MOORE

Budget Highlights

2023 – 2024

Support for those in need amidst the scourge of inflation…

June 2, 2023

MOORE

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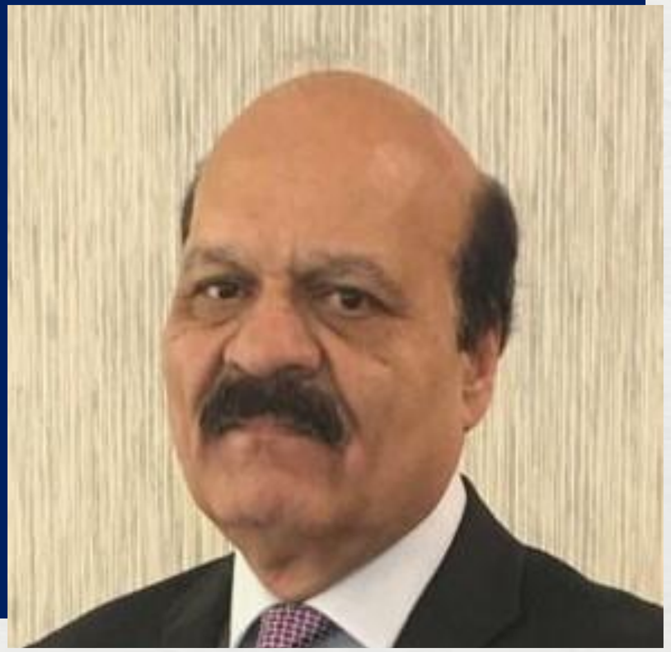
HELPING YOU THRIVE IN A CHANGING WORLD

01 | EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



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The fourth budget of the incumbent government, presented on 02 June 2023 by the Hon. Dr Renganaden Padayachy, comes in handy at a time when the Mauritian economy is showing nascent signs of converging towards its pre-pandemic level amid geopolitical uncertainties. The tourism industry has, so far achieved a better outturn than in 2022 (and even 2019) with 414,228 arrivals cumulated between January and April 2023. As such, our economy is well on track to achieve its target of 1.3 million tourists this year and 1.4 million tourists in 2024, which should positively trickle down and help buttress other sectors such as retail, trade, construction and real estate. With greater latitude to support a stronger rupee, the authorities are on track to bring inflation rate down to around 6 - 7 per cent (down from 10.8 per cent in 2022).

However, the regressivity of inflation is nibbling away at spending power of the down-trodden. Restoring purchasing power is a conspicuous policy priority. Against a backdrop of encouraging macroeconomic performance, the 2023-24 budget contains an array of social measures aimed at achieving deeply-entrenched traction on these objectives.

The proposal to lower taxes on fuel products by about Rs 5 per litre is a welcome respite for consumers at large. Also, retail fuel - used as an input into production of other products - will help shave off a few digits off the projected inflation figures for the year 2023. The other part of the purchasing power equation which has been addressed is the hike in minimum wage to Rs 15,000 for the most vulnerable people. This measure will impose minimum costs on employers. Admittedly, most employers are already paying well above the minimum wage. Given that the lower income group have a relatively high marginal propensity to consume, we can only support our claim of more sustained economic activity.

In a similar vein, the 2023-2024 budget proposes to increase the Old-Age Pension (OAP) by a monthly level of Rs 1,000, benefiting around 200,000 people in Mauritius as at 2022. While an ageing population poses demographic challenges, we do not believe that the pension increment will significantly weigh on the public debt situation in the short term at a time when the government further consolidates its fiscal position through revenue-mobilisation strategies.

The 2023-2024 budget creates leeway for new growth-enhancing sectors that will help absorb unemployment, as well as catapult the country's incursion to the digital superhighway. Pleasingly, the authorities have shown greater proclivity to rev up the engines of growth to full thrust by further invigorating the tourism sector, through enhanced promotional activities and through the allocation of premium visa for those contemplating visiting the island to avail of its state-of-the-art medical facilities.

The 2023-2024 budget provides the scope for achieving a greater access to welfare-enhancing merit goods. We can allude here to measures designed to improve access (e.g., free education from pre-primary to tertiary) as well as construction of new schools with improved pedagogical systems right from young age to incorporate new curriculum ranging from oriental studies, arts and music, to sports. Those suffering from specific pathologies, will be empowered to diagnose and detect at an early stage any potential disease in the pipeline through schemes embracing digital channels.

The frontloading of the welfare of children and of youth depicts the government's priority to leave a legacy of healthy and well-educated population for tomorrow. The budget further contained a list of measures aimed at enabling low-income families meet the costs of raising children in the early years, as well as meet any unexpected costs of surgery interventions domestically and overseas. Not to forget the facilities to be offered to working women by allowing greater access to a larger network of childcare providers during working hours. We consider these proposed measures will help increase labour supply and contribute towards increasing the country's potential output.

On the environmental side, the authorities clearly aim to spearhead greener measures and to accelerate the country's march towards a carbon-neutral economy. Enhancing climate change resilience of the island will come through a panoply of measures aimed at enhancing adaptation to climate change: they range from electric vehicles and buses to greening the airport. Similarly, schemes will open up for SMEs with appropriate incentives designed to encourage them to produce their electricity from clean energy sources. Rehabilitation sites have been identified at numerous beaches while construction of drains will help cover the entire network of flood-prone areas.

The budget lays emphasis on a more robust, resilient, inclusive tax system, tackling economic and social inequalities and inequities. With indirect taxes accounting for the lion's share of tax revenues in Mauritius, revenue mobilisation will be enhanced through the wide array of reform measures. The proposed increase in taxes and duties of 10 per cent on demerit goods such as cigarettes and alcoholic drinks should help consolidate the bucks in the fiscal kitty due to their demand inelasticity. Furthermore, the proposed measure to re-engineer the tax structure towards a more progressive format will greatly help in supporting revenue mobilisation efforts. We do not believe that the proposed structural changes will discourage foreigners to come and work in Mauritius due to the attractiveness of our destination that stretches well beyond tax-advantages. With now an important segment of the population not paying income taxes (those perceiving an income of below Rs 30,000), we believe that the revamped tax framework will help grapple with the ubiquitous brain drain issue among school leavers, whilst enticing high-income foreign citizens, through the abolition of the solidarity tax, to fill in those vacancies which require talent and know-how that cannot be procured domestically.

To wrap it up, the 2023-2024 budget provides a bold and ambitious reform towards a more empowered and equitable Mauritius with a robust, resilient, sustained and inclusive growth. If last year's budget helped the economy contained headwinds, this year's budget will enable the country gear itself up into the vanguard of faster-growing economies. The 2023-2024 budget offers a Kaldor-Hicks pareto improvement and bequeaths an inter-generational legacy to our future citizens: that of a fairer and more equitable society.

Key Budget Themes

01	Progressive tax system encompassing 11 tax brackets
02	Reduction of Rs 5 per litre on petrol price
03	Increase in basic retirement pension by Rs1,000 to reach Rs 11,000
04	Minimum wage rises to Rs 15,000
05	Partial exemption on interest income increased from 80% to 95% for CIS/Closed End funds
06	Investment tax credit to all manufacturing companies for the next 3 years
07	Salary threshold for professionals reduced to Rs 30,000 (Occupational Permit)
08	Environmental-friendly initiatives (clean and greener energy schemes, greener public transport and vehicles)
09	Maximum limit of Rs 1 million under the Overseas Treatment Scheme waived for patients up to 17 years old
10	30% subsidy up to Rs 3.5 million on the purchase of electric buses

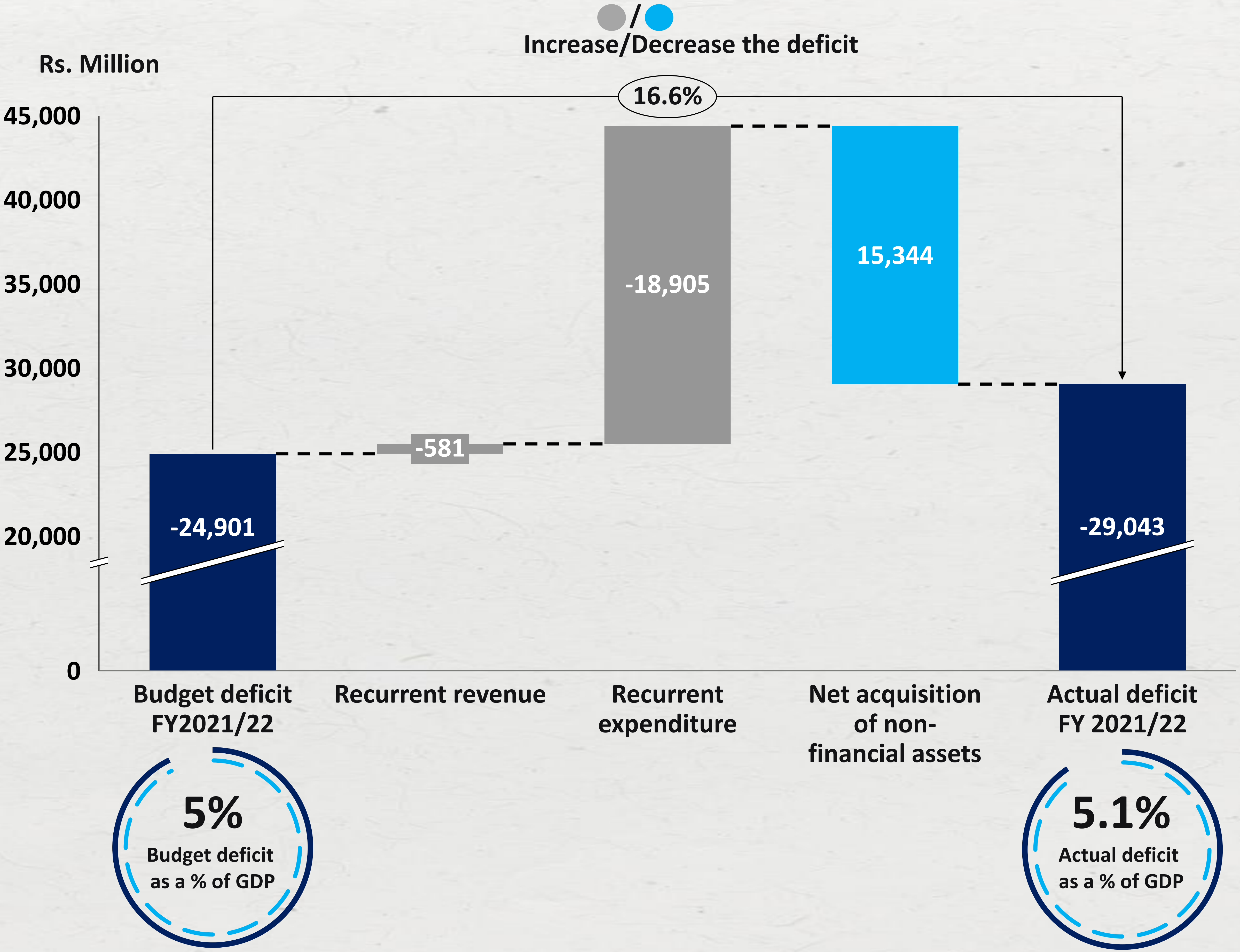
02 | PUBLIC FINANCE

Public Finance: Last fiscal year

Variance between actual v/s budget deficit explained by:

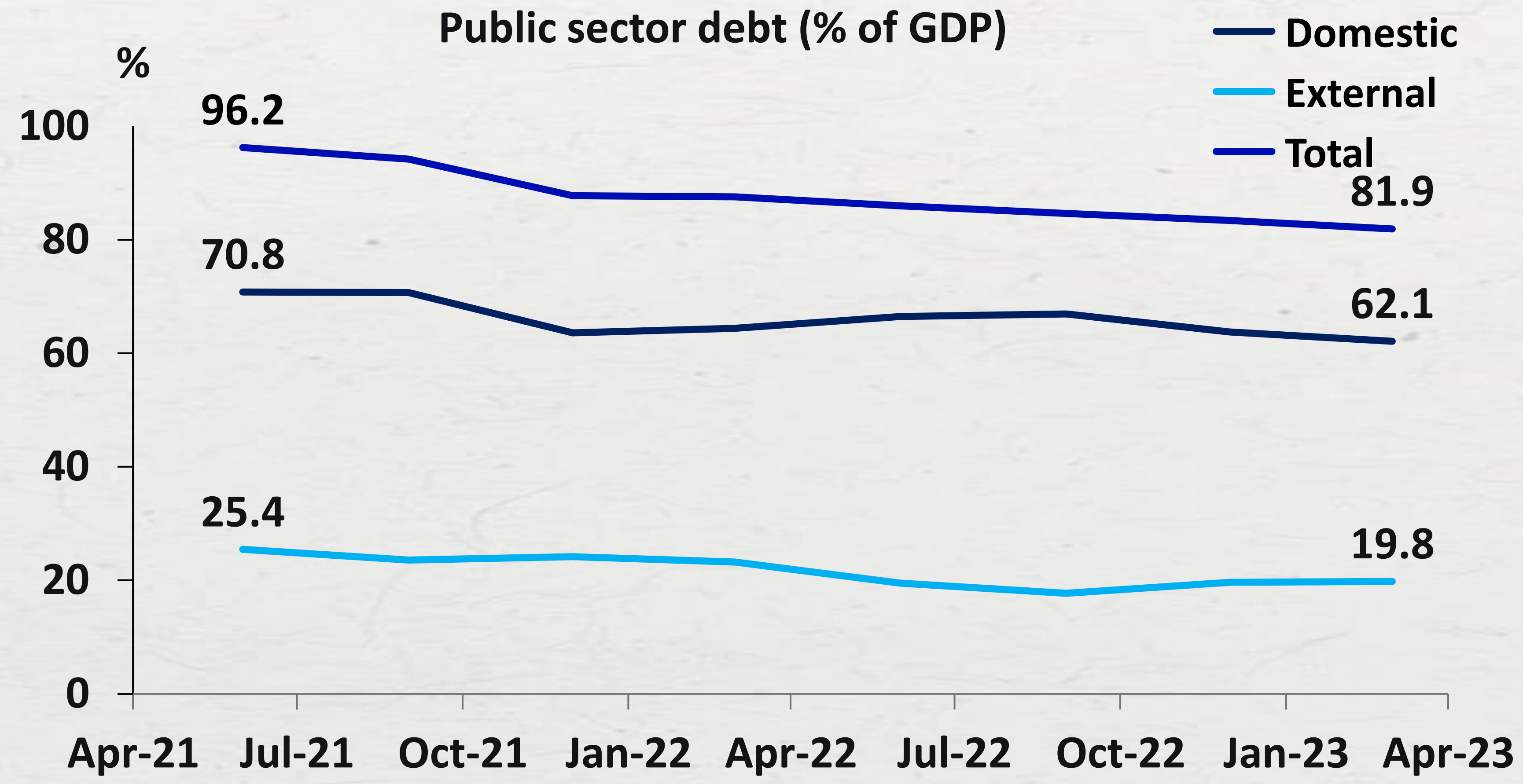
Substantial increase in recurrent expenses towards grants to Parastatal bodies/Local Authorities/RRA

Sizeable reduction in overall capital expenditure, reflecting the phasing-out of the pandemic-era support

