

# EXPLORING THE PAYROLL LANDSCAPE IN MAURITIUS



FEBRUARY 2023





## COMPREHENDING PAYROLL IN MAURITIUS

The Republic of Mauritius is a small island nation in the southwestern Indian Ocean. Mauritius has a stable government and a diverse economy. Its per capita GDP is one of the highest in Africa. Facilities for tourism are well-developed. Although English is the administrative language, Creole and French are the languages used in daily life. English may not be understood outside of main towns and tourist areas. The capital city is Port Louis.

Let's focus on the crucial aspects of payroll in Mauritius.



## ESTABLISHING AS AN EMPLOYER

The person or company need to register online with the Registrar of Companies and btusinesses or by submission of the required documents with Mauritius Revenue Authority (MRA). After submitting the application form and payment, the applicant will be issued with Employer Registration Number (ERN) and password for filing of the monthly return.

The National Identity Card should be produced at time of registration.



## A. WORKING HOURS

The standard working week is 45 hours. In a 5-day week, employees must work for 9 hours a day and in a 6-day week, 8 hours a day for any 5 days and 5 hours on the sixth day.

Maximum working hours (including overtime) are restricted to 12 hours in a day. Also, employees cannot work for more than 7 days without 24 hours consecutive rest.

## B. OVERTIME

Any work done beyond 45 hours in a week, needs to be remunerated at no less than one and a half times (x1.5) the basic hourly rate for every added hour of work.

Where the employees work on a public holiday, they need to be remunerated at not less than

twice (x2) the basic hourly rate for every hour of work.

Where the employee work on a public holiday beyond normal working hours, he may be remunerated at not less than three times (x3) the basic hourly rate for every hour of work.

## C. MINIMUM WAGE

Employees including trainees are entitled to minimum wage and employers need to ensure that the salary paid is equal to or more than minimum wage defined based on the age and payroll frequency.

### WORKPLACE LOCATION

### MINIMUM WAGE PER MONTH

Employees in Free  
Port Zone (EPZ)

9,875

All other employees

10,575





## D. STATUTORY LEAVES

Employees are entitled to the following paid leaves as per the Workers Right Act 2019:

### ANNUAL LEAVE

Employees are entitled to 20 days of leave after completing 12 months of continuous employment. Every employee who remains in continuous employment with the same employer for a period of 6 months, he is entitled to 1-day annual leave for each subsequent month up to the twelfth month while in employment.

### SICK LEAVE

Employee who remains in continuous employment for a period of 12 months with the same employer shall be entitled to 15 working days sick leave on full pay.

### VACATION LEAVE

Employee who remains in continuous employment with the same employer for a period of at least 5 consecutive years shall be entitled to paid vacation leave of not more than 30 days, for every period of 5 consecutive years, and it will start from the start of employment date.

### SPECIAL LEAVE

Employee who remains in continuous employment for a period of 12 months with the same employer, is entitled to the following paid special leaves:

- 6 working days on the celebration of his first civil or religious marriage.
- 3 working days on the first civil or religious marriage of his son or daughter.
- 3 working days on the death of his spouse, child, father, mother, brother, or sister.

### JUROR LEAVE

An employee shall be granted paid leave by his employer during the period of his absence from work to a summon issued to him to attend service as juror.

### MATERNITY LEAVE

A female employee shall be entitled to 14 weeks' maternity leave on full pay. The maternity leave may be taken before birth, provided that at least 7 weeks' maternity leave shall be taken immediately following the confinement, or after birth.



Further, if such employee has completed 12 months of continuous employment, she shall also be entitled to a maternity allowance corresponding to MUR 3,000 within 7 days of giving birth.

If the employee suffers a miscarriage, she shall be entitled to 3 weeks' leave on full pay immediately after the miscarriage upon production of a medical certificate evidencing the miscarriage, irrespective of whether she has completed 12 months of continuous employment with the employer.



### **PATERNITY LEAVE**

Employee who remains in continuous employment for a period of 12 months is entitled to a paternity leave of 5 continuous working days on full pay. The paternity leave referred shall begin within 2 weeks from the date of birth of the child.

