



# Rebooting the Mauritian economy

Budget 2021-2022



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# 1

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## Our opinion



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## Rebooting the Mauritian economy?

Around the world, the race is on to vaccinate populations against COVID-19 and, a year on from the start of the pandemic, countries are still struggling. With the world turned upside down, the odds were stacked up against the Government.

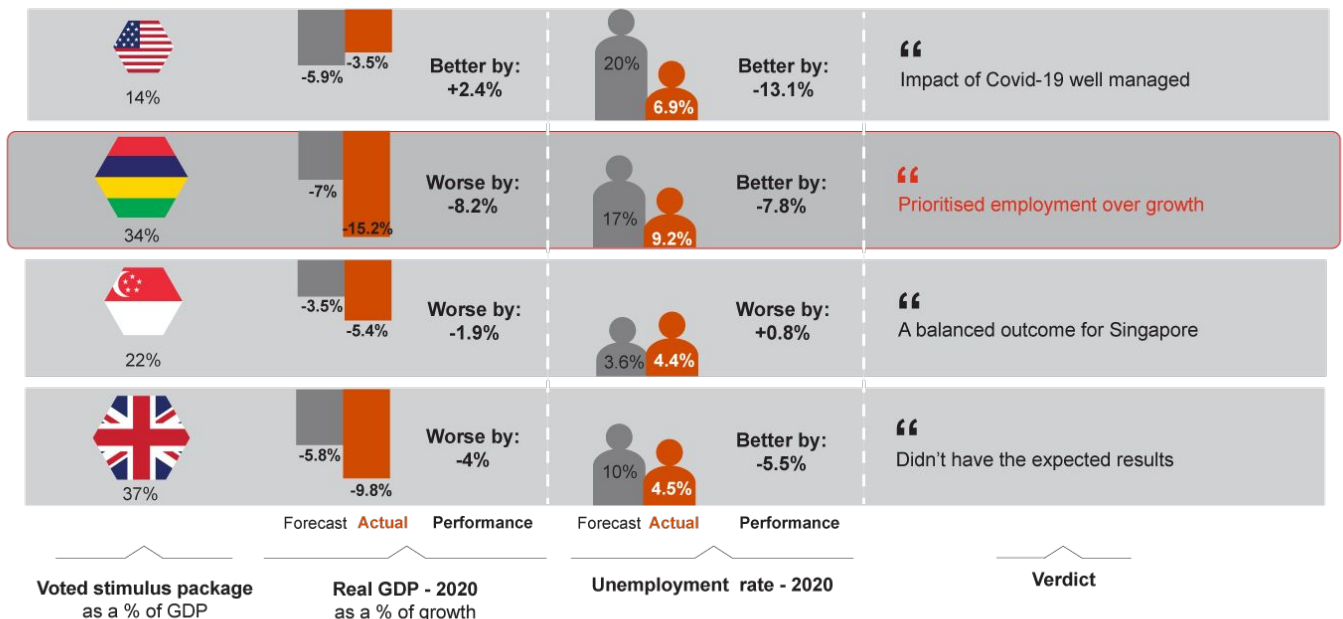
Our economic indicators are in the red and the country has performed worse than expected; the GDP in 2020 contracted by 14.9% against an initial forecast of 7%, our debt to GDP rocketed to 95%, whilst unemployment was contained with a marginal increase to 9.2% (March 2021). The Minister of Finance, Economic Planning and Development (the 'Minister') presented the Budget with a view to reversing the current trend by boosting investment, shaping a new economic architecture and restoring confidence.

The Government voted for a Rs147bn COVID-19 war chest (4<sup>th</sup> largest in the world) last year and has spent around Rs 25bn to date. In the initial year, the Minister indicated that the Government's focus was on preserving jobs and limiting bankruptcies, but has this money been well spent?

A comparative analysis shows that the country lags against the benchmark countries. Mauritius committed to spend 34% of its GDP in terms of COVID-19 support compared to the UK (37%), Singapore (22%) and the US (14%) (refer to Figure 1).

The Government prioritised job security to better contain unemployment (9.2% versus 17%, initial forecast) but GDP took a hit and deteriorated more than planned.

Figure 1: COVID-19 Warchest





## Rebooting the Mauritian economy? (cont.)

The effects of the extended lockdowns as well as border closure meant bigger downturns for the country. Whilst job security may have been the priority, there is a need for a rethink. Growth is like an engine and, if the engine does not rev, the economy cannot absorb labour.

COVID-19 has been costly for governments with oversized roles to mitigate the impact of the pandemic and, with a larger public service, it will be harder to recalibrate the economy. The Budget forecasts a 5% budget deficit and this would be an achievement in the current climate. With rising tax rates around the world, we commend the Minister for not adopting similar measures and relying on the buoyancy of the economy to boost collections.

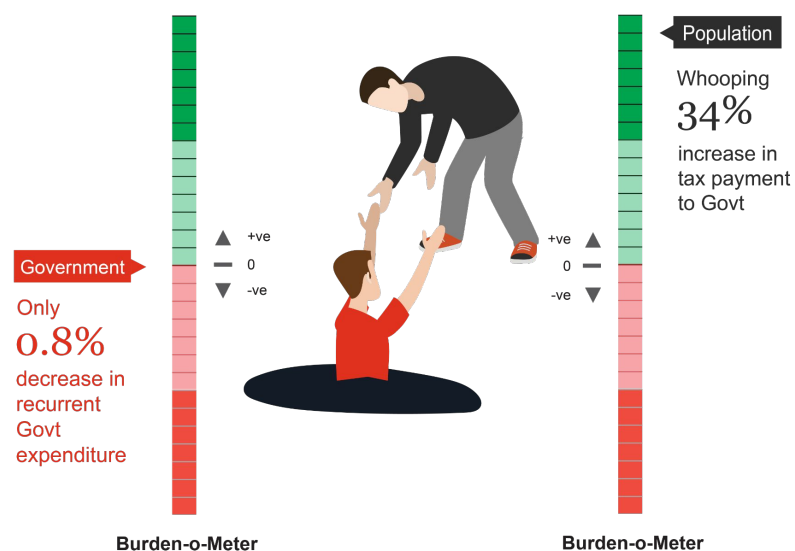
However, the Budget was a razor's edge: balancing the burden on the population against the sacrifice required by the Government to build more resilience. The incremental burden on the population (refer to Figure 2) in the Budget is 34% (through increase in tax collections and social security contributions against prior year) whilst the Government made little sacrifice in containing recurrent public expenditure (decrease by 0.8%). The role of the Government is set to expand with more institutions and the number of public servants will increase by 11% to over 61,000 employees. Unfortunately, additional burden is being put on the population in order to get us out of the COVID-19 hole. More could have been done to contain public expenditure.

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...more is required to get ahead of the pandemic. Infrastructure and social projects remain too dominant. In the immediate term, we need to do more with less...

Whilst the Budget continues to have a strong focus on infrastructure (flood management, dams, roads, etc.) and social projects (housing, community centres, sports complexes, etc.), some interesting measures were also introduced.

Figure 2: Burden Sharing Indicator





## Rebooting the Mauritian economy? (cont.)

As an island economy, we are dependent on foreign investments and the relaxation in residency/occupational permit rules, the introduction of new investment certificate schemes as well as international student incentives will restore some of the country's attractiveness.

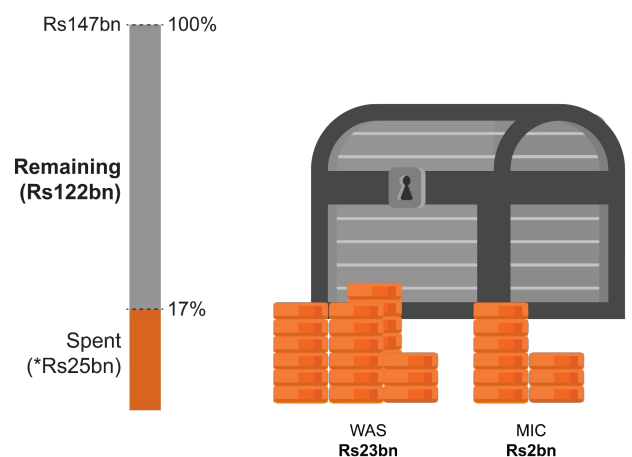
Also, with SMEs generating over 50% of employment, stimulating growth through SMEs will be important to address the employment dilemma. Support measures such as 110% tax deduction on local SME products, grants, preferential loans, etc., in addition to increasing the minimum shelf space for local manufactured products to 40% will provide some boost to the sector. The diversification into renewable energy and biotech sectors are also steps in the right direction to build a greener and more sustainable economy.

The Government has an important role to play in facilitating the rebooting of the economy. The crisis exposed vulnerabilities in our public institutions, insufficient accountability and a need for more private sector engagement. Unfortunately, there is little in this Budget which aims to adapt the role of government for a post COVID-19 era in improving efficiency, productivity and capacity building, particularly in the ICT sector which could help transform Mauritius. Until the pandemic is brought under control, government intervention should remain flexible and supportive. With our limited budget, we need to prioritise initiatives and reduce wastage.

We understand the need to build a more inclusive society but is now the right time to prioritise these sports complexes or community centres? This money could have been better spent.

Different industries will recover at different speeds and the Budget remains silent as to the way or speed in which the remaining Rs122bn (83%) (refer to Figure 3) of the war chest will be deployed. The Wage Assistance Scheme ('WAS') artificially curbed unemployment but, with some sectors such as tourism not expected to recover till 2024, we need to allow a 'freer' flow in the labour market, with more flexible labour laws, as the WAS to September 2021 is unlikely to be enough.

Figure 3: COVID-19 Warchest: Voted v/s Spent



(\* The amount of Rs25bn has been calculated based on the information available)

Overall, the government is pumping more money into the economy, but more is required to get ahead of the pandemic. Infrastructure and social projects remain too dominant. In the immediate term, we need to do more with less and, unfortunately, the Budget falls short of that.







# 2

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## Tax Perspective



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## Tax Perspective: Reducing the tax burden- the next priority for the government

The Pandemic, still in its full swing, is forcing us to think pragmatically to counter its immediate effects on our economy. Mauritius has been badly hit by the second wave and there was a lot of expectation from the second Budget of the Minister of Finance, Dr the Honourable Renganaden Padayachy, to provide that fresh air for Mauritius to take off in the wake of the impending opening of our frontiers. While the themes of the Budget are “investment”, “shaping a new economic architecture ” and “restoring confidence”, it barely comes out with innovative measures to bring that needed tonic. A huge relief though- there will be no major tax increases!

SMEs remain one of the main pillars of the economy, and we welcome the initiatives of the government to support them in this precarious environment. Among others, the refund of the salary compensation, amnesty on trade fees, grants and interest free loans, etc. will be helpful. The extension of the Tax Arrears Settlement Scheme (TASS) for SMEs up to 31 December 2021 remains an attractive measure. Hopefully, the Mauritius Revenue Authority (MRA) will support taxpayers to take the maximum benefits from such incentives. There is an outcry among some taxpayers that the MRA comes with unwarranted tax bills that could be a cause for hardship.

The MRA will now have wider powers to raise time barred assessments in cases of tax fraud. This is common in many developed countries.

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It is a fact that the tax rate in Mauritius is substantially more than 15% for many taxpayers.

While we support the initiative of the government to track tax dodgers, there should be a clear framework for the MRA to exercise such powers. Wide powers come with responsibilities, and we hope that the MRA uses those powers diligently and judiciously.

The tax reforms under the BEPS project prompted us to make major tax reforms in 2018, and this to some extent affected the industry. However, the inclusion of Mauritius on the FATF list and EU blacklist came as an additional blow. It is a matter of urgency that Mauritius is cleared from those lists, and the different measures announced in the Budget provide testimony of our intention to be a compliant jurisdiction. However, the question remains whether we should not be more proactive on such sensitive matters. The next challenge to address is the “Global Minimum Tax” that is looming ahead!







## Tax Perspective: Reducing the tax burden- the next priority for the government (Cont.)

A fair measure is the amendment of the different tax laws to cater for the second lockdown, especially when it relates to the tax obligations of taxpayers. We saw the extension of the TASS until 31 December 2021 only for SMEs. In the absence of the same privilege being available to all taxpayers, we at least hope that the existing TASS is extended.

In my view, in its quest to boost investment, the government has been wise not to increase taxation. It is a fact that the tax rate in Mauritius is substantially more than 15% for many taxpayers. In the uncertain environment that we are living in, we can only hope that we work towards a lower tax burden for the population.





