

BUDGET

HIGHLIGHTS



2022/2023

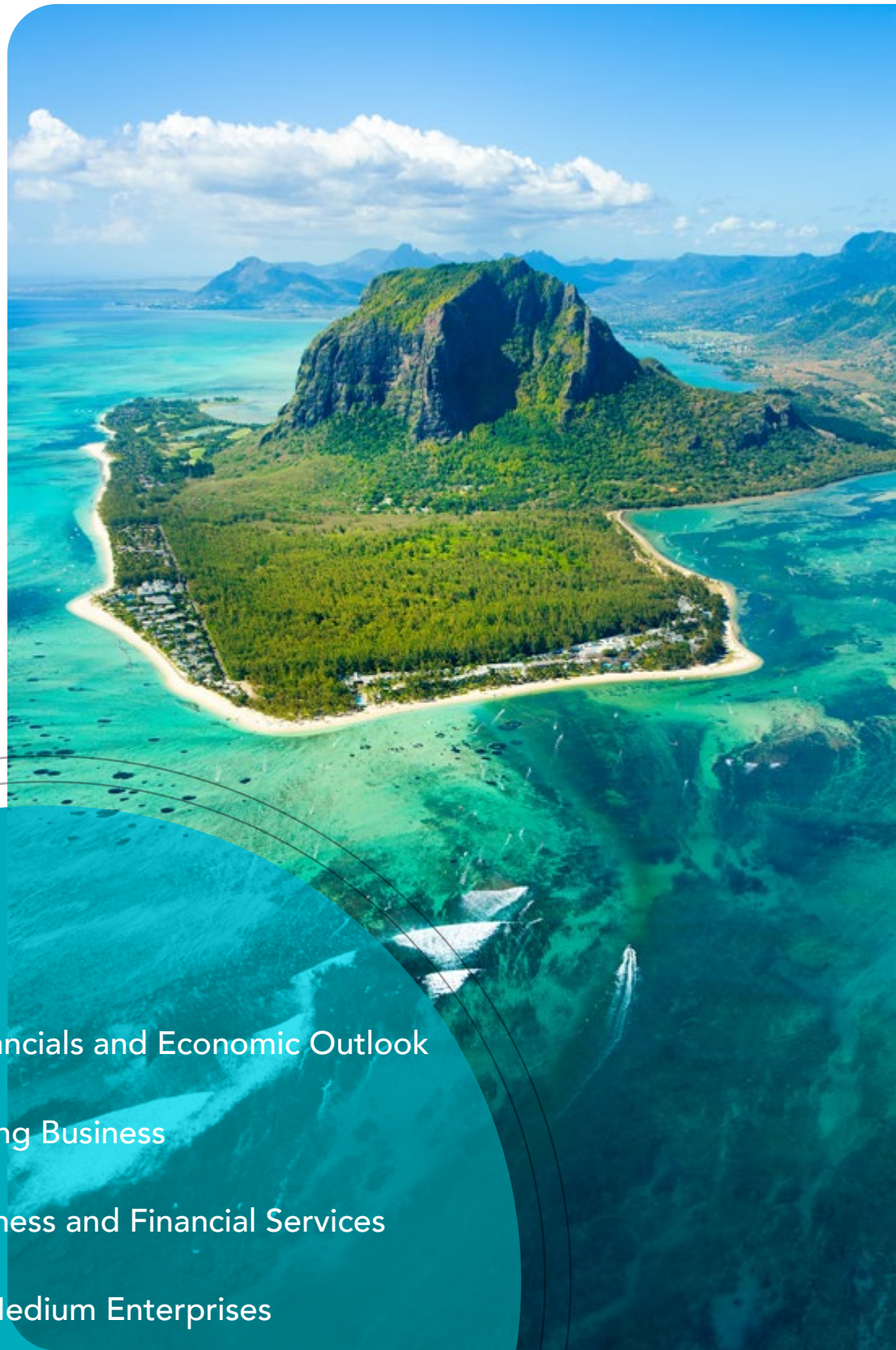


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Intercontinental Trust Ltd



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An aerial photograph of a port and city, likely in the Caribbean, featuring a large container yard, a ship docked at a pier, and a cityscape in the background with mountains. A large teal circle is overlaid on the left side of the image, containing the word 'EDITORIAL'. The top of the image has a white background with a pattern of vertical teal lines.

EDITORIAL

NATIONAL BUDGET 2022/23: SHAPING A RESILIENT NATION

The Minister of Finance, Economic Planning and Development, Dr. the Honourable Renganaden Padayachy presented the National Budget 2022/2023 on 7 June 2022.

Sheer resilience. The message and the vision conveyed in this year's National Budget 2022/2023 could not be any clearer.

Over the past 2 years, amidst a glum global economic backdrop throttled by a pandemic, extreme weather conditions and war, the Mauritian government has showed resilience and has defied all odds through the crafting and the implementation of carefully thought-out measures and policies. According to the International Monetary Fund (IMF) forecasts, the GDP of the country will exceed its pre-pandemic level, reaching Rs. 520 billion by 2022 compared to Rs. 465 billion in 2021. Unemployment rate is expected to fall to 7.8% (2021: 9.1%). Foreign Direct Investment into Mauritius is also projected to rise to more than Rs. 20 billion compared to Rs. 15.4 billion in 2021.

This year is no different and faltering is not an option.

The National Budget 2022/2023 titled "With the People, For the People" aims mainly at protecting the social fabric, through investment in people, while paving the way towards a sustainable and a more self-sufficient future.

Maintaining the social fabric – investing in people

“Government is a contrivance of human wisdom to provide for human wants. Men have a right that these wants should be provided for by this wisdom” – Edmund Burke

External shocks coupled with cost-push inflation keep on eroding the purchasing power of Mauritians and for the government, protecting its people whom it considers as its most valuable asset remains its top priority. In order to contain inflation, the Monetary Policy Committee of the Bank of Mauritius has increased the Key Repo Rate cumulatively by 40 basis points since March this year. In this year’s budget, the Minister announced a series of measures aimed at protecting its population, especially the most vulnerable ones. These include:

- Increase of subsidy on staple products such as flour, milk, cooking oil, pulses as well as household gas
- Creation of more employment opportunities in the public sector and incentivizing employers in the private sectors to recruit more people through the “Prime à l’emploi”
- Construction of 13,758 social housing units across the island and abolishment of municipal tax for family homes
- Increase in allowances payable to beneficiaries under the Social Register
- Increase in pension to old aged persons
- Amending the personal income tax rate for middle-income families as follows:

Monthly income (Rs.)	Income tax rate
25,000 – 53,846	10%
53,846 – 75,000 (newly introduced range)	12.5%
>75,000	15%

Paving the way towards sustainability

“If the long arc of history bends towards social justice, it also bends toward environmental justice and ecological sanity” – David Jaber

Over the past couple of months, the prices of gas and fuel have been spiraling out of control due to geopolitics tensions with Russia. Countries across the world are accelerating their transition to greener sources of energy, thus reducing their dependency on non-renewable sources.