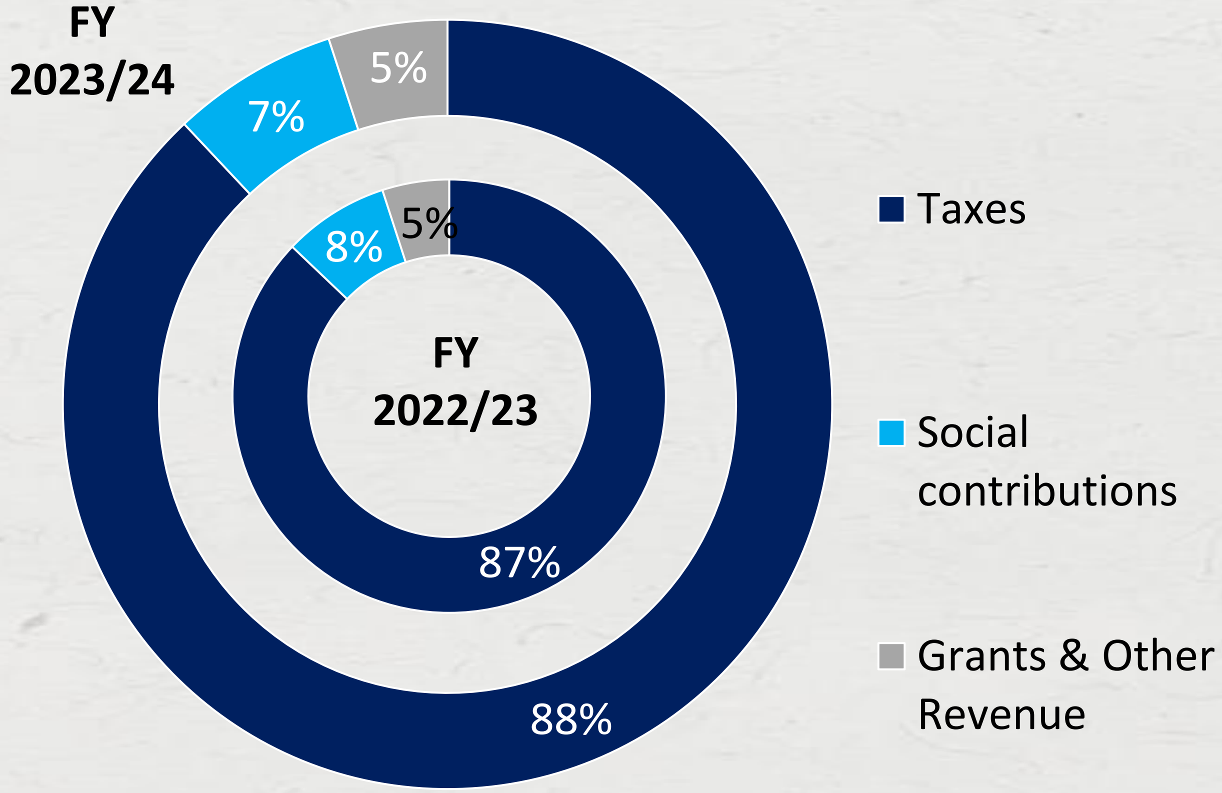


Public Finance: Current fiscal year and ahead

Now that the pandemic-related fiscal splurge is over, we expect the public debt-to-GDP ratio to plateau in the medium term but will nonetheless stay at an elevated level. Fiscal consolidation is all the more necessary through credible revenue mobilisation strategies whilst keeping a tight rein on public spending. The roll-out of the progressive tax system is projected to increase tax receipts markedly. Over the long term, population ageing should prompt a rethink of our pension system so as not to jeopardise debt sustainability.



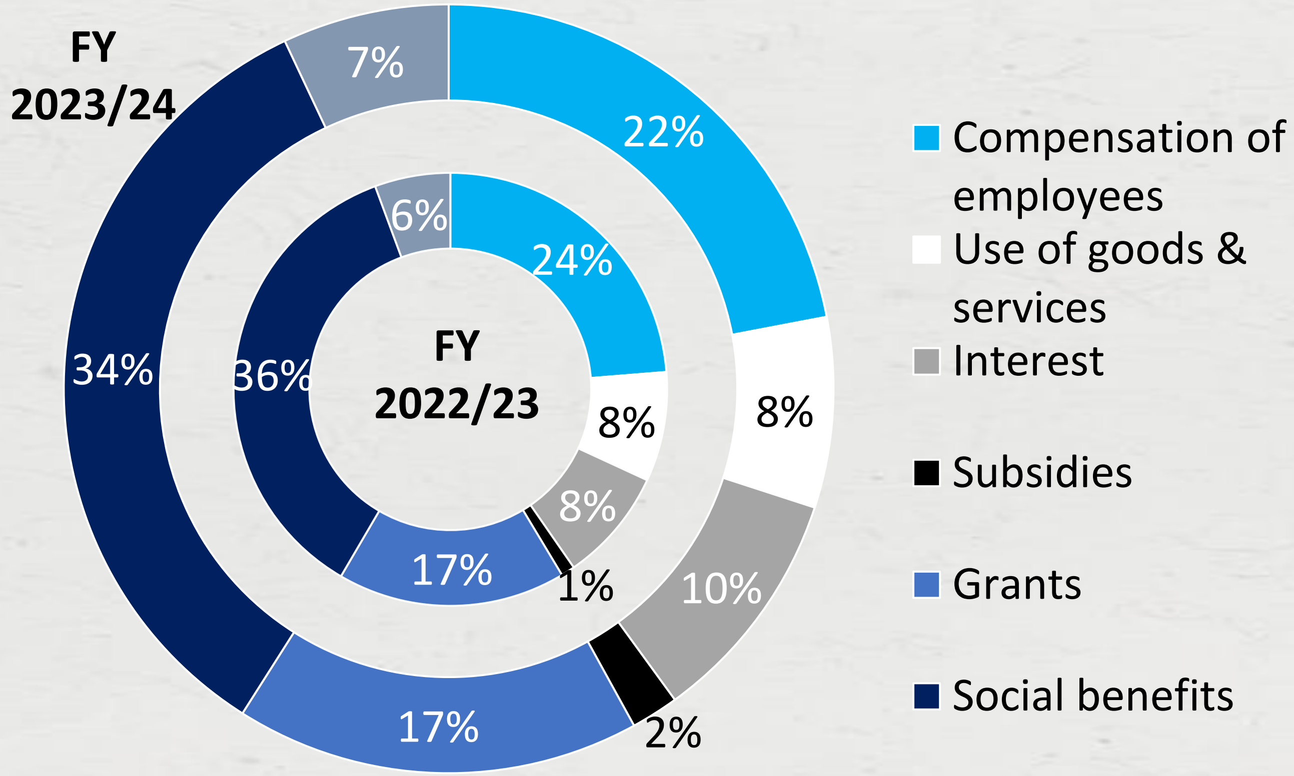
Recurrent revenue – Budget 2022/23 vs 2023/24



Budget deficit

4.0%	2.9%
2022/23	2023/24

Recurrent expenditure – Budget 2022/23 vs 2023/24

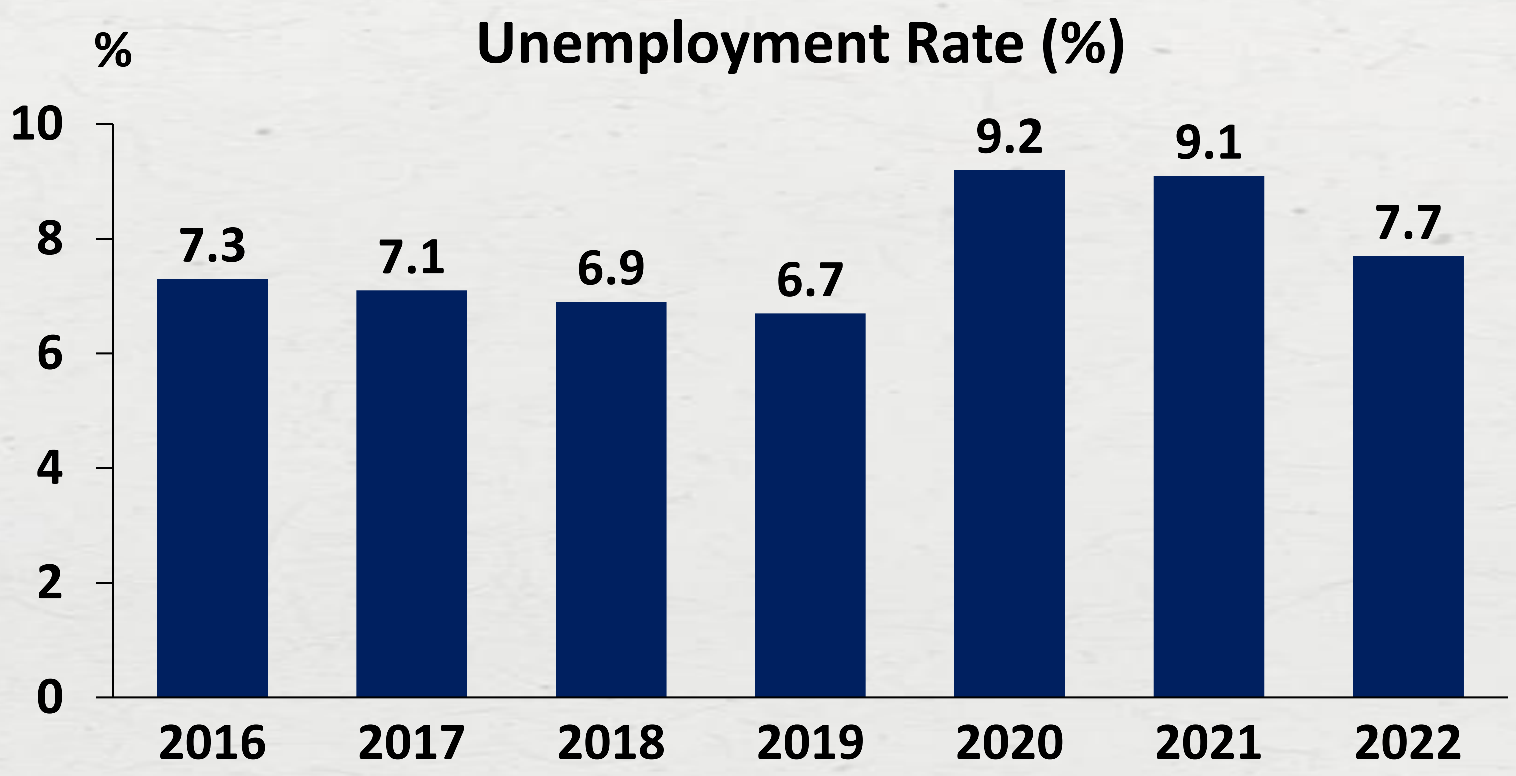


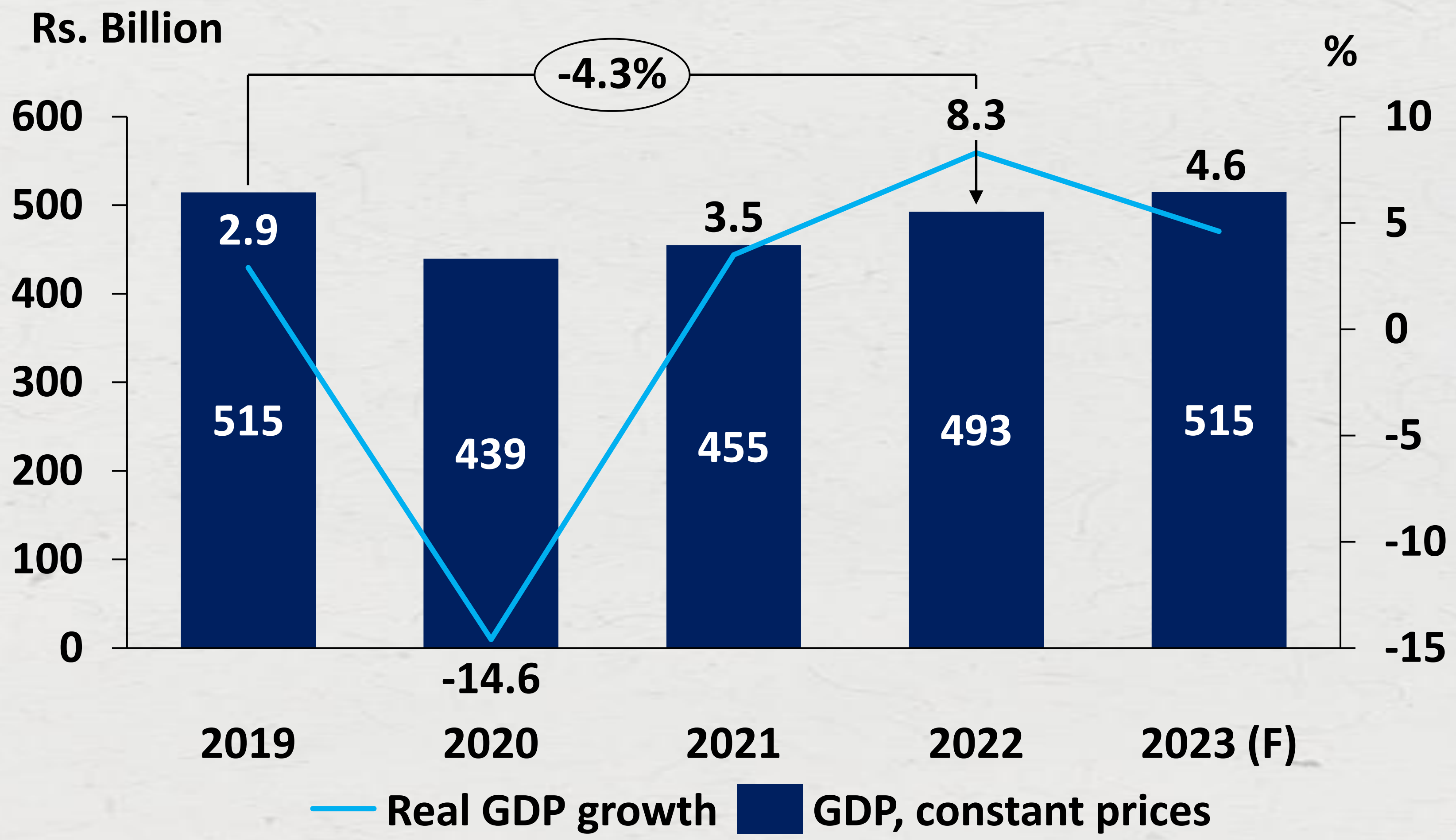
03 | ECONOMIC PULSE

Growth outlook

Real GDP growth for 2022 bounced back to 8.3% (2021: 3.5%) while unemployment rate dipped from 9.1% in 2021 to 7.7% in 2022 according to Statistics Mauritius.

Growth was driven by a strong rebound in construction, manufacturing and the spillover effects of the upturn in the number of tourists in the last quarter of 2022. That said, GDP, in constant terms, remains about 4.3% below the 2019 (pre-pandemic) levels.