# 3

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## Public Finance



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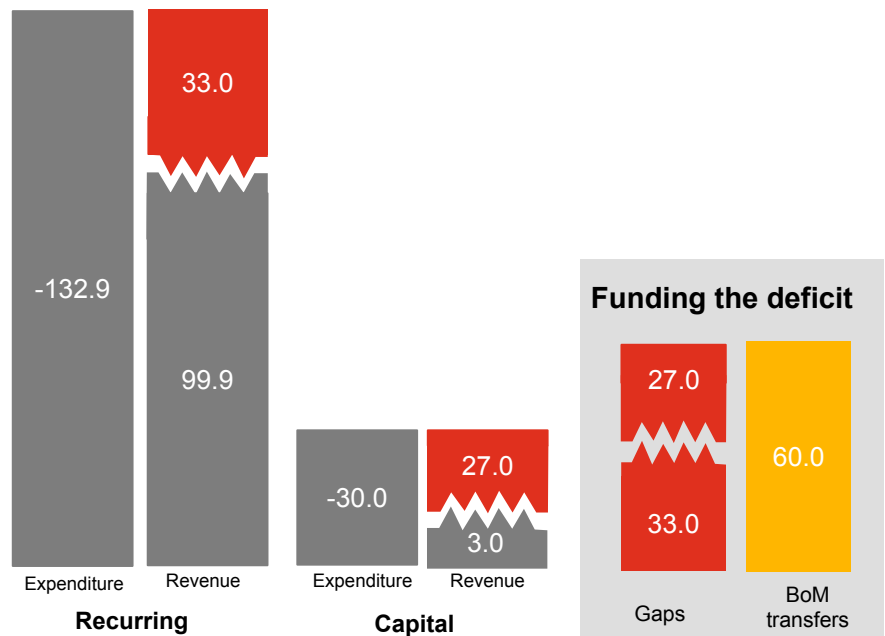




## Public Finance

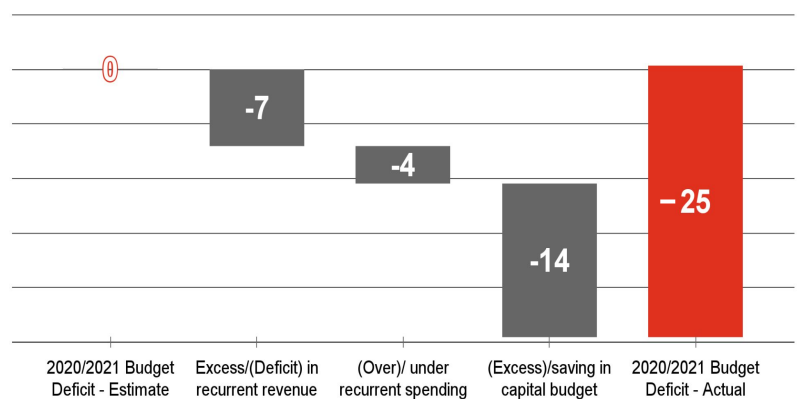
### 2020/21 - The proposition recapped

Announced as balanced, the previous budget included a silent exceptional Rs60bn contribution from the Bank of Mauritius packaged as 2 transfers of Rs33bn and Rs27bn to even out the current and capital balances respectively.



### 2020/21 - The road travelled

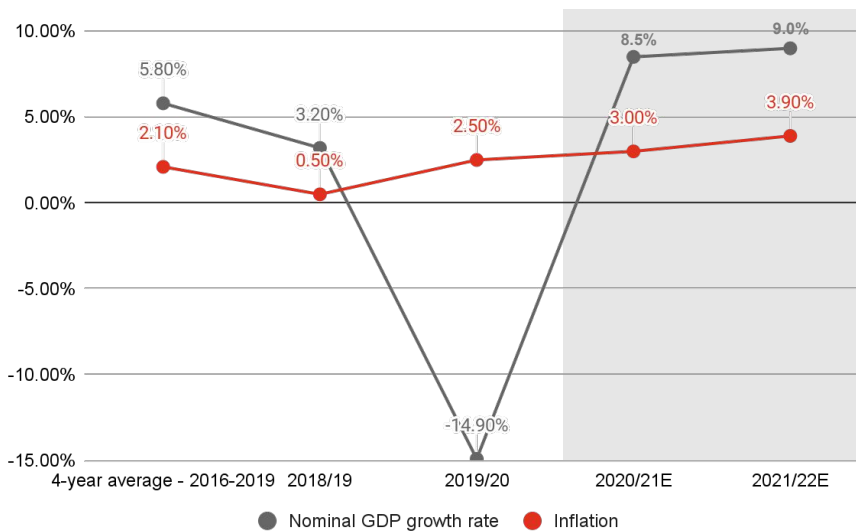
A second lockdown later coupled with a prolonged closure of our borders that brought the tourism sector to its knees, the Minister of Finance today disclosed the budget deficit for 2020/21, consolidated with special transfers, stood at Rs24.6bn, representing about 5% of GDP.





## Public Finance (Cont.)

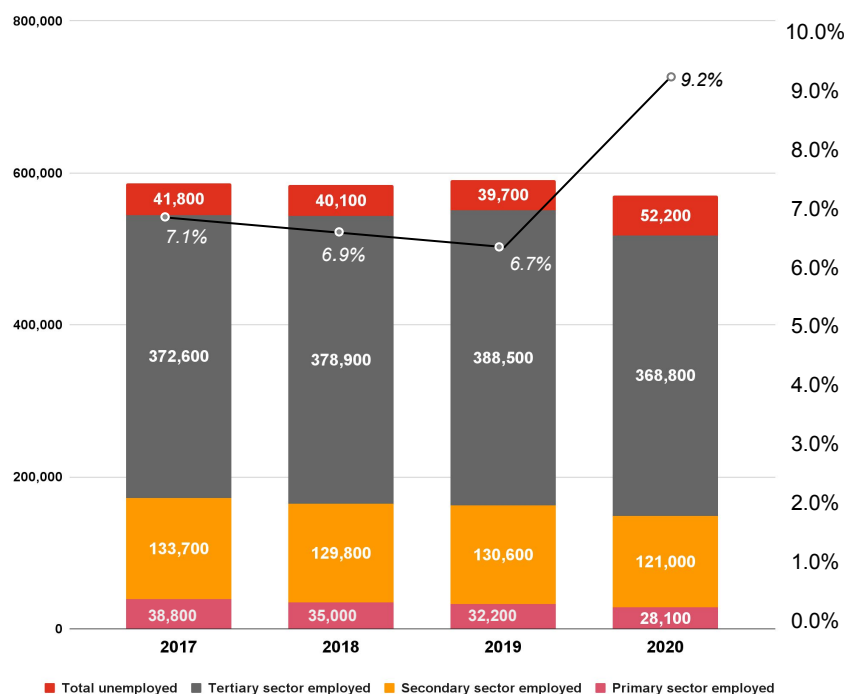
### The economic landscape



Expected to be contained at -7% off the application of the stimulus package, GDP dropped by 14.9% in 2020, making Mauritius the country with the largest Covid-related GDP loss in Africa, according to the IMF.

The conservative easing of border restrictions and the lack of visibility on the government's agenda for managing the sustainability of public finances do not bode well for the country's economic recovery in the near term.

### Labour force



Unemployment rate for 2020 has been estimated at 9.2% off a labour force totalling 570,000. This effectively implied an increase of some 12,500 Mauritians being newly out of a job during the year.

Whilst subdued, this can be primarily attributed to the government's sought objective of preserving jobs through the implementation of the wage assistance scheme specially earmarked for the tertiary sector, without which the unemployment rate would have stood at 20% i.e 100,000 unemployed.

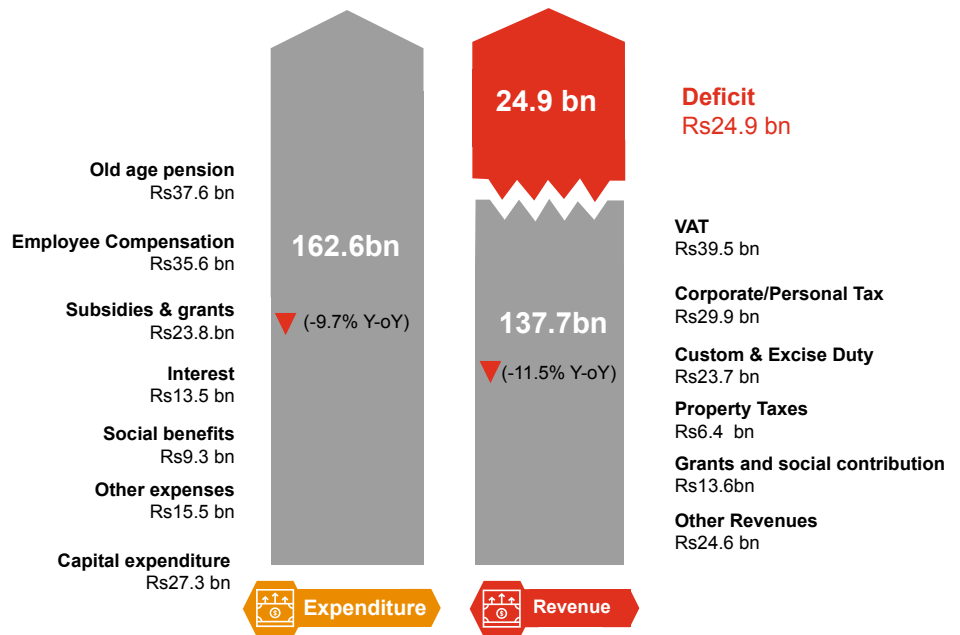




## Public Finance (Cont.)

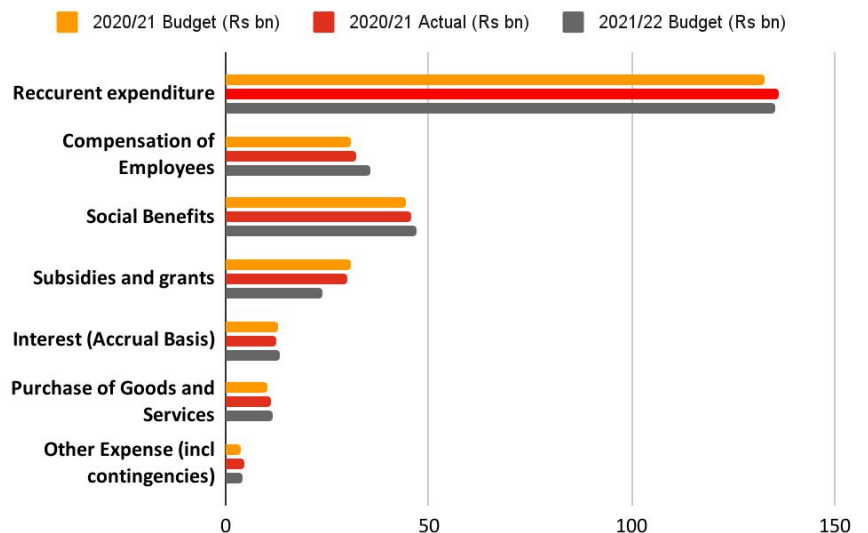
### 2021/22 Budget Deficit

In the wake of a Committee on Sustainability of Public Finances being set up by the government with the objective of addressing deficit financing and public sector debt in the short to long term, all eyes are set on the government's planned expenditure for the upcoming financial year.



### Recurrent Expenditure

Surprisingly, the current budget plans for higher employee compensation of 10% in 2022 or equivalently Rs3.3bn more than the prior year spend.





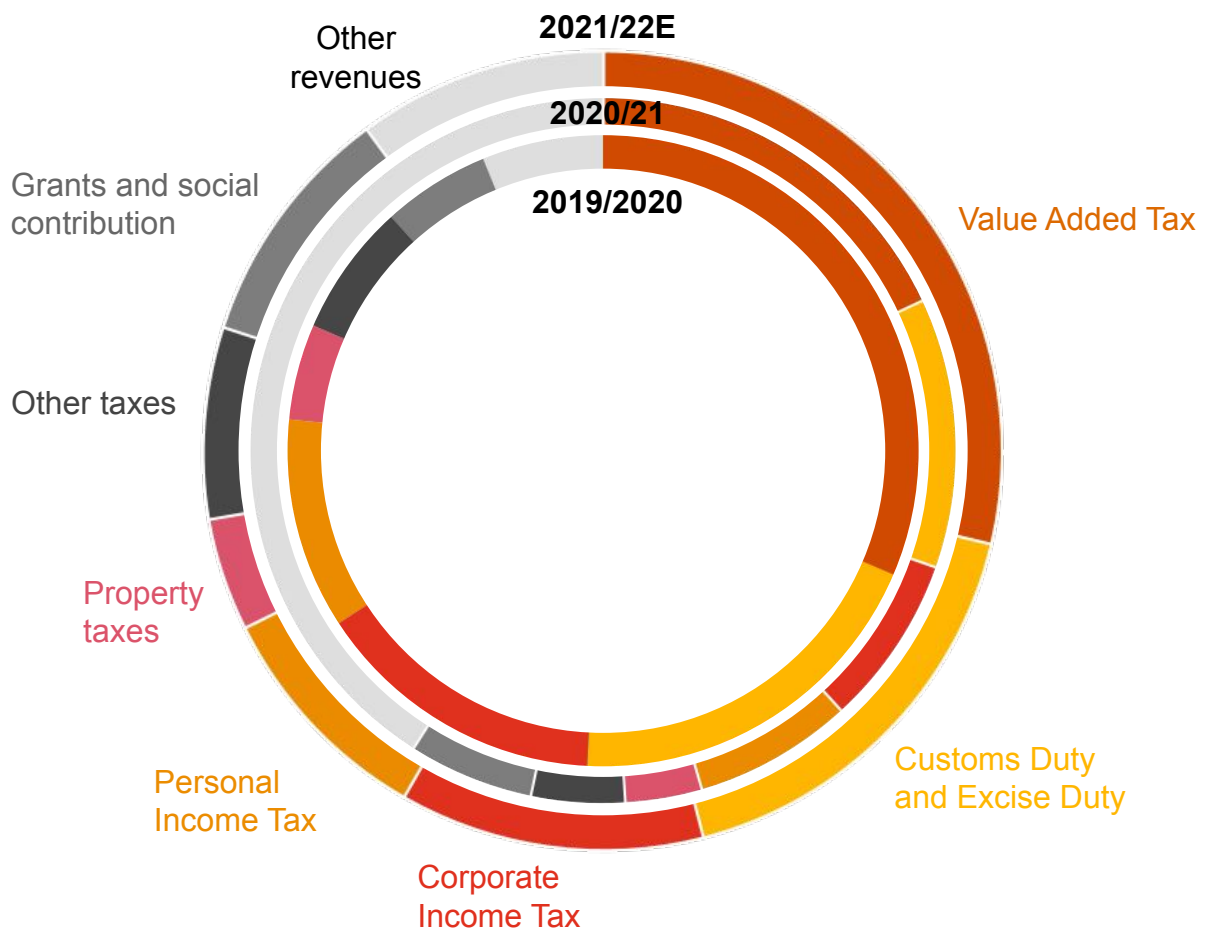
## Public Finance (Cont.)

