

19 June 2023

Circular Letter No. 1

To All Employers

**PERSONAL INCOME TAX - PAYE
INCOME YEAR 01 JULY 2023 TO 30 June 2024**

Employers are informed that a reform of our income tax system has been announced in the Budget Speech 2023/2024. The new income tax system is applicable as from 1 July 2023 and employers are requested to proceed with the changes in their payroll systems and to apply the new system for the purposes of PAYE as from the month of July 2023.

1. Income Exemption Thresholds (IET)

The concept of Income Exemption Threshold (IET) is abolished and replaced by –

- (a) a tax rate of 0 percent is applicable on the first Rs 390,000 of chargeable income instead of an IET of Rs 325,000 previously granted to an individual with no dependent;
- (b) deduction for dependents is available separately and is as shown in Table 1 below –

Table 1

Dependent	Amount of Deduction (Rs)
1 dependent	110,000
2 dependents	190,000
3 dependents	275,000
4 or more dependents	355,000

2. Other deductions, reliefs and allowances

All other deductions reliefs and allowances remain unchanged.

3. Tax Rates

The tax rates applicable to individuals are shown in Table 2 below. Employers are urged to implement the new rates applicable on each chargeable income bracket as from the month of July 2023.

Table 2

Chargeable Income (Rs)	Rate of Income Tax	Chargeable Income (Rs)	Rate of Income Tax
First Rs 390,000	0%	Next Rs 300,000	12%
Next Rs 40,000	2%	Next Rs 300,000	14%
Next Rs 40,000	4%	Next Rs 400,000	16%
Next Rs 60,000	6%	Next Rs 500,000	18%
Next Rs 60,000	8%	On the remainder	20%
Next Rs 300,000	10%		



Commitment beyond Revenue



Operational Services Department

Ehram Court, Cnr Mgr. Gonin & Sir Virgil Naz Streets, Port-Louis, Mauritius

T: +230 207 6000 • F: +230 207 6048 • E: operationalservices@mra.mu • W: www.mra.mu



For the purposes of applying PAYE, the monthly chargeable income brackets on which the different tax rates are applicable are as shown in table 3 below –

Table 3

Monthly Chargeable Income Brackets (Rs)	Rate of Income Tax	Monthly Chargeable Income Brackets (Rs)	Rate of Income Tax
First Rs 30,000	0%	Next Rs 23,077	12%
Next Rs 3,077	2%	Next Rs 23,077	14%
Next Rs 3,077	4%	Next Rs 30,769	16%
Next Rs 4,615	6%	Next Rs 38,462	18%
Next Rs 4,615	8%	On the remainder	20%
Next Rs 23,077	10%		

For the purposes of applying PAYE on a cumulative basis, the different monthly chargeable income brackets shall be calculated on a **cumulative basis** by reference to the month for which PAYE is calculated.

Example:

An employee derived taxable emoluments of Rs 100,000 for each of the months of July, August and September. He has submitted an EDF showing 2 dependents. The PAYE computation for the three months shall be as shown in table 4 below -

Month	July		August		September	
Taxable Emoluments	100,000		100,000		100,000	
Cumulative Emoluments	100,000		200,000		300,000	
Cumulative Deductions (Rs 190,000)	14,615		29,231		43,846	
Cumulative Chargeable Income	85,385		170,769		256,154	
Calculation of PAYE	Cumulative Chargeable Income Bracket	Tax Calculated	Cumulative Chargeable Income Bracket	Tax Calculated	Cumulative Chargeable Income Bracket	Tax Calculated
Tax Rate - 0%	30,000	-	60,000	-	90,000	-
Tax Rate - 2%	3,077	62	6,154	123	9,231	185
Tax Rate - 4%	3,077	123	6,154	246	9,231	369
Tax Rate - 6%	4,615	277	9,230	554	13,845	831
Tax Rate - 8%	4,615	369	9,230	738	13,845	1,108
Tax Rate - 10%	23,077	2,308	46,154	4,615	69,231	6,923
Tax Rate - 12%	16,924	2,031	33,847	4,062	50,771	6,093
Cumulative Tax payable		5,169		10,338		15,508
Less PAYE previous months		-		5,169		10,338
PAYE for the month		5,169		5,169		5,169

4. Exempt employee

No PAYE is required to be deducted from the monthly emoluments of an employee where such emoluments do not exceed Rs 30,000 except where the emoluments constitute of fees payable to a company director or a member of a Board, Council, Commission, Committee of a statutory body. In such case, PAYE is applicable at the flat rate of 15%



unless the director or board member makes a request to the company or the person responsible for the payment of the emoluments for PAYE to be withheld at the rate of 20%.

Where an employee who derives emoluments exceeding Rs 30,000 in a month and he has not submitted an EDF, the employer is required to deduct tax under PAYE at the flat rate of 15% unless the employee makes a request to the employer for PAYE to be withheld at the rate of 20%..

Where an employee deriving emoluments not exceeding Rs 30,000 in a month makes a request to his employer or the person responsible for the payment of the emoluments for income tax to be withheld, the employer or the person responsible for the payment of the emoluments is required to withhold PAYE at the rate of 15% or 20% as may be stated by the employee in his request.

5. **Solidarity Levy**

Solidarity is abolished with effect from the income year commencing on 1 July 2023. Employers are required not to deduct PAYE for **Solidarity Levy** as from July 2023.

6. **Employee Declaration Form (EDF)**

Electronic EDF for the income year 2023/2024 is available on MRA website www.mra.mu. Employers should invite their employees to submit their EDFs by 30 June 2023. Employers are then requested to implement reliefs, allowances and deductions as per the new EDF as from the month of July 2023.

7. **Return of Employees (ROE)**

ALL employers are required to submit a ROE electronically, on or before **15 August 2023**, and include in the ROE the details of **ALL their employees**. The necessary facility will be available on the MRA website www.mra.mu in July 2023.

Employers submitting their monthly PAYE return using the system made available by the Mauritius Network Services (MNS) should submit their ROE through that system. Other employers should submit their ROE through the system made available by MRA on its website.

Employers of household employees are not required to submit a ROE in respect of the employees in their domestic service.

8. **Statement of Emoluments and Tax Deduction (SOE)**

ALL Employers are required to give, on or before 15 August 2023, a **SOE** to all their employees. The template of the **SOE** is available on the MRA website.

9. **Monthly PAYE return**

Employers are reminded that they are required to include the details of all their employees in their monthly PAYE return whether or not PAYE has been withheld.



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10. Employers of household employees

Employers of household employees are reminded that they are required to submit a Social Contribution (CSG) Return and pay the Contribution in respect of the employees in their domestic service. Those who have not submitted a monthly Social Contribution (CSG) return may opt to submit the return and pay the Social Contribution on an annual basis. The deadline for the submission of the Social Contribution (CSG) return and for the payment of the Contribution for the months July 2022 to June 2023 is 31 July 2023. However, where the return has not been submitted or the Contribution has not been paid, no penalty or interest shall be applied provided the return and/or payment is made on or before 30 September 2023.

For any additional information, please visit MRA website or phone on our hotline **207 6000** during working hours.



N M Oozer
Director
Operational Services Department

