

BUDGET BRIEF 2023-2024

A CONVENIENCE BUDGET

02 June 2023



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A CONVENIENCE BUDGET

The budget speech started with a surprising statement by the Minister of Finance, when he stated that this was the **penultimate budget** of this legislature. No doubt, this will not have gone unnoticed by his colleagues in the Legislative Assembly.

On the other hand, however, the Minister was anything but talkative about the budget outturn for the current financial year. Public debt is estimated at 79% at the end of June 2023, compared to 86.1% one year earlier. By June 2024, a ratio equal to 71.5% is expected. So far so good, but no comment was forthcoming on our **stock of foreign currency**, however much it is under pressure because of our propensity to import and our inability, so far, to cover suitably imports by exports. Let it be recalled that, when foreign currency is in short supply, the Bank of Mauritius has no choice but to depreciate the rupee, with **consequential ill effects on inflation**, while the GDP goes up in rupee terms, leading to apparent growth percentages.

Mention must be made of a number of projects which indicate new avenues for progress. It is refreshing to hear about **facilities targeted at young parents**, such as parental holidays and grants. This should help to bring back the fertility rate to at least 2.1 births, below which the population will continue on a declining path, as it has been for at least three decades. If there is no change to such a situation, there will be a **real dearth of economically active human resources** in the Republic. We shall have to have **recourse to foreigners**, with the risks associated with workers immigration, as other countries are experiencing, particularly in Europe.

In this context, one must welcome the forthcoming policy of favouring **women entrepreneurship**. An increase of the female occupancy rate is welcome, as this will somehow compensate for the large forthcoming crowds of old age pensioners, who will increasingly require personal service.

Another worthwhile project has to do with **arts and culture**, which must be recognised as a sub sector of the hotel industry. Our foreign visitors can surely bear witness to this, as they sit down every evening, charmed by the *sega* dancers.

The Minister's motto is **To Dare and To Care**. Overall, this budget shows a major propensity to care, as is evidenced by the number of proposals aimed at reducing the pressure on taxpayers and motorists.

What about the daring component? While projects for encouraging agricultural activities are welcome, it is regrettable that, no reference has been made to putting to effective use the maritime resources placed at our disposal by the United Nations for fishing purposes.

Last but not least, one would have appreciated some reference to our education system, with its well-known deficiency in technical subjects, including the all - important field of computerisation and virtual communications.

Pierre Dinan
Guest Writer



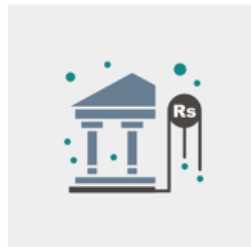
Gross Domestic Product

| | 22/23 | 23/24 | 24/25 |
|-------------|-------|-------|-------|
| Growth | 8% | 8% | 5% |
| Billion MUR | 614.0 | 722.9 | 804.5 |



Public Debt as a % of GDP

| | 22/23 | 23/24 | 24/25 |
|-------|-------|-------|-------|
| Gross | 79.0% | 71.5% | 68.2% |
| Net | 70.3% | 65.8% | 63.8% |



Public Finance as a % of GDP

| | 22/23 | 23/24 | 24/25 |
|-------------|-------|-------|-------|
| Revenue | 24.6 | 24.5 | 24.4 |
| Expenditure | 25.6 | 24.7 | 24.0 |



External Trade as a % of GDP

| | 22/23 | 23/24 | 24/25 |
|---------|-------|-------|-------|
| Exports | 48.4% | 42.8% | 40.1% |
| Imports | 60.3% | 52.8% | 49.7% |



Budget Balance as a % of GDP

| | 22/23 | 23/24 | 24/25 |
|---------|--------|-------|-------|
| Deficit | -3.95% | -2.9% | -2.9% |



International Reserves (USD Million)

| | 22/23 | 23/24 | 24/25 |
|----------------|-------|-------|-------|
| Gross Reserves | 6,840 | 7,170 | 7,520 |

Growth rate at constant market prices | GDP value at current market prices

STRENGTHENING THE FOUNDATIONS OF OUR ECONOMY

IMPROVING THE EASE OF DOING BUSINESS

- ▶ Unique identification number for a company.
- ▶ B-Ready Coordination Committee.
- ▶ Streamlining of licences in the tourism sector.
- ▶ Encourage adoption of e-signatures.
- ▶ Support to local entrepreneurs:
 - SME Support Scheme increased from Rs 200k to Rs 250k.
 - SME interest free loan scheme and Covid 19 Special Support Scheme extended to June 2024.
 - Continuation of Rs 500 salary compensation for SMEs.
 - DBM writing off long outstanding loans >20 years.

LABOUR FORCE

- ▶ Connect women to opportunities and improve financial independence.
- ▶ Enhance access to childcare:
 - Set up public childcare centres.
 - Increase grant for child day care centre to Rs 650k
 - Compulsory for companies employing >250 employees to provide facilities for childcare.
 - Double deduction on cost of setting up a childcare centre.
 - Mandatory for shopping malls, office buildings and hotels to have a nursing room for women.
- ▶ Minimum of 25% of women on boards of listed companies.

- ▶ Government contribution of Rs 15k monthly for newly employed women or those unemployed for a year under Prime à l'Emploi Scheme.
- ▶ Facilitate employment of disabled through Prime à l'Emploi and increased tax deduction of 300%.
- ▶ Occupation permit will be streamlined:
 - Thresholds for professionals reduced to Rs 30k.
 - Business visa of 120 days.
 - No local bank account needed.
 - Review of composition and process of medical, dental, veterinary and allied professionals.
- ▶ Work permit will be streamlined:
 - Applications solely on the national e-licensing platform.
 - Removal of ratio of foreign to local employees.
 - Non-citizens on tourist or business visa allowed to apply for work permit.

