



INTERCONTINENTAL TRUST NEWSLETTER

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Intercontinental Trust Ltd

Recent amendments to the Mauritius employment landscape

Over the years, Mauritius has developed a well-earned reputation for its stability and adherence to the highest level of transparency and best international practices. Having positioned itself as the International Finance Centre (IFC) of choice for the region, Mauritius requires companies wishing to use the jurisdiction as a platform for international business and investment, namely Global Business companies, to have substance in Mauritius. One of the ways of implementing substance is through employment and the island is in the fortunate position of having a highly literate and bilingual workforce that foreigners can leverage and rely on.

Moreover, in an attempt to revive its economy bludgeoned by the Covid-19 pandemic crisis, the government is further encouraging foreign professionals and investors to relocate and run their businesses in and/or from Mauritius. To that effect, several changes¹ were made to the local immigration laws and framework through the enactment of the Finance (Miscellaneous Provisions) Act 2020 in August 2020.

The cost of employment is therefore an important consideration for anyone wishing to use the Mauritius IFC or even considering to set up a business on the island. Our newsletter delves into the various changes made recently to the employment landscape and their accompanying cost.

Basic Salary

- **The national minimum wage**

The National Minimum wage was introduced in 2017 prior to which there was no single wage system in Mauritius and no common minimum wage for various occupational jobs across different industries save for statutory remuneration orders for certain sectors of the economy. For 2020, the minimum monthly wage is set at MUR 10,200 (circa. USD 290) and is applicable for local employment across all sectors.

However, the minimum salary criteria with regards to the application of Occupation Permits (OP) that entitles foreigners to work and live in Mauritius, namely the Professional OP, is regulated under the Economic Development Board Act as follows:

Professional OP- Sectors	Minimum Monthly basic salary (MUR)
Information and communication technologies (ICT) sector, business process outsourcing (BPO) sector, pharmaceutical manufacturing, food processing	Mur 30,000
Any other sectors	Mur 60,000

¹ if you missed our newsletter titled “Mauritius: a more accessible work & live destination”, please click [here](#) to access same

- **The Salary expectation**

The below rates were gathered from a local recruitment agency and only provides an indication of the expected monthly wages/ salaries for full-time positions. Actual salaries will depend on the experience and the qualification of the candidates as well as the work conditions:

- Housekeeper – starting as from Mur 10,200
- Driver / Handyman – starting as from Mur 15,000
- Salesgirl / Salesman – starting as from Mur 12,000 -15,000
- Bookkeeper – starting as from Mur 20,000
- Accountant – Partly qualified accountant with some experience: around Mur 35,000
Fully qualified accountant with some experience: starting as from Mur 60,000
- Finance Manager – starting as from Mur70,000 – Mur100,000

Social Charges and other Contributions

- **Contribution Sociale Généralisée (CSG)**

As announced in the Budget Speech 2020/2021, the CSG was introduced to replace the National Pension Fund (NPF). Contrary to the NPF, the CSG is an uncapped contribution and it aims to aid the low earning, including self-employed individuals as well as Small and Medium Enterprises (SMEs).

The CSG is applicable as from September 2020 and the Mauritius Revenue Authority (MRA) is the responsible body for its collection. The rate of contribution is as follows:

	Participant	Monthly Basic Wage/ Salary	Employee contribution on remuneration	Employer contribution on remuneration
A	Other than public sector employee	Not exceeding Mur 50,000	1.5%	3%
B		Exceeding Mur 50,000	3%	6%
C	Public sector employee	Not exceeding Mur 50,000	N/A	4.5%
D		Exceeding Mur 50,000	N/A	9%
E	Employee in the domestic service (employment in a household such as cook, driver, gardener, garde malade or maid)	Not exceeding Mur 3,000 in total from one or more employers	N/A	3%
F	Self-employed		Mur 150 monthly	
G	Employee + Self-employed	Same as under A or B (as applicable) and F		

The CSG payment must be made electronically to the MRA before the end of the following month failing which a penalty of 10% and an interest of 1% per month/part of a month is applicable. Exceptionally, CSG due for the month of September 2020 can be paid to the MRA by 30 November 2020.

