MOORE

Budget Highlights 2020-2021

Drastic times call for drastic measures...

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1. Executive Summary

Against a backdrop of heightened uncertainty caused by the onset of the COVID-19 pandemic which has brought world economic activities to a screeching halt, the budget 2020-21 was much awaited among the business community and the population at large. The budget measures constituted the epilogue to a series of measures already announced during the 10-week lockdown period to grapple with the dire consequences of COVID-19 on our tradeable sectors such as tourism, manufacturing, small and medium enterprises, namely wage assistance support schemes for enterprises, and a slate of measures instigated by the Central Bank to prop up lending and to give a respite to borrowers who are mired in a liquidity crisis. We are navigating in uncharted territory.

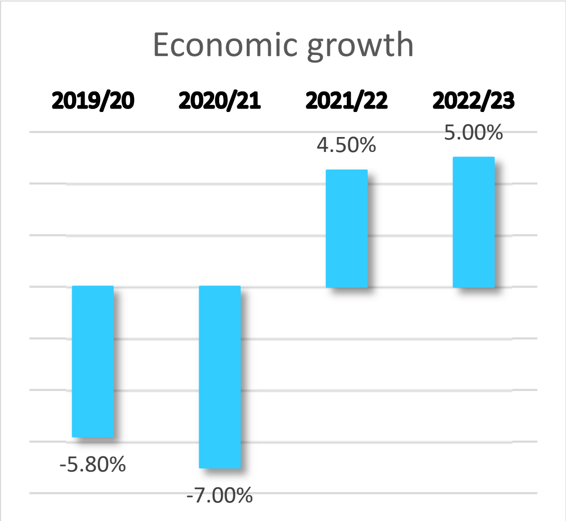
The potential disruptions of the pandemic on the Mauritian economy remain unfathomable. The open orientation of our economy makes it heavily sensitive to the major economic upheavals taking place elsewhere. As an increasing number of enterprises in the tradeable sector teeter on the brink of bankruptcy, there is mounting concern that unemployment figures could reach a staggering 100,000 by end of this year. Thus, as preamble, the government ensured that there was no major change to the tax structure in a business environment characterized by grim revenue prospects even by pre-COVID-19 standards. This prompted the government to exceptionally seek financial support from the reserves of the Bank of Mauritius, following the enactment of the COVID-19 (Miscellaneous Provisions) Act in May 2020.

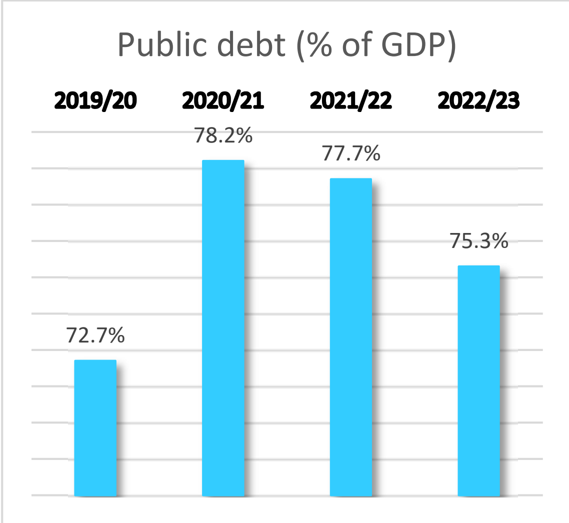
The Budget 2020-21 was presented in the midst of a gloomy economic outlook. In an attempt to reinvigorate the economy, the budgetary priorities will focus on safeguarding employment, supporting small businesses and entrepreneurs, revitalizing industries of strategic importance, encouraging autonomy in agriculture, developing the resilience of our healthcare sector, bridging the inequality gap, stimulating consumer demand and building investors' confidence.

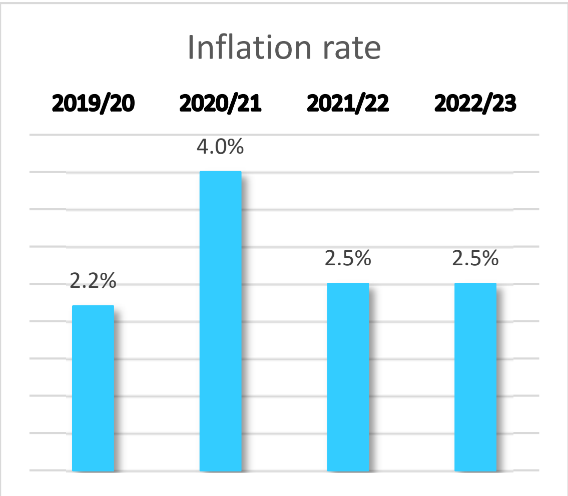
However, negative economic growth, protracted unemployment and snowballing public indebtedness have coalesced to leave little fiscal headroom for the Government. Against strong headwinds and limited resource-generating abilities, the Minister of Finance had to judiciously juggle between economic and social measures. He aimed for a neutral budget stance for 2020-21 with a planned expenditure of Rs. 162.9bn funded by revenue of equal magnitude. Major infrastructural spending as well as the creation of a data technology park have been earmarked to spur economic growth while bold measures have been unveiled to help support the most vulnerable sectors with appropriate redistribution packages.

