



Budget Highlights

2022 – 2023

En route for a sustained and
inclusive growth...

June 7, 2022



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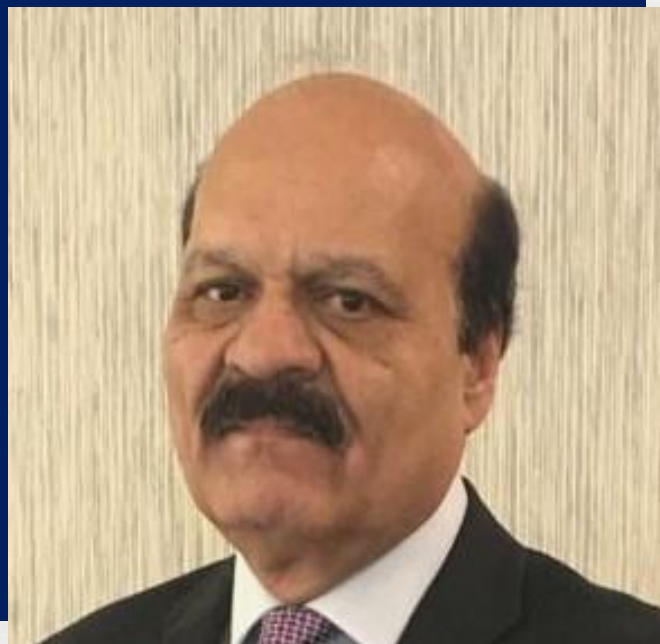
05 | INFORMATION SOURCES

A woman with dark curly hair, wearing a black and white striped shirt, stands in the center of a data center. She is gesturing with her hands as if presenting. Behind her is a large wall-mounted screen displaying a world map with glowing blue nodes and connecting lines. In the foreground, several people are seated at desks with multiple computer monitors. The monitors display various data visualizations, including charts and network diagrams. The overall atmosphere is professional and high-tech, with a strong blue color palette.

**HELPING YOU THRIVE IN A
CHANGING WORLD**

**01 | EXECUTIVE
SUMMARY**

EXECUTIVE SUMMARY



Arvin Rogbeer

Managing Partner

Moore Mauritius

E: Arvin.Rogbeer@moore-mauritius.mu

T: +230 211 6535



Set against a backdrop characterized by a challenging global economic environment, the budget 2022-23 presented by the Honorable Minister of Finance Dr. Renganaden Padayachy, charts the pathway towards a sustained and inclusive recovery. True, as a small open island economy which is heavily dependent on tourism, our economy had faced a major tail event setback in 2020 with the COVID-19 pandemic bringing economic activities to a screeching halt. As we were slowly coming to grips with the pandemic, a major ‘unknown unknown’ surfaced in the first quarter of 2022: the war between Russia and Ukraine which sparked off global inflationary pressures. Mauritius, being a net importer with a relatively high foreign inflation passthrough was not spared.

These two challenges – both largely uncontrollable and exogenous - meant that the policy response from the Mauritian government had to be swift, specific, relevant, timely and appropriate. Indeed, the policy measures announced in the 2022-23 budget aim at balancing different objectives, prominent among which were: the need to assuage the purchasing power loss of Mauritian citizens through appropriate financial reliefs and income support measures, as well as to create the right conditions for a sustained and inclusive growth.

What do we retain as the essence of the Budget 2022-23? First, it is a largely social budget with a human face. The government has rolled up its sleeves to help the population grapple with cost-of-living hikes, through the deployment of a variety of support measures. To this end, the budget paves the way for a bold move from a flat income tax system to a more progressive income tax system aimed at lowering tax rates for those receiving below Rs.75,000, without affecting higher income groups. Similarly, it proposes to increase pension support to all eligible citizens

by Rs1,000 effective as from 01 July 2022. At a time when many businesses are gradually migrating towards normalcy after two years of suppressed pandemic-induced performance, these measures come as a welcome respite. In line with these relief measures, the budget also provides for an amendment in the Small and Medium Enterprise Act that changes the definition of SMEs, and that aims to make several thousands of small firms eligible for special assistance schemes offered by the Government and by different governmental institutions (e.g., Development Bank of Mauritius). These supply-side reforms, coupled with the novel measure aimed at limiting construction contracts below Rs 20 million for SMEs only, will help foster an entrepreneurial spirit and help sustained potential growth, going forward.

Urban citizens, irrespective of their income groups, will now be exonerated from paying municipal taxes. Parents who are funding their children's tertiary studies will now be able to benefit from a larger deduction, now Rs. 500,000 from their annual income taxes. Low-income borrowers will benefit from a fairer and more transparent 'Sale-by-Levy' system. The subsidy system will be extended to basic necessities, including the archetypal 'pain maison' and flour, which account for a high proportion of the income of the downtrodden. The State Trading Corporation (STC) will also benefit from funding aimed at allowing the provision of essential necessities at subsidized rates.

The Budget 2022-23 lays the foundation to gradually wean our economy off imported goods. A bold agricultural policy aimed at boosting sustainable and eco-friendly farming practices has been announced. From cattle breeding to fishing, they all have one overriding aim: encourage local production of agricultural products and ensure optimal usage of our land resources and of our exclusive economic zone.

To ease access to African and Asian seaports, the budget 2022-23 proposes to overcome logistical bottlenecks through the charter of special vessels. In a highly competitive market, it is expected that this measure should help buttress our exports sector. In parallel, the budget 2022-23 sets the tone for attracting more tourists to our island. The budget 2022-23 aims at attracting more 'high spending' tourists to visit the island by quickening the transit time from plane to hotel through special fast-track facilities at the airport. The budget of the Mauritius Tourism Promotion Agency (MTPA) has been increased to facilitate the promotion of our island as a favorite destination to non-traditional markets.

The financial services sector – a linchpin of our economy - has proved its resilience during the COVID-19 pandemic, despite of a number of reputational setbacks. Mauritius has recently been removed from the EU's black list, the FATF's grey list and from the UK's list of high-risk countries due to the commendable measures taken by the government to improve its AML-CFT regime and to promote the integrity of the jurisdiction to the eyes of foreign investors. The sector has also well been served in the budget 2022-23. The latter made provisions for the launching of a regional renminbi hub and of a National Payments Card to facilitate e-transactions. Foreign investment will be encouraged through the fast-tracking process to be put in place in opening a bank account and in granting a license / permit.

The move towards safe, clean and environmentally sustainable energy sources is a recurrent theme in the budget. From the provision of solar kits in public places, to the procurement of energy-efficient buses by the National Transport Corporation (NTC), there is a firm commitment by the government to meet the climate-related credentials enshrined in the sustainable developmental goals by year 2030. Tax-based incentives will also be provided to encourage procurement and use of hybrid cars. A carbon-credit trading system – a bedrock incentive-based measure in Environmental Economics - and sustainable bond scheme will be introduced as well and should enable entities with green credentials from deriving pecuniary benefits from their below-target emissions.

On the demographics front, the government is aware of the inevitable toll an ageing population has on the budget deficit and the debt situation through the generous pensions system and the free healthcare system. Indeed, with an increasing share of the population above 60, future budget exercises will become more complicated.

One has to concede that it was a delicate balancing act to meet the needs of different stakeholder groups. The budget 2022-23 provides a bold and ambitious 'feuille-de-route' towards a cleaner, more environmental-friendly Mauritius with a sustained and inclusive growth. It has the necessary ingredients aimed at equipping the economic machinery with adequate buffers to weather potential economic headwinds.



Key Budget Themes

1

- Lower tax rates (10% – 12.5%) for income below Rs 75,000 and income allowance of Rs 1,000 for gross income of up to Rs 50,000

2

- Tax paying families with children attending universities now able to deduct up to Rs. 500,000 from their income tax

3

- Higher universal pensions by Rs1,000

4

- More SMEs eligible for governmental assistance measures

5

- Urban citizens exonerated from paying municipal taxes

6

- Reduced dependence on imported goods through promotion of local products

7

- Fast-tracking of application for bank accounts, permits / licences and no cost to incorporate a company

8

- Environmental-friendly initiatives (clean and greener energy schemes, greener public transport and vehicles)

9

- Social Aid benefits to increase by at least 20%

10

- All hybrid and electric cars now duty-free



FINTECH

02 | ECONOMIC PULSE



ECONOMIC PULSE



Adarsh Rogbeer

Audit and Advisory

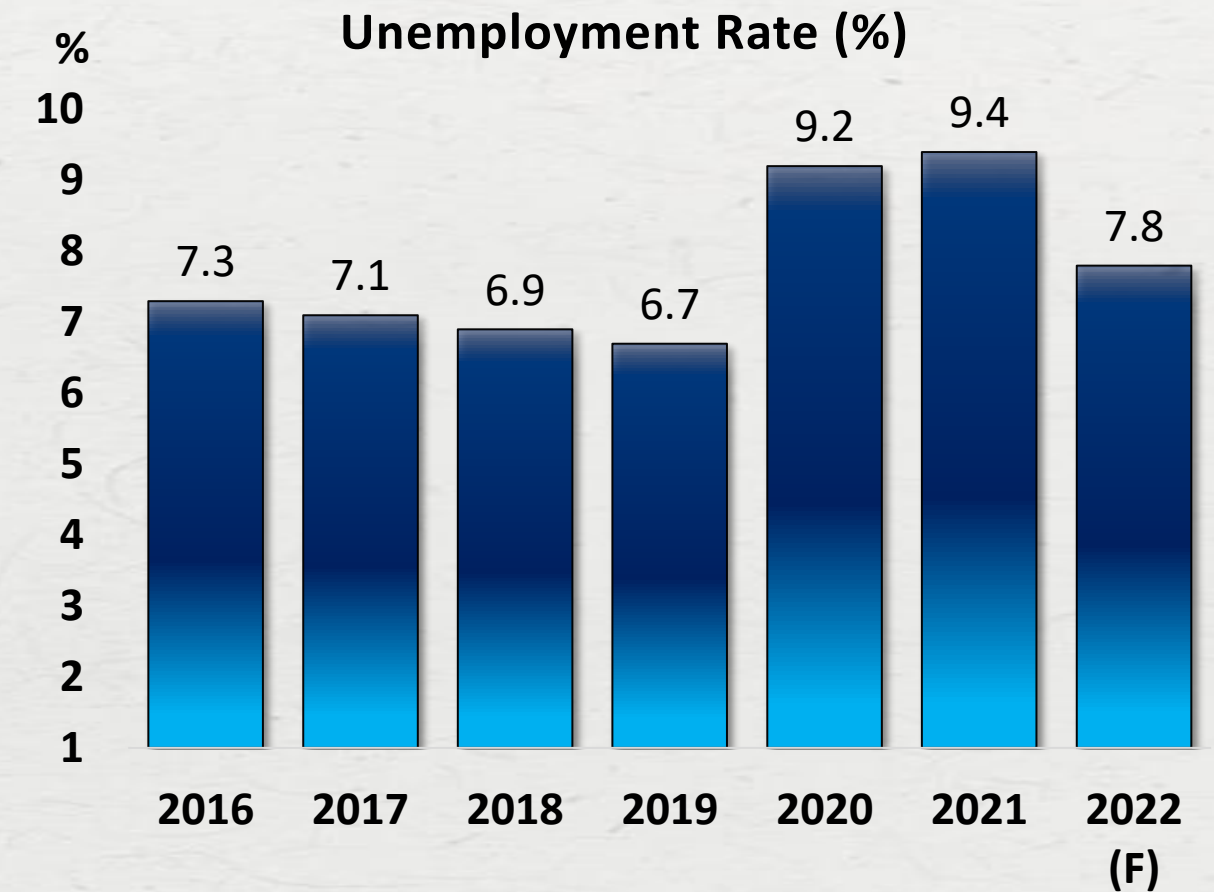
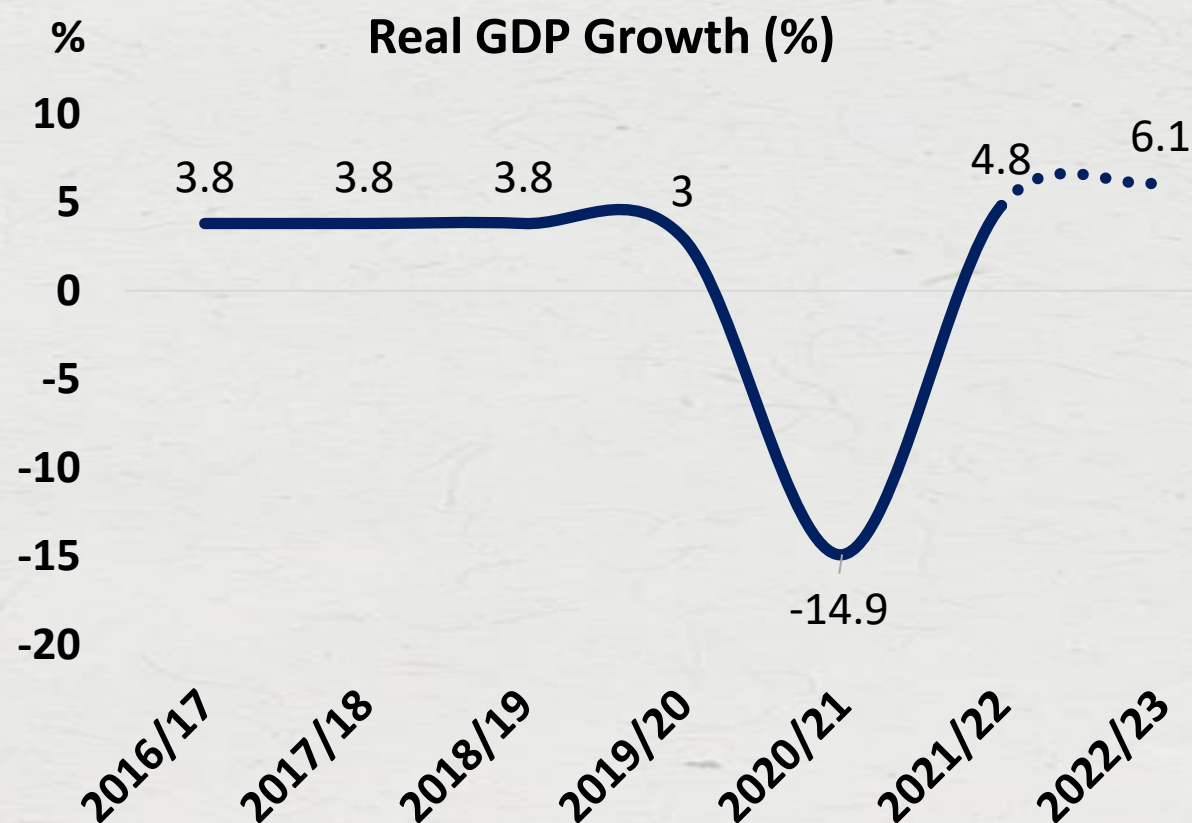
Moore Mauritius

E: moore-mauritius@intnet.mu

T: +230 211 6535



Between supply disruptions, soaring fuel and food prices and grim economic outlook of our major trading partners in the midst of Russia's war in Ukraine, there is more than enough reason to fret about the spectre of a broad-based and prolonged supply shock. Policymakers will certainly face a complex trade-off between quashing supply-induced inflationary pressures, spurring growth and safeguarding jobs. But a contraction in output is not expected – yet.

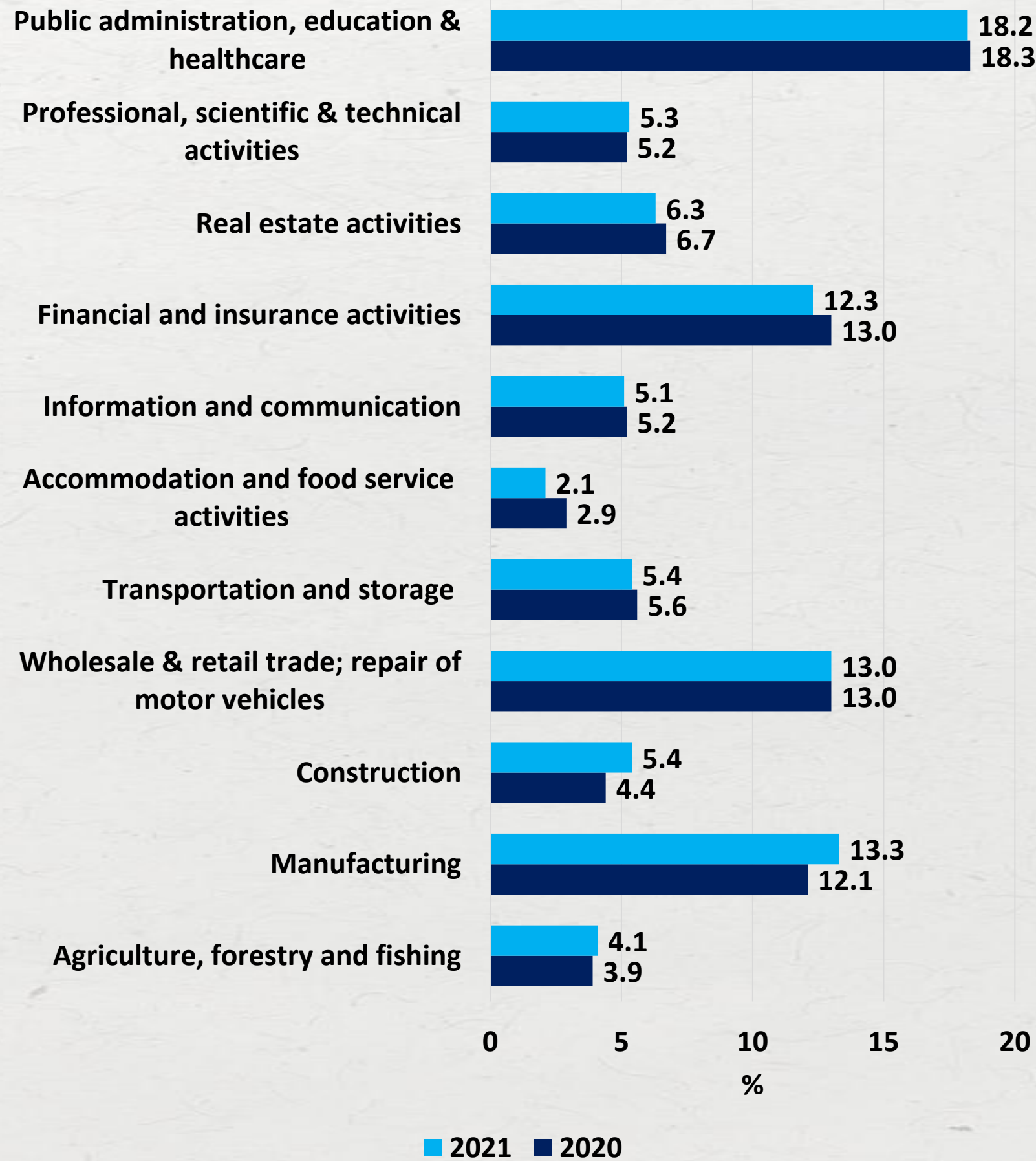


Real GDP growth for 2021 is projected at 4.8% (2020: -14.9%) while unemployment rate rose to 9.4% (2020: 9.2%) in 2021 according to Statistics Mauritius.

With the reopening of our borders and release of pent-up demand, we conjecture that a real GDP growth above 6% is achievable in 2022. Similarly, unemployment rate is expected to fall as labour market conditions improve.

GDP Dashboard

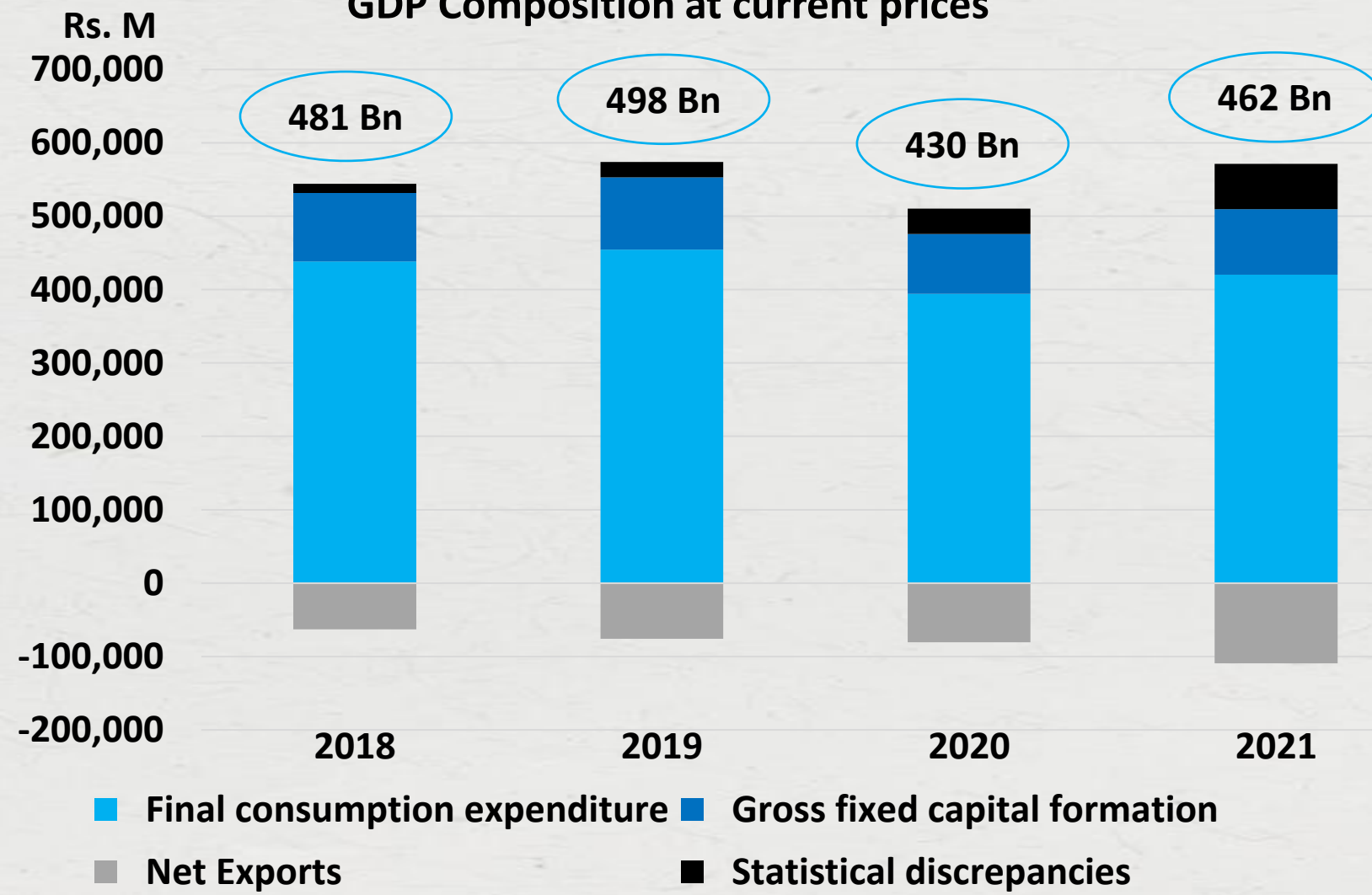
Percentage Distribution of Gross Value Added by industry group at current basic prices



Gross fixed capital formation (% of GDP)



GDP Composition at current prices

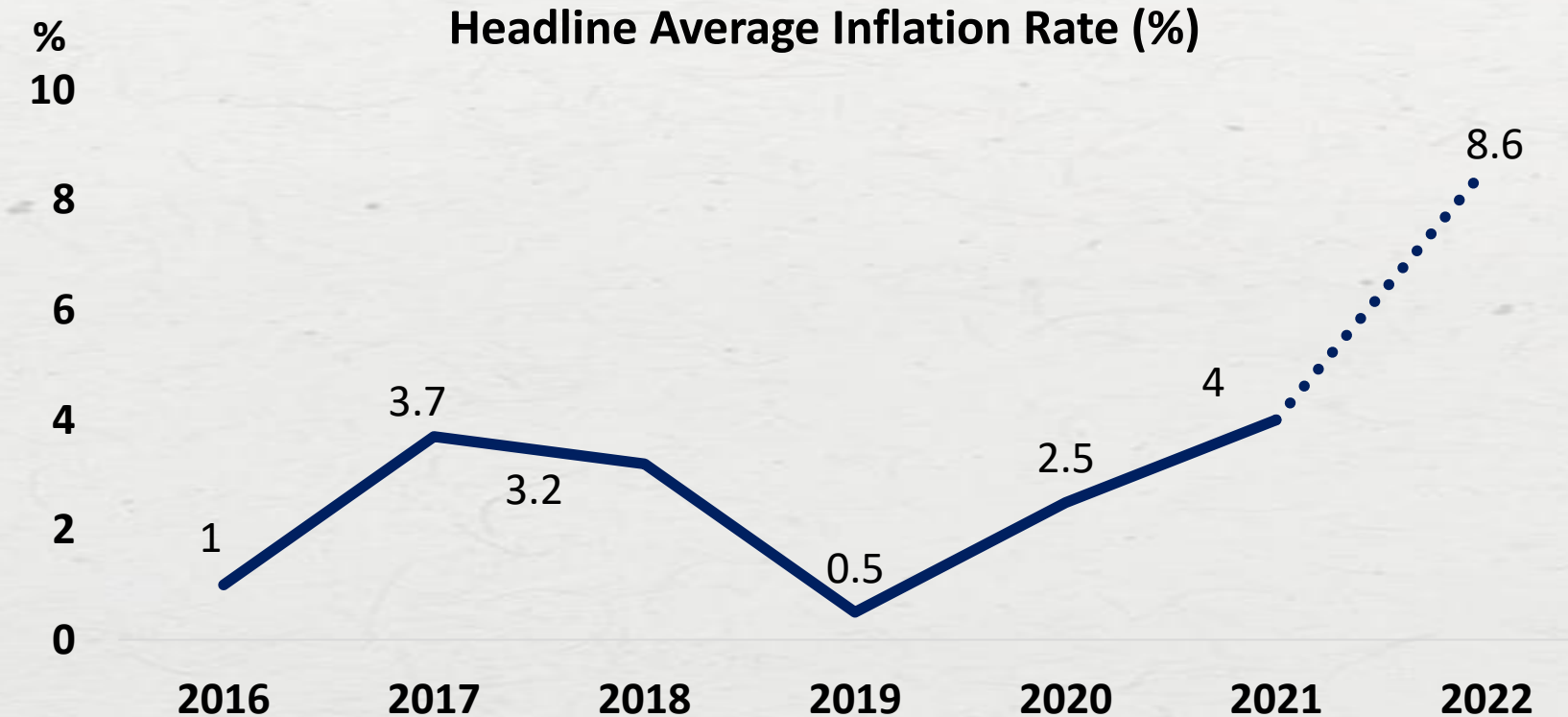


Inflation

After languishing for almost a decade, inflation has risen to heights not seen in recent memory. The primary driver of the current inflation is not demand but supply, in part due to currency depreciation and supply-chain disruptions triggered initially by the COVID-19 pandemic, now exacerbated by the ongoing war in Ukraine. Food, non-alcoholic beverages and energy (fuel) – mostly imported items - accounted for a disproportionate share (more than 50%) of the headline inflation figure (6%, Statistics Mauritius) in March 2022 and year-on-year inflation hurtled towards double digit territory (10.7%), up from 6.8% in December 2021.

