



BUDGET BRIEF 2022 - 23

THE MAGIC OF
PERCENTAGES

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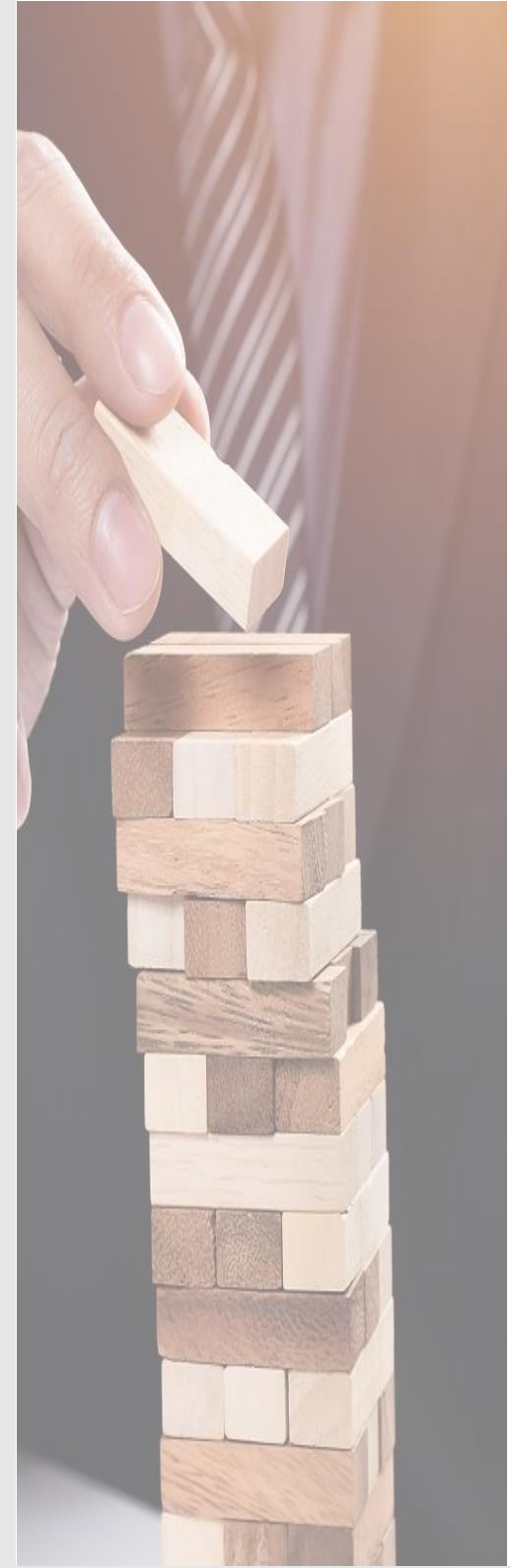
EDITORIAL

THE MAGIC OF PERCENTAGES

Quite cleverly, the Minister of Finance has, in his two hour-long speech, managed to mention by name some 20-plus localities that will benefit from an improved drainage system. This will not have fallen on the deaf ears of the persons concerned. Nor will municipal ratepayers forget that their family home will be exempted in future. Likewise, throughout the various strata of the population, there must have been smiles and cheers as the Minister unveiled all the allowances and subsidies he could afford to offer to the population at large, but with the exception of cigarette smokers.

Quite cleverly again, the Minister had, very early in his speech, stressed the fact that the public debt was to fall from 96.1 % of GDP at the end of June 2021 to 87.4% at the end of this month. An estimate of 78% of GDP is expected at the end of June 2023. This is not surprising: GDP is increasing at a relatively high rate as the economy gets going again after the closures due to the pandemic. So far so good, but one must guard against the magic of percentages, the size of the public debt must be kept in mind, since in the final analysis, its magnitude will have a bearing on debt service and, to the extent of its denomination in foreign currency, on the balance of payments.

In other words, while at first sight, this budget gives an overall impression of widespread generosity easily achieved, it bears possible consequences for the future, should the local economy have to continue facing up to the shocks encountered since 2020 and which are not abating, particularly due to the war in Ukraine and Russia.



EDITORIAL

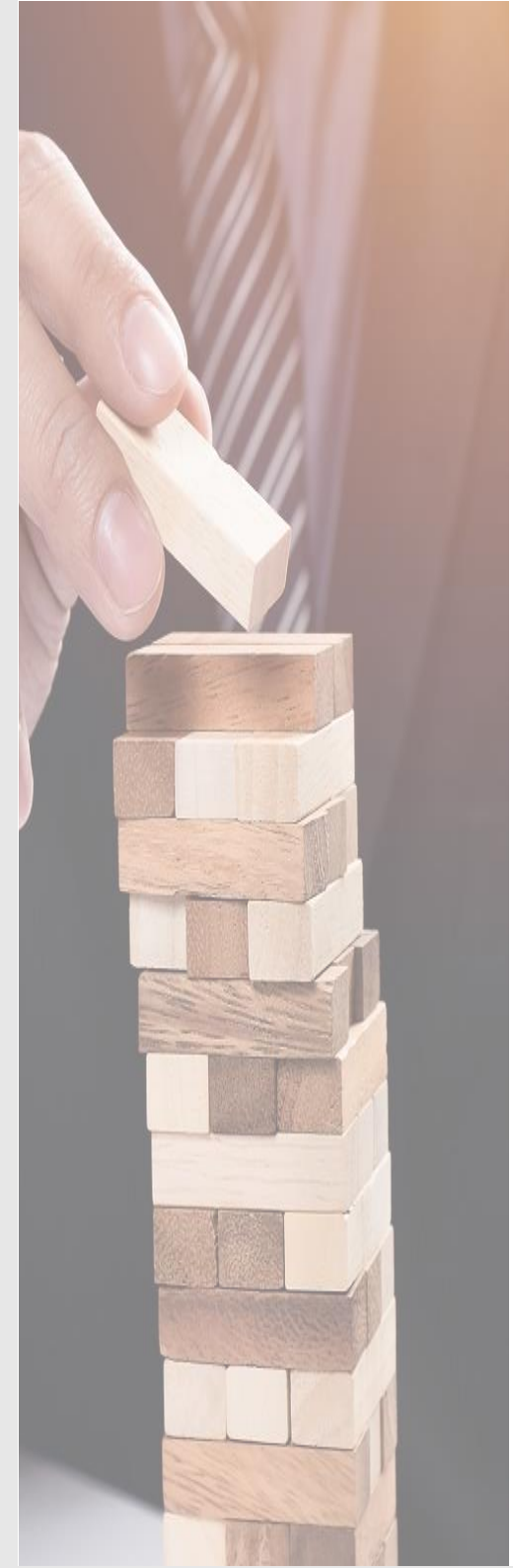
The Minister has insisted that, overall, the totality of his budget proposals constitute an investment and not a cost. Let us hope that this investment will indeed yield the fruits envisioned by the Minister, failing which we run the risks of having a finger pointed at us by the upcoming taxpayers when they are faced with heavy public debt bills.

