



Budget 2021-2022

Key Highlights

11 June 2021

mazars

Contents

Foreword

- 01** Your Income
- 02** Your Capital
- 03** Your Business
- 04** Incentives For You
- 05** Other measures

Budget 2021-2022

Foreword [1/3]

More is less

For the second year in a row, the Minister of Finance had to prepare the national budget with the continuing threat of Covid-19, amidst an uncertain international economic environment, the spectre of stagflation and the low confidence levels across the general population. With an expected budget deficit of 5.6% for 2020/2021 and unemployment rate at 9.2% and a Debt-to-GDP ratio of 95%, the Minister of Finance was tasked to propose, a sound, yet resilient plan to propel the country on an inclusive growth trajectory. We assess below his proposals on various fronts.

Construction leads the way...again

Boosting investment was always going to be the order of the day. A sense of “d  j   vu” was noted when the Minister announced, yet again, several large-scale infrastructure projects (also the case in his maiden budget). Some Rs 65B has been earmarked for priority projects which covers National Flood Management Programme, construction of social housing units, community development projects and land transport projects (including Metro Express). It is worth highlighting that some Rs 4.5B has been budgeted for the extension of the Metro from Rose Hill to Reduit, via Ebene and Rs 8B for the construction of Urban Terminals at Vacoas, Rose Hill, Quatre Bornes and Curepipe (i.e., linking with the Metro track). The profitability and financial viability of the Metro project, remains to this date, unclear. Added to these, construction of new hospitals, schools, sports infrastructure also fuel the construction-led “growth” which the Minister posits in this budget.

The Minister has in this budget, also provided several measures to induce private-sector led construction growth. The registration duty for first-time buyers of property has been revisited with a Rs 5m “band” now included. Furthermore, the Home Ownership Refund Scheme (whether equity or loan financed) provides for a refund of 5% of the property value (or loan value), capped to Rs 500k. The Minister is thus betting on the same old recipe i.e., that Gross Fixed Capital Formation (GFCF) from both the public and private sector will pave the way for growth and job creation.

Tourism remains at crossroads

As one of the main pillars of our economy, the tourism sector’s difficulties have been laid bare. With the sector dependent on the overall roll-out of vaccines (locally) as well as global economic recovery, the tourism sector remains at crossroads. A decision has been taken to re-open the borders to vaccinated tourists (subject to a 14-day quarantine) as from 15th of July this year. As from 1st of October, all vaccinated tourists with a negative PCR test will be allowed in without any quarantine. The aim is to attract some 650k tourists (i.e., around 50% of our pre-covid tourist levels).

Government support for the tourism support has been continuous since the first lockdown in 2020. The Minister reported that some Rs 8.5B had already been incurred on account of the Wage Assistance Scheme and that this support will be continued until September 2021.

The tourism sector will however continue to remain fragile in the current context, with all support provided so far, and to be provided in the future, continuing to represent a “shallow” investment by the Government in this sector.

Rallying to the sustainability movement

The Government’s decision to review its energy policy was much needed. The Central Electricity Board will invest some Rs 5.3B over the next 3 years across renewable energy projects. We also noted that the CEB will also launch a Request for Proposal to set up a 40MW windfarm that will require some Rs 2.4B of investment. Some Rs 2.2B has also been earmarked for the National Environment Fund.

This is also in line with the formalisation of the framework for sustainable bonds which was finalized this month by the Bank of Mauritius.

Budget 2021-2022

Foreword [2/3]

More is less

Continuing the support for entrepreneurs

The support for entrepreneurs continued via the setting up of a Modernisation and Transformation Fund, with some Rs 5B which will be managed by another Industrial Financial Institution (IFI). The IFI however is merely an “amalgamation” of two existing entities of the Government which had similar purpose. The IFI can also invest up to Rs 1m per project on licensed crowd lending platform – which will imply reaching a wider range of entrepreneurs.

Several other facilities are also offered by the Development Bank of Mauritius such as loans with preferential / concessionary interest rates.

The salary compensation for SME of Rs 375/month was maintained for the fiscal year 2021-2022 by Government, and a refund will be made for the period January to June 2021.

Business environment

The budget includes several measures which aim to improve the overall business environment and make it conducive. Right from digitalisation, to the setting up to several platforms and regrouping of schemes, this is likely to enhance the attractiveness for doing business.