As a member state of the United Nations Sustainable Development Goals, Mauritius has committed to producing 60% of the country’s energy needs from green sources and achieving carbon neutrality within its industrial sector by 2030. In a bid to accelerate this transition and to meet its set objectives, the government is proposing a plethora of measures including the following:

- The introduction of a Green Transformation Package to help produce electricity from local renewable resources
- Setting up of hybrid renewable energy facilities in partnership with private promoters
- Increase the electricity production capacity of the solar farm at Henrietta by five-fold
- Commissioning of a solar farm in Rodrigues island
- Encourage production of electricity by private households and non-commercial entities through the provision of solar kits and loan facilities
- The introduction of a carbon neutral loan scheme to industries at a preferential rate

In addition to the above, all hybrid and electric vehicles will be duty-free as from 1 July 2022 and a negative excise duty scheme of 10% (capped to a maximum of Rs. 200,000), will be introduced for the purchase of electric vehicles by individuals.

Achieving self-sufficiency

“Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime” – Lao Tzu

China’s zero-covid policy, alarming heat-waves faced by countries such as India and the Russia-Ukraine war (all of which are the main suppliers of traded calories/food staples on the world market) are starting to have global consequences and experts even predict an impending food catastrophe in the coming year, if not months. If anything, these are stark reminders that achieving food sufficiency and security should be high on the agenda of the government. For this very reason, several measures and incentives have been proposed to increase the production of local fruits and vegetables, which include among others: encouraging apiculture, offering grants of 50% up to a maximum of Rs. 500,000 to planters for the purchase of sheltered farms for hydroponics and investing in 2 main food clusters via the Development as well as further develop livestock breeding as well as the blue economy and fisheries sectors.

Among other measures proposed, an 8-year income tax holidays will be provided to developers under the upcoming Integrated Modern Agricultural Morcellement Scheme and planters engaged in sustainable agricultural practices registered with the Economic Development Board (“EDB”).

Global Business

2022 will undoubtedly be remembered as a momentous year for the financial services sector in Mauritius following its delisting from the European Union’s list of High-Risk Third Countries and the United Kingdom’s list of High-Risk Third Countries.

In an attempt to further enhance competitiveness of the Mauritian International Financial Services Sector, key highlights of the budget are:

- Removal of cost associated with the incorporation of a company
- Bank of Mauritius will ensure that a bank account can be opened within 1 week
- Adapting legislative framework to converge the domestic and the global business regime
- Financial Services Commission (“FSC”) will revamp its framework to enable Re-Insurance companies to set up operations in Mauritius
- The requirement for high-net worth individuals and families has been reviewed to a minimum portfolio of USD 5 million per management family office
- Holders of Global Headquarters Administration licence will be provided work/residence permits for 5 executives and dependents
- Launching of the Renminbi Clearing Centre with joint collaboration by the Bank of Mauritius and the Bank of China
- Issuance of ‘RuPay’ cards and Indian QR Code in Mauritius including National Payment cards in collaboration with the National Payments Corporation of India
- An 8-year income tax holiday will be granted to a newly set up Freeport operator or developer making an investment of at least Rs. 50 million upon operation on or after 1 July 2022 and conforms with the relevant substance requirements

Moreover, several changes are being proposed to the AML/CFT legal and regulatory framework to increase its robustness in fighting against financial crime. A Financial Crime Commission will be set up to ensure effective coordination in the fight against financial crimes and hence providing the synergy between the various law enforcement and intelligence gathering agencies.



Ease of doing business and Business environment

The Mauritian government has introduced several measures since 2006 to ease business. Over the years, these measures have been applied to most sectors for business facilitation and these have contributed substantially in the ranking of Mauritius as the first country in the African region in the World Bank Ease of Doing Business Report.

More measures have been introduced in this year's budget to facilitate business and boost the economic activity such as:

- streamlining of licenses and permits in the construction, tourism, healthcare, and logistics sectors – which will be overseen by an Inter-Ministerial Committee chaired by the Prime Minister
- premium visa to be extended to entrepreneurs and students
- residence permit holders may acquire residential properties of a minimum of USD 350,000 outside approved schemes, subject to a contribution of 10% made to the Solidarity Fund

Small and Medium Enterprises ("**SMEs**") remain an area of focus for the government. In this respect, the SME Act will be amended to review the definition of SMEs as follows:

Category of SME	Turnover
Micro-Enterprise	Rs. 2 million to Rs. 10 million
Small Enterprise	Rs. 10 million and up to Rs. 30 million
Medium Enterprise	Rs. 30 million and up to Rs. 100 million
Mid-Market Enterprise (new category under the SME Act)	Up to Rs. 250 million

A few of the other incentives targeted at promoting SMEs include:

- The Development Bank of Mauritius ("**DBM**") will extend the SME interest-free loan scheme and the COVID-19 Special Support Scheme up to June 2023.
- The DBM is allocating Rs. 5 billion to support SMEs, Mid-Market Enterprises and entrepreneurs.
- The Mauritius Investment Corporation Ltd is setting up a Venture Capital Fund of Rs. 5 billion, targeting SMEs and Mid-Market Enterprises.
- The penalties for late submission of income tax returns and late payment of income tax during the years 2020 and 2021 as at 25 March 2022 will be waived.
- Angel investors providing seed equity financing to SMEs will benefit from a tax allowance on their investment.

Our budget brief newsletter encompasses a handpicked selection of the measures that we believe are of relevance to our valued clients and audience. We wish you all a pleasant read and we will endeavor to keep you aware of the progress on the implementation of these measures in due course.



An aerial photograph of a lush green forest. A waterfall cascades down a rocky cliff into a pond. The scene is vibrant with various shades of green and brown. The image is framed by a white border with rounded corners. A large teal circle is overlaid on the left side, containing the title text. A white vertical bar with thin teal lines is on the far left. A large teal circle is also overlaid on the top right of the image.