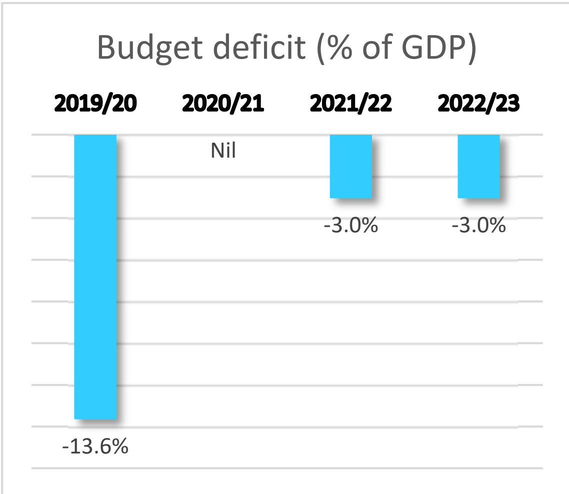
To wrap up, the 2020-21 budget came at a time when the population was in need of a much-needed policy response. The effectiveness of the measures in strengthening the resilience of the economy and in offering an antidote to the socio-economic challenges ahead will depend upon how quickly the policies will be implemented. Drastic times call for drastic measures…

2. Economy at a glance









The global economy is likely to feel the effects of the COVID-19 pandemic and of the subsequent lockdowns for a long period of time, going forward. Economic growth prospects are likely to stall in the face of strong global headwinds as key tradeable sectors such as tourism and manufacturing will, against all odds, continue to flounder. The GDP of Mauritius is expected to fall by 5-7% for the current fiscal year and to contract by a further 7% in 2020/21. The macro-fiscal environment looks very challenging.

3. Balanced budget breakdown

REVENUE BREAKDOWN	MUR (billions)	PERCENTAGE OUT OF REVENUE
Taxes	91.2	56%
Grants	3.3	2%
Other recurrent revenue	37.5	23%
Social contribution	4.9	3%
Other capital revenue	26.1	16%
TOTAL	**162.9**	

EXPENDITURE BREAKDOWN	MUR (billions)	PERCENTAGE OUT OF EXPENDITURE
Recurrent expenditure	133.6	82%
Capital expenditure	29.3	18%
TOTAL	**162.9**	

Revenue is projected to match expenditure for year 2020/21.

4. Budget overview

Key measures announced include a re-engineering of our economic structure away from imports towards local-manufactured products, incentives to design a plan to buttress the export sector by lowering port fees and a plan to build self-sufficiency in agriculture through various financing schemes at a concessionary rate from the Development Bank of Mauritius, the creation of a centralized digital bank of agriculture land and promotion of contractors.

On the social front, the focus was to balance social equity whilst ensuring adequate financial support to those who were most affected by the COVID-19 pandemic. As such, the reduction in price of gas canister will help give a financial breather to those who are at the lower end of the social ladder. Fiscal reforms were aimed at introducing more fairness and vertical equity, as well as progressivity in the tax structure. Measures include a levy on high-income earners (solidarity levy will be hiked up from 5 to 25 percent) and on high-income earning enterprises (levy of 0.1-0.3 percent on corporates perceiving a turnover of over MUR 500 million); a spade of tax deduction schemes; enlargement of tax-exempt thresholds which should financially assist those with dependents, and reforms to the pension system with the NPF system being revisited due to its regressivity and being replaced by a more sustainable pension framework. The key high budget sectors such as education and healthcare were not exempted from the package of reform measures, with new medical and educational infrastructure projects in the pipeline of development. Hefty financial incentives will also be allocated to help support sports, art, fisheries, and protect the environment.

On the financial services front, measures were aimed at reinforcing the regulatory set-up of our financial services ecosystem rather than at giving banks a fillip to disburse new financial support. There are plans to meet the remaining five recommendations of the FATF so as to radiate Mauritius from the list of Black Listed countries of the EU. Several new financial products, including the creation of venture capital market at the Stock Exchange of Mauritius, were outlined but there was no mention of underlying legal and regulatory reforms to underpin these.