Following the blacklisting by the EU and the UK, much attention has been relentlessly devoted to the Financial Services Sector. Amongst the various measures, we note the review of the legislative framework for securities, as well as the creation of a Financial Crime Commission and the introduction of new bills for the banking sector.

The Bank of Mauritius is also expected to roll out a Central Bank Digital Currency (CBDC).

Creation of a new industry: Medical, Biotechnology and Pharmaceutical

The Minister announced several measures with a bid to create a major new manufacturing industry. To that end, the Minister proposed several measures (most of which are tax driven) to incentivize investment in this sector. A seed capital of Rs 1B is also earmarked to be provided to the Mauritius Institute of Biotechnology for the setting up of a manufacturing plant for local production of Covid-19 vaccines and other pharmaceutical products.

Again, the Minister however does not divulge the assessment of the economic viability of this project.

Social remains at the heart of Government's agenda

On the social front, the basic retirement pension was maintained at Rs 9,000 per month. Construction of social housing (12,000) units as well as a host of other measures continue to demonstrate the commitment of Government with respect to the social agenda.

Budget 2021-2022

Foreword [3/3]

More is less

A relatively unchanged fiscal framework....or not?

The personal tax framework remained largely unchanged – with no introduction of new major taxes or an unchanged income exemption threshold, a first since several Budgets. Although we note deductions which can be claimed filing were reviewed (such as for medical insurance, and pension schemes). This simply implies that the Minister has been able to maneuver on the recurring income side, with no major considerable hit, at least from personal income taxes.

The main tax change is mainly via the introduction of a “Vaccine Levy” of Rs 2 on every litre of mogas and diesel purchased. As per the Minister, this will make vaccination “free” for all. A dichotomy it would seem? This is expected to hit consumers directly – although this may encourage Work From Home schemes to continue for a much longer period of time than expected.

Finally, the last masterstroke by the Minister was an increase in the excise duty of alcoholic and tobacco products by 10%.

The Budget pays no attention to the regressiveness of the tax system and no measures have been taken to alleviate the fiscal burden of the poor and the middle class.

Concluding remarks

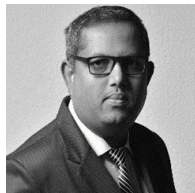
We take the view that economic institutions are the ultimate determinants of economic performance and prosperity. Independent, transparent and accountable institutions support economic development through several channels and determine the degree to which the environment is conducive to innovation, entrepreneurship and increased social capital. Unfortunately, no attempt has been made to bring these much awaited reforms.

Without the reforms, the Budget 2021 lacks a unifying theme. It is all about spending billions more on projects and growing the size of Government in the economy.

More is less.



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Budget 2021-2022

Your income

Budget 2021-2022

Your Income

Value Added Tax (“VAT”)

Amendments in the VAT Act

- The preparation and supply of dumplings made up of meat, fish, squid, crab, chicken, vegetables or milk, whether cooked or uncooked, to final consumers are classified as zero-rated supplies.
- The National Empowerment Foundation and the New Social Living Development Ltd are now classified as exempt bodies for VAT purposes.
- The remittance of 0.4% of net VAT collection credited by MRA on a quarterly basis into the Film Promotion Fund is no longer applicable.
- Refund of VAT on construction or purchase of a new house or residential apartment provided the following conditions are satisfied:
 - The purchase price of a residence or the construction cost of the residence should not be above Mur 3 million;
 - The maximum amount refundable is Mur 300,000;
 - The threshold on household income eligible for the refund is Mur 1 million per annum; and
 - The refund is applicable on the construction or the purchase of a first residence.

Income Tax Act

Self – Employed Assistance Scheme

- A self-employed individual benefits from the Self- Employed Assistance scheme if he or she contributes to the Contribution Social Généralisée (“CSG”) as from 1 July 2021.

- In case of injury at work, a self-employed individual is now eligible to benefits but however the latter should be registered with the MRA and must be contributing to the CSG.
- The self-employed individual is now required to submit an income tax return. The self-employed individual whose income does not exceed the basic income exemption threshold (Mur 25,000) can declare only an estimate of income derived during the year.

