



MEMORANDUM ON THE 2019-2020 BUDGET

KEY STRATEGY THRUSTS

SUMMARY OF MAIN MEASURES PROPOSED

1. FISCAL POLICY STRATEGY

Areas	Incentives & Measures
Harmonisation Strategy for CORPORATE TAXATION and incentivising productivity, innovation and competitiveness	<ol style="list-style-type: none"> 1) Harmonised, flat and competitive corporate income tax regime developed with policy costings prior to ensure fiscal and policy space, potentially at 5%. (Refer to 3.1.1) 2) Extension of investment tax credit to agro-processing industries such as wine, beer, food products amongst others (Refer to 3.1.2) 3) Review of the Innovation Box Regime to target IP-based tax holidays (Refer to 3.1.3) 4) Tax deduction on intrapreneurship – Incentivising preferential redeemable and time-bound investment in SMEs (Refer to 3.1.4)
PERSONAL TAXATION - Promoting Gender Mainstreaming and providing incentives for sound and future looking expenditures such as pensions, stock exchange investment and education	<ol style="list-style-type: none"> 1) Doing away with Malthusian policies and harmonising the income tax exemption thresholds such that first individuals gets Rs. 305,000 and any dependent half the amount (Refer to 3.2.1) 2) Extension of the Negative Income Tax Regime to all employees gaining less than the taxable amount (Refer to 3.2.2) 3) Enabling a deduction of employee contributions to Private Pension Schemes (Refer to 3.2.3) 4) Providing a Rs. 100,000 tax deduction on the cost of creche and babysitting services (Refer to 3.2.4) 5) With the introduction of free public tertiary education, to review the additional exemption for students pursuing undergraduate education (Refer to 3.2.5) 6) Providing a Rs. 100,000 deduction on investment in Stock Exchange of Mauritius (Refer to 3.2.6) 7) Introducing a ‘Gift Aid’ concept to enable tax deductions on donations to charitable organisation (Refer to 3.2.7)

<p>Rationalisation of non-direct taxes and levies</p>	<ol style="list-style-type: none"> 1) Harmonization of VAT products from exempt to Zero-Rated, in particular for agro-processed products and salads. (Refer to 3.3.1) 2) Enabling the recoverability of VAT on credit cards (Refer to 3.3.2) 3) Exclusion of 100% natural beverages from excise duty on sugar sweetened beverages (Refer to 3.3.3) 4) Review of excise duties on plastic containers to exclude multi-use containers (Refer to 3.3.4) 5) Abolition of Trade Fees in view of disparities between Municipality and District Councils, and duplication on restricted trades (Refer to 3.3.5) 6) Reviewing licence fees for new companies (refer to 3.3.6)
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2. INSTITUTIONAL REFORMS

Areas	Incentives & Measures
Ensuring Economic Planning & Business Predictability	<ol style="list-style-type: none"> 1) Mauritius Recurring Economic Strategy 2020-205 jointly developed through an MCCI-EDB collaboration (Refer to 4.1.1) 2) Introducing a Regulatory Impact Assessment legislation to conduct RIA on all new regulations impacting business and trade (Refer to 4.1.2) 3) Devising a Joint Public-Private strategy for industrial development 2020-2025, driven by the Ministry of Industry and MCCI (Refer to 4.1.3) 4) Authoritative Mauritius Investment & Trade Policy Framework to be published annually/bi-annually. (refer to 4.1.4)
Public Sector Rationalisation Strategy to be enhanced further to Landscape, EDB and SME Mauritius	<ol style="list-style-type: none"> 1) Mauritius Food & Drugs Agency (Refer to 4.2.1) 2) Implementation of the Single Licensing Agency at the level of the EDB (Refer to 4.2.2) 3) Joint Strategic Industrial Renewal Council to conduct enterprise diagnosis , conduct in-house intervention and provide financial programmes to enterprises (Refer to 4.2.3) 4) Operationalisation of the Utility Regulatory Authority (Refer to 4.2.4) and National Employment Agency (Refer to 4.2.5) 5) Rationalisation of entrepreneurship and SME mechanisms through SME and Industrial Development Bank (Refer to 4.2.6)

Ease of Doing Business Reforms, including Starting a Business, Access to Credit, Enforcing Contracts, and Trading across Borders