BUDGET FINANCIALS AND ECONOMIC OUTLOOK

BUDGET FINANCIALS



Revenue



Estimate (2022-2023)

Rs. 150.0bn

(9.9% increase from 2021-2022 revised estimate)

Revenue Grand Total

Revised Estimate (2021-2022)

RS. 136.5bn

Estimate (2022-2023)

Rs. 150.0bn

Change (%)

9.9%

Main drivers of revenue: Taxes on Income and Profits, and Taxes on Goods and Services

Rs. 124.7bn

% of total revenue

83.1%

Expenditure



Estimate (2022-2023)

Rs. 172.9bn

(7.0% increase from 2021-2022 revised estimate)

Expenditure Grand Total

Revised Estimate (2021-2022)

Rs. 161.6bn

Estimate (2022-2023)

Rs. 172.9bn

Change (%)

7.0%

General Public Services

Rs. 45.2bn

% of total expenditure

26.1%

Social Protection

Rs. 59.4bn

% of total expenditure

34.4%

Public Sector Debt



Estimate (2021-2022)

Rs. 456.6bn

Revised estimate (2021-2022)

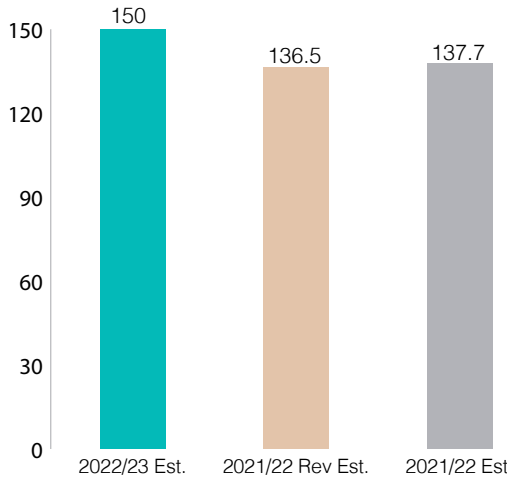
Rs. 435.7bn

Projected to rise to

Rs. 449.6bn

Government Revenue

Revenue (Rs. Bn)



Government earned less mainly from:

- Taxes on goods and services (Rs. -4.38 Bn.), and
- Other taxes (Rs. -0.15 Bn.).

However, government earned more from:

- Social contributions (Rs +0.71 Bn.),
- Grants (Rs +0.17 Bn.),
- Taxes on income and profit (Rs +2.03 Bn.), and
- Property income (Rs +0.42 Bn.)

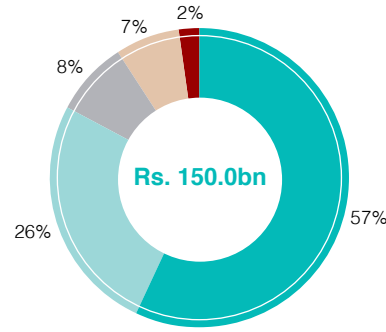
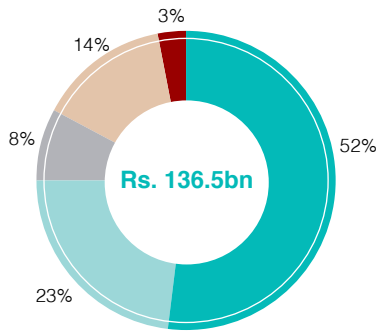
Less taxes were collected through:

- VAT,
- Motor vehicles related expenses,
- Betting taxes, and
- Passenger fee on air tickets.

These are a result of several factors including the disruptions to global supply chains, rising energy and commodity prices, the war in Ukraine, the recent lockdowns in China, a decrease in activity at the Champs de Mars, and less air travel. However, we noted an increase in individual and corporate taxes for the same period.

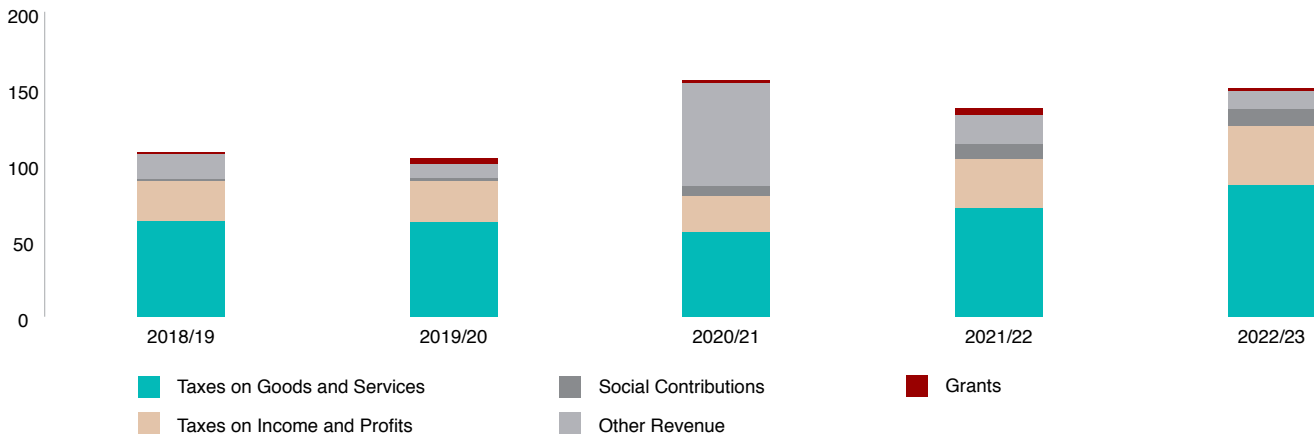
Revised Estimates 2021-22 (Rs. Bn)

Estimates 2022-23 (Rs. Bn)



- Taxes on Goods and Services
- Taxes on Income and Profits
- Social Contributions
- Other Revenue
- Grants

Trend Analysis of main government revenue items

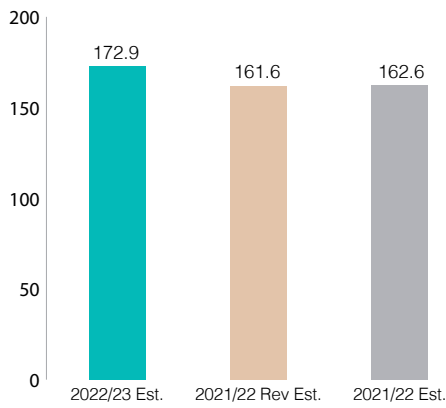


The 2022-23 budget estimates an increase of 9.9% in revenue for the year ended 30 June 2023 (Estimate: Rs 150bn). Activities in all major economic sectors, especially the tourism sector, show a positive growth and are expected to exceed pre-pandemic economic output.

