

BUDGET BRIEF  
2021-22

# SQUARING THE CIRCLE



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### SQUARING THE CIRCLE

Given the present state of the economy due to the shocks caused by the COVID-19 pandemic, a significant increase in direct and indirect taxation was expected. Instead, all direct taxes have been spared, while heavier indirect taxes will fall on alcohol and cigarette consumers. While meant to finance the Consolidated Fund, the increased tax on petrol can also be taken as an intended boost for running electric cars, in a bid to reduce imports of fossil fuel. This is indeed a very laudable initiative, coupled with the proposal to intensify the use of solar energy.

Public works constitute a major part of the budget proposals. Indeed, the first ten minutes or so of the budget speech were devoted to a long enumeration of those projects, no doubt to the pleasure and satisfaction of those concerned in those localities. It goes without saying that the timely execution of those public works will require effective management. In this context, it is refreshing to note that the Minister expects that a resilient public service will play the game, the more so since the publication of the PRB report is forthcoming.

The setting up of a Project Implementation and Monitoring Agency is welcome, to monitor, oversee, coordinate and assist in the implementation of budgetary measures, projects, and programmes including those under the Covid-19 Project Development Fund. It is noted with interest that the Agency will report on progress on a monthly basis to a Coordination Committee under the chairmanship of the Prime Minister; also, that the High-Level Committee on private sector investment projects will meet on a monthly basis under the chairmanship of the Prime Minister. This working together of the public authorities and the business sector should bear fruits for the progress of the economy.

The transformation and modernisation of industries have also retained the attention of the Minister. A Rs 5 billion Modernisation and Transformation Fund will be set up and managed by a new Industrial Financial Institution. One can only wish that such funds do transform the industrial park in Mauritius, so as to enable the manufacturing entities to increase their overall productivity, and hence their competitiveness, so that they can capture a share on the new markets in Africa, China and India, with which we have recently signed commercial agreements.

The second objective of the budget is to set up a new economic architecture for the country. The Economic Development Board will be at the forefront of this programme. There are interesting proposals concerning the financial services sector, non-sugar agricultural production, the pharmaceutical industry and biotechnology. Emphasis is placed on research and innovation, and it is good to note that this is intended to apply to both the public and private sectors. Also to be expected: a new Bank of Mauritius Act, a new Banking Act, a FinTech Innovation Lab and a training programme for those involved in the control of money laundering practices and terrorism financing.

The absence of any reference to the development of the maritime resources of Mauritius is regrettable. Nor is there any mention of our demographic shortfall, except that this problem surreptitiously creeps in with the proposal to increase the number of international students -an excellent idea *per se*- but coupled with the objective of granting them a work permit for twenty hours remunerated work per week.

Nor has any consideration been given to the effect of all the public works programme on the trade balance which is running a large deficit. Such works have a bearing on the imports of raw materials.

The third and last major objective targeted by the Minister is the renewal of confidence amongst all the strata of the population. This is a clever way of introducing -as is the case every year-the long list of budget expenditures for each and every ministry. This enumeration of budget credits is usually accompanied by hand clapping in the audience. All told, total budgeted expenditure is set at 32.5% of GDP (Gross Domestic Product), whereas revenue is budgeted at 27.5 % of GDP. The resulting deficit of 5 % compares with one of 5.6% expected by June 30, 2021. In spite of those estimates, the public debt is expected to decrease from 95% of GDP in June 2021 to 91% in June 2022.

**Time will tell whether the circle will be squared.**

**Pierre Dinan**  
**Guest Writer**



A close-up photograph of a glass jar tipped over, spilling a large number of coins onto a wooden surface. The coins are scattered in the foreground, with some in sharp focus and others blurred. The jar's opening is visible in the upper center. The background is a soft, out-of-focus wooden surface. A white rectangular box is overlaid on the center of the image, containing the text 'ECONOMY AT A GLANCE'. There are red decorative elements: a vertical bar on the left side and a small red triangle at the bottom left corner.