Still in the mode of investments, let us hope that the emphasis placed on agriculture (crops, livestock and fishing) will yield substantial results and that the incentives for a higher birth rate will bear fruits. In fine, this country will progress, only through the efforts of its economically active population.

More than ever, sound and long term prosperity can only be achieved through the deployment of one's own capabilities as an individual and as a nation.

Pierre Dinan

Guest writer

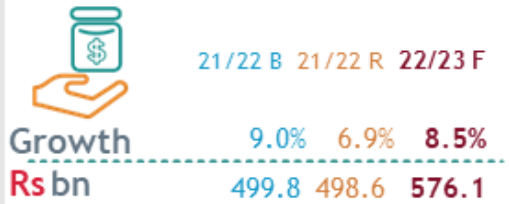


ECONOMY AT A GLANCE

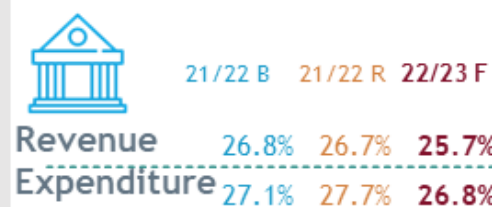
Economy at a glance

With the people, for the people

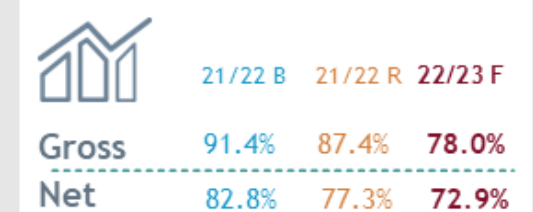
Gross Domestic Product



Public Finance *as a % GDP*

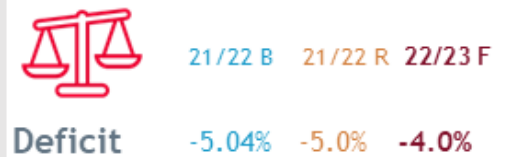


Public Debt *as a % GDP*



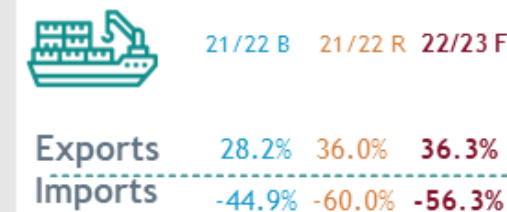
Corporate tax

Budget Balance *as a % GDP*



Personal taxation

External Trade *as a % GDP*



VAT and other duties

International Reserves



Other budgetary measures

B BUDGETED **R** REALISED **F** FORECAST

Growth rate at constant market prices | GDP value at current market prices
bn: billion | m: million

WITH THE PEOPLE, FOR THE PEOPLE

STRENGTHENING ECONOMIC GROWTH AND RESILIENCE TO FUTURE SHOCKS

Economy at a glance

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FRUITS AND VEGETABLES

- ▶ Rs 3bn to farmers, planters, breeders, and fishers to achieve objectives of food security.
- ▶ Improve self-sufficiency and food security.
- ▶ Grant of 50%, up to Rs 500,000, to purchase sheltered farm for hydroponics.
- ▶ Subsidy on onion, potato, garlic and bean seeds sold by Agricultural Marketing Board (AMB) increased from 50 % to 75%.
- ▶ Introduction of new minimum guaranteed price of:
 - Rs 33,000 per tonne for onions,
 - Rs 38,000 per tonne for potatoes,
 - Rs 50,000 per tonne for beans.
- ▶ New “Crop Replantation Fund” by Development Bank of Mauritius (DBM) at a rate of 2.5% for abandoned land.
- ▶ DBM to invest in 2 food security clusters for Rs 200m each.
- ▶ Grant of 50% up to Rs 500,000, for setting up of fruit ripening facilities.
- ▶ Grant of Rs 100,000 for procurement of planting materials.

TEA SECTOR

- ▶ Winter allowance increased from Rs 1.50 to Rs 2.00 per kg of tea leaves.
- ▶ Rs 6m to improve infrastructure in tea plantations at Nouvelle France, Grand Bois and Bois Cheri.

APICULTURE

- ▶ Subsidy of Rs 500 per Bee queen provided to beekeepers up to 10 queens.
- ▶ Grant of Rs 150,000 per beekeeper to secure Bee keeping zones.



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SUGAR SECTOR

- ▶ Planters producing up to 60 tons of sugar for Crop 2022 to benefit from:
 - Guaranteed price of Rs 25,000 per ton of sugar.
 - Waive CESS.
- ▶ Grant under Cane Replantation Scheme increased by 43% from Rs 35,000 to Rs 50,000 per arpent.
- ▶ “Cane Replantation Revolving Fund” introduced by DBM to provide loans at rate of 2.5%.

OTHER MEASURES FOR PLANTERS

- ▶ Rs 75m to registered planters to cover 50 % cost of fertilisers.
- ▶ Subsidy of 75% provided on purchase of liquid fertilisers, bio-fertilisers and composts produced by cooperatives.
- ▶ Subsidy of 50% up to Rs 500,000 to planters and cooperatives, on purchase of composts equipment.
- ▶ Introduction of micro propagation and seed production scheme for seed producers to benefit from grant of 50 % of their cost up to Rs 500,000.
- ▶ Agri-Transformation programme financed by preferential lease of 2.5% to Cooperatives for purchase of mini-tractors.
- ▶ Leasing facilities of Rs 25m with an interest rate of 3.5% p.a.

LIVESTOCK SECTOR

- ▶ DBM to invest Rs 200m in 5 Livestock zones.
- ▶ Subsidy on animal feed increased to Rs 10 per kg.
- ▶ Grant of Rs 15,000 provided to breeders to purchase young calves.
- ▶ Rs 100,000 provided to cooperatives to purchase cows and build cow sheds.
- ▶ Subsidy of 30% on purchase of equipment for production of locally produced pasteurized milk.
- ▶ Rs 5m provided to pig breeders for extension of artificial insemination facilities.



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BLUE ECONOMY AND FISHERIES

- ▶ Grant for acquisition of fishing vessels by registered cooperatives increased from Rs 4m to Rs 6m.
- ▶ Registered cooperatives to benefit from leasing facilities by IFCM Ltd.
- ▶ Introduction of concession framework to allow in-lagoon pearl oyster and algae culture.
- ▶ Rs 5,000 per fisher provided for purchase of materials to construct fish traps.
- ▶ Bad Weather Allowance for fishers increased from Rs 475 to Rs 575.