SECTORAL DEVELOPMENT

AGRO-INDUSTRY

- ▶ Rs 2bn to support existing and new developments.

CROP SECTOR

- ▶ Encourage the production of foodcrops by extending grant for construction of sheltered farms.
- ▶ Increasing grant for purchase of equipment.
- ▶ New measures:
 - 75% subsidy on seeds for cabbage, calabash, pumpkin, cucumber and carrot.
 - 50% grant up to max of Rs 300k to SMEs and cooperatives engaged in potato processing.
 - Rs 200k grant for setting up of a seedling production unit by cooperatives.

- ▶ Encourage plantation by households.
- ▶ Increase the winter allowance to tea growers.
- ▶ DBM new agricultural loan scheme up to Rs 10m at 3.5% interest.
- ▶ DBM will extend the Crop Replantation Scheme.
- ▶ DBM will write off long outstanding loans of >20 years.
- ▶ The Cane Revolving Fund Scheme is being increased from Rs 200m to Rs 500m.
- ▶ Rs 22m for maintenance of cane irrigation networks.
- ▶ Minimum guaranteed price of sugar increased to Rs 27.5k for Crop 2023.

LIVESTOCK SECTOR

- ▶ Grant for purchase of cows will be increased to Rs 225k and extended to goats, pigs and sheep.
- ▶ Subsidy of Rs 1,000 on the cost of private veterinary services.
- ▶ Financial assistance of Rs 200k for construction/upgrading of sheds and purchase of goats and sheep.
- ▶ Increase in grant to calf breeders to Rs 10k.
- ▶ DBM will write off long outstanding loans >20 years.
- ▶ Increase in subsidy on animal feed to Rs 15 per kg.

BLUE ECONOMY

- ▶ Measures to enable small fishers to increase their produce.
- ▶ Upgrade fisheries posts, jetties and slipways.
- ▶ DBM will write off long outstanding debts of >20 years.
- ▶ Grant for construction of hatchery for shrimp farming up to max of Rs 500k.
- ▶ Increase in grant for acquisition of semi-industrial fishing boats by cooperatives to Rs 6m.

MANUFACTURING

- ▶ For the support of the local industry and encourage consumption of goods produce locally:
 - Introducing “En route vers le Made in Moris” programme for some 120 SMEs over a period of 3 years.
 - “Made in Moris” dedicated area at the Mauritius Duty Free Paradise at the airport.
- ▶ Renewing the Africa Warehousing Scheme for a period of 3 years.
- ▶ Extending to next financial year:
 - The Freight Rebate Scheme and the Trade Promotion and Marketing Schemes to facilitate exports by sea and air,
 - The 50% reduction in export port charges,
 - The Export Credit Guarantee Scheme.
- ▶ Setting up of Special Economic Zones to position Mauritius as a gateway for the African Market.
- ▶ 50% waiver on the increase in electricity prices for the next 2 years for companies moving towards 100% renewable energy.
- ▶ 75% subsidy on the conduct of energy audits.

ICT/BPO

- ▶ Double deduction on costs allowed for the new campuses or local training institutions partnering with their African counterparts.
- ▶ Digitalisation of public sector:
 - Local service companies to benefit from margin of preference of 40%.
 - MauPass extended to the corporate sector for digital service access for employees.
- ▶ CEB to introduce Carbon Neutral Scheme for ICT sector.

FINANCIAL SERVICES

- ▶ To remain with the highest levels of standards and best practices:
 - Undertake a National Risk Assessment of money laundering and terrorism financing risks.
 - Introduce legislative amendments to reinforce the existing AML/CFT legal framework.
 - Independent assessment of the effectiveness of our AML/CFT system.
- ▶ To consolidate the position of the Mauritius International Financial Centre:
 - Extend the scope of the Variable Capital Companies.
 - New framework to support the licensing and operation of Electronic Money Institutions (EMI),
 - Introduce a Wealth Manager and Family Officer licence under Private Banking.
- ▶ To promote green economy:
 - Exemption of interest income derived from bonds.
 - Bank of Mauritius to develop a Carbon Trading framework.
- ▶ Bank of Mauritius will operationalise the Mauritius Deposit Insurance Scheme and the Mauritius Deposit Insurance Company.
- ▶ Digital Rupee will be rolled out in November 2023 on pilot basis.

TOURISM

- ▶ The Promotion and Destination Marketing Budget of MTPA to increase by 25% from Rs 400m to Rs 500m.
- ▶ Increasing the amount under the Participation in International Fairs SME Refund Scheme by 25% to Rs 250,000.

- ▶ For the development of medical tourism and silver economy:
 - Medical patients and retirees with up to two accompanying caretakers will be eligible for a premium visa.
 - Foreign patient or retiree not required to open a bank account in Mauritius.
 - Foreign retirees above 60 years to have access to medical insurance.

ARTS AND CULTURE

- ▶ Support to artists:
 - Registered artists to be provided with a pension scheme for their retirement.
 - State Recognition Allowance Scheme to professionals recognised nationally and internationally.
 - Rs 10,000 to be provided to all secondary schools for the purchase of books from local authors.
 - Increase of grant to Rs 50,000 for the production of music albums.