- 1) Establishing a Monitoring Mechanism through the setting up of a **Business Obstacles Alert Mechanism** to resolve local business obstacles (Refer to 4.3.1)
- 2) Adoption of the **silent is consent** principle approach in delivery of licences and permits (Refer to 4.3.2)
- 3) **Incentivising Mediation and Arbitration to resolve commercial disputes** through institutional ADR through a tax credit (Refer to 4.3.3)
- 4) Extension of **omnibus permits** to tour operators, supermarkets, freeport and CRO activities (Refer to 4.3.4)
- 5) **Measures to improve port productivity** (Refer to 4.3.5), including fast-tracking of the **Mauritius Trade Link** (Refer to 4.3.10) and **extension of grandfathering provision for customs brokers** (Refer to 4.3.8)
- 6) **Removal of import restriction on pork processing** (Refer to 4.3.7) and review of **export permits on scrap metals** (Refer to 4.3.6) in line with CCM recommendations
- 7) Enabling access to the MCIB database by Hire-purchase and Fintech companies (4.3.9)

3. FOUNDATIONS FOR MACRO-ECONOMIC TRANSFORMATION

Areas	Incentives & Measures
<p>Strategic Public Infrastructure Development – Road, Port & Airport</p>	<ol style="list-style-type: none"> 1) Implementation of the New Airport Terminals to increase airport capacity (Refer to 5.1.1) 2) Implementation of the Port Breakwater and Island Terminal on PPP basis to mitigate against disruptions (Refer to 5.1.2) and Passenger Cruise Terminal to favour an eco-system of tourist shopping, leisure and culture (Refer to 5.1.3) 3) Implementation of Land Drainage Masterplan Strategic Plan (Refer to 5.1.4) and integration of Metro Express with other public mass transit systems (Refer to 5.1.5) 4) Implementation of Public Infrastructure Fund (Refer to 5.1.6)
<p>Enhancing Connectivity and Market Access</p>	<ol style="list-style-type: none"> 1) Smooth implementation of the National Export Strategy (Refer to 5.2.1) 2) Comprehensive Africa Strategy (Refer to 5.2.2) including Implementation of a Trade and Marketing Strategy Office in Kenya and Tanzania (Refer to 5.2.6) and Regional Feeder Vessel (Refer to 5.2.7) 3) Matching Grant Scheme to engage in international events on exports and innovation (Refer to 5.2.3) 4) Enhancing access to markets through extension of Freight Rebate Scheme (Refer to 5.2.4) and Speed to Market Schemes (Refer to 5.2.5) 5) Risk management through extension of export credit scheme (Refer to 5.2.8) and implementation of an Export Factoring Scheme (Refer to 5.2.9) 6) New products to extend the 3 percent corporate tax on exports to Digital Goods (Refer to 5.2.10) 7) Enhancing the air connectivity (Refer to 5.2.11)

<p>Enhancing R&D & Innovation and the Digital Economy</p>	<ol style="list-style-type: none"> 1) Technology and Digitalisation Fund (Refer to 5.3.1) 2) Operationalisation of the double deduction on R&D Expenditure (Refer to 5.3.2) 3) Implementation of the New Industrial Property Bill (Refer to 5.3.3) 4) Double tax deduction on cost of registration of patent, trademark and product licensing overseas (Refer to 5.3.4) 5) 15 percent deduction on the acquisition/ technology transfer cost of IP Rights (Refer to 5.3.5) 6) Enabling Patentability of computer software (Refer to 5.3.6) 7) Implementation of an Integrated E-Health Database (Refer to 5.3.7) 8) Incentivising e-commerce and adoption of e-payment systems (Refer to 5.3.8)
<p>Demographics & Labour Market Strategies</p>	<ol style="list-style-type: none"> 1) Career Guidance and Labour Statistics (Refer to 5.4.1) 2) Increase of HRDC refund ceiling to 3 times the contribution (Refer to 5.4.2) 3) Extension of HRDC to working professionals (Refer to 5.4.3) 4) Accreditation of Online Courses by the MQA (Refer to 5.4.4) 5) HRDC Refund for Dual Training Programme (Refer to 5.4.5) 6) Rationalisation of Work Permits & Occupation Permits (Removal of Statutory Ratios) (Refer to 5.4.6) 7) Extension of SME Graduate Scheme to medium sized companies of Rs. 200M (Refer to 5.4.7) 8) Study Work Rights and Post-Graduation Occupation Permits for Foreign Students (Refer to 5.4.8 and 5.4.9) 9) Review of Occupation Permit to promote a family-friendly regime (Refer to 5.4.10) 10) Gender Mainstreaming in the Workforce through deduction of Cost of Creche Fees (Refer to 5.4.11), Universal Child Allowance (Refer to 5.4.12) and Rupee for rupee child development savings account (Refer to 5.4.13)

