



Key highlights

Budget 2024-2025

08 June 2024

forv/s
mazars

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Foreword

Budget highlights

Caregiver of its people

The 2024/25 Budget Speech outlines the Government's fiscal strategy and policies for the upcoming year, emphasizing sustainable growth, inclusive development, and prudent fiscal management.

The Budget projects a Gross Domestic Product (GDP) growth of 7% in 2024/25 and 5% for the next two years, supported by investment in infrastructure, technology and human capital. It also demonstrates a commitment to maintain an ongoing fiscal surplus on the revenue collected by the Mauritius Revenue Authority through efficient revenue collection and expenditure control, ensuring long-term economic stability.

Increased expenditure for healthcare and education sector are dedicated to improving public services and accessibility. This Government has left no stone unturned regarding social welfare where enhanced social welfare programs aimed at supporting the vulnerable segments of society, including the elderly, children and the differently abled are being made since they are at the helm.

To strengthen efforts to build resilience to the effects of climate change, the Budget provides initiatives to promote environmental sustainability including investments in renewable energy and conservation efforts aligning with the Economic, Social and Governance norms.

With regards to taxation, it maintains a balanced approach to taxation, with measures to broaden the tax base while providing relief to low and middle-income earners. A "Climate Levy" of 2% on profits of companies (generating > Rs 50m turnover) has been introduced.

Some incentives for businesses to spur investment, innovation, and job creation, with a focus on small and medium-sized enterprises have been introduced however it remains to be seen whether these measures are innovative enough to foster investment. Financial and non-financial support for the agriculture and industrial sectors are introduced to boost productivity and competitiveness in the global market.

The ongoing commitment to invest in infrastructural development including transportation, digital connectivity and urban planning are continuous. In addition, strategies to strengthen the economy through trade agreements and international co-operation have been introduced in this budget.

With competitiveness increasing in the financial services sector globally, the previous introduction of a global minimum tax provision as well as amendment being brought to the various taxation treaties the financial service sector is more likely to suffer challenges and becoming less and less competitive.

The measures announced in the budget is less persuasive in bolstering our competitiveness or to provide any strategies for the way forward. It also provides limited fiscal incentive to incentivize certain category of investments.

Despite increasing expenditure on the "welfare state", the budget deficit is expected to drop from 4.8% in June 2023 to 3.4% in June 2025. In the same vein, the Government debt is expected to decrease from 69.8% of GDP in June 2023 to 63% of GDP by June 2025. It remains to be witnessed whether the revenue projections made will be achieved with the limited avenues proposed.

The Budget reflects the Government's dedication to fostering a resilient and prosperous economy that benefits all citizens but lacks innovative strategies to attract investment and increase Government revenue.



Roomesh Ramchurn
Tax Partner

Corporate tax

Tax measures

Exempt Income

- Interest income derived from bond issued by public sector bodies to fund infrastructural projects approved by the Government is exempted from income tax.
- 80% partial exemption may be claimed on income derived by companies engaged in the provision of digital and personalised advisory services as licensed by the Financial Services Commission.
- Income derived by a payment intermediary services license holders is entitled to benefit from the partial exemption regime.
- Closed-end funds may claim partial exemption on income generated from the sale of money market instruments and debt instruments.
- A management company is not entitled to claim 80% partial exemption on income derived from the provisions of administrative services.
- Income derived from the sale of virtual assets and virtual tokens is deemed to be exempt income.
- Compensation receivable as from 01st January 2024 from public sector bodies as result of natural calamities are exempted from tax.
- Income derived from intellectual property assets by manufacturing companies engaged in medical, biotechnology or pharmaceutical sector are taxed at 15% instead of 3%.
- An 8-year tax holiday is applicable to a captive insurer as from the date the company has started activities.