However, what was initially a transitory period of price increases is giving way to a more protracted and broad-based supply shock because of producers' frenetic action of passing rising input costs to cash-strapped consumers. This in turn is raising short-term inflation expectations. Herein lies the crux of the issue.

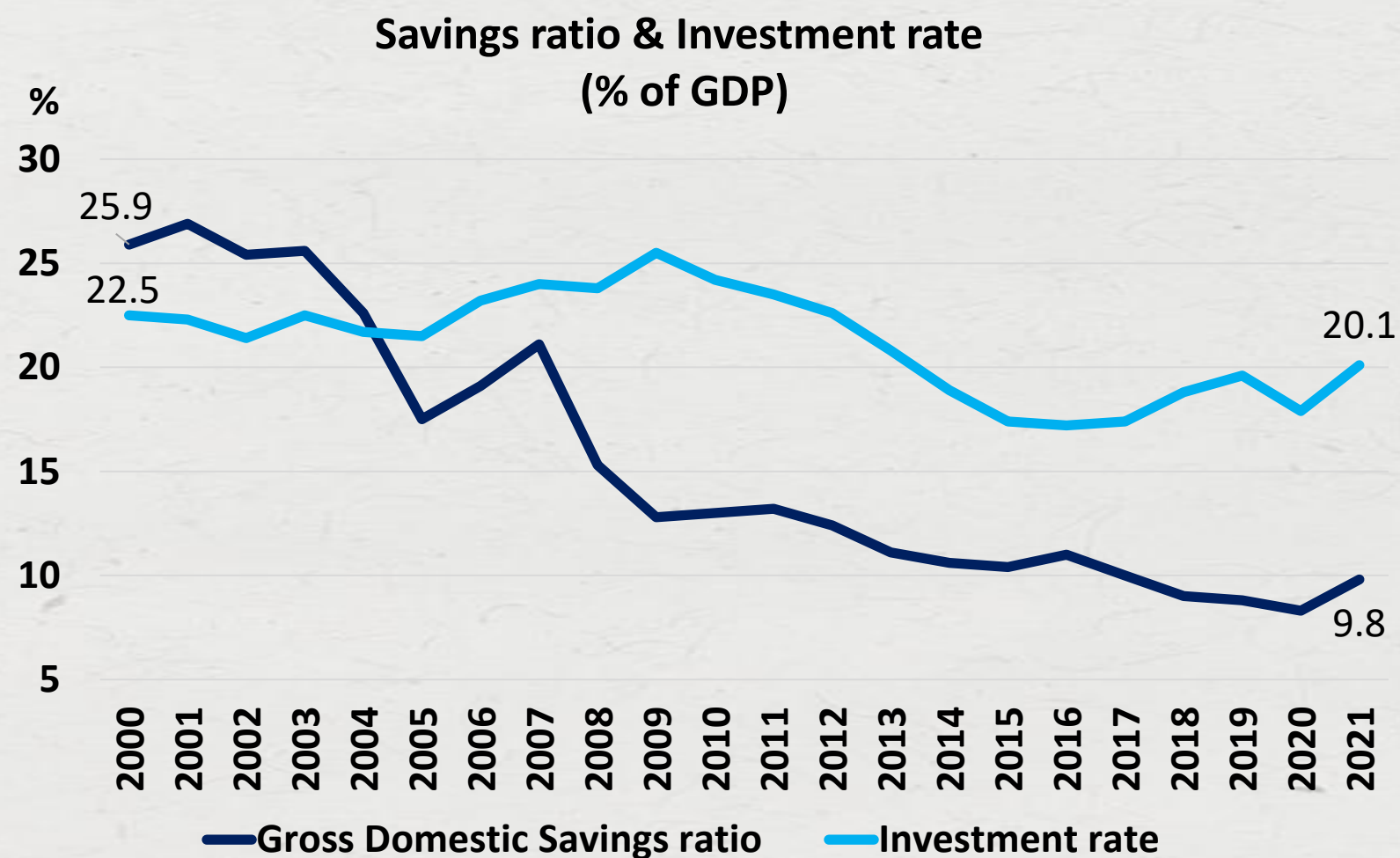
Fighting this kind of inflation by forcefully tightening fiscal or monetary policy is often seen as a hard-nosed choice because it may squelch growth and risks provoking a recession.



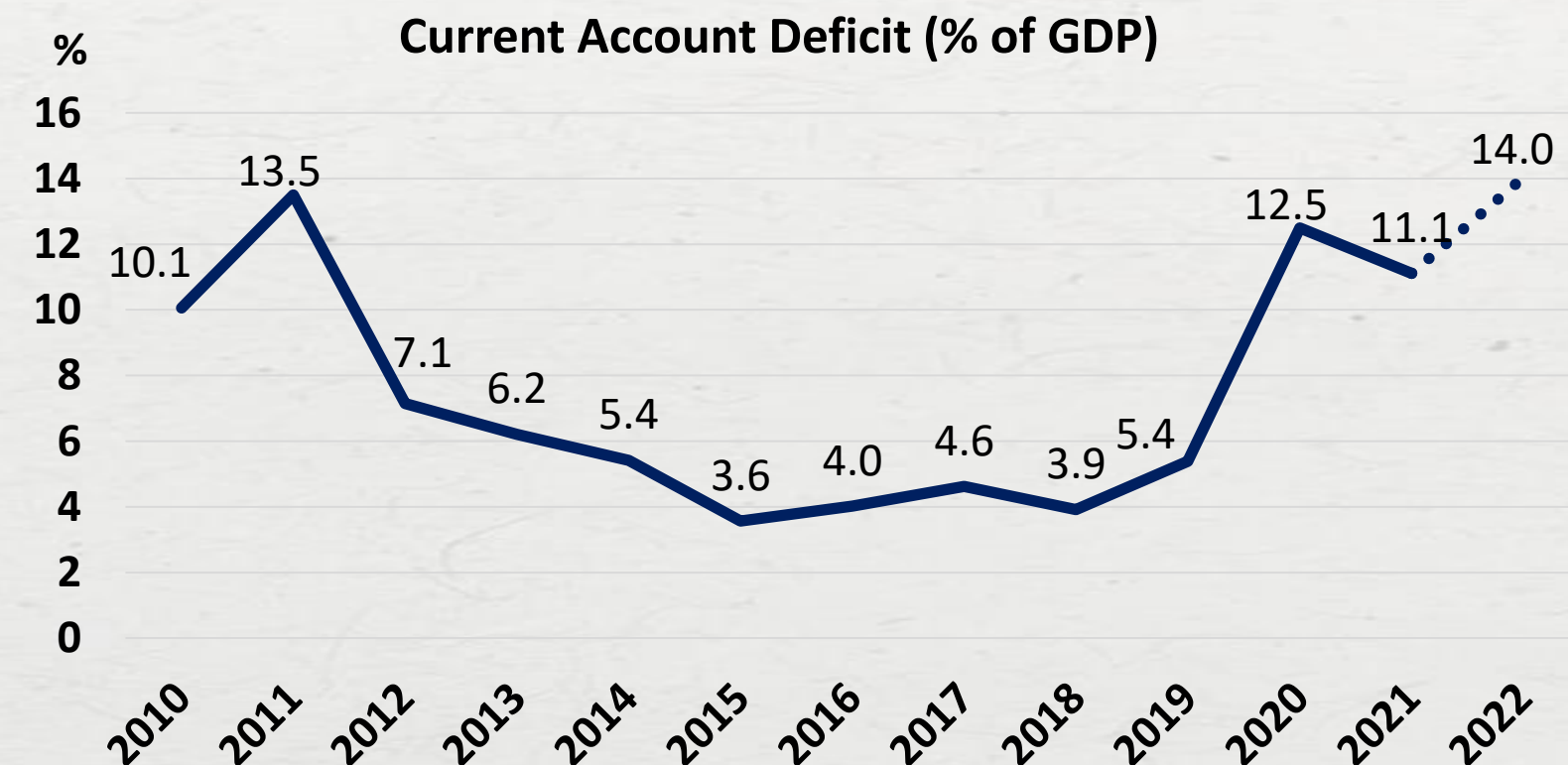
After raising the key repo rate (KRR) by 15 basis points to 2% in March, the Bank of Mauritius further hiked the KRR by 25 basis points to 2.25% in June. This move is suggestive of the central bank's commitment to control short-term inflation expectations rather than the price increases *per se*. While we do not jettison the possibility of further rate increases, we caution against an aggressive monetary policy stance so as not to hobble the pace of economic recovery. Inflation will remain elevated in 2022 but is expected to subside in 2023 as demand-supply imbalances wane and long-term inflation expectations remain well anchored.

On the trade front, our current account deficit as % of GDP reached 11.1% in 2021 (IMF estimate) and is expected to deteriorate further in 2022 to around 14% due to rallying commodity and fuel prices, higher prices of machinery, and soaring freight costs. A current account deficit is not a problem in itself, but perhaps a symptom of a problem. A cursory look at the investment rate and savings ratio of Mauritius indicates that our current account deficit post the financial crisis is a reflection of low savings, not high investment.

The savings ratio has declined from 25.9% in 2000 to 9.8% in 2021 while the investment rate has remained fairly stagnant.



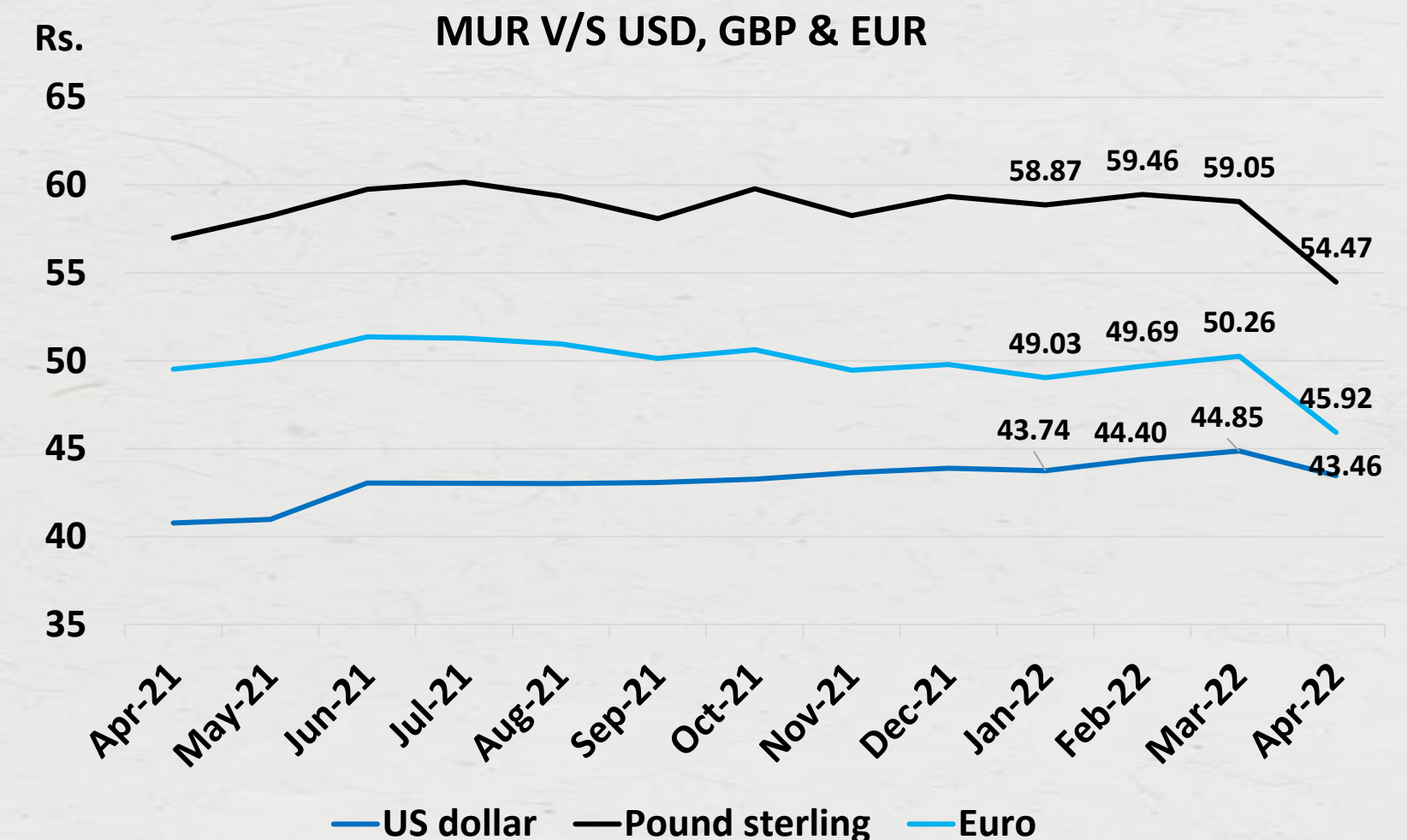
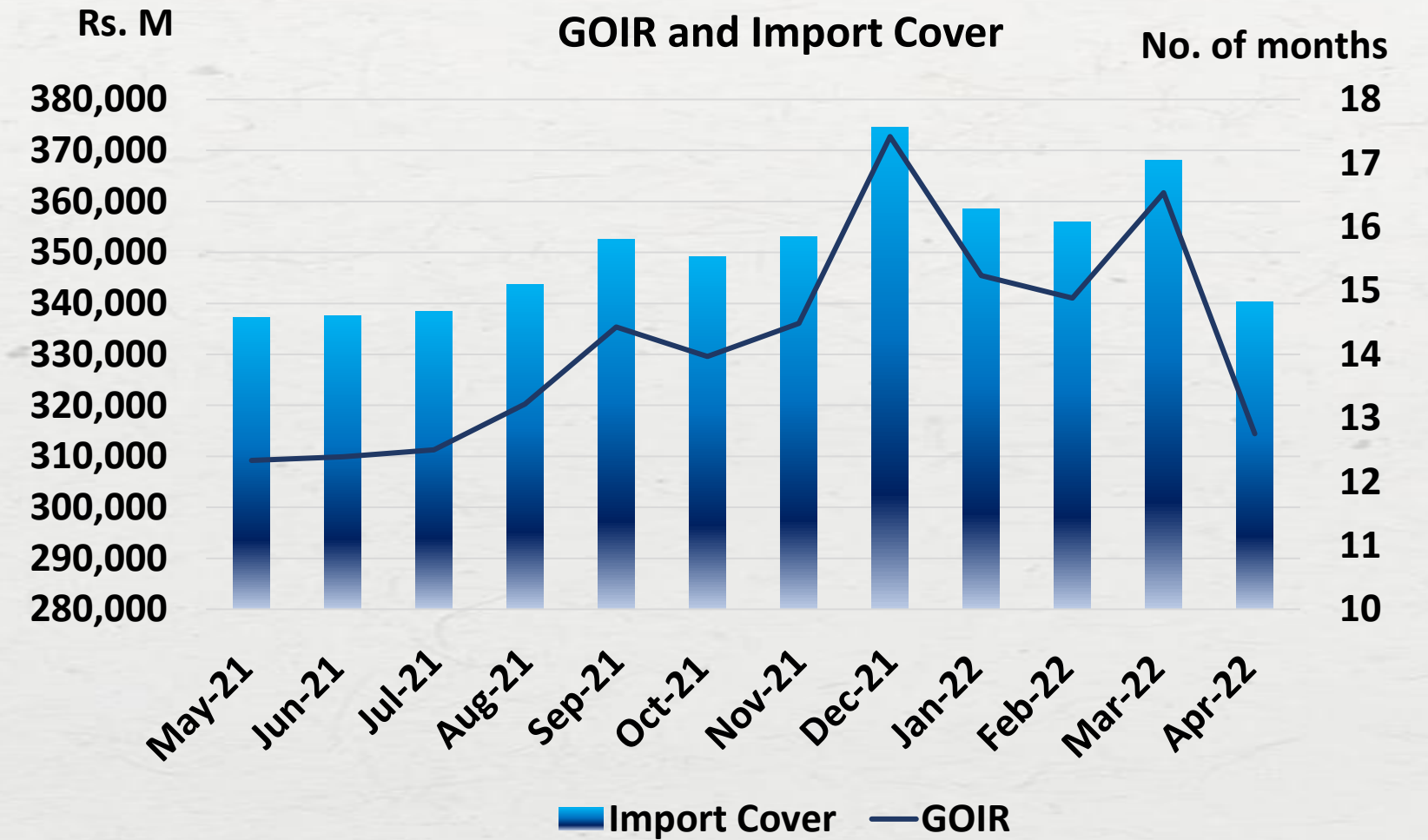
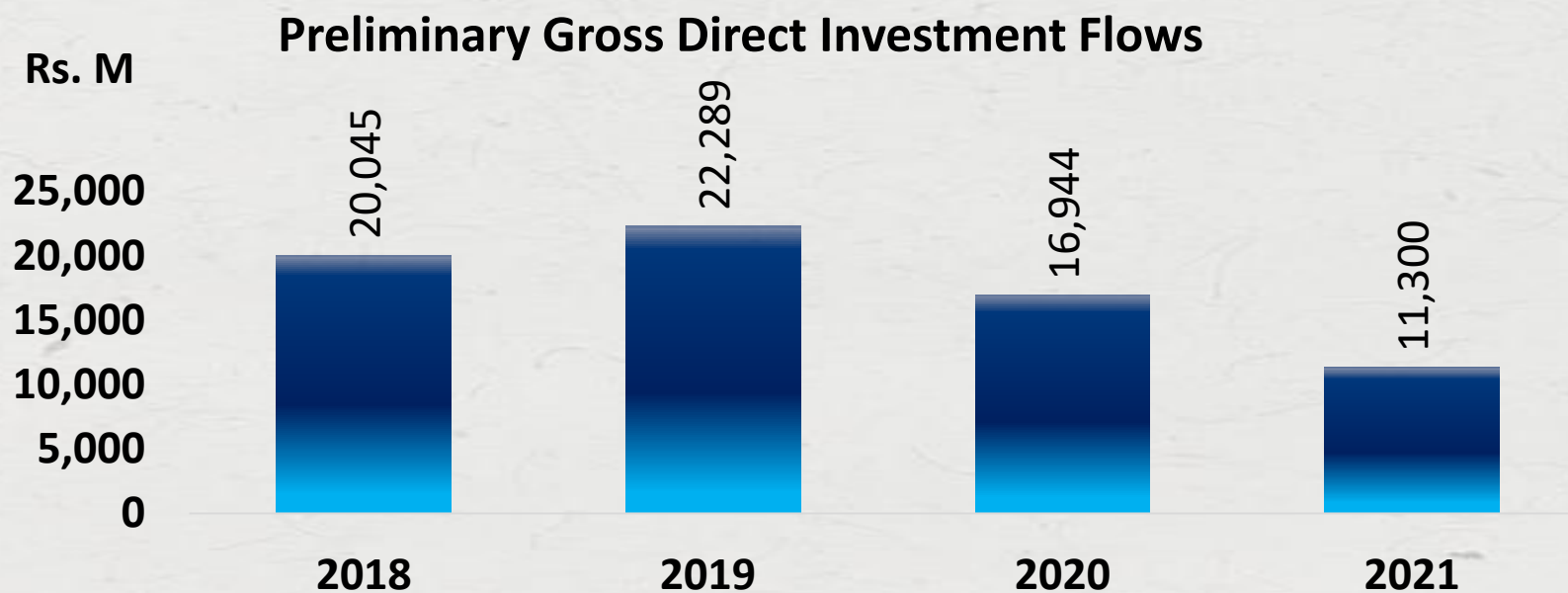
External trade



This means that we are borrowing from abroad to finance consumption – mostly on imported products – and may have a tough time repaying the debt in the future. Export growth alone will not substantially reduce our current account deficit over the next five years. A major reduction in imports thus seems unavoidable in shrinking the size of the deficit gradually over the years without a significant depreciation of the Rupee. Unsustainability of our trade deficit, however, is not on the cards because of ample global business and capital flows that are funding the deficit, at least in the short term.

