MAURITIUS

Negative Income Tax (NIT)

With a view to combatting absolute poverty and social exclusion, Mauritius introduced a "Negative Income Tax" system on 1st July 2017. The NIT is being administered by the Mauritius Revenue Authority and provides for the payment of monthly financial support ranging between Rs 100 and Rs 1,000 to persons earning emoluments less than or equal to Rs 9,900 monthly. To be eligible, the person should be in full time employment, that is, working for at least 30 hours a week over at least five days. The person and his employer should also be up to date with their pension contributions. Finally, the person and his spouse should not earn more than Rs 30,000 monthly to benefit from the NIT.

Electronic filing

When the MRA started to operate in 2006, the electronic submission of individual income tax returns was not a common feature and the e-fling rate was a meager 1.2%. In the recent income tax filing season (October 2017), the individual income tax e-fling rate had risen to 99.8%.

Today taxpayers can file their tax returns in the comfort of their home through our secured Taxpayer Portal on a 24-hr basis. E-filing of tax returns has been made possible through smart applications. We have introduced the "Wizard-Driven" Income Tax Return which is accessible from any Smart phones, tablets, IPhones and I-Pads. Taxpayers may also save a draft or view their tax returns before submitting their final tax returns. To further ease e-filing, pre-filed tax returns are provided to taxpayers. Once a taxpayer has e-filed a return, he instantly receives an acknowledgement receipt message from the MRA.

Direct debit

Over the years the MRA has been continuously improving its portfolio of payment channels to facilitate payment of tax. Payment can be effected through Internet Banking, ATM, SMS (Orange Money), MCB Juice or by credit card on MRA's e-services platform. In 2017, the MRA introduced a new direct debit facility which benefits the taxpayer as he/she does not have to make prior arrangements with his commercial bank for the direct debit instructions. Under the new facility, there are also 4 clearing sessions in a day which ensures speedy crediting of MRA bank accounts. With these various e-payment options, e-payment as a percentage of total revenue has now reached 85%. The new direct debit payment facility will be extended to all tax types shortly and it would be marketed as an easy and preferred mode of payment that can be used any time on a 24/7 basis.

Study Tours and Sharing of Knowledge and Experience

The MRA has received some 20 delegations particularly from the African region during the past year on tax study tours and on capacity building programmes. MRA resource persons have also shared their knowledge and experience on various tax matters with their peers through empowerment visits to Liberia, Senegal and Tanzania. At the level of its Customs Department, several MRA officers are trained accredited WCO trainers and have provided in-house training at the WCO Regional Training Centre in Mauritius and also dispensed capacity building programmes through dedicated visits to Zambia, Botswana, Seychelles, Vanuatu, Namibia, Sudan, Tanzania, Guinea, Ethiopia and Haiti.

Taxpayer Education at Schools

The MRA believes that promoting a compliant behavior right from the start as an important strategy in obviating tax evasion practices in future. Our youth represents the country's future taxpayers and in line with its educational strategy aiming at instilling a tax culture in the younger generation at an earlier stage, the MRA has been organizing tax education sessions on a regular basis in various schools and colleges. To further develop awareness in the students of their civic responsibilities, the MRA recently came up with the notion of implementing a tax education syllabus at school level. A syllabus for lower grade college students has been prepared by the Ministry of Education in collaboration with the Mauritius Revenue Authority and is ready for implementation in early January 2018. With this new syllabus, the students may familiarize themselves with some basic but important notion on taxation, such as the role of the MRA, the importance of paying taxes, the main types of taxes, the importance of receipts, etc.

Update on international tax issues that are of relevance to Mauritius

1. **The 2017 (Second Round) Peer Review**

   During the 2017 (Second Round) Peer Review, the Global Forum evaluated Mauritius for its implementation of the Exchange of Information on Request (EOIR) standard against the 2016 Terms of Reference (ToR). The report for Mauritius was published in August 2017 along with the reports for ten other jurisdictions.

   Mauritius achieved a rating of "Largely Compliant" for element A.1 and "Compliant" for all the other nine elements and an overall rating of "Compliant" as shown in the table below:-

Element		EOIR Report (2017)
A.1	Availability of ownership and identity information	LC
A.2	Availability of accounting information	C

A.3	Availability of banking information	C
B.1	Access to information	C
B.2	Rights and Safeguards	C
C.1	EOIR Mechanisms	C
C.2	Network of EOIR Mechanisms	C
C.3	Confidentiality	C
C.4	Rights and Safeguards	C
C.5	Quality and timeliness of responses	C
	OVERALL RATING	**C**

Only three jurisdictions, namely Ireland, Mauritius and Norway – received an overall rating of "Compliant". Six others – Australia, Bermuda, Canada, Cayman Islands, Germany and Qatar were rated "Largely Compliant" while Jamaica was rated “Partially Complaint”.