MANUFACTURING

- ▶ Virtual Exhibition Platform for locally manufactured goods at the Economic Development Board (EDB) will be operational as from October 2022.
- ▶ A “Semaine de l’Industrie Locale” will be organised to promote the “savoir-faire” of Mauritian enterprises.
- ▶ Freight Rebate Scheme (FRS) and Trade Promotion and Marketing Scheme (TPMS) will be extended up to June 2023.
- ▶ SMEs will benefit from Freight Rebate Scheme on South African market.
- ▶ Exporting agents of locally manufactured products will also be eligible to Trade Promotion and Marketing Scheme (TPMS).
- ▶ 50% reduction in port charges on exports.
- ▶ SME International Fairs Refund Scheme will be opened to freeport operators.
- ▶ Support industries in exporting to region by chartering two regional feeder vessels.
- ▶ Phase 1 “La Route de l’Inde” will start in September 2022 and service South Asian route including India, Sri Lanka and Seychelles.
- ▶ Phase 2 “La Route de l’Afrique Orientale” will be launched in November 2022 and service Eastern African countries notably Madagascar, Tanzania and Kenya.
- ▶ Setting up of pharmaceutical manufacturing plants.



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CONSTRUCTION

- ▶ Private sector investment pipeline of more than Rs 200bn under facilitation by EDB.
- ▶ To improve competitiveness of local construction companies:
 - Public contracts below Rs 20m will be reserved for small contractors.
 - Margin of preference for local contractors will be reinstated.
 - DBM will offer a loan of up to Rs 25m at an interest rate of 3.5% p.a.
 - Introduction of a Transit Oriented Scheme (TOS) to create vibrant, walkable and mixed-use areas within a radius of 100 m of metro stations. Under the Scheme, property developers will be exempted from payment of registration duty on lease or acquisition of land to develop an approved project.

TOURISM

- ▶ Mauritius Tourism Promotion Authority marketing budget increased to Rs 400m.
- ▶ 50% rent waiver is being extended up to June 2023.
- ▶ 10-year blueprint for Tourism Sector will be prepared.

FINANCIAL SERVICES

- ▶ Bank of Mauritius (BOM) together with the Bank of China will launch a regional Renminbi Clearing Centre.
- ▶ BOM will collaborate with National Payments Corporation of India for issuance of 'RuPay' cards and Indian QR Code in Mauritius.
- ▶ Financial Services Commission to revamp framework for Re-Insurance companies to set up operations in Mauritius.
- ▶ Legislative framework will be adapted to converge domestic and global business regime.
- ▶ BOM to issue a 5-Year Emerald Jubilee Bond at 4% p.a.
- ▶ The requirement for high-net worth individuals and families will be reviewed to a minimum portfolio of USD 5m per management family office.
- ▶ Holders of Global Headquarters Administration licence will be provided work and residence permits for 5 executives and the latter's dependents.



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ICT

Economy at a glance

With the people, for the people

- ▶ Digital Industries Academy (DIA) to provide training to 1,000 individuals in Data Communications, 5G, Cloud Computing, Artificial Intelligence and Cyber-Security as from July 2022.
- ▶ DIA will partner with telco providers, banks and international players to provide mentoring and financing to 50 incubatees.
- ▶ Rs 15m to ensure continuous access to government e-services.

SMALL AND MEDIUM ENTERPRISES

Corporate tax

Personal taxation

- ▶ Enterprises to benefit from improved access to government support programmes, and financing by reviewing the definition of SMEs:
 - Companies with turnover of up to Rs 100m will be categorised as SMEs instead of Rs 50m.
 - A Mid-Market Enterprise with turnover up to Rs 250m will be included as a new category under SME Act.
- ▶ DBM will extend SME interest free loan scheme and Covid-19 Special Support Scheme up to June 2023.
- ▶ DBM is allocating Rs 5bn to support SMEs, Mid-Market Enterprises and entrepreneurs.
- ▶ Mauritius Investment Corporation to set up Venture Capital Fund of Rs 5bn targeting SMEs and Mid-Market Enterprises.
- ▶ For co-operative sector, 50% grant up to Rs 500,000 for purchase of recycling equipment and transportation vehicle from local supplier.

VAT and other duties

Other budgetary measures

DOING BUSINESS

- ▶ No cost to start a business and incorporate a company in Mauritius.
- ▶ Bank account to be opened within 1 week for individual or business.
- ▶ Streamlining of licenses and permits in construction, tourism, healthcare and logistics sectors.
- ▶ Introduce a Business Regulatory Reform Bill as an apex legislation on business facilitation.
- ▶ Holders of Residence Permits may acquire a residential property of a minimum of USD 350,000 outside existing schemes, subject to a 10% contribution made to Solidarity Fund.



WITH THE PEOPLE, FOR THE PEOPLE

- ▶ EDB will organise first edition of the Mauritius International Silver Economy Festival.
- ▶ Increase monthly stipend to:
 - Rs 8,000 for those under National Apprenticeship Programme and National Skills Development Programme; and
 - Rs 10,000 for Graduate Training for Employment scheme.
- ▶ A Work Permit Committee will be set up to expedite the issuance of work permits.

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SUSTAINABLE AND INCLUSIVE DEVELOPMENT

Cleaner, greener renewal energy

- ▶ An additional 435 MW is required to achieve our target of 60% energy from renewable sources by 2030.
- ▶ Loan of up to Rs 250,000 by DBM to domestic consumers at 2% p.a to finance the acquisition of solar PV systems.
- ▶ Individuals and companies will be allowed to generate renewable energy up to a maximum of 150% of their annual requirement.
- ▶ CEB will purchase electricity under Medium Scale Distributed Generation Scheme (MSDG) at a feed-in tariff of Rs 4.20 per Kw/h.
- ▶ Rental fee for production meters of Renewable Energy Schemes waived.

Carbon neutral industrial sector

- ▶ Agreed feed-in electricity tariff of Rs 4.20 for industrial users.
- ▶ Carbon Neutral Loan Scheme by Industrial Finance Corporation of Mauritius (IFCM) at 3% p.a. over 7 years.
- ▶ Production of additional 200MW of renewable energy by 2025 generating a minimum of Rs 20bn of investment over the following 3 years.



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Accelerating the Land transport electric vehicles transition

- ▶ Reduce dependence on import of petroleum products.
- ▶ Metro Express will be fully operational by end of this year on the two routes: Port Louis - Curepipe and Rose Hill - Redit.
- ▶ Implementation of Photovoltaic farms by Metro Express.
- ▶ IFCM leasing facilities at 3% p.a. over 10 years made available to transport operators to acquire electric vehicles and charging infrastructure.
- ▶ National Transport Corporation to acquire 200 electric buses.
- ▶ Renewal of fleet by electric vehicles - IFCM leasing available at 3.5% p.a.

Sustainable City Scheme

- ▶ Introduction of a Sustainable City Scheme to develop a new concept of sustainable living.
- ▶ Sustainability implementation roadmap comprises of:
 - Preparation of a Carbon Credit trading framework.
 - Development of an Environmental, Social and Corporate Governance (ESG) framework.
 - Issuance of inaugural Sustainable Bond.