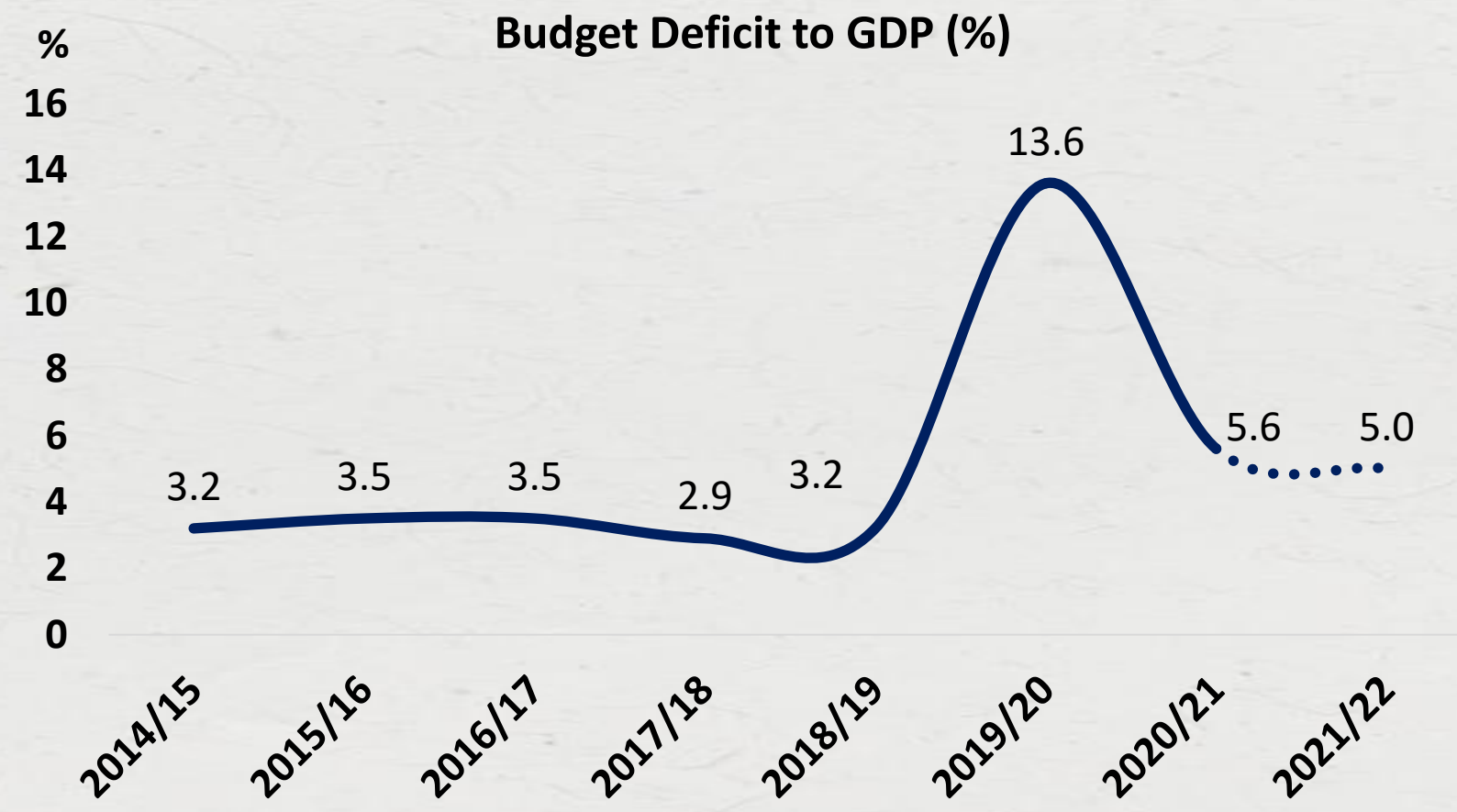
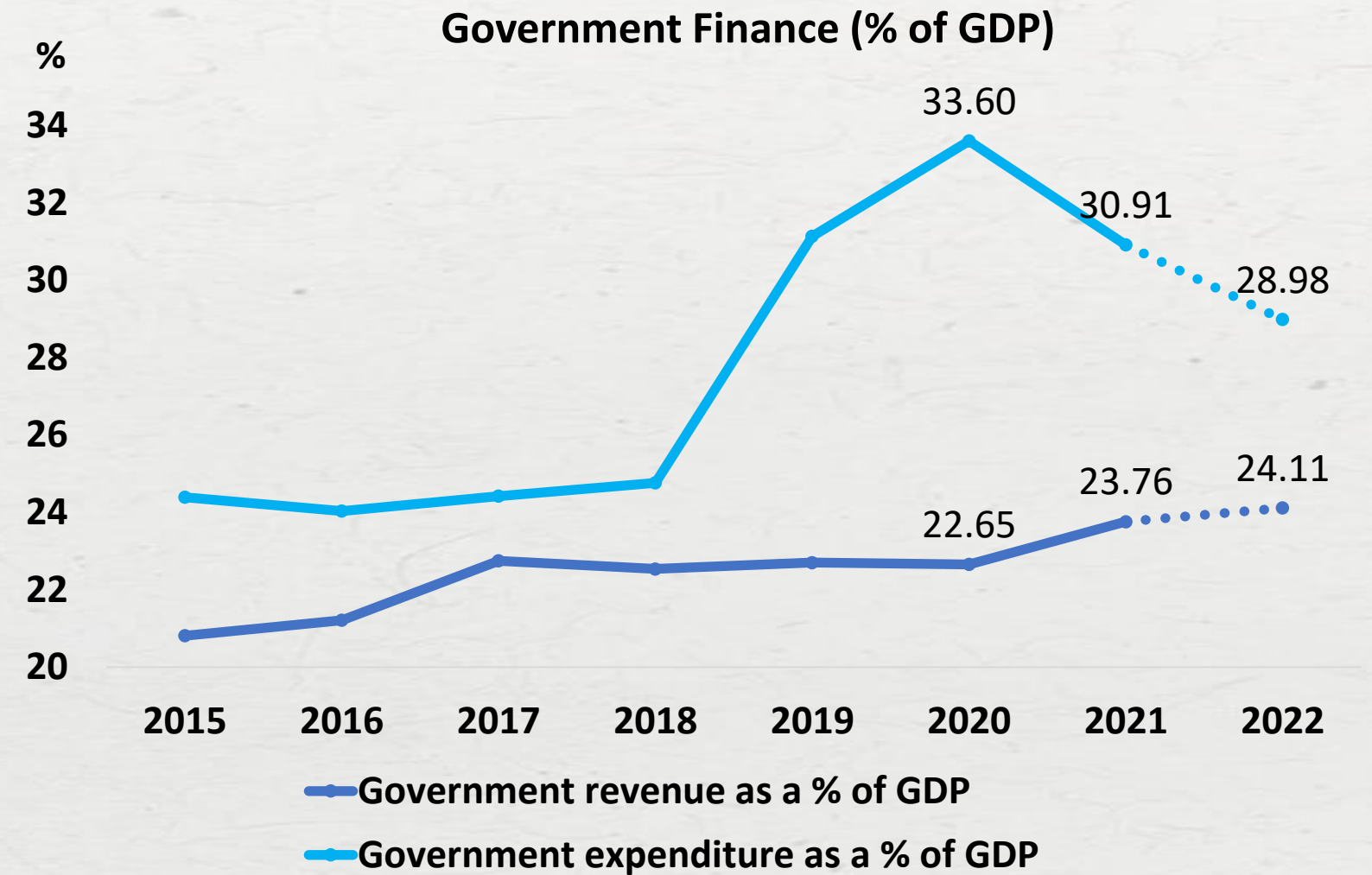
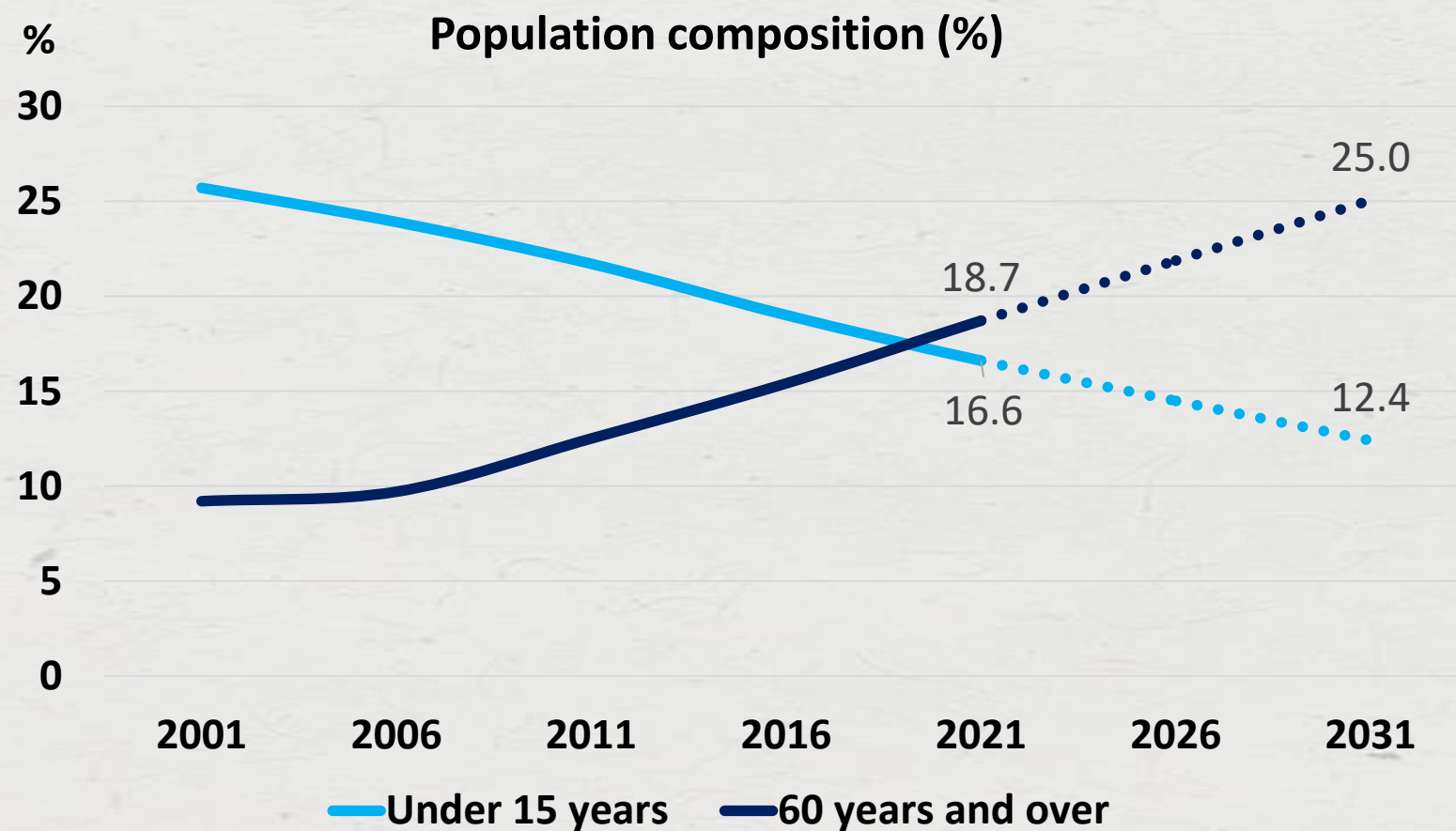
The Gross Official International Reserves (GOIR) tumbled in April 2022 following the BoM's largest ever single intervention for a staggering amount of USD 200 million to meet a dollar shortfall on the market. With an import coverage of almost 15 months, external vulnerabilities remain relatively low at this stage.

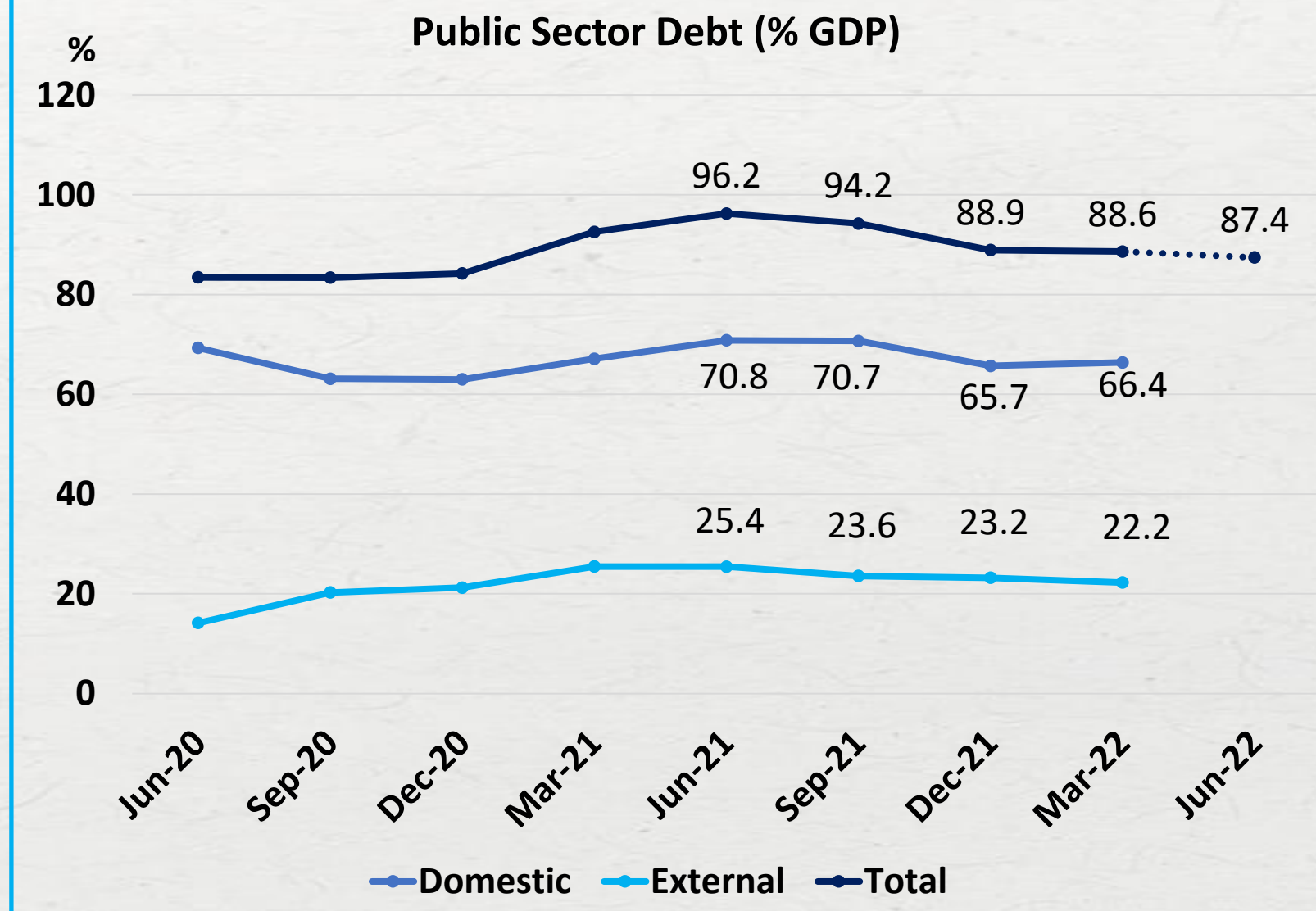
Although gross direct investment flows plummeted in 2021, a rebound is expected in 2022 as several real estate projects are well under way. The global business sector served as a key source of FX in 2021, compensating for the lack of FX inflows from other sectors, such as tourism. This helped mitigate exchange rate volatility to a certain extent. With the Fed showing no signs of pausing its rate-rising cycle to curb rampant inflation in the US, the USD is expected to appreciate further against the Rupee. More rounds of intervention may be required in 2022 to prevent the Rupee from sliding down.



Public finance

The pandemic-related fiscal splurge over the last two years has undermined public finance. The deficit/GDP ratio decreased to 5.6% in 2020/21 and is projected at 5% for the 2021/22 fiscal year. Higher tax collections both from corporations and goods and services coupled with cuts on pandemic-related expenditures should make some inroads in the budget deficit in 2022. To bolster our fiscal strength, there is an imperative need to rethink our social security given the rapid demographic changes of our population: currently, more than 18% of the population is aged 60 and over compared to 9% 20 years ago.





The public sector debt-to-GDP ratio, albeit still high, is trending downwards. Against a backdrop of negative real interest rates, a high growth trajectory will lead to a declining public debt/GDP over time. On the upside, the government tends to rely primarily on domestic financing (66% of GDP as of March 2022) with only a small portion of financing from external sources (22% of GDP as of March 2022).



03 | SECTORAL HIGHLIGHTS

3.1 | FINANCIAL SERVICES

3.2 | HOSPITALITY

3.3 | MANUFACTURING

3.4 | PUBLIC INFRASTRUCTURE CONSTRUCTION AND REAL ESTATE

3.5 | AGRI-BUSINESS

3.6 | ICT

3.7 | SMEs AND EASE OF DOING BUSINESS

3.8 | PHARMACEUTICAL AND BIOTECHNOLOGY

3.9 | PUBLIC SECTOR

3.10 | GAMING AND ENTERTAINMENT

3.11 | GREEN ECONOMY AND SUSTAINABILITY



**3.1 | FINANCIAL
SERVICES**

3.1 FINANCIAL SERVICES



The Financial Services (FS) sector remains an important pillar of our economy with an estimated contribution of around 12.3% to our annual GDP (Statistics Mauritius). After a meagre growth last year, the sector grew by 4.2% in 2021.

The Banking industry, which represents around 62% of the FS sector, showed remarkable resilience as banks achieved record profits with a more than comfortable cash reserve ratio (13.9% as at May 2022). Household credit expanded while non-performing loans from contact-intensive industries are trending downwards.

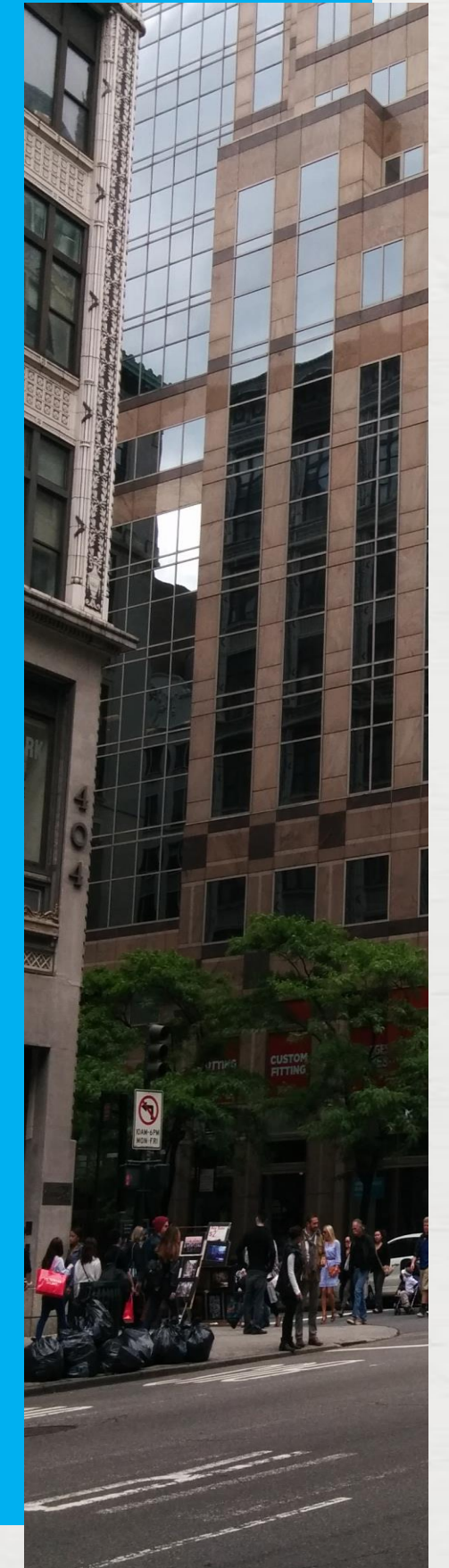
The GBC sector was buoyed by the announcement of Mauritius' removal from the FATF "grey list" and the EU "black list". There was a flush of GBC deposits with banks by end of 2021 and the sector is expected to maintain its growth momentum.

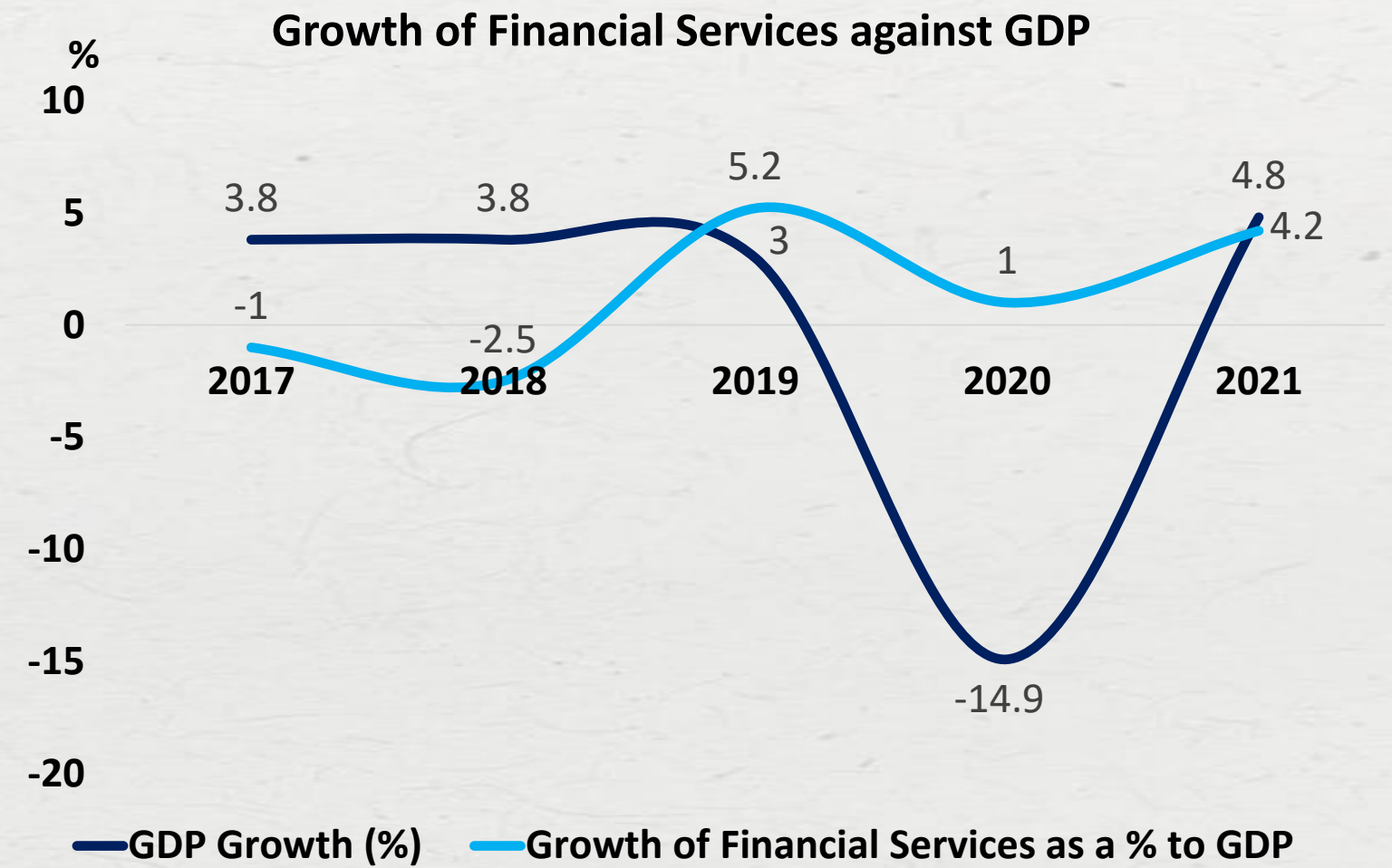
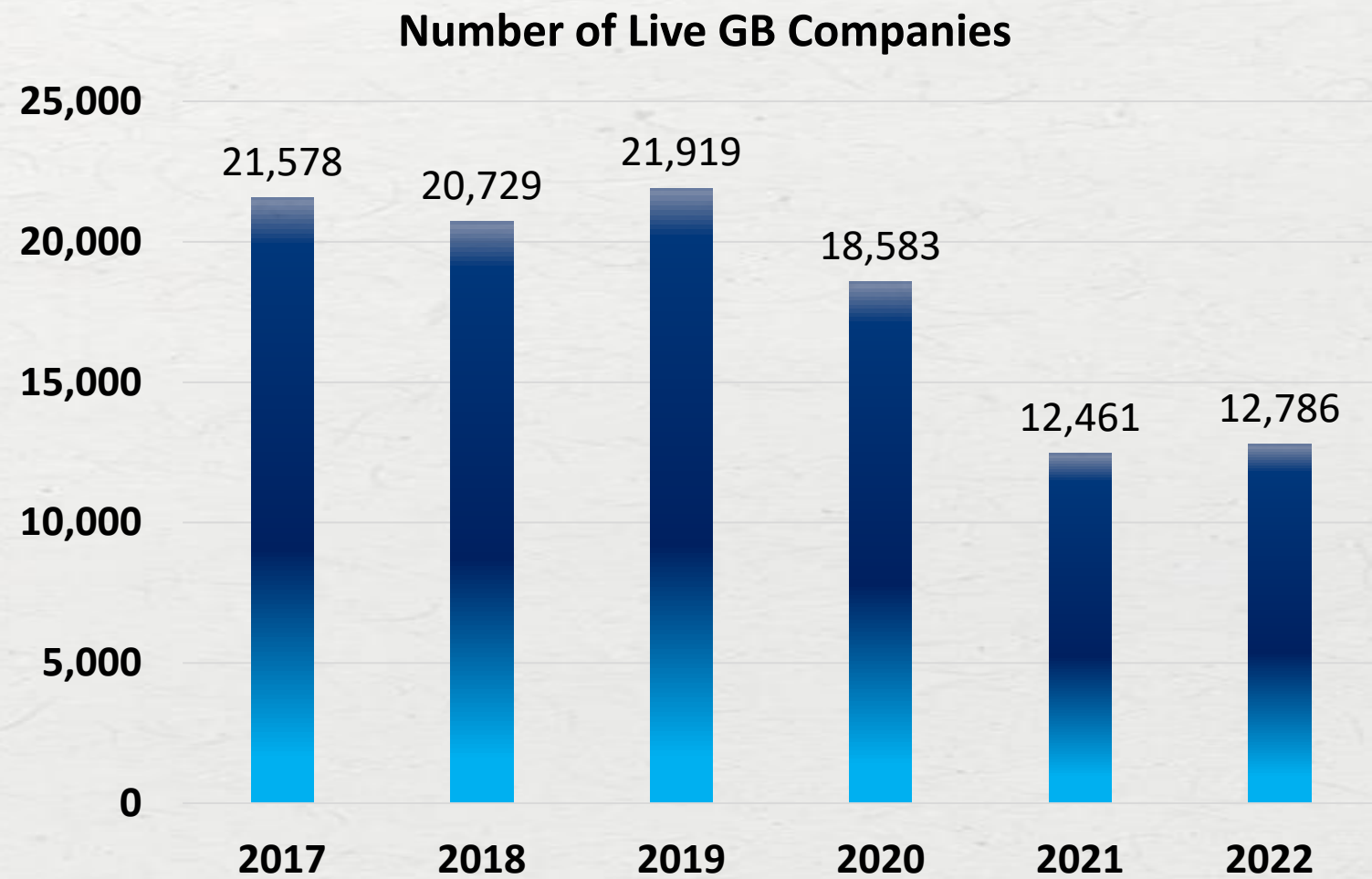
Though Mauritius is out of the EU/FATF blacklist, the momentum gathered during the last 18 months to improve our AML/CFT framework will be maintained.