### Government Revenue

Excluding the Rs60bn special transfers, the budget 2021/22 projects a 44.2% increase in revenue from last year. The bulk contribution is attributable to VAT at 28.7%, accounting for Rs39.5bn (+Rs11.5bn).

An additional Rs9.6bn is expected to be collected from property income; Rs4.8bn from corporates (+39.3%); Rs 2.8bn from CSG; Rs1.6bn from individuals (+14.0%); Rs1.6bn from airport taxes; Rs1.6bn from external grants; and Rs1.0bn from betting and gambling (casinos and sports).

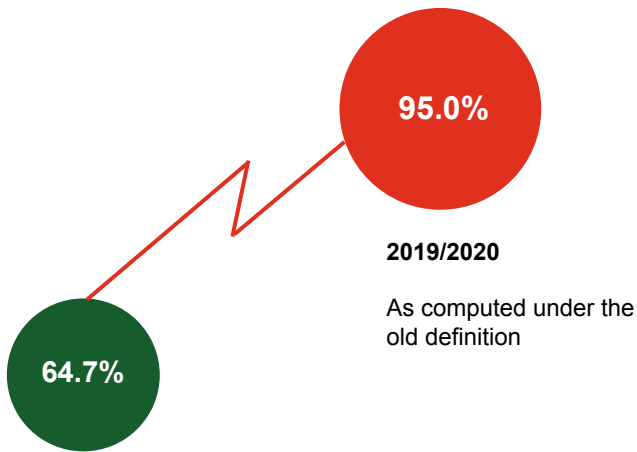
### Contribution to Government Revenue: 2019/20, 2020/21 and 2021/22E







## Public Finance (Cont.)

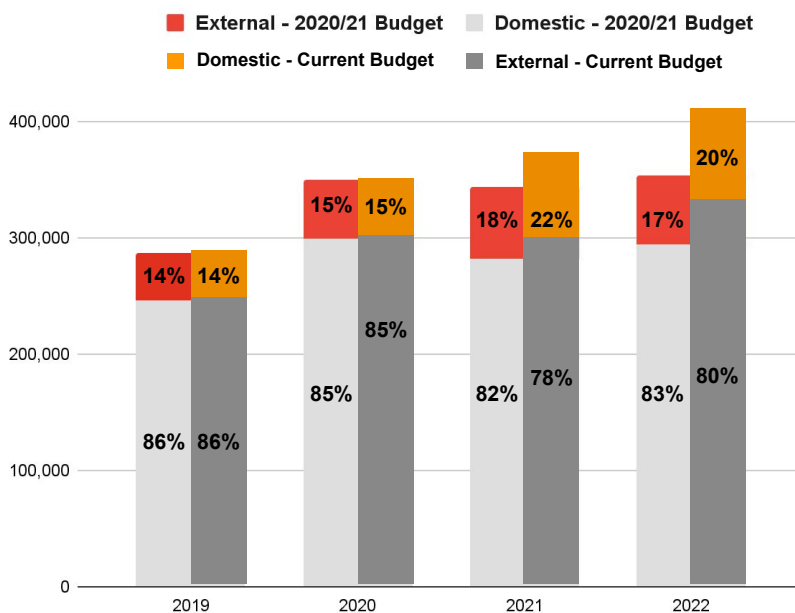


2018/2019

Statutory ceiling of 65% repealed in May 2020 with the introduction of the Covid-19 Act

### Debt-to-GDP

Computed under the old definition, the Debt-to-GDP ratio for 2021/22 is projected at 91.4%.



### Public Debt

Public debt increased by 22% from fiscal year 2019 to 2020 and is projected to rise by 8% subsequently. The proportion of external debt is however, expected to increase from around 15% to above 20%.



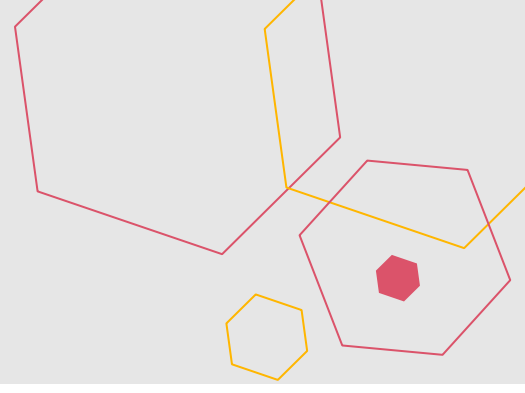
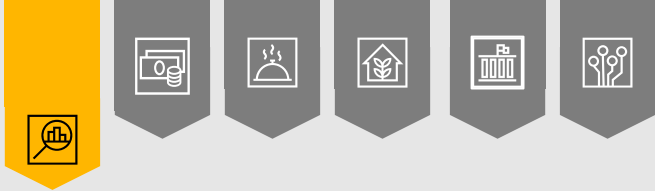


# 4

## Sector Reviews

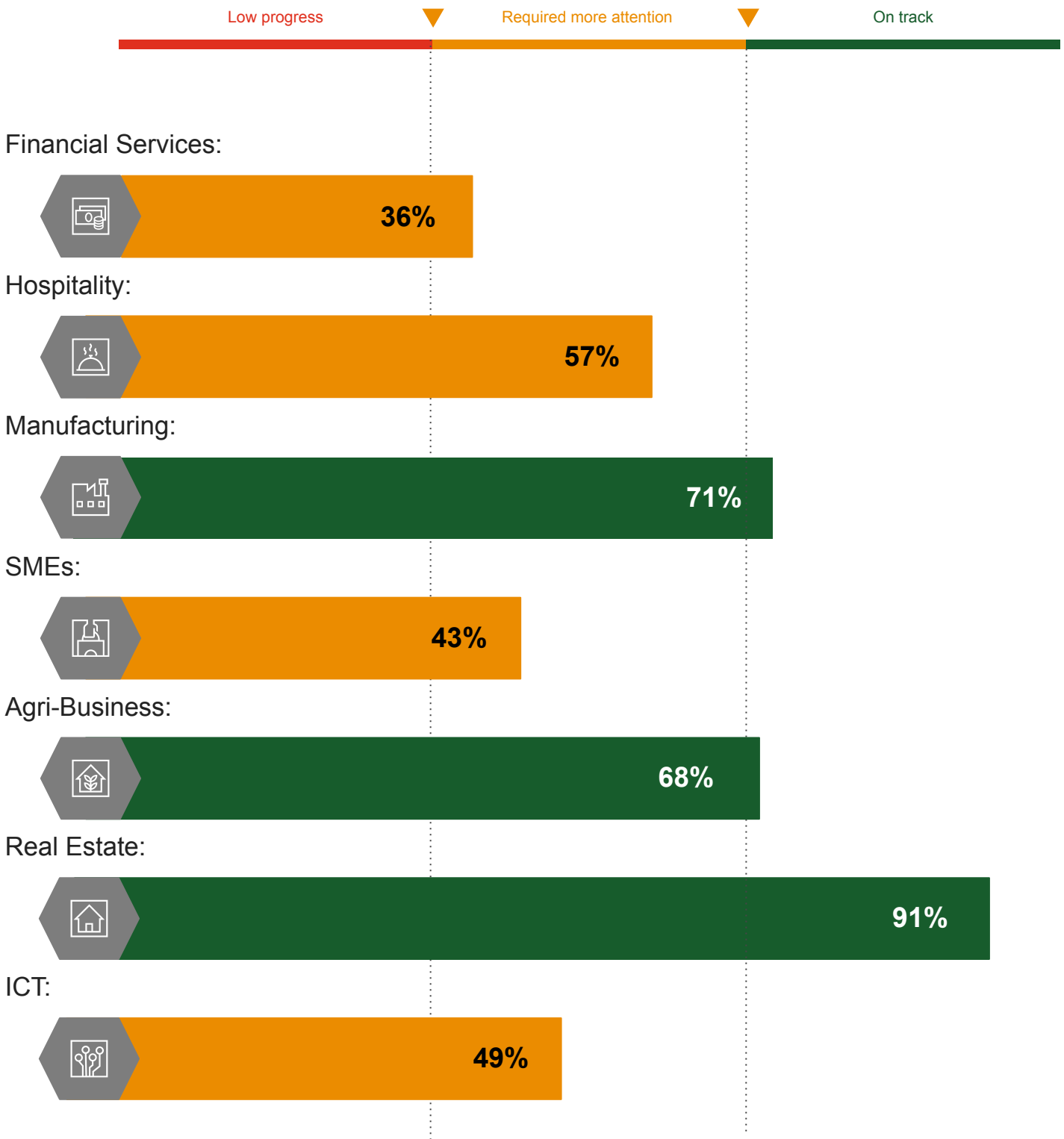
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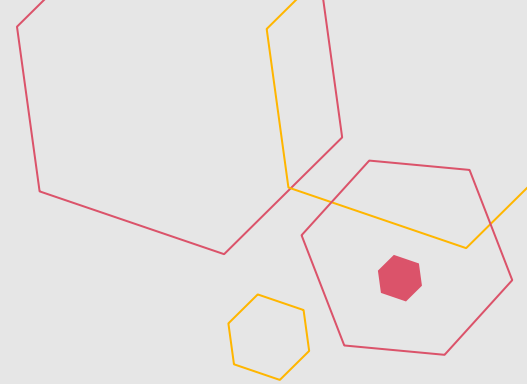
# 4.1 Retrospective

Our take on how many measures announced in the Budget 2020-2021 (previous year) were completed by sectors.





## 4.2 Financial Services



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A number of amendments have been proposed to our regulations in order to reinforce the credibility of Mauritius as an international financial centre and to move the country out of the FATF grey list. It has been over a year since the country is trying to get out of this list. We hope that those measures will be sufficient and that they will be effectively implemented on a timely manner. The recruitment of new personnel to strengthen the institution's compliance capacity and the launching of the one-year training programme on AML go in the right direction. But will this be sufficient and effective in the short term, given the urgency?

The sector has been further diversified with the introduction of a few new products. These will add on to the list of new products introduced in the previous budgets but which are taking long to contribute to the growth of the sector.