INVESTING IN PEOPLE

Making essential products accessible

- ▶ Retail price of “pain maison” maintained at Rs 2.60.
- ▶ Provision of Rs 1.4bn for a subsidy of Rs 591.25 on a pack of 25 kg of flour to bakers.
- ▶ Budget of Rs 2bn to maintain the price of 12kg cylinder of cooking gas at Rs 240 instead of Rs 680.
- ▶ Allocation of Rs 370m to maintain the price of rice at Rs 10.80.
- ▶ Budget of Rs 500m to the STC for the supply of essential products such as milk, edible oil and pulses at a subsidised rate.
- ▶ Introduction of price control on pasta, wheat cereal, infant food and baby and adult diapers.
- ▶ Reduced margin for pharmaceutical products.



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Employment

- ▶ Monthly “Prime à l’Emploi” of Rs 15,000 for the first year of employment of 10,000 youths aged between 18-35 years and women up to 50 years.
- ▶ Provision of Rs 500m for the recruitment of 2,000 employees at Mauri-Facilities Ltd for cleaning services.

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OTHER MEASURES

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Risk & disaster management

- ▶ Rs 3.8bn allocated to National Flood Management Programme.
- ▶ Rs 1bn allocated for clean up and rehabilitation of beaches, lagoons and coral reefs.
- ▶ Rs 400m allocated to landslide and rehabilitation works.
- ▶ Promote locally manufactured products from recycled materials
- ▶ Over next 3 years, Rs 90m allocated for purchase of oil spill combat equipment.



Infrastructure & Water

- ▶ Budget of Rs 2.6bn over the next financial year to implement major road construction works (flyovers, bypasses and link roads).
- ▶ Rs 1bn for water distribution projects.
- ▶ Budget of Rs 100m for the construction of Rivière des Anguilles Dam and upgrade of La Ferme Reservoir.
- ▶ Rs 100m for water tanks and water pumps to additional 12,500 households.



Housing & home ownership

- ▶ Complete construction of 12,000 houses by 2024.
- ▶ NHDC to deliver 485 housing units at Wooton and Mare d'Albert by June 2023 and further construction of 1,273 units at Mon Gout, Malherbes and La Valette.
- ▶ Home ownership scheme extended to June 2023.

Education & Skills

- ▶ Rs 18.3bn to support free education at all levels.
- ▶ Grants to schools run by NGOs:
 - Rs 100,000 - repairs and renovation of buildings
 - Rs 50,000 - purchase of equipment and other materials
- ▶ Grant to NGOs/SeDEC run Special Education Needs (SEN) schools increased to Rs 155m.



Health & wellness

- ▶ Budget increased from Rs 13.1bn to Rs 14.7bn, including mainly Rs 2.5bn for modernizing of health infrastructure
- ▶ Rs 870m - New Cancer centre; Rs 440m - completion of New Flacq hospital; Rs 200m - upgrade of Neo Natal ICU at Jawarharlal Nehru Hospital; Rs 192m - New Eye Hospital; Rs 325m for acquisition of high-tech medical equipment.



Arts & Culture

- ▶ An Artist Incubator Scheme to nurture emerging talents.
- ▶ Rs 20m to set up of a National Arts Centre.
- ▶ Centre de Formation Artistique will be revamped.
- ▶ First edition of the Mauritius Arts Expo will be organised this year.
- ▶ New state of the art racecourse and entertainment project at Cote d'Or under a PPP framework.



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OTHER MEASURES

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Community development, sports & recreation

- ▶ Rs 1.4bn for constructing and upgrading of community development facilities.
- ▶ Rs 50m for preparing athletes and the organization of the CJSOI Games; Rs 30m for preparing athletes for regional and international competitions; Rs 50m to sports federation to prepare athletes for high level games.
- ▶ Rs 55m to upgrade 8 youth centres.



Public service & governance

- ▶ Recruitment of 8,353 new public officers in the current financial year.
- ▶ Modernization of Public Sector Accounting - adoption of International Public Sector Accounting Standards (IPSAS).
- ▶ Performance improvement plans by the Office of Public Sector Governance (OPSG)
- ▶ Set up of Central Debtors Management Unit



Law & Order

- ▶ Budget of Rs 10.9bn to the Police Force.
- ▶ Allocation of Rs 15m for the implementation of e-passports and e-gates to enhance border security.
- ▶ Construction of Mauritius Disciplined Forces Academy.

Social security

- ▶ Rise of allowances to beneficiaries under the Social Register of Mauritius (SRM).
- ▶ Increase of benefits under social aid.
- ▶ Rs 1.1 bn support by the National Social Inclusion Foundation (NSIF) to NGO programmes and projects.
- ▶ Increase in basic pensions (retirement, widow, orphan).
- ▶ Review of tax bands.

Gender

- ▶ Skills development programme to enhance employability of residents of shelters aged between 16 to 18 years.
- ▶ One-off cash grant of Rs 500,000 for upgrading of creches maintained.
- ▶ Introduction of National Adoption Bill to provide a legal framework for both local and foreign adoption of children.

Rodrigues & Outer Islands

- ▶ Overall budget of Rs 6.8bn for Rodrigues and Outer Islands for several projects such as completion of Technology Park, construction of track roads, implementation of environmental projects and improvement of water supply.
- ▶ 20% rebate on cost of freight between Mauritius and Rodrigues maintained and extended to Agalega.



CORPORATE TAX

8-YEAR TAX HOLIDAY

- ▶ Developers operating on a plot of land exceeding 2 arpents for innovative agricultural practices under the Integrated Modern Agricultural Morcellement Scheme.
- ▶ Planters engaged in sustainable agricultural practices registered with the Economic Development Board.
- ▶ Newly set up freeport operators or developers making an investment of at least Rs.50 million will be granted an 8-year tax holiday provided they:
 1. start their operations on or after 1 July 2022 and
 2. conform to substance requirements set by the OECD.

TRANSIT ORIENTED SCHEME

- ▶ Property developers will be able to claim accelerated annual allowance on green technology equipment.

MINIMUM TOP-UP TAX

- ▶ A domestic minimum top-up tax will be introduced to ensure that resident companies of large multinational enterprise groups are subject to tax at a minimum rate of 15%.

PREMIUM VISA SCHEME

- ▶ A foreign company which is the employer of an employee holding a Premium Visa will not be subject to corporate tax in respect of the income derived through the employee's duties.

SMALL AND MEDIUM ENTERPRISES

- ▶ All companies with a turnover of up to Rs.100 million will now be considered as SMEs instead of the current Rs.50 million threshold. The definition of SMEs will be amended as follows:
 1. Micro Enterprise from a turnover of Rs.2 million to Rs.10 million
 2. Small Enterprise from a turnover of above Rs.10 million and up to Rs.30 million
 3. Medium Enterprise from a turnover above Rs.30 million and up to Rs.100 million
- ▶ Penalties for late submission of income tax return and payment of income tax during 2020 and 2021 and still outstanding at 25 March 2022 will be waived.