Key takeaways

- Introduction of a domestic minimum top-up tax of 15%.
- The Declaration of Assets Act will be amended to cover virtual assets.
- AGM and preparation of annual accounts will revert to 6 months after balance sheet date since the provisional extension during COVID will be removed.





BUDGETARY MEASURES

Banking

- The BOM will issue a 5-Year Emerald Jubilee Bond at an annual interest rate of 4 percent.
- The BOM will ensure that a bank account can be opened within 1 week, be it for an individual or a business.

Insurance

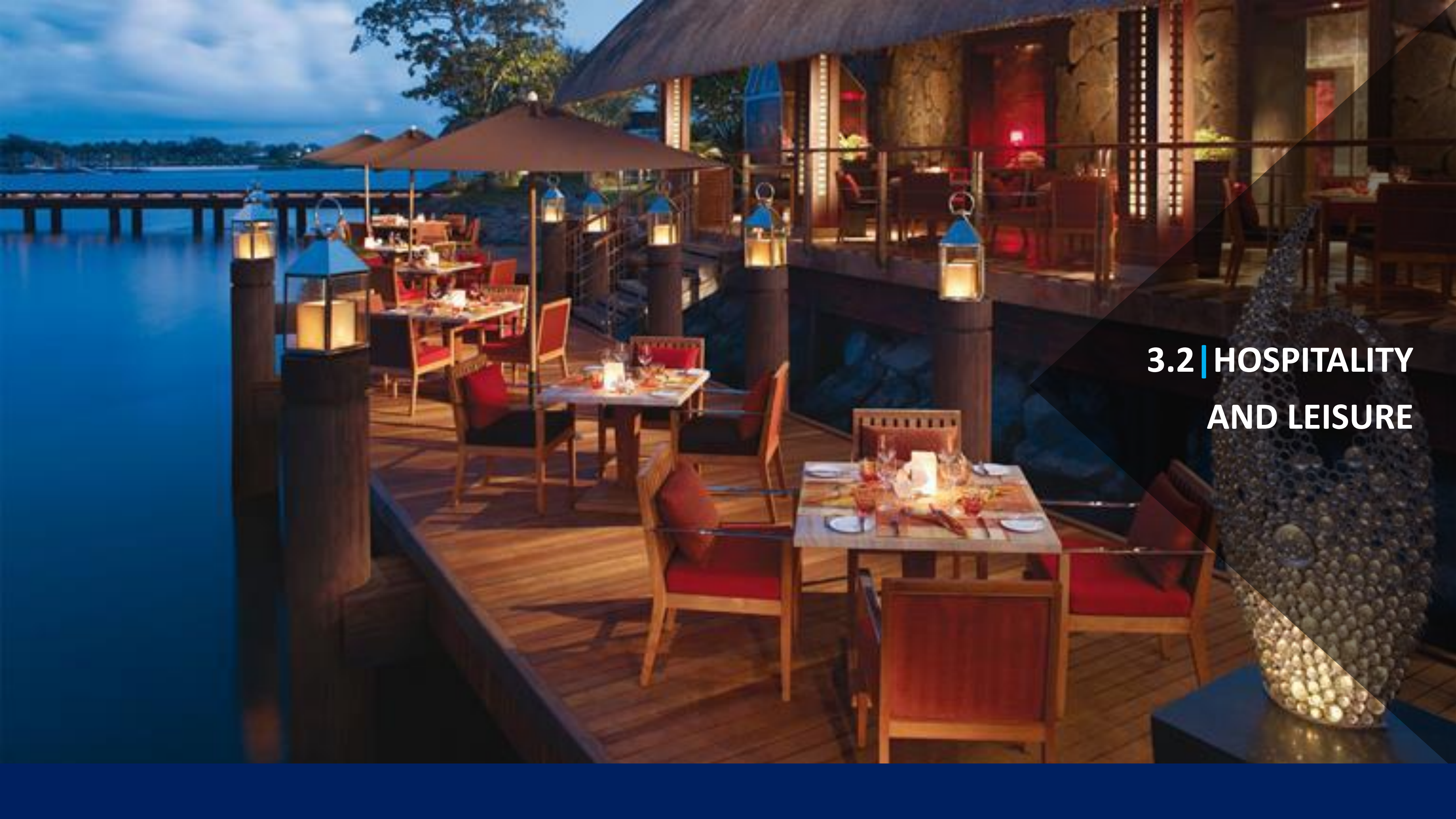
- **The FSC will revamp its framework to enable Re-Insurance companies to set up operations in Mauritius.**
- **The Insurance Act will be amended to:**
 - (a) extend the prescribed delay from 2 to 5 years for claim applications to be made in order to cater for more victims of hit and run accidents;**
 - (b) establish a framework for Structured Investment-Linked Insurance Business activities; and**
 - (c) establish a framework for the setting up of a multilateral clearing system in compliance with FSC Rules to expedite the settlement of outstanding motor claims recoveries.**
- **The Pensions Act will be amended to –**
 - (a) allow a participant, contributing to the Public Pensions Defined Contribution Pension Scheme for at least one year, to transfer his portable benefits, to any superannuation fund or personal pension plan with any registered administrator or insurer, when he leaves, other than on ground of dismissal from the public service; and**
 - (b) provide for the refund of the respective share of contribution to the employer and the employee, when an employee, who joined service on or after 1 January 2013, leaves the service before completing one year.**
- **The Private Pension Scheme Act will be amended to include transfers from one private pension scheme to another pension scheme under its scope or to the Portable Retirement Gratuity Fund.**

Financial Services (excluding Banking and Insurance)

- **The Government will adapt its legislative framework to converge the domestic and the global business regime.**
- **Introduction of a domestic minimum top-up tax to ensure that resident companies of large multinationals are taxed at a minimum rate of 15 percent to counter tax base erosion and profit shifting.**
- **BOM and the FSC will renew their one-year graduate training programme on AML, targeting 100 graduates with a monthly stipend of Rs 15,000.**
- **A Settlement Committee will be set up by the FSC for the purpose of assessing the possibility for early resolution of disciplinary matters with a licensee.**
- **The Financial Crime Commission will be set-up to ensure an effective coordination in the fight against financial crimes.**
- **The Financial Services Act will be amended to remove “Global Headquarters Administration”, “Global Shared services” and “Global treasury activities” from the scope of “financial services” and to create a separate section for regulation of global activities in line with FATF requirements.**
- **The minimum portfolio to be considered as high-net worth individuals is reduced to USD 5 million per management family office.**
- **Holders of Global Headquarters Administration licence will be provided work and residence permits for 5 executives and the latter’s dependents.**
- **The Declaration of Assets Act will be amended to cover virtual assets.**
- **FIAMLA will be amended to include combatting of proliferation financing.**

Amendments to Companies Act

- **Definition of SMEs changed from annual turnover of MUR'm 50 to MUR'm 100.**
- **AGM and preparation of annual accounts will revert to 6 months after balance sheet date since the provisional extension during COVID will be removed.**
- **Filing of financial statements must be made within 28 days from its signature.**
- **Provide for the disclosure of the following information with respect to subsidiaries in annual reports – (i) particulars of interest; (ii) donations made by the subsidiaries; (iii) details of present and past directors; (iv) fees payable to auditors; and (v) details of major transactions.**
- **Prevent companies from being registered both in Mauritius and in another jurisdiction at the same time.**
- **Allow the Registrar of Companies to strike-off a company if there is no reason for it to exist, and to also ease restoration of a company struck-off if it was still carrying business.**



3.2 | HOSPITALITY AND LEISURE

3.2 HOSPITALITY AND LEISURE



Never has so much uncertainty hung over the hospitality sector since the outbreak of COVID-19. With stringent sanitary protocols and closed borders, worldwide travel and the tourism industry has seen unprecedented levels of disruption. Our tourism sector was not spared from the scarring effects of the pandemic.

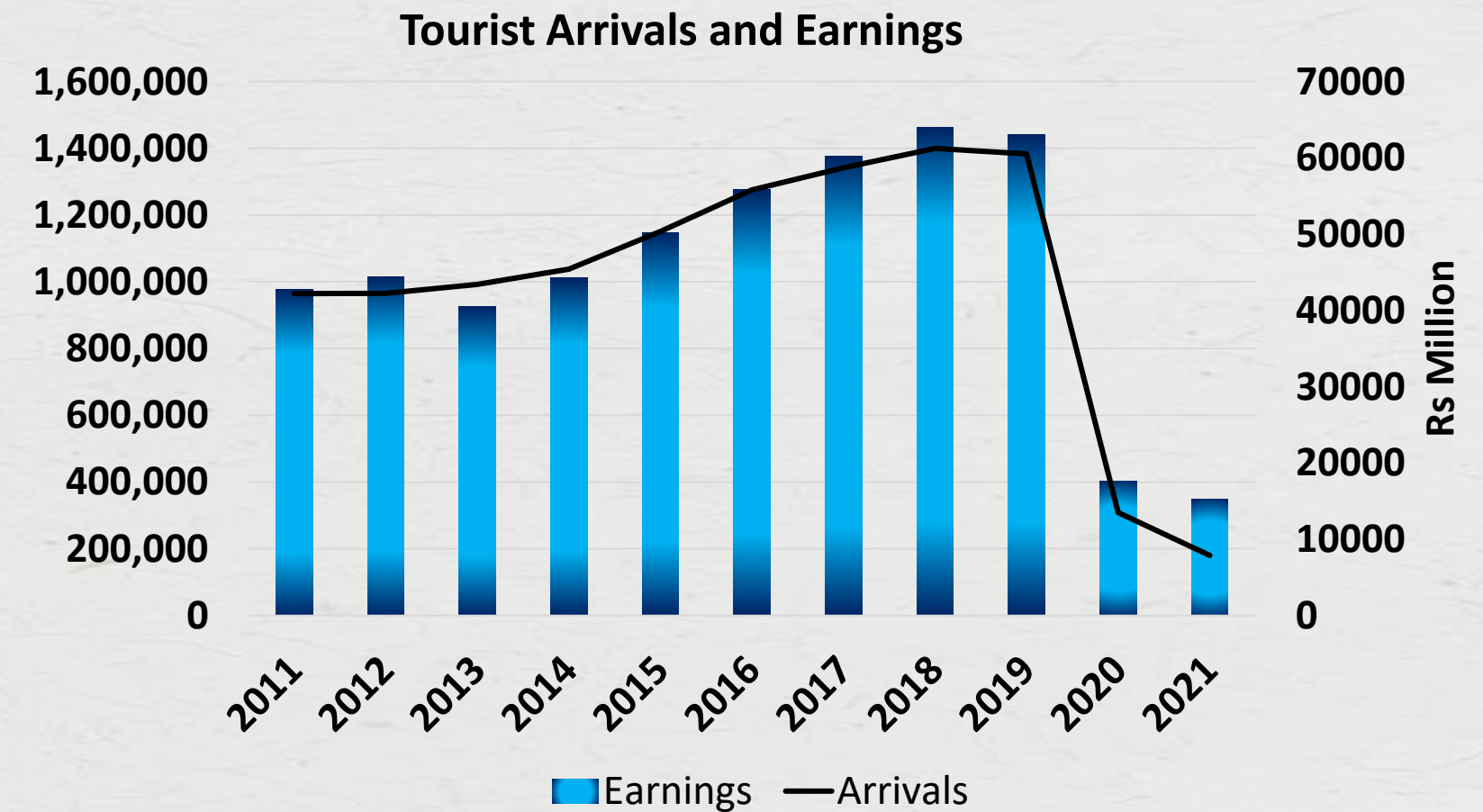
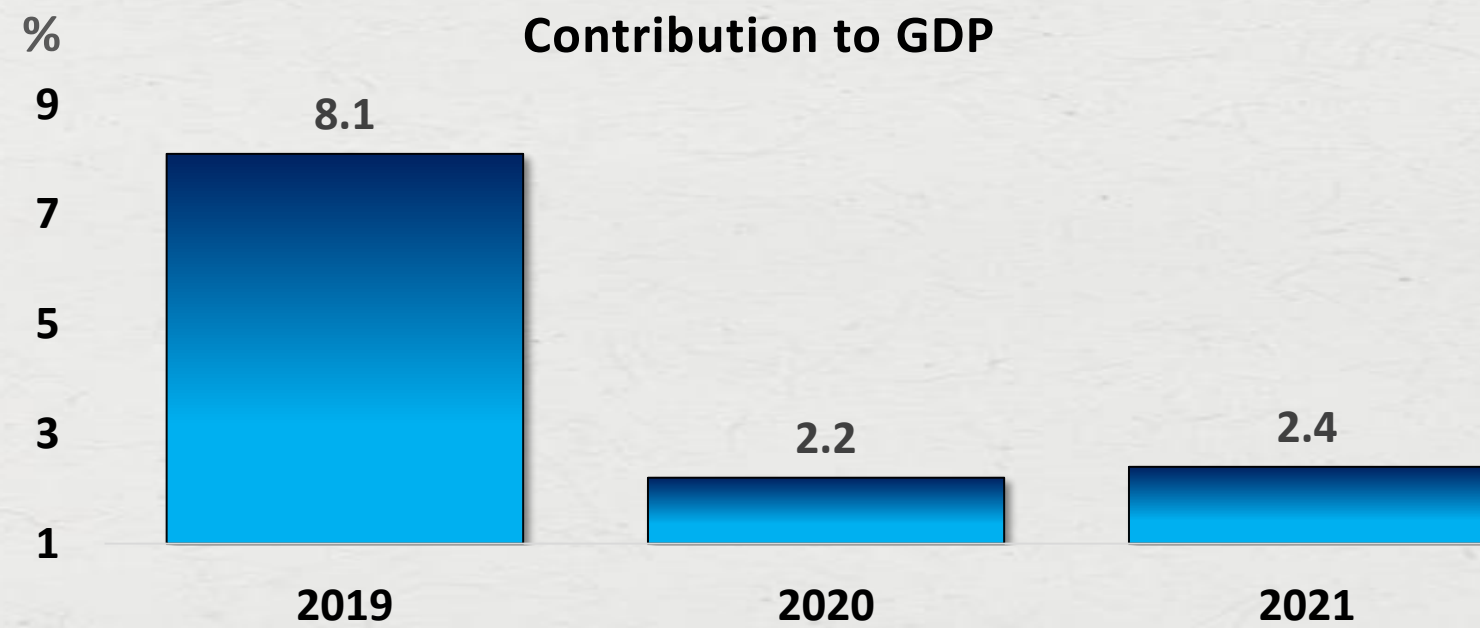
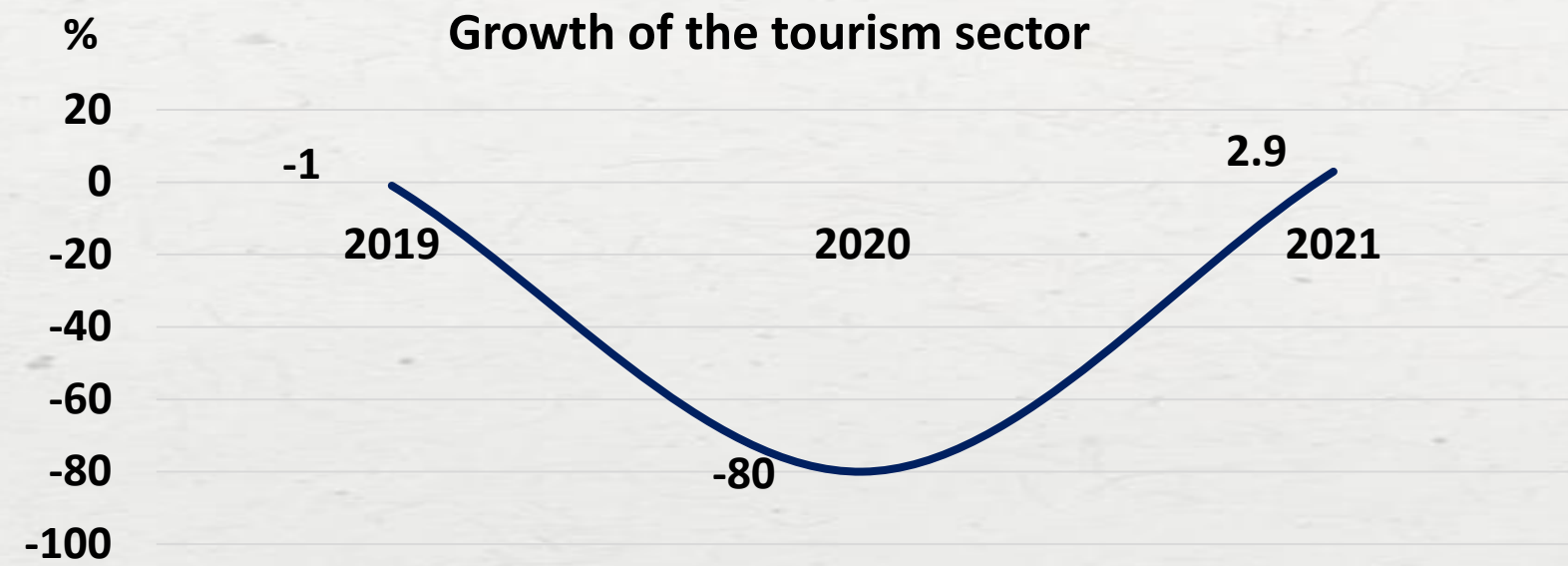
A rebound in tourism hinged on an accelerated roll-out of vaccines. As at May 2022, more than 900,000 local residents were fully vaccinated which helped restore travellers' confidence. Following the reopening of our borders in October 2021, tourist arrivals increased to reach 179,780 for 2021. MIC's massive line of credit to prop up hotels has helped alleviate liquidity concerns of hotels. The sector is poised for a sustained recovery in 2022. The introduction of the premium travel VISA, increased air connectivity, the implementation of our product diversification strategy and tapping the potential of emerging markets, such as India and China should give a welcome fillip to the sector in 2022 and beyond.

Key takeaways

- Increase of more than 10 percent of MTPA's budget from Rs 360 million to Rs 400 million to consolidate existing markets, tap into new opportunities and niche markets.
- Airport Holdings Limited (AHL) to attract high net worth individuals through personalized services, such as private jets, commute by helicopter from airport to hotels.
- 50 percent lease rent waiver is being extended up to June 2023 for refurbishment of hotels.
- Refund to companies in the tourism sector the salary compensation paid to its employees for the period January 2022 to June 2022.



The increased budget allocated to the MTPA from Rs 360 million to Rs 400 million should help deliver on the government's ambitious plan to focus on emerging markets and attract high net worth individuals. However, such marketing should be results-driven and targeted to the right audience. Profligate spending should be kept in check.



BUDGETARY MEASURES

Tourism

- Increasing the marketing budget of the MTPA by more than 10 percent from Rs 360 million to Rs 400 million to consolidate existing markets, tap into new opportunities and niche markets.
- To accommodate ultra high net worth passengers, personalized facilities will be offered by Airport Holdings Ltd, such as handling of private jets and transfers from the airport to hotels by helicopter.
- To support hotels in their refurbishment, the 50 percent lease rent waiver is being extended up to June 2023.
- Rs 150 million is being provided over the next three years for the rejuvenation of the SSR Botanical Garden.

Financial assistance to the Tourism Sector

Amendment of the Income Tax Act to refund to an enterprise in the tourism sector the salary compensation paid to its employees for the period January 2022 to June 2022 (effective as from 1 January 2022):

- (i) Rs 500 monthly per employee deriving a basic wage not exceeding Rs 13,500; and
- (ii) Rs 400 monthly per employee deriving a basic wage exceeding Rs 13,500 up to Rs 50,775.

Arts and Culture

- Rs 20 million is being earmarked for the setting up of a National Arts Centre, including a recording studio at Reunion Maurel, Petit Raffray; other renovation works of historical buildings and landmarks planned following an EOI.
- Events with a minimum of 50 participants will be eligible to benefit from VAT refund under the Meetings, Incentives, Conferences and Exhibitions (MICE) scheme.
- The Côte D'Or National Sports Complex will be equipped to host major concerts by local and international artists.



3.3 | MANUFACTURING

3.3 MANUFACTURING



Supply-side bottlenecks and skyrocketing freights costs have caused major disruption to the business operations of several manufacturing companies in 2021.

Despite hampered supply chains, the sector grew by an estimated 10.9% in 2021 (2020: -17.8%) according to Statistics Mauritius – food and textile representing the lion’s share of this growth. This remarkable performance is however largely attributable to the significant depreciation of MUR against USD and EUR.

We expect high energy prices and sluggish growth in the Euro area to weigh heavily on the growth outlook of the sector in 2022. The non-negligible contribution of the sector to our GDP (2021: 13.3%) calls for an urgent need to restructure our existing business models to strengthen our competitiveness, revisit our target markets and switch production towards higher value-added products. The measures proposed will cement our strategic relationship with India and several African countries to boost our exports.