A comparison of the CSG v/s NPF:

Monthly Basic Salary Mur	Employee Mur		Employer Mur	
	CSG	NPF (note 1)	CSG	NPF (note 1)
30,000	450	597	900	1,194
60,000	1,800	597	3,600	1,194

Note 1: Minimum and Maximum wages on which NPF was applied as at July 2020 were Mur 3,055 and Mur 19,900 respectively. Employer share: 6%, Employee share: 3%

- **Portable Retirement Gratuity Fund (PRGF)**

The Portable Retirement Gratuity Fund (PRGF) was introduced in the final quarter of 2019 through the enactment of The Workers' Rights Act 2019 and it targets companies operating in the private sector. The objective of the PRGF is to provide for the payment of a gratuity to workers/self-employed persons on their retirement or to their legal heirs upon their demise.

The MRA is the responsible body for the collection of contributions and payment from the PRGF.

Subsequently, the Workers' Rights (Portable Retirement Gratuity Fund) Regulations 2019 were proclaimed in February 2020 with an effective date of 1 January 2020. At the time of its proclamation, it provided private sector companies with a moratorium of 3 months such that they were required to remit the amount due as of January 2020 and onwards into the PRGF only as from April 2020.

However, in view of the challenging circumstances surrounding the Covid-19 situation, this moratorium has been extended until **January 2022**.

Any worker or self-employed is eligible to join the PRGF except for the following:

- A job contractor;
- A public officer or a local government officer;
- A worker whose retirement benefits are payable in accordance with the Statutory Bodies Pension Funds Act or a private pension scheme
- A migrant worker or a non-citizen
- A worker drawing a minimum basic salary of more than MUR 200,000

No PRGF contribution is required for workers whose employers are already contributing to a private pension scheme approved by the Financial Services Commission.

Employers are presently required to pay **4.5% of monthly remuneration** for each employee. Monthly remuneration is defined as the sum total of the monthly basic wage and any productivity bonus, attendance bonus and payment for extra work performed.

For contributions relating the calendar years **2022-2024**, SMEs other than those involved in certain activities², are required to effect a partial contribution for their employees and the balance will be taken from the seed capital set aside by the Government of Mauritius.

The PRGF contribution rate for SMEs will vary according to their turnover as tabled below:

Annual Turnover of SME MUR	Period of Contribution	Rate of contribution payable (% of monthly remuneration)	
		From Seed Capital	By Employer
Turnover < MUR 2 million for 12 months ending:			
a. Company: 1 Jan – 31 Dec 2021 b. Other Entity: 30 Jun 2021	1 Jan- 31 Dec 2022	2.4	2.1
c. Company: 1 Jan – 31 Dec 2022 d. Other Entity: 30 Jun 2022	1 Jan- 31 Dec 2023	1.6	2.9
e. Company: 1 Jan – 31 Dec 2023 f. Other Entity: 30 Jun 2023	1 Jan- 31 Dec 2024	0.8	3.7
Turnover: MUR 2 million – Mur 10 million for 12 months ending:			
g. Company: 1 Jan – 31 Dec 2021 h. Other Entity: 30 Jun 2021	1 Jan- 31 Dec 2022	1.0	3.5
i. Company: 1 Jan – 31 Dec 2022 j. Other Entity: 30 Jun 2022	1 Jan- 31 Dec 2023	0.8	3.7
k. Company: 1 Jan – 31 Dec 2023 l. Other Entity: 30 Jun 2023	1 Jan- 31 Dec 2024	0.3	4.2
Turnover: MUR 10 million – Mur 50 million for 12 months ending:			
m. Company: 1 Jan – 31 Dec 2021 n. Other Entity: 30 Jun 2021	1 Jan- 31 Dec 2022	1.0	3.5
o. Company: 1 Jan – 31 Dec 2022 p. Other Entity: 30 Jun 2022	1 Jan- 31 Dec 2023	0.5	4.0
q. Company: 1 Jan – 31 Dec 2023 r. Other Entity: 30 Jun 2023	1 Jan- 31 Dec 2024	0.3	4.2

For self-employed, the monthly contribution can be any amount between MUR 500 – MUR 2,500.