	11) Setting up of a bureau for attraction of Mauritian Diaspora (Refer to 5.4.14)
SME, Entrepreneurship and access to finance	<ol style="list-style-type: none"> 1) Increasing the SME definition from Rs. 50M to Rs. 200M to enable companies to benefit from SME Schemes (Refer to 5.5.1) 2) Promoting Inclusive Business value chain through subcontracting of non-core activities (Refer to 5.5.2) 3) Micro-Finance Scheme for Projects of up to Rs. 500,000 (Refer to 5.5.3) 4) Corporate Income Tax exemption on first Rs. 500,000 of profit derived by companies (Refer to 5.5.4) 5) Small Company Payments Bill (Refer to 5.5.5) 6) Asset Leaseback Scheme (Refer to 5.5.6)

4. OTHER SECTORAL MEASURES

Areas	Incentives & Measures
AGRO-INDUSTRY	1) Agricultural land bank (Refer to 7.1.1) and Traceability Solution (Refer to 7.1.2)

MANUFACTURING	<ol style="list-style-type: none"> 1) Preferential Industrial Leasing of Land (Refer to 7.2.1) 2) Double deduction (Refer to 7.2.2) and matching grant (Refer to 7.2.3) on cost of recognized quality systems 3) DCCA enforcement on Paint products (Refer to 7.2.4) 4) Enforcement of Preferential Port Handling Charges to manufacturing (Refer to 7.2.5) 5) Enforcement of Mandatory Standards and Norms (Refer to 7.2.6) 6) Extension of minimum shelf life space of 50% at import (Refer to 7.2.7) 7) Operationalisation of Bid price preference for local products (Refer to 7.2.8)
WHOLESALE & RETAIL	<ol style="list-style-type: none"> 1) Moratorium on plain packaging on tobacco products (Refer to 7.3.1) and excise stamps on beer and wine (Refer to 7.3.2)
CONSTRUCTION	<ol style="list-style-type: none"> 1) Review of VAT refund (Refer to 7.4.1) and relief of payment of registration fees (Refer to 7.4.2) on acquisition of new residence 2) Arbitration measures in construction industry (Refer to 7.4.3) 3) Enabling access to affordable housing in Urban Regeneration Zone Areas (Refer to 7.4.4), setting up of Port Louis Cultural and Art District (Refer to 7.4.5) and an integrated housing rentals database (Refer to 7.4.6)
TOURISM	<ol style="list-style-type: none"> 1) Mauritius/Reunion Integrated Tariff Package (Refer to 7.5.2) 2) Enhancing Tax free shopping for tourists (7.5.3) , voucher system, Mauritian experience publication (Refer to 7.5.5) and digital advertising technology (Refer to 7.5.6) 3) Promote Mauritius as MICE Market (Refer to 7.5.9)
ICT/BPO	<ol style="list-style-type: none"> 1) Review of tariffs for International Private Leased Circuits (IPLC) (Refer to 7.6.1) 2) Smart Parking and Smart Mauritius (Refer to 7.6.2 and 7.6.3) 3) Unbundling of Telecommunications and One Duct Policy (Refer to 7.6.4 and 7.6.5) 4) Regulatory and business enabling measures for ICT sector (Refer to 7.6.6) 5) ICT Academy (Refer to 7.6.7) and Start Up Mauritius (Refer to 7.6.7)
FINANCIAL SERVICES	<ol style="list-style-type: none"> 1) Signature of DTAA (Refer to 7.7.1) and integrated schemes for company relocation (Refer to 7.7.2) 2) Setting up secondary Government bond market (Refer to

	<p>7.7.3)</p> <p>3) Enabling Framework for securitisation of financial assets (Refer to 7.7.4)</p> <p>4) Promoting crowdfunding through interest income exemption (Refer to 7.7.5)</p> <p>5) Extension of Partial Exemption Scheme (Refer to 7.7.6)</p> <p>6) Private Investment Fund (Refer to 7.7.8)</p> <p>7) Review of banking levy (Refer to 7.7.7)</p> <p>8) Review of domestic arbitration legislation and new legislation on third party arbitration funding (Refer to 7.7.9 and 7.7.10)</p>
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