Our thoughts

In a nutshell, the 2020-21 budget had a human face and tried to accommodate the needs of key stakeholders in the economy. The Honourable Minister of Finance, Economic Planning and Development laid down a “whatever-it-takes” economic response to the COVID-19 crisis using heavy fiscal firepower and tabled a blueprint for a “New Normal”. The unprecedented situation facing our economy calls for a swift implementation of policies. The newly created Mauritius Investment Corporation (MIC) will play a pivotal role in spearheading the economic agenda of the Government in the reallocation of funds earmarked from the reserves of the Bank of Mauritius to targeted sectors. The path to a sustained recovery hinges on the disciplined, coordinated and collaborative efforts of all economic agents. Together we shall sail through the testing times ahead…

5. Sectoral Highlights

5.1 Hospitality

- Support to our national carrier Air Mauritius
- New tourism branding strategy will be rolled out supported by the MTPA and the EDB.
- Exemption from payment of licence fee for two years for licensees of Tourism Authority and Beach Authority
- Rental payment of state lands waived for the upcoming financial year
- Introduction of Aparthotels Scheme to enable hotels to convert part of their accommodations units into serviced apartments that can be sold individually.
- Invest Hotel Scheme will allow owners to occupy their units for a total period of 90 days in a year
- Commercial partnership with the Liverpool Football Club for the promotion of the Mauritius destination.
- Hotel Reconstruction and Renovation Scheme rebate on rental of state lands for hotels from 50% to 100% for two years
- Up to December 2021, companies operating under the Deferred Duty and Tax Scheme as well as the Mauritius Duty Free Paradise will be allowed to sell their goods on the local market

5.2 Manufacturing

- Investment tax credit of 15% over 3 years extended to all manufacturing companies
- Port dues and terminal handling charges for exports waived from July to December 2020 and reduced by 50% for the period January to June 2021
- Extension of the Freight Rebate Scheme for exports to Africa
- Extension of the Trade Promotion and Marketing Scheme for exports to Japan, Australia, Canada and the Middle East
- Extension of the Export Credit Insurance Scheme to cover all exports
- Financial support for companies producing hygienic goods
- Government to support the first two years of operation of a "Made in Mauritius" warehouse set-up in Tanzania and Mozambique
- Companies will benefit from 50% refund on the costs of certification, testing and accreditation of local laboratories
- These companies will also be exempted from the payment of registration duty and land transfer tax for the purchase of immovable property

5.3 SMEs

- Fostering a Buy Mauritian program, favouring local entrepreneurship and industrial development
- Minimum shelf space of 10% for local goods in supermarkets
- The introduction of quotas to protect and promote the “Made in Mauritius” brand
- Minimum domestic content of 30% in purchases of goods for Ministries and Government
- One-off grant towards certification under “Made in Moris” label from Rs 5,000 to a maximum of Rs 50,000
- SMEs holding the “Made in Moris” label will benefit from a Margin of Preference of 40% instead of 30% under Public Procurement
- Public bodies required to procure specific goods and services from SMEs only and payment will be made within 14 days from date of invoices
- DBM will provide MUR 10 bn for enterprises and cooperatives in distress
- Loans at a preferential rate of 0.5% per annum per enterprise up to a maximum of MUR 10m
- Government will encourage broadening of access to factoring facilities through Maubank
- ISP will subsidise 50% of the factoring fee per invoice for SMEs
- SME Equity Fund to invest through crowd lending mechanism to the tune of Rs 200,000 per project
- DBM Ltd will acquire industrial buildings at Coromandel, Terre Rouge and Vallée des Prêtres and will construct new SME Parks at Plaine Magnien and Vuillemin
- Grant of Rs 50,000 to Cooperative societies for purchase of livestock and acquisition of equipment involved in production of food items

5.4 Construction and Real Estate

- MUR 12 billion for 12,000 social housing projects
- MUR 7.5 billion for Rivière des Anguilles Dam
- MUR 6 billion for Urban Terminals along the Port Louis – Curepipe corridor
- MUR 6.4 billion for new roads and bridges
- MUR 5 billion for Metro System from Rose Hill to Curepipe
- MUR 3.2 billion for bus terminals modernisation programme
- MUR 2.2 billion for a breakwater, fishing Port and the cruise terminal building

- Waiving fees related to the Building and Land Use

- Permit for construction of pharmaceutical manufacturing factories, food processing plants and warehouses

- Public projects under MUR 300 million will be open for local enterprises only

5.5 Agriculture

- Introduction of a National Agri-Food Development Programme to ensure food security and reduce our dependence on imports

- The setting up of a centralized digital bank of state and private agricultural land under Landscope Mauritius for agricultural purposes – 20,000 acres of abandoned land will be put on the platform for immediate use

- Landscope Mauritius with the support of SIC, will acquire private agricultural land

- Small planter can convert up to 10% of his land for residential or commercial purpose

- Implementation of a production plan for strategic food crops

- Introduction of a National Wholesale Market for fruits and vegetables before end of 2020

- Establish a price guarantee and stabilization mechanism for producers

- Invest in regional storage facilities to improve on shelf life for seasonal crops

- Increase in the subsidy for the purchase of potato and onion seeds from Rs 5,000 per ton to Rs 25,000