2. SME Firms / Activities that do not benefit from the seed capital and are required to contribute fully at the rate of 4.5% are:

- Accountant/Accounting firms;
- Actuaries;
- Architects;
- Attorneys;
- Barristers;
- Solicitors;
- Engineers;
- Land Surveyors;
- Legal Consultants;
- Medical or Allied Health Professionals;
- Project Managers in the construction industry;
- Property Valuers;
- Quantity Surveyors;
- Tax Advisers; and
- All of the above representatives

- **National Savings Fund (NSF) contribution**

All employees and employers are also required to contribute to the NSF at the rate of 1% and 2.5% respectively. The contribution is capped and the minimum and maximum wages on which the NSF was applied as at July 2020 were Mur 3,055 and Mur 19,900 respectively.

- **HRDC Training Levy**

Employers are required to remit a training levy to the MRA for each of its employees. For the period from 1 July 2020 to 30 June 2021, every employer shall, in respect of every employee, pay a training levy of 1% of his / her basic wage or salary. The levy is uncapped i.e. it is not subject to any ceiling.

Other benefits

- **End of Year Bonus (EOY Bonus)**

EOY Bonus payment to employees is mandatory and should be made as follows:

- For employees earning a monthly basic wage of not more than MUR 100,000:
The end of year bonus is equivalent to one twelfth of the earnings of the employee for the year or only part of the year.
- For employees earning a monthly basic wage of more than MUR 100,000:
The end of year bonus is equivalent to one twelfth of his December basic salary multiplied by the number of months of continuous employment in that year.

Other Considerations

- **Solidarity Levy**

The Solidarity Levy is a cost borne entirely by the employee, nevertheless it remains an important consideration for anyone wishing to relocate and employ in Mauritius.

As from 1 July 2020, the rate of Solidarity Levy increased from 5% to 25% subject to a 10% cap of the total emoluments of the individual. It will have to be paid monthly to the MRA under the Pay As You Earn (PAYE) system.

The threshold of leviable income also decreased from Mur 3.5 million to Mur 3 million. Leviable income means chargeable income and includes Mauritian sourced dividend income but excludes any lump sum by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury.

Individuals earning leviable income closer to the Mur 3 million threshold will be more impacted than higher income earners as depicted in the table below:

Chargeable Income (A)	Dividends from resident company (B)	Exempted Income (C) Individual with no dependent	Solidarity Levy Threshold (D)	Leviable Income (E) (A+B+C) - D	Solidarity Levy 25% of E subject to cap of 10% of (A+B)	Income Tax 15%	Total Tax (F)	Effective Tax Rate on total income F/(A+B)
MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
4,000,000	1,000,000	(325,000)	(3,000,000)	1,675,000	418,750	551,250	970,000	19.4%
4,000,000	2,500,000	(325,000)	(3,000,000)	3,175,000	650,000	551,250	1,201,250	18.4%

- **Director Fees**

Director fees paid by companies to Mauritian tax resident directors are subject to tax of 15%, which has to be remitted to the MRA under the Pay As You Earn (PAYE) system. If applicable, Director fees paid to Mauritian tax resident directors will also be subject to Solidarity Levy.

For non-tax resident directors, PAYE tax of 15% will also apply subject to the relevant provision(s) of the Double Taxation Avoidance Agreements, if any, between Mauritius and the countries in which the directors are tax resident. Solidarity Levy does not apply to director fees paid to individuals who are not tax resident in Mauritius.

A simulation of the Cost of Employment

The monthly cost of employment in relation to employees earning basic salaries of Mur. 30,000 and Mur 60,000 respectively is as follows:

EMPLOYER CONTRIBUTION		
	Scenario 1	Scenario 2
	Mur	Mur
Monthly Basic salary	30,000	60,000
Other Charges:		
CSG	900	3,600
PRGF (Note 1)	1,350	2,700
NSF	498	498
Training Levy	300	600
Total Charges	3,048	7,398
Monthly Cost of employment	33,048	67,398

Note 1: Assuming that employer is not a SME and that the moratorium on the payment of PRGF has lapsed. If the moratorium has not lapsed yet, a provision should still be made for the employee.

How can ITL help?

Through our Human Capital team, we can assist in the local recruitment of administrative staff, secretaries/personal assistants and accountants among others for your company. In addition, our Relocation Team will be able to assist in the application of the relevant permits with the local authorities for any expat employees.

We will also be able to provide on-going support pertaining to advice on the Mauritian labour laws as well as assist with monthly payroll and the ongoing mandatory filing requirements.

For more information on our recruitment and relocation services, please get in touch with your usual contact person at ITL or write to us on info@intercontinentaltrust.com

For any additional information please contact us.

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