ENERGY

- ▶ Achieve 60% of production from renewable energy.
- ▶ Introduce renewable energy schemes.
- ▶ Extend carbon neutral scheme.
- ▶ Set up renewable energy facilities of 32 Megawatt floating solar PV systems at Tamarind Falls.
- ▶ Install solar PV kits on rooftops of social housing units.
- ▶ Commission 33 Megawatt of solar PV systems by June 2024.
- ▶ Develop a Pump Storage hydropower plant.

- ▶ Set up 1 megawatt Ocean Thermal Energy Conversion (OTEC) power plant on a pilot basis.
- ▶ DBM to extend Green Energy Loan scheme to SMEs for the production of electricity.

PUBLIC TRANSPORT DECARBONIZATION PROGRAMME

- ▶ Extension of metro to connect St Pierre and La Vigie by October 2024.
- ▶ 30% subsidy up to a maximum of Rs 3.5m on purchase of electric buses.
- ▶ Industrial Finance Corporation of Mauritius (IFCM) to grant loans at 2% for purchase of fully electric buses.
- ▶ Negative Excise Duty of 10% on purchase of electric vehicles extended up to June 2024.

FLOOD MANAGEMENT

- ▶ Rs 2.7bn invested so far to make 400 high risk flood prone areas safer.
- ▶ 157 drain projects costing Rs 2.8bn currently under construction.
- ▶ Rs 3bn earmarked in 2023-2024 to make flood prone regions across the country safer.

MITIGATION AGAINST CLIMATE CHANGE

- ▶ Mauritius facing a rise in sea level almost twice the global average.
- ▶ Rs 1.6bn earmarked under the National Environment and Climate Change Fund (NECCF).
- ▶ Rs 278m allocated for beach rehabilitation works, lagoons and coral reefs programme.
- ▶ Rehabilitation of 20 km of eroded shoreline at 21 priority sites over 5 years.

- ▶ Remedial works, adaptation measures, landslide rehabilitation works and upgrading of beach access, cleaning of lagoons and other infrastructural amenities will be carried out.
- ▶ Cleaning and embellishment projects:
 - Rs 235m for acquisition of modern Tipper lorries.
 - Rs 115m for cleaning and embellishment of public and other sites.
 - Rs 90m for cleaning, desilting, rehabilitation and upgrading of drains, bridges and rivers.
- ▶ 1 million Tree Plantation Programme to be launched.
- ▶ Rate of refund of PET bottles recycles locally increased from Rs 15 to Rs 30 per kg.

WATER

- ▶ Grant for water tank increased from Rs 8,000 to Rs 15,000 and extended to households with monthly income of less than Rs 60,000.
- ▶ Grant of Rs 10,000 to households with monthly income of less than Rs 60,000 to install a rainwater harvesting system.
- ▶ Rainwater Harvesting Programme for certain pre-primary schools, day care centres, community centres, NGOs and SEN schools.
- ▶ Rs 3bn to be invested for the replacement of 500 km of defective pipes over 3 years.
- ▶ Rs 200m earmarked for construction of new and upgrading of existing water treatment plants.
- ▶ Construction of 10 new service reservoirs over 3 years with a capacity of 3,000 m³.

WASTE WATER MANAGEMENT

- ▶ Rs 1.3bn for the implementation of sewerage infrastructure projects.
- ▶ Refurbishment of wastewater treatment plants at Montagne Jacquot and St Martin.

INFRASTRUCTURE DEVELOPMENT

- ▶ Rs 3.4bn invested in the upgrading and extension of road network system over 60 kms.
- ▶ Rs 360m allocated for completion of A1-M1 road from Coromandel to Soreze by December 2023.
- ▶ Landslide mitigation works.
- ▶ Flood mitigating measures.
- ▶ Upgrading works on the B28 road.
- ▶ Construction of flyovers.
- ▶ Rs 760m earmarked for new projects.
- ▶ Rs 600m allocated for the rehabilitation, maintenance and upgrading of roads.
- ▶ Construction of footbridges at Ebene, Phoenix, Trianon and Riviere des Anguilles to facilitate safe pedestrian crossing.
- ▶ Maximum amount of compensation payable to victims of hit and run accidents doubled to Rs 1.5m.

EDUCATION

- ▶ Provision for free pre-primary education as from January 2024.
- ▶ Upgrade infrastructure of 100 public pre-primary schools.
- ▶ Rs 600m for construction, upgrading and maintenance of schools.

- ▶ Provision of Grant in Aid to SEN schools increased to Rs 191m, including increase in daily meal allowance for SEN students to Rs 120.
- ▶ Minimum eligibility criteria for evening schools running oriental classes revised from 25 to 10 students per class.
- ▶ Increase in teaching staff in primary, secondary and SEN schools.
- ▶ VAT exemption on construction of buildings for tertiary education extended to primary and secondary schools.

HEALTHCARE

- ▶ Rs 15.7bn earmarked to further enhance the quality of health services.
- ▶ The e-Health system will be implemented in hospital facilities as from July 2023.
- ▶ Rs 2.2bn provided for the modernization of health infrastructure.
- ▶ Rs 300m provided for acquisition of modern medical equipment for our hospitals.
- ▶ Rs 20m provided to increase screening for cancer risks assessments and early detection.
- ▶ Vaccination of some 80,000 children aged 9 to 15 years against human papillomavirus (HPV) to protect from specific types of cancers.
- ▶ Some 1000 Type-1 diabetic patients will receive a continuous glucose monitor.
- ▶ Some 450 high risk diabetic patients will also receive an insulin pump.
- ▶ Recruitment of addition 1,400 staff.