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CORPORATE TAX

- ▶ Angel investors providing seed equity financing to SMEs will get a tax allowance on their investment.

PROCUREMENT FROM SMALL ENTERPRISES

- ▶ Large manufacturers having an annual turnover exceeding Rs.100 million will now be granted an additional deduction of 25% of the amount incurred to purchase locally manufactured products from a small enterprise instead of the current deduction of 10%.

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PERSONAL TAXATION

TAX RATES

- ▶ For fiscal year ended 30 June 2023, an individual earning annual net income:
 1. of up to Rs.700,000 will be subject to a tax rate of 10%.
 2. between Rs.700,001 and Rs.975,000, will be taxed at 12.5%. The tax reduction will be between Rs.17,500 and Rs.24,375.
 3. above Rs.975,000 will be taxed at 15% and subject to solidarity levy, if applicable.

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SOLIDARITY LEVY

- ▶ An individual liable to the Solidarity Levy and deriving pension or director's fees will be given the option to request the person deducting tax under PAYE to also do so for the Solidarity Levy at the rate of 10%.

EXEMPTIONS AND RELIEFS

- ▶ Deduction for dependent who is bedridden next of kin
A taxpayer can now claim his/her spouse as a bedridden next of kin even if a financial assistance is provided under the National Pensions Act.
- ▶ Exempt income
The maximum allowable deduction for petrol and travelling allowance paid to an employee using his private car for the performance of his duties will be increased from Rs.11,500 to Rs.20,000.



PERSONAL TAXATION

▶ The following exemptions and reliefs will increase as follows:

| | From | To | |
|---------------------------------|---|------------|------------|
| Economy at a glance | Income exemption for a child pursuing tertiary education for undergraduate and postgraduate courses | | |
| | In Mauritius | Rs.225,000 | Rs.500,000 |
| With the people, for the people | Overseas | | |
| | | Rs.225,000 | Rs.500,000 |
| Corporate tax | Medical Insurance relief | | |
| | Self | Rs.20,000 | Rs.25,000 |
| | First dependent | Rs.20,000 | Rs.25,000 |
| | Second, third and fourth dependent | Rs.15,000 | Rs.20,000 |
| | Donation to approved charitable NGOs or religious bodies (maximum) | Rs.30,000 | Rs.50,000 |
| Personal taxation | Contribution to a personal pension scheme | | |
| | | Rs.30,000 | Rs.50,000 |

SOCIAL CONTRIBUTION AND SOCIAL BENEFITS ACT

- ▶ A self-employed individual may opt to pay the social contribution monthly or for a full year in advance.
- ▶ A self-employed individual opting to make an annual return need not submit a quarterly statement.
- ▶ A private household employer may choose to pay either on a monthly or yearly basis.
- ▶ A foreign employer of an employee holding a premium visa does not have to pay the social contribution.
- ▶ An individual suffering from a disability between 40% and 59% will be entitled to a monthly Disability Allowance of Rs.2,500.



VAT AND OTHER DUTIES

VAT REFUND

- ▶ VAT will be refunded under the Meetings, Incentives, Conferences and Exhibitions (MICE) Scheme provided there is a minimum of 50 participants in the event.

EXEMPTION FROM VAT

- ▶ Cars, spare parts and automobilia imported for purpose of exhibition in a motor museum.

PROPERTY TAX

HOME OWNERSHIP AND HOME LOAN PAYMENT SCHEME

- ▶ They are extended by another year to 30 June 2023.
- ▶ The categories of beneficiaries and types of immovable properties will be increased.

VRS SCHEME

- ▶ VRS property transferred to the heirs of a deceased beneficiary is exempt from duty and tax effective as from 1 July 2016.

SHARE BUYBACK

- ▶ Registration duty and land transfer tax will be payable on a share buyback by a company owning immovable property.

INTEGRATED MODERN AGRICULTURAL MORCELLEMENT SCHEME

- ▶ Developers operating on a plot of land exceeding 2 arpents will benefit from:
 1. Exemption from payment of registration duty.
 2. Exemption from payment of land conversion tax upon conversion of up to 15% of that land for residential or commercial use.

TRANSIT ORIENTED SCHEME

- ▶ Property developers will be exempted from payment of registration duty on lease or acquisition of land to develop an approved project.

Economy at a glance

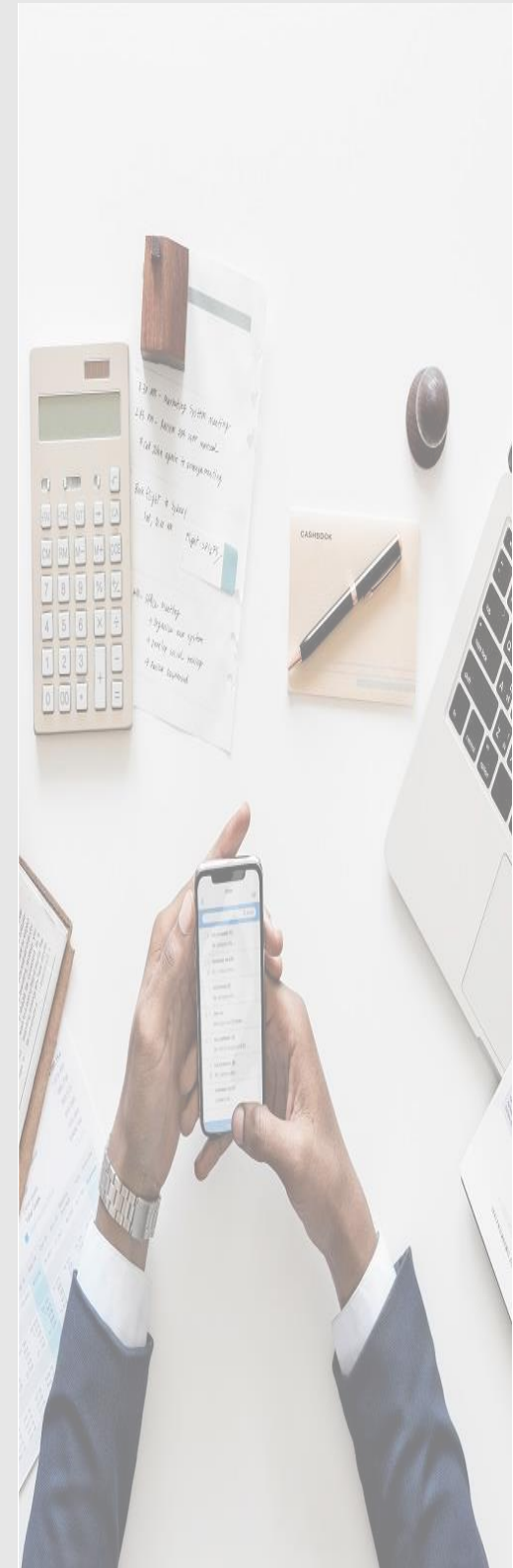
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VAT AND OTHER DUTIES