Key takeaways

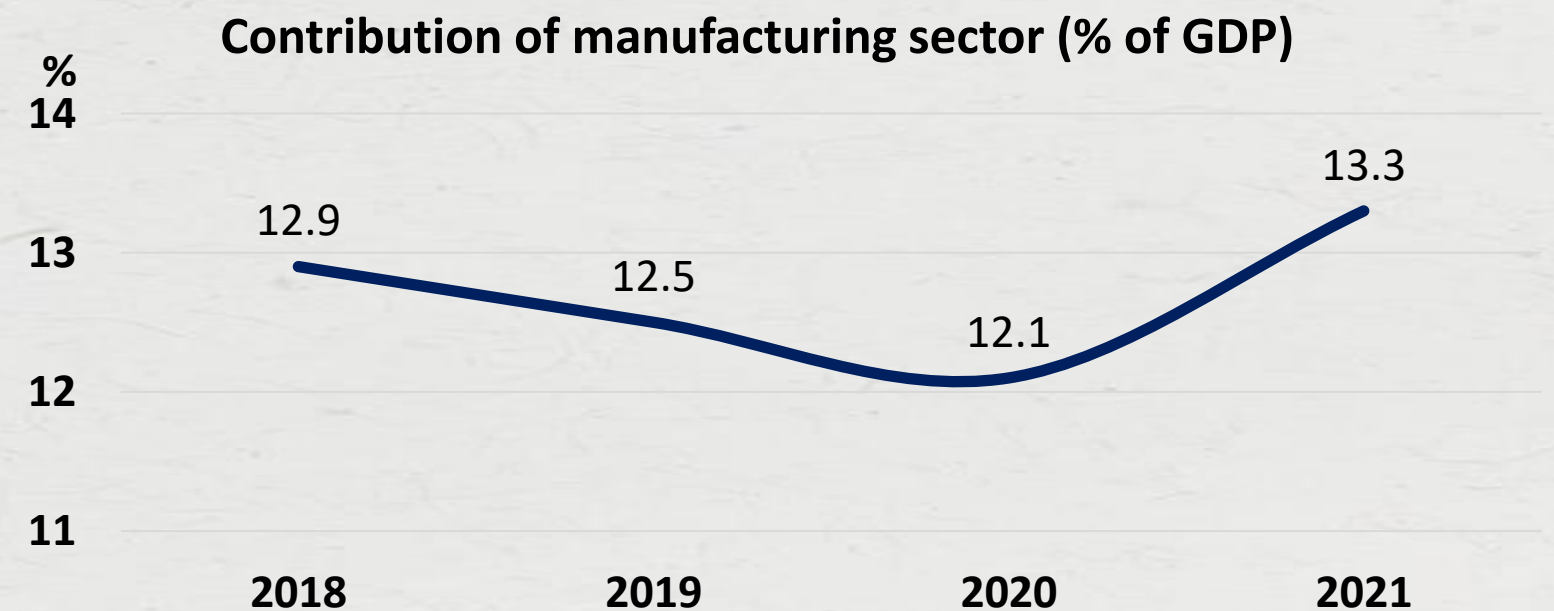
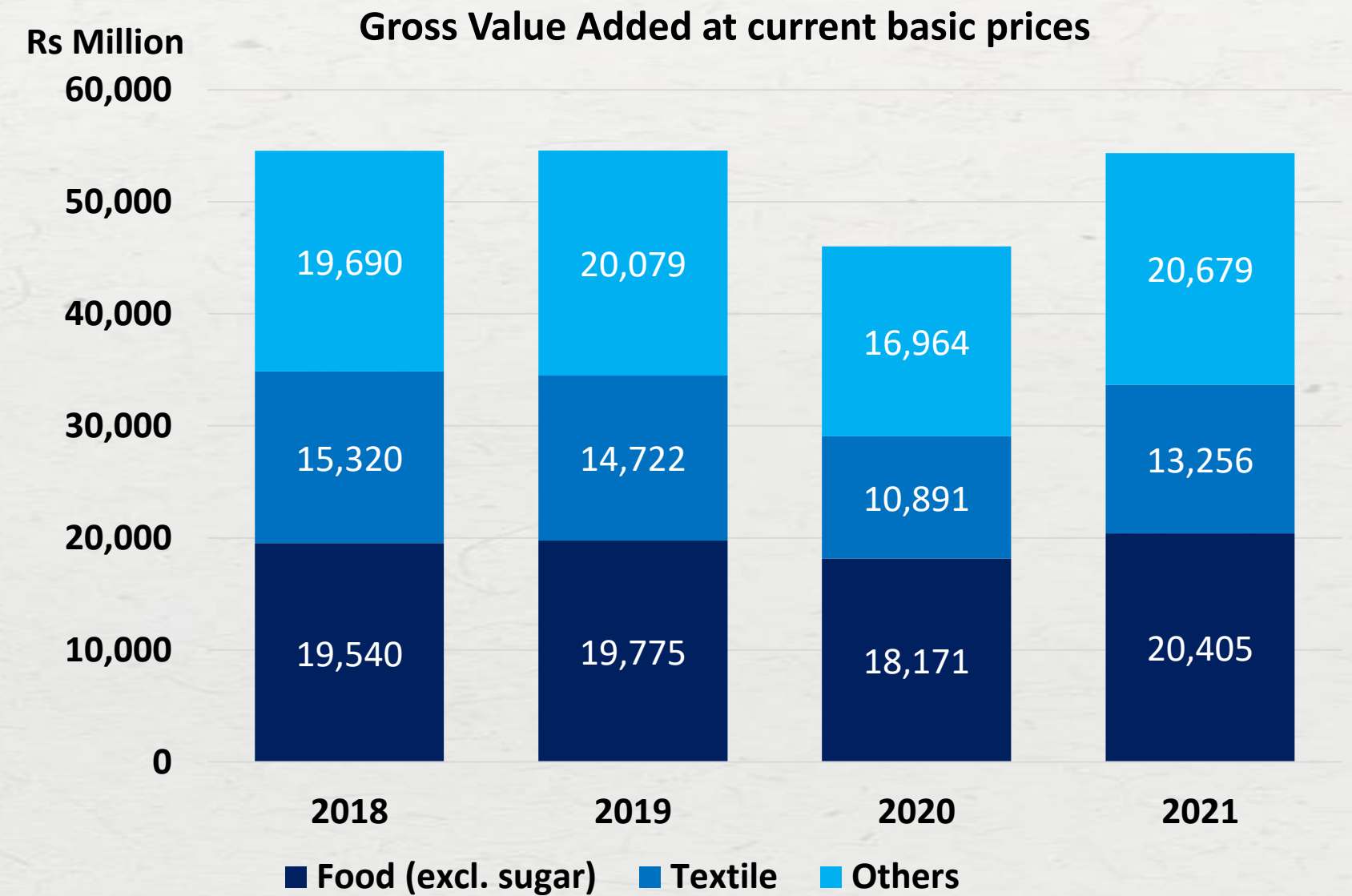
- The Freight Rebate Scheme (FRS) and the Trade Promotion and Marketing Scheme (TPMS) will be extended up to June 2023.
- To charter two regional feeder vessels:
 - Phase 1 “*La Route de l’Inde*” will start in September 2022 and service the South Asian route including India, Sri Lanka and Seychelles.
 - Phase 2 “*La Route de l’Afrique Orientale*” will be launched in November 2022 and service the Eastern African countries notably Madagascar, Tanzania, and Kenya.



BUDGETARY MEASURES

Exports

- The Freight Rebate Scheme (FRS) and the Trade Promotion and Marketing Scheme (TPMS) will be extended up to June 2023.
- Exporting agents of locally manufactured products will also be eligible to the Trade Promotion and Marketing Scheme (TPMS)
- To maintain the 50 percent reduction in port charges on exports
- To charter two regional feeder vessels:
 - (a) Phase 1 *“La Route de l’Inde”* will start in September 2022 and service the South Asian route including India, Sri Lanka and Seychelles.
 - (b) Phase 2 *“La Route de l’Afrique Orientale”* will be launched in November 2022 and service the Eastern African countries notably Madagascar, Tanzania, and Kenya.





3.4 |

**PUBLIC
INFRASTRUCTURE,
CONSTRUCTION AND
REAL ESTATE**



Construction and real estate contributed a hefty 11.7% to our GDP in 2021 (Statistics Mauritius). Construction has rebounded impressively with a whopping growth of 25% and is set to reach pre-pandemic levels thanks to government's large fiscal boost: Rs. 42.5 billion earmarked for the flagship Metro Express project, construction of hospitals and other public infrastructure developments.

Real estate – our main source of FDI - on the other hand registered a paltry 2021 growth of 1.5% in part due to inherent uncertainty linked with COVID-19 and our closed borders for a prolonged period. However, we believe real estate is the sector to watch in 2022 due to its ability to weather inflationary pressures while preserving and building value.

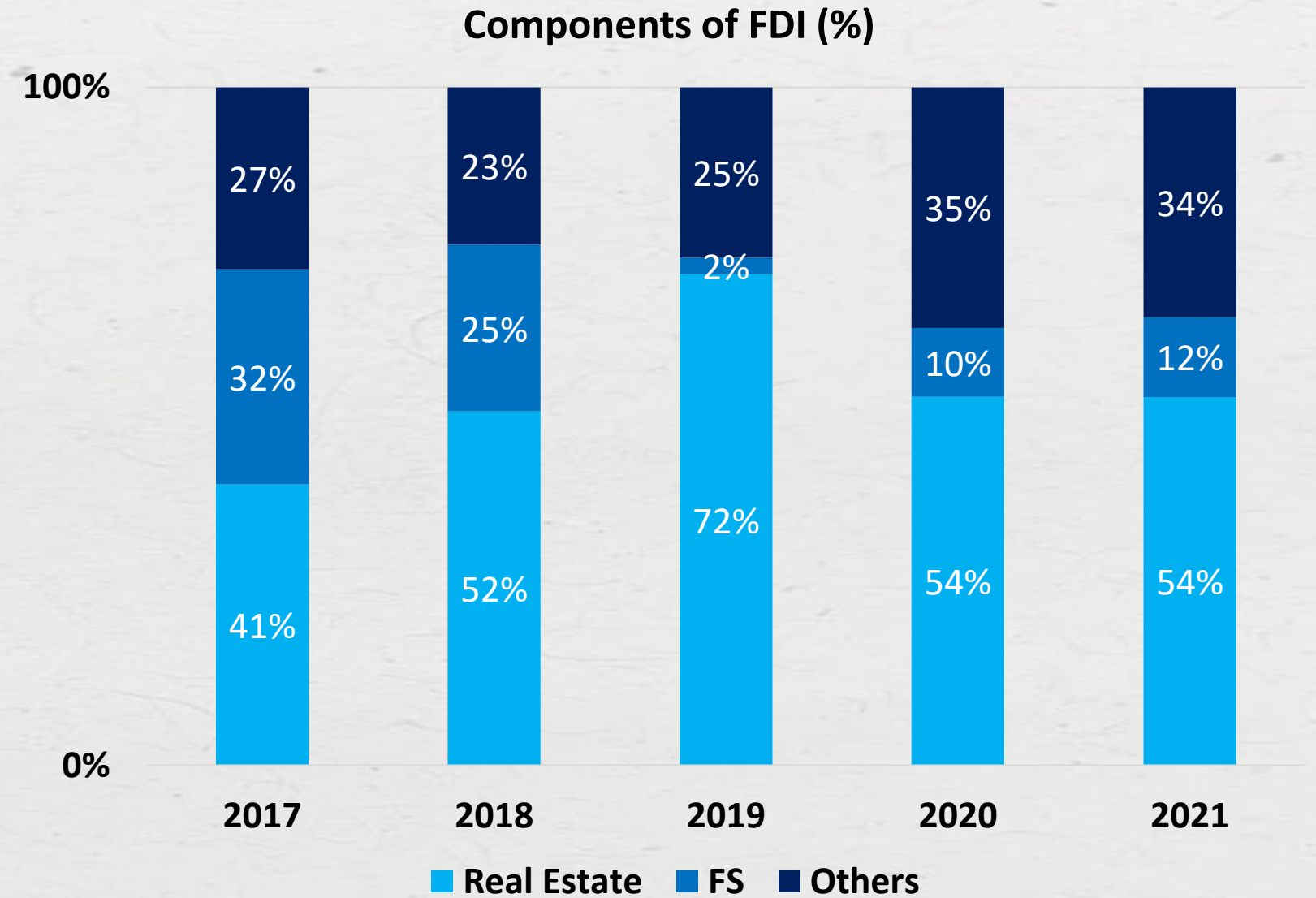
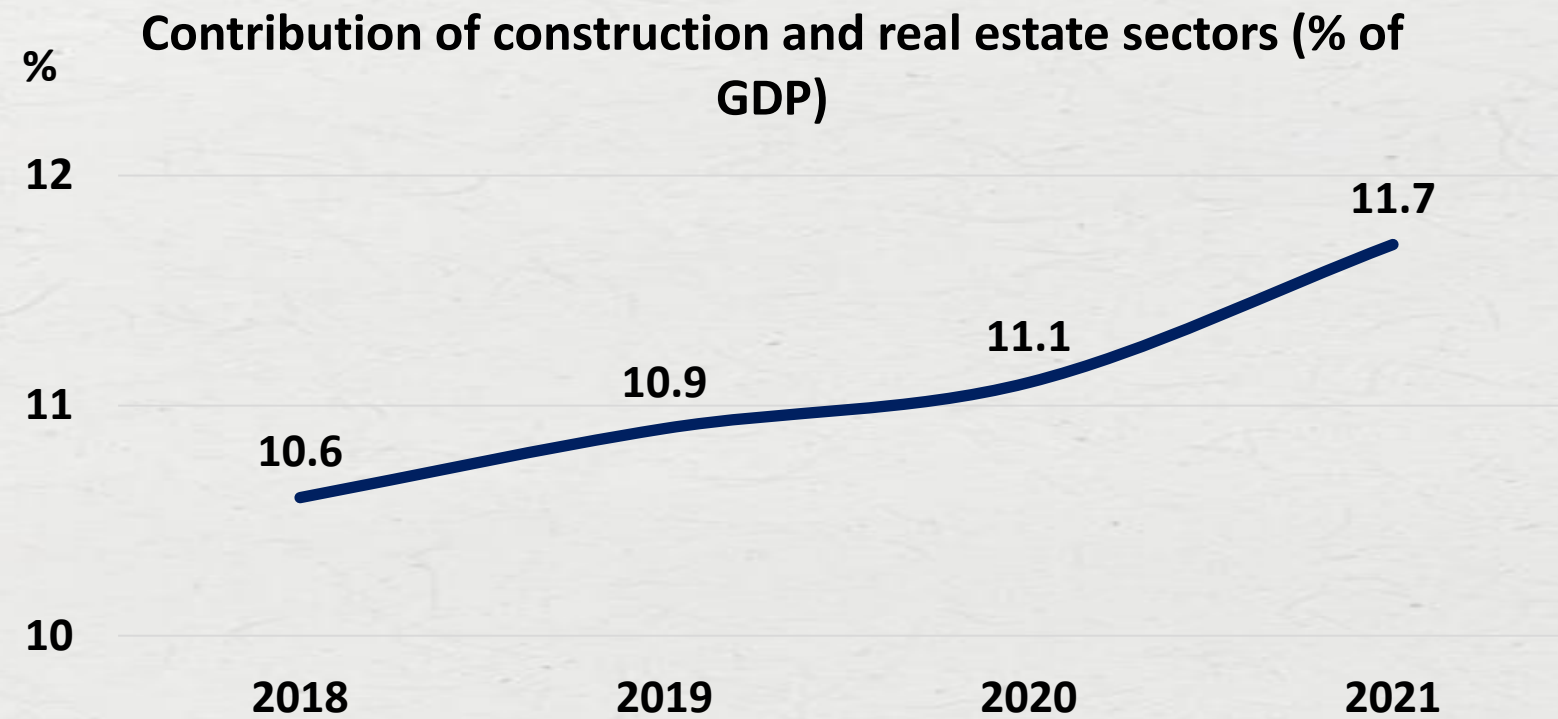
With the reopening of our borders, we can expect the investment certificate and the premium investor certificate issued by the EDB to lay the foundation for a sustained recovery in the real estate sector.

Key takeaways

- Public contracts below Rs 20 million will be reserved for small contractors.
- Rs 2.6 billion have been allocated to the Road Decongestion Programme to implement road construction works.
- Rs 3.8 billion has been earmarked in the next fiscal year to continue the National Flood Management Programme.
- Rs 1 billion will be invested in water distribution projects.
- Rs 1 billion will be allocated to the clean-up and embellishment programme.



It comes as no surprise that several billions of rupees were allocated to public infrastructure by the Minister. The realization of projects, such as the Road Decongestion Programme will certainly increase the supply capacity of the country while measures for the National Flood Management Programme and water distribution will enhance the quality of life of the Mauritian population.



BUDGETARY MEASURES

Construction

- A Construction Industry Training Council (CITC) is being set-up to improve skills of the workforce.
- Public contracts below Rs 20 million will be reserved for small contractors.
- DBM Ltd will offer a loan facility of up to Rs 25 million at a concessional rate of 3.5 percent per annum for local construction companies.

- The EDB will introduce a Transit Oriented Scheme (TOS) to create walkable and mixed-use areas within a radius of 100 metres of metro stations under which property developers will:
 - (a) be exempted from payment of registration duty on lease or acquisition of land to develop an approved project; and
 - (b) be eligible for accelerated annual allowance on “green technology equipment” expenditure.
- 53 schools run by NGOs including those run by the Service Diocésain de l'Education Catholique will be eligible to a grant of Rs 100,000 for repairs and renovation of buildings.

Public Infrastructure

- Rs 1 billion will be allocated to the clean-up and embellishment programme as well as for the rehabilitation of beaches, lagoons and coral reefs.
- Rs 400 million has been earmarked to undertake landslide rehabilitation works across the island.
- Rs 3.8 billion has been earmarked in the next fiscal year to continue the National Flood Management Programme.
- Modernizing the health infrastructure of which:
 - (a) Rs 870 million for completion of the New Cancer Centre by December 2022;
 - (b) Rs 440 million for completion of the New Flacq Hospital by June 2023;
 - (c) Rs 200 million to upgrade the Neo-Natal Intensive Care Unit and construct the Renal Transplant Centre at the Jawaharlal Nehru Hospital;
 - (d) Rs 192 million to start works for the New Eye Hospital at Moka;
 - (e) Rs 25 million for upgrading works at Souillac Hospital;

- (f) Rs 20 million for a New Haemodialysis Unit at the SSRN Hospital and for the acquisition of lithotripsy machines in regional hospitals;**
 - (g) Rs 15 million for 4 fertility clinics at 4 regional hospitals; and**
 - (h) Rs 10 million for a New Orthopaedic Appliance Workshop at Brown Sequard Mental Health Care Centre.**
- Rs 2.6 billion have been allocated to the Road Decongestion Programme to implement road construction works.**
 - The NHDC will deliver 485 housing units at Wooton and Mare D'Albert by June 2023 and further start construction of 1,273 units at Mon Gout, Malherbes and La Valette.**
 - Rs 1.4 billion will be invested for the construction and upgrading of community development facilities including incinerators, integrated sports projects, multipurpose complexes, markets, among others.**
 - Rs 100 million will be provided to start the construction of the Rivière des Anguilles Dam and for the upgrading of La Ferme Reservoir.**
 - Rs 100 million is being earmarked for the provision of water tanks and water pumps to some additional 12,500 households.**
 - Rs 10 million will be provided under a Rainwater Harvesting programme in schools, hospitals, agricultural farms and market places.**
 - Rs 1 billion will be invested in water distribution projects including replacement of pipes, construction of service reservoirs and construction of new and upgrading of water treatment plants.**
 - Rs 1.1 billion will be provided for the implementation of sewerage infrastructure projects, refurbishment of wastewater treatment plants and extension of sewer lines.**



3.5 | AGRI-BUSINESS

3.5 AGRI-BUSINESS



The agri-business is estimated to have contributed to 4.1% of GDP in 2021 combined with a strong growth of 6.9% (2020: -2.5%) according to Statistics Mauritius. Part of the solution to our current account deficit situation is to wean our economy off imports. The centralized Digital Land Bank with the availability of 1,000 arpents of land to private growers is expected to give an impetus to import substitution in the medium term.

The guaranteed price of Rs. 25,000 per ton for planters producing up to 60 tons of sugar in 2021 helped shield planters from high cultivation costs, mostly from fertilisers. We nevertheless noted a slight decline in the extraction rates from 10.34% in 2020 to 9.59% as several planters grappled with the challenge of finding cheaper fertilisers.

The government has also extended the Trade Promotion and Marketing Scheme until end of June 2022, which provides a 40% rebate on air freight cost for exports of agro and agri products to Europe, Japan, Australia, Canada and Middle East.

Key takeaways

- Rs 75 million to registered planters to cover 50 percent of their cost of fertilisers.
- A “Cane Replantation Revolving Fund” will be introduced by the DBM to provide loans at an annual preferential rate of 2.5 percent.
- Agri-Transformation Programme; Leasing facilities of up to Rs 25 million with an annual interest rate of 3.5 percent.
- A 30 percent subsidy on the purchase of equipment for production of locally produced pasteurized milk.
- Increase in the subsidy on Onion, Potato, Garlic and Bean seeds sold by the Agricultural Marketing Board (AMB) from 50 percent to 75 percent.

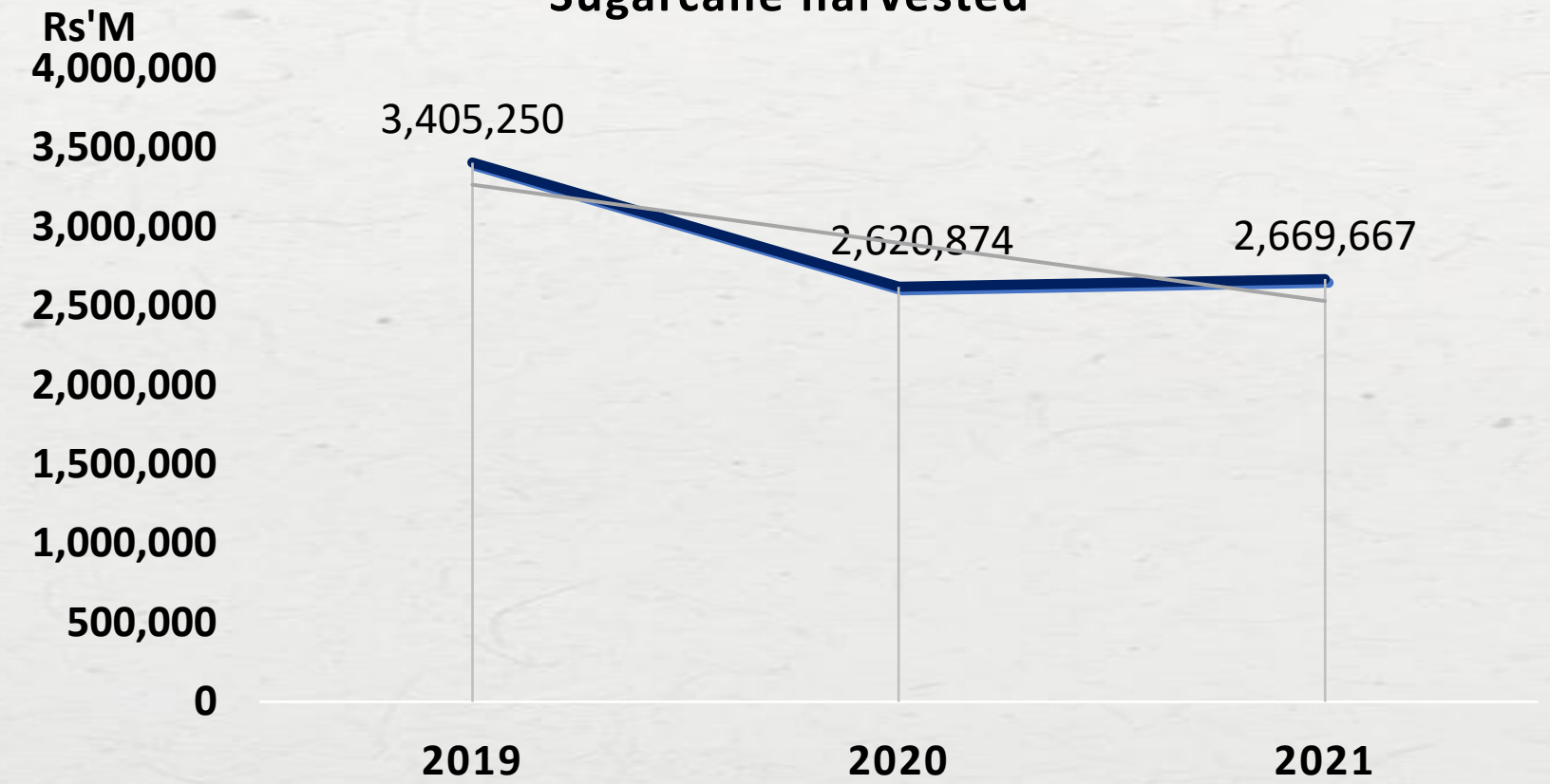


With major disruption caused by the war in Ukraine and Russia, 'self-sufficiency' is an economic imperative. The budget, thankfully, aims at:

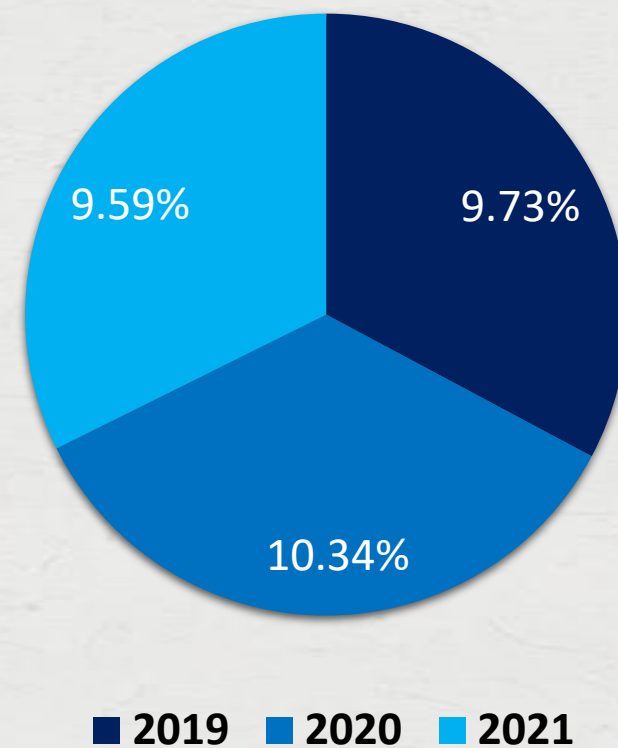
- (1) Sustaining the collapsing sugar sector;
- (2) Boosting the production of food locally to reduce our dependency on imports; and
- (3) Diversifying the exploitation of a lucrative natural resource, namely the blue economy.