# **ECONOMY AT A GLANCE**

# ECONOMY AT A GLANCE

ECONOMY AT A GLANCE

BETTER TOGETHER

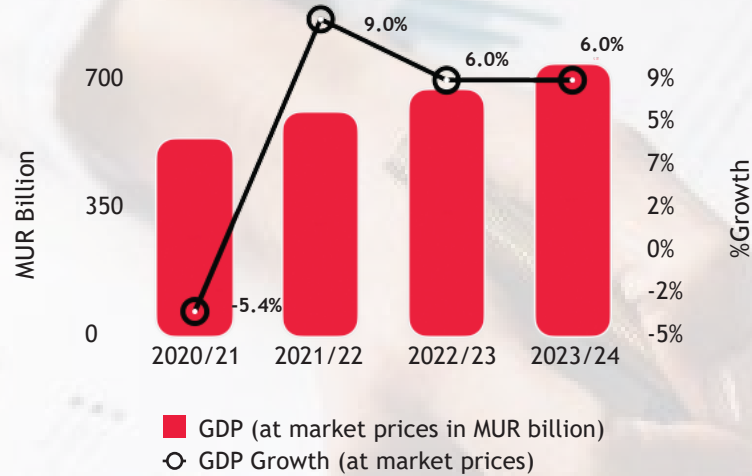
CORPORATE TAX

PERSONAL TAXATION

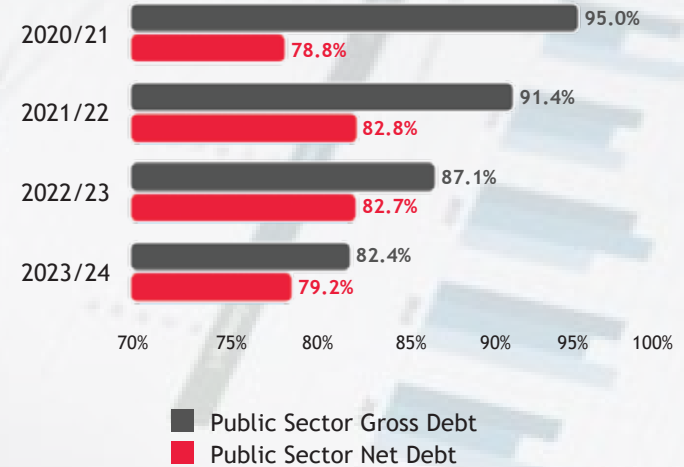
VALUE ADDED TAX AND OTHER DUTIES

OTHER BUDGETARY MEASURES

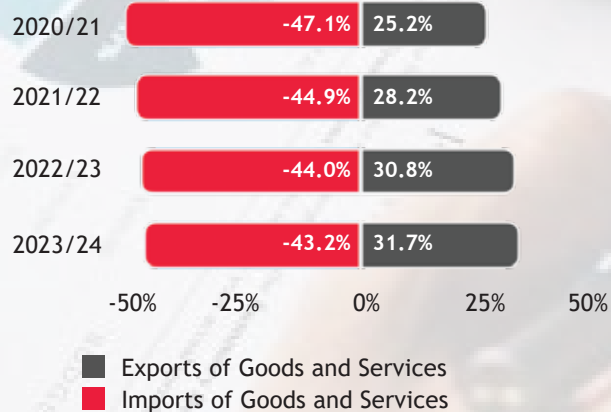
### GROSS DOMESTIC PRODUCT



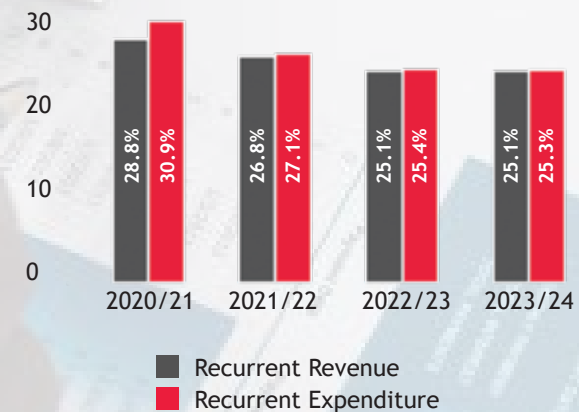
### PUBLIC SECTOR DEBT AS % OF GDP



### EXTERNAL TRADE AS A % OF GDP



### PUBLIC FINANCE AS % OF GDP





**BETTER TOGETHER**



# BETTER TOGETHER

## EXCEPTIONAL BOOST TO INVESTMENT

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### FLOOD MANAGEMENT PROGRAMME

- 3-year National Flood Management Programme to the tune of Rs 11.7bn.

### ECONOMIC RECOVERY PROGRAMME

- Rs 2.8bn for Infrastructure Development for roads, sports amenities etc.
- Rs 650m in Renewable Energy Projects.

### WATER SUPPLY

- Rs 9.4bn for construction of Rivière des Anguilles Dam and its water treatment plant.

### SOCIAL HOUSING

- Construction of additional 2,025 social housing units.

### LAND TRANSPORT

- Rs 22bn for land transport projects including Rs 4.5bn to extend the Metro from Rose Hill to Redit through Ebene.

### COMMUNITY DEVELOPMENT PROGRAMME

- Rs 5.7bn investment in community development projects over the next 3 years.
- Rs 8bn investment to develop Urban Terminals.



