



REPUBLIC OF MAURITIUS

CONTRIBUTIONS NETWORK PROJECT (CNP)

Instructions to CNP Users

Electronic submission of returns and payment of tax and contributions

for

VAT, PAYE, Corporate Tax and NPF & NSF Contributions and IVTB Levy

31 October 2003

Contributions Network Project (CNP)

Instructions to CNP Users

Background

The Contributions Network Project (CNP) is an initiative of the Ministry of Finance for the electronic submission of returns and payment of tax and contributions.

The CNP which is a complement to the TradeNet System at Customs (a 24-hour service for the electronic submission of bills of entry) consists of electronic submission of returns and payment of tax and contributions for VAT, PAYE, Corporate Tax and NPF & NSF Contributions and IVTB Levy.

The Project which has been developed in phases was launched in May 2000 starting with VAT & PAYE.

Web-based version of CNP

A web-based version of the CNP is scheduled to be launched and the current front-end software version will ultimately be phased out.

PART I - GENERAL

2. Time limit for electronic submission of returns in respect of PAYE, NPF & NSF contributions and IVTB levy

- 2.1** For those employers who submit their PAYE returns and their returns for NPF & NSF contributions and IVTB levy electronically, they are now allowed to submit these returns and pay the tax, contributions and levy by the end of the month instead of 20th of the month. For example, the returns for the month of October 2003 and payment of tax, contributions and levy may be made by 30 November 2003 instead of 20 November 2003.
- 2.2** Where an employer submits his return for NPF, NSF & IVTB levy electronically and his PAYE return manually, the time limit for the submission of the PAYE return and payment of tax will continue to be the 20th of the month.
- 2.3** Where an employer submits his return for NPF, NSF & IVTB manually or on diskette, the time limit for the submission of the return and payment of contributions and levy will continue to be 20th of the month.
- 2.4** It is to be pointed out that there is no change in the time limit for the submission of VAT returns and corporate tax returns and payment of tax, either by electronic means or otherwise.

3. Employers submitting their PAYE returns or their returns for NPF, NSF & IVTB levy manually

Employers who are at present submitting their PAYE returns or their returns for NPF, NSF & IVTB levy manually are hereby requested to contact the Large Taxpayer Department, Income Tax Department and the Ministry of Social Security, National Solidarity & Senior Citizen Welfare to complete the formalities to join the electronic system in order that they may benefit from the extension of the time limit.

4. The E-filing system

- 4.1** A potential user must not start electronic filing of returns unless he obtains a written authorisation from the Large Taxpayer Department, Income Tax Department, VAT Department or the Ministry of Social Security, National Solidarity & Senior Citizens Welfare.
- 4.2** Once a CNP user starts e-filing of returns, the system will not allow, for obvious reasons to file paper returns thereafter.
- 4.3** At the time of filing, instructions to the banks for the payment of the tax/contributions and levy should be given, in due time, using the front-end software provided by MNS.
- 4.4** The CNP system provides that at the time of filing a return, payment instructions to banks should be given to debit the account of the CNP user and to credit the appropriate account of Government with the Bank of Mauritius, namely the Commissioner, Large Taxpayer Department, Commissioner of Income Tax, Commissioner for Value Added Tax and the National Pensions Fund. At the time of filing the return,

payment instructions can be given so as to be executed at a later date provided such date is on or before the last day on which the tax/contributions and levy is due to be paid.

- 4.5** Where the electronic return is filed and the payment instructions to banks is given **on the last day on which the tax is due to be paid**, the CNP user should ensure that the payment instructions are received at the bank before 3.00 p.m. to enable the accounts of Government to be credited on the same day. Where the accounts of Government are credited after the date on which the tax is due to be paid, appropriate penalties will apply.

5. Payer's User Manual

A Payer's User Manual has been provided to each CNP User by the Mauritius Network Services Ltd (MNS), the network service provider for the Project. For any specific query regarding the operation of the system, please contact -

MAURITIUS NETWORK SERVICES LTD

Help Desk/Customer Service

Tel. 211 2477, 211 2525

Fax. 211 0442

Email: mns@intnet.mu

Website: <http://mns.intnet.mu>

PART II – LARGE TAXPAYER DEPARTMENT

6. Legal obligation on large taxpayers to submit their tax returns electronically

Every large taxpayer is required to submit electronically to the **Large Taxpayer Department** his returns in respect of VAT, PAYE and Corporate Tax. A large taxpayer is a person whose annual gross income including exempt income for income tax purposes or the annual turnover of taxable supplies including exempt supplies for VAT purposes exceeds Rs 200 million. Large taxpayers do not include corporations holding a Category 1 Global Business Licence or a Category 2 Banking Licence.

