

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 10 OTHER OPERATING EXPENSES

	THE GROUP			THE BANK		
	2021	2020	2019	2021	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Advertising and marketing expenses	13,888	54,363	64,312	12,757	53,411	63,736
Rental expense (non-cancellable)	-	-	36,713	-	-	38,862
Administrative expenses	232,954	255,811	179,159	234,617	250,236	171,208
Equipment and intangibles written off	11,618	206	1,309	11,618	206	1,309
Professional fees	64,749	68,097	60,212	60,552	62,708	48,391
	<b>323,209</b>	<b>378,477</b>	<b>341,705</b>	<b>319,544</b>	<b>366,561</b>	<b>323,506</b>
Analysed as follows:						
Continuing operations	313,733	369,248	332,705	319,544	366,561	323,506
Discontinued operations (Note 41)	9,476	9,229	9,000	-	-	-
	<b>323,209</b>	<b>378,477</b>	<b>341,705</b>	<b>319,544</b>	<b>366,561</b>	<b>323,506</b>

Special levy was reclassified from other operating expenses to taxation - Refer to note 11 for more details.

## 11 TAXATION

Income tax is calculated on the profit for the year as adjusted for income tax for the Bank's purposes as follows:

- up to MUR 1.5bn - 5%
- over to MUR 1.5bn - 15%

However, taxable income above MUR 1.5bn may be subject to graduated tax rate provided as per table below:

- the taxable income of current year exceeds MUR 1.5bn;
- the taxable income of base year exceeds MUR 1.5bn;
- the current year's taxable income exceeds that of its base year; and
- the bank satisfies prescribed conditions.

Taxable income	Rate of income tax
Up to MUR 1.5bn	5%
Exceeding MUR 1.5bn up to amount equivalent to the taxable income of the base year	15%
Amount exceeding taxable income of base year	5%

As per Income tax Act, 'base year' refer to taxable profit of year of assessment 2017/18, that is, financial year ended 30 June 2017. For the year ended 30 June 2020, the Bank has complied with the prescribed conditions and has applied the graduated tax rate. For the year under review, the chargeable income of the Bank was below the threshold of MUR 1.5bn.

The income tax rate applicable for 2019 was 15%.

Up to 30 June 2019, the Bank, was entitled to a tax credit equivalent to 80% of Mauritius tax payable in respect of its foreign source income (Segment B) thus reducing its maximum effective tax rate on segment B to 3%.

Income tax of the subsidiaries is calculated at the rate of 15% (2020 and 2019: 15%)

### Corporate Social Responsibility fund

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income under Segment A ('Resident') of the preceding financial year to Government-approved CSR projects. Where the

amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Mauritius Revenue Authority at the time of submission of the income tax return on the year under review.