DBM Loan Schemes

- DBM to provide loans at 0.5% per annum to distressed companies

- Up to Rs 5 million under the New Agricultural Loan Scheme to encourage return of abandoned land back under cultivation and assist planters to adopt new cultivation techniques

- Up to Rs 1 million under the mechanization loan scheme for acquisition of machinery and farm equipment

- Up to Rs 1 million under the Seeds and Seedling Loan Scheme to encourage planters to invest in seeds and seedling production

- Up to Rs 5 million under the Agro-Industry Loan Scheme to encourage investment in the transformation, processing and packaging of agricultural produce

Sugar Industry

- Cane Replantation Programme will be maintained to bring back land under sugarcane cultivation
- Guaranteed price of Rs 25,000 per ton for the first 60 tons of sugar for crop 2020
- Insurance premium payable to the SIFB by planters producing up to 60 tons of sugar waived
- Customs duty on imported sugar increased from 80% to 100%.

Blue Economy

- MIC to invest in joint ventures engaged in fishing and its value chain
- Introduction of an inland aquaculture scheme with an 8-year tax holiday and duty and VAT exemption on equipment
- Daily Bad Weather Allocation for fishermen to increase from MUR 365 to MUR 425

5.6 Financial Services

Financial Action Task Force (FATF) Action Plan

- Risk-based assessment for conformity
- Targeted sensitisation programmes to promote understanding of risks related to money-laundering and financing of terrorism
- Increased reporting of suspicious transactions
- Targeted Financial sanctions in cases of terrorism financing
- Real-time access on information on beneficiary ownership
- Introduction of a new AML/CFT (Miscellaneous Provisions) Bill
- Setting up of a Financial Offences Court

Diversification of Financial Services Sector

The following will be introduced:

- A digital currency by the Bank of Mauritius
- An insurance wrapper as a new product
- A Variable Capital Company (VCC) framework offering flexible corporate structure
- Issue of Sukuks by the Bank of Mauritius
- A framework for the Blue and Green bonds by the Bank of Mauritius

- A new framework to regulate online banking, private banking and wealth management for banks
- A dedicated Venture Capital Market will be set up at the Stock Exchange of Mauritius for start-ups and SMEs

The Financial Services Act will be amended:

- for auditors of all licensees of the FSC to report any irregularities to the FSC
- to cater for exemptions for filing of annual financial statements where the FSC is of the opinion that it is not applicable

The Private Pensions Scheme Act will be amended to allow for a member of a private pension scheme to transfer the amount of accrued benefits to another private pension scheme

A new framework to regulate online banking, private banking and wealth management for banks will be introduced

5.7 Immigration

In view to further open up the Economy, secure investors and retain professionals and retirees, the following measures have been announced:

Occupation Permit (OP)

- The validity of an OP (Professional, Investor or Self-Employed) will be increased from 3 years to 10 years, renewable
- The minimum investment requirement for an OP as Investor will be reduced from USD 100,000 to USD 50,000
- The minimum turnover and investment requirement for Innovator Occupation Permit will be removed
- The salary criteria of MUR 30,000 for IT sector will be extended to other specified sectors
- Holders of an OP as Professional or Retired Persons will be able to invest in other ventures without any shareholding restriction
- OP holders will be allowed to bring their parents as their dependents
- No restriction for spouses of OP holders to work in Mauritius

Permanent Residence Permit (PRP)

Permanent Residence Permit will be extended from 10 years to 20 years. The existing turnover and salary criteria are being removed.

Existing OP holders, who have held the permit for three consecutive years will be eligible to apply for the 20-Year PRP.

The minimum investment amount for an investor to directly obtain a Permanent Residence Permit will be reduced from USD 500,000 to USD 375,000.

Acquisition of Property

Non-citizens holding a Residence Permit, an Occupation Permit or a Permanent Residence Permit will be able to acquire one plot of serviced land not exceeding 2,100m² for residential purposes in Smart Cities. This measure will be valid for a period of 2 years ending 30th June 2022

Residence permits

The validity of Residence Permit as Retired non-citizens will be increased to 10 years.

The minimum investment amount for a holder of an immovable property to obtain a residence permit will be reduced from USD 500,000 to USD 375,000.

Non-citizens who have a residence permit under IRS, RES, PDS or Smart City Schemes will be exempted from an Occupation or Work Permit to invest and work in Mauritius.