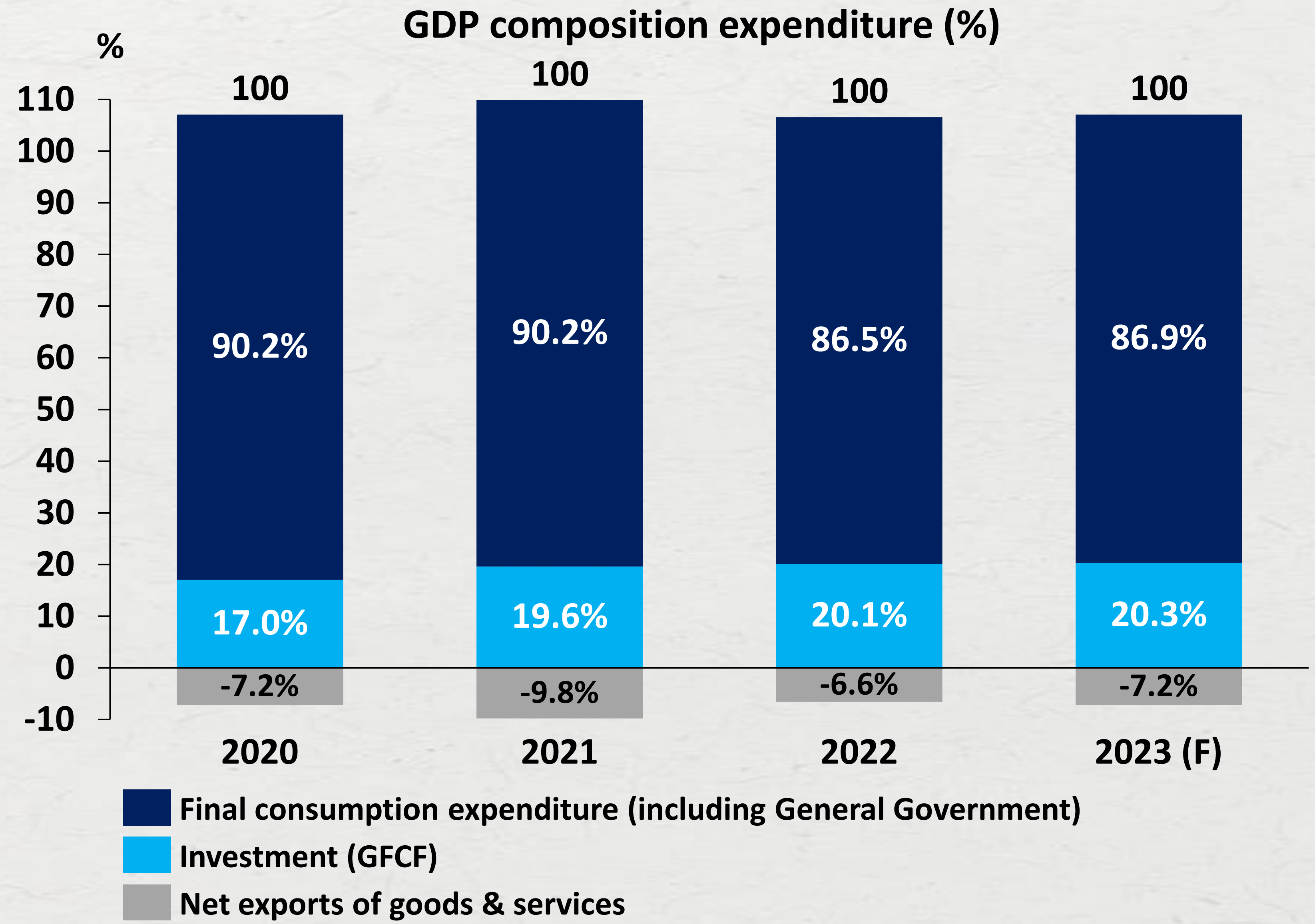


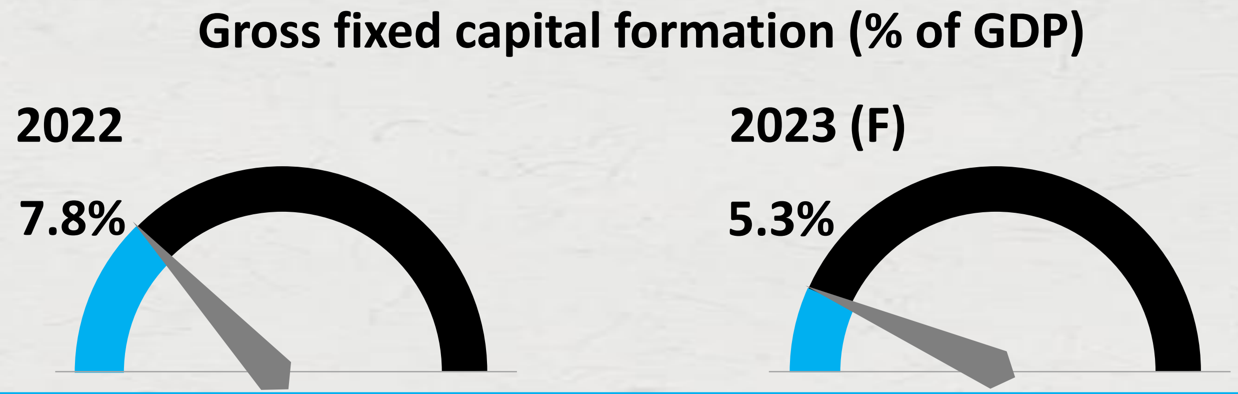
While there is further potential for growth once supply constraints ease, heightened fears of a slowdown in economic activity of our major trading partners may impede the pace of economic recovery. We conjecture real GDP growth may hurtle towards 5% in 2023 and the economy will converge to its pre-pandemic trend growth of 3-3.5% by 2025.

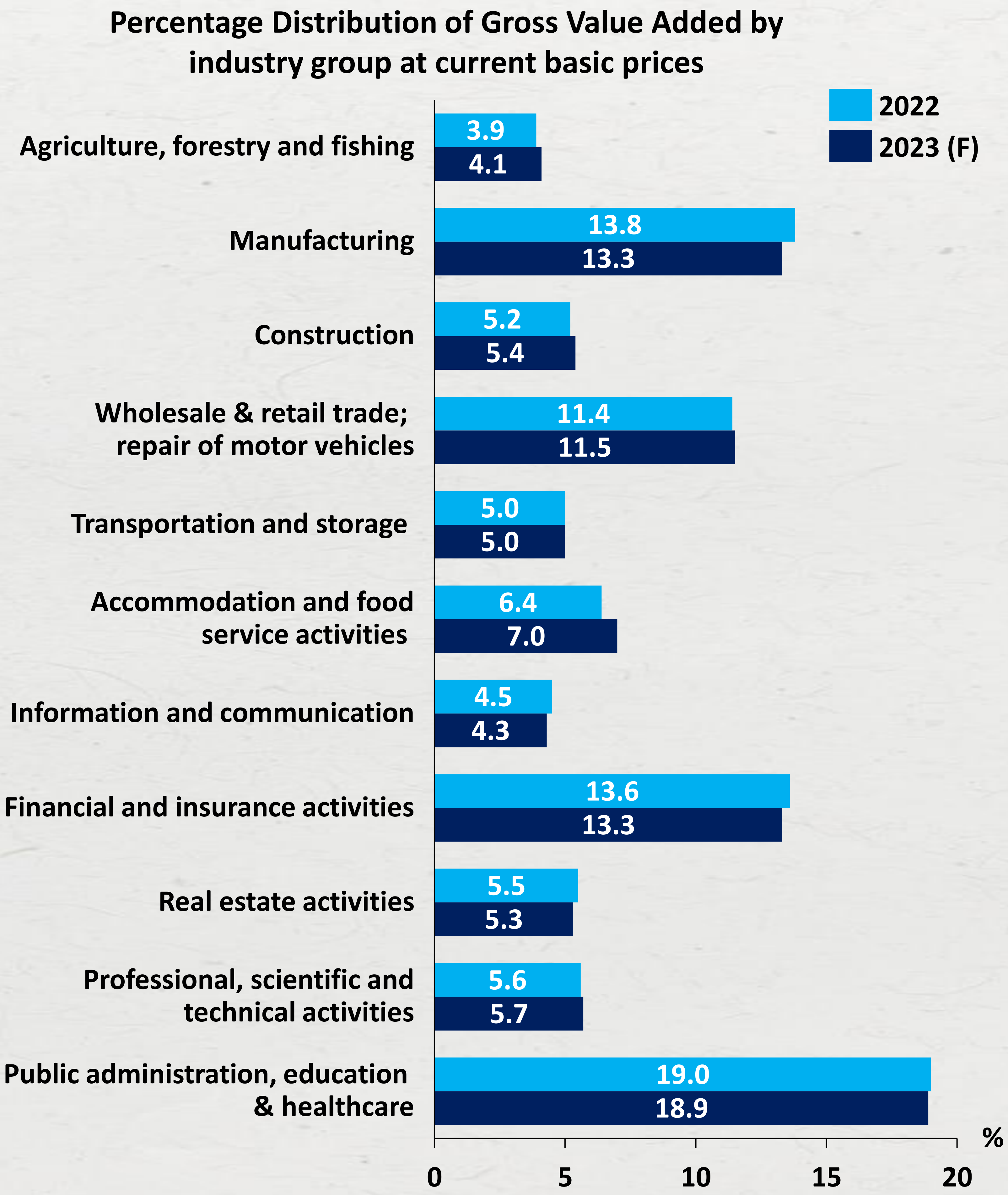
Unemployment rate is expected to drop slightly in 2023 as vacancies fall further. However, the rise in labour inactivity poses a major structural challenge with profound human welfare effects in the digital age we live in.

GDP Dashboard

Release of pent-up demand is expected to give a welcome fillip to wholesale and retail trade sector. Similarly, financial services, ICT, tourism and manufacturing will bolster up growth in 2023.



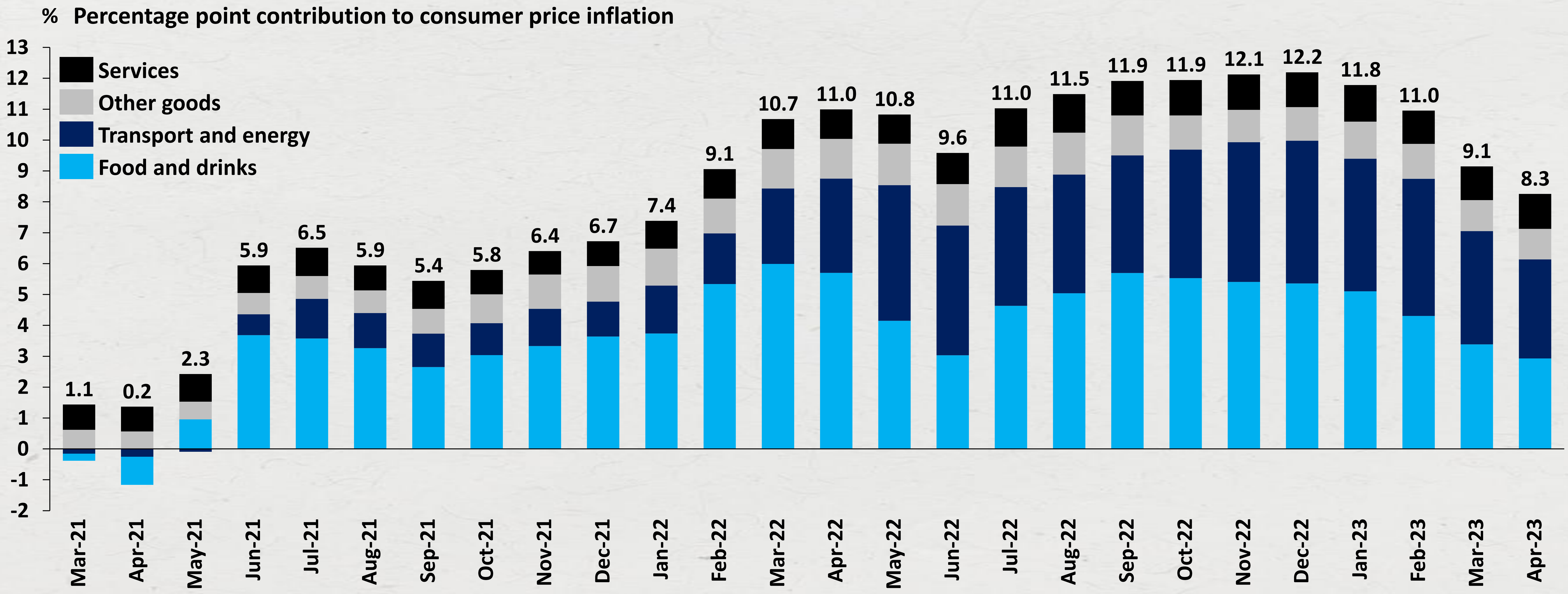




Inflation

The great inflation of the 1970's is echoing eerily today. While its underlying cause could exactly be pinned down to a supply-driven oil-price shock, today's inflationary surge – in most economies – is due to a confluence of market factors causing an imbalance between demand and supply.

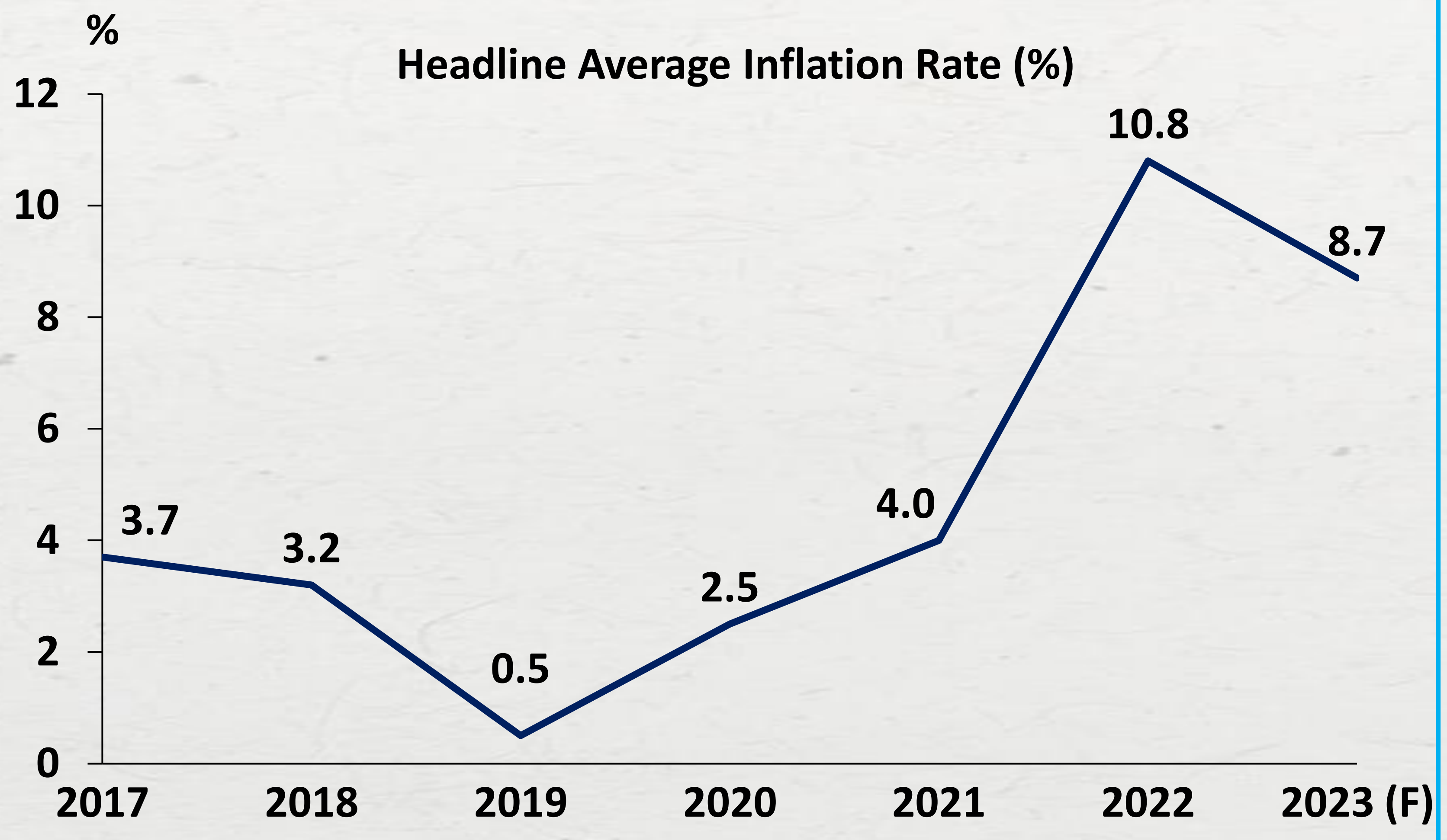
Thankfully, it is not hard to fathom out the inflation narrative in Mauritius. The primary driver of the current inflation is supply-driven, in part due to the triple whammy of currency depreciation, supply-chain disruptions triggered by the COVID-19 pandemic and the ongoing war in Ukraine.