LAW AND ORDER

- ▶ To create a safe environment Rs 11.8bn has been provided to the Police Force.
- ▶ Recruitment of 1000 police officers and promotion of 833 police officers to the rank of Police Corporals.
- ▶ Construction of Satellite Fire Stations to assist fire services in rapid intervention.
- ▶ Roll out of an e-judiciary system for judges and the supreme court registry.
- ▶ Renovation of the old Supreme Court building, the New Court House and the Flacq District Court.
- ▶ Appointment of 6 new Judges and 14 Magistrates.

RODRIGUES

- ▶ Construction of a new 2.1 km long runway at Plaine Corail Airport for Rs 7.7bn.
- ▶ Maintaining the subsidy on Special Rodrigues Holiday Package and Subsidy on Airfare from Rodrigues until September 2024.
- ▶ Rs 130m earmarked for the construction of 30km of track roads around the island of Rodrigues.
- ▶ Rs 117m provided for the construction and rehabilitation of dams and reservoirs.
- ▶ Rs 10m injected for the deployment of the Rainwater Harvesting Scheme.
- ▶ Waiving the freight charges on containers from Rodrigues to Mauritius for agricultural products including onions, chillis, coffee beans and lemons.

AGALEGA

- ▶ Construction of 50 social housing units.
- ▶ The new airstrip and jetty will be operational by December 2023.

THE FUTURE WE DESERVE

PEDIATRICS

- ▶ Full cost of overseas treatment covered for pediatric patients up to the age of 17.
- ▶ Full cost of cancer care and treatment in local private hospitals and foreign hospitals will be covered for children diagnosed with cancer.

WORK-LIFE BALANCE

- ▶ Introduction of new stand-alone leave of 5 days for workers having experienced a pregnancy loss.
- ▶ Possibility to use up to 10 days sick leaves to take care of children, parents and grandparents with healthcare related issues.

SOCIAL AID

- ▶ Maximum household income threshold for eligibility under Social Register of Mauritius (SRM) increased to Rs 14,650 as from 1st July 2023.
- ▶ Creche Allowance for SRM beneficiaries increased to Rs 3,000.
- ▶ Support to vulnerable households earning up to Rs 35,000 monthly to purchase wheelchairs, spectacles, hearing aids and dentures.

NGO

- ▶ Implementation of national social projects.
- ▶ Duty free vehicle for NGOs registered with National Social Inclusion Foundation.
- ▶ Grant of Rs 125m to Religious Bodies.
- ▶ Removal of municipal tax on halls and buildings owned by religious bodies.

DECENT HOUSING FOR ALL

- ▶ 8,000 housing units will be constructed in the next 18 months.
- ▶ Extension of Home Ownership Scheme and Home Loan Scheme for another year.

REHABILITATION OF NHDC HOUSING ESTATES

- ▶ Funds will be provided for water proofing, drainage and remedial works in block of apartments in certain regions.
- ▶ Rs 40m earmarked for removal of asbestos and rehabilitation of Ex-CHA houses.

COMMUNITY WELLNESS AND DEVELOPMENT

- ▶ Construction and upgrading of Mini Soccer Pitches, Football Grounds, Volleyball Pitches, Petanque Courts, Gyms and Children's Gardens.
- ▶ Upgrading of 11 Markets.
- ▶ Construction of 6 new Multi-Purpose Complexes.
- ▶ Investing in new Health Tracks.
- ▶ Upgrading of Village Halls and Cemeteries.
- ▶ Construction of an elderly day care centre.
- ▶ Construction and revamping of community centres.

SCHOOL REVAMPING PROGRAMME

- ▶ Rs 500m to upgrade 70 primary schools to make them more vibrant.

CHILD WELFARE

- ▶ CSG Child Allowance of Rs 2,000 monthly to 48,000 children aged up to 3 years.
- ▶ Grant of Rs 12,000 under the Foster Care Scheme.

- ▶ Allowance of Rs 15,000 for a child with special needs.
- ▶ Multiple Birth Allowance increase in household income ceiling from Rs 150,000 to Rs 390,000 per annum.

YOUTH TO ADULTHOOD

- ▶ Individuals reaching adulthood at 18 years will get a one-off grant of Rs 20,000.

FOR THE ELDERLY

- ▶ Increase of Basic Retirement Pension, Basic Widow's Pension, Invalidity Pension and Orphan's Pension by Rs 1,000.
- ▶ A retiree aged 65 years and above to obtain Rs 12,000 monthly.

CONSUMER PROTECTION

- ▶ Price of bread "pain maison" maintained at Rs 2.60.
- ▶ Price of 12 kg cylinder of cooking gas maintained at Rs 240.
- ▶ Price of rice maintained at Rs 10.80 per kg.
- ▶ Price of mogas reduced to Rs 69 per litre.
- ▶ Maintaining of CSG Income Allowance of Rs 1,000 for those earning less than Rs 50,000 monthly.
- ▶ Allowance of Rs 2,000 for those earning less than Rs 25,000 monthly.
- ▶ Rs 1,000 monthly to those affected by rising interest rate when contracting a loan of up to Rs 5m.
- ▶ Minimum salary of Rs 15,000 as from 1st July 2023.

CORPORATE TAX

TAX RATES

- ▶ As from the year of assessment 2022/23, the tax rates for banks are as follows:
 - chargeable income up to Rs.1.5 billion is taxed at 5%; and
 - remainder is taxed at 15%.
- ▶ Companies manufacturing medical devices will be taxed at the rate of 3%.