### Key Measures



#### Reinforcement of the regulatory framework

to accelerate the completion of the Financial Action Task Force (FATF) action plan for an early exit from the grey list



**Extension from 5 to 10 years** of the tax holiday for Family Offices and Fund and Asset Managers



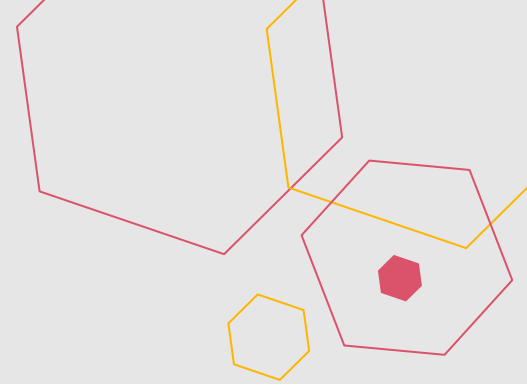
#### Digitisation of the sector

- Roll out of a Central Bank Digital Currency on a pilot basis
- Introduction of a QR code at national level to facilitate digital payments
- Launching of the FSC One platform as an online licensing portal as from 01 July 2021





## 4.2 Financial Services (Cont.)



### Banks

- Roll out of a Central Bank Digital Currency - The Digital Rupee - on a pilot basis. BOM empowered to prescribe the framework for the issue of such currency
- Introduction of a QR Code at national level by the BOM to facilitate digital payments
- Setting up an Open-Lab for banking and payment Solutions and a FinTech Innovation Lab
- Setting up of MAUCAS platform to allow for real time payments
- BOM is authorised to set up fintech innovation hubs and digital labs for the banking sector
- Issue guidelines, directives, rules or instructions on the issuance of sustainable bond, including blue and green bonds by BOM
- Setting up of a centralised bank account holders registry, to facilitate serious financial crime investigations
- BOM will have the mandate of the Macro-Prudential Authority of Mauritius
- Empower the Mauritius Credit Information Bureau (“MCIB”) to provide credit-scoring as a value-added service
- Setting up a Central Registry of Accounts by the BOM to collect data to enhance collaboration and cooperation among supervisory authorities and law enforcement agencies

### Banks (cont.)

- Review of the eligibility of issuers of money market instruments to promote the development of a domestic market for money market instruments
- Introduction of a mortgage scheme to cover 80% of housing loans for Self-Employed individuals and contractual employees and 100% of housing loans for other individuals
- Refund of 5% on home loan, up to a maximum of Rs500,000
- Issuance of regulatory sandbox licences
- Revamp existing framework of investment banking activities
- Allowing financial institutions to appoint a firm of auditors after 3 years of the last audit assignment of the firm instead of 5 years
- Granting an extension to a financial institution on the appointment of its firm of auditors for an additional period of up to 5 years for a branch or subsidiary of a foreign bank





## 4.2 Financial Services (Cont.)

### Asset Management

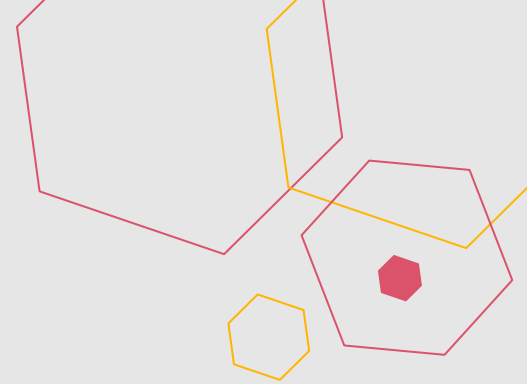
- Renewed effort to complete the implementation of the FATF Action Plan for an early exit of the FATF grey list
- Introduction of supervisory, regulatory and law enforcement to strengthen the Anti-Money Laundering - Combating Financing of Terrorism (AML-CFT) framework
- Amendment of relevant legislations to meet the requirements of the FATF recommendations on AML-CFT and recruitment of new personnel to strengthen our compliance capacity
- Legal power being granted under the Financial Intelligence and Anti-Money Laundering Act (FIAMLA) to the AML/CFT Core Group
- Setting up of financial crime divisions at the Supreme court and the Intermediate court and the establishment of a Financial Crime Commission
- Extension from 5 to 10 years of the tax holiday for Family Offices and Fund and Asset Managers
- Introduction of a new regulatory framework to facilitate the setting up of centres for shared services including asset management and treasury management
- Launching of a one-year training programme on AML with recruitment of at least 100 graduates with monthly stipend of Rs15,000

### Other Regulatory Framework

- Empowerment of the FIU to impose administrative sanctions on law practitioners failing to comply with AML/CFT requirements
- Establishment of an Interagency Coordination Committee to promote effective cooperation and coordination among its members in the implementation of international standards on AML/CFT
- Establishment of a dedicated commission for financial services to devise and monitor an effective and timely promotional and reputation management strategy for Mauritius as an International Financial Centre
- Allowing the disclosure of information with the Central KYC and Accounts Registry and reporting alleged or suspected offences
- Inclusion of private pension schemes under the purview of the FIAMLA
- Introduction of a Securitisation Bill and a new Securities Bill
- Enactment of a new legislation for virtual assets





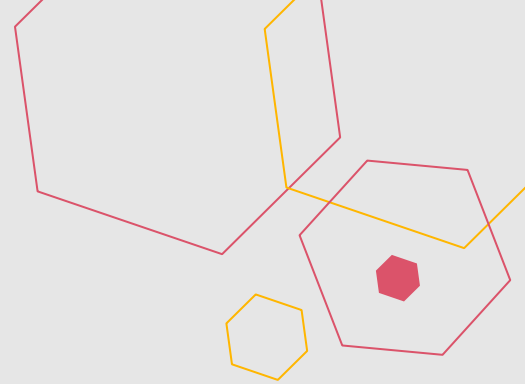


## 4.2 Financial Services (Cont.)

### Other Financial Services

- Broadening of the partial exemption tax regime to cover licensed investment dealers and activities relating to leasing of locomotives and trains
- Implementation of a digital centralised information exchange system by the FSC to facilitate motor insurance claim recoveries
- Launching the FSC One platform as an online licensing portal as from 01 July 2021
- Introduction of rules for setting up Special Purpose Acquisition Companies by the Stock Exchange of Mauritius
- Setting up of a single desk for all FinTech related applications
- Establishing the framework for applying a Regulatory Sandbox Authorisation
- Amendment of the Limited Liability Partnership Act and the Limited Partnership Act for removal of a partnership in case of inappropriate information of beneficial ownership provided to the Registrar





## 4.3 Hospitality, Manufacturing & SME



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### Key Measures



**Reopening of borders in phases**  
as from 15 July with full opening  
expected by 01 October



**Tax benefits and capital assistance**  
in promoting the pharmaceutical  
industry



**Increasing the maximum investment**  
through licensed crowdfunding  
platforms from Rs200,000 to Rs1m for  
SMEs.



**Rs5bn allocated**  
for the creation of a Modernisation and  
Transformation Fund to re-ignite  
industrial development



The important marketing budget for our destination along with the bold measures to make our destination more sustainable will be welcome by operators. The extension of the GWAS to September is not likely to be enough as forecasted occupancy levels are expected to be insufficient to break even.

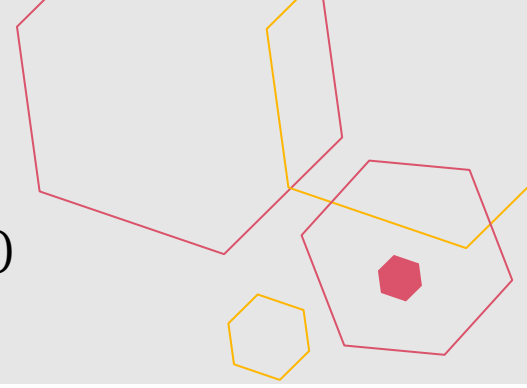
Some interesting measures to boost Made in Moris should further help reduce our dependence on imports. With the devaluation of the Rs and the tax incentives provided, the sector is encouragingly looking for diversification.

The measures for SMEs seem very timid given the importance they have in our economy and lack the boost we were expecting.





## 4.3 Hospitality, Manufacturing & SME (Cont.)



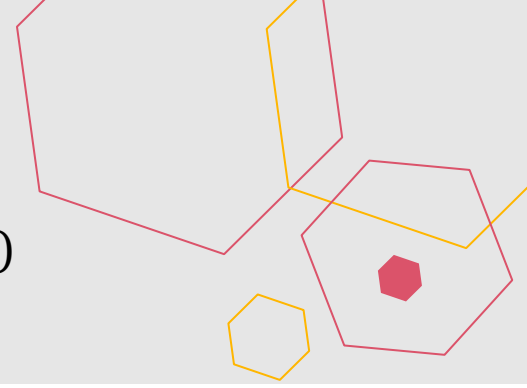
### Hospitality

- Sustainability measures that will help promote Mauritius as a destination
- Reopening of borders as from 15 July
- Rs420m allocated to the MTPA to promote Mauritius as a tourist destination
- Extension of the Wage Assistance and the Self-Employed Assistance Schemes to tourism-related companies up to September 2021
- Introduction of a Tourism Business Continuity loan for SMEs at a rate of 0.5% per annum by the DBM
- Lease payment deferred on state lands to June 2022
- Amendments to the Invest Hotel Scheme to allow the sale of up to 80% of the units with the possibility for the owner of a room to stay for a maximum of 6 months annually, coupled with a reduction in the minimum selling price of a standalone villa from USD500,000 to USD375,000
- Reduction of the registration tax on transfer of lease of state lands from 20% to 10% for hotels for a two-year period
- Investment of Rs250m for the embellishment of beaches, rehabilitation of heritage and tourist sites, and greening of towns and villages
- Setting up of a special desk by the EDB to attract at least 50,000 foreign retirees in the next financial year

### SME

- Facilitating SMEs financing through licensed crowd lending platforms
- The Industrial Financial Institution (IFI) will take over the activities of the ISP Ltd and SME Equity Fund and cater for industries in manufacturing, agriculture and fisheries amongst others
- Projects eligible under this Fund will benefit from leasing facilities at a preferential rate
- Reduced annual interest rate for existing Leasing Equipment Modernisation Scheme (LEMS), based on turnover of companies
- Creation of an industrial park in Solferino, rebate on annual rental of industrial space and rent-free to start-ups for their first three years of operation
- Credit Guarantee Scheme (CGS) to be extended for SMEs to cover 5 percent of the default amount on leases contracted from private leasing companies
- Setting-up of an online marketplace for startups to showcase their products and services
- Total maximum grant across all schemes implemented by SME Mauritius Ltd increased from Rs150,000 to Rs200,000
- Continued refund of the salary compensation of up to Rs375 per employee per month to SMEs for the fiscal year 2021/22





## 4.3 Hospitality, Manufacturing & SME (Cont.)

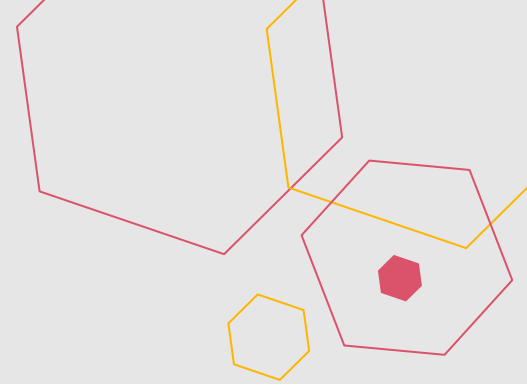
### Manufacturing

- Rs 5bn allocated for the creation of a Modernisation and Transformation Fund to boost industrial development
- A seed capital of Rs1bn to the Mauritius Institute of Biotechnology for the setting up of a manufacturing plant for the local production of COVID-19 vaccines and pharmaceutical products
- Companies engaged in the medical, biotechnology and pharmaceutical sectors will benefit from reduced tax rates
- Biotechnology and pharmaceutical companies will be allowed a full tax credit on the acquisition of patents
- An 8-year tax holiday for new companies in specific sectors such as agro processing, food processing, pharmaceutical sector under the Investment Certificate
- 5% tax credit over 3 years in respect of capital expenditure incurred on new plant and machinery until 30 June 2023 under the Investment Certificate
- Adopting a Mauritius First Policy for the procurement of sanitisers, masks, PPEs, medical devices devices and medical gas amongst others
- Minimum shelf space for locally manufactured products will be increased from 10% to 40% within a period of one year
- Freight rebate scheme, reduction in port dues and port handling charges and subsidy on the cost of Credit Guarantee Insurance Premium to boost export facilities
- Third party freeport developers authorised to rent space to an enterprise outside the Freeport Zone for manufacturing and storage of goods
- An exemption for new companies from the payment of Registration Duty and Land Transfer Tax for the purchase of immovable property for business purposes under the Investment Certificate





## 4.4 Agri-Business & Real-Estate



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### Key Measures

**Remuneration of Rs3,300 per tonne** of sugar to all planters and producers for bagasse, equivalent to c.Rs900m per annum based on last year's sugar production tonnage

**Setup of a storage facility** of 150,000 tons for bagged sugar at Riche Terre



The biomass remuneration to all planters and producers, estimated at c.Rs900m, will provide a shot in the arm to the beleaguered sugar industry and the warehouse for storage of bagged sugar is also welcomed. Whilst these incentives for the agro industry are a marked departure from last year's more timid measures, there are no notable incentives to boost the blue economy.

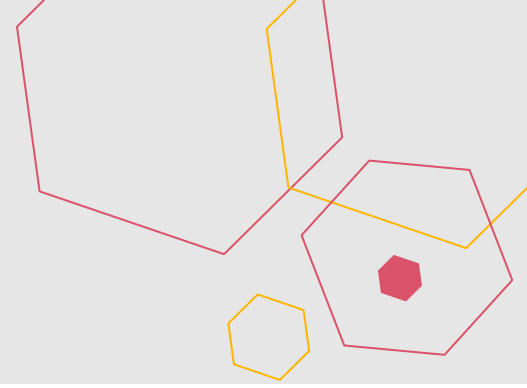
The Minister has tried to be innovative with his measures for the real estate sector reeling from the pandemic. The part refund of the cost of a property and the cover of an individual's mortgage could well prove a boon for the industry but the latter does raise a question of moral hazard.

The land transfer tax and registration duty exemption for new companies operating in certain sectors will benefit some but these will not, on their own, encourage investment in these sectors.