CUSTOMS AND EXCISE DUTY

EXCISE DUTY

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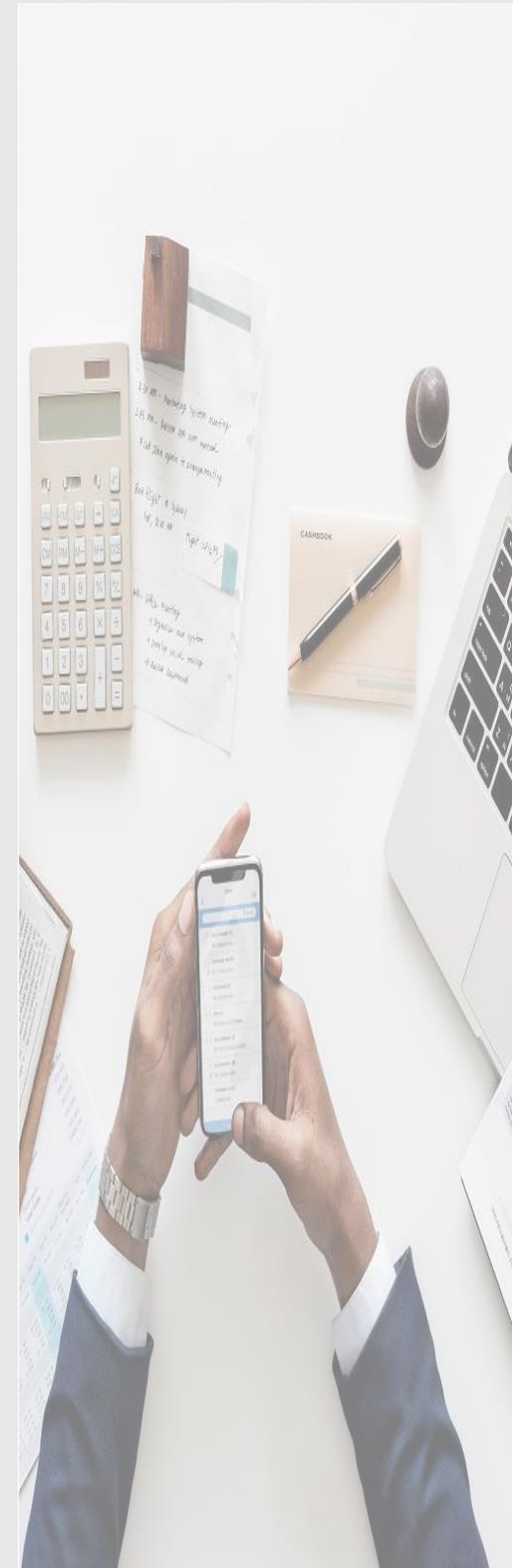
Personal taxation

VAT and other duties

Other budgetary measures

- ▶ All hybrid and electric vehicles will be duty-free as from 1 July 2022.
- ▶ A negative excise duty scheme of 10% up to a maximum of Rs.200,000 will apply to individuals buying electric vehicles.
- ▶ The excise duty scheme on motor vehicles of 40% rebate for a motor car of up to 1000 cc and 30% rebate on other vehicles will be extended to 30 June 2023.
- ▶ No duty on cars, spare parts and automobilia imported for exhibition in a motor museum.
- ▶ Duty will apply on all cans containing beverages.
- ▶ 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 2025.
- ▶ As from 8 June 2022, the rates of duty increase as follows:

| Alcoholic product | Previous | New |
|-------------------------------|-------------|-----------|
| Beer (per litre) | | |
| Up to 9 degrees | Rs.43.60 | Rs.48 |
| Above 9 degrees | Rs.60.60 | Rs.66.65 |
| Spirit cooler (per litre) | Rs.56.90 | Rs.62.60 |
| Fruit wine (per litre) | Rs.35.30 | Rs.38.85 |
| Made wine (per litre) | Rs.75.70 | Rs.83.30 |
| Wine of grapes (per litre) | | |
| In bulk for bottling purposes | Rs.121.70 | Rs.134 |
| In bottle | Rs.213.40 | Rs.234.75 |
| Champagne (per litre) | Rs.1,016.40 | Rs.1,118 |



VAT AND OTHER DUTIES

Economy at a glance

| Alcoholic product | Previous | New |
|--|-----------|-------------|
| Rum (per litre of absolute alcohol) | Rs.598.40 | Rs.658.25 |
| Cane spirits (per litre of absolute alcohol) | Rs.598.40 | Rs.658.25 |
| Whisky (per litre of absolute alcohol) | | |
| In bulk for bottling purposes | Rs.1,156 | Rs.1,271.60 |
| In bottle | Rs.1,848 | Rs.2,032.80 |
| Liqueur (per litre of absolute alcohol) | Rs.406.60 | Rs.447.25 |

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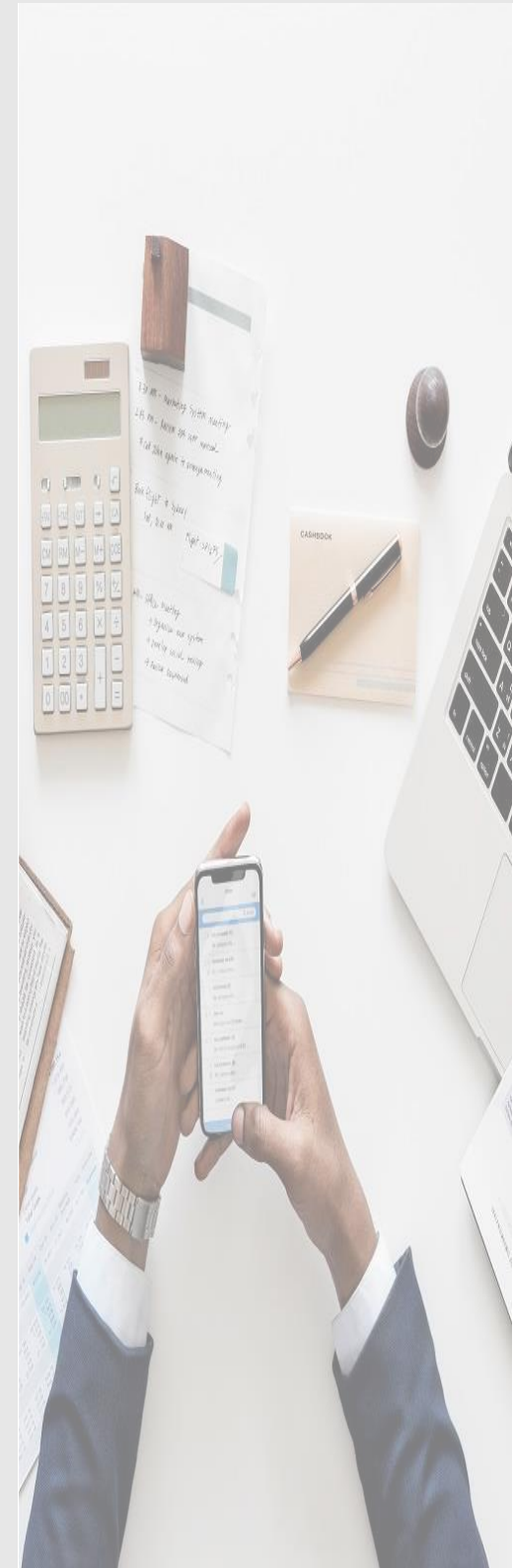
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| Tobacco product | Previous | New |
|---------------------------|-----------|-----------|
| Cigars (per kg) | Rs.19,430 | Rs.21,373 |
| Cigarillos (per thousand) | Rs.11,345 | Rs.12,480 |
| Cigarettes (per thousand) | Rs.5,625 | Rs.6,188 |