Corporate tax

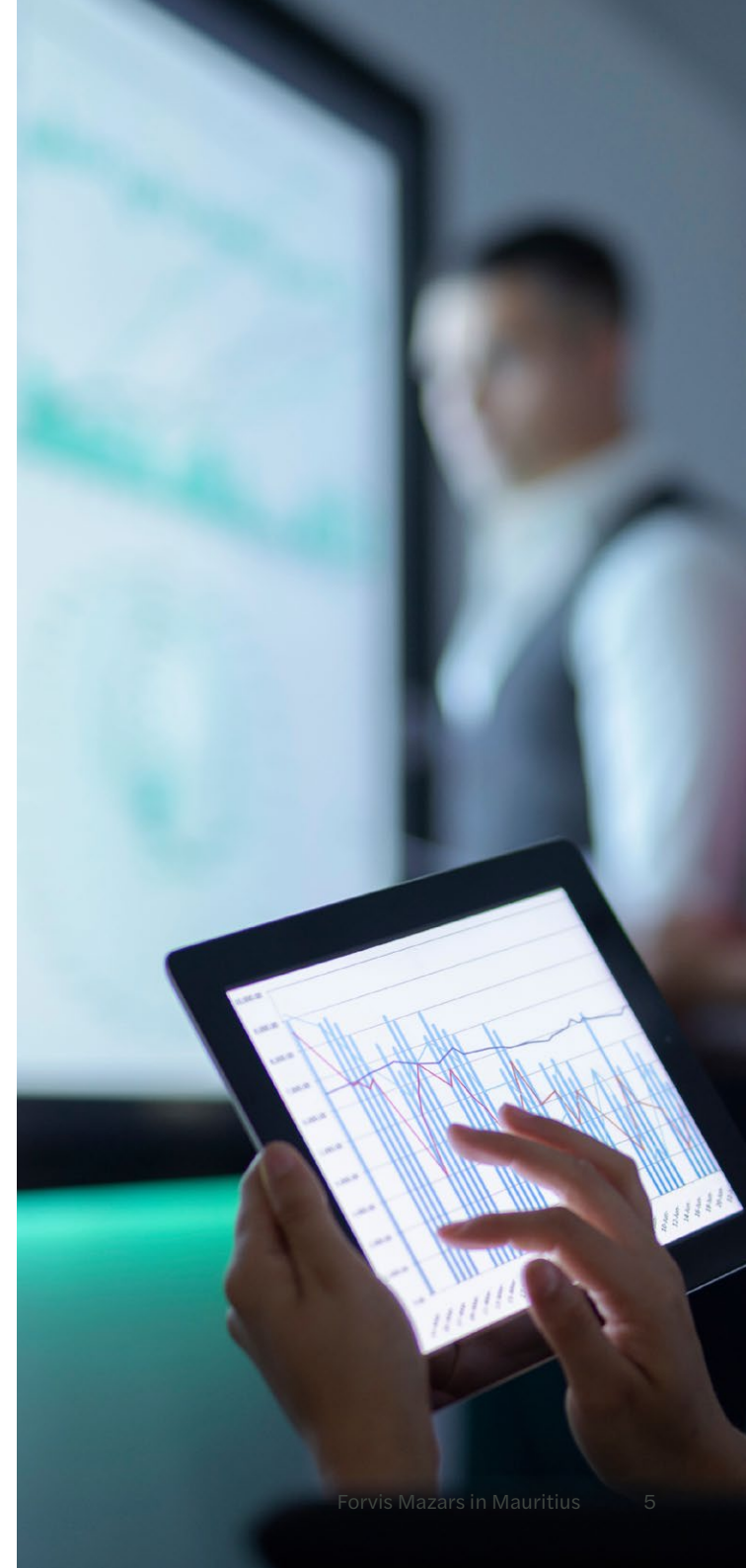
Tax measures

New developments

- An introduction of a Corporate Climate Responsibility Levy of 2% on profits for companies generating turnover above Mur 50m.
- A taxpayer is not eligible to file an amended return if an objection or appeal has been lodged with the Mauritius Revenue Authority or the Assessment Review Committee respectively.
- Unveiling of Bank secrecy through submission of financial transactions by respective banking institutions to the MRA specifying information such as deposits made by the bank account holder.
- Investment tax credit is extended to AI and patents acquired by manufacturing companies.
- The tax credit applies to new plants and machinery and is available over 3 years.

Property tax

- The time limit for the refund of payments made in acquiring a property under the 'Vente en l'état futur d'achèvement' ("VEFA") and 'Vente à terme' ("VAT") has been extended up to 30 June 2025.
- The refund provision now also includes a property which has been reserved in the prescribed manner, provided the deed of transfer is signed and registered by 30 June 2025.
- The application for the refund shall be made within one year from the date of registration of deed.
- A refund of 5% up to a maximum of Rs 500,000 of the amount borrowed under a secured housing loan disbursed up to 30 June 2025.