Assistance to Small and Medium Enterprises (SMEs) for salary compensation

- The salary compensation of Mur 375 paid to the employees for the period January to June 2021 will be refunded to SMEs and this has also been extended to June 2022. The Income Tax Act is being amended to take effect as from 1 January 2021.
- An SME specialized in exportation is granted a refund of a maximum of Mur 235 per employee per month.
- Assistance to SMEs for salary compensation of a maximum of Mur 375 is extended to 30 June 2022.
- SMEs benefitting from the Wage Assistance Scheme in a month are not entitled to assistance for salary compensation in respect of that month.

Deduction for Dependent who is a Bedridden Next of Kin

- A tax payer can claim as dependent, a bedridden next of kin who is in his care and the bedridden person’s financial assistance like his or her basic retirement pension, basic invalidity pension, carer’s allowance and contributory invalidity pension is not being taken into consideration in determining his or her eligibility as dependent.

Budget 2021-2022

Your Income

Income Tax Act - Continued

Contributions to COVID-19 Vaccination Programme Fund

- Individuals and enterprises contributing to the COVID-19 Vaccination Programme Fund are allowed to deduct the amount contributed from their taxable income at the time of submission of their income tax return.
- An individual may also carry forward any unrelieved deduction in an income year for a maximum period of two consecutive income years.

Double Deduction of Expenditure Incurred on Research & Development

- A local manufacturing company, targeting the African market, benefits from a double tax deduction in expenditure incurred for market research and product development.

Premium Visa

- The following amendments are backdated to act as from 1 November 2020.
- The introduction of a new Premium Visa Scheme encourages eligible foreigners to stay for at least 1 year with an option of renewal of the visa.
- Premium Visa holder, spending 183 days or more in Mauritius have their income taxed as follows:
 - Income derived from Mauritius taxed on remittance basis;
 - Money spent in Mauritius via foreign credit/debit cards is not deemed to have remitted to Mauritius;
 - Income brought and placed in a Mauritian bank account is liable to taxation unless the holder makes a declaration to state that he has paid tax in his country of origin or residence.

Foundations and Trusts

- Foundations and trusts, enjoying the advantageous fiscal regime in Mauritius, should conform to the OECD standards (including substantial activity requirements).

Tax payment under Advance Payment System (“APS”)

- The method to compute the tax liability under the APS return is amended for companies who are taxed at a lower rate of 15%..

Tax payment under Current Payment System (“CPS”)

- The method to compute the tax liability under the CPS return is amended for individuals who are taxed at a lower rate of 10%..

Investment Tax Credit

- A manufacturing company may carry forward the unrelieved investment tax credit for a maximum of 10 years.

Small Enterprise paying Presumptive Tax

- Corporate Social Responsibility (“CSR”) obligation is exempted for a small enterprise (“SE”) who is eligible to pay the presumptive tax of 1% of turnover at its option. The chargeable income of the SE is not required to be declared.

Deferral of tax payment

- Under the Advance Payment System (“APS”), the income tax liability due in November 2020 up to May 2021 is deferred until 30 June 2021.
- Under the Current Payment System (“CPS”), the advance payment of personal income tax by self-employed individuals in the income year 2020/2021 is deferred up to October 2021.

Budget 2021-2022

Your Income

Income Tax Act - Continued

Corporate Social Responsibility

- The list of priority areas of intervention is extended to include the restoration of a building designated as a national heritage under the National Heritage Fund Act 2003.

Tax on Winnings

- Winners of Lotterie Vert are also required to pay the 10% tax on winnings.

Gambling Levy

- The Levy paid by gambling operators under the Gambling Regulatory Authority Act is not allowed as a deduction for income tax purposes.

Biotechnology and Pharmaceutical Industry

- A premium investor certificate will be provided to all companies engaged in the manufacturing of pharmaceuticals and medical devices.
- A full tax credit on the costs of acquisition of patents is allowed for biotechnology and pharmaceutical companies.
- Developers are exempted from registration duty and land transfer tax, land conversion tax and VAT on construction.
- The tax rate for companies engaged in the medical, biotechnology and pharmaceutical sector is 3% instead of 15%.

Tax Holiday

- Emoluments of an Asset/Fund Manager or an asset and fund manager who manages an asset base are allowed a tax holiday. Managers issued with a certificate on or after 01 September 2016 will be entitled to an additional tax holiday of 5 years and the threshold for its asset base is reduced to USD 50 million.

- New certificate holders are eligible to a tax holiday of 10 years and a threshold of USD 50 million for its base assets.

Others

Excise duty on alcoholic and tobacco products

- Increase of excise duty by 10% on alcoholic and tobacco products.