OTHER BUDGETARY MEASURES

TAX ADMINISTRATION

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GENERAL

- ▶ The Tax Arrears Settlement Scheme for full waiver of penalties and interest for taxes outstanding under the Income Tax Act, Value Added Tax Act and Gambling Regulatory Authority Act is extended to 31 December 2022. The outstanding tax should be paid in full by 31 March 2023.
- ▶ To speed up determination of cases at ARC level, amendments will be brought to allow one mediation meeting to be held if the Chairperson or the Vice-Chairperson is of the view that some or all of the issues of a case can be resolved through mediation, subject to agreement from both parties.
- ▶ The Alternative Tax Dispute Resolution (ATDR) panel set up at the MRA to expedite tax appeal cases can now deal with cases where the tax in dispute exceeds Rs.5m whereas previously the threshold was Rs.10m.

INCOME TAX

- ▶ The rate of tax deduction at source (TDS) on services provided by professionals will be at 5% instead of 3%.
- ▶ The rate of TDS on rent paid by a company will be increased from 5% to 7.5%.
- ▶ Consultancy services, security services, cleaning services, pest management services and fees paid by insurance companies to motor surveyors and mechanics for repairs of motor vehicles of policy holders will be subject to TDS at the rate of 3%.
- ▶ Regulations will be made to cover internationally agreed policies to address the tax challenges arising from the digitalisation of the economy.
- ▶ The publication of names of companies which have not submitted their returns can now be done on the website of MRA instead of newspapers and the notification to the company pertaining to the publication may also be made electronically.



OTHER BUDGETARY MEASURES

VALUE ADDED TAX

Economy at a glance

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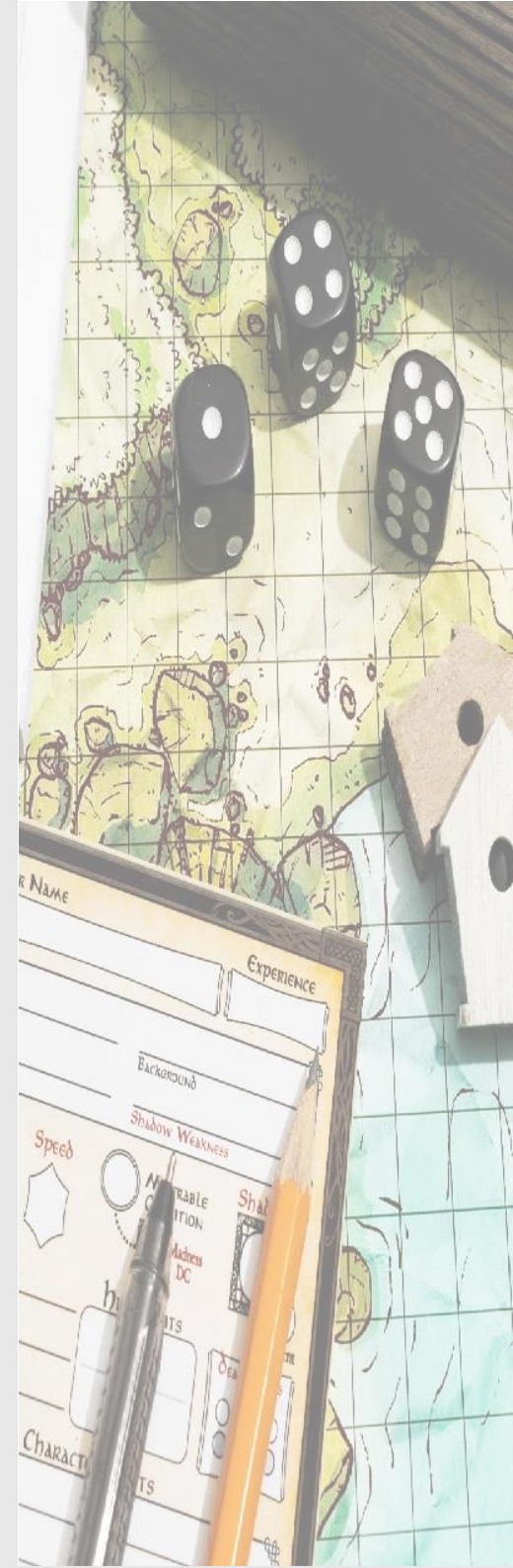
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- ▶ Where a person is required to be registered for VAT but fails to do so, the MRA will be empowered to compulsorily register him.
- ▶ A list of all VAT registered persons will be available on the website of MRA to avoid fraudulent practices.
- ▶ Where a taxable person fails to submit a VAT return for a particular period, 3 months after its due date, the name and address of the taxable person and his directors and the relevant period concerned will be published electronically after notification.
- ▶ At objection level, where an aggrieved person fails to submit information, books and records requested by MRA within the required time frame, the MRA may determine that the objection has lapsed. Where an appeal is then made on this matter to the ARC, these information, books and records will not be allowed to be submitted before the Committee.
- ▶ To be eligible to make an application for VAT refund on a residential building, house or apartment, the covered area constructed should not exceed 1,800 square feet.
- ▶ A phase-wise implementation of VAT e-invoicing system will be introduced by the MRA by December 2022.
- ▶ Where goods which are received under consignment or on a sale or return basis are sold in the name of a VAT-registered person acting as an agent for a principal, VAT should be charged by the agent on the selling price of the goods.
- ▶ To enhance VAT compliance, Ministries, Government departments, local authorities, statutory bodies and Rodrigues Regional Assembly will remit a percentage of VAT to be paid directly to the MRA on contracts exceeding a specified threshold for the procurement of goods and services. Any necessary adjustments regarding input and output VAT will be made by the VAT registered contractors in their returns.



OTHER BUDGETARY MEASURES

CUSTOMS DUTY

- ▶ Duty is no longer payable on goods purchased by a departing citizen of Mauritius under the Deferred Duty and Tax Scheme where they are reimported within 6 months.
- ▶ Payment under electronic payment instruction should be done within 3 working days.
- ▶ Objection to a decision of MRA Customs will be done electronically in an approved form.
- ▶ Penalty of Rs.5,000 per day limited to Rs.50,000 applies to a proprietor or occupier of a bonded warehouse for failure to:
 1. keep proper records;
 2. record entries in real time on the approved computerised warehouse management system;
 3. install a CCTV system and/or give online access to MRA Customs; or
 4. submit a 12 months statement of stock duly certified by an auditor.
- ▶ Duty will have to be paid within two months after an order approving a bonded warehouse is revoked.