# BETTER TOGETHER

## SHAPING A NEW ECONOMIC ARCHITECTURE

### GREEN ENERGY INDUSTRY

- Production of 60% of country's energy needs from green sources by 2030.
- Phased out use of coal before 2030.
- CEB to invest Rs 5.3bn over the next 3 years.

### SUPPORTING ELECTRIC VEHICLES

- Owners of electric vehicles allowed to install Photo Voltaic system not exceeding 10 kW to charge their vehicles and export any surplus to the grid.
- Subsidy for purchase of electric buses increased from Rs 1m to Rs 1.2m for 9 meter buses and from Rs 1.3m to Rs 1.5m for buses above 9 meters.

### TOURISM

- As from 15th July 2021, Mauritius will be open to all vaccinated visitors and will be allowed to leave the hotel after 14 days with a negative PCR test.
- As from 1st October 2021, all vaccinated tourists with negative PCR test will be allowed in Mauritius without any restrictions.
- Deferring payment of lease on state lands to June 2022.
- Waiving rental fee of counters by hotels and operators at the airport for period April to September 2021.
- DBM to introduce a Tourism Business Continuity loan for SMEs at a rate of 0.5 % p.a.
- To amend Invest Hotel Scheme:
  - Allowing the sale of up to 80% of the units with the possibility for the owner of a room to stay for a maximum of 6 months annually.
  - Reducing the selling price of standalone villa from USD 500,000 to USD 375,000.

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### AGRICULTURE

- Planters and producers to be remunerated at Rs 3,300 per ton of sugar for bagasse.
- Planters producing up to 60 tons of sugar for Crop 2021 to benefit from:
  - Guaranteed price of Rs 25,000 per ton of sugar;
  - Waiver of insurance premium payable to Sugar Insurance Fund Board;
  - 50% subsidy on fertilizer.
- 50% refund on the costs related to certification, testing and accreditation.
- Rs 36m to renew the fleet of tractors of the Agricultural Management Unit.
- 50% subsidy on prices of potato seeds, onion seeds, garlic and pulses.
- Rs 100,000 interest-free loan from DBM for cashflow issues to planters.
- A loan at 0.5% interest rate COVID-19 Special Support Scheme of up to Rs 1m.

### ENCOURAGING ANIMAL BREEDING AND LIVESTOCK PRODUCTION

- Subsidy on animal feed increased from Rs 4 to Rs 8 per Kg.
- Financial incentive increased from Rs 5,000 to Rs 7,500 per calf under the Calf Productivity Scheme.

### BIOTECHNOLOGY AND PHARMACEUTICAL INDUSTRY

- Rs 1bn to set up of a manufacturing plant for local production of COVID-19 vaccines and other pharmaceutical products.

### CONSTRUCTION AND REAL ESTATE

- Rs 2bn to support purchase of residential land and property and construction of housing units by individuals.
- For financial year 2021/2022, individuals will benefit a refund of 5 % of the cost of the property, up to Rs 500,000.
- Refund of 5 % on Home Loan up to Rs 500,000.



# BETTER TOGETHER

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### RESILIENCE OF THE FINANCIAL SERVICES INDUSTRY

- Digital Rupee - Bank of Mauritius will roll-out a Central Bank Digital Currency.
- Stock Exchange of Mauritius will introduce rules for the setting up of Special Purpose Acquisition Companies.

### BUILDING A RESILIENT INDUSTRIAL BASE

- Extension of The Freight Rebate Scheme.
- Increase of the maximum refund from 0.2% to 0.5% under the Export Credit Guarantee Scheme.
- Extension of the 50% reduction in port dues and terminal handling charges for export.
- Third party freeport developers authorised to rent space to an enterprise outside the Freeport zone for manufacturing and storage of goods.
- Minimum shelf space for local products increased from 10% to 40%.
- Mauritius First policy for the procurement of sanitisers, masks, PPEs, medical devices and medical gas.

### DEVELOPING THE KNOWLEDGE INDUSTRY

- International students to benefit from:
  - 20 hours per week work permit; and
  - 10 - Year renewable Young Professional Occupation Permit.
- Rs 125m earmarked for Ministries to finance research projects in priority fields.



# BETTER TOGETHER

## RESTORING CONFIDENCE

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### SKILLS AND TALENTS

- Launch of National Apprenticeship Programme for 750 apprentices with a monthly stipend of Rs 5,000 and a travelling allowance of Rs 1,000.
- Renewal of The Dual Training Programme to cover 60% of academic fees of employees.
- Extension of the validity period for an Occupation Permit (OP) for Professionals from 3 years to 10 years.
- Exemption for Spouses of OP holders from applying for an Occupation Permit or a work permit.
- 10-Year Family Occupation Permit for those contributing USD 250,000 to the COVID-19 Projects Development Fund.