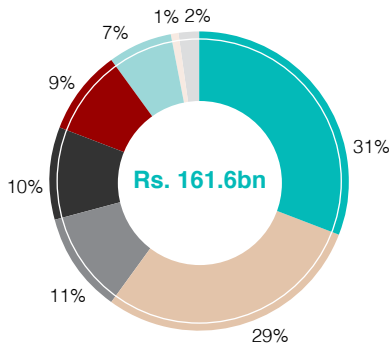


Government Spending

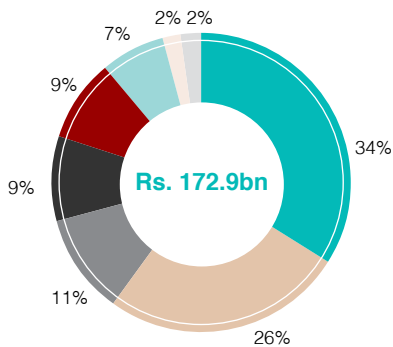
Expenditure (Rs. Bn)



Revised Estimates 2021-22 (Rs. Bn)



Estimates 2022-23 (Rs. Bn)



- Social Protection
- General Public Services
- Education
- Health
- Public Order And Safety
- Economic Affairs
- Others
- Housing And Community Amenities

Government spent less mainly on:

- Economic affairs (Rs. -1.58 bn.),
- Housing and community amenities (Rs. -1.34 bn.), and
- Public order and safety (Rs. -0.50 bn.)

However, government spent more on:

- Health (Rs. +2.64 bn.),
- Education (Rs. +0.38 bn.), and
- Social protection (Rs. +0.37 bn.).

The decrease mainly pertains to less expenditures on:

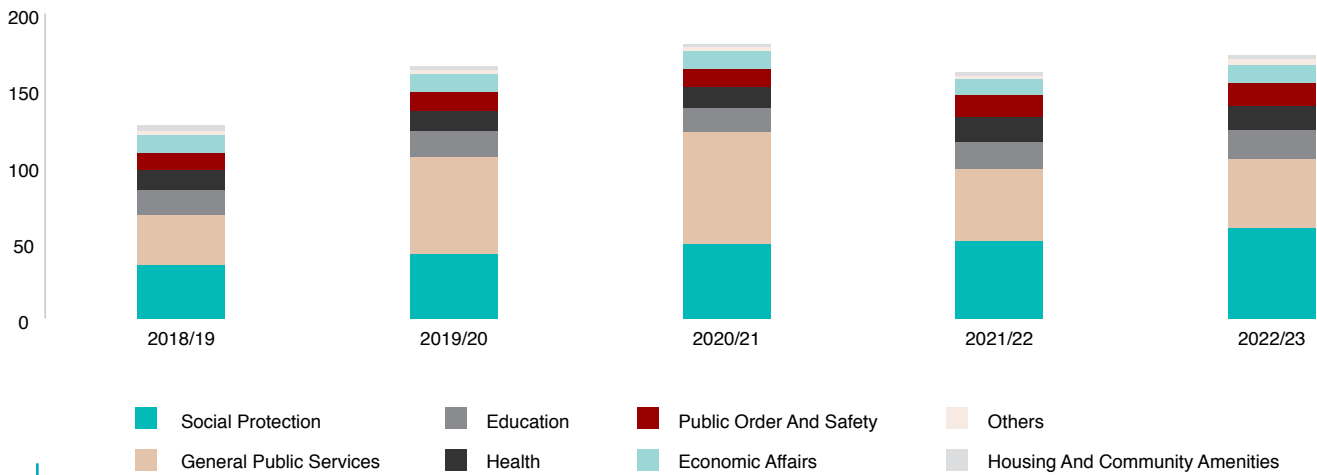
- Housing development,
- Water supply,
- Road transport,
- Air transport,
- Construction, and
- Tourism.

We note that the Government spent significantly more to bolster general health services to better protect the population against new covid variants and other potential threats.





Trend analysis of main government expenditure items



The 2022-23 budget estimates an increase of 7% in expenditures for the year ended 30 June 2023 (Estimate: Rs. 172.9 bn.).