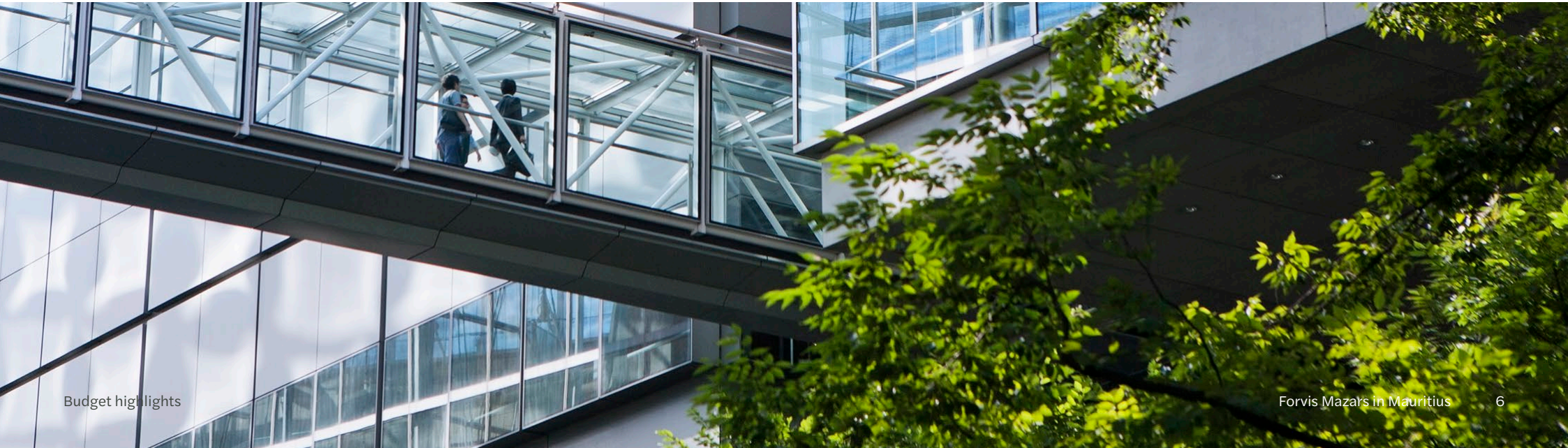


Corporate tax

Tax measures

Tax administration

- The remaining proportionate duties and taxes are waived on a duty exempted motor-vehicles which have been declared as a total loss caused by a natural disaster.
- A beneficiary of a duty exempted motor vehicle is entitled to benefit from another duty exempted motor vehicle on the condition that the remaining proportion of duties and taxes are reimbursed.
- Under the Excise-Act, special provisions made to enable a buyer of an imported electric motor vehicle to submit a claim of MUR 200,000 after the statutory timeframe of 30 days provided that the delay in making the claim is due to reasonable cause.
- A person who has been erroneously benefitted from a remission, exemption, refund or reduction of excise duties is compelled to refund the excess within 28 days of the notice of claimed issued by the MRA.
- Manufacturers of alcoholic products and sugary products are required to submit a statement of excisable stock duly certified by a qualified auditor within one month after the end of a 12-month period.
- The MRA is empowered to make assessment of a VAT return which is submitted in a taxable period not exceeding four years.
- The Tax Arrears Settlement Scheme (“TASS”) is reintroduced to allow the full waiver of penalties and interests on tax liabilities on outstanding under the Income Tax Act, the Gambling Regulatory Authority Act and the Value Added Tax Act provided that:
 - I. The taxpayer is required to register under the scheme by 31 December 2024; and
 - II. The outstanding pure tax liability is settled on or before 31 March 2025.