SOLIDARITY LEVY ON TELEPHONY SERVICE PROVIDERS

- ▶ The Solidarity levy will be payable at the rate of 5% of the accounting profit and 1% instead of 1.5% of the turnover by telephony service operators. An operator making a loss will still be required to pay the 1% levy imposed on turnover.

EXEMPT INCOME

- ▶ Interest income
 - Collective Investment Scheme or a Closed End Fund established in Mauritius will be able to claim a 95% exemption instead of 80% on interest earned.
 - Interest on bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects (Green Bonds) approved by the Mauritius Revenue Authority (MRA) will be exempted.

EXPORT OF GOODS

- ▶ Profits derived from the sale of aviation fuel to an airline will be considered as an export of goods subject to tax at a reduced rate of 3%.

INVESTMENT TAX CREDIT

- ▶ Manufacturing companies can claim a tax credit of 15% over 3 years on the cost of new plant and machinery, excluding motor cars, incurred until 30 June 2026.
- ▶ Any unrelieved investment tax credit may be carried forward over 10 years.
- ▶ Manufacturing companies engaged in both alcoholic and non-alcoholic beverages activities can claim the credit on the acquisition of new plant and machinery used to produce non-alcoholic drinks.

DOUBLE/TRIPLE DEDUCTION OF EXPENDITURE

- ▶ The double deduction granted to manufacturing companies for expenditure on market research and product development is no longer limited to the African market but is restricted to companies with an annual turnover not exceeding Rs.500 million.
- ▶ The Film Rebate Scheme provides a tax relief of 200% of the amount spent by local companies, participating in financing, sponsorship or marketing and distribution of an approved film project for theatrical or media streaming release. At least 90% of the approved film must be produced in Mauritius.
- ▶ The cost of setting up a childcare centre qualifies for double deduction.
- ▶ New campuses or local training institutions partnering with their African counterparts will be allowed a double deduction on their costs.
- ▶ Companies employing women who were previously unemployed for at least a year and benefitting from the *Prime à l'Emploi Scheme* can claim a double deduction.
- ▶ Currently companies employing disabled individuals are entitled to a double deduction. Companies employing

disabled individuals qualifying for the *Prime à l'Emploi Scheme* are entitled to a tax deduction of 300%.

- ▶ Donations by companies to NGOs looking at animal welfare and protection are entitled to a tax deduction of 300%.

COVID-19 LEVY

- ▶ All unsettled COVID-19 levy as at 20 January 2023 inclusive of penalties and interest will be waived.

TAXES

PERSONAL TAXATION

PROGRESSIVE TAX REGIME

- ▶ There will be a progressive tax regime with different tax rates and brackets as follows:

| Rate | Bracket Rs. | Cumulative chargeable income Rs. | Tax on bracket Rs. | Cumulative tax Rs. |
|------|---|----------------------------------|--------------------|--------------------|
| 0% | 390,000 | 390,000 | 0 | 0 |
| 2% | 40,000 | 430,000 | 800 | 800 |
| 4% | 40,000 | 470,000 | 1,600 | 2,400 |
| 6% | 60,000 | 530,000 | 3,600 | 6,000 |
| 8% | 60,000 | 590,000 | 4,800 | 10,800 |
| 10% | 300,000 | 890,000 | 30,000 | 40,800 |
| 12% | 300,000 | 1,190,000 | 36,000 | 76,800 |
| 14% | 300,000 | 1,490,000 | 42,000 | 118,800 |
| 16% | 400,000 | 1,890,000 | 64,000 | 182,800 |
| 18% | 500,000 | 2,390,000 | 90,000 | 272,800 |
| 20% | Applies to chargeable income exceeding Rs.2,390,000 | | | |

- ▶ The table below illustrates the savings in tax payable at different levels of chargeable income:

| Chargeable income Rs. | Income tax future Rs. | Income tax current at 15% Rs. | Savings Rs. |
|-----------------------|-----------------------|-------------------------------|-------------|
| 390,000 | 0 | 58,500 | 58,500 |
| 400,000 | 200 | 60,000 | 59,800 |
| 450,000 | 1,600 | 67,500 | 65,900 |
| 500,000 | 4,200 | 75,000 | 70,800 |

| Chargeable income Rs. | Income tax future Rs. | Income tax current at 15% Rs. | Savings Rs. |
|-----------------------|-----------------------|-------------------------------|-------------|
| 550,000 | 7,600 | 82,500 | 74,900 |
| 600,000 | 11,800 | 90,000 | 78,200 |
| 650,000 | 16,800 | 97,500 | 80,700 |
| 800,000 | 31,800 | 120,000 | 88,200 |
| 900,000 | 42,000 | 135,000 | 93,000 |
| 1,000,000 | 54,000 | 150,000 | 96,000 |
| 1,100,000 | 66,000 | 165,000 | 99,000 |
| 1,200,000 | 78,200 | 180,000 | 101,800 |
| 1,400,000 | 106,200 | 210,000 | 103,800 |
| 1,500,000 | 120,400 | 225,000 | 104,600 |
| 1,700,000 | 152,400 | 255,000 | 102,600 |
| 1,900,000 | 184,600 | 285,000 | 100,400 |
| 2,200,000 | 238,600 | 330,000 | 91,400 |
| 2,400,000 | 274,800 | 360,000 | 85,200 |
| 2,500,000 | 294,800 | 375,000 | 80,200 |

SOLIDARITY LEVY

- ▶ Solidarity levy will be abolished.

ALLOWABLE DEDUCTION

- ▶ Adoption of animals by individuals from registered NGOs will enable them to claim a deduction of Rs.10,000 from their chargeable income.