**Rs2bn earmarked** to support the purchase of residential land and property as well as the construction of housing units by individuals including a maximum refund of Rs500,000 to a Mauritian citizen

**Exemption** from payment of Registration Duty and Land Transfer Tax for the purchase of immovable property for business purposes for new companies





## 4.4 Agri-Business & Real-Estate (Cont.)

### Sugar Industry

- Introduction of a National Biomass Framework where sugarcane planters will benefit from a remuneration of Rs3,300 per ton of sugar for bagasse
- Setting up of a sugar storage facility of 150,000 tons at Riche Terre
- A guaranteed price of Rs25,000 per ton, a waiver on insurance premium payable to SIFB and 50% subsidy on fertiliser for planters producing up to 60 tons of sugar for Crop 2021
- 50% refund on the costs related to certification, testing and accreditation with a view to achieving standards such as Bonsucro
- Introduction of a Cane Replantation Scheme for small planters
- Suspension of payment of CESS for Crop 2021. MCIA will acquire equipment to harvest sugarcane of small planters

### Agro-Processing Sector

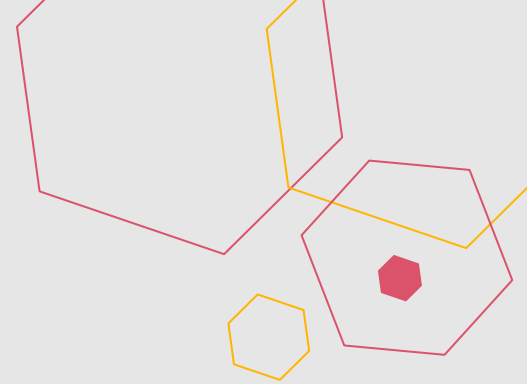
- Setting up of an Agro-Processing Zone at Wooton which will include the relevant infrastructure and equipment for processing, food testing, and warehousing. These facilities will be available to SMEs, cooperatives and businesses

### Non-Sugar Industry

- 1,000 arpents of land available to private growers through the Centralised Digital Land Bank
- Rs36m for renewal of tractors of the Agricultural Management Unit under the MCIA. MCIA registered private tractor operators will also benefit from the Land Mechanisation Support Scheme
- Grant of Rs10,000 to tea cooperatives on the purchase of tea harvesters. Winter allowance will be maintained for tea growers
- 50% subsidy on prices of potato and onion seeds will be continued whilst a 50% subsidy is being introduced for seeds in the production of garlic and pulses
- A guaranteed price mechanism for producers of onion, garlic and potatoes
- Extension of the Sheltered Farming Scheme to charitable institutions, primary schools and colleges
- Planters will be eligible to leasing facilities at 2.5% p.a. under the Transformation Fund for the acquisition of Single/ Double Space Cabin Vehicles
- Up to Rs50,000 for registered planters on purchase of greenhouse nets over a minimum cultivated area of 500m<sup>2</sup>
- A grant of 50% up to Rs400,000 on the cost of purchase and installation of solar powered cold rooms, by registered planters cultivating a minimum of 1ha of land







## 4.4 Agri-Business & Real-Estate (Cont.)

### Animal Breeding and Livestock Production

- Subsidy on animal feed will be doubled from Rs4 per Kg to Rs8 per Kg
- Financial incentive under the Calf Productivity Scheme will increase from Rs5,000 to Rs7,500 per calf
- Authorisation of mobile slaughterhouse facilities for deer breeders
- Animals for the purpose of training, breeding and re-export will be zero-rated VAT and exempted from import duties
- Exemption of registration duty on livestock production and animal breeding activities
- Pasture scheme will be extended to cover areas up to 50 arpents

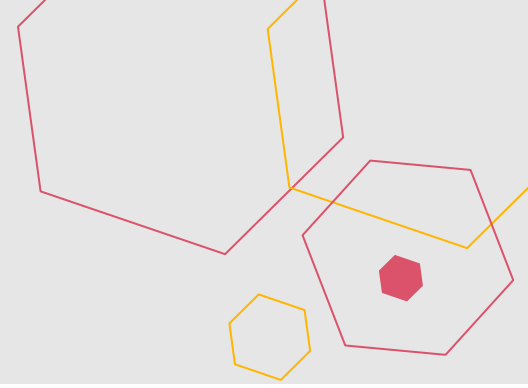
### DBM Amnesty Programmes and Loan Schemes

- Introduction of an amnesty programme for planters, breeders and fishermen facing difficulties in repaying long-overdue loans
- Interest free loan of Rs100,000 for fishermen with cashflow issues and 0.5% COVID-19 Special Support Scheme of up to Rs1m
- Maximum loan under the DBM Backyard Gardening Loan Scheme increased from Rs20,000 to Rs100,000

### Blue Economy

- An additional 500 Fishermen cards will be provided. Fisherman aged 65 and above will receive a lump sum of Rs52,500 upon the return or transfer of their fishermen card
- Bad Weather Allowance will increase from Rs425 to Rs475
- Annual financial assistance of Rs2,500 provided to artisanal fishermen for the purchase of hooks
- Installation of navigation aids in 22 sites to promote safe navigation
- Leasing facilities, provided by the IFI, at an annual interest rate of 2.5% for the acquisition of Semi-Industrial Fishing Vessels up to a maximum of Rs10m
- Use of fibreglass vessels of 24 metres and above will be authorised for fishing activities
- Launch of an expression of interest for strategic alliance in the field of marine exploration, characterisation and commercialisation.
- Introduction of measures and conditions on the exploration of untapped resources in the Exclusive Economic Zone of Mauritius through exploratory fishing - partnership framework for the protection of Intellectual Property and genetic assets





## 4.4 Agri-Business & Real-Estate (Cont.)

### Residential real estate

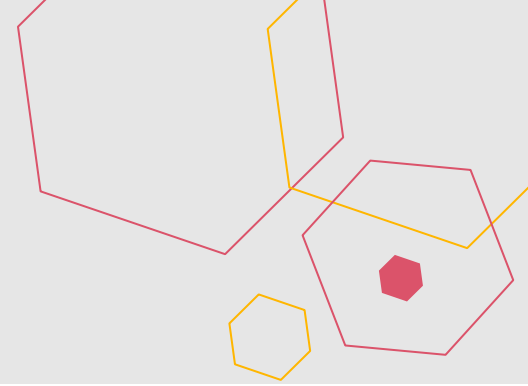
- Earmarking Rs2bn to support the purchase of residential land and property as well as the construction of housing units by individuals
- Home Ownership Refund Scheme: a Mauritian Citizen buying a house, apartment, or bare land to construct his residence in the financial year 2021/2022 will benefit from a refund of 5% of the cost of the property, up to a maximum of Rs500,000. If the property is sold within a period of 1 year of the date of acquisition, the amount received under the Scheme will have to be refunded
- Those contracting a Home Loan to construct their residence will benefit from a refund of 5% of the Home Loan, up to a maximum of Rs500,000
- The exemption of registration duty for first time buyers shall apply on the first Rs5m of the cost of a built-up residential property. Previously the exemption was restricted to properties whose value is below Rs5m
- Government will work with commercial banks to introduce a mortgage scheme to cover:
  - (a) 80% of housing loans for Self-Employed individuals and contractual employees
  - (b) 100% of housing loans for other individuals

- 2,000 lots will be put on sale by the SIC and Rose-Belle Sugar Estate for residential purposes

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

- To create a level playing field with other property schemes and accelerate the sale of a few remaining IRS/ RES units, registration duty on the sale of an IRS or RES residential property will be levied at the rate of 5% or USD70,000 whichever is the lower
- Certain provisions of the repealed IRS and RES regulations will be reinstated to enable sale of remaining immovable property in those projects





## 4.4 Agri-Business & Real-Estate (Cont.)

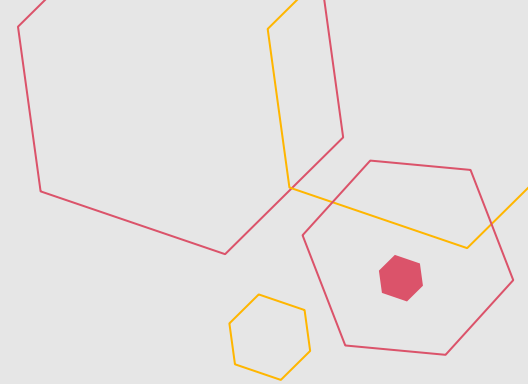
### State land

- Reducing the registration tax on transfer of lease of state lands from 20% to 10% for hotels for a 2-year period
- The rate of tax on transfer of leasehold rights of hotels built on state land will be halved from 20% to 10%. This reduction will apply for a period of 2 years starting as from 1 July 2021
- The sale of a residential unit in a project developed on state land relating to senior living under the Property Development Scheme will be exempted from the payment of tax on transfer of leasehold rights
- The annual rental payment for industrial leases of state land will be changed to 30 June that is at the end of a financial year, instead of 31 July for:
  - (a) a hotel including a hotel under construction
  - (b) a guest house, a tourist residence and a domaine holding a tourist accommodation certificate issued under the Tourism Authority Act
  - (c) a holder of a tourist enterprise licence or an operator licensed by the Tourism Authority
  - (d) a business operating a seaplane and other similar tourist-related businesses

### Serviced land

- The promoter of a project under the Smart City Scheme is presently allowed to sell 1 plot of serviced land not exceeding 2,100m<sup>2</sup> to a non-citizen holder of Occupation permits, Permanent Residence Permit or a Residence Permit
- The time limit will be extended for another period of 2 years, that is, up to 30 June 2024 instead 30 June 2022. This measure will be extended to the Property Development Scheme (PDS)
- The non-citizen will have to complete the construction of a residential building within a period 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





## 4.4 Agri-Business & Real-Estate (Cont.)

### Commercial real estate

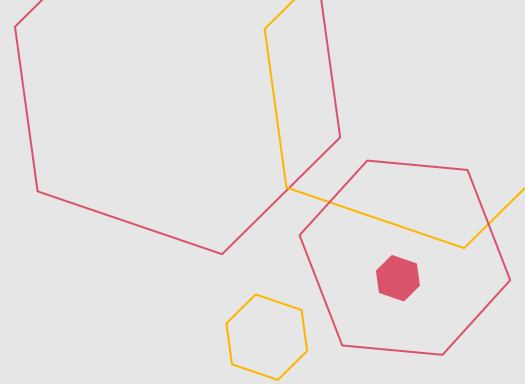
- Developers of purpose-built factories for manufacturing of pharmaceutical products and medical devices as well as for clinical and pre-clinical trials will be able to benefit from exemption on:
  - (a) Registration duty and land transfer tax
  - (b) Land conversion tax
  - (c) VAT on construction
- The construction, and expansion of student campuses will be exempted from land transfer tax and registration duty
- VAT is payable on the transfer of a commercial or industrial building. It will be clarified that land duties and taxes will be levied on the value of the immovable excluding any VAT payable. This amendment will be backdated to take effect as from 1 January 2021
- Exemption from payment of Registration Duty and Land Transfer Tax for the purchase of immovable property for business purposes (for new companies operating in specific sectors including aquaculture, seafood processing, high tech manufacturing, agro and food processing, healthcare, biotechnology, nursing and residential care, digital technology and tertiary education)

- The DBM will:
  - (a) Provide a rebate of up to 30% on the annual rental of industrial space to SMEs engaged in the manufacturing sector over the next 3 years
  - (b) Construct an SME Industrial Park of 5,000m<sup>2</sup> at Solferino in addition to Plaine Magnien and Vuillemin
  - (c) Allocate 20% of spaces in these upcoming parks rent-free to start-ups for the first 3 years of operation

### Social housing

- Rs12bn for the construction of 12,000 social housing units
- 1,285 social housing units will be completed in the upcoming financial year
- The construction of an additional 2,025 social housing units will start in 2021/2022





## 4.4 Agri-Business & Real-Estate (Cont.)

### Other measures

#### Reviewing the Grading Structure and Grade Ceilings for Contractors

- The new ceilings will be revised to a 3-tier grading structure, from Small to Large to allow contractors to venture into bidding for higher value projects

Grading designation	Value of contract which a contractor is allowed to undertake (excluding VAT)
Large	Up to any amount above Rs500m
Medium	Up to Rs500m
Small	Up to Rs10m

#### Occupation Permit

- A non-citizen who purchases an apartment used, or available for use, as residence, in a building of at least 2 floors above ground floor, provided the purchase price is not less than USD375,000 will be issued with a residence permit, including for his dependents, and exempted from the requirement of a work or occupation permit

#### Real Estate Agent Authority Act

- A licensed real estate agent will be required to register with the FIU within 5 working days of his registration with the Real Estate Agent Authority. Failing to register within that timeframe will be considered as an offence

#### National Regeneration Programme

- The validity period of an area regeneration plan approved by the EDB under the National Regeneration Programme (NRP) will be extended from 2 to 5 years

#### Value Added Tax

- The National Empowerment Foundation and the New Social Living Development Ltd will be made exempt bodies for VAT purposes in respect of the construction of social housing

- The following criteria will be applicable for refund of VAT on construction of a house or residential apartment:

(a) the cost of construction of a residence or the purchase price of the residence should not exceed Rs3m

(b) the aggregate limit on the amount of refund will be Rs300,000

(c) the household income eligibility threshold for the refund will be Rs1m per annum

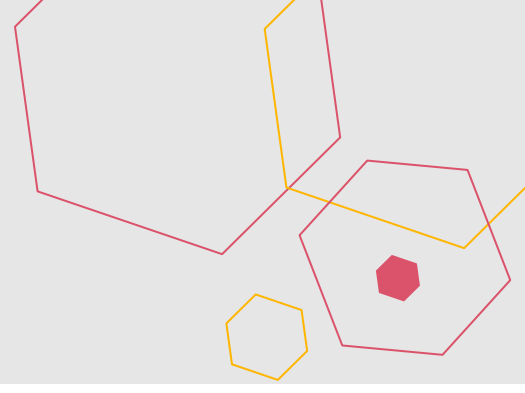
(d) the refund will be applicable on the construction or purchase of a first residence

- The above criteria will be applicable for new construction or purchase

#### Tax Administration: Customs Act

- The tax on transfer of leasehold rights in state land payable on the transfer of shares in a company which holds such rights will be computed by reference to the percentage of shares transferred








## 4.5 Public Sector



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### Key Measures

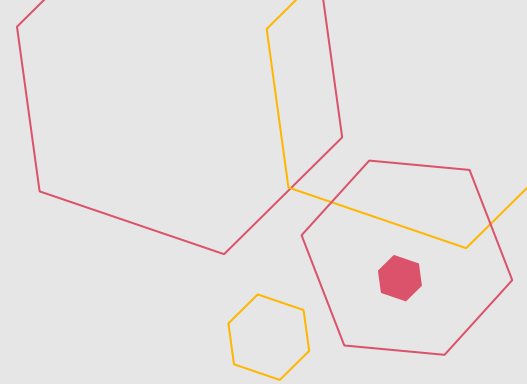
-  **Significant investment** in public sector in an effort to spur economic growth
-  **Rs22bn** earmarked for public infrastructure development, including investment in improving water supply
-  **Focused** on green energy and sustainability



A healthy nation, is indeed, a wealthy nation. The social measures proposed, if implemented, will lead us back to that aspiration. With investment and funding being directed towards upgrading water supply, drainage systems, education, hospital, law and order: the livelihoods of the population will be safeguarded and improved, especially in view of the pandemic effects. That reconciles with the notion of a Caring Government. However, many Governments have fallen short in matching Aspiration with actual Outcomes.

For that Care to be felt, it is essential that these announced measures are implemented without burdening future generations. The gap between Aspiration and Outcome could be addressed through the proposed setting up of the Implementation and Monitoring Agency. For this Agency to work, Collective Responsibility together with an Accountability Framework is required in order to bring the lasting change that our nation aspires to. To achieve the envisioned 3 Rs (Recovery, Revival, Resilience), it's time for more action and less talk.





## 4.5 Public Sector (Cont.)

### Public Infrastructure

- Rs22bn for land transport projects, including roads and the metro express, over the next 3 years
- Rs12bn for the construction of 12,000 social housing units over the next 3 years
- Investment of Rs11.7bn in a 3-year National Flood Management Programme
- Rs5.7bn for community development projects over the next 3 years
- Rs4.5bn to extend the metro from Rose Hill to Reduit
- Rs8bn for the development of Urban Terminals at Vacoas, Rose Hill, Quatre Bornes and Curepipe
- Rs2.8bn for infrastructure development, comprising the construction of roads, sports amenities, water projects, rehabilitation of public buildings, improving road safety and projects in Rodrigues and Agalega
- Rs220m allocated for the revamping of 10 Social Welfare Centres into Family and Community Centres.

### Healthcare

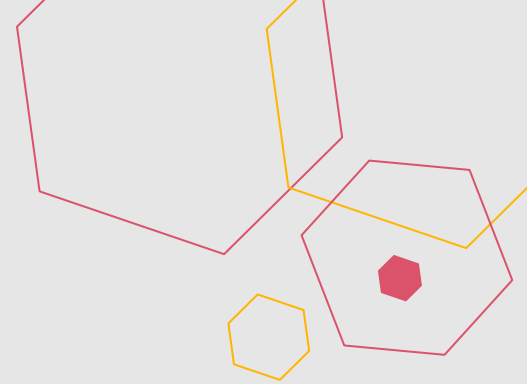
- Increasing the public health budget to Rs14.5bn
- Encouraging private companies to construct purpose-built factories for manufacturing of pharmaceutical products and medical devices
- Seed capital of Rs1bn to be provided to the Mauritius Institute of Biotechnology for the setting up of a manufacturing plant for the local production of COVID-19 vaccines and other pharmaceutical products

### Utilities

- Rs9.4bn for the construction of Rivière des Anguilles Dam and its treatment plant
- MIC to invest Rs1bn to address water shortage issues in Rodrigues
- Rs3.2bn to expand water storage and treatment facilities
- Rs120m for improving water distribution







## 4.5 Public Sector (Cont.)

### Education

- Investment of Rs17bn for the education sector
- Promoting Mauritius as a study destination for international students
- Construction and expansion of student campuses will be exempted from land transfer tax and registration duty
- Training and re-skilling of some 10,000 individuals over the next financial year
- Increasing Government Grants to Rs151m for Special Education Needs schools and students
- Activity books of grades 1 to 6 will be adapted for learners with visual, hearing, intellectual impairment, as well as for autism
- Modernise our Technical and vocational education and training (TVET) sector and support online learning for the tertiary education universities

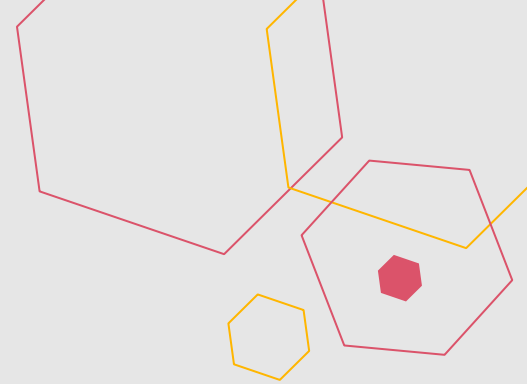
### Law and Order

- Rs10.3bn allocated to the police force
- Recruitment of 4,000 police officers and promotion of 1,457 police officers to the rank of police sergeants
- Acquisition of a Passenger Variant Dornier, an Advanced Light Helicopter, High Patrol Vessels for the National Coast Guard, 60 police vehicles, 12 Light Armoured Personnel Carriers, and Special vehicles and equipment for the Anti-Drug and Smuggling Unit
- Construction of the Mauritius Disciplined Forces Academy at Cote D'Or
- Rs500m for the construction of a complex at La Vigie to house the Forensic Science Laboratory

### Green Mauritius (sustainability)

- Rs2.2bn allocated to the National Environment Fund (NEF)
- Investment of Rs1.2bn over the next three years for the rehabilitation and protection of coastlines against the consequences of climate change
- Establishment of the National Environment Cleaning Authority (NECA) with a seed funding of Rs100m
- Investment of Rs650m in renewable energy projects for the installation of solar panels and provision of solar water heater to households





## 4.5 Public Sector (Cont.)

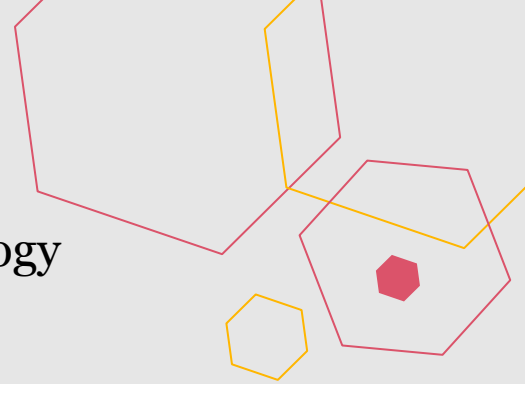
### Green Mauritius (sustainability) - cont.

- Rs790m earmarked for cleaning, embellishment as well as solid waste management
- Rs250m for embellishment of beaches, cleaning of rivers and canals, rehabilitation of heritage and tourist sites, greening of towns and villages and upgrading of sewerage infrastructure
- CEB to invest Rs5.3bn over the next 3 years to:
  - Raise the absorption capacity of intermittent renewable energy through increased battery capacity from the current 4 MW to 40 MW
  - Setting up 10 Gas Insulated Switchgear (GIS) substations to improve reliability and increase the share of renewable energy
  - Implementing various renewable energy schemes of the CEB for Households, businesses, SMEs, Religious Bodies and NGOs
  - Implementing the Net Billing Project
  - Setting-up a solar farm of 10 MW
- Rs2.4bn of investment by CEB to set up a 40 MW wind farm
- Bagasse will be remunerated at Rs3.50 per kWh for all planters and producers

### Other Measures

- Creating new employment opportunities for some 4,450 people in the police force, education sector, and healthcare sector amongst others.
- Investment of Rs327m in modern sports infrastructure across the island
- Increasing the budget for basic retirement pensions three-fold to Rs28.9bn in 2021
- Rs845m to NGOs to support programmes and projects to alleviate poverty and for a more inclusive society





# 4.6 Information & Communications Technology (ICT)



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### Key Measures

-  **Public Sector Digitisation**  
Developing a more digitally accessible public sector
-  **Digital Business Facilities**  
Implementing digital platforms to serve citizens and investors
-  **Embracing FinTech**  
Adopting of digital currencies and promotion of electronic transactions



The measures announced in the budget are short of our expectations, with little initiatives that would boost the ICT sector or transform Mauritius so that it stays relevant in the future.

The upskilling of our workforce should have been a priority, with a fundamental rethink of the country’s education curriculum. The deployment of an eLearning Management System will not be useful if the courses are not relevant.

The government had the opportunity to further digitize the public sector, reduce costs and improve efficiency, thus provide quality service to its citizens 24/7.

The intent to pilot a Central Bank digital currency is in the right direction, as it lays the foundation to digitizing our payments ecosystem, accelerating the country’s adoption of e-currency, reducing money laundering and lowering the cost of paper money.

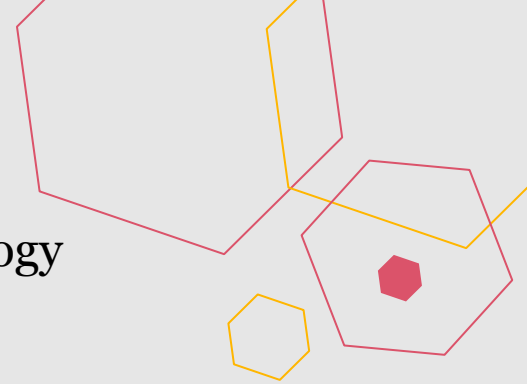
The implementation of more digital platforms to provide services to citizens and investors is welcome, as long as they are providing the service and are not just static websites.

A number of measures announced in last year’s budget are still not implemented, and unless there is better monitoring of the implementation progress, these will remain a list of announcements.





## 4.6 Information & Communications Technology (ICT) (Cont.)



### Public Sector Digitisation

- Extension of 2,600 smart meters for automated water reading for large consumers
- An information sharing platform between the MRA and CBRD will be implemented to facilitate cross communication
- Rs420m to the MTPA to attract tourists through initiatives such as e-promotion through e-marketing, online events and virtual road shows.
- Public service delivery will be automated through:
  - Development of a new Companies and Businesses Registration Integrated System;
  - Development of a Notice-Based registry under the Mauritius E-Registry system
  - Upgrading of the e-Judiciary system.