“Vaccine levy”

- Introduction of a levy of Mur 2 per litre on mogas and diesel for the purchase of vaccines.

Sugar industry

- Planters and producers will benefit from a remuneration of Mur 3,300 per ton of sugar for bagasse.
- Other measures include guaranteed price of Rs 25,000 per ton for planters producing up to 60 tons of sugar for crop 2021, waiver on insurance premiums, 50% subsidy on crop fertilizers amongst others.

Personal income tax – allowances

- Maximum exemption in respect of a child pursuing tertiary education of Mur 225,000 irrespective of place of study and income household;
- Increase in the maximum allowable deduction for medical insurance by Mur 5,000 for each category;
- Allowing for exemption in respect of donations made to approved charitable NGO for up to Mur 30,000; and
- Allowing for an exemption of up to Mur 30,000 in respect of an individual pension scheme.

Budget 2021-2022

Your capital

Budget 2021-2022

Your Capital

Property Tax

Transfer Tax of leasehold rights in State Lands for Hotel

- In a view to boost the constructions of hotels and to improve the financial position of existing hotels through the sales of shares, a reduction of tax on transfer of leasehold rights for hotels in State Lands will be in applicable for a period of 2 years starting as from 01 July 2021.
- The current tax rate on transfer of leasehold right is 20% (10% payable by both the buyer and seller). It will be halved resulting in both paying 5% each.
- Full transfer tax exemption on leasehold rights for a sale of a residential property developed in State Land to a senior living under the Property Development Scheme.

Registration Duty on Electric Autocycle / Motorcycle

- Provided that the deed of sale is registered on or before 31 December 2021, registration duty payable on the first Electric Autocycle/Motorcycle is be halved as shown in the table below.

Home Ownership Refund Scheme (“HORS”)

- For the financial year ending 30 June 2022, upon the acquisition of a house, an apartment or bare land construct a residential unit, a Mauritian citizen will qualify for a refund of 5% of the declared value of the property up to a maximum of Mur 500,000. This also covers properties financed by loan.
- The refund will be applicable although the payer is exempted from payment of registration duty on the purchase of the property.
- However, in the eventuality that the property is disposed with one year of date of acquisition, the amount granted will have to be reimbursed.

First-time buyers

- The waiver for registration duty for first time buyers is now on the first Mur 5 million on the cost of a built-up residential property (previously, restricted to properties whose value was below Mur 5 million).

Mortgage scheme

- Government will work with commercial banks to introduce a mortgage scheme for housing loans.

Lease of State Lands

Rental for Tourist-Related Activities

- The modus operandi of rental payment for industrial leases of State Land has been amended to 30 June that is at the end of a financial year instead of 31 July (payable in advance) of the financial year.
- The following shall benefit from this measure:
 - a hotel including a hotel under construction;
 - a guest house, a tourist residence and a domaine holding a tourist accommodation certificate issued under the Tourism Authority Act;
 - a holder of a tourist enterprise licence or an operator licensed by the Tourism Authority; and
 - a business operating a seaplane and other similar tourist- related businesses.

Tax on indirect transfer of leasehold rights of State Land

- Tax is payable on the transfer of shares of a company who own the leasehold rights of a State land. The tax is computed in relation to the proportion of shares transferred.

Your Capital

Real Estate Agent

Registration Under Financial Investigation Unit (“FIU”)

- Prior of registering with the Real Estate Agent Authority Act, a licensed real estate agent will be required to register with the FIU within 5 working days. Failure to comply with the deadline will give rise to penalties.

Facilitating Real Estate Business

Sale of Serviced Land

- Under the Smart City Scheme, the sale of a plot of serviced land of less than 2,100 m² to a non-citizen who is a holder of:
 - Occupational Permit,
 - Permanent Residence Permit, or
 - Residence permitwas allowed up to 30 June 2022. This time limit will be extended for further 2 years, that is up to 30 June 2024.
- The Property Development Scheme (“PDS”) will also eligible for the above measure.
- Predetermined conditions for the above measure include:
 - The construction of a residential property needs to be completed within a time delay of 5 years;
 - The total area of all plots of serviced land for sale should not exceed 25% of the land area planned for the construction of residential properties.

National Regeneration Programme (“NRP”)

- Package of incentives, under the NRP, introduced with the view to regenerate and revitalize the central areas of our city, towns and larger villages is valid for 2 years. The time period is extended to 5 years.