Work Permit

The work permit and resident permit will be combined into one single permit

5.8 Public Sector

Expenditure Reduction

- Government will reduce public expenditure, excluding social expenses by 10%
- Budget for international missions will be subjected to a 60 % decrease
- Per-diems and other indemnities will be reduced accordingly
- Renewal of official cars by Ministers and Parliamentary Secretaries will be allowed every 5 years instead of every 4 years

Social Housing

- Construction of 12,000 residential units over the next 3 years for Mauritian families with monthly income of up to Rs 60,000
- Subsidy from 30% to 80% to families in different income group
- Families to have the option to repay the remaining amount on a monthly basis over a period of up to 35 years

Community Development

- Rs 1.3 billion allocated to Local Authorities and the National Development Unit
- Some Rs 300 Million to be invested on a PPP basis for construction of an Integrated One Stop Centre at Beau Bassin and an integrated Market, Gymnasium and Sports amenities at Bassin, Quatre Bornes

Education

- Rs 15 billion to the Ministry of Education, Tertiary Education, Science and Technology
- Renovation, upgrading and refurbishment of over 70 primary and secondary schools
- Investment of Rs 100 million in the deployment of wireless local area network in 155 secondary schools in Mauritius and Rodrigues
- National e-Learning Platform to be developed to connect educators of secondary schools with their students
- DBM Ltd to provide financing facilities to households for acquisition of IT equipment for educational purpose
- Top 500 worldwide institutions encouraged to set up branch campuses in Mauritius. They will benefit from:
    - Tax holiday for the first eight years of operation;
    - Exemption of tax on IT and IT related materials and equipment for the purpose of online education
- Rs 138 million as grant-in-aid to NGOs running Special Education Needs (SEN) Schools
- One-off grant of Rs 100,000 to each Special Education Needs (SEN) school run by NGOs

Healthcare

- Rs 12 billion to the health sector over the next fiscal year as part of a new 5 year Strategic Plan 2020-2024
- National Centre for Disease Control and Prevention to be set up to control infectious diseases
- Expand, diversify and modernize our public health infrastructure
- Doubling the existing sugar tax of 3 cents per gram of sugar and coverage to be extended to a number of locally manufactured and imported non-staple sweetened products

Environment

- Rs 100 billion to secure a greener and more inclusive development while preserving a strong social fabric
- Transfer of Rs 2 billion to the National Environment Fund to cover exceptional expenditure incurred in connection with the COVID-19 pandemic address
- Rs 314 million for landslide stabilization works on our roads
- Rs 215 million for the protection of our beaches, lagoons and coral reefs
- Rs 207 million for the Cleaning and Embellishment Programme
- Setting up a network of Civic Amenity Centres at the 5 Transfer Stations

Law and Order

- Rs 8.4 billion to Police Force among others: expanding Safe City Project, advance Passenger Information System, new Forensic Science Laboratory construction, National Coast Guard to track illicit activities & New Automated Fingerprint Identification System

Social Welfare and other measures

- Bed-ridden and severe disability persons of all age now will benefit from medical domiciliary visits

- Taxpayer to be allowed to claim as dependent a bedridden next of kin who is in his care

- For better protection of the elderly, the number of anti- influenza vaccines increased from 75,000 to 150,000

- A new Recreational Centre to become operational at Riambel by December 2020

- A National Database for Vulnerable Groups will be set up

- Some 2,570 tablets to be provided to students of Grades 10 to 13 for families in the existing SRM

- Free broadband internet facilities to be extended to an additional 5,000 families under the existing SRM including 2,000 families in Rodrigues

- National Social Inclusion Foundation to provide Rs 700 million to support NGOs

- New mechanism called the Contribution Sociale Généralisée (CSG) will be introduced. Increases in benefits to the elderly will be paid through CSG. The first payment of benefits under the CSG will be in July 2023

- CSG will be effective as from 01 September 2020. Employees earning up to Rs50,000 monthly, will contribute 1.5% and their employers 3% on monthly salary. For employees earning more than

- Rs50,000 monthly, the contribution will be 3% and that of employers 6% of monthly salary

- Abolishing the contribution to the National Pension Fund, while continuing to pay benefits to each and every one who has previously contributed to the NPF Fund

5.9 Information & Communications Technology

Digital Transformation

- Electronic Document Management System (eDMS) across the public service
- Land Use and Valuation Information Management System (LAVIMS) through the blockchain technology
- Inventory management system starting with the Ministry of Health and Wellness then extend to all ministries and departments
- Electronic queue management system across the public sector
- Rs77.4m for an Automated Fingerprint Identification System
- Setting up of a National Laboratory Management System (LIMS)
- Rs137m for the Advance Passenger Information System
- Development of an online system for delivering services of the National Land Transport Authority
- Integrate mobile payment in Government Online Systems
- Video conferencing and online collaboration platforms

Embracing FinTech

- Introduction of the Central Bank Digital Currency in line with the 10 year Blue Print
- Introduction of a framework for digital banking and also amending the Banking Act accordingly
- Expediting the implementation of the C-KYC project through Bank of Mauritius
- Upgrade the MCIB platform to provide credit scoring for potential borrowers

6. Taxation

6.1 Personal Income Tax

Income Exemption Thresholds (effective on income received as from 1st July 2020)

Category	From	To	Increase
	Rs	Rs	Rs
A. Individual with no dependent	310,000	325,000	15,000
B. Individual with one dependent	420,000	435,000	15,000
C. Individual with two dependents	500,000	515,000	15,000
D. Individual with three dependents	550,000	600,000	50,000
E. Individual with four or more dependents	600,000	680,000	80,000
F. Retired/disabled person with no dependent	360,000	375,000	15,000
G. Retired/disabled person with dependents	470,000	485,000	15,000

Deduction for Dependent

A tax payer may claim an additional deduction for a dependent who is bedridden in the range of Rs 80,000 to Rs 110,000 provided that the total number of dependents does not exceed four.