7. The E-filing system

- 7.1** The instructions specified in Part III and Part IV relating to PAYE and VAT shall apply to a large taxpayer except that the e-filing of the returns will have to be made to the Commissioner, Large Taxpayer Department.
- 7.2** Regarding the e-filing of corporate tax return, where the closing date of the accounts of the company is 30 June, the return will have to be filed not later than 31 January following the income year. Where the company has an approved return date (i.e. the date of the closing of the accounts is a date other than 30 June), the return will have to be filed not later than 30 September following the income year.
- 7.3** For years of assessment 2001/2002 and onwards, where a company has failed to submit return by the due date, an electronic return can still be filed with appropriate penalty for late submission of return and late payment of tax.

8. Trading and Profit and Loss Account

For items 5 to 8 (Dividends, Interest, Rent, Royalties), the gross amount receivable should be declared.

For item 13 (Expenses as per accounts), the amount of expenses not allowable for income tax purposes should be entered in the column "Disallowed" against the corresponding item of expense under the heading "Expenses as per accounts [line code 13]".

9. Computation of Chargeable Income

- 9.1** Dividends receivable from a resident company are exempt from tax. However, where a company's income includes exempt income, the expenses incurred to produce such income should be added back.
- 9.2** The company is entitled to a further deduction of the total expenditure incurred on overseas marketing and promotional expenses over and above the amount already claimed in accounts.

10. Penalties

- 10.1** In the case of late submission of return, a penalty of Rs. 5,000 per month or part of the month is payable until the time the return is submitted whether or not the company has a chargeable income. The total penalty payable is limited to Rs. 50,000.

- 10.2** In the case of late payment of tax, penalty at the rate of 2 per cent of the amount of tax (excluding the penalty for late submission of return and the penalty at the rate of 2 per cent) is payable for each month or part of the month during which the tax remains unpaid. The penalty payable is limited to the amount of income tax remaining unpaid.

11. Information on transactions with related Companies and Individuals

11.1 Related companies and individuals mean -

- (a) “Holding company”, “subsidiary company” and “related company” as defined in the Companies Act 2001;
- (b) directors of the company and the directors of its “holding company”;
- (c) a person (i.e. a company or an individual) owning or able to exercise control over 20 per cent or more of the voting rights of the company, whether directly or through nominees;
- (d) family members or members of the same household of any individual mentioned in (b) and (c) above;
- (e) an entity managing or managed by the company under a management contract.

11.2 Information should be provided for any transaction with related companies and/or individuals within the meaning at paragraph 11.1 which was undertaken not on an arm’s length basis.

12. Amendment to corporate tax return already submitted

Where, in respect of a corporate tax return already submitted, an amendment is required to be made, the amendment is to be effected either through the MNS Memo Text Service of the front-end software or by e-mail or fax.

13. Communication

For any communication regarding e-filing and payment of VAT, PAYE and corporate tax by large taxpayers, please contact -

LARGE TAXPAYER DEPARTMENT
Help Desk for e-filing of tax returns
Tel. :208-4306, 211-6512, 210-0984, 210-7990 and 211-4960
Fax :211-5194
Email : cnpltp@mail.gov.mu
Website:

PART III – INCOME TAX DEPARTMENT

14. Legal obligation on taxpayers to submit their tax returns electronically

Every employer who, at any time, has in his employment 50 or more employees is required to submit electronically to the **Income Tax Department** his return in respect of PAYE and where such employer is a company, it will have to submit its corporate tax return electronically.

15. PAYE Employer Registration Number and Tax Account Number

With the e-filing of return and payment of tax under PAYE, the Income Tax Department will, in relation to PAYE, maintain an account in respect of each employer remitting PAYE and a separate account for each of his employees in respect of whom tax is withheld under PAYE. For this purpose, the identification number of the employer is the PAYE Employer Registration Number whereas the identification number of the employee is the Tax Account Number (TAN). The PAYE Employer Registration Number will be the same number as the NPF Employer Registration Number.