Value added tax

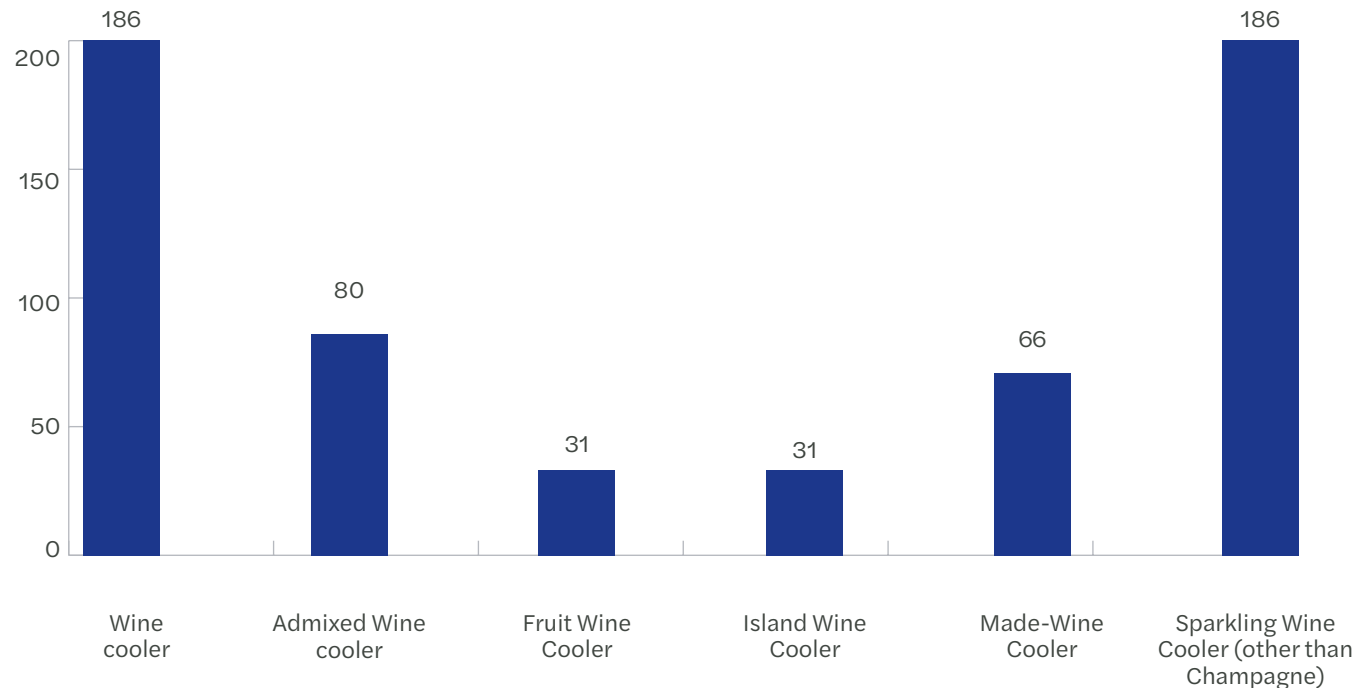
Tax measures



Excise duty – Alcoholic products

The following rate of excise duty for New Wine coolers are as follows:

Rate of Excise Duty per Litre (MUR)



- Consequently, a Mur 2 excise duty is applicable to wine cooler in cans.
- Excise Licence for storage and maturation of alcoholic products
- A new Excise licence of Mur 25,000 is being introduced for the storage and maturation of alcoholic products for exportation or transfer to another excise licensee.
- Plastic Bottles Manufactures from Plant-based Materials
- Excise duty of Mur 2 which was previously applicable per unit on plastic bottles used in the industry of beverages is being waived with production made from plant-based materials.
- Motor Vehicles – Excise/Customs duty on conventional petrol/diesel driven vehicles
- The rebate of 45% or 55% granted on motor vehicles based on the current Excise/Customs Duty Rebate Scheme are statutorily applicable as from 01 July 2024.
- A negative excise duty of Rs 200,000 for the purchase of an electric motorcar is renewed up to June 2025.