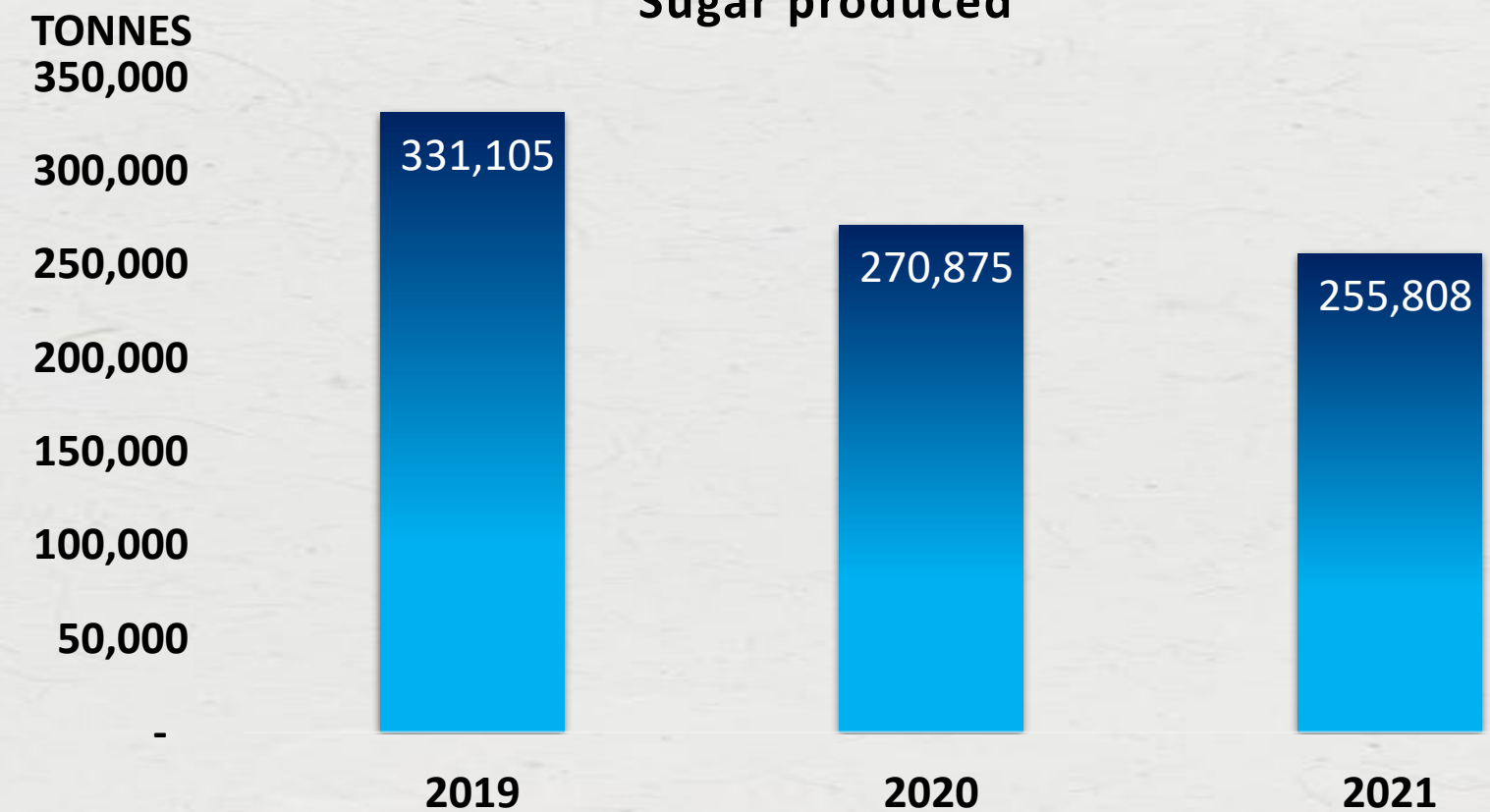
Sugarcane harvested



Sugar extraction rate



Sugar produced



BUDGETARY MEASURES

Sugar Sector

- **Maintain the minimum guaranteed price of Rs 25,000 per tonne for planters producing up to 60 tons of sugar.**
- **To continue to pay the premium to the Sugar Insurance Fund Board in respect of those producing less than 60 tons of sugar;**
- **Waive CESS in respect of crop 2022.**
- **The grant under the Cane Replantation Scheme will be increased by 43 percent from Rs 35,000 to Rs 50,000 per arpent.**
- **A “Cane Replantation Revolving Fund” will be introduced by the DBM to provide loans at an annual preferential rate of 2.5 percent.**

Fertilisers & seeds for all crops

- **Rs 75 million to registered planters to cover 50 percent of their cost of fertilisers.**
- **A subsidy of 75 percent will be provided on the purchase of liquid fertilisers, bio-fertilisers and composts produced by cooperatives.**
- **Planters and cooperatives will be eligible to a subsidy of 50 percent up to a maximum of Rs 500,000, on the purchase of equipment for composting.**
- **A Micro Propagation and Seed Production scheme is being introduced whereby seed producers will benefit from a grant of 50 percent of their cost up to a maximum of Rs 500,000.**

Fruits, Flowers & Vegetables

- **A grant of 50 percent, up to a maximum of Rs 500,000, for the purchase of a sheltered farm for hydroponics and extending it for the purchase of a second sheltered farm.**
- **Increase in the subsidy on Onion, Potato, Garlic and Bean seeds sold by the Agricultural Marketing Board (AMB) from 50 percent to 75 percent.**
- **A Minimum Guaranteed Price, for planters, of Rs 33,000 per tonne for onions, Rs 38,000 per tonne for potatoes and Rs 50,000 per tonne for beans.**
- **A “Crop Replantation Fund” at the DBM at an annual preferential rate of 2.5 percent to bring back abandoned land under cultivation.**
- **Development Bank of Mauritius (DBM) will invest in 2 food security clusters at a cost of Rs 200 million each, namely:**
- **An agro-processing park over an area of 5,000 square metres at Henrietta; and**
- **A fruit processing cluster at Rivière du Rempart with units of up to 100 square metres for some 50 SMEs.**
- **A grant of 50 percent up to a maximum of Rs 500,000, for the setting up of fruit ripening facilities.**
- **A maximum grant of Rs 100,000 for procurement of planting materials.**

Tea Sector

- **Winter allowance is being increased from Rs 1.50 to Rs 2.00 per kg.**
- **Rs 6 million is being provided to rehabilitate roads and build appropriate drainage systems in tea plantations at Nouvelle France, Grand Bois and Bois Cheri.**
- **10,000 tea plantlets will be provided at a subsidised cost of Rs 10 per unit.**

Livestock Sector

- The DBM will invest Rs 200 million in 5 Livestock zones at Henrietta, Salazie, Mare-d'Albert, Petit-Merlot, and Ex-Tea Belt Road
- Increase in the subsidy on animal feed to Rs 10 per kilogram.
- The Cattle Breeding Scheme is being extended to importers of cattle.
- A grant of Rs 15,000 will be provided to breeders to purchase calves of less than 1 year.
- Under the Zero Budget Natural Farming Scheme, Rs 100,000 will be provided to cooperatives for the purchase of cows and construction of cow sheds.
- A 30 percent subsidy on the purchase of equipment for production of locally produced pasteurized milk.
- Pig Breeders:
 - Rs 5 million is provided for the extension of artificial insemination facilities; and
 - Rs 15 million is earmarked for setting up of waste treatment facilities at Bassin Requin and St Martin.
- A Goat Farming Scheme for cooperatives for the purchase of goats and construction of sheds up to a maximum of Rs 200,000.

Blue Economy and Fisheries

- Rs 10 million for an additional hatchery at the Albion Fisheries and Research Centre to increase the production of fingerlings by 100,000 annually.
- Rs 35 million to carry out a stock assessment on the Saya de Malha bank to identify small pelagic species for local consumption.
- The grant for acquisition of semi-industrial fishing vessels by registered cooperatives is being increased from Rs 4 million to Rs 6 million. These cooperatives will also benefit from leasing facilities offered by the IFCM Ltd.

Apiculture

- A subsidy of Rs 500 per Bee queen will be provided to beekeepers up to a maximum of 10 queens.
- A one-off grant of Rs 150,000 per beekeeper will be provided to secure the Bee keeping zones.
- AMB will import beeswax in bulk and re-sell to bee keepers at an affordable price.
- The scheme for acquisition of CCTV camera will be extended to bee honey producers.
- New mellifluous plants will be introduced to enable year- round honey production.

Agri-Transformation Programme

- The Industrial Finance Corporation of Mauritius Ltd (IFCM) will offer:
 - (a) A preferential lease of 2.5 percent to Cooperatives for the purchase of mini-tractors.
 - (b) Leasing facilities of up to Rs 25 million with an annual interest rate of 3.5 percent.
- An Integrated Modern Agricultural Morcellement Scheme on a plot of land exceeding 2 arpents will be introduced to encourage innovative agricultural practices with the following incentives:
 - (a) An 8-year tax holiday on income; and
 - (b) An exemption from payment of Registration Duty.
- Developers, under the scheme, will be allowed to convert up to 15 percent of that land for residential or commercial use and be exempted from payment of land conversion tax.
- An 8-year income tax holiday will be granted to planters engaged in sustainable agricultural practices registered with the Economic Development Board (EDB).



3.6 | ICT

3.6 ICT



The ICT sector has shown strong resilience in the midst of the COVID-19 pandemic, recording growth of 5.9% in 2020 and 7.1% in 2021 (Statistics Mauritius). Employing around 30,000 people with some 850 ICT-BPO-based enterprises, it is high time we tap into the full potential of this sector by implementing the “Digital Mauritius 2030” blueprint. Our immediate challenge is to address an inherent skills gap facing our country, which is further compounded by brain drain. Hence, requiring us to open our labour market to foreign talent under both OP and WP systems.


Whether we like it nor not, high-skilled talent is needed to embrace FinTech and foster technologies, such as Blockchain, Artificial Intelligence and Data Science. The special permit for foreign IT talent was a much-needed policy response for that purpose.

But as business automation gains traction across different key sectors, it is important make sure productivity enhancements are creating jobs, not destroying them.

Key takeaways

- The Digital Industries Academy will provide training to 1,000 individuals in Data Communication, 5G, Cloud Computing, Artificial Intelligence and Cyber-Security as from July 2022.
- Rs 15 million for a second connection for the Government Online Centre to ensure continuous access in government e-services.
- The Digital Industries Academy will set-up a DIA Incubator for high-end ICT product development.



Red tape in the public sector has been chastised for a long time. The government is trying to revamp this bureaucratic system by investing in the government e-services. Training will be carried out by the Digital Industries Academy to ensure that we are keeping pace with the digital age. 

BUDGETARY MEASURES

ICT

- The Digital Industries Academy will provide training to 1,000 individuals in Data Communications, 5G, Cloud Computing, Artificial Intelligence and Cyber-Security as from July 2022.
- The Digital Industries Academy will set-up a DIA Incubator for high-end ICT product development.
- Rs 15 million for a second connection for the Government Online Centre to ensure continuous access in government e-services will be provided.
- To continue the public service digitalization strategy, a number of services will be offered online including: -
 - (a) Application for Certificate of Character;
 - (b) Payment of Road traffic fines; and
 - (c) Application for social benefits.



**3.7 | SMEs AND
EASE OF
DOING BUSINESS**

3.7 SMEs AND EASE OF DOING BUSINESS



Small and Medium Enterprises (SMEs) have been an essential cog in the wheel of economic development of Mauritius since our independence.

Mauritius ranked 1st in Africa and 13th worldwide according to the latest World Bank Ease of Doing Business Report 2020. Amid an everchanging international business landscape, Mauritius has consistently spearheaded business facilitation schemes and improved its Ease of Doing Business ranking over the years.

COVID-19 has cut a swathe through the SME sector since its outbreak. In response, the government announced a series of budgetary measures aimed at propping up the sector, through grants, tax deductions on specific expenditures, concessional loan terms and earmarking Rs. 5 billion to fund leasing of equipment and machinery.

We welcome the initiative to allow the setting up of incorporating a company and setting up a business at no cost. For sure, start-ups will begin to sprout, creating more jobs and ushering in an

Key takeaways

- Companies with a turnover of up to Rs 100 million will henceforth be categorised as SMEs instead of Rs 50 million currently.
- MIC to set up a Venture Capital Fund of Rs 5 billion and DBM allocate Rs 5 billion targeting SMEs and Mid-Market Enterprises.
- It is absolutely free to incorporate a company and start a business.
- Holders of Residence Permits may acquire a residential property of a minimum of USD 350 000 outside the existing schemes (PDS/Smart City/IRS), subject to a 10 percent contribution made to the Solidarity Fund.



era of innovation. However, adequate KYCs should still be performed to curtail the sprawl of shady and opaque business practices.

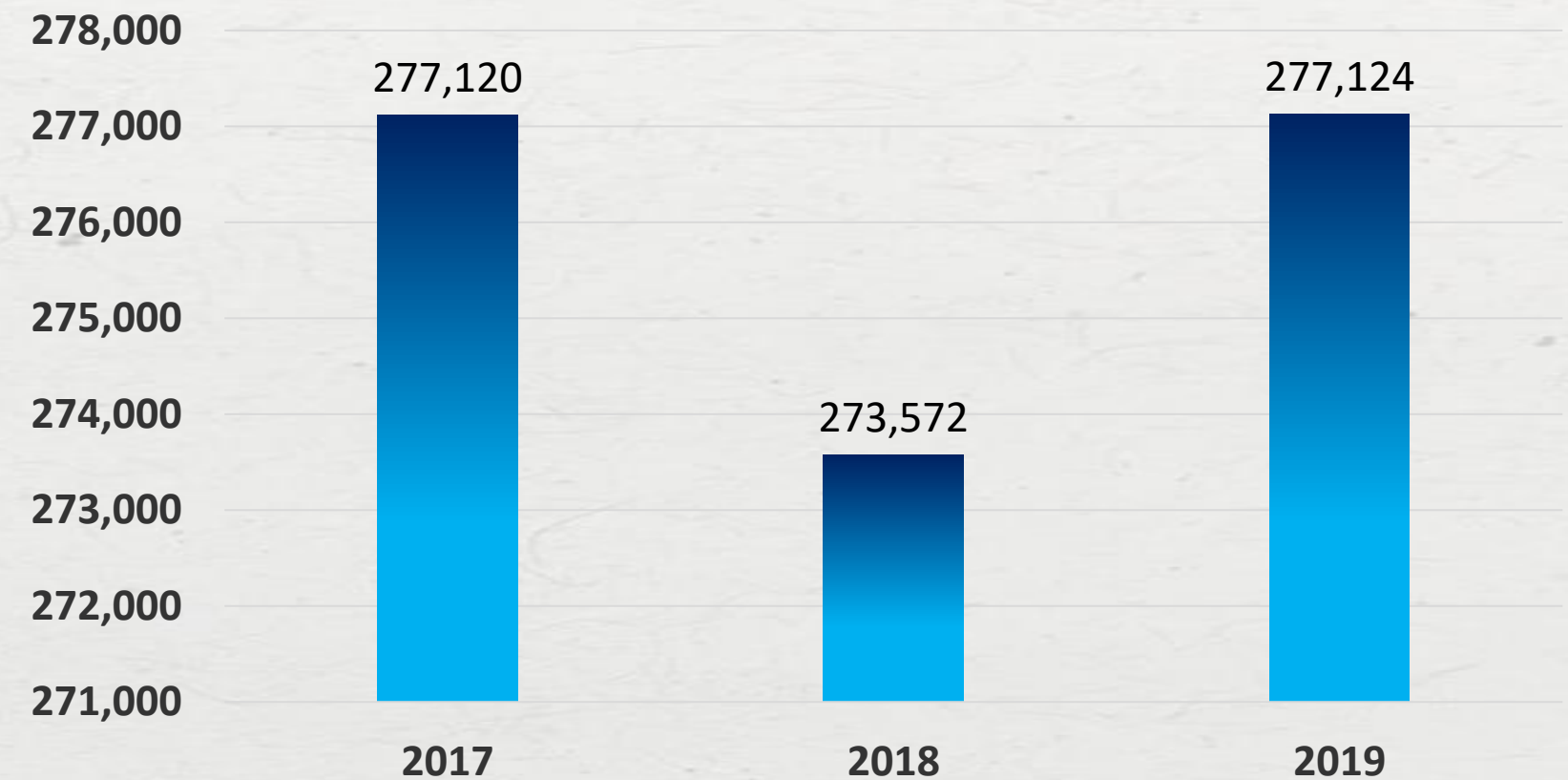


BUDGETARY MEASURES

Supporting SMEs

- Companies with a turnover of up to Rs 100 million will henceforth be categorised as SMEs instead of Rs 50 million currently.
- A Mid-Market Enterprise with a turnover up to Rs 250 million will now be included as a new category under the SME Act.
- MIC to set up a Venture Capital Fund of Rs 5 billion targeting SMEs and Mid-Market Enterprises.
- 50 percent grant up to Rs 500,000 for the purchase of recycling equipment and transportation vehicle from local suppliers to the co-operative sector.
- Angel investors providing seed equity financing to SMEs will benefit from a tax allowance on their investment

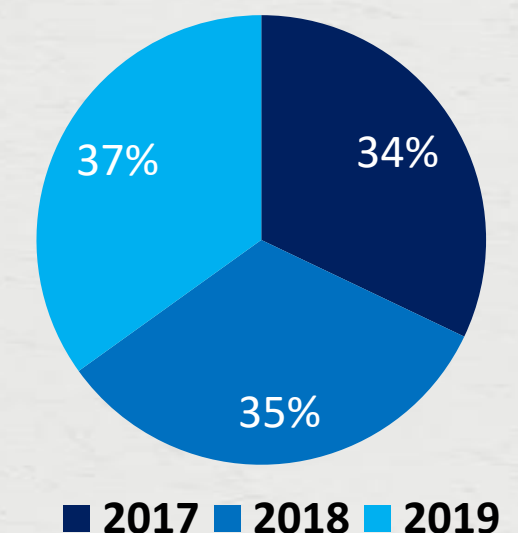
Employment in SMEs*



Infrastructure and schemes for SMEs by DBM Ltd

- DBM to allocate Rs 5 billion to support SMEs, Mid-Market Enterprises and entrepreneurs.
- DBM to extend the SME interest free loan scheme and the Covid-19 Special Support Scheme up to June 2023.

Contribution of SMEs to GVA*



*more recent data were not available.

Ease Of Doing Business

New Incentives Framework

- It will henceforth not cost a single rupee to start a business and incorporate a company in Mauritius.
- The Bank of Mauritius will ensure that a bank account can be opened within 1 week, be it for an individual or a business.
- An Inter-Ministerial Committee chaired by the Prime Minister will oversee the streamlining of licenses and permits in the construction, tourism, healthcare, and logistics sectors.
- A Business Regulatory Reform Bill will be introduced to facilitate business further.
- Increased monthly stipend between Rs 8,000 to Rs 10,000 to train about 3,000 youth.
- Where the holder of a Premium Investor Certificate (PIC) fails to use the land acquired for the project approved under the PIC, the Registrar-General will, by written notice, make an assessment of the amount of duty or tax payable and claim such amount from the parties to the transaction.

Incentives to foreigners

Acquisition of Residential Property by Non-Citizens

- Holders of Residence Permits will be given the opportunity, upon applications, to acquire a residential property of a minimum of USD 350 000 outside the existing schemes (PDS/Smart City/IRS), subject to a 10 percent contribution made to the Solidarity Fund. A Committee chaired by the Prime Minister will examine the applications on a monthly basis.
- A residential property acquired by more than one non-citizen under 'fractional ownership' will be eligible to apply for the status of residency provided that the investment by each non-citizen exceeds USD 375,000.
- To continue building on the silver economy strategy to attract more foreign retirees in Mauritius, the EDB will organise the first edition of the Mauritius International Silver Economy Festival.



**3.8 | PHARMACEUTICAL
AND BIOTECHNOLOGY**

3.8 PHARMACEUTICAL AND BIOTECHNOLOGY



The onset of the COVID-19 pandemic has prompted the government to realise the importance of a full-fledged pharmaceutical establishment. The government in 2021 allocated Rs. 1 billion (\$25 million) to set up the Mauritius Institute of Biotechnology, to partner with pharmaceutical and biotechnology companies to produce COVID-19 and other vaccines, and/or other pharmaceutical products in Mauritius.

As a member of SADC and COMESA, Mauritius should provide the right incentives for foreign pharmaceutical companies to consider production locally and exploit our duty-free access to the African market. We currently offer the following benefits: a tax holiday of eight years, 3% corporate tax on profits derived from exports, investment tax credit for investment in hi-tech manufacturing, and air- and sea-freight rebates on exports for new companies manufacturing pharmaceutical products.