### **LEAVE TO ATTEND COURT**

Employee is entitled to paid leave when attending court regarding any matter in which he is a party or in which he/she is a witness. When the employee attends Court as representative of the employer or on its behalf, the leave shall be with full pay.

### **LEAVE TO PARTICIPATE IN INTERNATIONAL SPORTS EVENTS**

An employee who is selected or nominated to participate in an international sport event to represent Mauritius shall be granted paid leave by his employer for the duration of the event or such longer period as may be necessary.

## **E. OTHER EMPLOYMENT REGULATIONS**

### **END OF YEAR BONUS**

An employee earning MUR 100,000 or less per month will be entitled to an end of year bonus at the time of termination or along with December salary. The end of year bonus will be computed on the employee's earnings which consists of his basic salary and any payment made to the employee related to his/her productivity. The amount of end of year bonus is equivalent to one twelfth of the employee's earnings for that year.



### **END OF YEAR GRATUITY**

End of year gratuity will apply to an employee earning more than MUR 100,000 per month. End of year gratuity is computed only on the basic salary. The amount of end of year gratuity is equivalent to one twelfth of an employee's basic salary for that year.

### **GRATUITY ON RETIREMENT**

An employer shall pay a gratuity to an employee who has been in continuous employment with him for a period of 12 months. 15 days of final remuneration for every 12 months of continuous employment.

### **INJURY ALLOWANCE**

Employee suffering from an industrial injury resulting in a total or partial temporary incapacity, subject to medical evidence then full remuneration by employer for first two weeks of total temporary incapacity.



## PAYROLL TAX

Income Tax is governed by the Income Tax Act 1995 and the Income Tax Regulations 1996 and Tax Year in Mauritius is July to June.

'Pay As You Earn' and 'Solidarity Levy' is a system whereby employers are required to withhold tax from the emoluments of employees chargeable to tax at the time the emoluments are received to the employees.

### A. PAY AS YOU EARN (PAYE)

- Gross Salary means any payment in money which is salary, wages, leave pay, fee, overtime pay, perquisite, allowance, bonus, gratuity, commission or other reward.
- A fringe benefit to an employee, and forms part of the employee's emoluments.
- The total exemptions and reliefs claimed by the employees in the EDF (Employee Declaration Form) from the total emoluments to obtain the chargeable income of the employee.
- An individual is entitled to deduct from his net income the appropriate income



exemption threshold and may claim relief for premium or contribution payable for himself or his dependents

- To arrive at net taxable salary, all salary emoluments including gross salary and fringe benefits are added and tax exemptions and deductions are reduced.
- From net taxable salary, employers are required to withhold tax at the rates mentioned in the below table.
- The taxes withheld are then deposited with the Mauritius Revenue Authority (MRA) by end of the following month.

ANNUAL NET TAXABLE RATE INCOME	INCOME TAX (TAX YEAR 2023)
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Not exceeding MUR 700,000	10%
Between MUR 700,000 to 975,000	12.5%
Exceeding MUR 975,000	15%

15% Ruling - An employee who receives any amount related to employment after his exit payroll will get no benefit of IET (Income Exemption Threshold), irrespective of his residential status of the employee and the tax will be calculated at 15%.

### B. SOLIDARITY LEVY (SL)

- A resident individual in Mauritius whose leviable income exceeds MUR 3 million rupees is liable to a solidarity levy which is calculated at the rate of 25% of the leviable income more than 3 million rupees
- The PAYE for SL to be deducted from the emoluments of an employee in a month shall, in any case, not exceed 15% of the emoluments for the month.