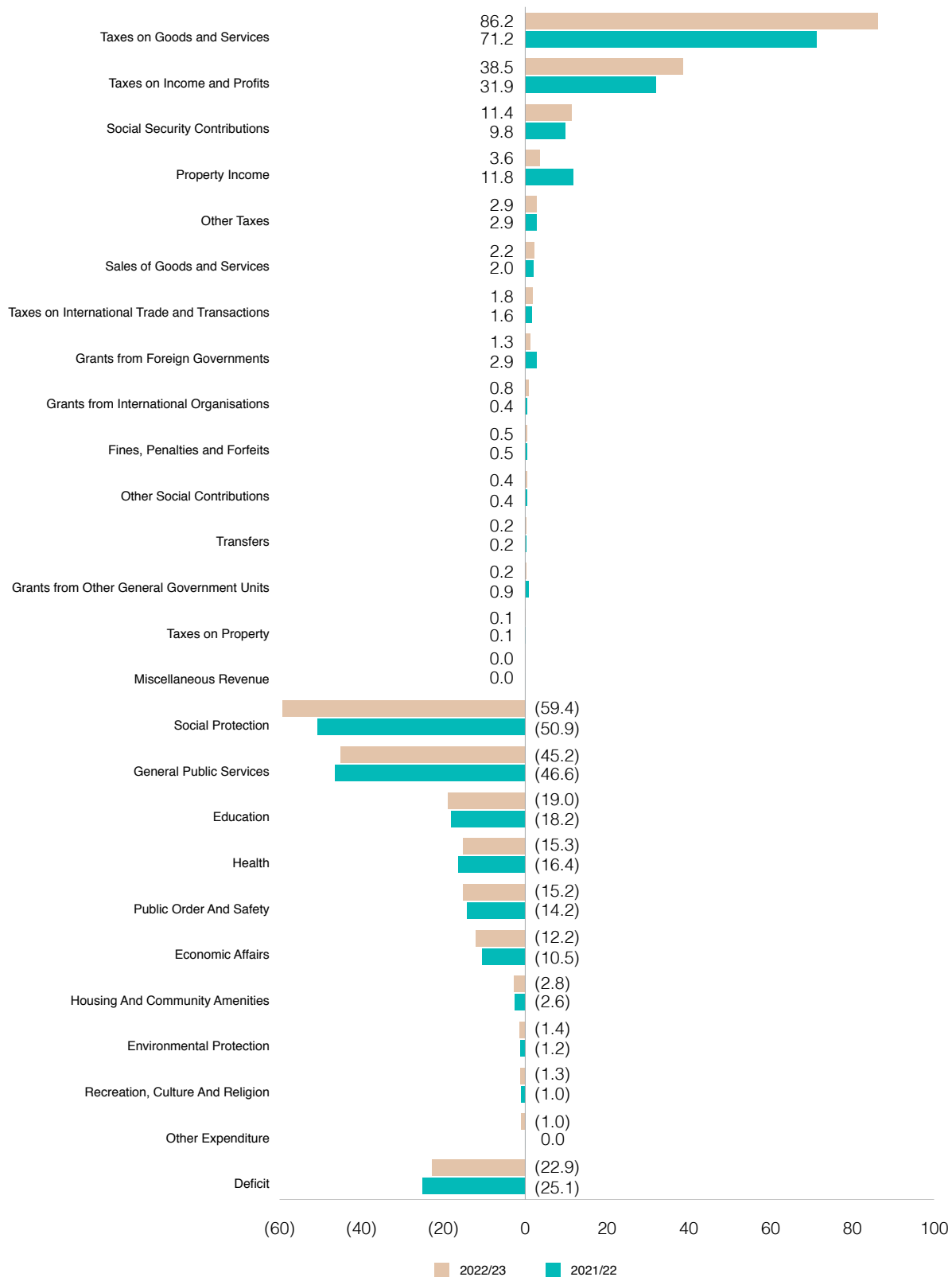
Among the other measures, government intends to:

- Earmark Rs. 0.4 bn. to undertake landslide rehabilitation works across the island,
- Earmark Rs. 3.8 bn. to continue the National Flood Management Programme,
- Earmark Rs. 0.33 bn. for the acquisition of high-tech medical equipment,
- Earmark Rs. 0.03 bn. for the preparation of athletes,
- Earmark Rs. 0.10 bn. for the provision of water tanks and water pumps,
- Provision of Rs. 1.1 bn. for wastewater infrastructure projects,
- Earmark Rs. 0.5 bn. to the STC for the supply of essential products at a subsidised rate,
- Invest Rs. 1.4 bn. for the construction and upgrading of community development facilities,
- Invest Rs. 1.1 bn. in water distribution projects, and
- Invest in the training and skilling of 3,000 youths.



Revenue vs Expenditure

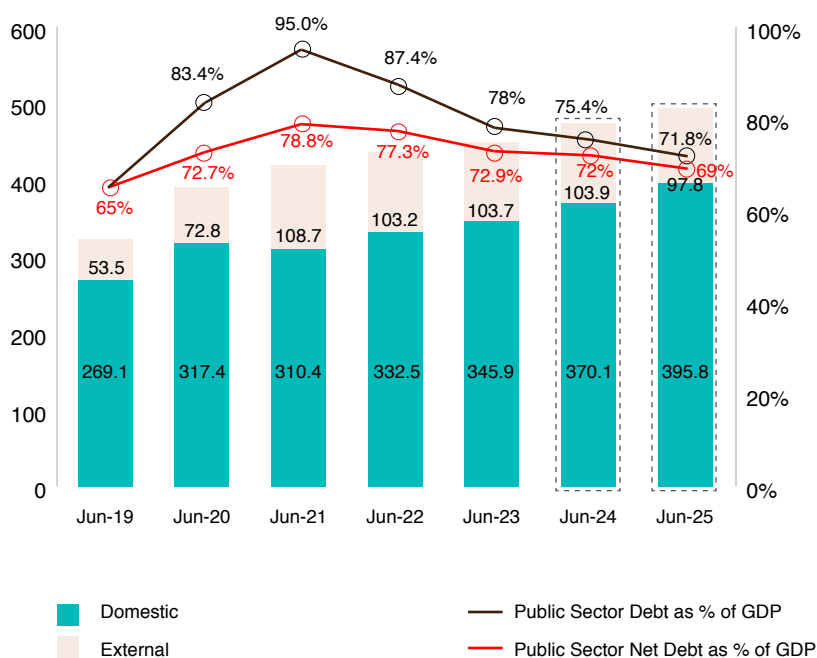
Estimates 2022-2023 vs Revised Estimates 2021-2022 (Rs. Bn)





Government Debt

Debt Analysis (2019-2025) [Rs Bn]



DEBT ANALYSIS June 2019-2025

The 2022/23 budget provided revised estimates to the public debt to GDP ratio compared to the estimates provided last year (91.4% Jun-22 Estimates) vs (87.4 % Jun-22 Revised Estimates).

The Public Sector Debt to GDP ratio is forecasted to further decrease to 78.0% next year with a downward trend following year 2024. This will be driven by an 8.5% in GDP growth for 2022-2023 arising from investments in public finances and the empowerment of the people.

Macroeconomic Outlook

UNIT		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Real GDP Growth	%	3.9	3.9	-5.8	-5.4	6.9	8.5	5.0	5.0
Unemployment Rate	%	7.1	6.9	6.7	9.2	9.1	7.8*	-	-
Inflation Rate	%	4.3	1.0	2.2	2.5	4.0	7.0**	-	-
Investment Rate	%	17.6	18.8	18.6	18.9	20.9	21.3	21.6	21.8
Gross Public Sector Debt	% of GDP	63.4	65.0	83.4	95.0	87.4	78.0	75.4	71.8
Budget Deficit	% of GDP	3.2	3.2	13.6	5.6	5.0	4.0	3.5	3.0

Source: Medium Term Macroeconomic Framework , Fiscal Strategy and Debt Management Strategy 2022

* Budget speech 2022

** BOM Monthly Statistical Bulletin April 2022

An aerial photograph of a winding asphalt road through a dense, vibrant green forest. The road curves through the landscape, with several cars visible. A large, semi-transparent teal circle is overlaid on the right side of the image, containing the text. The top left corner features a white background with a pattern of thin, vertical teal lines. The bottom right corner shows a sandy or rocky area, possibly a beach or a cleared path.