Invest Hotel Scheme (“IHS”)

- The limit of sales of unit as a proportion to the total number of units under the ambit of ISH shall be increased from 60% to 80%.
- The occupation period of a unit for an ISH owner is increased from 90 days to 180 days.
- Owners with a Premium Visa will have no time restrictions.

Integrated Resort Scheme (IRS)/Real Estate Scheme (RES)

- With the purpose of accelerating the sale of IRS or RES residential property, its registration duty is either 5 % of the sale value or USD 70,000 whichever is the lower.

Budget 2021-2022

Your business

Budget 2021-2022

Your Business

Income Tax Act/VAT Act

Reintroduction of the Tax Arrears Settlement Scheme (“TASS”)

- Taxpayers with an outstanding tax under the Income Tax Act, VAT Act and Gambling Authority Act are eligible for an application of a waiver of the full penalties and interest under the TASS provided that:
 - i. the taxpayers register by latest 30 June 2021; and
 - ii. the pure taxes are entirely paid by 31 December 2021.
- The scheme is also applicable to assessments pending before the Assessment Review Committee, Supreme Court, or Judicial Committee of the Privy Council provided they withdraw the case before the respective institution.
- SMEs are granted an extension up to 31 December for registering under the TASS.

Reduction in the monetary threshold

- Banks and non-bank institutions are required to furnish statement of financial transactions to the MRA for deposit amounts made by:
 1. Individual , Société or Succession

Proposed	As per Income Tax Act
Exceeding Mur 250,000; or	Exceeding Mur 500,000 ; or
The combined deposit amounts exceed Mur 2 million in a year.	The combined deposit amounts exceed Mur 4 million in a year.

Reduction in the monetary threshold - Continued

2. Corporate Body

Proposed	As per Income Tax Act
Exceeding Mur 500,000; or	Exceeding Mur 1 million ; or
The combined deposit amounts exceed Mur 4 million in a year.	The combined deposit amounts exceed Mur 8 million in a year.

- A money changer need furnish a report to the MRA for of foreign currency transaction amounting to Mur 100,000 or more.
- An insurance company is required to report to the MRA for insurance premium paid by a person which exceeds Mur 250,000.
- Licensed operators are required to submit a statement of winnings to MRA for winnings amount exceeding Mur 20,000.

Individual Taxation

- Self-employed are required to submit to submit an income tax return.

Budget 2021-2022

Your Business

Income Tax Act/VAT Act - Continued

Request of information/Tax ruling

- MRA may request information to taxpayers electronically.
- Virtual meetings may be arranged between MRA and the taxpayer.
- The issue of a tax ruling or VAT ruling within 30 days from the date of receipt of the application, is prolonged if additional information is requested by the MRA.

Exchange of information

- Penalties are imposed on companies who fail to comply with the request of MRA relating to exchange of information.

Custom Act

- An additional fee of Mur 300 is payable for amendments to be made in an aircraft/cargo manifest.
- A consolidated Bill of Entry may be submitted with respect of export or import of products with minimal value.
- Bill of landing and other documents required for clearance of goods may be made electronically.
- Penalties and interests are imposed in case of non-payment of duties and taxes under the Deferred Payment Scheme.
- In case of failure to amend the cargo manifest in event of discrepancy between the manifest cargo and landed cargo within 5 days, penalties of Mur 500 per day up to a maximum of Mur 5,000 is imposed.

Customs Tariff Act

- Any provision of tax exemption, as specified in the Value Added Tax (“VAT”) Act notwithstanding existing or new legislations, granted to a statutory corporation or any other person, other than revenue legislations, is considered as void. However, the provision is restricted to a statutory corporation in the Customs Tariff Act and Excise Act. This omission is corrected.

Customs Duty

- As from 01 January 2022, the last phase of tariff reduction for finished goods will come into operation for the following Agreements -
 - a) the Interim Economic Partnership Agreement with the European Union;
 - b) the Economic Partnership Agreement between the Eastern and Southern African States and the United Kingdom; and
 - c) the Free Trade Agreement between Mauritius and Turkey;
- Effective as from 01 January 2022, the second phase of tariff reduction will come into operation for the following Agreements -
 - a) the Free Trade Agreement between Mauritius and China; and
 - b) the African Continental Free Trade Area Agreement;
- The second phase of tariff reduction, under the Comprehensive Economic Cooperation and Partnership Agreement between Mauritius and India, will come into operation as from 01 April 2022.