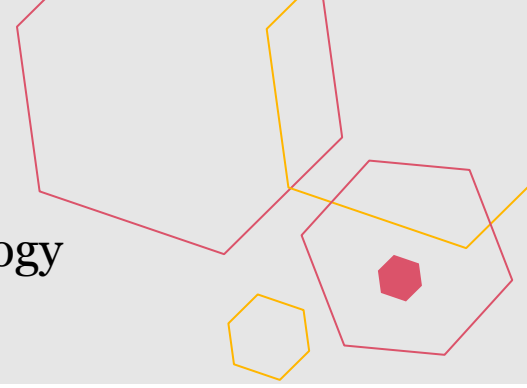
### Digital Upskilling

- Government will invest Rs33m in an e-Learning management system for the University of Mauritius, University of Technology and L'université Des Mascareignes to support online learning
- EDB will set up the Digital Industries Academy and trainees will benefit from a stipend of Rs15,000 equally shared between HRDC and the private sector
- Digital transformation initiatives and business advisory services will be eligible activities under the HRDC training fund

### Digital Business Facilitation

- The EDB will launch the following to support local businesses/encourage/boost Mauritian entrepreneurship:
  - An online marketplace for startups to showcase their products and services.
  - Launching of an e-export Directory to display to the world products manufactured by Mauritian entrepreneurs. The matchmaking platform will facilitate trade between Mauritius, Africa and Asia.
- The government will offer incentives for the acquisition of Specialised Software and Systems, allowing for a 200% tax deduction
- A dedicated informative portal will be launched to attract foreign retirees by providing practical information on ways of living in Mauritius





## 4.6 Information & Communications Technology (ICT) (Cont.)

### Embracing FinTech

- Government will launch mobile and contactless payment systems starting with the Registrar-General, NLTA and the Companies Division
- Introduction of Central Bank Digital Currency (The Digital Rupee) on a pilot basis and encouragement of cashless payments through dedicated QR codes by the Bank of Mauritius (BOM)
- BOM and the FSC will set up an Open-Lab and a FinTech innovation Lab for banking and payment solutions to shape a culture of entrepreneurship
- The FSC will implement a digital centralised communication platform for the facilitation of motor insurance claim recoveries
- The FSC One platform online licensing portal will be launched as from 1 July 2021

### Fostering Innovation







- Rs125m will be used to finance priority fields of research. The Emerging Technologies Council will foster research in emerging technologies such as Blockchain, AI and IoT





# 5

## Taxation

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## 5.1 Corporate Tax

### Partial Exemption Regime

80% exemption extended to include:

- Licensed investment dealers
- Leasing of locomotives and trains including rail leasing

### Taxation for non-residents

- Dividends paid by a non-resident to another non-resident is not taxable in Mauritius
- Non-resident foreign limited partnerships are not required to submit return of dividend

### Reduction of corporate tax rate

- Companies engaged in the medical, biotechnology and pharmaceutical will be taxed at 3% instead of 15%
- 3% corporate tax applicable to private universities set up in Mauritius

### Corporate Social Responsibility (“CSR”)

- The list of priority areas of intervention on which companies can utilise 25% of their CSR Fund has been extended to include the restoration of building designated as national heritage under the National Heritage Fund Act 2003

### Tax Deductions

- Companies contributing to the COVID-19 Vaccination Programme Fund allowed to claim the amount contributed as a tax deduction from their taxable income
- Large manufacturers entitled to 110% deduction on purchase of products manufactured locally by SMEs
- Double deduction available:
  - to manufacturing companies on expenditure incurred on market research and product development targeting the African market
  - on the acquisition of specialised software and systems
  - to private health institutions for expenses related to international accreditation

### Tax Credit

- Manufacturing companies can carry forward unrelieved investment tax credit for a period of 10 years
- Biotechnology and pharmaceutical companies allowed a full tax credit on the costs of acquisition of patents
- Research & Development (“R&D”) tax incentive scheme extended by 5 years up to June 2027

### Tax Holidays

- Tax holiday on Family Offices and Fund and Asset Managers extended from 5 to 10 years







## 5.1 Corporate Tax (Cont.)

### Arm's length test

- The Arm's Length Test provided under Income Tax Act, applies to both domestic companies and Global Business Companies

### New incentives

Companies registered with the Economic Development Board ("EDB") as a holder of an Investment Certificate are eligible to:

- a 5% tax credit over 3 years on capital expenditure incurred on new plant and machinery (manufacturing company only) until 30 June 2023
- an 8-year tax holiday in the case of new companies

The above new incentives are applicable to companies operating in the following sectors:

- Aquaculture
- Industrial Fishing
- Seafood processing
- High Tech manufacturing
- Pharmaceutical research and manufacturing
- Agro Processing
- Food Processing
- Healthcare, Biotechnology and Life Sciences
- Nursing and residential care
- Digital technology and innovation
- Marina
- Tertiary Education
- Seeds Production
- Other activities as approved by the EDB

### Foundation and Trusts

- Foundations and trusts benefiting from a preferential tax regime has to comply with prescribed substance requirements

### Small and Medium Enterprises ("SMEs")

- Small enterprises that elect to pay a presumptive tax of 1% of their turnover will be exempted from CSR obligations
- As from 1 July 2021 and for period of 2 years, SMEs will be allowed to use their unutilised contribution of training levy with the Human Resource Development Council ("HRDC") to finance external business advisory services up to a maximum amount of Rs 50,000
- Salary compensation paid to the employees of an SME, for the period January to June 2021, will be refunded as follows:

Sector	Maximum amount refunded monthly
Export Oriented	Rs 235 per employee
Others	Rs 375 per employee (Period extended to 30 June 2022)

- The salary compensation is not applicable where an SME has benefitted from the Wage Assistance Scheme in that month





## 5.2 Personal Tax

### Self-Employed Assistance Scheme (SEAS)

- As from 1 July 2021, a self-employed individual will benefit from SEAS only if he pays Contribution Sociale Généralisée (CSG). A self-employed individual whose income does not exceed the income exemption threshold will be required to file a simplified return based on an estimate of income derived
- SEAS extended to tourism-related businesses for the 3 months period ended September 2021

### Tax deductions

- An individual can claim as dependent a bedridden next of kin who is in his care even if financial assistance is provided to the bedridden person under the National Pensions Act
- Exemption for dependent pursuing tertiary education increased to Rs225,000 irrespective of place of study and total income of household
- Medical insurance premiums increased to Rs20,000 for individual and first dependent and increased to Rs15,000 for every other dependent
- Tax deduction up to Rs30,000 for donations to approved NGOs
- Tax deduction up to Rs30,000 for contributions to individual pension scheme

### Contribution to COVID-19 Vaccination Programme Fund

- Tax deduction of amount contributed to the COVID-19 Vaccination Programme Fund by an individual
- Carry forward of unrelieved deduction for 2 successive income years

### Tax holiday

- Tax incentive to employees of licensees issued with an Asset Manager Certificate, Fund Manager Certificate or Asset and Fund Manager Certificate available to those managing an asset base of USD 50m or more
- Emoluments of asset manager, fund manager or asset and fund manager who have been issued with a certificate on or after 1 September 2016 will be granted an additional 5-year tax holiday
- New certificate holders will be granted a 10-year tax holiday.

### Home Ownership Refund Scheme

- A Mauritian citizen acquiring a house, apartment or bare land to construct a residential unit in the financial year 2021-2022 will be eligible to a payment of 5% of the declared value of the immovable property capped to Rs500,000. The amount is refundable if the property is sold within 1 year of acquisition.





## 5.3 Value Added Tax

### VAT refund on new construction or purchase of house or residential apartment

- VAT refund on new construction or purchase of house or residential apartment will be subject to the following conditions:
  - the cost of construction or purchase of the residence should not exceed Rs3m;
  - the aggregate limit on the refund will be Rs300,000;
  - the household income eligibility threshold for the refund will be Rs1m per annum; and
  - the refund will be applicable on the construction or purchase of a first residence

### VAT exempt bodies

- The National Empowerment Foundation and the New Social Living Development Ltd will become exempt bodies for VAT purposes in respect of construction of social housing

### Zero rated items

- Preparation and supply of dumplings made up of meat, fish, squid, crab, chicken, vegetables or milk, whether cooked or uncooked, to final consumers
- Animals for the purpose of training, breeding and re-export

### Biotechnology and Pharmaceutical Industry

- VAT exemption on construction of purpose-built factories for manufacturing of pharmaceutical products and medical devices as well as for clinical and pre-clinical trials

### Film Promotion Fund

- The remittance of 0.4% of net VAT collection credited by MRA on a quarterly basis into the Film Promotion Fund will be discontinued

### VAT incentives to companies holding Investment Certificates

- Companies operating in specific sectors (listed in Page 41) and registered with the EDB as a holder of an Investment Certificate will benefit from VAT exemption on plant, machinery and equipment and construction of purpose-built building and plant and equipment (excluding vehicles) for research and development
- Companies providing healthcare, nursing and residential care services will benefit from VAT at 0% on the item listed above





## 5.4 Other Taxes

### Property tax

- Rate of tax on transfer of leasehold rights in state lands for hotel will be reduced to 5% for the buyer and 5% for the seller, for a period of 2 years starting from 1 July 2021
- Exemption from payment of tax on sale of a residential unit in a project developed on state land relating to senior living under the Property Development Scheme.
- VAT is payable on the transfer of a commercial or industrial buildings. Land and duties will be levied on the value of the immovable property excluding VAT and this amendment will take effect from 1 January 2021

### Registration duty

- Waiver of 50% of registration duty on the first registration of an electric autocycle/motorcycle purchased before 31 March 2021. Deed of sale should be registered on or before 31 December 2021.

### Levy on Mogas and Gas Oil

- Additional levy of Rs 2 per litre of Mogas and Gas Oil, applicable as from 1 July 2021.

### Customs Duty

- 30% customs duty rebate on buses will be extended up to 30 June 2022.

### Excise Duty

- Tax of 6 cents per gram of sugar on locally manufactured and imported non-staple sweetened products will be effective as from 1 July 2022.
- Sugar-sweetened products with total sugar content of up to 4 grammes per 100 grammes or 4 grammes per 100 millilitres, exempted from tax.
- Excise duty rebate scheme on motor vehicles extended up to 30 June 2022.

Motor Cars	Excise duty rebate
Up to 1,000 cc	40%
Above 1,000 cc, including double/single space cabin vehicle and van	30%

- 5% excise duty on electric vans up to 180kW used solely for transport of goods will be abolished.

### Tax on Winnings and Gambling Levy

- 10% tax imposed on winnings will also cover winners of Lotterie Vert.
- Licensed operators to submit statement of the amount of winnings in excess of Rs20,000 to the MRA
- Levy paid by gambling operators will not be allowed as a deduction for tax purposes.





## 5.4 Other Taxes (Cont.)

### Increase in duties and taxes on the gambling

Licensee	Duties and taxes
<b>Horse racing</b>	
Bookmaker conducting fixed odds betting on local race at the race course and - <ul style="list-style-type: none"> <li>- Bookmaker operates inside the stand</li> <li>- Bookmaker operates outside the stand</li> </ul>	14% of gross stakes
Bookmaker conducting fixed odds bet through remote communication	14% of gross stakes
Totalisator operator at the race course, outside the racecourse operating bets through remote communication conducting local race inter-totalisator betting or conducting foreign race inter-totalisator betting	14% of gross stakes
<b>Football</b>	
Bookmaker conducting fixed odds betting on foreign football matches	14% of gross stakes
<b>Other</b>	
Sweepstaker organiser	14% of gross proceeds
Local pool promoter	14% of gross stakes
Agent of foreign pool promoter	14% of gross stakes
Limited payout machine operator	14% of gross takings or Rs1million, whichever is higher





## 5.5 Tax Administration

### Tax Arrears Settlement Scheme (TASS)

- Taxpayers having assessments pending before the Assessment Review Committee (ARC), the Supreme Court or Judicial Committee of the Privy Council may take advantage of full waiver of penalties and interests under TASS by withdrawing the case before these institutions
- TASS remains open to SMEs up to December 2021

### Reduction of threshold for Statement of Financial Transactions to the MRA

- Monetary thresholds for submission of information reduced by half
- Bank or a non-bank deposit taking institution to report:
  - a. In case of an individual, a société or succession, a deposit in excess of Rs250,000 or deposits in excess of Rs2m in aggregate
  - b. In case of a corporate, a deposit in excess of Rs500,000 or deposits in excess of Rs4m in aggregate
- Money changer or an exchange dealer to report any foreign currency transaction equivalent to Rs100,000 or more
- Insurance company to report insurance premium in excess of Rs250,000 paid

### Electronic submission of information

- MRA can request taxpayers to provide information electronically for income tax and VAT

### Virtual Meetings by MRA

- MRA may conduct virtual meetings with taxpayers through a teleconferencing device

### Time limit for issue of ruling by the MRA

- The time limit of 30 days shall run as from the date the MRA receives any additional information sought

### Record keeping for audit purposes

- Types of records that a person in business should keep at its premises and make available for audit purposes to the MRA shall be stipulated in forthcoming regulations

### Exchange of information with Treaty Partners

- Introduction of penalties for companies failing to comply with MRA requests relating to exchange of information





## 5.5 Tax Administration (Cont.)

### Securing presence at the ARC

- Mandatory attendance and production of documents before the ARC by any person including a retired Government officer.