Special Allowance

The Workers' Rights Act will be amended in the Finance (Miscellaneous Provisions) to provide for the payment of a monthly guaranteed income of Rs 10,200 to every full-time Mauritian employee.

Since January 2020, the MRA is, accordingly, paying a Special Allowance as follows –

- Rs 500 to a Mauritian employee of a Non-Export Oriented Enterprise bringing his monthly guaranteed income to Rs 10,200;
- Rs 500 to a migrant employee of a Non-Export Oriented Enterprise already in employment as at 31st December 2019 bringing his monthly guaranteed income to Rs 10,200;
- no allowance is paid to a migrant employee taking up employment for the first time in a Non-Export Oriented Enterprise on or after 1st January 2020;
- Rs 1,200 to a Mauritian employee of an Export Oriented Enterprise bringing his monthly guaranteed income to Rs 10,200;
- Rs 860 to a migrant employee of an Export Oriented Enterprise already in employment as at 31st December 2019 bringing his monthly guaranteed income to Rs 9,860;
- no allowance is paid to a migrant employee taking up employment for the first time in an Export Oriented Enterprise on or after 1st January 2020; and

- in the case of a public officer, the Rs 1,000 interim allowance paid to him/her as from January 2020 is taken into account in the computation of the monthly guaranteed income.

Solidarity Levy

As from July 2020, the solidarity levy will be increased from 5% to 25% on chargeable income plus dividends in excess of Rs 3 million. This represents an increase in tax rate from 20% to 40% on chargeable income. The payment should be made in the form of PAYE on a monthly basis.

Contribution Sociale Generalisee (CSG)

- Introduction of CSG with first payment of benefits in July 2023 to ensure an additional guaranteed monthly income to citizens above 65 years

- Effective as from 01 September 2020, contributions payable under the CSG system are as follows on (no ceiling):

  - Monthly salary up to Rs 50,000 - 1.5% by employee and 3% by employer

  - Monthly salary exceeding Rs 50,000 - 3% by employee and 6% by employer

- Introduction of CSG will lead to the abolishment of the National Pension Fund (NPF), however, the NPF will continue to pay benefits to those who have previously contributed to the fund

Property Tax Exemption from Registration Duty on Acquisition of a Newly-Built Dwelling

A Mauritian who acquires a newly-built dwelling during the period 1st November 2016 to 30 June 2020 for an amount not exceeding Rs 6 million is eligible to full exemption from registration duty. This scheme will be extended up to 30 June 2022 and the threshold will be raised from Rs 6 million to Rs 7 million.

First-Time Buyer Exemption of Registration Duty

A person will be considered as a first-time buyer even if he or his spouse is or was the:

- owner of an immovable property acquired by inheritance where the land area is less than 20 perches (approximately 505m2); or

- co-owner of an immovable property acquired by inheritance where their share in that property is less than 20 perches of land.

6.2 Corporate Tax

Levy on Corporates

- A company, having gross income exceeding Rs 500 million in an accounting year or if it forms part of a group of companies where the gross income of the group exceeds Rs 500 million, will be subject to a levy on its annual gross income at the rate of:

    - 0.3% for insurance companies, financial institutions, service providers and property holding companies;
    - 0.1% for other companies.

- The levy will not apply to a company which operates in the tourism sector or which holds a Global Business License.

Double tax deduction on investment

- Enterprises which have been affected by COVID-19 will be entitled to a double tax deduction on their investment in Plant and Machinery during the period 1st March 2020 to 30th June 2020.

Solidarity Levy on Telephony Service Providers

- The Solidarity Levy on telephony service providers [5% of accounting profit + 1.5% of turnover], which was introduced in 2009 and subsequently extended, will be made permanent.

- A profitable company will pay 5% of its accounting profit and 1.5% of its turnover as Solidarity Levy.

- A company which has not made profits will pay 1.5% of its turnover as Solidarity Levy.

Tax on IT and IT related material

- Exemption of tax on IT and IT related materials and equipment for the purpose of online education.

Alternative minimum Tax (AMT) on life insurance business

The AMT that was repealed by the Finance Act 2015 has been reintroduced.