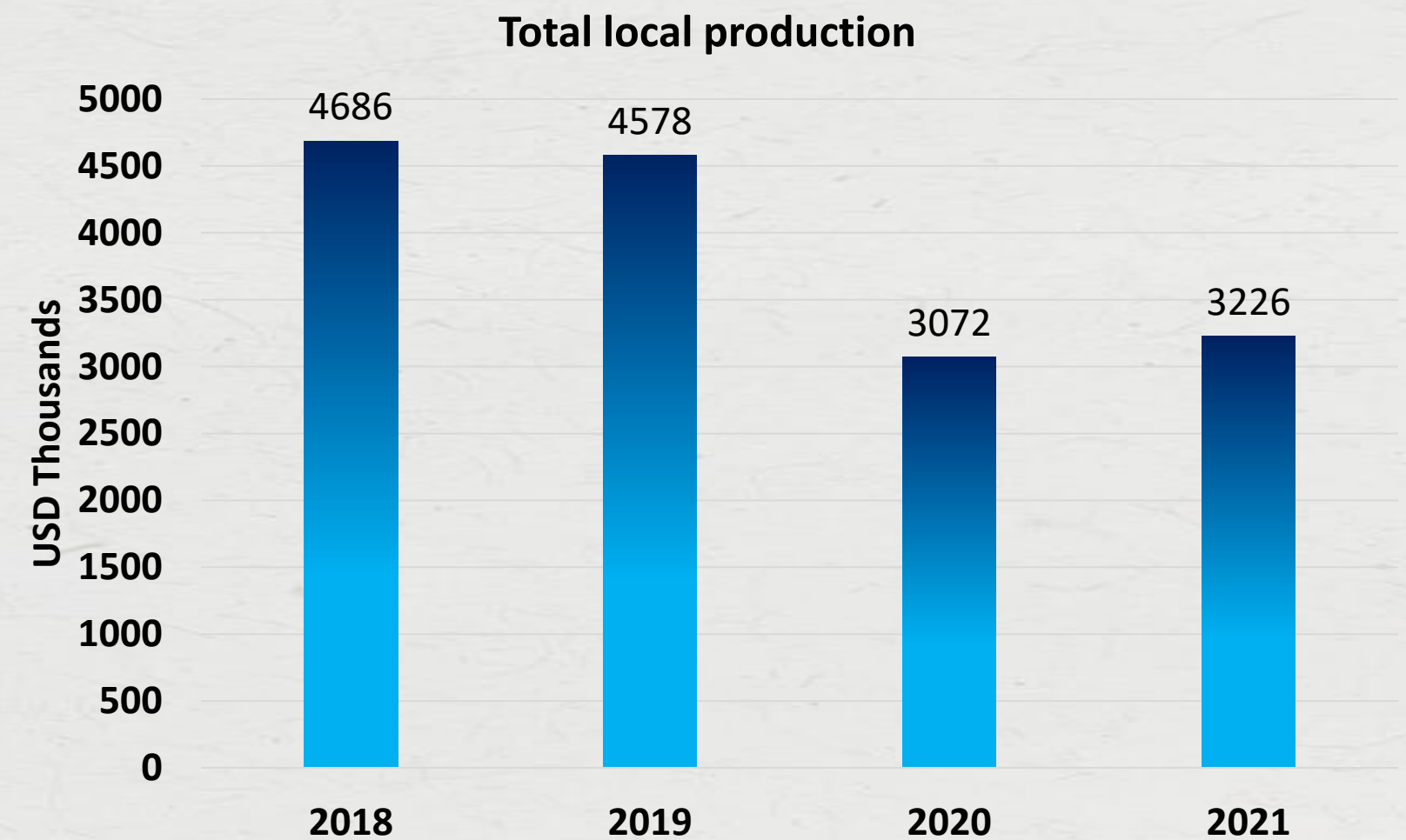
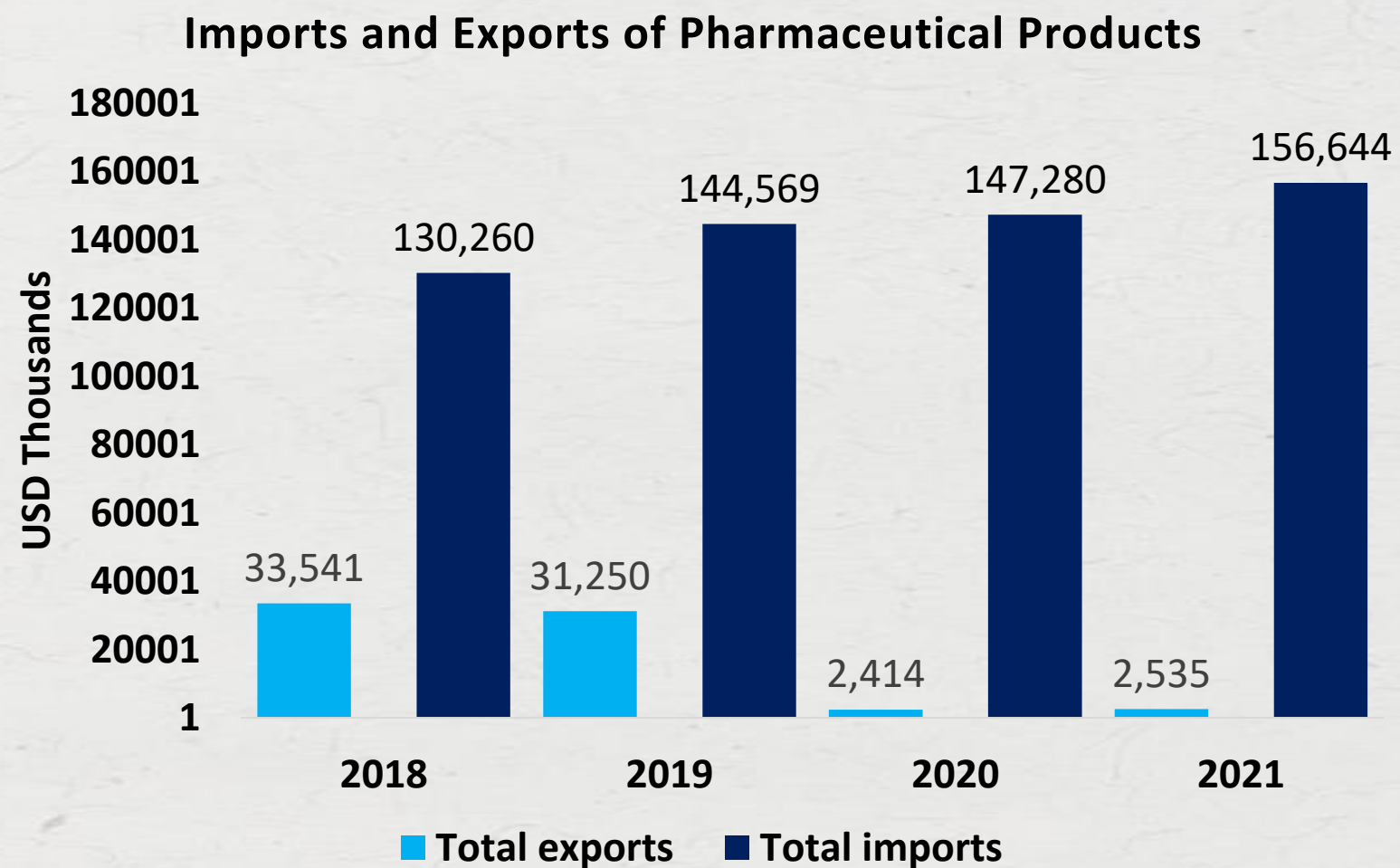
The regressive mark-up regime on pharmaceutical products will alleviate the burden of the high medicine and drug prices.

Key takeaways

- Margin for pharmaceutical products is being reduced through a regressive mark-up regime.
- Revamping of the Clinical Trials Act to align with international standards to expand the range and broaden the scope of activities for clinical trials.
- Review the existing framework for licensing of laboratories and will issue guidelines for setting up of specialty test laboratories.
- Broaden the mandate of the Mauritius Institute of Biotechnology (MIB) to cater for the production of pharmaceutical products and development of new medical devices.



Since the previous budget, efforts are being made to review our existing legislations to ease the set up of test laboratories and development of new pharmaceutical products. Also, by empowering the Mauritius Institute of Biotechnology (MIB), there are high hopes that this industry will bring significant value added to our economy.



BUDGETARY MEASURES

Healthcare, Medical Devices Pharma and Biotechnology

- **Margin for pharmaceutical products is being reduced through a regressive mark-up regime.**
- **Facilitate the setting up of pharmaceutical manufacturing plants.**
- **Set out the legal framework for the development of the pharmaceutical products, medical devices and health supplements industry.**
- **Review the existing framework for licensing of laboratories for setting up of specialty test laboratories involved in stem cells, genetic, specialized molecular test, amongst others, to further the research and development agenda in the life-sciences and biotechnology field.**
- **The mandate of the Mauritius Institute of Biotechnology (MIB) will be broadened to cater for the production of pharmaceutical products, development of new medical devices, technology based applications for pharmaceuticals, nutraceuticals and research and development centres for testing.**
- **The Clinical Trials Act will be revamped to align with international standards to expand the range and broaden the scope of activities for clinical trials and the Ministry of Health and Wellness will also develop a legal framework for clinical trials for medical devices.**
- **A framework will be developed for the setting up of Healthcare University spin-offs to promote Research and Development in the development of new healthcare products.**
- **Facilitate registration of locally manufactured pharmaceutical products under a technology transfer agreement and allow for public procurement of locally manufactured pharmaceutical products which is compliant with the Good Manufacturing Practice of the World Health Organisation (WHO GMP), under the Pharmacy Act.**



3.9 | PUBLIC SECTOR

3.9 PUBLIC SECTOR

BUDGETARY MEASURES

Education

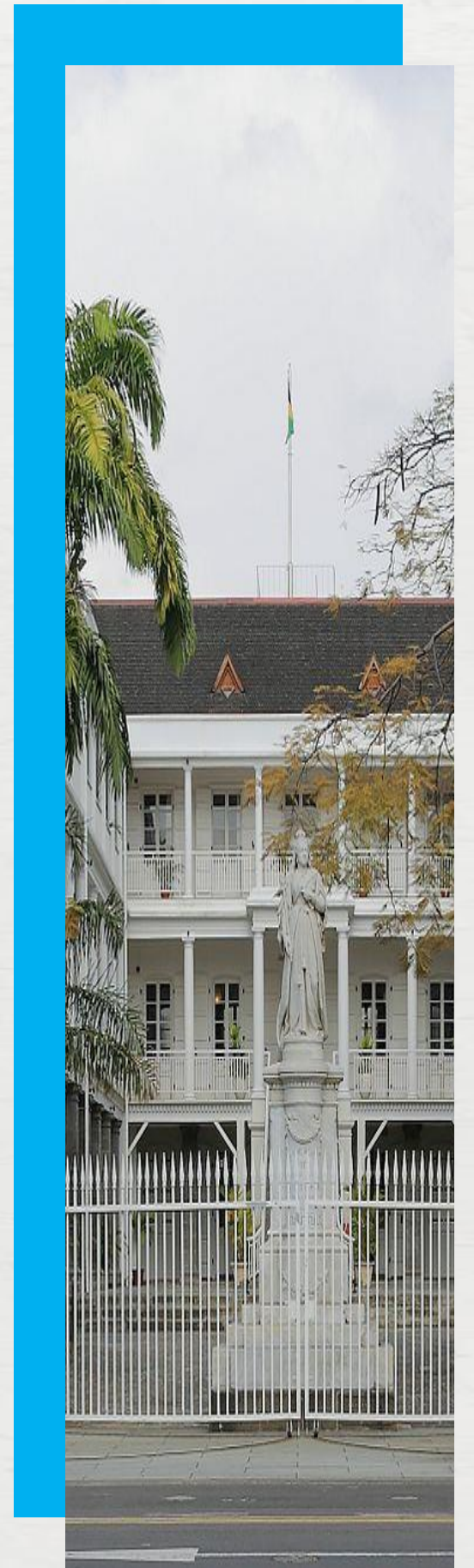
- Investment of Rs 18.3 billion for the education sector.
- One-off grant of Rs 50,000 provided to support 125 private pre-primary schools in disadvantaged regions.
- 53 schools run by NGOs and the Service Diocésain de l'Education Catholique will be eligible to a grant of Rs 100,000 for repairs and renovation of buildings; and Rs 50,000 for purchase of equipment and pedagogical tools and materials.
- DBM will provide a loan of Rs 100,000 at an interest rate of 3.5 percent for the upgrading of SEN school infrastructure.
- Grants to NGOs running SEN schools will be increased to Rs 155 million to cater for social aid and meal allowances.
- Construction of a new Student Accommodation Facility on a PPP basis.
- Introduction of SAJ National Scholarship Scheme to be awarded to two laureates on the Economics side.

Key takeaways

- Significant investment in the public sector and social measures.
- Investment of Rs18.3 billion for the education sector.
- Public healthcare budget increased to Rs 14.7 billion.
- Rs 10.9 billion allocated to the police force.



Investment and funding towards upgrading schools, education, hospital, law and order and social needs will no doubt improve the livelihoods of the population especially as we slowly come to grips with the pandemic effects. That reconciles with the notion of a social budget with a human face.



Healthcare

- Increasing the public healthcare budget to Rs 14.7 billion including Rs 2.5 billion for modernizing health infrastructure.
- Earmarking Rs 325 million for the acquisition of high-tech medical equipment including X-ray machines and a CT scan.
- Grant amount for patients requiring stretchers during overseas treatment for cases of Neurosurgery and Bone Marrow Transplant is being increased by Rs 200,000.
- Increasing rates and excise duty by 10 percent on cigarettes and alcoholic products.

Law and order

- Rs 10.9 billion allocated to the police force.
- Acquisition of an Advanced Light Helicopter, Light Armoured Personnel Carriers and High Patrol Vessels for the National Coast Guard.
- Construction of the Mauritius Disciplined Forces Academy at Cote D'Or.
- Rs 18 million for the acquisition of vehicles and special equipment for the ADSU.
- Construction of a new building in La Vigie to house the Forensic Science Laboratory.
- Rs 18 million allocated for the installation of two body scanners in two Prisons.
- Rs 15 million earmarked for the implementation of e-passports and e-gates.
- Fleet of Police Force vehicles will be renewed.

Other Social Measures

- One-Off Cash grant of Rs 500,000 for upgrading of creches.
- Construction of a new community centre at Stanley, Rose-Hill.
- 50 women to be provided with 3 months mentoring and paid Rs 11,500 monthly as stipend to promote women entrepreneurship.
- Construction of shelter for women including a nursery and pre-primary facilities at Riviere du Poste.
- Rs 3.8 billion earmarked in the next fiscal year to continue the National Flood Management Programme.
- Construction of 12,000 Social Housing Units.
- Rs 1.4 billion for construction and upgrading of community development facilities.
- Provision of Rs 50 million and Rs 30 million for the preparation of athletes and organization of CJSOI Games in December 2022 and Indian Ocean Island Games 2023 and 2024 Olympic Games respectively.
- Rs 55 million provided for the upgrade of 8 Youth Centres.
- Special grant of Rs 15,000 to professional athletes for the purchase of sports equipment.
- Rs 10 million for Smart Youth Programmes.
- Rs 100 million for the construction of the Riviere des Anguilles Dam and for the upgrade of La Ferme Reservoir.
- Rs 1 billion invested in water distribution projects.
- Rs 100 million earmarked for the provision of water tanks and water pumps to 12,500 additional households.
- Rs 10 million provided under a Rain Harvesting Programme.
- Rs 1.1 billion provided for the implementation of sewage infrastructure projects, refurbishment of wastewater treatment plants and extension of sewer lines.
- Rs 20 million earmarked for the setting up of a National Arts Centre including a recording studio.



3.10 | GAMING AND ENTERTAINMENT

3.10 GAMING AND ENTERTAINMENT

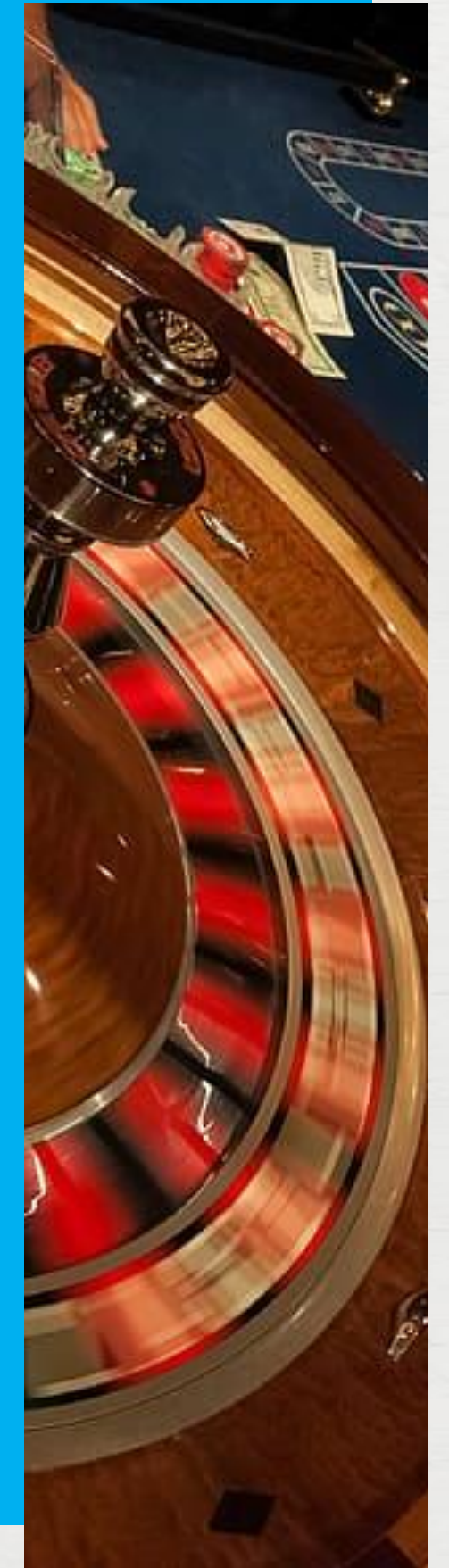


Even though our society often attaches a negative connotation to the word “gambling”, it is a lucrative market with enormous potential to bring significant value added to our economy through increased FDI, higher tourists’ earnings and concomitant multiplier effect on job creation. Of course, such expansion should be coupled with the right level of regulatory oversight. Pre-pandemic, the gaming and leisure sector contributed over Rs. 2bn in direct taxes to the government. Following the increase in betting tax from 12 % to 14% in 2021, gamblers have come up with workarounds by resorting to illegal betting to avoid the brunt of the tax. This made a dent in government tax revenues from horse racing last year and warrants a clampdown on off-course betting.

The horse racing industry has been under the spotlight since the start of the year. The new company Côte-d’Or International Racecourse and Entertainment Complex Ltd has been granted the control and maintenance of the race track Champ de Mars.

Key takeaway

- With a view to modernising and internationalising horse racing activities, the Cote d’Or International Racecourse and Entertainment Complex Limited will spearhead a new state of the art racecourse and entertainment project at Cote d’Or under a Public Private Partnership framework.

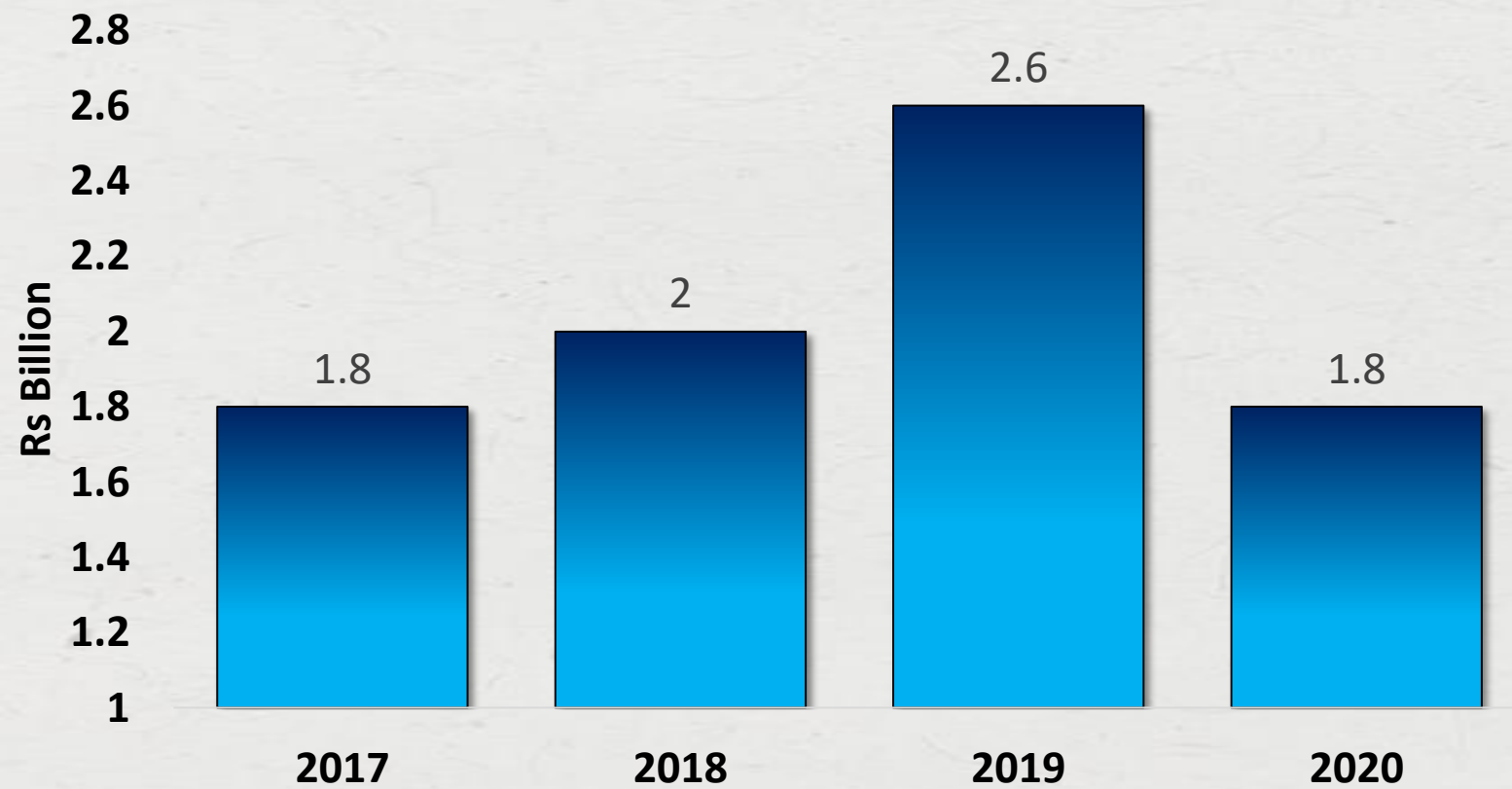


The Gambling Regulatory Authority has also granted a licence to a new horse racing organiser namely the People's Turf Club PLC. More competition can only do good to the industry.