### Lodging of representations to the ARC without payment

- There is no requirement to make payment upon appeal to the ARC when an objection has been lapsed for failure to provide requested information

### Issue of assessments without authorisation of the Independent Tax Panel

- MRA to issue assessments, without seeking authorisation of the Independent Tax Panel of the ARC, in cases of fraud or non-submission of tax return by a taxpayer
- The aggrieved taxpayer shall be entitled to the objection and appeal process

### Money laundering

- The definition of 'money laundering' in the MRA Act will be aligned with the definition provided under the Financial Intelligence and Anti-Money Laundering Act

### Amendments of the method for computing tax liability

- Mandatory attendance and production of documents before the ARC by any person including a retired Government officer. Under Current Payment System (CPS): Amendment to be made to cater for persons subject to tax at the rate of 10%
- Under Advance Payment System (APS): Amendment to be made to cater for companies which are subject to corporate tax at a lower rate than 15%

### Deferral of income tax payment due

- Under CPS: Income tax liability due in the income year 2020/2021 to be deferred up to October 2021
- Under APS: Income tax liability due in November 2020 up to May 2021, to be deferred until 30 June 2021







## 5.5 Tax Administration (Cont.)

### Customs

- Present fee of Rs300 will not be applicable for amendments made to the aircraft/ship cargo manifest due to causes beyond the control of the master or agent of the aircraft
- MRA Customs may issue clearance to any departing aircraft/ship electronically
- Economic operators may submit a consolidated Bill of Entry for goods of minimal value imported/exported by air during a month
- Electronic submission of bill of lading and other documents required for clearance of goods will be allowed
- An administrator, executor, receiver or liquidator appointed to manage or wind up the business of a person transacting business, has to inform the MRA Customs of his appointment within 15 days
- Penalty and interest will be applicable in case of non-payment of duties and taxes by the due date under the Deferred Payment Scheme
- A penalty Rs500 per day of non compliance up to a maximum of Rs5,000 will be imposed on master, agent of an aircraft or ship failing to amend his cargo manifest to account for any discrepancy between the manifested cargo and landed cargo within 5 working days after the vessel has been berthed or the aircraft has landed
- Definitions for jewellery, precious metal and precious stone will be introduced in line with those in the Financial Intelligence and Anti-Money Laundering Act
- The MRA Customs has the power to enforce customs laws where there is suspected money laundering involving precious stones and metals or any goods of high value
- Goods may be imported for a maximum period of twelve months under the Temporary Admission Scheme and for a maximum period of three years for goods imported in connection with the implementation of a project





## 5.5 Tax Administration (Cont.)

### Excise Duties

- A manufacturer engaging in different types of economic activities is now required to make a single application for all excise licences and the fee for each excise licence will remain payable
- Manufacturers of sugar sweetened products will be allowed to submit a consolidated Bill of Entry for goods warehoused and cleared during a month and taxes should be paid within 5 working days from the end of that month
- Penalty and interest payable on late payment of excise duty will be harmonised with those under the Customs Act
- MRA Customs will be empowered to recover erroneous payments made to exporters/recyclers in respect of waste PET bottles exported/recycled
- The validity period of excise licences granted to importers/manufacturers of single use plastic products, which was due to expire on 31 December 2020 is extended until 14 January 2021 with retrospective effect





## 5.6 Immigration

### Occupation Permit (OP)

- 10 year family Occupation Permit introduced for those contributing USD 250,000 to the COVID-19 Projects Development Fund.
- Paper based Occupation Permit will be replaced by a smart card.
- Requirement for OP applicants to enter Mauritius on a business visa will be waived.
- A non-citizen will be eligible for an OP irrespective of his visa category when entering Mauritius.
- A Privilege Club Scheme will be implemented providing incentives such as privilege access to hotels, golf courses etc to OP holders and retirees.
- A non-citizen who purchases or otherwise acquires an apartment used, or available for use, as residence, in a building of at least 2 floors above ground floor, provided the purchase price is not less than USD 375,000 will be issued with a residence permit, including for his dependents, and exempted from the requirement of a work or occupation permit.

### Occupation Permit (OP)- Professional

- Validity of OP as professional extended from 3 to 10 years.
- Flexibility to switch job without the need to file a new application provided minimum criteria are met.
- Monthly basic salary applicable for an OP in financial services (fund accounting and compliance only) brought down to Rs30,000 for companies holding an FSC licence provided the employee has at least 3 years relevant work experience.

### Dependents of OP holders

Exemption from OP or Work Permit application for spouse of OP holders willing to invest or work in Mauritius.

- Maximum age limit of 24 years for dependent children will be waived.

### OP as Self-employed

Possibility for holders of OP as self-employed to incorporate a one-man company and employ an administrative staff.





## 5.6 Immigration (Cont.)

### Young Professional Occupation Permit (YPOP)

Criteria for YPOP will be reviewed and list of qualifying activities will be removed.

- Students enrolled in a recognised educational institution will automatically benefit from a 10-year renewable YPOP upon graduation.

### Work Permit

- Foreign Carers and maids will be eligible for a work permit.
- 20 hours per week work permit will be provided to international students enrolled in a recognised educational institution.

### Permanent Residence Permit (PRP)

- 10-year PRP automatically extended to 20 years.
- Flexibility to switch categories between investor, professional and retired for holders of PRP upon renewal of PRP.

### Premium Travel Visa

- A holder of a premium Visa spending 183 days or more, will be subject to income tax as follows:
  - (i) the Mauritian-sourced income of a Premium Visa Holder (e.g. emoluments for work performed remotely in Mauritius) will be taxed on a remittance basis;
  - (ii) money spent in Mauritius through the use of foreign credit or debit cards by the holder of a Premium Visa will not be deemed to have been remitted to Mauritius; and
  - (iii) income brought and deposited in a bank account in Mauritius will be liable to tax except if a declaration is made by the holder of a Premium Visa that the required tax has been paid thereon in his country of origin or residence
- Holders of a premium travel visa having acquired a unit under the Invest Hotel scheme will not have any restrictions with regards to the number of days they can occupy their units.



## 6 The legal landscape



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This budget announces legal reforms albeit offering little visibility on the substance. It is expected that any reform would be focused on addressing the COVID-19 downturns as well as industry-specific challenges. In the face of the stress, if not distress, faced by various sectors, hopes are also pinned on legal mechanisms aimed at preserving businesses. Whilst the budget speech did herald a reform of the insolvency laws, it did not give effect to any concrete changes. Post-budget, the administration process remains the ray of hope for distressed businesses.

Concurrently, the global business sector is facing its share of challenges. As expected, measures were announced for greater compliance with international norms including the Financial Action Task Force. The introduction of a Special Purpose Acquisition Company, a global hot trend, adds to our portfolio of offerings to investors. These efforts are welcomed to maintain our jurisdiction's international competitiveness. It remains to be seen whether these measures sufficiently address the present challenges.

The restriction on the termination of employment expiring on 30 June 2021 has not been extended whilst the budget endows the Redundancy Board with further powers to deal with redundancy cases.

From an administration of justice perspective, we look forward to the introduction of modern case management techniques, rules on adjournments and time limits for delivering judgments.

Overall, the budget does not bring about any structural legal reforms but leaves scope for hope.



## 6 The legal landscape



### Tax Dispute Resolution

- ❑ Reintroduction of the Tax Arrears Settlement Scheme for full waiver of penalties and interest where tax arrears outstanding as at 31 October 2021 under the Income Tax Act, the VAT Act and the Gambling Regulatory Authority Act are paid in full by 31 December 2021 provided taxpayers register for the scheme by 30 June 2021
- ❑ The time limit of 30 days for the MRA to issue tax and VAT rulings shall run as from the date the MRA receives additional information from an applicant
- ❑ Taxpayers' representations to the Assessment Review Committee will be allowed without any payment where an objection was lapsed for failure to provide information
- ❑ Authorisation of the Independent Tax Panel not required for the issue of assessments in cases of fraud or non-submission of tax return by tax payer

### The Judiciary

- ❑ Amendments to the Courts Act and relevant legislations to introduce (i) time limits for delivering judgments (ii) rules on adjournments and (iii) deposition by witnesses in relation to financial crime offences or AML/CFT cases through live video or live television link system

### Gambling

- ❑ The Board of the Gambling Regulatory Authority to be empowered to take disciplinary actions against licensees for non-compliance to AML/CFT guidelines

### Property Restrictions on Non-Citizens

- ❑ Prime Minister's Office (PMO) approval shall no longer be required for disposal of property under EDB Schemes
- ❑ Authorisation of the PMO shall be required after the initial 20-year lease

### Anti-Corruption

- ❑ Validity of attachment order extended from 60 to 180 days
- ❑ Introduction of measures to realise assets, under attachment or seizure, to facilitate recovery



## 6 The legal landscape



### Employment

- ❑ Enforcement of compromise agreements will be facilitated
- ❑ Provision for payments from the Wage Guarantee Fund when businesses are placed in receivership, administration or liquidation
- ❑ No severance allowance payable to workers on fixed term contracts earning above Rs50,000 if they receive a gratuity or compensation at the end of their contracts
- ❑ Transition unemployment benefit will only be paid to workers who are unemployed and not to those who refuse job placements or training for a third time
- ❑ Setting up of a conciliation and mediation service by the Redundancy Board
- ❑ A receiver and manager or an administrator may apply to the Redundancy Board for cases of intended reduction of workforce
- ❑ Failure to submit information or documents related to a charge in a disciplinary hearing and failure to submit minutes of proceedings will become an offence
- ❑ Reduction in workforce pursuant to a restructuring should be in the best interest of the business

### Real Estate

- ❑ Failure of licenced real estate agents to register with the FIU within 5 working days will become an offence

### Financial Services

- ❑ The Financial Services Commission (FSC) to issue Regulatory Sandbox Licences for activities falling under its purview
- ❑ Global Business Companies (GBC) with no physical office in Mauritius exempted from paying trade fees related to classified trade
- ❑ Shares of less than 5% in a licensee of the FSC may be issued without approval
- ❑ FSC may require insolvency practitioners to provide information on licensees or past licensees
- ❑ Legal practitioners and accounting firms may request certificates of good standing from the FSC with the consent of the licensee
- ❑ Use of Protected Cell structure to be extended to domestic companies

### Banking

- ❑ The Bank of Mauritius to issue Regulatory Sandbox Licences for activities falling under its purview





## 6 The legal landscape

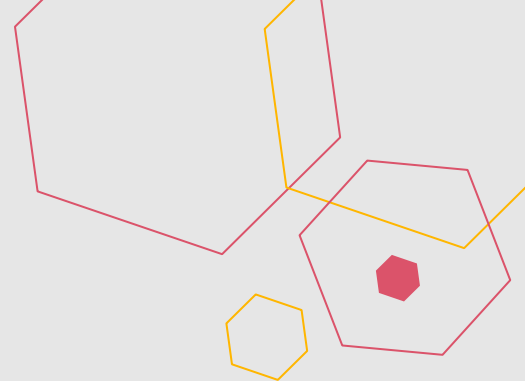


### AML/CFT

- ❑ Refusal of registration or removal of companies from the register on grounds relating to terrorist financing in line with requirements of the Financial Action Task Force (FATF)
- ❑ Introduction of new proportionate and dissuasive sanctions under the Companies Act
- ❑ Private pension schemes to fall under the purview of the Financial intelligence and Anti-Money Laundering Act
- ❑ Amendments to allow exchange of information between supervisory bodies
- ❑ Foundations Act to be amended to comply with FATF requirements
- ❑ Limited Liability Partnerships and Limited Partnerships may be removed from register in case appropriate beneficial ownership information is not provided

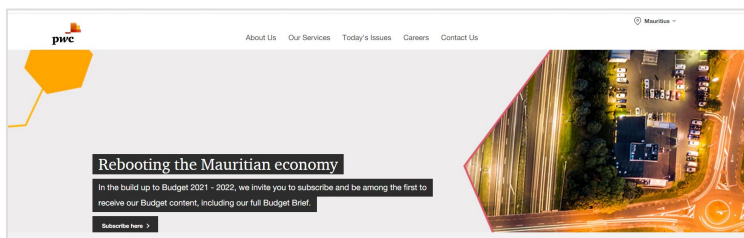
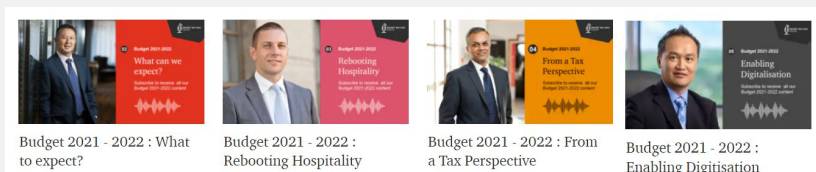


## 7 Our Budget 2021-2022 content



### Our podcast series

Our podcast series was released in the build up to the Budget Speech and provided a deeper understanding of the economic context in which this Budget has been presented.



### Website

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Appeared in Discover & Invest - Issue 17 | December 2020

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Entretien accordé à Sheha Periyagh paru dans l'édition du 1er mars 2021 du Défi Quotidien



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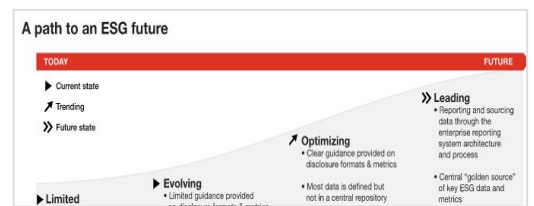
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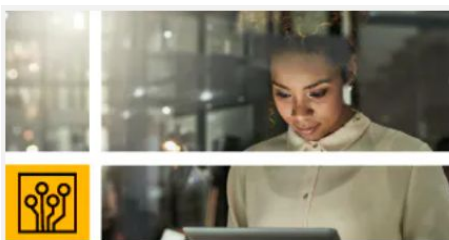
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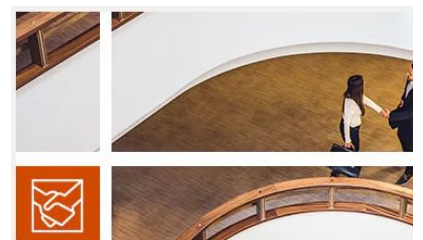
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