16. The E-filing system for PAYE

16.1 The electronic system does not allow an employer to file a PAYE return without his PAYE Employer Registration Number or the TAN of his employee.

16.2 It is therefore imperative that an employer ensures, in due time, that each of his employees in respect of whom tax is withheld under PAYE has his TAN and that it is the correct TAN allocated to him. In this connection, the Income Tax Department has set up a Help Desk for e-filing of PAYE Return to assist employers who will be using the electronic system for the first time.

16.3 As regards new employees coming on the payroll of the employer and falling under PAYE, the CNP user should, before the end of the month in respect of which tax is being withheld, communicate to the Help Desk the full name, the residential address and the National identity number, if any, of the new employee in order to obtain or confirm the TAN of the employee. The communication should be made either through the MNS Memo Text Service of the front-end software or by e-mail or fax. The Help Desk for e-filing of PAYE Return will ensure that the correct TAN number of the new employee is communicated to the employer within 2 days of the date of receipt of the communication from the employer.

16.4 The procedures to obtain a correct Tax Account Number (TAN) of an employee should be strictly followed. It would therefore not be a valid reason to contend that a return cannot be filed electronically on grounds that the TAN of an employee is not available.

17. Adjustment

17.1 The system gives facility for corrections to be made by way of adjustments in respect of tax withheld for the same financial year.

17.2 Where, in respect of a PAYE return already submitted, an adjustment or an amendment is required to be made to that return, the CNP user should enter the resulting figure representing the adjustment or amendment in the space provided for that purpose in the subsequent electronic PAYE return. At the same time, details of the adjustment or amendment should be communicated to the Income Tax Department either through the MNS Memo Text Service of the front-end software or by e-mail or fax.

18. Reconciliation statement

The reconciliation statement to be submitted not later than 31 August in every year would no longer be required under the electronic system.

19. The E-filing system for corporate tax

The instructions specified in paragraphs 7.2 to 12 relating to corporate tax shall apply.

20. Instances where net income is to be expressed in Mauritius currency

Only a corporation holding a Category 1 Global Business Licence under the Financial Services Development Act 2001 or a bank holding a Category 2 Banking Licence under the Banking Act can give details of its financial statements and make its return of income in foreign currency except that its net income for the purposes of the return will have to be converted in Mauritius currency at the official exchange rate in force at the date on which the return of income is submitted.

21. Communication

For any communication regarding e-filing and payment of tax under PAYE, please contact -

INCOME TAX DEPARTMENT
Help Desk for e-filing of returns
Tel. : 201 3371, 201 1802
Fax : 211 6274
E-mail : cnp.itax@mail.gov.mu
Website: <http://mof.gov.mu/department/income>

PART IV – Value Added Tax Department

22. Legal obligation on large taxpayers to submit their VAT returns electronically

Every VAT registered person who is required to submit his PAYE return electronically to the Income Tax Department will have to submit his VAT return electronically.

23. Time limit for electronic submission of VAT returns

Where a VAT return is required to be filed every month, the e-filing should be made not later than 20 days after the end of that month and where it is required to be filed every quarter, the e-filing should be made not later than 20 days after the end of the quarter to which it relates.

24. Adjustment in respect of previous taxable periods

Where, in respect of a return already submitted, an adjustment or an amendment is required to be made to that return, the CNP user should enter the resulting figure representing the adjustment or amendment at line 11 of the next VAT return. At the same time, details of the adjustment or amendment should be communicated to the VAT Department either through the MNS Memo Text Service of the front-end software or by e-mail or fax.

25. Claim for repayment (Form VAT 4)

The claim for repayment (Form VAT 4) to be submitted together with a VAT return would no longer be required under the electronic system.

26. Communication

For any communication regarding e-filing and payment of VAT, please contact -

VAT DEPARTMENT
Help Desk for e-filing of VAT return
Tel : 211 0308
Fax : 210 5952
E-mail: vat@mail.gov.mu
Website: <http://mof.gov.mu/department/vat>

PART V – MINISTRY OF SOCIAL SECURITY, NATIONAL SOLIDARITY & SENIOR CITIZEN WELFARE AND REFORM INSTITUTIONS

27. Legal obligation on certain employers to submit their returns electronically

Every employer who, at any time, has in his employment 50 or more insured persons is required to submit electronically to the **National Pensions Fund** his returns in respect of NPF & NSF contributions and IVTB levy.