### SMES, MMES AND ENTREPRENEURSHIP

- Financing of the salary compensation of Rs 375 monthly for fiscal year 2021/22.
- Extend the exemption on trade fees not exceeding Rs 5,000 for an additional 5 years.
- Amnesty on trade fees and related penalties and interests that were due before 1st January 2020.

### SMES, MMES AND ENTREPRENEURSHIP (CONT'D)

- Increase of the maximum grant of SME Mauritius Ltd schemes from Rs 150,000 to Rs 200,000.
- DBM to:
  - Provide a rebate of up to 30% on the annual rental of industrial space to SMEs engaged in the manufacturing sector over the next 3 years.
  - Construct an SME Industrial Park of 5,000 m<sup>2</sup> at Solferino.
  - Allocate 20% of spaces in Industrial parks rent-free to start-ups for the first 3 years of operation.
  - Provide Rs 100,000 interest free loans to SMEs.
  - Provide 0.5% Special Support Scheme to SMEs up to Rs 1m.
  - Earmark an amount of Rs 1bn to provide loan facilities of up to Rs 5m to retailers with turnover of up to Rs 250m at of 3.5 % p.a.
- Set-up an online marketplace for start-ups at the EDB.

### EDUCATION

- Rs 17bn earmarked for the education sector.
- Increasing of the monthly per-capita grant for children attending private pre-primary schools from Rs 200 to Rs 400.
- Increase of grant to NGOs running SEN schools from Rs 138m to Rs 151m.

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### SECONDARY EDUCATION

- Rs 850m for the construction of a new school at Rivière du Rempart and extension of 15 schools.
- Rs 490m for the Construction of Multipurpose halls and playfields.
- Rs 170m for the deployment of wireless local area network in 155 secondary schools.

### TERTIARY EDUCATION

- Rs 33m investment in an e-Learning Management System at Universities.
- Rs 70m for the construction of the Civil Service College.

### HEALTHCARE

- Increase of the public health budget to Rs 14.5bn to cater for construction of hospitals including a Cardiac Centre at Cote D'or, health care centres, acquisition of medical equipment.
- Interest free loan to patients undergoing treatment in private hospitals.

### SOCIAL SECURITY AND INTEGRATION

- Review of threshold for eligibility under the Social Register of Mauritius:
  - Increase from Rs 2,720 to Rs 3,000 for an adult; and
  - Increase from Rs 1,360 to Rs 1,500 for a child.
- Monthly orphan pension increased to Rs 8,000 for those aged up to 23 years old.
- Incontinence allowance (increased from Rs 900 to Rs 1,500) extended to all eligible bedridden persons.
- Grant of Rs 845m to NGOs for alleviation of poverty.
- One-off assistance of Rs 10m to religious bodies.
- Self-Employed individuals will be eligible to benefits in case of injury at work provided they are registered with MRA and contributing to the CSG.

### GENDER EQUALITY AND CHILD PROTECTION

- Increase in monthly foster care allowance from Rs 5,250 to Rs 8,000.
- Set up of a Children's Court.
- Grants provided by DBM to support women entrepreneurship.



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### LAW & ORDER

- Rs 10.3bn earmarked for the police force.
- Recruitment of 4000 police officers.
- Construction of the Mauritius Disciplined Forces Academy at Cote D'Or.
- Rs 500m for Construction of Forensic Science Laboratory.

### GREEN MAURITIUS

- Rs 2.2bn allocated to National Environment Fund (NEF).
- Rs 1.2bn for the rehabilitation and protection of our coastlines.
- Rs 100m provided for the establishment of National Environment Cleaning Authority (NECA).
- Rs 790m earmarked for cleaning, embellishment and solid waste management.
- Rs 200m provided for Civic Amenity Centres, composting plants, installation of 400 eco-bins and 50,000 households bins.

### RODRIGUES AND OUTER ISLANDS

- Investment of Rs 4bn for construction of Runway at Plaine Corail Airport.
- Investment of Rs 1bn by MIC for regular water distribution.
- Subsidy on Special Rodrigues Holiday Package and Airfare maintained.
- Reduction of 20% on freight between Mauritius and Rodrigues.



A person in a light blue shirt is using a calculator on a desk. The desk is covered with financial documents, including a bar chart. The background is blurred, showing a window. A white rectangular box is overlaid on the image, containing the text 'CORPORATE TAX'. There are two red vertical bars on the left side of the image.