Value added tax

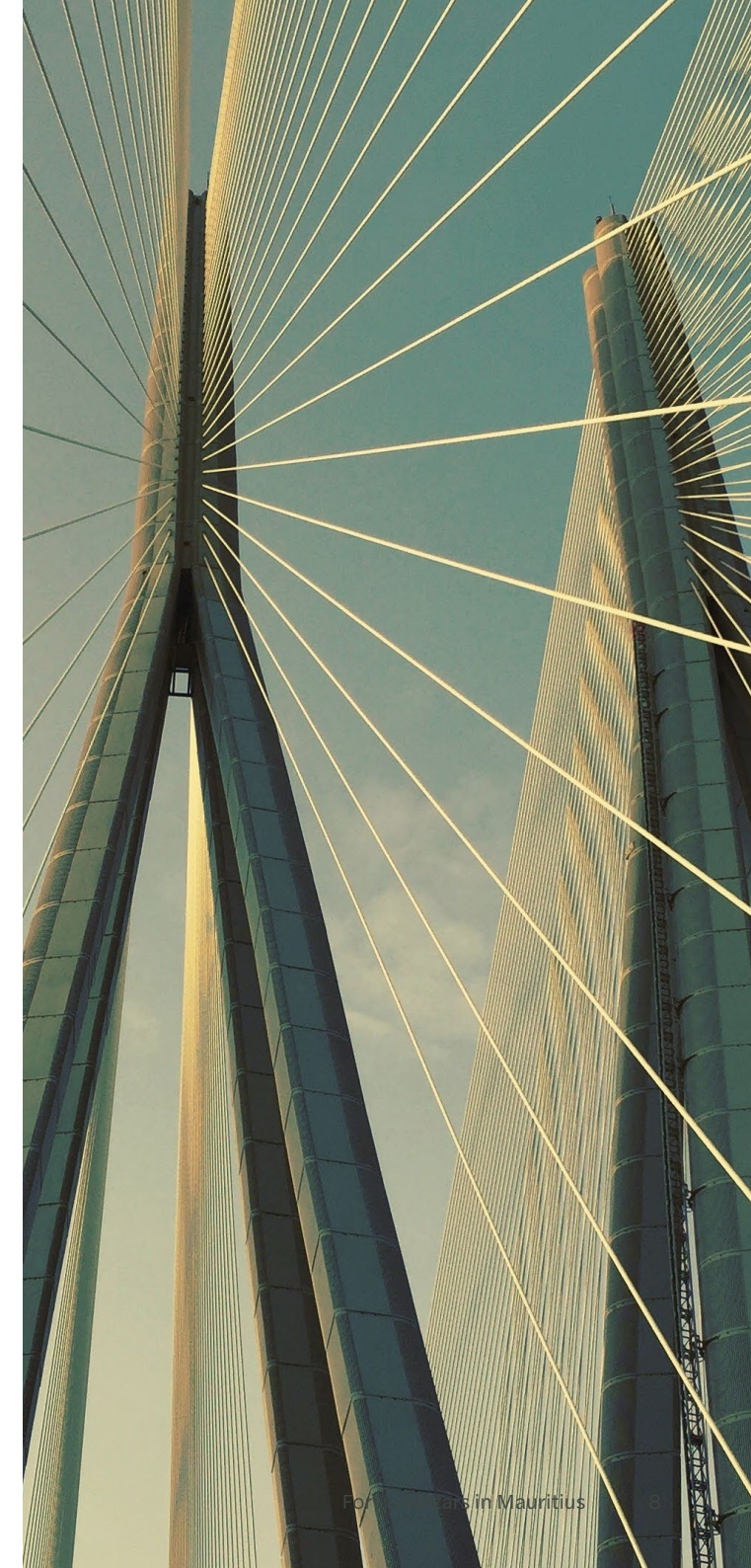
Tax measures

Customs Duty

- 15% customs duty is no longer applicable on milk beverages coming from nuts.

Value Added Tax (VAT)

- Projects which are being funded through either grants or concessionary loans to an extent of minimum funding of 50% by a donor organisation are now excluded from VAT, customs duty and excise duty on the purchase of goods and services.
- The below-listed products are being classified as zero-rated
 - Vegetable seeds, fruit and flower seeds, bulbs and plants used for sowing or planting.
 - Seedling trays
 - Plant pots
 - Agricultural sprayers
 - Roasted coffee
- Baby lotions.
- Services rendered by a Management company are treated as zero-rated supplies where it is being provided to:
 - I. A trust whose settlor or beneficiaries are non-residents; or
 - II. A foundation whose founder and beneficiaries are non-residents
- All diplomatic missions and agents are henceforth entitled to a VAT exemption or refund on services.
- VAT exemption are extended to the construction of a purpose-built building to accommodate pre-primary, Technical and Vocational Education and Training with a retrospective effect.
- Motor vehicles which are used in construction by approved contractors engaging in the construction of social housing units under a contract with New Social Living Development Ltd are exempted for VAT purposes retrospectively.
- Approved contractors building social housing for New Social Living Development Ltd are entitled to VAT exemption on construction-related motor vehicles, with a retrospective effect.