**EASE OF
DOING
BUSINESS**



To further facilitate business in the country, this year's budget introduces measures such as the removal of any costs associated with the setting of a company/business and the streamlining of licences and permits in the construction, tourism, healthcare, and logistics sectors.

Other salient measures include the following:

- The introduction of a Business Regulatory Reform Bill as an apex legislation on business facilitation.
- Supporting businesses by enabling them to recruit talents under the Young Professional Occupation Permit.
- Enabling entrepreneurs and students completing their studies to benefit from the Premium Visa.
- Holders of Residence Permits will be given the opportunity, upon applications, to acquire a residential property of a minimum of USD 350 000 outside the existing schemes subject to a 10% contribution made to the Solidarity Fund. A Committee chaired by the Prime Minister will examine the applications on a monthly basis.
- To continue building on the silver economy strategy and in an effort attract more foreign retirees in Mauritius, the EDB will organise the first edition of the Mauritius International Silver Economy Festival.
- Supporting businesses as they invest in the training and skilling of 3,000 of our youths, men and women through an increased monthly stipend of:
 - a. Rs. 8,000 for those under the National Apprenticeship Programme and the National Skills Development Programme; and
 - b. Rs. 10,000 for the Graduate Training for Employment Scheme.
- Moreover, encouraging women getting back into the job market by doubling the period of placement to two years.

Anticipating future trends, developing knowhow and insights, and being prepared for a resilient nation, have been the hallmark of our Finance Minister speech.



**GLOBAL
BUSINESS AND
FINANCIAL
SERVICES**



In order to further enhance the competitiveness of the Mauritian International Financial Services Sector, the Government will be implementing the following key measures:

- Henceforth, there will be no regulatory costs involved in starting a business and incorporating a company in Mauritius;
- The Bank of Mauritius will ensure that a bank account can be opened within 1 week for individuals and businesses alike;
- The Government will adapt its legislative framework to converge the domestic and the global business regime;
- The FSC will revamp its framework to enable re-insurance companies to set up operations in Mauritius.
- A 5-Year Emerald Jubilee Bond will be issued at an annual interest rate of 4%;
- The requirement for high-net worth individuals and families will be reviewed to a minimum portfolio of USD 5 million per management family office;
- Holders of Global Headquarters Administration licence will be provided work and residence permits for 5 executives including their dependents;
- The Bank of Mauritius will launch a regional Renminbi Clearing Centre this year, in collaboration with the Bank of China;
- The Bank of Mauritius will collaborate with the National Payments Corporation of India for the issuance of 'RuPay' cards and Indian QR Code in Mauritius; and
- The Financial Services Institute will become an awarding body to provide for specialist trainings in the sector.

Summary of key legislative changes in the global business landscape

Financial Services Act 2007

The Financial Services Act will be amended to:

- a. remove "Global Headquarters Administration", "Global Shared services" and "Global treasury activities" from the scope of "financial services" under the Financial Services Act and to create a separate section for regulation of global activities in line with FATF requirements;
- b. enable the FSC to initiate regulatory actions against individuals who have in effect been performing the functions of an officer although they have not been formally approved by the FSC;
- c. provide for the setting up of a Settlement Committee for the purpose of assessing the possibility for early resolution of disciplinary matters with a licensee; and
- d. review provisions on global shared services and compliance services for them to be regulated under the relevant section.

Insurance Act 1995

The Insurance Act will be amended to, *inter alia*, establish a framework for Structured Investment-Linked Insurance Business activities.

Companies Act 2001

The Companies Act will be amended to:

- a. remove temporary time extension provided because of Covid-19 and reinstate the requirements for registered companies to:
 - i. call annual meeting of shareholders not later than 6 months after the balance sheet date;
 - ii. prepare financial statements within 6 months after balance sheet date; and
 - iii. filing of financial statements with the Registrar of Companies within 28 days from the date such financial statements have been signed, or such other period as may be determined by the Registrar of Companies;
- b. reinstate the application of Section 162 of the Act relating to duty of directors on insolvency subject to such conditions as may be prescribed;
- c. provide for the disclosure of the following information with respect to subsidiaries in annual reports:
 - i. particulars of interest;
 - ii. donations made by the subsidiaries;
 - iii. details of present and past directors;
 - iv. fees payable to auditors; and
 - v. details of major transactions;
- d. prevent companies from being both registered in Mauritius and in another jurisdiction at the same time;
- e. allow the Registrar of Companies to remove a company from the Register of companies where there is no other reason for the company to continue its existence; and
- f. ease restoration of a company to the Register in case it was still carrying on business at the time of removal by the Registrar of Companies.

Securities Act 2005

The Securities Act will be amended to, *inter alia*, extend the regulatory functions of an Official exchange to allow for investigations of market abuse cases involving issuers on securities exchanges.

Financial Reporting Act

The Financial Reporting Act will be amended to:

- cater for the conduct of examinations, assessments or interviews by Mauritius Institute of Professional Accountants (MIPA) for the purpose of registering public accountants;
- empower MIPA to inquire into any written complaint made against any registered public accountant;
- prohibit a non-registered person from giving the impression that he is authorised to provide services of a public accountant in Mauritius; and
- exempt public interest entities from Section 75(1) of the Act.

An aerial photograph of a tropical beach. The top half shows a sandy area with several palm trees, some lounge chairs, and a thatched umbrella. The bottom half shows the clear blue water of the ocean meeting the shore. A large teal circle is overlaid on the bottom half, containing the text.

**SMALL AND
MEDIUM
ENTERPRISES**



Small and Medium Enterprises (“SMEs”) have been demarcated as the powerhouse of growth and employment in the economy, the reason why the Government is continuing to provide its full support to SMEs.