Exchange of information

- The 30% customs duty rebate currently being granted on buses is extended for a further period of one year up to 30 June 2022.

Budget 2021-2022

Your Business

Mauritius Revenue Authority Act

- Obligated by law, any person needs to attend and produce documents before the ARC.
- A taxpayer is eligible to lodge representations to the ARC without paying the 5% of the determined amount in the event that the objection is lapsed due to non-submission of documents.
- The MRA is no longer required to solicit the approval of the Independent Tax Panel under the ARC to make an assessment to a taxpayer in the case of fraud or non-submission of tax return.

Excise Act

- A manufacturer is now required to make a single application for the different category of licences in respect of each type of economic activities he is engaged in. Nevertheless, the fees are payable for each licence applied.
- Manufacturers of sugar sweetened products are allowed to submit a consolidated Bill of Entry for the goods warehoused and cleared during a month given that the goods cleared were in small quantities every day. Taxes will be due within 5 working days from the end of that month.
- The penalty and rate of interest arising from late payment of the excise duty is as follows:
 - penalty of 5% applicable on the unpaid excise duty; and
 - interests of 0.5% per month of part of the month on the unpaid excise duty
- Following the extension of the banning of single use plastic products which are subject to excise duty until 15 January 2021, the validity period of excise licenses granted to importers/manufacturers of such products, has been extended until 14 January 2021 instead of 31 December 2020. Amendments is being made with respect to the retrospective effect for this extension.

Income Tax Act

- The scope of partial exemption tax regime is extended to cover licensed investment dealers and activities relating to the leasing of locomotives and train including rails leasing.
- Dividend paid by a non-resident to another non-resident is exempt in Mauritius.
- The R&D tax incentive scheme (double deduction) expiring in June 2022 is extended to June 2027.
- Foreign limited partnership which is non-tax resident is excluded from the need to submit a return of dividend.
- Companies are allowed a 200% deduction from taxable income on the acquisition of specialized software and systems.
- A 110% deduction is allowed on the taxable income for the direct expenditure incurred on the purchase of products manufactured locally by SMEs.

Additional support to private sector

Modernisation and Transformation Fund

- Two existing structures will be merged to form the new Industrial Financial Institution (IFI) which will have a Mur 5 billion fund. Projects eligible will benefit from preferential interest rates at 2.5% per annum over 9 years.
- The IFI will also be eligible to invest up to Mur 1 million per project through licenced Crowd Lending platforms.

Leasing Equipment Modernisation Scheme (LEMS)

- Reduction of interest rates by 1% under the LEMS I, LEMS II and LEMS III.

Credit Guarantee Scheme

- The Credit Guarantee Scheme will be extended to cover 5% of default amount on leases contracted from private leasing companies.

Budget 2021-2022

Your Business

Additional support to private sector - continued

Economic Development Board (EDB)

- Several initiatives will be undertaken by the EDB. These include
 - a) Setting up of a Business Support Facility – which will facilitate the registry of all incentives and schemes available;
 - b) Setting up of a Trade Development and Intelligence Cell which will operate as a one stop desk for all trade related matters;
 - c) Introduction of an Export Development Programme to improve the export readiness of enterprises; and
 - d) Launching of an e-export directory.

Wage assistance scheme to tourism sector

- The Wage assistance scheme is being extended to September 2021 for players in the tourism sector.

Local production

- Increase in shelf space for locally manufactured products from 10% to 40% within a period of 1 year
- Government will be favouring procurement of goods manufactured locally, such as increase in bid price from 20% to 30% for products such as tea, fruit juices, margarine and medical gas and adopting a Mauritius First policy for procurement of sanitisers, masks, PPEs, medical devices etc.

Contractors

- The grading designation and value of contract ceilings for contractors will be reviewed with the introduction of a 3 tier grading being Small (up to Mur 10 million), Medium (up to Mur 500 million) and Large (above Mur 500 million).

Facilities from Development Bank of Mauritius

- Rebate of up to 30% on the annual rental of industrial space to SMEs engaged in the manufacturing sector over next 3 years.
- Construction of a SME industrial park of 5,000 square metres at Solferino in addition to Plaine Magnien and Vuillemen.
- Eligibility for SMEs to contract loans for cash flow issues at concessionary interest rates.