# CORPORATE TAX

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## DOUBLE DEDUCTION OF EXPENSES

- Manufacturing companies incurring expenditure for market research and product development targeting the African market.
- Companies incurring qualifying expenditure on research and development until 30 June 2027.
- Private health institutions incurring expenditure related to international accreditation.
- Acquisition of specialised software and systems

## 110% DEDUCTION OF EXPENSES

- Purchase of products manufactured locally by SMEs by large manufacturers.

## COVID-19 VACCINATION PROGRAMME FUND

- Companies contributing to the COVID-19 Vaccination Programme Fund will be allowed to claim a deduction for the amount contributed.

## GAMBLING LEVY

- Levy paid by gambling operators under section 114 of the Gambling Regulatory Authority Act will not be allowed as a tax deduction.

## PARTIAL EXEMPTION TAX REGIME WILL APPLY TO:

- Licensed investment dealers.
- Leasing of locomotives, trains and rails.

## INVESTMENT TAX CREDIT

- Manufacturing companies may carry forward their unrelieved investment tax credit for 10 years.

## TAX CREDIT

- Biotechnology and pharmaceutical companies can claim tax credit on cost of patents.

## 3% TAX RATE APPLICABLE TO:

- Companies engaged in the medical, biotechnology and pharmaceutical sector.
- Private universities setting up in Mauritius.

# CORPORATE TAX

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## TAX HOLIDAY

- Family offices and funds and assets managers will benefit from an extended tax holiday from 5 to 10 years.

## CORPORATE SOCIAL RESPONSIBILITY

- List of priority areas of intervention for implementation of a CSR Programme will include restoration of buildings designated as national heritage under the National Heritage Fund Act 2003.
- Small enterprises paying presumptive tax of 1% of their turnover will not be required to pay CSR.

## ADVANCE PAYMENT SYSTEM (APS)

- Amendment to be made to enable companies to pay tax at a rate lower than 15%.

## FOUNDATIONS AND TRUSTS

- Foundations and trusts benefitting from preferential tax regime will have to comply with OECD standards, including substantial activity requirements.

## RETURN OF DIVIDEND

- Foreign limited partnerships which are not resident in Mauritius are not required to file a return of dividend.





# PERSONAL TAXATION

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## EXEMPTIONS AND RELIEFS

	From	To
Income exemption for a child pursuing tertiary education		
In Mauritius	Rs.135,000 - Rs.175,000	Rs.225,000
Overseas	Rs.200,000	Rs.225,000
Medical insurance relief		
Self	Rs.15,000	Rs.20,000
First dependent	Rs.15,000	Rs.15,000
Second, third and fourth dependent	Rs.10,000	Rs.15,000
Donation to approved charitable NGOs or religious bodies	N/A	Rs.30,000
Contribution to COVID-19 Vaccination Programme Fund	N/A	Amount paid with excess carried forward for next 2 years
Contribution to an individual pension scheme	N/A	Rs.30,000

## ASSET/FUND MANAGER

- Additional 5-year tax holiday on emoluments of a manager holding an Asset/Fund Manager Certificate issued as from 1 September 2016.

- New certificate holders will be entitled to a 10-year tax holiday where they manage an asset base of at least USD 50 million.

## PREMIUM VISA HOLDER (APPLICABLE AS FROM 1 NOVEMBER 2020)

- Holder of a Premium Visa residing more than 183 days in Mauritius will be taxed on a remittance basis while working remotely in Mauritius.
- Payments made in Mauritius when using a foreign credit or debit card will not be deemed as income remitted to Mauritius.
- Income brought and deposited in a bank account in Mauritius will be subject to tax unless a declaration is made that foreign tax has already been paid thereon in the source country

## CURRENT PAYMENT SYSTEM

- Amendment to be made to cater for individuals subject to tax at the lower rate of 10%.
- Quarterly advance payments under CPS have been deferred to October 2021.



# PERSONAL TAXATION

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## SUBMISSION OF RETURN

- All self-employed individuals must submit an income tax return.

## CONTRIBUTION SOCIALE GENERALISEE (CSG)

- Comprehensive legislation to be introduced soon.
- Self-employed individuals contributing to the CSG will be eligible to benefits in case of injury at work.
- Self-employed individuals contributing to CSG will also benefit from any government assistance

## WAGE ASSISTANCE AND SELF-EMPLOYED ASSISTANCE SCHEME

- Extended to September 2021 for tourism-related activities.

## TAX ON WINNINGS

- The 10% tax imposed on winnings will cover also winners of Lotterie vert.



A photograph of a business meeting. Several people are gathered around a table, looking at a tablet and various financial documents. One person is pointing at the tablet, while others are holding pens and looking at the documents. The documents contain charts, graphs, and tables. A laptop is visible on the left side of the table. The overall scene is professional and focused on financial analysis.