EXCISE DUTY

- ▶ Provision will be made for an aggrieved person lodging representations at the ARC against a decision of MRA Customs to file a Statement of Case with all facts of the case in view of the technical nature of such cases.
- ▶ Entries for excisable goods made by a manufacturer regarding goods deposited in an excise warehouse or removed from a factory or a consolidated bill of entry for excisable goods to be warehoused or cleared during a month will be a self-assessment.
- ▶ Where the Objection Directorate at MRA allows an objection by a stakeholder claiming refund of excise duty paid in excess, the amount will be refunded with interest.
- ▶ Provision will be made retrospectively to allow a distiller-bottler of alcohol to sell at his factory fusel oil (a by-product of the distillation process) for use as biofuel.
- ▶ MRA will carry out “controlled delivery” of excisable goods such as cigarettes and tobacco to gather evidence on the smuggling chain.
- ▶ The opening hours for the sale of alcoholic products in restaurants and pubs will be extended to 2 a.m on all days.
- ▶ The requirement to affix excise stamps will be extended to cover beer and wine in cans and other types of packaging.

Economy at a glance

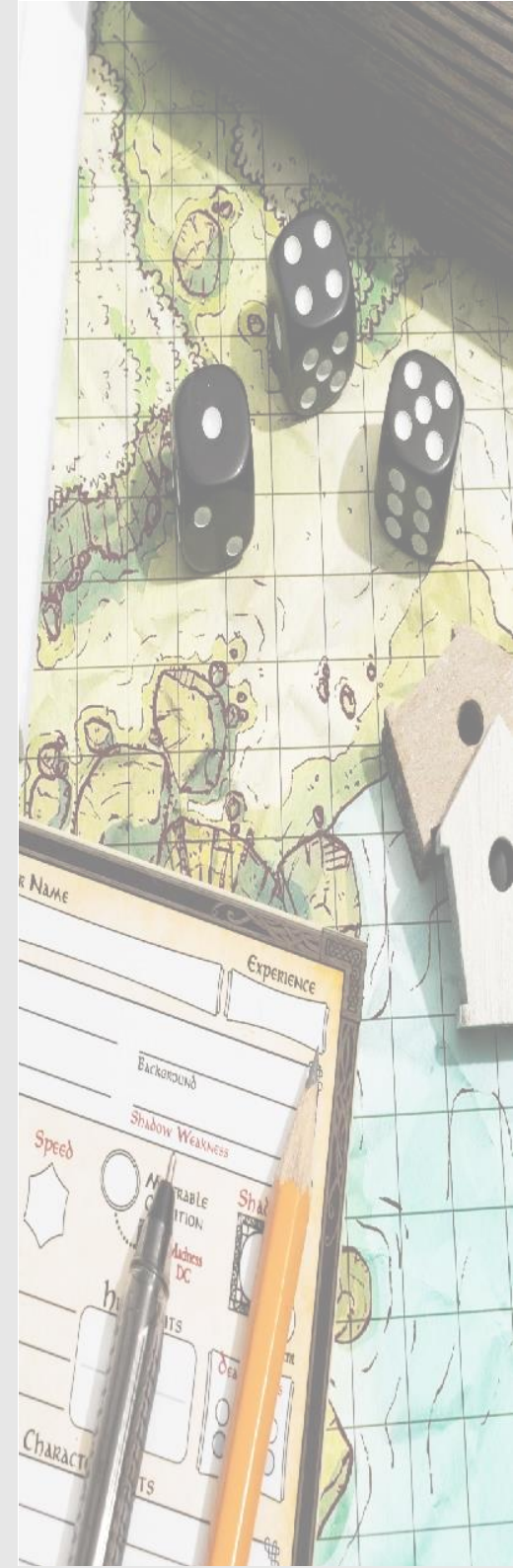
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OTHER BUDGETARY MEASURES

COMPANIES ACT

- ▶ The Companies Act will be amended to:
 - remove temporary time extension provided because of Covid-19.
 - reinstate the application of Section 162 of the Act relating to duty of directors on insolvency subject to such conditions as may be prescribed.
 - provide for the disclosure of the following information with respect to subsidiaries in annual reports -
 - particulars of interest
 - donations made by the subsidiaries
 - details of present and past directors
 - fees payable to auditors; and
 - details of major transactions
- ▶ prevent companies from being both registered in Mauritius and in another jurisdiction at the same time.

FINANCIAL REPORTING ACT

- ▶ Exempt public interest entities from Section 75(1) of the Act.

WORKERS' RIGHTS ACT

- ▶ The Workers' Rights Act will be amended to:
 - protect a person other than a consultant, who is classified by an employer as a freelance or a service provider, whilst he personally performs a duty which is of the same or similar nature to a worker, by giving that person the status of a worker or an atypical worker.
 - align the definition of receivership with that of insolvent as specified in the provision regarding the Wage Guarantee Fund Account.
 - provide that when a cyclone class III or IV is in force, a worker who is required to work from home, or any other place where he has been assigned duty or to stay at his place of work be also entitled to the cyclone allowance and that the allowance will not be payable to a person drawing more than Rs 600,000 in a year.

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- provide that payment of food allowance be also extended to workers employed on shift or otherwise and whose normal hours of work in a day exceeds 10 hours.
- clarify that where a worker is eligible to refund of transport expenses, his employer should refund him the amount incurred in respect of the mode of transport (either bus or light rail) used by the worker.
- provide that where a worker, irrespective of his salary, is paid a petrol allowance, the allowance be increased by 10 %, up to a maximum of Rs 2,000 in a month.
- introduce a new provision regarding leave to take care of a sick child, whereby a worker can avail himself of up to 5 days from his paid leave entitlement to take care of his sick child.
- remove the ceiling of 90 days to give a worker the possibility to accumulate all his untaken sick leave.
- clarify that where a notification of intended reduction of workforce or closure has been made to the Redundancy Board, the Board can make an order for the employer not to reduce his workforce or close his enterprise where the Board considers that the reasons for such decision is unjustified.
- provide that rate of contribution made by an employer on behalf of his workers to a private pension scheme and the SIPF be not less than the prescribed PRGF rate and address the issue of non-payment of contributions and past services.
- ensure a more efficient administration of the PRGF by providing that a worker can be paid in the first instance 90 % of his retirement benefits on the date of his retirement. The balance is to be paid after completion of the benchmarking exercise following filing of the last return by the employer.
- clarify that in cases of retirement and death, payment of lump sum in respect of past services be paid directly to the worker or the heirs of the deceased worker.
- provide that a worker can voluntarily retire before the age of 60 where he has already completed 436 months' service.



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