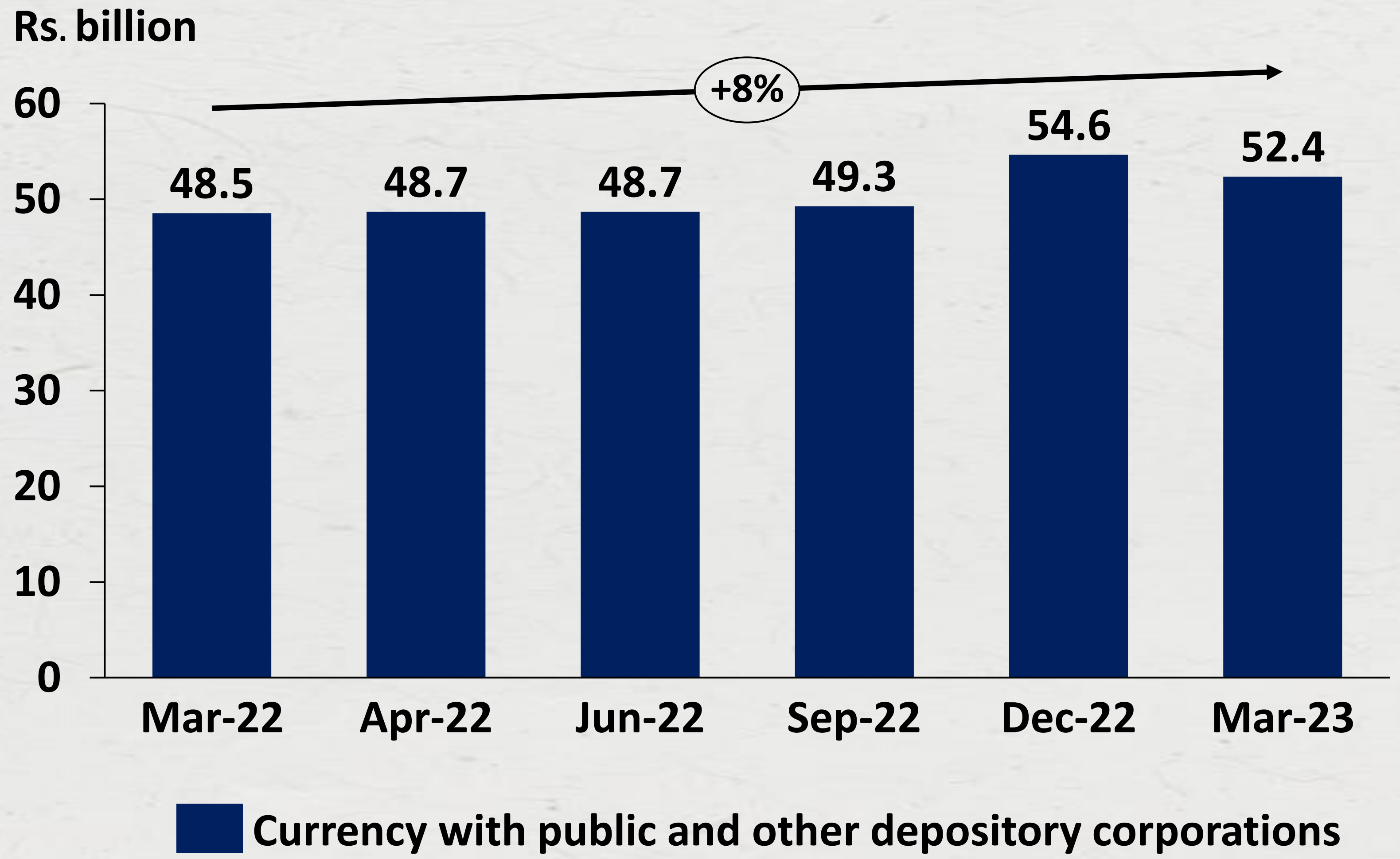


Food and drinks, transport and energy – mostly imported items - accounted for a disproportionate share (more than 50%) of the year-on-year inflation (12.2%, headline rate: 10.8%, Statistics Mauritius) in December 2022. What made 2022 so unusual was the breadth and persistence of price pressures which seeped into "core" components of price indices: inflation was gathering momentum all of its own.

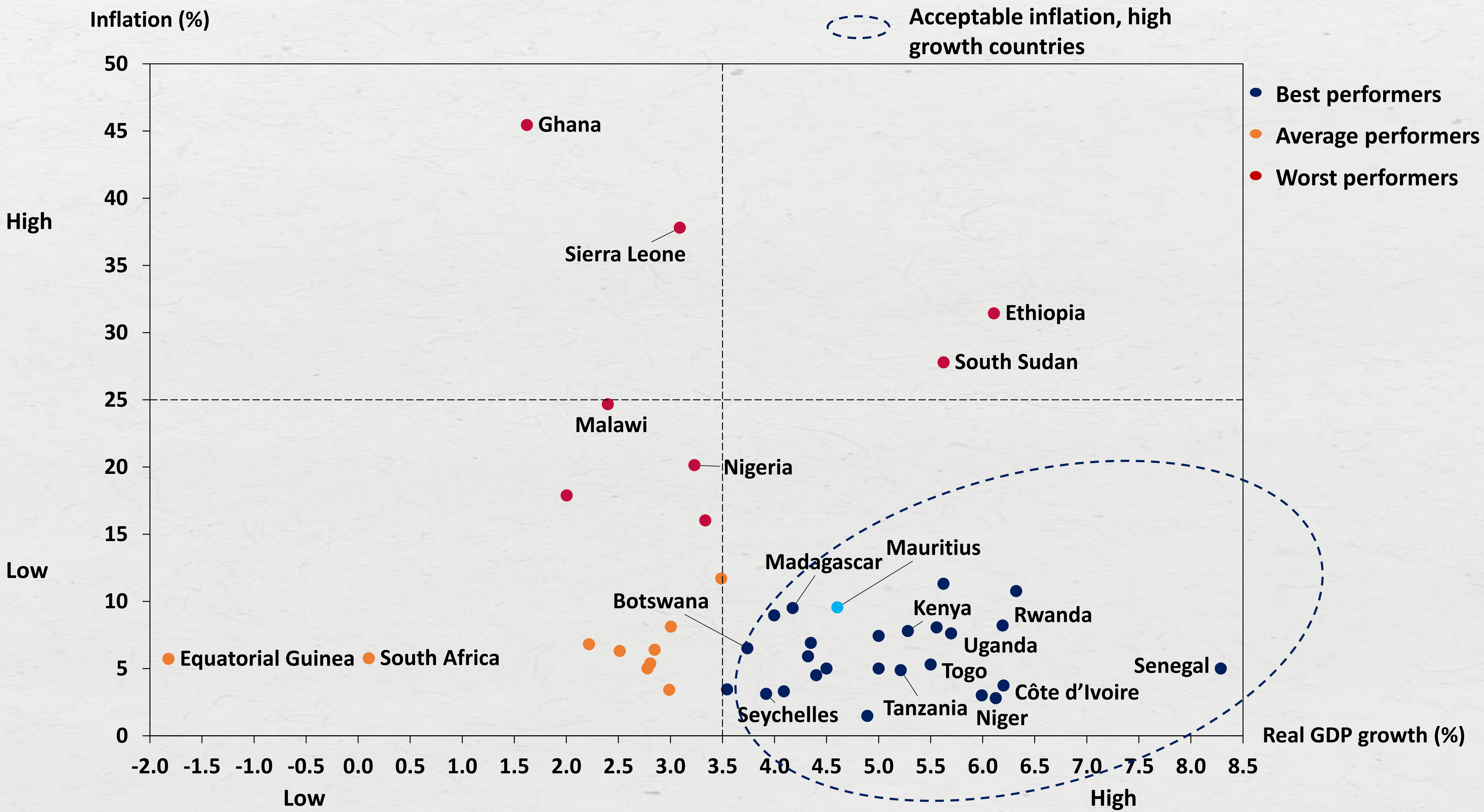
Promisingly, some of the transitory factors that stoked inflation early in 2022 have started to fade as seen from April 2023 data. We expect inflationary pressures to abate over the second half of 2023 as goods prices stop declining and services inflation persists.

Policymakers, on the other hand, continue to balance the risk of doing too little versus doing too much. The growth in the monetary base (narrow money supply) has been paltry; lending credence to the view that inflation is not from the demand side. Hence, the risks of forcefully tightening monetary policy to eschew second-round effects are clear: it will hamper growth, thwart private investment and make a dent in household expenditure. This is too costly a trade-off. Perhaps it is time to move the inflation goalposts slightly with the central bank's new flexible inflation targeting framework.



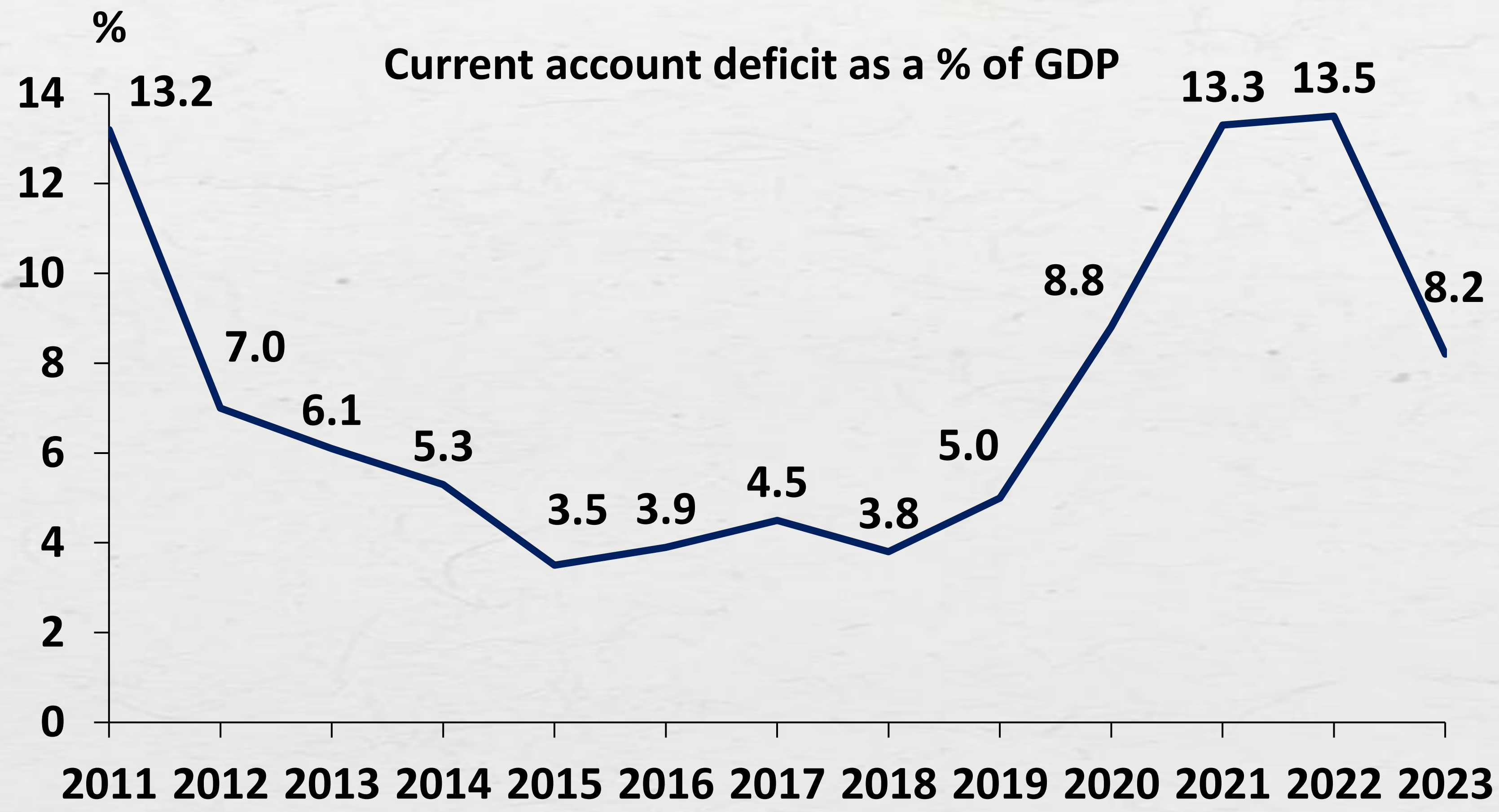


Mauritius among the Sub-Saharan countries achieving the best trade-off between supporting growth and curbing inflation in 2022

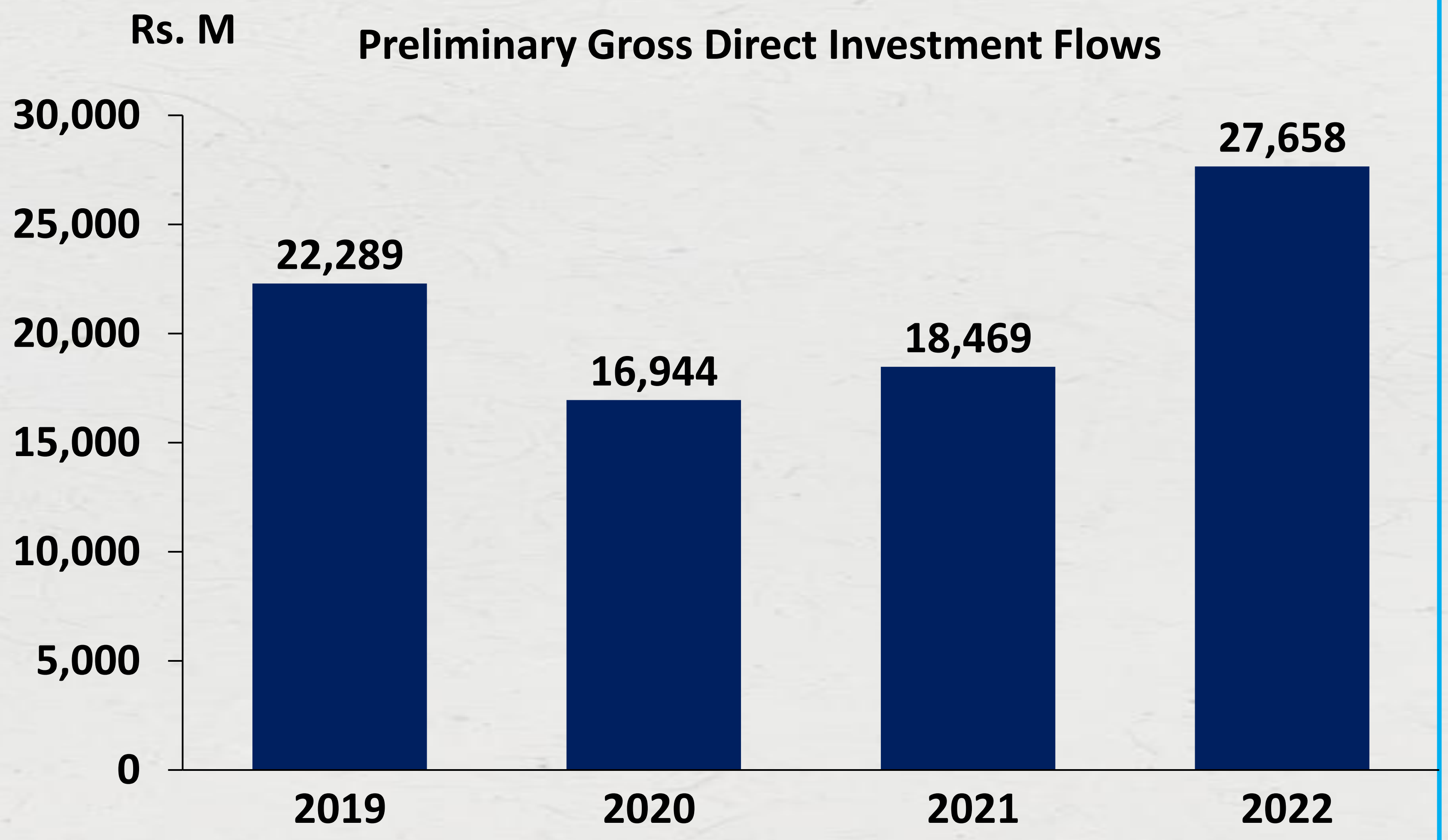


External trade

Our current account deficit as a % of GDP reached 13.5% in 2022 – substantially weaker than is consistent with the medium-term fundamentals. The gaping deficit primarily reflects rallying commodity and fuel prices, higher prices of machinery, and soaring freight costs against the backdrop of the Ukraine war. Provided that our main markets do not tip into recession in 2023, it is expected that tourists will arrive in their droves as from the third quarter. This will certainly help make some inroads into the current account deficit.