Value added tax

Tax measures

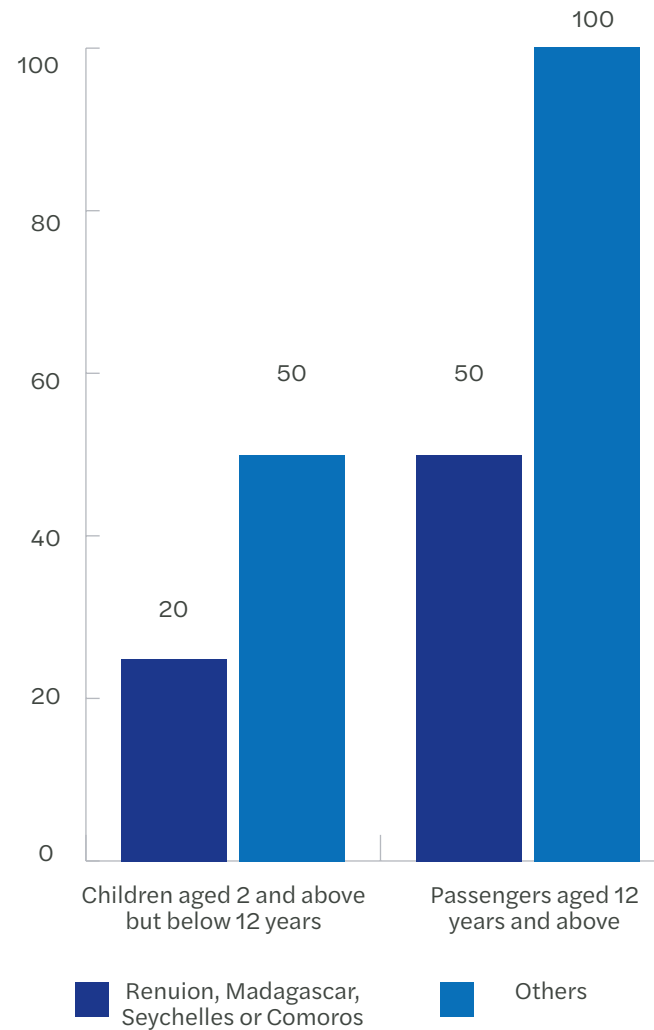
Freeport Act

- Amendments are made to the Freeport Act where a company may operate with both a Global Business License and a freeport certificate but are not entitled to tax holidays granted to qualifying freeport operators.
- Provision of an extension for a maximum period during which goods may be warehoused in a freeport zone by 3 years.

Passenger Solidarity Fee

- As from 01 January 2025, the Passenger Solidarity Fee for passengers departing from Mauritius and travelling by First Class and Business Class are as follows:

Passenger Travelling in First and Business Class (\$)



Individual tax

Tax measures

Exemption and Relief

- A deduction of Mur 30,000 is allowed in respect of employment for a carer to cater for an individual's parents or grandparents.
- Income tax deduction for individuals donating to other NGOs and charitable institutions is being increased from Rs 50,000 to Rs 100,000.
- A deduction of up to Mur 60,000 is allowed for parent having children in full-time education in fee-paying private schools.
- The exemption threshold on lump sum received as pension, retiring allowance or severance allowance is being raised from Rs 2.5 million to Rs 3 million.

- Exemption from income tax on allowances paid by Government to an individual under a financial assistance scheme.

Incentives

- Numerous incentives given under Workers Rights Act as follows:
 - An option is provided to employees to claim take time-off instead of overtime payment.
 - Vacation leaves are refundable for workers who are not granted their vacation leaves due to nature of job.

- Workers requiring to work during heavy or torrential rainfall or period of safety bulletin are entitled to an allowance.
- Maternity allowance of Rs 2,000 for nine months to women as from the third semester.
- Increase the length of paid leaves:
 - I. Maternity leaves – to 16 weeks;
 - II. Paternity leaves – to 4 weeks.
- The period eligible to pay Child Allowance is increased from a period of 3 months to 12 months.

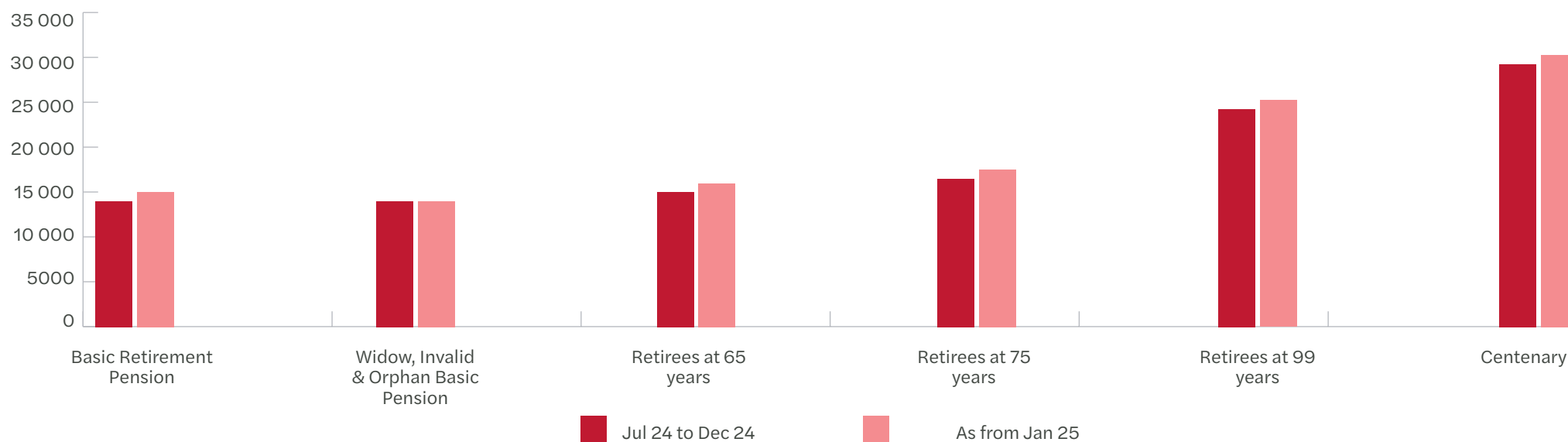
Individual tax

Tax measures

Social contributions

- The timeline and increased amount for retirement pensions are as stipulated below:
- Persons aged 75 years or above are eligible to an increased retirement benefit of Mur 2,500 applying retrospectively from 01st January 2024.