VAT AND OTHER DUTIES

VALUE ADDED TAX

- ▶ Persons engaged in the construction of building intended for primary and secondary education will be exempt from payment of VAT.
- ▶ Contractors engaged in the construction of social housing units under a Social Housing project implemented by New Social Living Development Ltd will be exempt from payment of VAT, customs duty, and excise duty on the procurement of goods (excluding vehicles), works, consultancy services and other related services.
- ▶ Instruments and appliances used in medical, surgical, dental, or veterinary sciences, of HS Code 90.18, will be zero-rated for VAT purposes instead of being VAT exempt.
- ▶ Water supplied, infrastructure works and renting out of meters by the Rodrigues Public Utilities Corporation will be zero-rated.
- ▶ Special levy on banks will be at the standard rate of 5.5% for all banks.
- ▶ VAT will be abolished on the following:

| | | |
|-------------------------------------|-----------------------|----------------------------|
| Glass ceramic blocks for dental use | Medical grade silicon | Incontinence mattress pads |
| Noodles | Toothpastes | Toothbrushes |
| Baby wipes | Baby diapers | Baby powder |
| Baby cream | Breast pumps | Infant feeding bottles |

| | | |
|----------------|----------------|---------------------|
| Exercise books | Pencils | Crayons |
| Erasers | Walking sticks | Musical instruments |

EXCISE DUTY

- ▶ The negative excise duty providing for a refund of 10% of the cost of an electric car up to a maximum of Rs.200,000 to an individual irrespective of its electric motor power or a company buying an electric vehicle of up to 180 kilowatt is extended to 30 June 2024.
- ▶ The excise duty scheme on motor vehicles of 55% rebate for a motor car of up to 1000 cc and 45% rebate on other vehicles is extended to 30 June 2024.
- ▶ As from 3 June 2023, the rates of duty increase as follows:

| Alcoholic product | Previous | New |
|---------------------------|----------|----------|
| Beer (per litre) | | |
| Up to 9 degrees | Rs.48 | Rs.52.80 |
| Above 9 degrees | Rs.66.65 | Rs.73.30 |
| Spirit cooler (per litre) | Rs.62.60 | Rs.68.85 |
| Fruit wine (per litre) | Rs.38.85 | Rs.42.75 |
| Made wine (per litre) | Rs.83.30 | Rs.91.65 |

| Alcoholic product | Previous | New |
|--|-------------|-------------|
| Wine of grapes (per litre) In bulk for bottling purposes | Rs.134 | Rs.147.40 |
| In bottle | Rs.234.75 | Rs.258.25 |
| Champagne (per litre) | Rs.1,118 | Rs.1,229.80 |
| Rum (per litre of absolute alcohol) | Rs.658.25 | Rs.724.10 |
| Cane spirits (per litre of absolute alcohol) | Rs.658.25 | Rs.724.1 |
| Whisky (per litre of absolute alcohol) | | |
| In bulk for bottling purposes | Rs.1,271.60 | Rs.1,398.75 |
| In bottle | Rs.2,032.80 | Rs.2,236.10 |
| Liqueur (per litre of absolute alcohol) | Rs.447.25 | Rs.492 |

| Tobacco product | Previous | New |
|---------------------------|-----------|-----------|
| Cigars (per kg) | Rs.21,373 | Rs.23,510 |
| Cigarillos (per thousand) | Rs.12,480 | Rs.13,728 |
| Cigarettes (per thousand) | Rs.6,188 | Rs.6,807 |

PROPERTY TAX

HOME OWNERSHIP AND HOME LOAN PAYMENT SCHEME

- ▶ The Home Ownership Scheme provides for 5% of the cost of a residential property purchased up to 30 June 2024 to be refunded up to a maximum of Rs.500,000 to the buyer.
- ▶ Payment under ‘vente en l’état futur d’achèvement’ (VEFA) until 30 June 2025 qualifies for the refund.
- ▶ A property reserved before 30 June 2024, but the deed of transfer is signed and registered by 30 June 2025 also qualifies for the refund.
- ▶ The Home Loan Payment Scheme provides for a refund of 5% of a secured housing loan contracted by 30 June 2024 up to a maximum of Rs.500,000.
- ▶ Loan disbursed until 30 June 2025 qualifies for the refund.

PASSENGER FEE

- ▶ As from 1 January 2024, the Passenger Fee will be increased as follows:

| Passengers | Passengers whose journey originally starts from Reunion, Madagascar, Seychelles or Comoros | | Other passengers | |
|--|--|--------|------------------|--------|
| | Current \$ | New \$ | Current \$ | New \$ |
| Children aged 2 and above but below 12 years | 7.5 | 13 | 17.5 | 30 |
| Passengers aged 12 years and above | 15 | 26 | 35 | 60 |

ADVERTISING STRUCTURE FEE

- ▶ As from 1 January 2024, the fee payable on an advertising structure, which ranges from Rs.5,000 to Rs.70,000 annually depending on its size, will decrease by half.

SOCIAL CONTRIBUTIONS AND BENEFITS

SELF EMPLOYED

- ▶ The deadline to submit his annual social contribution return will be in August instead of July and he will no longer be required to submit quarterly statement because of the annual submission.
- ▶ A self-employed or a private household employer who has already submitted monthly returns for part of the year will be allowed to submit a return covering the remaining months of the financial year.
- ▶ Penalties and interest on unpaid social contributions also apply to a self-employed.

RETIREMENT BENEFIT

- ▶ The definition will be amended to mean a social benefit of a monthly amount of:
 - Rs 1,000, payable for the period starting on 1 July 2022 and ending on 30 June 2023; and
 - Rs 1,000 or an amount exceeding Rs 1,000 up to Rs 4,500 as from 1 July 2023 and every subsequent month.