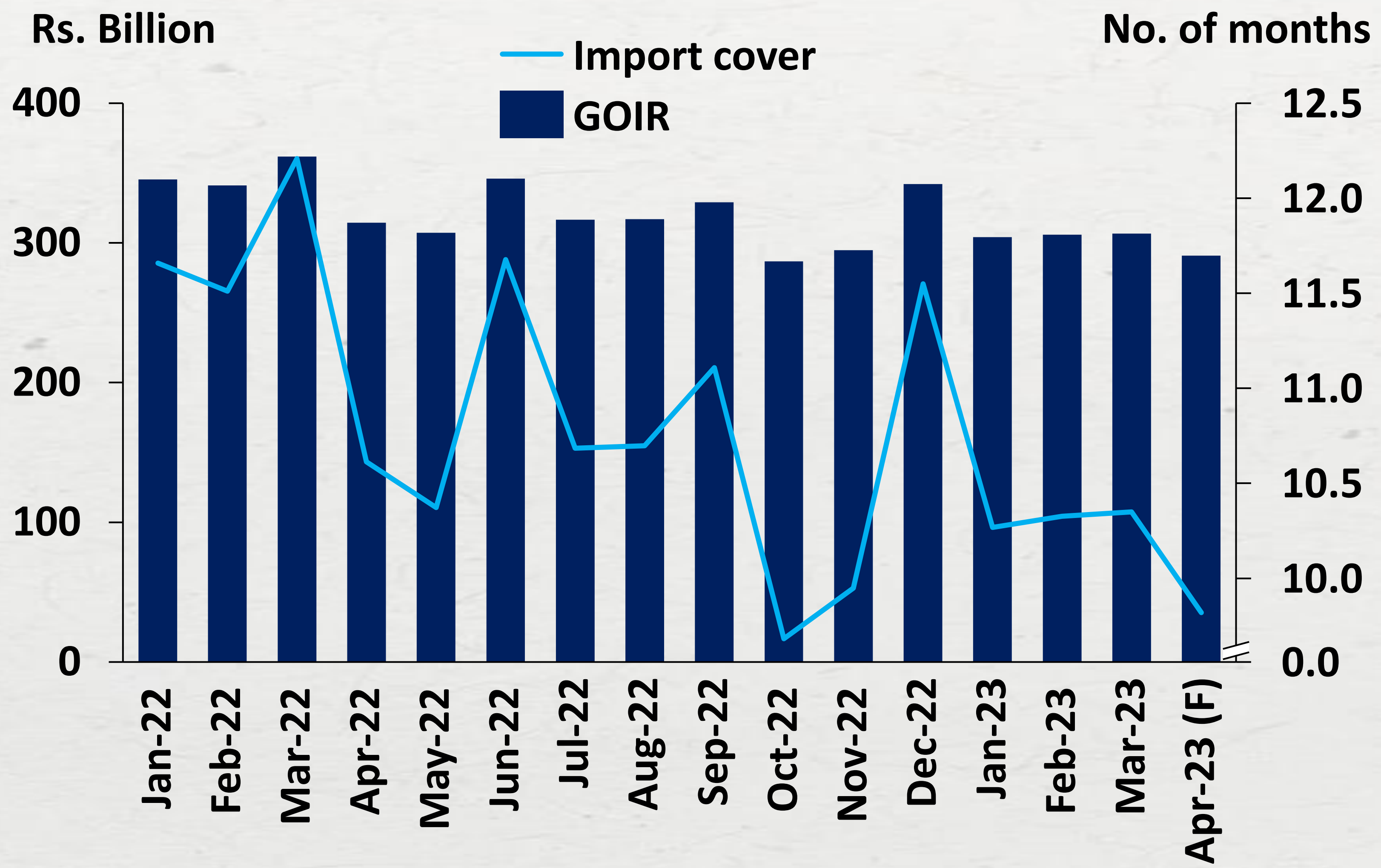


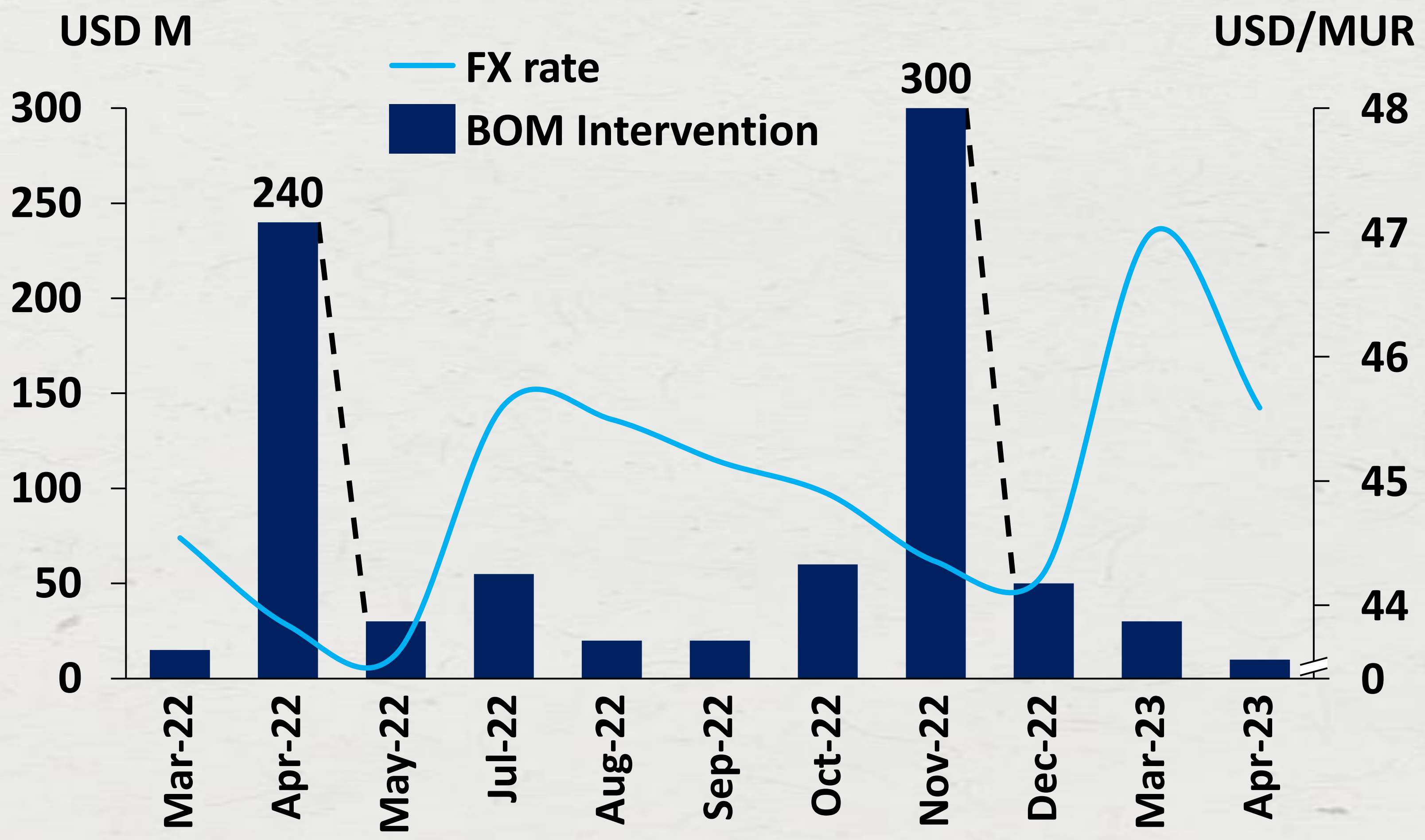
Weaning our economy off imported goods seems unavoidable in shrinking the size of the deficit gradually over the years without a significant depreciation of the Rupee. On the upside, unsustainability of our trade deficit is not an issue to fret about – at least in the short run - due to ample global business and capital flows that are funding the deficit. Amidst high inflation, the real estate sector unsurprisingly was the major recipient of gross direct investment flows in 2022 under the various residential schemes available.



2022 was further marked by two massive FX sales interventions from the BOM, the first in April (USD 240m) and second in November (USD 300m) to help prop up the Rupee and ensure ample market liquidity. Interestingly, it did work to smooth volatility in USD/MUR rate during the year. But this "whatever-it-takes" response from the central bank to clear the market should be revisited and allow for more exchange rate flexibility.

The Gross Official International Reserves (GOIR) nosedived in January 2023 following the reversal of excess FX cash of domestic banks but still remain broadly adequate.





Such reversals, however, indicate that opportunistic reserve accumulation is not sustainable. With an import coverage of 10.3 months at March 2023, we still have adequate buffer to shield the economy against potential external vulnerabilities. Finally, we should not overlook the scale and complex structure of the GBC sector and its potentially non-trivial linkages with the domestic economy, warranting stronger buffers against external shocks.

04 | SECTORAL HIGHLIGHTS

- FINANCIAL SERVICES
- HOSPITALITY & LEISURE
- MANUFACTURING
- INFRASTRUCTURE & REAL ESTATE
- AGRI-BUSINESS
- SMEs & EASE OF DOING BUSINESS
- GREEN ECONOMY & SUSTAINABILITY
- HEALTHCARE & LIFE SCIENCES
- SOCIAL MEASURES

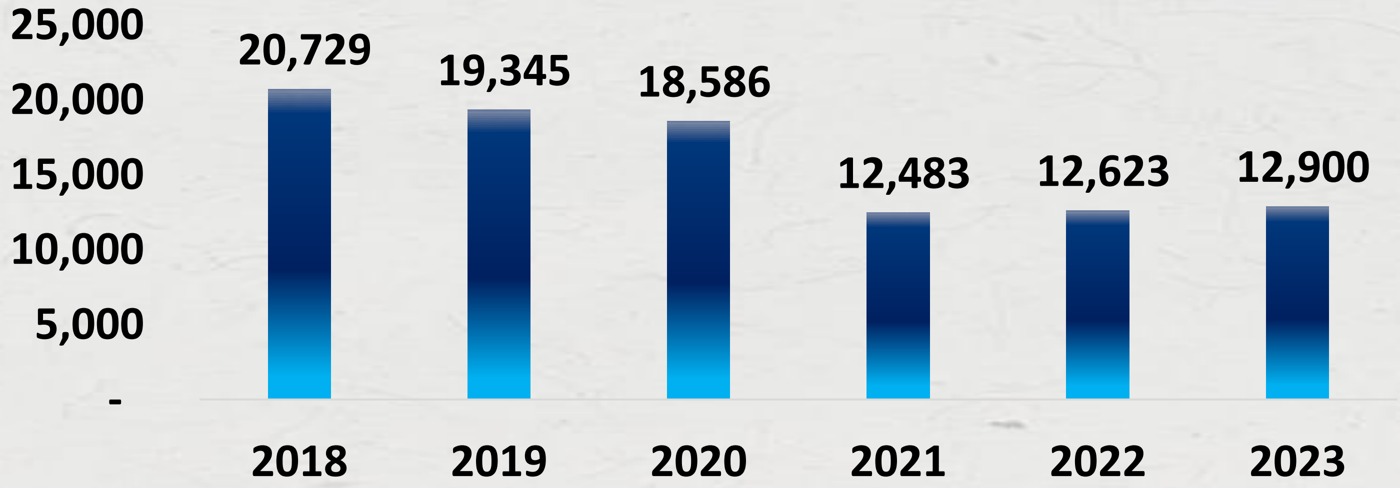
FINANCIAL SERVICES

FINANCIAL SERVICES

Key takeaways

- Partial exemption on interest earned by CIS/Closed End funds to increase from 80% to 95%
- Exemption of interest income on green bonds
- Fintech,credit rating and insurance/reinsurance related businesses excluded from FIAMLA
- AML/CFT legislation will be reinforced and new assessment commissioned by the government
- Variable Capital Companies (VCCs) to include family offices
- Whistleblowing Act to be enacted

Number of live GB companies



Following our exit from the FAFT, EU AND UK black lists, the Financial Services (FS) sector requires a complete overhaul of the way global businesses operate to limit outflows of GBC deposits. A raft of measures have been proposed for a sturdier regulatory/supervisory framework, such as reinforcing our AML/CFT approach. The increase in interest income partial exemption from 80% to 95% for CIS/Close End funds (including VCCs) will entice such entities to set up their operations in Mauritius with positive externalities to Management Companies and local banks. The Whistleblowing Act will help deter corruption but might be susceptible to abuse.

13.6%
2022
Contribution to GDP

+ 4.2%
Growth rate

10,000+
Employees

BUDGETARY MEASURES

Upholding international standards and best practices

- Undertake a National Risk Assessment of money laundering and terrorism financing risks with the assistance of the World Bank
- Introduce a new set of legislative amendments to reinforce the existing AML/CFT legal framework and a Whistleblowing Act to sustain the fight against corruption
- Commission an independent assessment of the effectiveness of our AML/CFT system ahead of the ESAAMLG mutual evaluation in 2025

Sustainable and digital finance

- The exemption of interest income derived from bonds to finance renewable energy projects is being extended to all sustainable projects
- The Bank of Mauritius will develop a Carbon Trading framework for both blue and green credits
- Digital Rupee will be rolled out in November 2023 on a pilot basis

Mauritius as an IFC

- Extend the scope of the Variable Capital Companies to allow their use for family offices and wealth management
- Introduce a new framework to support the licensing and operation of Electronic Money Institutions (EMI)
- Introduce a Wealth Manager and Family Officer licence under Private Banking
- Increase the promotion and marketing budget of the Economic Development Board by Rs 100 million.