Basic Pension (MUR)



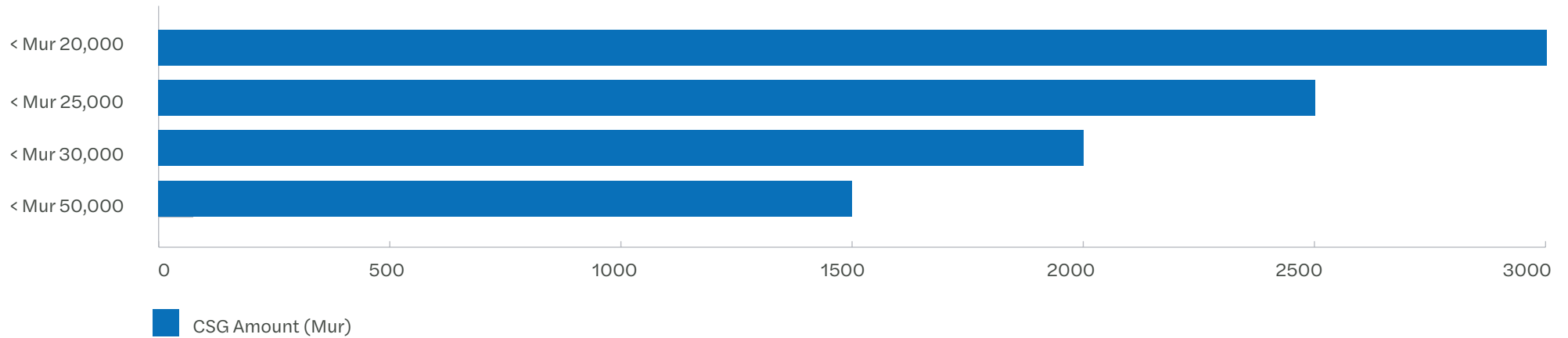
Individual tax

Tax measures

Social Contributions

- Increased CSG Income Allowance is depicted as follows:

CSG Income Allowance (MUR)



- A minimum revenue garanti of Mur 20,000 is proclaimed for full time employment.



Other measures

Business environment

Companies Act

- A constitution is now prerequisite when incorporating a company limited by guarantee.
- The tasks of a company secretary in a one-person company shall be explicitly specified.
- A company's board must inform the Companies Registrar upon resignation of its director and secretary.
- FSC's no objection certificate required for delisting a Global Business Company from the Register of the Registrar of Companies.
- Global Business Company or an Authorised Company must now also abide by the regulations outlined in the Companies Act 2001, pertaining to shareholders with prejudice and adjustments to the constitution, unless otherwise specified in the company's constitution.

- The information centre of the Companies and Business Registration Department is expected to be operational on a 24/7 basis.

Occupation Permits

- The threshold for Occupation Permits for professionals decreases from Mur 30,000 to Mur 22,500.
- Professionals with at least 10 years of experience eligible for a 3-month temporary Occupation Permit to work while their application is processed.
- Non-citizens holding a Retired Residence Permit are permitted to work without any additional permit.
- Introduction of a 10-year expert Occupation Permit to attract foreign talents in wealth management, family office, virtual assets and virtual tokens.

Work Permit

- No foreign labor quotas in the manufacturing, jewellery, freeport, and ICT/BPO industries.
- The timeframe to deliver or renew a work permit is proposed to be a maximum of three (3) weeks.
- Clarifications is to be given on criteria determining the completeness of a work permit applications under the Non-citizens (Employment Restriction) Act.
- The Ministry of Labor, Human Resource Development and Training is empowered to issue work permits in many different forms, including work permit cards.

Other measures

Business environment

Financial Services

- At least two competent officials to be appointed following a review of the Fund and Asset Manager Certificate.
- United Nations Economic Commission for Africa to assist in the creation of a plan for Mauritius' growth as a Fintech Hub in the area.
- A 10-year expert Occupation Permit to be introduced to attract foreign talents in wealth management, family office, virtual assets and virtual tokens.
- Promoting digital payment uptake in Mauritius, costs for using the MAUCAS platform to be removed by the Bank of Mauritius.