# VALUE ADDED TAX AND OTHER DUTIES

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## EXEMPTION FROM VAT

- Construction of purpose-built factories for manufacturing of pharmaceutical and medical devices as well as for clinical and pre-clinical trials.
- The National Empowerment Foundation and the New Social Living Development Ltd will be exempted from the payment of VAT on the construction of social housing.

## ZERO-RATED

- Animals for the purpose of training, breeding and re-export.
- Preparation and supply of cooked or uncooked dumplings made up of meat, fish, squid, crab, chicken, vegetables or milk to final consumers.

## FILM PROMOTION FUND

- The remittance of 0.4% of net VAT collection credited by MRA on a quarterly basis will be discontinued.

## CRITERIA FOR REFUND OF VAT TO AN INDIVIDUAL ON FIRST CONSTRUCTION OR PURCHASE OF A HOUSE OR RESIDENTIAL APARTMENT:

- Cost of construction or purchase price should not exceed Rs.3m.
- Amount of refund will be limited to Rs.300,000.
- Household annual income should not exceed Rs.1m.

## CUSTOMS AND EXCISE DUTY

### CUSTOMS DUTY

- The 30% customs duty rebate currently being granted on buses will be further extended to 30 June 2022.

### EXCISE DUTY

- The tax of 6 cents per gramme of sugar on locally manufactured and imported non-staple sweetened products will now be effective as from 1 July 2022. Sugar-sweetened products with total sugar content of up to 4 grammes per 100 grammes or 4 grammes per 100 millilitres and fruit purees for infants will be exempted from the duty.



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## EXCISE DUTY (CONT'D)

- The excise duty rebate scheme on motor vehicles will be further extended to 30 June 2022.
- Abolition of the 5% excise duty on electric vans of up to 180kW used solely for the transport of goods.

The following changes apply as from 12 June 2021:

Alcoholic product	Current	New
Beer (per litre)		
Up to 9 degrees	Rs.39.60	Rs.43.60
Above 9 degrees	Rs.55.10	Rs.60.60
Spirit cooler (per litre)	Rs.51.70	Rs.56.90
Fruit wine (per litre)	Rs.32.10	Rs.35.30
Made wine (per litre)	Rs.68.80	Rs.75.70
Wine of grapes (per litre)		
In bulk for bottling purposes	Rs.110.60	Rs.121.70
In bottle	Rs.194	Rs.213.40
Champagne (per litre)	Rs.924	Rs.1,016.40
Rum (per litre of absolute alcohol)	Rs.544	Rs.598.40
Cane spirits (per litre of absolute alcohol)	Rs.544	Rs.598.40
Whisky (per litre of absolute alcohol)		
In bulk for bottling purposes	Rs.1,051	Rs.1,156
In bottle	Rs.1,680	Rs.1,848
Liqueur (per litre of absolute alcohol)	Rs.369.60	Rs.406.60

Tobacco product	Current	New
Cigars (per kg)	Rs.17,662	Rs.19,430
Cigarillos (per thousand)	Rs.10,313	Rs.11,345
Cigarettes (per thousand)	Rs.5,111	Rs.5,625

## LEVY ON MOGAS AND GAS OIL

- Additional levy of Rs.2 per litre will be applied as from 1 July 2021.

## PROPERTY TAX

## TAX ON TRANSFER OF LEASEHOLD RIGHTS ON STATE LANDS FOR HOTELS

- The rate of tax on transfer of leasehold rights will be reduced from 20% to 10% as from 1 July 2021 for two years.



# VALUE ADDED TAX AND OTHER DUTIES

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## TAX ON TRANSFER OF LEASEHOLD RIGHTS IN STATE LANDS

- No tax on transfer of leasehold rights in State Land on sale of a residential unit for senior living in a project developed on State land under the Property Development Scheme.
- Where there is a transfer of shares in a company which holds leasehold rights in State land, the tax will be computed by reference to the percentage of shares transferred.

## REGISTRATION DUTY AND LAND TRANSFER TAX

### EXEMPTION

- Construction and expansion of student campuses.
- Developers in the biotechnology and pharmaceutical industry including Land Conversion Tax.
- First time buyers will be exempted from the payment of registration duty on the first Rs.5m of the cost of a built-up residential property

### SCOPE

- Land duties and taxes will not be payable on the VAT payable on the transfer of a commercial or industrial building.

## REGISTRATION DUTY

### WAIVER OF 50%

- 50% of the registration duty will be waived on the first registration of an electric autocycle/motorcycle purchased before 31 March 2021 where the deed of sale is registered on or before 31 December 2021.