Financial Intelligence and Anti-Money Laundering Act

- Entities such as Fintech Service Provider, reinsurance companies and brokers, travel insurance, health insurance, actuarial services, credit rating agency and insurance salesperson will no longer fall under the scope of the FIAMLA

Insurance Act

- The Insurance Act will be amended to enable the Insurance Industry Compensation Fund to provide for appropriate non-pecuniary assistance to victims of hit and run road accidents

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

Financial Services Act

The Financial Services Act will be amended to –

- define “AML/CFT”, “AML/CFT legislation” and “administrative penalty”
- specifically empower the FSC to take enforcement actions in case of breach of AML/CFT legislation
- provide that the FSC can enter into arrangements and extend assistance to a foreign supervisory institution if that institution satisfies relevant confidentiality requirements imposed by the FSC
- require moneylenders to comply with any requirement of the FSC instead of prudential requirements
- align sanctions for non-payment of administrative penalties with that of non-payment of license fees
- provide for the delegation of the Chief Executive’s power to issue directions for the purpose of an investigation

- provide that licensees will be under an obligation to submit independent compliance reports to the FSC
- include breach of the AML/CFT legislation as a ground for referral to the Enforcement Committee
- remove the Chief Executive as a member of the Settlement Committee to avoid possibility of conflict
- enhance the role of Management Companies with respect to ensuring compliance of their clients with relevant laws
- clarify that the issuance of a certificate of good standing is also applicable to Authorised Companies
- provide for the electronic filing of documents by licensees
- provide that recovery of annual fees and late charges due to the FSC will not be time barred to enhance recovery capacity of the FSC
- empower the FSC to make Rules on obligations and responsibilities of holders of a Management licence
- Ombudsperson for Financial Services Act will exclude financial services not licensed by BoM or the FSC

Virtual Asset and Initial Token Offering Services Act

The Virtual Asset and Initial Token Offering Services Act will be amended to –

- allow a Virtual Asset Custodian to also hold custody of securities tokens
- remove the requirement for an applicant to be considered as issuer of initial token offerings to submit an approval letter, in respect to the initial token offerings, issued by the virtual asset exchange or its equivalent acceptable to the FSC
- empower the FSC to make Rules for the setting up of a Virtual Asset Register on virtual asset service providers

HOSPITALITY & LEISURE

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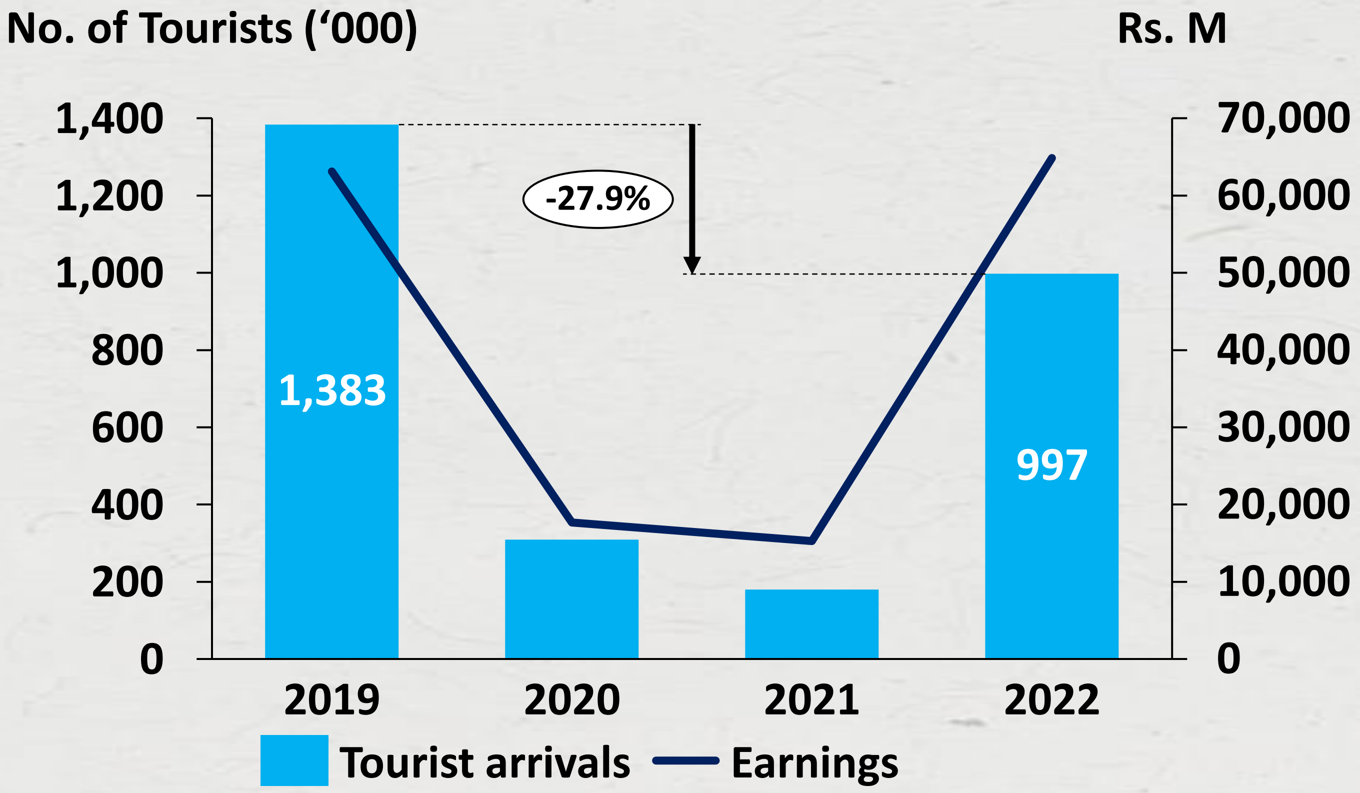
HOSPITALITY & LEISURE

Key takeaways

- Increasing by 25 percent the budget of MTPA from Rs 400 million to Rs 500 million
- Promotion of medical tourism
- Increased threshold percentage amount that an artist will receive of his project
- Removing VAT on all musical instruments



Whilst encouraging, tourist arrivals remained 28% below pre-pandemic levels in 2022. Outlook for 2023 looks rosier based on Q1 2023 numbers. There is a compelling need to tap into the potential of fast-growing markets, such as Africa, China and India. Increasing air connectivity in these destinations is paramount. While the roll-out of the premium VISA is helping boost long-stay tourism, policies this year are embracing higher-value added tourism products, such as medical tourism. Our state-of-the-art hospitals and private clinics have what it takes to support this form of tourism.

Contribution to GDP

8.1% 2019 (Pre-pandemic)

7.4% 2022

27,000+ Employees

BUDGETARY MEASURES

Boosting tourism

- Mandate of the Tourism Authority will be strengthened and transformed from being mainly a licensing authority to an agency that promotes quality control and quality assurance
- Increase of 25% in the Promotion and Destination Marketing Budget of MTPA from Rs 400 million to Rs 500 million
- Increase in the amount under the Participation in International Fairs SME Refund Scheme by 25% to Rs 250,000
- A Sustainable Tourism Unit will be established within the Tourism Authority to assist tourism stakeholders to contribute towards Mauritius becoming Green Certified by 2030
- Tourism Authority Act will be amended to remove the restriction on the number restaurants a hotel can have under a Tourism Accommodation Certificate
- An Automatic Identification System will be introduced at the level of the Tourism Authority to better monitor movements of pleasure crafts for safety and security purposes

Medical tourism

To further the development of medical tourism and the silver economy -

- Medical patients and retirees as well as up to two accompanying caretakers will be eligible for a premium visa
- A foreign patient or retiree will not need to open a bank account in Mauritius
- Foreign retirees above 60 years old will have access to medical insurance

Leisure

- Registered artists will be provided with a pension scheme for their retirement
- Increasing the grant to eligible artists by a minimum of 15% under the National Arts Fund
- Increasing the grant for the production of music albums to Rs 50,000
- Removing VAT on all musical instruments
- Invest Rs 80 million to upgrade the Anjalay Coopen Stadium to also host concerts
- Pulling down of the Emmanuel Anquetil Building for outdoor leisure, recreational activities, musical performances and artists

The threshold percentage amount that an artist will benefit in respect of the value of his project will be increased from -

- 75% to 90% under Emerging Talents Grant, with a maximum amount of Rs 300,000
- 60% to 75% under Production Grant, with a maximum amount of Rs 800,000
- 75% to 90% under Capacity Building Grant, with a maximum amount of Rs 300,000
- 65% to 90% under Research Grant, with ceiling of Rs 500,000
- 60% to 75% under Digital Creative Art Grant, with ceiling of Rs 500,000

MANUFACTURING

MANUFACTURING

Key takeaways

- Investment tax credit to all local manufacturing companies for the next 3 years
- Procurement of least 50% of all biscuits, uniforms, edible oil, margarine, tea, juice, and yogurt from local manufacturers
- 50% reduction in export port charges
- Setting up of Special Economic Zones to position Mauritius as a gateway for the African Market

Manufacturing rebounded in 2022, registering a whopping growth of 10.4% in part due to our preferential market access to export 2,500 product lines to 142 countries and to juicier export prices. The 2023 prospect for textile, however, looks blurry amidst an impending recession in our major export markets. The industry is at a tipping point. The investment tax credit will facilitate a gradual shift away from textile towards higher value-added products as funds get channelled into automation. The setting up of Special Economic Zones will help gain a toehold in the fast-growing African continent and stimulate our exports.

15.5% 2022
Contribution to GDP

PCI 1st in Africa

85,000+ Employees

BUDGETARY MEASURES

- Investment tax credit to all local manufacturing companies for the next 3 years
- Procurement of least 50% of all biscuits, uniforms, edible oil, margarine, tea, juice, and yogurt from local manufacturers
- “Made in Moris” dedicated area at the Mauritius Duty Free Paradise at the airport
- “Made in Moris” programme for some 120 SMEs over a period of 3 years
- Africa Warehousing Scheme renewed for 3 years
- The Freight Rebate Scheme and the Trade Promotion and Marketing Schemes renewed to facilitate exports by sea and air
- 50% reduction in export port charges
- Export Credit Guarantee Scheme renewed
- Setting up of Special Economic Zones to effectively position Mauritius as a gateway for the African Market
- Incentives under the Premium Investor Certificate for investments in production of materials for renewable energy
- 50 % waiver on the increase in electricity prices for the next two years for companies moving towards 100 % renewable energy
- 75% subsidy for the conduct of energy audits

INFRASTRUCTURE & REAL ESTATE

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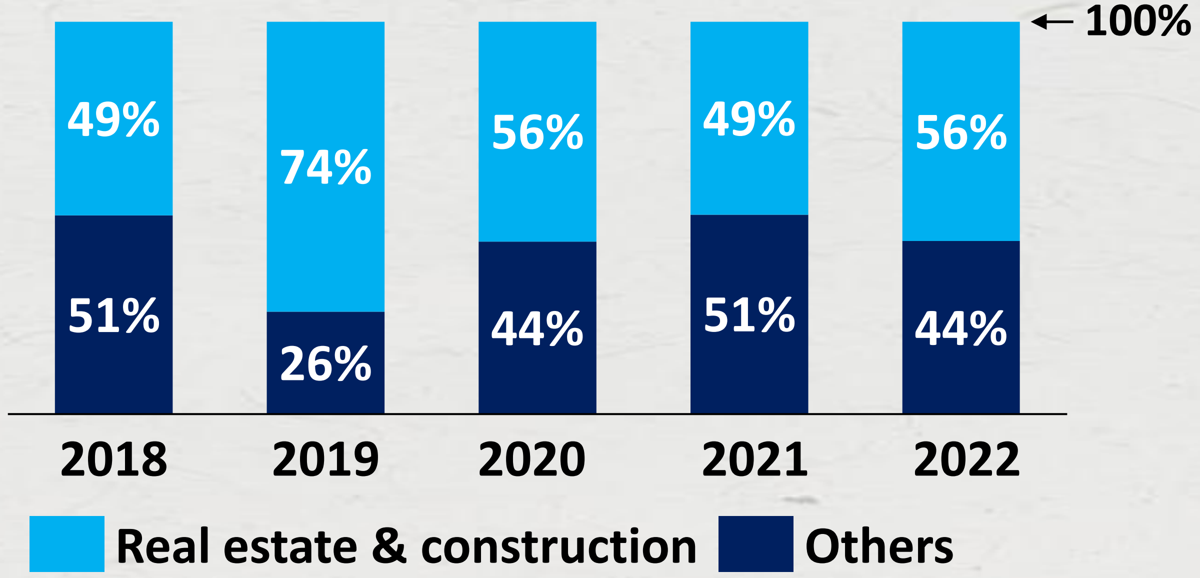
INFRASTRUCTURE & REAL ESTATE

Key takeaways

- Rs 600 million earmarked for the rehabilitation, maintenance and upgrading of roads across the island
- Rs 600 million is being provided for the construction, upgrading and maintenance of school infrastructure
- Investment of Rs 5.7 billion for some high-risk flood prone regions
- Home Ownership Scheme extended to 30 June 2024

Foreign Direct Investment (FDI) (%)



Construction, real estate and public infrastructure grew by a hefty 15.5% last year in part due to government's large fiscal boost in major infrastructure projects while the island sprouted more smart cities and industrial parks.

With large private investment projects in commercial and residential buildings, the real estate sector is expected to grow significantly in 2023.

The massive investment in infrastructure development will spur economic growth and improve quality of life.

11.1% 2022
Contribution to GDP

4,000+ Buyers

7+ Residential investment schemes

BUDGETARY MEASURES

Public Infrastructure and Construction

- Investment of Rs 3.4 billion in the upgrading and extension of our road network system over 60 kms
- Allocation of Rs 360 million for the completion of the A1-M1 linking Coromandel and Soreze by end of December 2023
- Rs 600 million earmarked for the rehabilitation, maintenance and upgrading of roads across the island
- Rs 600 million is being provided for the construction, upgrading and maintenance of school infrastructure
- Investment of Rs 2.7 billion for some 400 high-risk flood prone regions
- Additional investment of Rs 3 billion to make flood prone regions safer
- Rs 3 billion will be invested for the replacement of some 500 km of defective pipes
- Rs 2.2 billion for the modernization of health infrastructure

Real Estate

- The Home Ownership Scheme will be extended to 30 June 2024
- Harmonization of processing fees for IRS, RES, IHS, and SCS
- Rs 25,000 processing fee per application for Ground plus two apartments acquisitions by Non-Citizens and residence permit applications (under residential schemes)
- Introduction of non-refundable processing fees:
  - ➢ Smart City Scheme: Rs 1 million
  - ➢ Property Development Scheme: Rs 500,000
  - ➢ Invest Hotel Scheme: Rs 500,000
  - ➢ Premium Investor Certificate: Rs 50,000
  - ➢ Integrated Modern Agricultural Morcellement Scheme: Rs 25,000
- Acquisition of immovable property by foreigners outside approved schemes

Real Estate

- Resident non-citizens can acquire residential property anywhere in Mauritius, outside the existing schemes (PDS, IRS, Smart City)
- Minimum purchase price increased from $350,000 to $500,000 for resident non-citizens
- An additional registration duty of 10% will apply for resident non-citizens
- Only the main holder of a resident permit can acquire one property, not their spouse or children
- Serviced Land: Promoters of Smart City Scheme or Property Development Scheme can sell one plot of serviced land (up to 2,100 m2) to non-citizens with certain permits until 30th June 2026
- Acquisition of Property in a PDS Project relating to Senior Living and their family: Purchase price above $200,000 and the buyer being over 50 years old. The resident status remains valid as long as they own the property
- Sustainable City Scheme: Non-citizens and their families can get a residence permit by buying property for a min. $375,000 under the Scheme. Residence status stays valid as long as they own the property

AGRI-BUSINESS

AGRI-BUSINESS

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Key takeaways

- Cane trash and woody biomass renumerated at Rs 3.50/kWh
- Rs 22 million for maintenance of irrigation networks in Pointe-aux-Piments, St-Felix and Plaisance
- Minimum guaranteed price of sugar at Rs 27,500 for Crop 2023
- DBM Ltd will introduce a new agricultural loan scheme at 3.5% interest rate with a maximum ceiling of Rs 10 million
- Grant for acquisition of semi-industrial fishing boats by registered cooperatives increased to Rs 6 million
- Exploratory licences to seafood production companies for exploration of untapped resources

Part of the solution to our current account deficit situation is to wean our economy off imports. The various grants given spanning the blue economy, livestock and food crops will give an impetus to import substitution in the medium term. The guaranteed price of sugar at Rs. 27,500 will help insulate exporters against price volatility in 2023; all the more so because our major trading partners might be enmeshed in a recession. The new loan scheme by DBM at 3.5% will certainly encourage more investment in mechanization/ automation processes in an era of high interest rates.