- Companies carrying out life insurance business will be liable to tax under the existing system or under AMT, whichever is the higher

- AMT will be calculated at 10% on the profit attributable to shareholders adjusted for capital gains or losses

Accelerated Depreciation

Accelerated depreciation available on assets acquired as follows:

- Electronic, high precision machinery or equipment and automated equipment, deduction 100% in the year incurred.

- Green technology now includes equipment and machinery used for eliminating, reducing or transforming industrial waste, deduction 50% on cost.

Investment Tax Credit

- 15% Investment Tax Credit available to all manufacturing companies over 3 years.

Export incentives

- 50% refund on the costs of certification, testing and accreditation of local laboratories.

Income tax holiday

- An 8-year income tax holiday will be granted to a company engaged in the manufacture of nutraceutical products provided it starts its operations on or after 4 June 2020
- The 8-year income tax holiday granted to a company engaged in the manufacturing of pharmaceutical products, medical services or high-tech products will apply to a company that has started or starts in operations on or after 8 June 2017

Inland Aquaculture

- An 8-year tax holiday
- Duty and VAT exemption on equipment

Education

Branch campuses in Mauritius will benefit from:

- An 8-year tax holiday
- Exemption of tax on IT and IT related materials and equipment for the purpose of on-line education.

Partial Exemption Regime

Partial exemption will not apply to:

- Non-bank deposit taking institutions
- Money changers
- Foreign exchange dealers
- Insurance companies
- Leasing companies
- Companies providing factoring, hire purchase facilities or credit sale facilities.

6.3 Value Added Tax

Exempt Goods to become Zero-Rated

The following exempt items will become zero rated supplies:

- Unprocessed agricultural and horticultural produce
- Live animals of a kind generally used as, or yielding or producing, food for human consumption other than live poultry
- Transport of passengers by public service vehicles excluding contract buses for the transport of tourists and contract car; and
- Medical, hospital and dental services

Digital and Electronic services

Non-residents providing digital and electronic services through internet for consumption in Mauritius will be subject to VAT.

Exemption from VAT

- Medical research & development centres on construction materials and specialised equipment
- Equipment used for Inland aquaculture scheme exempt from VAT and duty
- IT and IT related materials and equipment used for online education
- Presently, the first Rs 3,000 of the value of an article imported by post or courier services is exempt from customs duty and Value Added Tax (VAT). Henceforth, this exemption value will be reduced to Rs 1,000.

6.4 Excise Duty

- Rate of customs duty on import of sugar will be increased from 80 percent to 100 percent
- As from 05 June 2020, excise tax on sugar sweetened products will be doubled to 6 cents per gram and extended to specified locally manufactured and imported non-staple sweetened products
- A rebate on the amount of customs/excise will be granted on vehicles, provided they were in bonded warehouse before 05 June 2020 and are cleared from Customs before 30 June 2021.
- Exemption value of article imported by post or courier services reduced from Rs3,000 to Rs1,000.
- A rebate on the amount of customs/excise will be granted on vehicles, provided they were in bonded warehouse before 05 June 2020 and are cleared from Customs before 30 June 2021, as follow:

Motor Vehicles Motor Cars	Customs/Excise duty rebate
Up to 1000cc	40% of the excise duty payable on the motor car or Rs100,000, whichever is lower
1001 to 1600cc	30% of the excise duty payable on the motor car or Rs125,000, whichever is lower
Other vehicles	
Buses, double/single space cabin vehicles and vans	30% of the customs/excise duty payable on the motor vehicle or Rs125,000, whichever is lower

Increase in duties and taxes on gambling Licensee

Licensee	Duties and taxes	
Horse Racing	**From**	**To**
Bookmaker conducting fixed odds betting on local race at the race course and - Bookmaker operates inside the stand	10% of gross stakes + Rs 24,000 in respect of each race meeting	12% of gross stakes
- Bookmaker operates outside the stand	10% of gross stakes + Rs 16,000 in respect of each race meeting 12	12% of gross stakes
Bookmaker conducting fixed odds bet through remote communication	10% of gross stakes + Rs 24,000 per week	12% of gross stakes
Totalisator operator at the race course, outside the racecourse operating bets through remote communication conducting local race inter-totalisator betting or conducting foreign race inter-totalisator betting	10% of gross stakes	12% of gross stakes

Licensee	Duties and taxes	
Football	**From**	**To**
Bookmaker conducting fixed odds betting on foreign football matches	10% of gross stakes + Rs 24,000 per week per place of business	12% of gross stakes
Other		
Sweepstaker organizer	10% of gross proceeds	12% of gross proceeds
Limited payout machine operator	10% of gross takings or Rs 500,000, whichever is higher	12% of gross takings or Rs1m, whichever is higher
Amusement machine operator	Rs 5,000	Rs500 per machine

6.5 Property Tax

- A Mauritian who acquires a newly-built dwelling during the period 1st September 2016 to 30th June 2020 for an amount not exceeding Rs 6 million is eligible to full exemption from registration duty.