In this respect, the SME Act will be amended to review the definition of SMEs as follows:

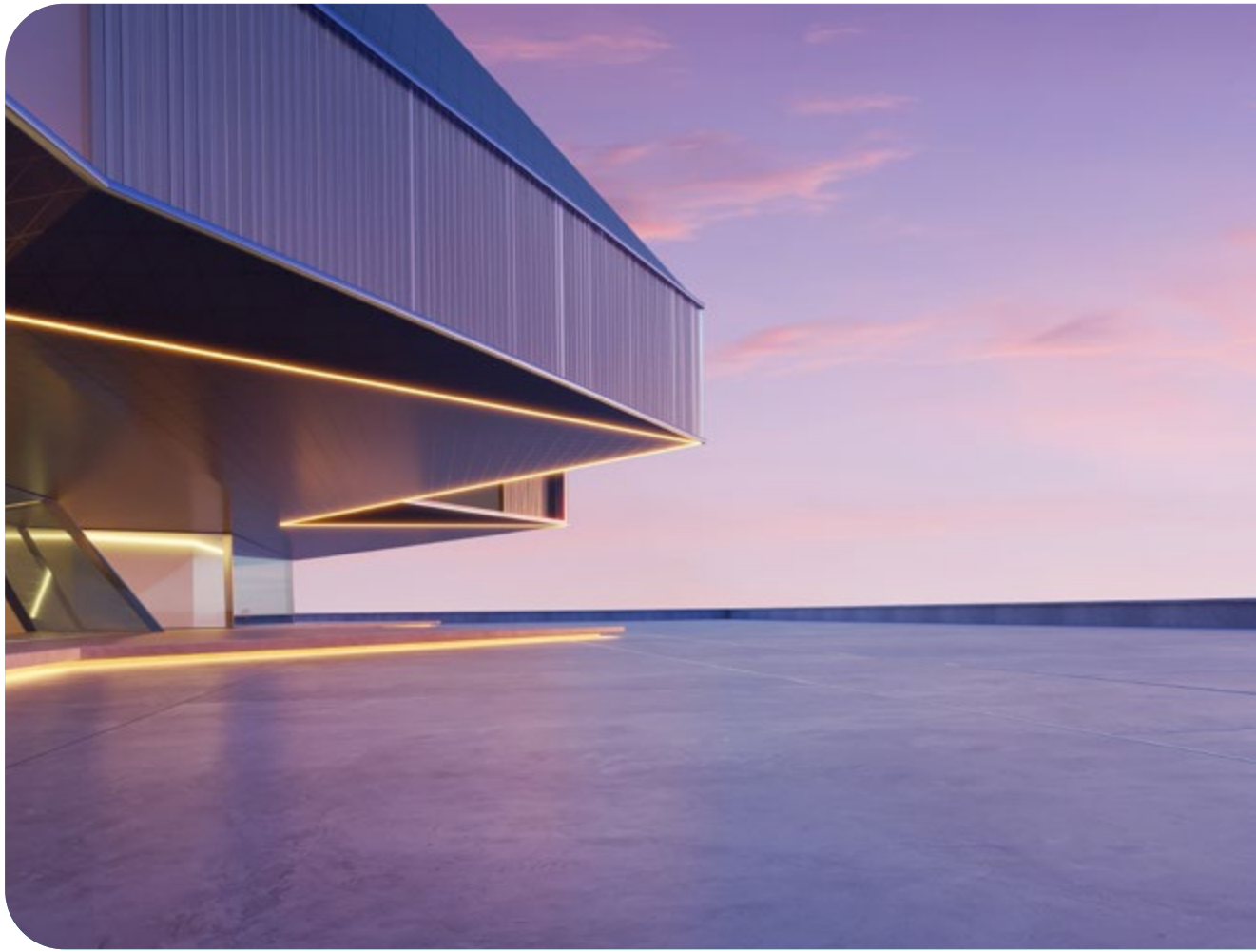
Category of SME	Turnover
Micro-Enterprise	Rs. 2 million to Rs. 10 million
Small Enterprise	Rs. 10 million and up to Rs. 30 million
Medium Enterprise	Rs. 30 million and up to Rs. 100 million.
Mid-Market Enterprise (new category under the SME Act)	Up to Rs. 250 million

The following measures have been proposed for the benefit of SMEs:

- The Development Bank of Mauritius (“**DBM**”) will extend the SME interest-free loan scheme and the COVID-19 Special Support Scheme up to June 2023.
- The DBM is allocating Rs. 5 billion to support SMEs, Mid-Market Enterprises and entrepreneurs.
- The Mauritius Investment Corporation Ltd is setting up a Venture Capital Fund of Rs. 5 billion, targeting SMEs and Mid-Market Enterprises.
- A 50% grant of up to Rs. 500,000 for the purchase of recycling equipment and transportation vehicle from local suppliers will be provided to the co-operative sector.
- SMEs will benefit from the Freight Rebate Scheme on the South African market, which has been extended up to June 2023.
- The SME International Fairs Refund Scheme will be opened to Freeport operators.
- The deduction on procurement by large manufacturer to purchase locally manufactured products from small enterprises will be increased from 10% to 25%.
- The penalties for late submission of income tax returns and late payment of income tax during the years 2020 and 2021 as at 25 March 2022 will be waived.
- Financial assistance with respect to Salary Compensation for 2022 will be provided to SMEs.
- Angel investors providing seed equity financing to SMEs will benefit from a tax allowance on their investment.

An aerial photograph of a city, likely Singapore, showing a mix of modern high-rise buildings and older, lower-rise structures. A large teal circle is overlaid on the left side of the image, containing the word 'TAXATION'. Above the circle, a series of vertical teal lines of varying lengths extend from the top edge of the page. The city features a prominent waterfront area with a harbor and a large green field in the foreground. The sky is bright blue with scattered white clouds.

TAXATION



Corporate Tax

Global Minimum Tax

The Government will introduce a domestic minimum top-up tax which shall be applicable to companies resident in Mauritius forming part of a multinational enterprise group with global annual revenue of at least EUR 750 million, to ensure that they are taxed at a global minimum rate of 15%.

Tax Adjustments

For annual allowance purposes, the sale or transfer of plant, machinery or industrial premises to a relative or to a related company, shall be deemed to have been made at a price equal to the base value of the plant, machinery or industrial premises at the date of sale or transfer. That is, there will be no balancing charge or balancing allowance.

Under this budget, the above measure will cover all assets which are subject to depreciation and will be applicable on "transfer of asset to a related company". It is to be noted that sale of asset and sale/transfer to a relative (individual) will not be covered.

Tax Holidays

An 8-year income tax holiday will be granted to a newly set up Freeport operator or developer making an investment of at least Rs. 50 million.

Premium Visa Scheme

Where a Premium Visa holder derives income for work performed remotely from Mauritius, such income shall be deemed to be derived in Mauritius only upon remittance, effective from 1 November 2020.