3.9% 2022

Contribution to GDP

2.5M+ tons produced

29,300+ Employees

BUDGETARY MEASURES

Blue Economy

- Grant to fishermen: Rs 2,500 for the purchase of hooks and fishing materials; Rs 5,000 for to construct fish traps; Rs 300k for the acquisition of canottes
- DBM will write-off long outstanding loans of more than 20 years and loans of deceased fishermen
- Lump sum paid to fishermen aged 65 and above increased to Rs 100,000
- Compensation for associations returning their licenses increased to Rs 200,000
- Increasing the daily Bad Weather Allowance to Rs 650
- Grant of 50% for construction of hatchery for shrimp farming up to a maximum of Rs 500,000
- Grant for acquisition of semi-industrial fishing boats by registered cooperatives increased to Rs 6 million
- Grant for acquisition of semi-industrial fishing boats by registered cooperatives increased to Rs 6 million

Livestock

- Grant for purchase of cows, goats, pigs and sheep increased to Rs 225,000
- Subsidy of Rs 1,000 on cost of private veterinary services
- Financial assistance of Rs 200,000 for construction and upgrading of sheds and purchase of goats and sheep
- Grant paid to calf breeders increased to Rs 10,000
- DBM will write-off long outstanding loans > 20 years and loans of deceased breeders
- Increase in subsidy on animal feed by 50% to Rs 15 per Kg

Food crops

- Maximum grant of Rs 500,000 for construction of up to 2 sheltered farms
- 50% subsidy on purchase of fertilisers
- 75% subsidy on potato seeds to SMEs and Cooperatives
- Grant of Rs 250,000 for purchase of equipment by small planters and Rs 300,000 for cooperatives
- Maximum grant of Rs 300,000 for SMEs and Cooperatives for potato processing
- Grant of Rs 200,000 for setting up of seedling production by cooperatives
- Maximum grant of Rs 25,000 for micro gardens by households
- DBM Ltd will introduce a new agricultural loan scheme at 3.5% interest rate with a maximum ceiling of Rs 10 million
- DBM will also extend the Crop Replantation Scheme at an annual preferential rate of 2.5% to biomass and afforestation
- DBM will write-off long outstanding loans of > 20 years and loans of deceased planters

Tea

- Winter allowance to tea growers at Rs 2.50 per kg

Sugarcane industry

- Rs 75 million under the Cane Replantation Scheme
- Cane Revolving Fund Scheme at DBM increased to Rs 500,000
- Rs 22 million for maintenance of irrigation networks in Pointe-aux-Piments, St-Felix and Plaisance
- 50% subsidy on fertilisers for planters producing up to 60 tons of sugar
- Financial assistance of Rs 150,000 for purchase of drip irrigation systems
- CESS waived in respect of crop 2023
- Minimum guaranteed price of sugar at Rs 27,500 for Crop 2023
- Cane trash and woody biomass renumerated at Rs 3.50/kWh
- Geographical Indication label for Rodrigues's Coffee


SMEs &
EASE OF
DOING BUSINESS

SMEs & EASE OF DOING BUSINESS

Key takeaways

- Tax Arrears Settlement Scheme (TASS) extended for a period of one year, with a full waiver of penalties
- Reduction of the salary threshold for professionals from Rs 60,000 to Rs 30,000 for OP
- Non-citizens on a tourist or business visa will be allowed to apply for a Work Permit
- Increase of maximum grant provided under the SME Support Scheme from Rs 200,000 to Rs 250,000
- Extension of the SME interest free loan scheme and the Covid-19 Special Support Scheme up to June 2024 by DBM
- DBM will extend its loan of up to Rs 25 million at a concessional rate of 3.5% per annum to support small and medium contractors

Small and Medium Enterprises (SMEs) are the linchpin of long term growth in a country.

Allowing non-residents on a business visa to apply for a work permit coupled with the new salary threshold of Rs. 30,000 (OP) will help attract foreign know-how to grapple with the acute shortage of high-skilled workers in growth-enhancing sectors.

The extension of business facilitation schemes at preferential rates will be a welcome respite for SMEs amid high interest rates.

2.8%
2022
Contribution to GDP

539
Schemes awarded

275,000+
No. of employees

BUDGETARY MEASURES

Ease of Doing Business

- A company will be provided with a unique identification number, be it for company, business registration, VAT, tax or employee number
- Recognition of Certifications including DocuSign and Adobe Sign by ICTA
- Tax Arrears Settlement Scheme (TASS) extended for a period of one year, with a full waiver of penalties

Occupation Permit as Investor and Self-Employed

- Initial investment requirement of $50,000 for investors and $35,000 for self-employed respectively required at time of making the OP application can now be made 4 weeks after the OP Permit issuance

Foreign Retirees

- The FSC will provide guidelines for insurance companies to accommodate retirees, including foreign retirees
- Foreign retirees will be permitted to work in specific sectors

Occupation permit

Streamlining of the Occupation Permit process at the EDB will include the following changes:

- Reduction of the salary threshold for professionals from Rs 60,000 to Rs 30,000
- Allowing applicants for an OP to have a 120-day business visa
- Obtaining an OP will no longer be conditional on having a local bank account
- Extending the Young Professional Occupation Permit to all fields of study
- Introduction of a silent consent provision of 4 weeks for registration with professional bodies like Medical Council, Dental Council and Veterinary Council
- Review of the composition and process of the Medical, Dental, Veterinary, and Allied Professionals Councils

Work permit

- Abolishment of the ratio requirement for specific sectors including Construction, Manufacturing, Agriculture, and SMEs
- Non-citizens on a tourist or business visa will be allowed to apply for a Work Permit
- A work permit application will be deemed to have been approved if no response within 4 weeks and issuance of an electronic work permit certificate will be issued
- Applicants will be able to track online the different stages of their application via the National Electronic Licensing System (NELS)
- Introduction of a three-tier system for work permit applications and each tier will have its own processing timeframe
- Carers from abroad can stay and work beyond the 4-year limit if their services are still required
- New policy framework for employment of domestic migrant workers like maids and babysitters
- NELS will be extended to expedite residence permit issuance
- Encouragement of job contractors to recruit agricultural workers, with compliance requirements for lodging, accommodation, and registration

SMEs

- Increase of maximum grant provided under the SME Support Scheme from Rs 200,000 to Rs 250,000
- Extension of the SME interest free loan scheme and the Covid-19 Special Support Scheme up to June 2024 by DBM
- Government to continue to pay up to Rs 500 of salary compensation for SMEs
- SME Employment Scheme to be extended for one more year
- The DBM to write-off long outstanding loans of more than 20 years and loans of deceased micro entrepreneurs
- IFCM to provide equity financing including preferential shares to SMEs
- Ability of service operators in the ICT Sector who faced difficulties due to Covid-19 pandemic to pay licence fees and other charges in equal monthly instalments over a period of 5 years and all applicable penalties and surcharges to be waived
- Public contracts below Rs 30 million for infrastructure development to be reserved for micro and small enterprises
- Micro-enterprises allowed to bid for contracts of up to Rs 1 million without a minimum turnover requirement
- DBM will extend its loan of up to Rs 25 million at a concessional rate of 3.5% per annum to support small and medium contractors

GREEN ECONOMY & SUSTAINABILITY

GREEN ECONOMY & SUSTAINABILITY

Key takeaways

- Making Mauritius a Carbon Neutral Economy
- DBM to extend the Green Energy Loan scheme to SMEs for the production of electricity on the rooftop of their buildings up to a maximum amount of Rs 1 million
- A provision of 30% subsidy up to a maximum of Rs 3.5 million on the purchase of electric buses by bus companies
- The IFCM to offer loans at a concessional interest rate of 2% to facilitate the acquisition of fully electric buses

Despite a challenging global economic environment, the government has demonstrated its commitment in making Mauritius a green economy, which entails channelling greater investment incentives into areas such as renewable energy, low-carbon emission and improve waste management sector.

The government's energy strategy is twofold: encourage the adoption of renewable and green clean energy to reduce the country's heavy reliance on fossil fuels and mitigate greenhouse gas emissions.

60% Green energy by 2030

40% Reduction in CO_2 by 2030

Duty-free on EV's

BUDGETARY MEASURES

- Making Mauritius a Carbon Neutral Economy
- Extension of a carbon neutral scheme for the ICT sector
- Establishment of a 32 Megawatt floating solar PV system at Tamarind Falls to generate renewable energy
- Installation of solar PV kits on the rooftops of social housing units
- DBM in collaboration of UNDP to install solar PV of 6 Megawatt on the rooftop of 200 state schools
- Airports of Mauritius Ltd to invest in a 14-Megawatt solar photovoltaic system
- DBM to extend the Green Energy Loan scheme to SMEs for the production of electricity on the rooftop of their buildings up to a maximum amount of Rs 1 million
- Solar powered street lighting to be installed across the island to replace LED and other lighting
- Metro being extended to connect St Pierre and La Vigie by October 2024 as part of the decarbonization programme
- A provision of 30% subsidy up to a maximum of Rs 3.5 million on the purchase of electric buses by bus companies
- The IFCM to offer loans at a concessional interest rate of 2% to facilitate the acquisition of fully electric buses
- The Negative Excise Duty, set at 10%, will be extended until June 2024
- Introduction of a deposit-refund scheme to control the use of plastic bottles and aluminium cans
- Interest income derived from bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects (“Green Bonds”) approved by the Director-General of the Mauritius Revenue Authority (MRA) will be exempted


HEALTHCARE &
LIFE SCIENCES

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HEALTHCARE & LIFE SCIENCES

Key takeaways

- 3% tax rate for companies engaged in the manufacturing of medical devices
- The maximum limit of Rs 1 million under the Overseas Treatment Scheme waived for paediatric patients up to the age of 17 years
- Premium visa for medical patients and retirees with 1 or 2 accompanying caretakers
- E-Health system in hospital facilities from July 2023
- Rs 230 million earmarked to fit the New Cancer Centre with state-of-the-art, high-tech equipment and to enhance cancer screening efforts
- Amendments to the Human Tissue Act to allow for the implementation of in-vitro fertilization (IVF)

Increased investment in healthcare will encourage the population at large to diagnose and detect at an early stage any potential disease.

With these measures, the government's priority is to leave a legacy of healthy population for tomorrow.

We can see clearly that the authorities are concerned about the ageing syndrome and want to encourage fertility.

5.0% 2022

Contribution to GDP

32 Hospitals

300+ Inhabitants per doctor

BUDGETARY MEASURES

Healthcare

- Medical patients and retirees, along with a maximum of two accompanying caretakers, will qualify for a premium visa
- Foreign retirees aged 60 years and above will be granted access to medical insurance
- The maximum limit of Rs 1 million under the Overseas Treatment Scheme will be waived for paediatric patients up to the age of 17 years who require medical treatments abroad
- Companies engaged in the manufacturing of medical devices will be subject to a 3% tax rate
- The implementation of the e-Health system in hospital facilities will commence from July 2023
- Rs 180 million earmarked for the implementation of the e-health project, beginning at the Jawaharlall Nehru Hospital (JNH)
- A funding of Rs 20 million is being allocated to enhance screening efforts for cancer risk assessments and early detection
- An amount of Rs 210 million has been designated to equip the New Cancer Centre with state-of-the-art, high-tech equipment
- Implementing the provision of continuous glucose monitors for approximately 1000 individuals with Type-1 diabetes together with insulin pumps for around 450 high-risk diabetic patients
- Rs 15.7 billion allocated to further enhance the quality of health services offered to our citizens
- An "Elderly Health Record" or "Carnet de Santé" will be introduced for individuals above the age of 60 to facilitate comprehensive tracking of health conditions
- A SMART Health Mobile App will be developed in collaboration with the World Health Organization (WHO) to offer infection prevention and control information tailored to specific needs
- A provision of silent consent for a period of 4 weeks will be introduced for the registration of foreign professionals with professional bodies, including the medical, dental, and veterinary councils

Life Sciences and Biotechnology

- The Human Tissue Act will undergo amendments to allow for the implementation of in-vitro fertilization (IVF)
- All applications submitted to the Clinical Research Regulatory Council (CRRC) will be processed within a maximum timeframe of 15 days
- The Investment Certificate issued by the Economic Development Board (EDB) will encompass wellness-related activities, including traditional medicine

SOCIAL MEASURES

SOCIAL MEASURES

Key takeaways

- All basic pensions will be at Rs 11,000
- Minimum wage at Rs. 15,000
- Effective this year, adults reaching 18 years will be provided with a grant of Rs 20,000
- Provision of free pre-primary education for all as from the 1st of January 2024
- Removal of VAT on 15 key items of everyday consumption for Mauritian families (Baby products and Essential products)
- Rs 15,000 monthly contribution by the government for a period of two years for newly employed women or those out of work for more than one year

The rise in the basic pension and the minimum wage will help restore purchasing power amid high inflation. Given that the most vulnerable have a higher marginal propensity to consume, we conjecture that these measures will support the growth momentum. The grant of Rs. 20,000 to new adults of 18 years and the monthly contribution to newly employed women will contribute to increasing labour supply with positive knock-on effects on potential output over the long term. Free pre-primary education and removal of VAT on baby products are measures calibrated to address the decline in birth rate.

15,000 Minimum wage

11,000 Basic pension

8,000 Housing units in next 18 months

BUDGETARY MEASURES

For the elderly

- All basic pensions will be at Rs 11,000

Consumer protection

- 48,000 children up to the age of 3 years old will be provided a monthly child support of Rs 2,000
- Increase in the allowance to Rs 2,000 to those earning up to Rs 25,000 monthly
- Removal of VAT on 15 key items of everyday consumption for Mauritian families (Baby products and Essential products)
- As from the 1st of July 2023, introduction of the « Revenu Minimum Garanti » of Rs 15,000

Water

- The grant for water tank will be increased from Rs 8,000 to Rs 15,000 and extended to households with a monthly income of less than Rs 60,000

Labour force

- Setting up of public childcare centres in main areas
- Increase the grant by 30% to Rs 650,000 for child day care centres
- Government will contribute Rs 15,000 monthly for a period of two years for newly employed women or those who have been unemployed for at least a year under the Prime à L'Emploi Scheme

Education

- Provision of free pre-primary education for all as from the 1st of January 2024

Healthcare

- Provision for the recruitment of additional 1,400 staff this year in the public health sector

Law and order

- Provision of Rs 11.8 billion to the Police Force to create a safe environment for our citizens

Social aid

Increasing the threshold for eligibility under the Social Register of Mauritius -

- From Rs 3000 to Rs 3,575 for an adult
- From Rs 1,500 to Rs 2,500 for a child

NGOs

- Rs 500 million will be mobilized for the next 5 years to implement national social projects
- The grant to religious bodies is being increased from Rs 108 million to Rs 125 million

Animal welfare

- Individuals adopting animals from registered NGOs will be allowed to deduct an amount of Rs 10,000 on their chargeable income for each animal adopted

Decent housing for all

- 8,000 housing units will be constructed in the next 18 months

Child welfare

- Provision of CSG Child Allowance of Rs 2,000 monthly for some 48,000 children aged up to 3 years

Youth to adulthood

- As from the 1st of January 2023, each and every one reaching 18 years will be provided with a grant of Rs 20,000

Amendments to the Workers' Rights Act

- Authorization to switch to part-time employment and allowing full-time workers to complete their working week in 4 days to promote flexi hours and reconcile work with more family time
- Introduction of hourly rate for wage computation, including overtime
- Alignment of part-time worker allowance with National Minimum Wage Regulations
- Alignment of provisions regarding work during extreme weather conditions
- Requirement for employers to pay insurance policies for workers required to work during extreme weather
- Provision for accumulation of untaken annual leave into a bank and refund of unused accumulated leave on termination
- Fair hearing for workers in cases of misconduct or poor performance by allowing the worker to give explanation orally
- Authorising the Redundancy Board to make an Order where a termination is justified
- Extension of timeframe for Redundancy Board proceedings from 30 days to 60 days
- Disallowance of Transition Unemployment Benefit where a worker has refused an employment offer corresponding to his qualification twice
- Employers sponsoring workers in private pension schemes must pay Portable Retirement Gratuity Fund (PRGF) contributions for uncovered past services
- Harmonization of Workers' Rights Act with FSC rules for private pension schemes
- Conversion of private pension scheme contribution rates to PRGF rate requires the employer's monthly contribution to meet or exceed the PRGF prescribed rate
- Consideration of lump sum payments in PRGF retirement benefits computation
- Payment of gratuity to laid-off workers who have attained age of retirement from insolvent enterprises

Amendments to the Workers' Rights Act

- Uniformity in retirement benefit calculation for full-time and part-time workers
- Efficient PRGF administration, including review of surcharge computation
- Protection of workers' gratuity when private pension scheme is inadequately funded
- Classification of non-compliance offenses as direct contraventions to Employer for non compliance with written notice of Labour Officers, instead of going to Court

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05 | TAX AND REGULATORY MEASURES

5.1 | PERSONAL INCOME TAX
5.2 | CORPORATE TAX
5.3 | PROPERTY TAX
5.4 | EXCISE DUTY
5.5 | VAT
5.6 | TAX ADMINISTRATION

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Overhaul of the personal tax regime

As from this financial year, the personal income tax, will be completely progressive and the Solidarity Levy is being removed.