Autocycle/Motorcycles of a power rating capacity	Registration duty payable upon First Registration in Mauritius	
	Current	50% Waiver
Not exceeding 1.5 kW	1,000	500
Exceeding 1.5 kW but not exceeding 7.5 kW	2,500	1,250
Exceeding 7.5 kW	3,300	1,650

# VALUE ADDED TAX AND OTHER DUTIES

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## INTEGRATED RESORT SCHEME (IRS)/ REAL ESTATE SCHEME (RES)

- Registration duty will be levied at the rate of 5% or USD.70,000 whichever is the lower on the sale of remaining IRS or RES residential property.

## DUTY FREE SHOPS AND DEFERRED DUTY AND TAX SCHEME (DDTS) SHOPS

- Allowed to sell goods on the local market without any limit on quantity but with payment of duties and taxes until 30 June 2022

## GAMBLING TAX

### LOTTERIE VERT

- The operator of Lotterie Vert will have to pay of 47.16% of its net proceeds to MRA.

Changes in gambling tax as follows:

	From	To
Bookmaker conducting fixed odds betting on local race at the race-course and -		
(a) where the bookmaker operates inside the stand	12% of gross stakes	14% of gross stakes

	From	To
(a) where the bookmaker operates outside the stand	12% of gross stakes	14% of gross stakes
	12% of gross stakes	14% of gross stakes
Bookmaker conducting fixed odds bet through remote communication	12% of gross stakes	14% of gross stakes
Totalisator operator at the race-course, outside the race-course, operating bets through remote communication, conducting local race inter-totalisator betting or conducting foreign race inter-totalisator betting	12% of gross stakes	14% of gross stakes
Bookmaker conducting fixed odds betting on foreign football matches	12% of gross stakes	14% of gross stakes
Sweepstake organizer	12% of gross proceeds	14% of gross proceeds
Local pool promoter	12% of gross stakes	14% of gross stakes
Agent of foreign pool promoter	12% of gross stakes	14% of gross stakes
Limited pay out machine operator	12% of gross takings or Rs 1m, whichever is higher	14% of gross takings or Rs 1m, whichever is higher

# VALUE ADDED TAX AND OTHER DUTIES

## NEW INCENTIVES FRAMEWORK

Companies engaging in the following sectors or activities and registering with the Economic Development Board (EDB) will benefit from the following incentives:

Sectors/Activities	Incentives
<ul style="list-style-type: none"><li>• Aquaculture</li><li>• Industrial fishing</li><li>• Seafood processing</li><li>• High tech manufacturing</li><li>• Pharmaceutical research and manufacturing</li><li>• Agro processing</li><li>• Food processing</li><li>• Healthcare, biotechnology and life sciences</li><li>• Nursing and residential care</li><li>• Digital technology and innovation</li><li>• Marina</li><li>• Tertiary education</li><li>• Seeds production</li><li>• Others as may be approved by the EDB</li></ul>	<ul style="list-style-type: none"><li>• 8-year tax holiday (new companies)</li><li>• Exempt from payment of Registration Duty and Land Transfer Tax for the purchase of immovable property for business purposes (New Companies)</li><li>• Payment of VAT on plant, machinery and equipment and construction of purpose-built building and plant and equipment (excluding vehicles) for research and development:<ul style="list-style-type: none"><li>• zero-rated for provision of healthcare, nursing and residential care services</li><li>• exempt for others</li></ul></li><li>• Manufacturing companies will benefit from 5% tax credit over 3 years in respect of capital expenditure incurred on new plant and machinery until 30 June 2023.</li><li>• Eligible for schemes and services offered by the Industrial Financial Institution (Leasing)</li></ul>

## EXPORT DEVELOPMENT CERTIFICATE

- Companies having an Export Development Certificate will benefit from the following incentives:
  1. 3% income tax on export of goods
  2. Freight Rebate Scheme
  3. Trade Promotion and Marketing Scheme
  4. Subsidy on the cost of Credit Guarantee Insurance Premium
  5. Preferential Port and Handling Charges

ECONOMY AT A  
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TOGETHER

CORPORATE  
TAX

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TAXATION

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# VALUE ADDED TAX AND OTHER DUTIES

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## PREMIUM INVESTOR CERTIFICATE

- All companies investing for a minimum of Rs 500m, except for pharmaceuticals, will be able to negotiate with the Economic Development Board and upon approval by the Minister of Finance to benefit from incentives on the following:
  1. Land and Buildings
  2. Infrastructure and public facilities
  3. Supply of utilities and telecommunications facilities
  4. Fiscal incentives
  5. Other taxes, duties, fees, charges and levies
  6. Labour requirements, including foreign labour
  7. Permits and licenses
  8. Training grants

A hand is shown in the upper left, holding a coin. Below it, several stacks of coins are arranged on a surface, decreasing in height from left to right. The background is a blurred outdoor scene with green foliage. A white rectangular box with a red border is positioned over the hand and the top of the coin stacks.