NATIONAL PENSIONS ACT

- ▶ The Act will be amended to allow accumulated fund from the National Pensions Fund to be transferred to Government and/or SICOM, in respect of an officer/insured person having worked in the private sector and is subsequently being redeployed in the public sector provided the Government has approved that his past service in the private sector be recognised as pensionable service.

PORTABLE RETIREMENT GRATUITY FUND

- ▶ The Workers' Rights Act will be amended to allow an employer who has contributed for a worker in a private pension scheme to pay the Portable Retirement Gratuity Fund (PRGF) contribution for any period that the worker was not covered by the private pension scheme.
- ▶ The provisions of the Act will be aligned with those of Financial Services Commission (FSC) to ensure that the employer is complying with the eligibility criteria of the PRGF prior to the submission of a certificate to the FSC, to facilitate conversion of the rate of contribution of a private pension scheme to the PRGF rate and to avoid double payment by taking into account any lump sum paid directly to the worker by the employer.
- ▶ Gratuity under the PRGF will now be paid to laid off workers who have attained the retirement age and having worked in insolvent companies.
- ▶ The PRGF calculation will be uniform for both full-time and part-time employees.
- ▶ Employers would not be required to submit an annual PRGF return where the information has already been provided monthly and the method for calculating surcharges on unpaid PRGF contribution will be reviewed to facilitate the recovery of any unpaid contributions.

TAX ADMINISTRATION

GENERAL

- ▶ There will be re-introduction of the Tax Arrears Payment Scheme (TASS) which will provide full waiver of penalties and interest where tax arrears, outstanding under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act, are paid in full by 31 March 2024. The taxpayer should apply to join the Scheme not later than 31 December 2023.
- ▶ The MRA will not recover tax owed by a cell of a protected cell company by having recourse to assets of other cells or non-cellular assets of the protected cell company. Likewise, each sub-fund or special purpose vehicle of a variable capital company will be treated as a separate entity for the purpose of recovery of tax.
- ▶ A virtual asset service provider and an issuer of initial token offerings will have to report annually to the MRA a transaction made by an individual, a société or succession exceeding Rs.250,000 or transactions exceeding in the aggregate Rs.2 million in a year. For a corporate, the threshold will be Rs.500,000 and Rs.4 million respectively.

INCOME TAX

- ▶ TDS at the rate of 3% will apply on payment of fees made by insurance companies to panel beaters and spray painters for repairs of motor vehicles of policy holders.
- ▶ Interior decorator and designer will be subject to TDS at the rate of 5%.
- ▶ TDS will not apply on fees paid to a Management Company and an Investment Adviser licensed by the FSC.

- ▶ Several provisions relating to the administration of the presumptive system of income tax will be fine-tuned.
- ▶ It will be clarified that the provisions of the Information and Communication Technologies Act and the Data Protection Act will not apply to information requested by the Director-General of the MRA under Section 123 of the Income Tax Act.

VALUE ADDED TAX

- ▶ A person who has voluntarily registered for VAT purposes will be allowed to take credit input tax as from date of his registration.
- ▶ The time to issue a VAT assessment will not exceed 4 years following the period in which the tax liability arose unless there is a fraudulent conduct.
- ▶ As a first phase of the e-invoicing project, MRA will launch a developer's portal to test the Electronic Billing Systems (EBS) supplied by vendors to ensure the EBS connect seamlessly with the MRA server and invoices generated are in a standard e-invoicing format.
- ▶ Presently, an event organiser is eligible to VAT refund in respect of accommodation costs incurred by visitors attending a qualifying event. In view of the cumbersome administrative process for refund, an event organiser will, henceforth, be exempted from payment of VAT in respect of accommodation costs for a qualifying event.
- ▶ One of the conditions to be satisfied for a person to be eligible to make an application for VAT refund on a residential building, house or apartment is that the covered area constructed should not exceed 1,800

square feet. Henceforth, the construction value should not exceed Rs.3 million.

- ▶ The list of equipment on which VAT is refunded to a planter/breeder under the VAT Refund Scheme will be extended to include for a planter: automatic irrigation controller, UV water filtration system, plant support mesh; and a breeder: cooling tank.
- ▶ A fisherman must, henceforth, register with the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping instead of the Fishermen Welfare Fund to be eligible to refund of VAT paid on specified equipment.
- ▶ To facilitate the refund of VAT to a person who is not in business, it will be mandatory for a VAT-registered entity to specify on its VAT invoice the name and address of that person if he requests it.

MAURITIUS REVENUE AUTHORITY ACT

- ▶ The process of recovery of tax debt by way of “contrainte” issued against a debtor will be fine-tuned.
- ▶ Police officers posted at the Legal Services Department of the MRA will be allowed to open an enquiry for offences relating to payment of CSG Income Allowance.
- ▶ The Director-General may enlist the services of a suitable expert in a technical field for the purpose of determining the tax liability of a person.
- ▶ Necessary legislative amendments will be brought to improve the current tax appeal procedures to make same more effective and efficient.

