and corporation holding Global Business Licence.

LOSSES

Losses can be carried forward (but not backwards) for set off against income derived in the five succeeding income years provided that there is continuity; i.e. that 50% in nominal value of the allotted shares and not less than 50% of the paid up capital was held by or on behalf of the same person.

If a company engaged in manufacturing activities is taken over by another company or two or more companies engaged in manufacturing activities merge into one company, any unrelieved loss of the acquiree may be transferred to the acquirer in the income year in which the takeover or merger takes place on such conditions relating to safeguard of employment of the companies. Losses arising from annual allowance on capital expenditure cannot be carried forward.
FOREIGN SOURCE INCOME

Income derived from outside Mauritius by a resident is taxable in the normal manner subject to double taxation relief.

TAX INCENTIVES

Presently, most incentives have been removed.

The exceptions are:

(a) Deduction of twice the emoluments paid to a disabled person;

(b) Transfer of loss of a manufacturing company by another company on takeover or merger;

(c) Additional investment allowance on capital incurred on the acquisition of state-of-art technological equipment by a manufacturing company;

(d) Tax relief on the interest paid by an individual on a housing loan, subject to conditions.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Every profitable company and resident société are required to spend 2% of its chargeable income of the preceding year to implement:

(a) An approved programme by the company;

(b) An approved programme under the National Empowerment Foundation; or,

(c) Finance an NGO.

For the purpose of CSR, a company does not include:

(a) A company holding a GBC1 Licence;

(b) A bank holding a banking licence under the Banking Act in respect of its income derived from its banking transactions with non-resident or corporation holding Global Business Licence;

(c) An Integrated Resort Scheme (IRS) Company;

(d) A non-resident société, a trust or a trustee of a unit trust scheme.

GLOBAL BUSINESS COMPANIES

Global business companies (companies, trusts, sociétés) have special fiscal regimes and incentives such as customs duty remission and concessionary income tax rates for expatriates. Generous tax credits are available to those companies.

OFFSHORE TRUSTS

Resident trusts are taxed at 15%. Deemed tax credit of 80% is available to the trusts.
Non-resident trusts and their non-resident beneficiaries are exempt from taxes.

**SOCIETE (PARTNERSHIP)**

Every partner of a société holding a GBC1 Licence is liable to income tax in respect of its share at the rate of 15%.

**C. FOREIGN TAX RELIEF**

Unilateral relief is provided for in the Income Tax Act. In the event of double taxation, relief is by way of an ordinary credit. The taxpayer may elect to claim the credit on aggregate foreign-source income or on a source-by-source basis.

**D. CORPORATE GROUPS**

The general rule is that no group relief is allowed except in a few special cases.

**E. RELATED PARTY TRANSACTIONS**

The tax authorities may adjust the liability of a taxpayer where it considers that a transaction has not been entered into or carried out by persons dealing at arm’s length. It must be of the opinion that avoidance or reduction of liability of tax was the main purpose of such a transaction.

**F. WITHHOLDING TAX**

Mauritius does not levy withholding tax on dividends paid by resident companies. No withholding tax on interest paid to non-resident companies.

The rates for withholding taxes are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Residents</th>
<th>Non-residents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Companies</td>
<td>Individuals</td>
</tr>
<tr>
<td>Interest</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Royalties</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Rent</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Contract</td>
<td>0.75%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Services</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Payments made by central government or local authority for procurement of goods/services</td>
<td>1 - 3%</td>
<td>1 - 3%</td>
</tr>
</tbody>
</table>

**G. PERSONAL TAX**

The fiscal year is on a calendar year basis. Income tax is payable by residents on non-exempt income derived from Mauritius less allowable deductions including interest on housing loan, subject to conditions. Employers deduct income tax from each salary payments of all individual taxpayers.
The personal tax rate is 15%.

**H. TREATY AND NON-TREATY WITHHOLDING TAX RATES**

The rates for treaty countries are as follows.

<table>
<thead>
<tr>
<th>Treaty countries</th>
<th>Dividends (%)</th>
<th>Interest (%)</th>
<th>Royalties (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>5/10</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Botswana</td>
<td>5/10</td>
<td>12</td>
<td>12.5</td>
</tr>
<tr>
<td>China</td>
<td>5</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Congo</td>
<td>0/5</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Croatia</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cyprus</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Egypt</td>
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<td>10</td>
<td>12</td>
</tr>
<tr>
<td>France</td>
<td>5/15</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Germany</td>
<td>5/15</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Guernsey</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>India</td>
<td>5/15</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Italy</td>
<td>5/15</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Kuwait</td>
<td>0</td>
<td>0</td>
<td>10</td>
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<tr>
<td>Lesotho</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>5/10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Madagascar</td>
<td>5/10</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Malta</td>
<td>5/15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Monaco</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mozambique</td>
<td>8/10/15</td>
<td>8</td>
<td>5</td>
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<tr>
<td>Namibia</td>
<td>5/10</td>
<td>10</td>
<td>5</td>
</tr>
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<td>Nepal</td>
<td>5/10/15</td>
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<td>Oman</td>
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<td>Rwanda</td>
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<tr>
<td>Senegal</td>
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</table>
### Treaty countries

<table>
<thead>
<tr>
<th>Treaty countries</th>
<th>Dividends (%)</th>
<th>Interest (%)</th>
<th>Royalties (%)</th>
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<tbody>
<tr>
<td>Seychelles</td>
<td>0</td>
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<td>Singapore</td>
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<td>0</td>
</tr>
<tr>
<td>South Africa</td>
<td>5/15</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>10/15</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>State of Qatar</td>
<td>0</td>
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<td>Swaziland</td>
<td>7.5</td>
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<tr>
<td>Zambia</td>
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<td>5</td>
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**NOTE:**

1. Same rate as under domestic law.