28. NPF Employer Registration Number and National Identity Number

With the e-filing and payment of NPF & NSF contributions & IVTB levy, the Ministry of Social Security will maintain an account in respect of each employer remitting the contributions and the levy and a separate account for each of his employees in respect of whom payment of contributions is effected. For this purpose, the identification number of the employer will be the NPF Employer Registration Number whereas the identification number of the employee will be the National Identity Number. Where an employee who is an expatriate is not eligible to have a National Identity Number, a Social Security Number made up of 14 characters will be allocated by the Ministry and that number will be used instead. It is to be noted that the PAYE Employer Registration Number is the same as the NPF Employer Registration Number.

29. The E-filing system

29.1 The electronic system does not allow an employer to file a return for NPF & NSF contributions and IVTB levy without his NPF Employer Registration Number or the National Identity Number of his employee.

29.2 It is therefore imperative that an employer ensures, in due time, that each of his employees in respect of whom contributions are payable has his National Identity Number and that it is the correct National Identity Number allocated to him. In this connection, the Ministry of Social Security has set up a Help Desk for e-filing of return to assist employers who will be using the electronic system for the first time.

29.3 As regards new employees coming on the payroll of the employer and in respect of whom contributions are payable, the CNP user should before the end of the month in respect of which contributions are payable –

- (a) send the employee details through the MNS front-end software by using the menu “Send employee details to NPF”; and
- (b) in case message “National ID is invalid” is displayed, communicate to the Help Desk the full name, date of birth and the invalid National Identity Number, either through the MNS Memo Text Service of the front-end software or by e-mail/fax/phone. The Help Desk will ensure that the correct National Identity Number of the new employee is communicated to the employer within 2 days of the date of receipt of the communication from the employer.

29.4 The procedures to obtain a correct National Identity Number of an employee should be strictly followed. It would therefore not be a valid reason to contend that a return cannot be filed electronically on grounds that the National Identity Number of an employee is not available or is incorrect.

29.5 The employer’s and employee’s contributions shall, in relation to NPF, be calculated separately for each employee by applying the appropriate percentage specified in the First Schedule to the Act and each amount so calculated shall be rounded to the next rupee except that any fraction of a rupee which is less than fifty cents shall be disregarded.

29.6 The contribution in respect of NSF for each employee shall be calculated in accordance with section 5(b) of the Act and the contribution so calculated shall be rounded to the next rupee except that any fraction of a rupee which is less than fifty cents shall be disregarded.

29.7 In relation to IVTB levy, the total amount of the basic wage or salary, or the total amount of levy shall exclude any fraction of a rupee.

29.8 The maximum remuneration, in respect of which contributions to the NPF and NSF are payable, is subject to revision in July each year.

- 29.9** Any surcharge payable either in respect of NPF or NSF contributions or IVTB levy shall exclude any fraction of a rupee.
- 29.10** An employer who files monthly returns shall not be required to submit an annual return at the end of the financial year in respect of the same period.

30. Submission of additional return and adjustments to monthly returns already submitted

Presently, the system allows the filing of only one electronic return for a month. Where an employer has to submit an additional return or to make adjustments in respect of a return already submitted, he/she will have to do so on Forms provided by the Ministry for this purpose and pay any contributions/surcharge due to the Cash Office.

31. Cessation of business

Where an employer becomes aware that he will cease to carry on any trade, business or occupation, whether voluntarily or otherwise, he shall forthwith give written notice to the Ministry and specify in the notice the date on which the cessation will, or is likely to have effect.

He shall, not later than 15 days, after the date of cessation

- (a) submit his monthly return; and
- (b) pay any contributions or surcharge payable.

32. Communication

For any communication regarding e-filing and payment of NPF & NSF contributions & IVTB levy, please contact -

**Ministry of Social Security, National Solidarity &
Senior Citizen Welfare and Reform Institutions**
Help Desk for e-filing of return
Tel. : 211 0442, 211 0447
Fax : 211 0442
E-mail : msscnp@mail.gov.mu
Website: <http://socialsecurity.gov.mu>

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