Henceforth, all income will be taxed incrementally.

The annual chargeable income of an individual will be taxed at:-

0%	on the first Rs 390,000
2%	on the next Rs 40,000, that is for the surplus income between Rs 390,001 and Rs 430,000
4%	on the next Rs 40,000, that is for the surplus between Rs 430,001 and Rs 470,000
6%	for the next Rs 60,000, that is for the surplus between Rs 470,001 and Rs 530,000
8%	for the next Rs 60,000, that is for the surplus between Rs 530,001 and Rs 590,000
10%	for the next Rs 300,000, that is for the surplus between Rs 590,001 and Rs 890,000
12%	for the next Rs 300,000, that is for the surplus between Rs 890,001 and Rs 1,190,000
14%	for the next Rs 300,000, that is for the surplus between Rs 1,190,001 and Rs 1,490,000
16%	for the next Rs 400,000, that is for the surplus between Rs 1,490,001 and Rs 1,890,000
18%	for the next Rs 500,000, that is for the surplus between Rs 1,890,001 and Rs 2,390,000 and
20%	on the surplus income above Rs 2,390,000

Income exemption threshold

As from the 1st of July 2023,

(i) An individual with no dependent with a chargeable income up to Rs 30,000 monthly, that is Rs 390,000 annually will not pay any income tax

(ii) An individual with two dependents with a chargeable income of Rs 50,000 will not pay any tax

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Waiver of COVID-19 Levy

All outstanding debts of the COVID-19 levy as at 20 January 2023 inclusive of penalties and interest will be waived

Solidarity Levy on Telephony Service Providers

The rate of the levy applicable to the turnover component will be reduced from 1.5% to 1%

Other Exemptions and Reliefs - Exempt Income

(i) The partial exemption granted in respect of interest earned by a Collective Investment Scheme or a Closed End Fund established in Mauritius will be increased from 80% to 95%

(ii) Interest income derived from bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects ("Green Bonds") approved by the Director-General of the Mauritius Revenue Authority (MRA) will be exempted

Corporate Social Responsibility (CSR)

Rs 200 million of the CSR amount collected by the MRA will be transferred to the Solidarity Fund annually as from FY 2023/2024

Taxation of Banks

- The incentive tax rate of 5% introduced in 2020/2021 and 2021/2022 is no longer applicable as from the year of assessment 2022/2023 and banks are being taxed at the rate of 15% on chargeable income above Rs 1.5 billion

Double Deduction of Expenditure Incurred on Market research and Product Development

- This deduction granted to a manufacturing company will no longer be restricted to the African market but is restricted to companies having an annual turnover not exceeding Rs 500 million

Investment Tax Credit

- The investment tax credit of 15% over 3 years (i.e. 45% in total), granted to manufacturing companies in respect of expenditure incurred on new plant and machinery (excluding motor cars) is extended up to the financial year (FY) 2025/2026
- Any unrelieved investment tax credit may be carried forward over 10 years

Double Deduction of Expenditure Incurred on an approved film project

- A tax relief of 200% of amount spent by local companies participating in the financing, sponsorship or marketing and/or distribution of an approved film project, under the Film Rebate Scheme, intended for theatrical or media streaming release
- The approved film should be produced at least 90% in Mauritius

Financial Assistance to Specified Enterprises- Salary Compensation 2023

- Government will provide a monthly financial assistance for payment of salary compensation 2023 of -

(i) Rs 250 or Rs 500 per eligible employee of a Small and Medium Enterprise (SME) including an expatriate employee depending on the profitability of the enterprise

(ii) Rs 300 per eligible employee of an Export Oriented Enterprise including an expatriate employee and

(iii) 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

3% Reduced Rate of Corporate Tax on Exports of Goods

- It will be clarified that profits derived from the sale of aviation fuel to an airline will be considered as an export of goods and therefore subject to tax at the reduced rate of 3%

Income Tax Holiday

- The income tax holiday granted to Mauri-Facilities Management Co. Ltd, which has been given additional responsibilities under the National Clean-up Campaign, will be increased by an additional 5 years

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Home Ownership Scheme

- The Home Ownership Scheme will be extended for another year, i.e. in respect of residential property acquired during the period 1 July 2023 to 30 June 2024
- Under the Scheme, an eligible person buying a house, an apartment or bare land to construct his residence benefits from a refund of 5% of the cost of the property up to a maximum of Rs 500,000
- A property which has been the subject of a reservation on or before 30 June 2024 in the prescribed manner will also qualify under the Scheme provided the deed of transfer is signed and registered not later than 30 June 2025

Home Loan Payment Scheme

- The Home Loan Payment Scheme will be extended for another year, i.e. in respect of loans contracted during the period 1 July 2023 to 30 June 2024
- Under the Scheme, a person contracting a secured housing loan to construct his residence benefits from a refund of 5% of the loan amount disbursed, up to a maximum of Rs 500,000. Amounts of loan disbursed up to 30 June 2025 will qualify under the Scheme

Exemption from Payment of Registration Duty

- No registration duty or fee shall be payable in respect of any document signed or executed by the Financial Intelligence Unit under which it is a beneficiary

5.4 EXCISE DUTY

Alcoholic Products

Effective as from 3 June 2023, the following rates of excise duty on alcoholic products will be applicable –

Product	Current	New
Beer (per litre)		
Up to 9 degrees	Rs 48.00	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
Wine of grapes (per litre)		
In bulk for bottling purposes	Rs 134.00	Rs 147.40
In bottle	Rs 234.75	Rs 258.25
Champagne (per litre)	Rs 1,118.00	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 724.10
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 492.00

Tobacco Products

Effective as from 3 June 2023, the following rates of excise duty on tobacco products will be applicable –

Product	Current	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

Excise Licences Fees for Wholesale/Retail Sale of Alcoholic Products

The annual licence fees for the sale of alcoholic products will be increased as follows –

(i) wholesale dealer: from Rs 6,000 to Rs 18,000; and

(ii) retailer: from Rs 1,000 – Rs 6,000 to Rs 2,000 – Rs 12,000

Motor Vehicles

(i)The current Excise/Customs Duty Rebate Scheme on motor vehicles will be extended for a further period of one year up to 30 June 2024. The rebate scheme is applicable as follows–

(A) a motor car up to 1,000 cc: 55% rebate on the excise duty payable on the motor car; and

(B) a motor car above 1,000 cc, double/single space cabin vehicle, van or bus: 45% rebate on the excise/customs duty payable on the motor vehicle

(ii) The Negative Excise Duty Scheme to encourage the purchase of electric vehicles will be extended for a further period of one year up to 30 June 2024. The Scheme provides for a refund of 10% of the value of importation up to a maximum of Rs 200,000 on the purchase of an electric vehicle by –

(A) an individual purchasing an electric vehicle irrespective of the electric motor power; and

(B) a company purchasing an electric vehicle of up to 180 kilowatt

Local Recycling of Waste PET Bottles into Reusable Goods

The rate of refund payable for waste PET bottles recycled into reusable goods will be increased from Rs 15 per kg to Rs 30 per kg to encourage local recycling

5.5 VALUE ADDED TAX (VAT)

- VAT and custom duty will be removed on glass-ceramic blocks for dental use
- VAT will be removed on medical grade silicone
- The VAT exemption granted on the construction of a purpose-built building for the provision of tertiary education will be extended to construction for primary and secondary education
- Provision will be made to exempt from the payment of VAT, customs duty and excise duty any contractor engaged in the construction of social housing units under a Social Housing project implemented by New Social Living Development Ltd
- Instruments and appliances used in medical, surgical, dental or veterinary sciences, of HS Code 90.18, will be made zero-rated for VAT purposes instead of VAT exempt
- Presently, water supplied, infrastructure works and renting out of meters by the Central Water Authority are zero-rated for VAT purposes. Similar VAT treatment will be extended to the Rodrigues Public Utilities Corporation.
- Currently, the rates of the special levy on banks are as follows –

  (i) 5.5% for banks having operating income of not more than Rs 1.2 billion from transactions with residents; and

  (ii) 4.5% for banks having operating income in excess of Rs 1.2 billion from transactions with residents.

  The rate of the levy will be aligned to 5.5% for all banks.

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Tax Arrears Settlement Scheme (TASS)

- The Tax Arrears Payment Scheme will be re-introduced. The Scheme provides for 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 and provided the taxpayer registers under the Scheme by 31 December 2023
- Taxpayers having assessments pending before the Assessment Review Committee, the Supreme Court or Judicial Committee of the Privy Council, and who wish to take advantage of the Scheme, may do so by withdrawing the case before these institutions

Tax Deduction at Source

- The Income Tax Act will be amended to broaden the scope of TDS to cover –

Services	Rate of TDS
Payment of fees made by insurance companies to panel beaters and spray painters for repairs of motor vehicles of policy holders	3%
Interior Decorator/Designer	5%

Tax Deduction at Source - exemptions

- Tax Deduction at Source will not apply on fees paid to -

(A) a Management Company licensed by the Financial Services Commission (FSC); and

(B) an Investment Adviser licensed by the FSC.

Protected Cell Company and Variable Capital Company

- 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

Presumptive Tax

- A number of provisions relating to the administration of the presumptive system of income tax will be fine-tuned

Statement of Financial Transactions

- 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. As regards a corporate, the threshold will be Rs 500,000 and Rs 4 million respectively

Power to Require Information

- 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
- The MRA will also be allowed to request additional information from a bank if a benefit payable by the MRA has been credited in a wrong bank account

Tax Administration: Customs Act

- It will be clarified that the taxation rate applicable on any imported or locally manufactured good is the rate in force in the Customs Tariff Act, Excise Act and Value Added Tax Act at the time the Bill of Entry for the good is validated at Customs
- The rate of interest that will be applicable at the time of effecting a refund of taxes under the Customs Act or the Excise Act will be the Key Rate
- Parcels and trade samples imported/exported by post/courier, which are not merchandise for sale, do not require a Bill of Entry for clearance. However, a simplified customs form is submitted for clearance purposes. Legal provision will be made for this form
- Where an importer/exporter/broker/agent fails to produce documents requested by MRA for post-clearance audit control, MRA may claim taxes underpaid based on information available. Provision will be made for a penalty not exceeding 50% of the underpaid taxes and interest at the rate of 0.5% per month, as for other cases of underpayment of taxes
- An importer, who imports goods on behalf of another person entitled to tax exemption but fails to submit required documents within 15 days after the clearance of the goods, will be liable to a penalty of Rs 2,000 per day of non-compliance, up to a maximum of Rs 20,000. An aggrieved importer will have a right of appeal
- The penalty provision for failure to submit a Bill of Entry for the clearance of goods or to make necessary amendments to ensure the accuracy of a manifest within 5 working days after the time an aircraft has landed or a vessel has been berthed will be further deferred until 30 June 2024
- MRA Customs will be empowered to request, on a risk-management basis from an importer clearing goods of a value of more than Rs 500,000, details on the source of funds which have been used to purchase the goods

Tax Administration: Customs Act

- The Income Tax Act and VAT Act make provision for any aggrieved person to lodge an objection at the Objection Directorate of MRA or an appeal at the ARC on payment of 10% and 5% respectively of the amount of taxes underpaid. Similar provision will be made in the Customs Act and Excise Act to discourage frivolous objections and appeals

Tax Administration: Value Added Tax Act

- It will be clarified that a person who has voluntarily registered for VAT purposes will be allowed to take credit for input tax as from the date of his registration
- It will be clarified that the time period to issue a VAT assessment will not exceed 4 years following the period in which the tax liability arose, unless there is fraudulent conduct
- As a first of 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
- 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. An additional condition that will, henceforth, have to be satisfied is that the construction value should not exceed Rs 3 million
- To facilitate 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
- Presently, an event organiser is eligible to VAT refund in respect of accommodation costs incurred by visitors attending a qualifying event. An event organiser will, henceforth, be exempted from payment of VAT in respect of accommodation costs for a qualifying event

Tax Administration: Mauritius Revenue Authority Act

- **Contrainte**

  The process of recovery of tax debt by way of "contrainte" issued against a debtor will be fine-tuned

- **Offences in relation CSG Income Allowance**

  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

- **Enlistment of Technical Experts**

  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

- **Review of Tax Appeal System**

  The efficacy of revenue collection goes necessarily via an effective tax appeal system. Necessary legislative amendments will be brought to improve the current tax appeal procedures to make same more effective and efficient

Tax Administration: Registrar-General's Department

- Transfer of Shares

The following amendments will be brought in respect to registration of transfer of shares -

(A) for transfer of shares exceeding Rs 200,000 in value and requiring a supporting certificate from a professional Accountant, the duty/taxes will be levied either on the value declared in the deed of transfer or in the certificate, whichever is the higher

(B) when a person is acquiring more than 20% of the share capital in a company and an option has been made to be taxed on the value of shares transferred, a description of immovable property held in the company together with a site plan should be given at time of registration of the deed of transfer and

(C) the process of objection following an assessment on value of shares transferred will apply equally to the transferee and transferor if the latter is subject to land transfer tax on the transaction

- Arrears Payment Scheme

The Arrears Payment Scheme will be re-introduced for another year. The Scheme will provide for full waiver of penalties and interest if a debtor of the Department settles any debt amount on or before 31 March 2024. This Scheme will apply to tax arrears due as at 31 May 2023

- Objection Unit

(A) The time given to an aggrieved person to object to an assessment of the Registrar-General following a transfer of movable property will be increased from 15 to 28 days

(B) If the subject matter of an objection relates to a technical field, the Registrar-General may, enlist the services of a suitable expert in the field, to advise the Objection Unit

- Representations to the ARC – Immovable Property

An aggrieved person who lodges representations with the Clerk of the Assessment Review Committee (ARC) will be required to file a copy with the Registrar-General

06 | Information Sources

All the data, including those supporting our graphs, were sourced from the following:

Bank of Mauritius: https://www.bom.mu/

Economic Development Board: https://www.edbmauritius.org/

Government Portal of Mauritius: https://govmu.org/EN/Pages/default.aspx

International Monetary Fund: https://www.imf.org/en/Data , https://www.imf.org/external/datamapper/profile/MUS

Moody's: https://www.moodys.com/

Statistics Mauritius: https://statsmauritius.govmu.org/SitePages/Index.aspx

World Bank: https://data.worldbank.org/

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