

From the Team

July 2023

Mauritius – Annual Tax Changes

The Mauritius Revenue Authority (MRA) wishes to inform all employers that they should apply PAYE as of the month of July 2023 in accordance with the reliefs, allowances, deductions, and rates as specified in the communiqué of 08 June 2023.

Click [here](#) for the MRA Circular Letter to Employers.

Annual Tax Changes

On 02 June 2023, the Minister of Finance, Economic Planning, and Development presented the Mauritius National Budget 2023/2024. The most significant changes are the abolition of the Solidarity Levy and the change to a progressive tax system, a major reform to the long-standing flat rate system.

These proposed changes will be effective from the income year starting on 01 July 2023:

- 1) Progressive Income Tax:
 - The annual chargeable income of an individual will be taxed according to progressive tax tables.
 - Going forward, the Average Cumulative Monthly Salary (Tax code ACMS) and Average Cumulative Monthly Salary Override (Tax code ACMSOVR) components will no longer calculate on the payslip and have been made inactive (Stop date 01 July 2023).
 - For monthly PAYE applications, the monthly brackets provided by the MRA are multiplied by 13.

Lower Income Limit	Upper Income Limit	Income Threshold	Marginal Rate	Tax on Threshold
0.00	390 000.00	0.00	0%	0.00
390 000.00	430 001.00	390 000.00	2%	0.00
430 001.00	470 002.00	430 001.00	4%	800.02
470 002.00	529 997.00	470 002.00	6%	2 400.06
529 997.00	589 992.00	529 997.00	8%	5 999.76
589 992.00	889 993.00	589 992.00	10%	10 799.36
889 993.00	1 189 994.00	889 993.00	12%	40 799.46
1 189 994.00	1 489 995.00	1 189 994.00	14%	76 799.46
1 489 995.00	1 889 992.00	1 489 995.00	16%	118 799.72
1 889 992.00	2 389 998.00	1 889 992.00	18%	182 799.24
2 389 998.00	99 999 999 999.00	2 389 998.00	20%	272 800.32

2) Solidarity Levy:

- Solidarity Levy imposed on individuals earning a leviable income of more than Rs 3 000 000.00 has been abolished.
- Going forward, the Solidarity Levy Income (Tax code SLEI) and Solidarity Levy Tax (Tax code SLEE) components will no longer calculate on the payslip and have been made inactive (Stop date 01 July 2023).
- Solidarity Levy Tax calculations are still applicable to previous runs (prior to July 2023).

3) Income Exemption Thresholds:

- The exemption of Rs 325 000.00 granted to a taxpayer in respect of self has been replaced by a tax rate of 0 percent applicable on the first Rs 390 000.00 of chargeable income. An individual with no dependent who has a monthly net income of up to Rs 30 000.00 (previously Rs 25 000.00) will not pay any income tax.
- An individual with no deductions or reliefs, who has a monthly net income of more than Rs 30 000.00 (previously Rs 25 000.00), will be taxed at a fixed rate of 15%.
- The IET Annual Relief (Tax code IET) and IET Annual Relief Adjustment (Tax code IETADJ) note components were renamed to EDF Annual Relief and EDF Annual Relief Adjustment on all customer payrolls.

4) Deduction for Dependents:

- Income exemption thresholds for categories B, C, D, and E have been replaced by deductions for dependents. These amounts have remained unchanged.

5) Other Personal Relief:

- All other personal reliefs and deductions have remained unchanged.

Paymaster Impact

- Tax tables have been updated and Solidarity Levy calculations have been removed, effective 01 July 2023.
- All Mauritius payrolls have been recalculated.
- If the July payroll is already closed, PAYE will recalculate in the next live run based on the Cumulative tax method used. Terminated employees might require a recalculation on an interim run.
- **Customer action:** Revise all employees' EDF Annual Relief amounts and process the correct annual value on the EDF Annual Relief note component (previously known as the IET Annual Relief note component).