2. Automatic Exchange of information

CRS

In June 2015, Mauritius signed the Convention on Mutual Administrative Assistance in Tax Matters (the Convention) developed by the OECD. The Convention entered into force on 1 December 2015 and enables Mauritius to .exchange information on request, spontaneously or automatically with all those jurisdictions that have signed the Convention. As at date, Mauritius has an exchange of information mechanism with some 127 countries.

Mauritius has made a commitment to implement the new global standard for automatic exchange of information under CRS. Mauritius has, in October 2014, signed the Multilateral Competent Authority Agreement (MCAA) which provides for automatic exchange of information with other Competent Authorities.

To enable the implementation of the CRS, the Income Tax Act has been amended accordingly. A new paragraph has been added to section 76.

Furthermore, as part of our legislative framework, regulations on the Common Reporting Standard have also been put in place. They are in force since the 1st January 2017. The regulations are currently being amended to include administrative penalties for non-compliance with the regulations. Guidance Notes on the Implementation of CRS have also been issued by the MRA in September 2016.

Steps are being taken by the MRA to enhance the existing IT System to meet the automatic exchange of information requirement under the Common Reporting Standard (CRS) by September 2018.

FATCA

On 27 December 2013 the Government of the Republic of Mauritius and the Government of the United States of America signed an Agreement for the Exchange of Information Relating to Taxes (the Agreement) to set the legal framework to enable exchange of tax information between the two countries. This was followed by the signing of another agreement known as the Inter-Governmental Agreement (Model 1 IGA) to improve international tax compliance and to implement FATCA. Both the Agreement and the IGA have entered into force on the 29 August 2014.

The Agreement provides for exchange of tax information (upon request, spontaneous and automatic) between Mauritius and USA. The IGA provides for the automatic reporting and exchange of information in relation to accounts held with Mauritius

Mauritius is already at its third reporting year for FATCA with the first exchange taking place in September 2015. The exercise has proved to be very successful and Mauritius Financial Institutions are very compliant as regards exchange under FATCA.

3. Compliance with the minimum standards under the BEPS project

As an associate of the Inclusive Framework, Mauritius is committed to implement the 4 minimum standards of BEPS under:

Action 5: Fight Harmful Tax Practices and exchange of rulings

Action 6: Prevent Treaty Abuse

Action 13: improve transparency through Country-by-Country Reporting

Action 14: Enhance effectiveness of Dispute Resolution

Action 5 – Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance

Since the publication of BEPS Action 5 report in October 2015, the FHTP has reviewed 164 preferential tax regimes of various countries. Several preferential tax regimes of Mauritius were reviewed. 4 of them, namely Global Headquarters Administration, Treasury Management Activities, Investment Banking and Shipping were found not to be harmful.

The following regimes were found to contain harmful features: Captive Insurance, Freeport, GBC 2, GBC 1 and Banks carrying out segment B activities.

A letter of Government Commitment was provided to the FHTP Secretariat wherein Mauritius has committed to make amendments to existing legislations

by the timeline set by FHTP to ensure that the preferential tax regimes are consistent with the standards of the FHTP.

These regimes will be closed off and grandfathering provisions allowing existing taxpayers to benefit from the regimes during a transitional period will be made available.

Mauritius is currently engaging with the EU commission with a view to making similar commitments.

Mauritius has also started to exchange tax rulings with other jurisdictions. Preparatory work is under way to identify past tax rulings to be exchanged by December 2017 and to exchange future tax rulings (those issued after 1 September 2017) within 3 months from the date of issue.

Action 6 – Preventing the granting of Treaty Benefits in Inappropriate Circumstances

Mauritius has signed the Multilateral Convention to implement tax treaty related measures (MLI) to prevent Base Erosion and Profit Shifting on 05 July 2017. 23 Double Taxation Avoidance Agreements (DTAAs) have been listed as Covered Tax Agreements under the MLI. These DTAAs will be amended to include an anti-abuse treaty provision that its common intention is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance, including through treaty-shopping arrangements. Mauritius has opted for an interim Principal Purpose Test under the MLI.

Mauritius has initiated action to engage with the remaining 19 treaty partners to amend the corresponding DTAAs so as to introduce an anti-abuse provision and to update the treaties so that they become compliant with the requirements of the BEPS project.

Action 13 – Guidance on Transfer Pricing Documentation and Country-by-Country Reporting

As part of the BEPS project and to enhance transparency, Mauritius signed the CbC Multilateral Competent Authority Agreement in January 2017 to enable us to exchange CbC reports for the fiscal year starting 1 July 2018 onwards. The CbC reports will be exchanged on an automatic basis. Work is currently being carried out in order to establish the necessary domestic legal and administrative framework for CbC reporting. The CbCR Regulations are expected to come into force by December 2017.

Action 14: Making Dispute resolution mechanism more effective

All the Mauritian DTAAs already contain provisions enabling taxpayers to request for a Mutual Agreement Procedure (MAP) by presenting his case to the

competent authority of the jurisdiction in which he is resident. Mauritius is taking steps to amend its DTAAs either through the MLI or through bilateral negotiations to enable taxpayers to approach either jurisdiction that is party to a bilateral tax treaty for a MAP.