Budget 2021-2022

Incentives for you

Budget 2021-2022

Incentives For You

Incentives

- The EDB stream some sixteen different incentives schemes under three certificates issued by the EDB, namely:
 - a) the Investment Certificate;
 - b) the Export Development Certificate; and
 - c) the Premium Investor Certificate.

Investment Certificates

- Under the Investment certificate, companies now benefit from the following incentives:
 - New companies will benefit from 8-year tax holiday.
 - New companies will benefit from exemption of payment of Registration Duty and Land Transfer Tax for the purchase of immovable property for business purposes
 - Payment of VAT on Plant, machinery, and equipment & Construction of purpose-built building and plant and equipment (excluding vehicles) for research and development:
 - Zero-rated for provision of healthcare, nursing and residential care services; and
 - Exempt for others.
 - Manufacturing company will benefit from 5% Tax credit over 3 years in respect of capital expenditure incurred on new plant and machinery until 30 June 2023.
 - Leasing companies will be eligible for schemes and services offered by the Industrial Financial Institution.

Investment Certificate Sectors / Activities Concerned
Aquaculture
Industrial fishing
Seafood processing
High tech Manufacturing
Pharmaceutical Research and Manufacturing
Agro Processing
Food Processing
Healthcare, Biotechnology and Lifesciences
Nursing and Residential Care
Digital Technology and Innovation
Marina
Tertiary education
Seeds production
Others, as may be approved by the EDB

Budget 2021-2022

Incentives For You

Export Development Certificate

- The following incentives are available to companies holding an export development certificate:
 - 3% income tax on export of goods.
 - Freight Rebate Scheme.
 - Trade Promotion and Marketing Scheme.
 - Subsidy on the cost of Credit Guarantee Insurance Premium.
 - Preferential Port and Handling Charges.

Premium Investors Certificates

- To benefit from the premium investor certificate, a minimum investment of Mur 500 million is required except for pharmaceuticals. Incentives will be available to companies on the following after negotiation with the EDB :
 - Land and Buildings.
 - Infrastructure and public facilities.
 - Supply of utilities and telecommunications facilities.
 - Fiscal incentives.
 - Other taxes, duties, fees, charges and levies.
 - Labour requirements, including foreign labour.
 - Permits and Licenses.
 - Training Grants.

Facilitating Trade

- Some Public Sector Agencies can register for a certificate allowing them to import goods without the need for permits for each import.

Permanent Residence Permit

- For holders of a 10-Year-old Permanent Residence Permit, the validity extends automatically to cover a 20-Year period and they are to be given the flexibility to switch category between investor, professional and retired.

Work Permit

- The extension of the work permit authorizes Mauritians and non-citizens residents to bring foreign care givers and maid to work in Mauritius.

Sustaining Car Operators in the Tourism Sector

- To provide relief to Destination Management Companies and Car Rental companies, the Public Vehicle License fee for buses, minivans and contract cars are waived and their licenses are extended for an additional year to 30 June 2022.

Budget 2021-2022

Incentives For You

Occupation permit (“OP”)

- The Economic Development Board (“EDB”) is planning to promote and attract more Rich Individuals to Mauritius, including investors, professionals and retirees.
- Occupational permit validity for professional is extended from 3 to 10 years in line with investors, self-employed, and retired non-citizens.
- New application will not be required, for non-citizen holding an OP as professional, for switching of job provided that the minimum criteria are met.
- A one-man company will be allowed to be incorporated by non-citizen holding an OP and the latter may employ administrative staff.
- The list of qualifying activities will be removed for young professional OP and the criteria will be reviewed.
- OP or work permit will not be required for the spouse of an OP holder who is willing to invest or work in Mauritius.
- No age limit is imposed for dependent children.
- A non-citizen is eligible for OP regardless of his visa category.
- An investment of USD 375,000 or more by a non-citizen in acquiring an apartment used or available for use for residence purpose will be granted with a residence permit including his dependents.
- If an application for an OP requires opinions from the ministry, the latter must within 5 working days reply to the EDB and if unable to do so, the EDB should consider that there is no comment on behalf of the ministry.