## SOCIAL SECURITY CONTRIBUTION

- Social Security contributions are governed by The Contribution Sociale Généralisée (CSG) which was introduced by the Finance (Miscellaneous Provisions) Act 2020.
- There is a total of 4 types of Social Security provided below wherein both employer and employee or either of them needs to make the contribution as explained below:

### A. CONTRIBUTION SOCIALE GÉNÉRALISÉE (CSG)

The CSG is the Basic Retirement Pension plan and provides benefit to employees at the time of retirement who are either residents or citizen of Mauritius. Employers are mandatorily required to deduct the employee's contribution from his wage or salary and pay that contribution together with the employer's contribution to the MRA as per the below table:

PARTICIPANT	MONTHLY REMUNERATION	EMPLOYEE CONTRIBUTION	EMPLOYER CONTRIBUTION
Other than public sector employee	Not exceeding MUR 50,000	1.5%	3%
	Exceeding MUR 50,000	3%	6%
Public sector employee	Not exceeding MUR 50,000	N/A	4.5%
	Exceeding MUR 50,000	N/A	9%
Employee in the domestic service	Not exceeding MUR 3,000 in total from one or more employers	N/A	3%
Self-employed	MUR 150 monthly		
Employee and Self-employed	Same as under I or II (as applicable) and VI		

## B. NATIONAL SAVINGS FUND (NSF)

NSF is a defined contribution scheme funded by contributions from employees and employers and provides a lump sum amount on retirement. Contribution to the fund is compulsory for employees of the public and private sector who are Mauritius citizens.

Employee contribution rate is 1% and employer contribution rate is 2.5%, calculated on the employee's basic wage or salary. If the basic amount is more than the below limits, we should restrict the computation of NSF to the maximum wage:

	MINIMUM WAGE (IN MUR)		MAXIMUM WAGE (IN MUR)
Pay period	For Private Household employees	For other employees	For all employees
Daily	80	127	832
Weekly	482	760	4,947
Fortnightly	965	1,521	9,893
Half Monthly	1,045	1,648	10,718
Monthly	2,090	3,295	21,435

## C. HUMAN RESOURCE DEVELOPMENT COUNCIL TRAINING LEVY (HRDC LEVY)

Human Resource Development Council is formed for national socio-economic growth in implementing and supporting skills development initiatives to optimise existing skills and equip individuals with new skills.

Every employer is required to pay a training levy for an employee monthly. The HRDC Levy is 1% of the total basic wage or salary does not exceed Rs 10,000. HRDC Levy is not applicable to non-citizen and non-resident employees.

## D. PORTABLE RETIREMENT GRATUITY FUND (PRGF)

The PRGF generally applies to private sector employees other than those already covered by a private pension scheme. The purpose of the PRGF is to provide for the payment of a lump sum on the retirement of employees commensurate with their terms of service throughout their working life.

Employers are required to pay PRGF contributions at the rate of 4.5% of the monthly remuneration of each employee. SME (Small and medium enterprises) will pay PRGF at a lower rate for the first 3 years.







## PENALTY ON LATE PAYMENTS AND SUBMISSION OF REPORTS

### PENALTY FOR LATE PAYMENT OF TAX

A penalty of 5% of the amount of tax is payable in case of late payment. However, for a small enterprise having an annual turnover not exceeding 10 million rupees, the rate of penalty is 2%.

### PENALTY FOR LATE SUBMISSION OF ANNUAL RETURN OF INCOME

An employer who fails to submit the annual return will be liable to pay a penalty of MUR 2,000 per month until the time the return is submitted, up to a maximum of MUR 20,000. However, whether it is a small enterprise having an annual turnover not exceeding MUR 10 million, the maximum penalty is MUR 5,000.



### PENALTY FOR SOCIAL SECURITY CONTRIBUTIONS

Penalty of 10% applies on unpaid CSG. The penalty is capped at a maximum of 25% of the amount of the additional CSG claimed under an assessment. Interest of 1% per month or part of the month during which the CSG remains unpaid.

Surcharge of 5% on the unpaid NSF for each month or part of the month during which the NSF remains unpaid. No surcharge applies where the NSF contribution is less than MUR 50.

Surcharge of 5% on the unpaid HRDC levy for each month or part of the month during which the levy remains unpaid, capped at 100% of the amount of unpaid levy.

Surcharge on late payment of PRGF is 5% per month or part of the month during which the contributions remained unpaid. Surcharge for late submission of monthly PRGF return is 1% of the total contribution payable for every day until the return is submitted.