FINANCIAL ASSISTANCE TO SPECIFIED ENTERPRISES- SALARY COMPENSATION 2023

- ▶ The Income Tax Act will be amended to provide monthly financial assistance for payment of salary compensation 2023 of:
 - Rs 250 or Rs 500 per eligible employee of SME including an expatriate employee depending on the profitability of the enterprise;
 - Rs 300 per eligible employee of an Export Oriented Enterprise including an expatriate employee; and
 - Rs 500 per eligible employee of a large public bus operator including an expatriate employee.
- ▶ This assistance will be payable to an SME and an Export Oriented Enterprise during the period from January 2023 to June 2024, including a double payment in December 2023.
- ▶ For a large public bus operator, financial assistance will be provided during the period from January 2023 to December 2023, including a double payment in December 2023.

IMMIGRATION ACT AND NON-CITIZENS (PROPERTY RESTRICTION) ACT

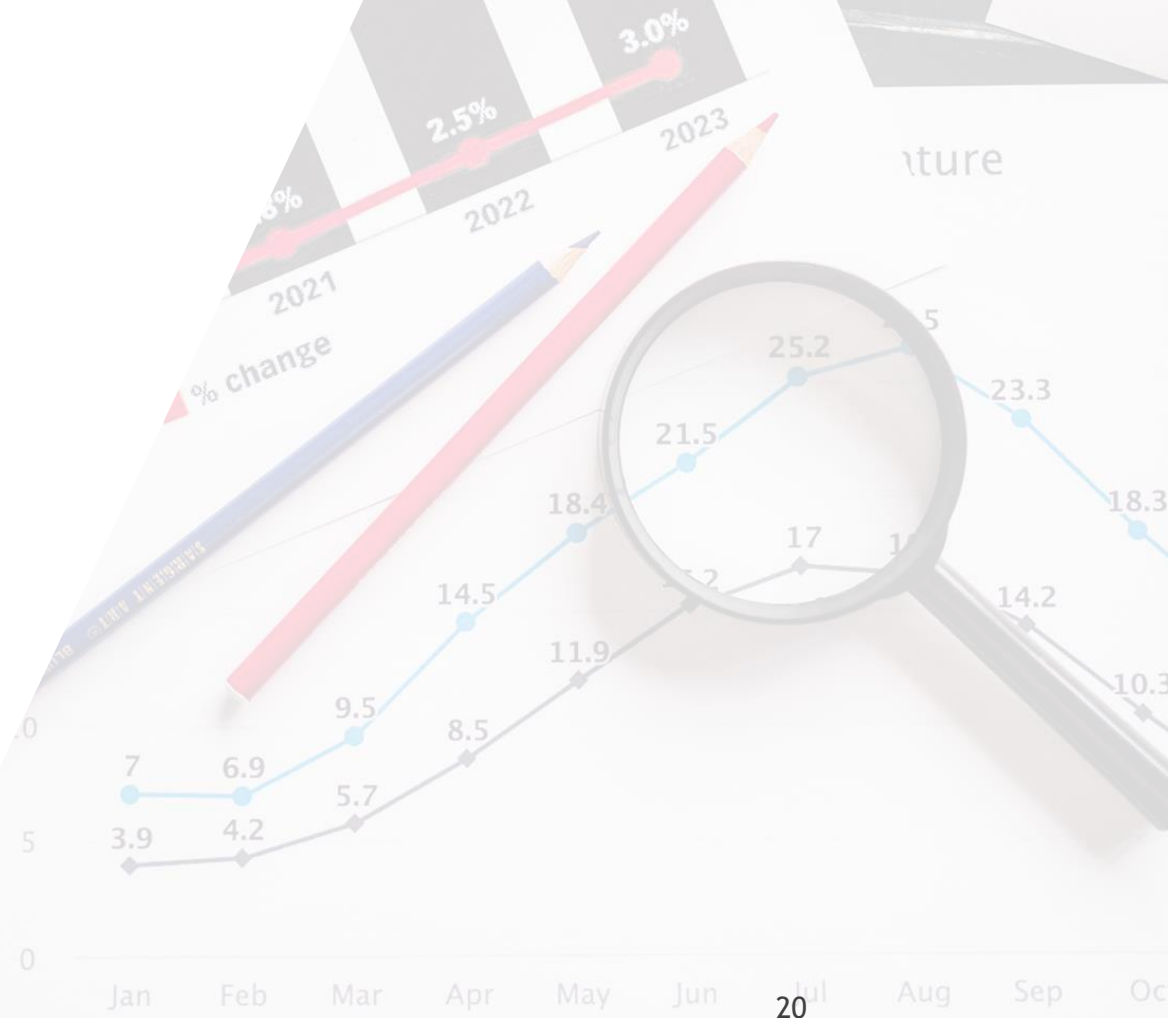
- ▶ Sale of Immovable Property Outside of Schemes to Resident Non-citizens
 - A resident non-citizen is allowed, upon application, to acquire residential property of a minimum of USD 350,000 outside of existing schemes subject to the payment of an additional registration duty of 10%. The minimum value of a residential property of USD 350,000 will be increased to USD 500,000.

UNIQUE IDENTIFICATION NUMBER

- ▶ The EDB, Corporate and Business Registration Department and the MRA will work towards the implementation of a unique identification number, which will be used across all government agencies, for each business and company.

COMPANIES ACT

- ▶ The Companies Act will be amended to:
 - clarify that service address of a company has to be in Mauritius;
 - establish a time limit of one month from the date of resignation or death of the last remaining director, for shareholders of a company to appoint new directors, failing which the Registrar of Companies will remove that company from the Register;
 - require a company to send its annual report to shareholders at least 21 days, instead of 14 days, prior to the annual meeting;
 - enable a company to send its annual report and financial statements electronically coupled with a right for shareholders to request for a hard copy of the documents; and
 - provide that a meeting of shareholders and voting may be done in such manner as the Registrar of Companies may approve.



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