Budget 2021-2022

Other measures

Budget 2021-2022

Other Measures

Electric Autocycle / Motorcycle

Registration Duty

- Provided that the deed of sale is registered on or before 31 December 2021, registration duty payable on the first Electric Autocycle/Motorcycle is be halved as shown in the table below:

Autocycle/ Motor cycles of a power rating capacity	50% Waived Registration duty payable (Mur)
Less than 1.5 kW	500
Less than 1.5 kW but not greater than 7.5 kW	1,250
Greater than 7.5 kW	1,650

Banks

Central Bank Digital Currency

- The Bank of Mauritius (“BOM”) will launch the Central Bank Digital Currency on a pilot basis.

Auditing

- Banks are allowed to re-appoint the same audit firm after 3 years of the last audit assignment of the firm instead of 5 years.

Financial services sector

Global Business company

- Family offices no longer require Global Business License to set up.
- Legal advisers and accounting firms require a certificate of good standing from the Registrar of Companies for Global Business Company.

Business Facilities

- An Electronic Business Registration card will be available.
- A new platform for sharing of information between the Economic Development Board (“EDB”), the Corporate and Business Registration Department (“CBRD”) and the Mauritius Revenue Authority (“MRA”) will be available.
- The exemption of trade fee of not more than Mur 5,000 is extended for 5 more years.

Liquidation Act

- A liquidator is required to provide information to the Financial Service Commission (“FSC”) if there is an arrangement or agreement in respect of the dismissal of its functions and obligations.

Corruption Act

- Attachment order validity is extended from 60 to 180 days.

Construction projects

- Mur 65 billion for priority projects which include upgrading of drains, infrastructure development, building of a dam and water treatment plant at Riviere des Anguilles, construction of 12,000 social housing units, and land transport projects including Metro Express.
- Mur 4.5 billion have been earmarked for the extension of the Metro from Rose Hill to Reduit via Ebene whilst some Mur 8 billion for Urban Terminals which are linked to the Metro.
- We also note estimates made for the construction of a new school and upgrading of others.
- Mur 2.3 billion for the construction of a cancer centre at Solferino, a new hospital at Flacq, and an eye hospital at Reduit and other medical facilities, including medical equipment.

Budget 2021-2022

Other Measures

Green projects

- The Central Electricity Board (CEB) will invest some Mur 5.3 billion over the next 3 years in line with Government's agenda to use renewable energy sources.
- Furthermore, the CEB will also launch a Request for Proposal for a new 40 MW wind farm that will require some Mur 2.4 billion investment.

Tourism sector

- Re-opening of borders as from 15th of July 2021 whereby vaccinated tourists will have to quarantine for 14 days, and allowed to leave post a negative PCR test.
- As from 1st of October 2021, subject to preconditions being met, all vaccinated tourists with a negative PCR will be allowed on the Mauritian territory without any restrictions.
- The target is to welcome 650,000 tourists over the next 12 months.

Workers' Rights Act

- A payment shall be effected under the Wage Guarantee Fund by the company if the latter has been placed into receivership, administration or liquidation.
- Workers earning above Mur 50,000 and employed on determinate contracts who are paid a gratuity or a compensation at the end of their contracts from the payment of severance allowance is excluded from the Workers' Rights Act.
- Workers who refuse offers of job placement or training for a third time will not benefit from transitional unemployment payment.
- Employers have to refund the transition unemployment benefit paid to workers who are regularly laid off and re-employed on new contracts.
- The Portable Retirement Gratuity Fund is extended to jockeys and track riders engaged in horse racing activities and such other category of workers as may be prescribed.

- Reduction in workforce in relation to a business reorganisation should be in the best interest of the business.

Local vaccine production

- A seed capital of Mur 1 billion will be provided to the Mauritius Institute of Biotechnology for the setting up of a manufacturing plant for the local production of Covid-19 vaccines and other pharmaceutical products.

Others

- Introduction of a Securitisation bill and a new Securities bill
- Several amendments in the Companies Act to protect companies from terrorist financing abuse.
- Severe sanctions against auditors will be taken for non-compliance with Financial Reporting Council.
- New definition and introduction for "Financial technology", "Regulatory Sandbox Authorization", and "Regulatory technology" and the setting up of fintech innovation hubs and digital labs.

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All information is believed to be correct at the time of publication. This is not intended to be a comprehensive package of measures in the budget and should not be relied upon as such. The information presented in this document has been extracted from the Budget Speech delivered by the Minister of Finance and Economic Planning and Development, Dr the Honourable RENGANADEN PADAYACHY to the National Assembly on 11 June 2021. Specific advice should be sought in any specific matter.

11 June 2021

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