# OTHER BUDGETARY MEASURES

# OTHER BUDGETARY MEASURES

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## INCOME TAX

- The Tax Arrears Settlement scheme has been extended to December 2021 for SMEs.
- A self-employed individual will be required to file a simplified tax return.
- Penalties will be introduced for companies which fail to comply with MRA requests relating to exchange of information with Treaty Partners.
- The Income Tax Act will be amended to:
  - extend existing incentive to employees of licensees of the FSC who are issued with an Asset Manager Certificate; or a Fund Manager Certificate; or an Asset and Fund Manager Certificate, on or after 1 September 2016, to those managing an asset base of USD 50m or above.
  - provide that dividend paid by a non-resident to another non-resident is not taxable in Mauritius.
  - extend the R&D tax incentive scheme (double deduction) expiring in June 2022 by 5 years, that is, to June 2027.
  - extend tax holiday on Family Offices and Fund and Asset Managers from 5 years to 10 years.
  - exclude a non-tax resident foreign limited partnership from the need to submit a return of dividend.

## MAURITIUS REVENUE AUTHORITY ACT

- In cases of fraud and non-submission of tax return the Director-General will not be required to seek authorisation of the Independent Tax Panel to issue assessments. An aggrieved taxpayer will still be entitled to the objection and appeal process.
- Amendment will be made to enable exchange of information between law enforcement agencies to conduct investigations.

## OTHER LEGISLATIONS

### BANKING ACT

- The Banking Act will be amended to:
  - allow financial institution to appoint an auditor after 3 years of the last audit assignment instead of 5 years.
  - set out criteria for granting extension to financial institution on appointment of its auditor for an additional period of up to 5 years for a branch or subsidiary of a foreign bank.
  - extend examination of operations and affairs of financial institutions to cover their affiliates.



# OTHER BUDGETARY MEASURES

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## COMPANIES ACT

- The Companies Act will be amended to:
  - remove requirement to include certain information in relation to its subsidiaries in its annual report in line with the Code of Good Governance where disclosure is only for holding companies.
  - provide that a public company having not more than 50 members may be converted into a private company.
  - remove the restriction on companies limited by guarantee not to have more than 50 members.

## FINANCIAL REPORTING ACT

- The Financial Reporting Act will be amended to:
  - extend scope of sanctions against auditors and increase the fine to Rs 1m and imprisonment to 5 years.
  - restrict audit firm to audit the accounts of a listed company for a period of more than 7 years over an aggregated period of 10 years.
  - increase the fine to Rs 500,000 for:
    - (i) failing to submit financial statements, annual report and report on corporate governance; and
    - (ii) providing professional services while not being registered as a member firm.

## FINANCIAL SERVICES ACT

- The Financial Services Act will be amended to allow issue of shares of less than 5% in a licensee without approval of the FSC unless such issue results in a change in control in the licensee.

## PROTECTED CELL COMPANIES ACT

- The Protected Cell Companies Act will be amended to extend the use of the PCC to domestic companies.

# OTHER BUDGETARY MEASURES

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## WORKERS' RIGHTS ACT

•The Workers' Rights Act will be amended to:

- facilitate the enforcement of the compromise agreement.
- allow payment under the Wage Guarantee Fund for business under receivership, administration or liquidation.
- exclude workers earning above Rs 50,000 and employed on determinate contracts who are paid a gratuity or a compensation at the end of their contracts from the payment of severance allowance.
- limit payment of transition unemployment benefit only to workers who are unemployed and to exclude workers who refuse offers of job placement or training for a third time.
- provide for employers to refund the transition unemployment benefit paid to workers who are regularly laid off and re-employed on new contracts.
- provide that a receiver and manager or an administrator may apply to the Redundancy Board for cases of intended reduction of workforce.
- any reduction in workforce in relation to a business reorganisation in the best interest of the business.



## ABOUT BDO (MAURITIUS)

BDO (Mauritius) is a Member Firm of BDO International and the leading firm of Chartered Accountants in Mauritius with 25 partners and more than 700 professional staff. The firm is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). BDO Mauritius was founded in 1952 under the name of De Chazal Du Mée (DCDM) as a firm of Chartered Accountants. While auditing and taxation remain the core offerings of the company, BDO (Mauritius) has skills and knowledge that extend to a wide range of business and advisory services. Apart from Mauritius, the Company has offices in Seychelles, Madagascar, Kenya, Tanzania, Uganda, Ethiopia, Rwanda and Burundi.

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