- The Scheme will be extended for two years i.e. covering acquisition of a newly-built dwelling up to 30th June 2022. Furthermore, the threshold value of a newly-built dwelling will be raised from Rs 6 million to Rs 7 million.

- The exemption is also granted if the dwelling is purchased on the basis of a plan or during construction (i.e. under vente à terme or vente en l'état futur d'achèvement).

- Exemption from land transfer tax to a promoter undertaking construction of housing projects of at least 5 residential units for Mauritians will be extended to 31 December 2020. No registration and land transfer tax will be payable on the transfer of freehold bare land for the construction of housing projects provided the land is transferred by 31 December 2020 and construction completed by 31 December 2021. Exemption of land transfer tax will be granted on sale of residential unit made to a Mauritian before 30 June 2022.

- A person is now eligible to first-time buyer registration duty exemption if he or his spouse is or was the:

    - owner of an immovable property acquired by inheritance where the land is less than 20 perches.
    - co-owner of an immovable property acquired by inheritance where their share in that property is less than 20 perches of land.

6.6 Tax Administration

Tax Account Number (TAN)

Each citizen will automatically receive a TAN

Assessment Review Committee (ARC)

Where an aggrieved taxpayer repeatedly fails to attend or to be represented upon convened, the ARC will strike out the case if such failure is not due to illness or other reasonable cause

Acquisition of residential unit from National Empowerment Foundation (NEF)

Exemption from payment of registration duty on acquisition of a residential unit from the NEF by an individual who is registered on the Social Register of Mauritius

Income Tax

Income tax refund by the MRA

Time limit to effect income tax refunds standardised to 60 days for all taxpayers as from the date all necessary documentation pertaining to the application is received by the MRA

E-services platform

MRA to further develop its e-services platform to improve efficiency and transparency in service delivery to taxpayers

Value Added Tax

- Market value of the supply will be taken as the taxable value where a transaction is not at arm's length

- VAT-registered person making both taxable and exempt supplies may apply for an alternative basis to apportion input tax where he is engaged

- Administrator, executor, receiver or liquidator to inform the MRA within 15 days of his appointment for the management or winding up of the business of a taxable person

- Provisions will be made to allow a claim for VAT refund below Rs25,000 in respect of a residential building subject to the amount of VAT paid during a quarter and preceding three quarters does not exceed Rs25,000

- Introduction of a VAT e-invoicing at business level on a pilot basis

Customs

- Principal Officer of a private company (may be the executive director or any other person who is entitled to exercise the powers of the Boards of directors) will be liable for any taxes due by the company

- The time frame of 28 days to settle underpayment of duties, excise duties, taxes and penalties by an importer/manufacturer extended to cover the following:

    - default on deferred payment facilities
    - non-submission of cargo report for an aircraft or ship
    - importation of selected prohibited goods

- Goods imported in multiple consignments or shipments to be assembled into a complete finished good such as a photovoltaic system or a greenhouse will be classified under the same category as the finished products for tariff purposes

- Customs declarations (Bill of Entry) made in respect of imports will be deemed to be a self-assessment

- A penalty Rs500 per day of non-compliance up to a maximum of Rs5000 will be imposed on master, owner or duly authorised agent of an aircraft or ship failing to give a cargo report in respect of the aircraft or ship, its craft and passengers.

- Qualified person from a Freight Forwarding Agent company will be authorised to act as broker by the MRA

Suspected cases of infringement of industrial rights

Public notice will be given where the MRA customs suspends the clearance of imported goods or detains goods on the local market.

No future suspension of the clearance of imported goods or detention of goods on local market will be made by the MRA unless and until the right holder initiates legal proceedings.

Mauritius Revenue Act

The case of an aggrieved party who repeatedly fails to attend or to be represented upon being convened before the Assessment Review Committee will be struck out if such failure is not due to illness or other reasonable cause.

Customs Tariff

Rate of exchange to be used for valuation purposes will now be posted on the MRA's website.

7. Other Legislations

The **Banking Act** will be amended to:

- encourage digital banking
- transfer the responsibility for supervision of money lenders from the Bank of Mauritius (BOM) to the Financial Services Commission (FSC)
- allow the BOM the discretion to extend the time period for rotation of audit firm for an additional period of 2 years
- Give the BOM power to issue directives in addition to Guidelines
- Give flexibility to banks' Capital Adequacy Requirements

The **Workers' Rights Act** will be amended to:

- harmonise the definition of earning with that specified in the Remuneration Regulations
- avoid double payment in respect of the Portable Retirement Gratuity Fund where severance allowance is paid
- provide a better income security to laid off workers by increasing the amount of Transition Unemployment Benefit payable in view of the impact of the COVID-19 pandemic on employment

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