

## **ARC's Ruling**

**Holiday Villages Management  
Services (Mauritius) Ltd**

**VS**

**The Director General,  
Mauritius Revenue Authority**

## ARC's Ruling: Holiday Villages Management Services (Mauritius) Ltd vs The Director General, Mauritius Revenue Authority

On 26 March 2025, the Assessment Review Committee ("ARC") ruled in favour of Holiday Villages Management Services (Mauritius) Ltd ("HVMS"), clarifying employer obligations v/s taxable benefits for expatriate employees.

The ARC overturned the Mauritius Revenue Authority's ("MRA") assessment that HVMS had failed to withhold PAYE on two key expenses:

1. Recharge for Social Security
2. Occupational Medicine

The MRA's assessment resulted in a tax liability of MUR 9,279,301 (including penalties and interest), which has now been set aside.

### Key Findings of the ARC:

#### 1. Recharge for Social Security:

HVMS, a subsidiary of French-based Club Med SA ("CMSA"), reimbursed CMSA for employer social security contributions paid in France for seconded expatriate employees.

The ARC ruled that these contributions were statutory employer obligations under the French law and do not constitute direct benefits to employees. The contributions funded France's welfare system and did not enrich the employees. Therefore, the recharge for social security does not constitute any benefit whatsoever to the employee, let alone a taxable benefit.

#### 2. Occupational Medicine:

HVMS incurred medical expenses to comply with Mauritian regulations requiring expatriate employees to obtain medical certificates for work permits.

The ARC determined that these expenses were **mandatory for the employer** under local law and did not confer personal benefits to employees. As such, these expenses do not constitute **taxable benefits for the expatriate employees**.

### Key Takeaway:

This ruling reinforces that employer payments fulfilling statutory obligations do not automatically constitute taxable employee benefits.

Businesses should:

- Distinguish between compliance costs and employee benefits when assessing Pay As You Earn (PAYE) obligations.

- Maintain clear documentation of cross-border employment and tax treatment of employer contributions.
- Challenge tax assessments where authorities misclassify statutory employer obligations as taxable employee perks.

With cross-border employment becoming more common, this ruling provides valuable precedent for businesses managing expatriate taxation in Mauritius.

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