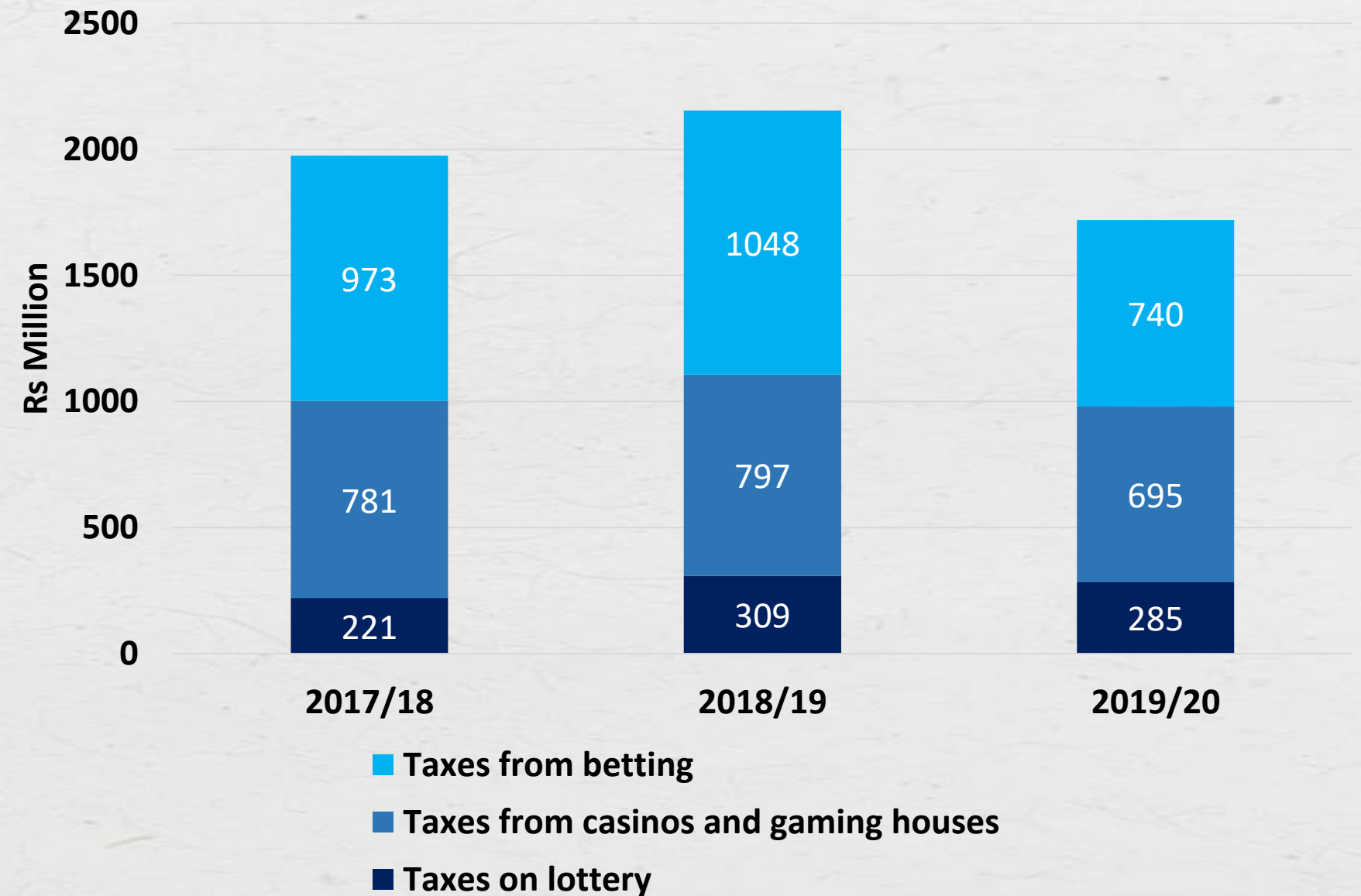
The prospect of developing a new state of the art racecourse and entertainment project at Cote d'Or under a Public Private Partnership framework will radically transform the horse racing industry, create jobs and boost economic activity as shopping malls, offices and residential projects sprout up in the vicinity of the new racecourse.



Ticket sales from Lottotech



Taxes on gambling





3.11 | GREEN ECONOMY AND SUSTAINABILITY

3.11 GREEN ECONOMY AND SUSTAINABILITY



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.

Mauritius – blessed with sunlight throughout the year - should capitalise on solar photovoltaic (PV) energy. The waive of duties on all hybrid and electric cars is much appreciated as it will benefit the public at large and assuage the effects of soaring fossil fuel prices. Lending facility institutions, such as DBM and IFCM are offering schemes at the individual and corporate level for the financing of solar PV systems and electrical vehicles to expedite the county's transition to a greener economy.



Key takeaways

- Loan facility of up to Rs 250,000 will be made available by the DBM to domestic consumers at a concessional rate of 2 percent per annum to finance the acquisition of solar PV systems.
- The IFCM will provide leasing facilities of 3 percent per annum over 10 years to transport operators to acquire electric vehicles and charging infrastructure.
- DBM will provide a 0.5 percent loan of up to Rs 3 million to taxis and van operators over a period of 7 years for the purchase of electric vehicles.
- As from 1st July 2022, all hybrid and electric vehicles will be duty-free.



BUDGETARY MEASURES

Cleaner, Greener Renewable Energy

- **CEB is investing in an 8 MW solar PV farm at Henrietta by February 2023 to increase its capacity from 2 MW to 10 MW.**
- **DBM Energy Ltd will implement solar PV projects at its industrial buildings as well as other public buildings for a total capacity of 6.2 MW.**
- **Airports of Mauritius Ltd will invest in a 14 MW solar photovoltaic system as part of the greening of the SSR International Airport and the surrounding airport area.**
- **To allow the CEB to accommodate more renewable energy on its grid, a 20 MW battery energy storage system will be installed at Amaury.**
- **5,000 solar PV kits with a total capacity of 9 MW will be installed on rooftops of households, religious bodies, NGOs, and charitable institutions.**
- **A loan facility of up to Rs 250,000 will be made available by the DBM to domestic consumers at a concessional rate of 2 percent per annum to finance the acquisition of solar PV systems.**
- **Individuals and companies will also be allowed to generate renewable energy up to a maximum of 150 percent of their annual requirement.**
- **The CEB will purchase electricity under the Medium Scale Distributed Generation Scheme (MSDG) at a feed-in tariff of Rs 4.20 per Kw/h.**
- **The existing rental fee for production meters of Renewable Energy Schemes is also being waived.**
- **The introduction of a Carbon Neutral Loan Scheme by the IFCM over 7 years at a preferential rate of 3 percent.**

Accelerating the Land Transport Electric Vehicles Transition

- **Metro Express Ltd will implement photovoltaic farms at its Richelieu Depot, at Barkly as well as at Ebene Recreational Park to cater for its electricity needs.**
- **To further promote the electrification of the public transport system, the IFCM will provide leasing facilities of 3 percent per annum over 10 years to transport operators to acquire electric vehicles and charging infrastructure.**
- **200 electric buses will be acquired to renew half of the fleet of the National Transport Corporation.**
- **the Bus Modernisation Scheme will apply only to electric buses.**
- **IFCM will provide concessionary leasing at 3.5 percent per annum to companies renewing their company fleet to electric only.**
- **DBM will provide a 0.5 percent loan of up to Rs 3 million to taxis and van operators over a period of 7 years for the purchase of electric vehicle.**
- **As from 1st July 2022, all hybrid and electric vehicles will be duty-free.**
- **Introduction of a negative excise duty scheme of 10 percent for the purchase of electric vehicles by individuals up to a maximum of Rs 200,000.**

Adopting an Effective Demand Management Strategy

- **Allocation of Rs 1 billion to the clean-up and embellishment programme as well as for the rehabilitation of beaches, lagoons and coral reefs.**
- **Allocation of Rs 400 million to undertake landslide rehabilitation works across the island.**
- **A tipping fee will be paid to local recyclers per tonne of waste, excluding used tyres and PET bottles.**

- **A margin of preference will be provided for products manufactured from recycled material.**
- **An additional déchetterie will be set up for disposal of waste oils, construction and demolition wastes amongst others.**
- **A pilot Composting Unit and a Sorting Unit will be developed for the separation of dry and wet waste resources for sale to registered recyclers on a PPP basis.**
- **A framework will be introduced to encourage composting of Green Wastes from Households, Markets, Parks and Gardens.**
- **A Scrapyard for vehicles declared total loss and beyond their economic life will be created on a PPP basis.**
- **The Energy Efficiency Management Office will appoint a consultant to develop a framework for the establishment of Energy Performance Contracting.**
- **The Mauritius Renewable Energy Agency will conduct a feasibility study for the setting up of the legal and regulatory framework for the recycling and disposal of used solar photovoltaic panels.**

Moore Mauritius

E: moore-mauritius@intnet.mu

T: +230 211 6535



04 | TAX AND REGULATORY MEASURES

4.1 | PERSONAL INCOME TAX

4.2 | CORPORATE TAX

4.3 | PROPERTY TAX

4.4 | EXCISE DUTY

4.5 | TAX ADMINISTRATION

Introduction of a New Tax Rate

- Currently, an individual earning annual net income of up to Rs 650,000 (i.e. Rs 50,000 per month), is being subject to income tax at the rate of 10% instead of 15%. An individual earning annual net income above Rs 650,000 up to Rs 700,000 also benefits from the reduced rate of 10% through a tax credit mechanism provided certain conditions are met. Increasing the maximum allowable deduction for medical insurance premiums from:
- As from the income year 2022-2023, an individual earning annual net income -
 - (i) of up to Rs 700,000 will be taxed at the rate of 10%;
 - (ii) above Rs 700,000 and not exceeding Rs 975,000 (i.e. Rs 75,000 per month) will be taxed at the rate of 12.5%; or
 - (iii) above Rs 975,000 will be taxed at the rate of 15% and the Solidary Levy, if applicable.

Additional Deduction for Tertiary Education

- The additional deduction in respect of a dependent child who is pursuing tertiary studies will be raised from Rs 225,000 to Rs 500,000 and covers both undergraduate and postgraduate courses.

Relief for Medical or Health Insurance Premium

- The maximum allowable deduction for medical insurance premium will be increased as follows -
 - (A) Rs 20,000 to Rs 25,000 for an individual and his first dependent; and
 - (B) Rs 15,000 to Rs 20,000 for every other dependent.

Contribution to Personal Pension Schemes

- The maximum allowable deduction in respect of contributions made by a taxpayer to a personal pension scheme for the provision of a pension for himself will be increased from Rs 30,000 to Rs 50,000.

Deduction for Dependent who is a Bedridden Next of Kin

- It will be clarified that a taxpayer will be able to claim his/her spouse as a bedridden next of kin irrespective of any financial assistance provided to the bedridden spouse under the National Pensions Act.

Donations to Charitable Institutions

- The maximum allowable deduction for donations made to an approved charitable institution including a religious body will be increased from Rs 30,000 to Rs 50,000.

Exempt Income

- The maximum allowable deduction for petrol or travelling allowance paid to an eligible employee using his private car for the performance of his duties will be increased from Rs 11,500 to Rs 20,000.



Additional Deduction - Procurement from Small Enterprises

- Currently, a large manufacturer (having annual turnover exceeding Rs 100 million) is granted an additional deduction of 10% on the amount incurred to purchase locally manufactured products from a small enterprise. The rate of additional deduction will be increased from 10% to 25%.

Income Tax Holiday - Freeport Companies

- An 8-year income tax holiday will be granted to a newly set up freeport operator or developer making an investment of at least Rs 50 million and provided it -
 - (i) starts its operations on or after 1 July 2022; and
 - (ii) conforms with the substance requirements set by the Organisation for Economic Co-operation and Development (OECD).

Waiver of Income Tax Penalties for Small and Medium Enterprises

- The Income Tax Act will be amended to implement the decision of Government to waive penalties imposed on Small and Medium Enterprises (SMEs), remaining outstanding as at 25 March 2022, for late submission of income tax returns and late payment of income tax during the years 2020 and 2021.

Financial Assistance to Small and Medium Enterprises -

Salary Compensation 2022

- **The Income Tax Act will be amended to implement the decision of Government to refund to an SME, in addition to the salary compensation 2021, the salary compensation 2022 paid to its employees up to 30 June 2022. The amendment will be effective as from 1 January 2022.**
- **Thus, the Mauritius Revenue Authority (MRA) is, in relation to salary compensation for year 2022, paying to a non export-oriented SME an amount of -**
 - (i) Rs 500 monthly per employee deriving a basic wage not exceeding Rs 13,500; and**
 - (ii) Rs 400 monthly per employee deriving a basic wage exceeding Rs 13,500 up to Rs 50,775.**

Financial Assistance to the Tourism Sector –

Salary Compensation 2022

- **The Income Tax Act will be amended to implement the decision of Government to refund to an enterprise in the tourism sector the salary compensation paid to its employees for the period January 2022 to June 2022, that is, an amount of -**
 - (i) Rs 500 monthly per employee deriving a basic wage not exceeding Rs 13,500; and**
 - (ii) Rs 400 monthly per employee deriving a basic wage exceeding Rs 13,500 up to Rs 50,775.**
- **The amendment will be effective as from 1 January 2022.**
- **An enterprise in the tourism sector is defined as one which is engaged in a tourism activity listed in the Twelfth Schedule to the Income Tax Regulations 1996.**
- **An SME in the tourism sector will not be eligible to this assistance since it is already benefitting under the SME Salary Compensation Refund.**

Premium Visa Scheme

- It will be clarified that the foreign employer of the holder of a Premium Visa will not, in respect of that employee, be subject to the payment of -
 - (i) corporate tax under the Income Tax Act; and
 - (ii) social contribution under the Social Contribution and Social Benefits Act.

Global Minimum Tax

- The Income Tax Act will be amended to cater for any change that may be required in connection with the introduction of a domestic minimum top-up tax, applicable to companies resident in Mauritius forming part of multinational enterprise groups having a global annual revenue of 750 million euros or more, to ensure that they are taxed at the global minimum rate of 15%.



Home Ownership Scheme

- The Home Ownership Scheme is one of the measures introduced in the 2021/2022 Budget to support the Government's vision of a more inclusive society by making home ownership affordable for all.
- 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.
- The Home Ownership Scheme will be extended for another year, i.e. up to 30 June 2023.
- The Scheme will also cover transactions effected during the period from 12 June 2021 to 30 June 2021, i.e. as from the date following the announcement of the Scheme in the Budget Speech 2021-2022.

Home Loan Payment Scheme

- The Home Loan Payment Scheme is an additional facility granted to those contracting a loan to construct their residence.
- Under the Scheme, a person contracting a secured housing loan to construct his residence benefits from a refund of 5 % of the loan amount, up to a maximum of Rs 500,000.
- The Home Loan Payment Scheme will be extended for another year, i.e. up to 30 June 2023.
- The Scheme will also cover transactions effected during the period from 12 June 2021 to 30 June 2021, i.e. as from the date following the announcement of the Scheme in the Budget Speech 2021-2022.

VRS Scheme - Transfer among Heirs

- **A VRS property transferred to the heirs of a deceased beneficiary shall be deemed to have been obtained by inheritance thus enabling the property to be transferred between the heirs free from duty and tax.**
- **This amendment will be backdated to take effect as from 1 July 2016.**

Share Buyback

- **Presently, transfer of shares in a company holding immovable property is subject to registration duty. Land transfer tax is also leviable the transfer of shares lead to a change in control of that company.**
- **The relevant legislations will be amended to clarify that a share buyback, i.e. acquisition by a company of its own shares, will be subject to registration duty and tax in the same manner as for a transfer of shares.**

Tax on Transfer of Leasehold Rights in State Lands for Hotels

- **The halving of the rate of tax on transfer of leasehold rights in State land for hotels built on State lands will end on 30 June 2023 as announced in the Budget Speech 2021-2022.**

Motor Vehicles

- The current excise duty rebate scheme on motor vehicles will be extended for a further period of one year up to 30 June 2023. The rebate scheme is applicable as follows -
 - (A) a motor car up to 1,000 cc: 40% 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 and an electric vehicle: 30% rebate on the excise duty payable on the motor vehicle.
- Provision will be made to grant customs duty, excise duty and Value Added Tax (VAT) exemption on cars (and spare parts) and automobilia imported for the purpose of exhibition in a motor museum.

Beverages in Cans

- The excise tax on cans will be applicable on all beverages in cans.

Excise Duty on Sugar Sweetened Products

- The implementation of the excise duty of 6 cents per gramme of sugar on locally manufactured and imported non-staple sweetened products will be effective on 1 July 2025.

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 2023 and provided that the taxpayer registers himself under the Scheme by 31 December 2022.
- Taxpayers having assessments pending before the Assessment Review Committee (ARC), 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.

Rate of Tax Deduction at Source

- The rate of tax deduction at source (TDS) on -
 - (A) services provided by professionals will be increased from 3% to 5%; and
 - (B) rent paid to a resident will be increased from 5% to 7.5%.

Extension of the scope of Tax Deduction at Source

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

Services	Rate of TDS
Consultancy fees	3%
Security and Cleaning Services	3%
Pest Management Services	3%
Payment of fees made by insurance companies to motor surveyors and mechanics for repairs of motor vehicles of policy holders	3%

Declaration of Assets Act

- The Independent Commission Against Corruption (ICAC) will be allowed to disclose a copy of the Declaration of Assets of the employees of the MRA to the Head of the Internal Affairs Division of the Authority.

Solidarity Levy - PAYE

- An individual liable to the Solidarity Levy and deriving pension or director's fees will be given the option to request the person responsible for the payment to deduct the Pay As You Earn (PAYE) for the Solidarity Levy at the rate of 10%.

Transfer of Asset to a Related Company

- Transfer of plant, machinery or industrial premises to a related company is deemed to be transferred at its net value (after allowing for depreciation under the Income Tax Act). This facility will be extended to cover any asset which is subject to depreciation.

Power to require information from the Stock Exchange

- The Central Depository and Settlement Company Ltd will be required to submit, on an annual basis to the MRA, a statement of financial transaction on individuals and companies that have purchased shares in listed companies exceeding -
 - (A) Rs 250,000 in one transaction in the case of an individual; and
 - (B) Rs 500,000 in one transaction in the case of a company.

Power to Require Information from Banks

- Banks will be required to provide information -
 - (A) as provided for in the Income Tax Act pertaining to a bank account held jointly by a taxpayer in a similar manner as for an individual account; and
 - (B) pertaining to persons who have been convicted of money laundering or financing of terrorism offences.

Foundations and Trusts

- The MRA will be allowed to request information from a Foundation or Trust to enable the Authority to -
 - (A) make an assessment;
 - (B) collect tax; or
 - (C) comply with any request for the exchange of information under a Double Taxation Avoidance Agreement.

Sharing of Information with the Gambling Regulatory

Authority

- The MRA will be allowed to share information with the Gambling Regulatory Authority (GRA) to enable the latter to determine whether an applicant is a fit and proper person prior to issuing a personal management licence.

E-Publication of Names of Companies not Submitting Returns

- The Director-General of the MRA will be allowed to publish the name of a company which has not filed its income tax return on the website of the MRA instead of publishing same in the newspapers.
- Furthermore, the notification to the company regarding the publication may be made electronically.

International Arrangements

- The Income Tax Act will be amended to allow Mauritius to enter into international arrangements for -
 - (A) alternative dispute resolution with a view to resolving cross border tax disputes; and
 - (B) implementing the internationally agreed standards to prevent base erosion and profit shifting.

Taxation of Digital Economy

- The power of the Minister of Finance to make regulations will be extended to cover internationally agreed policies to address the tax challenges arising from the digitalisation of the economy.

Tax Administration: Value Added Tax Act

- Where a person is required by law or MRA directs him to be compulsorily VAT registered but he fails to do so, MRA will be empowered to register him compulsorily.
- A list of all VAT-registered persons will be published on the website of MRA to avoid fraudulent practices. The list will be updated on a quarterly basis.
- Where a taxable person fails to submit a return, MRA will be empowered to publish electronically, 3 months after the due date, the name and address of the taxable person and his directors and the taxable period in respect of which the return has not been submitted. However, the taxable person will be notified prior to the publication.
- In case an aggrieved person makes an objection against a decision of MRA but fails to submit information, books or records requested by MRA within the required time frame, MRA may determine that the objection has lapsed. Where an appeal is then made to the ARC on this matter, these information, books or records will not be allowed to be submitted before the Committee.
- Provision will be made for a VAT refund on a residential building, house or apartment to be effected not later than 30 days from the date of receipt of all documents in support of an application for refund instead of 30 days from the date of receipt of the application.

- One of the conditions to be eligible to make an application for VAT refund on a residential building, house or apartment is that the cost should not exceed Rs 3 million. This will be replaced by the condition that the covered area constructed should not exceed 1,800 square feet.

- Where a taxable person dies, any heir/legatee who accepts the succession of his estate or any executor/liquidator of his estate will be deemed to be an agent of the deceased and be liable to submit any VAT return and pay the VAT due with respect to transactions where VAT has been collected by the deceased.

Where the business continues to operate after the death of the taxable person, the transactions will be deemed to be those of the succession and the latter will be required to register for VAT purposes.

- Following a change in the definition of “small farmer” in the Small Farmers Welfare Fund Act, consequential amendment will be made to include in the list of beneficiaries of the VAT Refund Scheme a group of small farmers, such as a farmers’ association, society, company or co-operative owned by a small farmer or a group of small farmers and having an annual turnover not exceeding Rs 10 million, which is registered with the Small Farmers Welfare Fund under the Small Farmers Welfare Fund Act.

- MRA will come up with a roadmap by December 2022 for a phase-wise implementation of the e-invoicing system. This system will allow the online recording, authentication and monitoring of all invoices issued in the course of a business activity.
- It will be clarified that, where a VAT-registered person acts as an agent of a principal and goods received under consignment or a sale or return agreement are sold by the agent in his own name, VAT should be charged by the agent on the selling price of the goods.
- With a view to increasing VAT compliance and collection, Ministries, Government departments, local authorities, statutory bodies and the Rodrigues Regional Assembly will remit directly to MRA a percentage of VAT to be paid on contracts exceeding a specified threshold for the procurement of goods and services. The VAT registered contractors will make necessary adjustments regarding input tax and output tax in their VAT returns.

Tax Administration: Mauritius Revenue Authority Act

- **Board of the Mauritius Revenue Authority**

The MRA Act will be amended to enable the appointment of an additional member on the board of the MRA.

- **Alternative Tax Dispute Resolution - Threshold**

The Alternative Tax Dispute Resolution (ATDR) panel was set up at the MRA to expedite tax appeal cases above Rs 10 million. The threshold will be reduced to Rs 5 million.

- **Customs cases at the Assessment Review Committee**

Provision will be made for an aggrieved person lodging a representation at the ARC against a decision taken by MRA Customs under the Customs Act and Customs Tariff Act to file a Statement of Case with all facts of the case in view of the technical nature of such cases.

- **Improving Efficiency of the Assessment Review Committee**

In order to speed up determination of cases at the level of the ARC, the following amendments will be brought in the Mauritius Revenue Authority Act –

(A) subject to agreement from both parties, one mediation meeting may be held if the Chairperson or the Vice-Chairperson is of the view that some or all of the issues of a case can be resolved through mediation;

(B) depending on the nature of a tax appeal case, the Chairperson or Vice-Chairperson may constitute a panel consisting of only 2 persons instead of 3 persons, i.e. the Chairperson or Vice-Chairperson and a member;

(C) the Chairperson or the Vice-Chairperson, alone, may hear a case and may give decision orally on the same day on the issues where -

- **a taxpayer has failed to file a tax return or produce required documents to the Objection Directorate of the MRA;**
- **an aggrieved taxpayer has failed to pay the 10% due on objection or 5% due on appeal;**
- **a case is lodged after the statutory delay; or**
- **a point of law is taken before the start of a hearing.**

(D) subject to agreement from both parties, a panel of the ARC will be allowed to replace up to 2 of its members, apart from the Chairperson or Vice-Chairperson, and proceed with the hearing of a case without having to start anew;

(E) the ARC will be able to conduct, at the request of a party, a hearing through videoconferencing subject to the agreement of the other party;

(F) the Chairperson or the Vice-Chairperson, depending on the nature of a tax appeal case, may give a decision based on the submission of statements of case only subject to the agreement of both parties; and

(G) each party will be given not more than 21 days to submit its statement of case and witness statement, if any, to the Committee with copy to the other party after a case has been called proforma for the first time before the Committee.

Tax Administration: Registrar-General's Department

- **Arrears Payment Scheme**

The Arrears Payment Scheme under the Registrar-General's Department 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 2023. This Scheme will apply to tax arrears due as at 31 May 2022.

- **Claim for Additional Duty or Tax on Re-assessment**

No claim for additional duty or tax will be issued by the Registrar-General for an amount of less than Rs 7,500 instead of Rs 5,000 following a re-assessment of the value of an immovable property.

- **Transfer of Shares by a Non-citizen**

A non-citizen will be required to produce a certified copy of the certificate under the Non-Citizens (Property Restriction) Act not only on the acquisition of shares in a partnership, society or a company but also on the disposal of such shares.

- **Digital Signatures**

Provision will be made in the Registration Duty Act to accept a deed for registration where a secure digital signature has been affixed in conformity with the Electronic Transactions Act.

05 | 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>

Moody's: <https://www.moody.com/>

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

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

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Contact information

For more information, contact your usual Moore partner, or visit us at:

Level 6, Newton Tower

Sir William Newton Street, Port Louis MAURITIUS

Tel: +230 211 6535 / 211 0021 / 211 7484

Fax: +230 211 6964

Email: moore-mauritius@intnet.mu

Website: <http://www.moore-mauritius.mu>

Moore Mauritius, Level 6, Newton Tower,

Sir William Newton Street, Port Louis MAURITIUS

Tel: +230 211 6535 / 211 0021 / 211 7484 Fax: +230 211 6964

Email: moore-mauritius@intnet.mu Website: <http://www.moore-mauritius.mu>



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