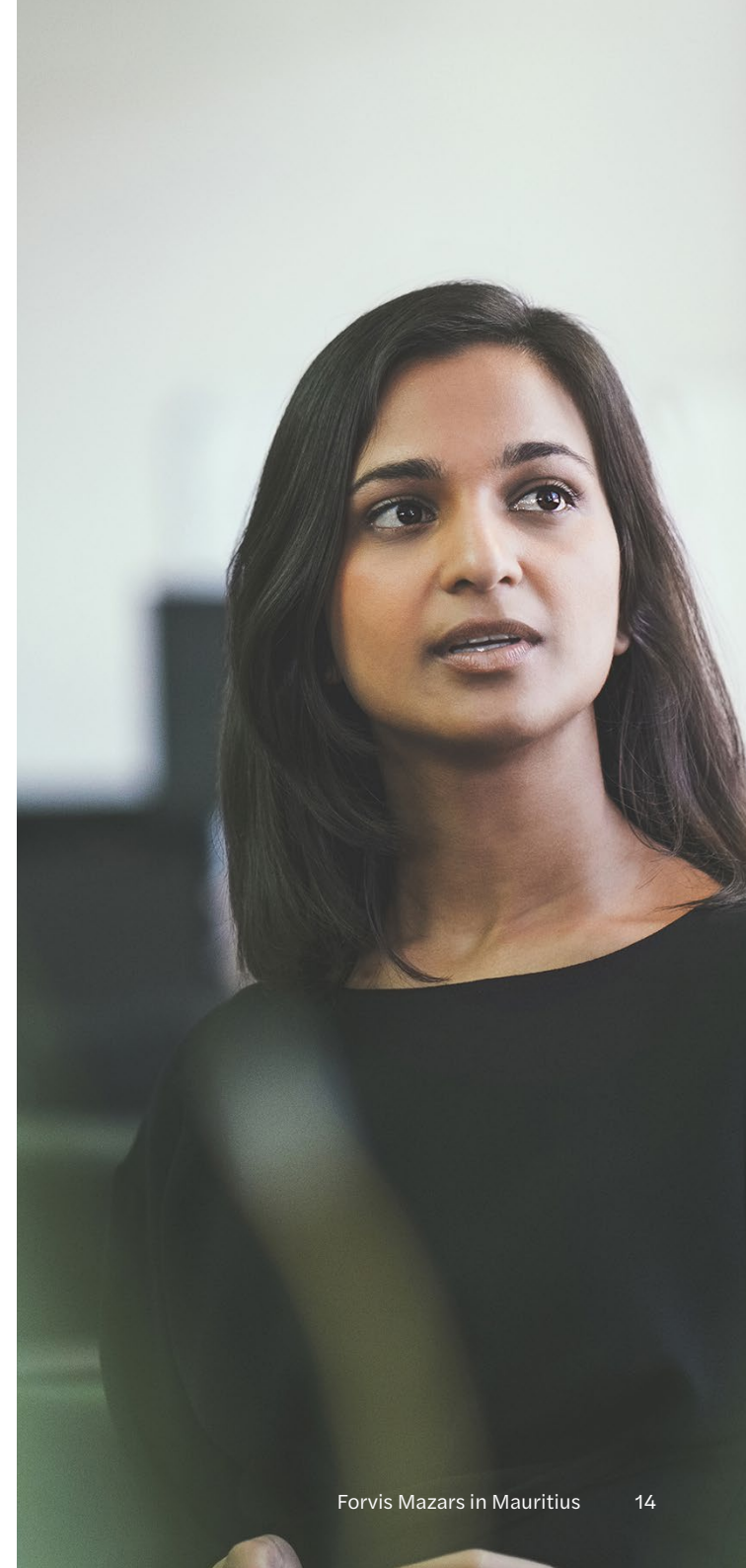
Diesel Financial Support

- Mur 5 per litre of Diesel is provided to certain categories of businesses
- Registration of Association
- Association members should be Mauritius residents.
- Restriction on an employee working full time or part time to serve as an officer of an association.
- For AML/CFT reasons, each officer's registration application must include a copy of his or her NIC/ passport/certificate of character (not older than three months).
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Others

Prime à L'Emploi Scheme

- The minimum unemployment period is reduced to 3 months for qualification under Prime à L'Emploi Scheme, applying retrospectively from 17th November 2023.
- Obligation to safeguard employment of an employee for a period of at least 3 years.



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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 07 June 2024. Specific advice should be sought in any specific matter.