It was clarified in this year's budget that the foreign employer of the holder of a Premium Visa will not, in respect of that employee, be subject to the payment of

- i. corporate tax under the Income Tax Act; and
- ii. social contribution under the Social Contribution and Social Benefits Act.

Tax Deduction at Source ("TDS")

There has been an increase in the rate of TDS as follows:

	Current rate	New rate
Services provided by professionals	3%	5%
Rent paid to a resident	5%	7.5%

The Income Tax Act will be amended to broaden the scope of TDS to cover the below payments and the applicable TDS rate shall be 3%:

- Consultancy fees;
- Security Services and cleaning services;
- Pest Management Services; and
- Payment of fees made by insurance companies to motor surveyors and mechanics for repairs of motor vehicles of policy holders.

Income Tax

Individual Tax & Additional Exemptions

Tax rates have changed which shall apply on annual net income effective as from the income year 2022-2023 as set out below:

Income	New Tax Rate
Up to Rs. 700,000	10%
Rs. 700,000 up to Rs. 975,000	12.5%
Rs. 975,000	15%

An individual will also benefit from increased tax allowances as follows:

	Year ending 30 June 2022 Rs.	Year ending 30 June 2023 Rs.
Dependent child attending undergraduate course	225,000	500,000
Medical Insurance Premium:		
-1 st Dependent	20,000	25,000
-Every Other Dependent	15,000	20,000
Donation to Charitable Institutions	30,000	50,000
Contribution to Approved Personal Pension Scheme	30,000	50,000

Travelling Allowance

Exempt portion of travelling allowance for an employee using his private car for work-related purposes has increased from Rs. 11,500 to Rs. 20,000.

Solidarity Levy – Pay As You Earn ("PAYE")

Upon the request of an individual deriving pension or director's fees, the employer may withhold PAYE at the rate of 10% for solidarity levy, if applicable. However, at the time of filling the annual individual income tax return, the individual should calculate any applicable solidarity levy at the rate of 25% subject to the 10% cap and reduced by the amount already withheld under PAYE.

Workers' Rights Act 2019 (WRA)

The Portable Retirement Gratuity Fund ("PRGF")

- Under the WRA, where the retirement benefits of a worker are paid by the employer under a private pension scheme, such a worker is not eligible to join the PRGF. Although the private pension scheme must be approved by the FSC, the contributory rate under the private pension scheme was not prescribed and this was a grey area, which certain service providers might have taken advantage of. It has also been announced that the contributory rate to a private pension scheme and the SIPF should not be less than the prescribed PRGF rate of 4.5%.
- Upon retirement, a worker was entitled to his retirement benefits after completion of the benchmarking exercise following filing of the last return by the employer. It was proposed to change the timing of such payment, such that 90% of the retirement benefits can be paid on the date of worker's retirement and the remaining 10% after completion of the benchmarking exercise.

It was also clarified that lump sum payment in respect of past services, can be paid directly to the worker or the heirs of the deceased worker, in the event of retirement or death.

Property Taxes

Share Buyback

Presently, transfer of shares in a company holding immovable property is subject to registration duty. The Registration Duty Act and The Land (Duties and Taxes) Act will be amended to clarify that shares buyback will be subject to registration duty and tax in the same manner as for transfer of shares.

Home Ownership Scheme

Under Home Ownership Scheme, an eligible person buying a house, an apartment or bare land to construct his residence benefited from a refund of 5% of the cost of the property up to a maximum of Rs. 500,000. This is being extended for another year up to 30 June 2023.

The scheme now also allows each spouse married under the regime "corps et bien" to benefit from the exemption on registration duty for first time buyers.

Home Loan Payment Scheme

A homeowner was eligible for a refund of 5% of the home loan amount, up to a maximum of Rs. 500,000 under the Home Loan Payment Scheme. This is being extended for another year up to 30 June 2023 and will also cover transactions effective from 12 June 2021.

VRS Scheme – Transfer among Heirs

A VRS property transferred to the heirs of a deceased beneficiary will be deemed to have been obtained by inheritance thus enabling the property to be transferred between the heirs free from duty and tax.

The amendment will be effective as from 1 July 2016.

Indirect Tax – VAT Administration

VAT Refund on residential building

Existing criteria have been amended to benefit from VAT refund on residential building as follows:

1. Covered area constructed of the residential building, house or apartment should not exceed 1,800 sqft; and
2. The cost of the building, house or apartment not exceeding Rs. 3 million, is no longer applicable.

A provision will be made for a VAT refund on a residential building, house or apartment to be effected within 30 days from the date of receipt of all documents in support of an application for refund instead of 30 days from the date of receipt of the application.

Customs Administration

Objections to a decision of the MRA Customs

Under the Customs Tariff Act and Excise Act, objection to a decision of the MRA Customs can now be made electronically.

Where a stakeholder objects to a tax assessment and the Objection Directorate at MRA Customs allows the objection, refund of taxes may now be made by the MRA Customs.

Customs cases at the Assessment Review Committee (ARC)

An aggrieved taxpayer may now file a Statement of Case with all facts of the case when lodging a representation at the ARC against the decision taken by the MRA Customs under the Customs Act and Customs Tariff Act.

Tax Administration

Tax Arrears Settlement Scheme ("TASS")

TASS is being re-introduced, whereby taxpayers may benefit from full waiver of penalties and interest on outstanding tax under the ITA, the VAT Act and the GRA Act, provided that the tax dues are settled in full by 31 March 2023 and that the taxpayer joins the scheme by 31 December 2022.

Where a taxpayer is having any assessment pending before the ARC, the Supreme Court or Judicial Committee of the Privy Council, the taxpayer may join the scheme by withdrawing the case before the above-mentioned institutions.

Mauritius Revenue Authority Act

Alternative Tax Dispute Resolution ("ATDR")

The threshold to expedite tax appeal cases at the ATDR panel has been reduced from Rs. 10 million to Rs. 5 million.

New filing requirement to MRA from CDS

The Central Depository and Settlement Company Ltd will be required to submit, on an annual basis to the MRA, a statement of financial transaction on individuals and companies that have purchased shares in listed companies exceeding:

- a. Rs. 250,000 in one transaction in the case of an individual; and
- b. Rs. 500,000 in one transaction in the case of a company.

Foundations and Trusts

The MRA will be allowed to request information from a Foundation or Trust to enable the Authority to:

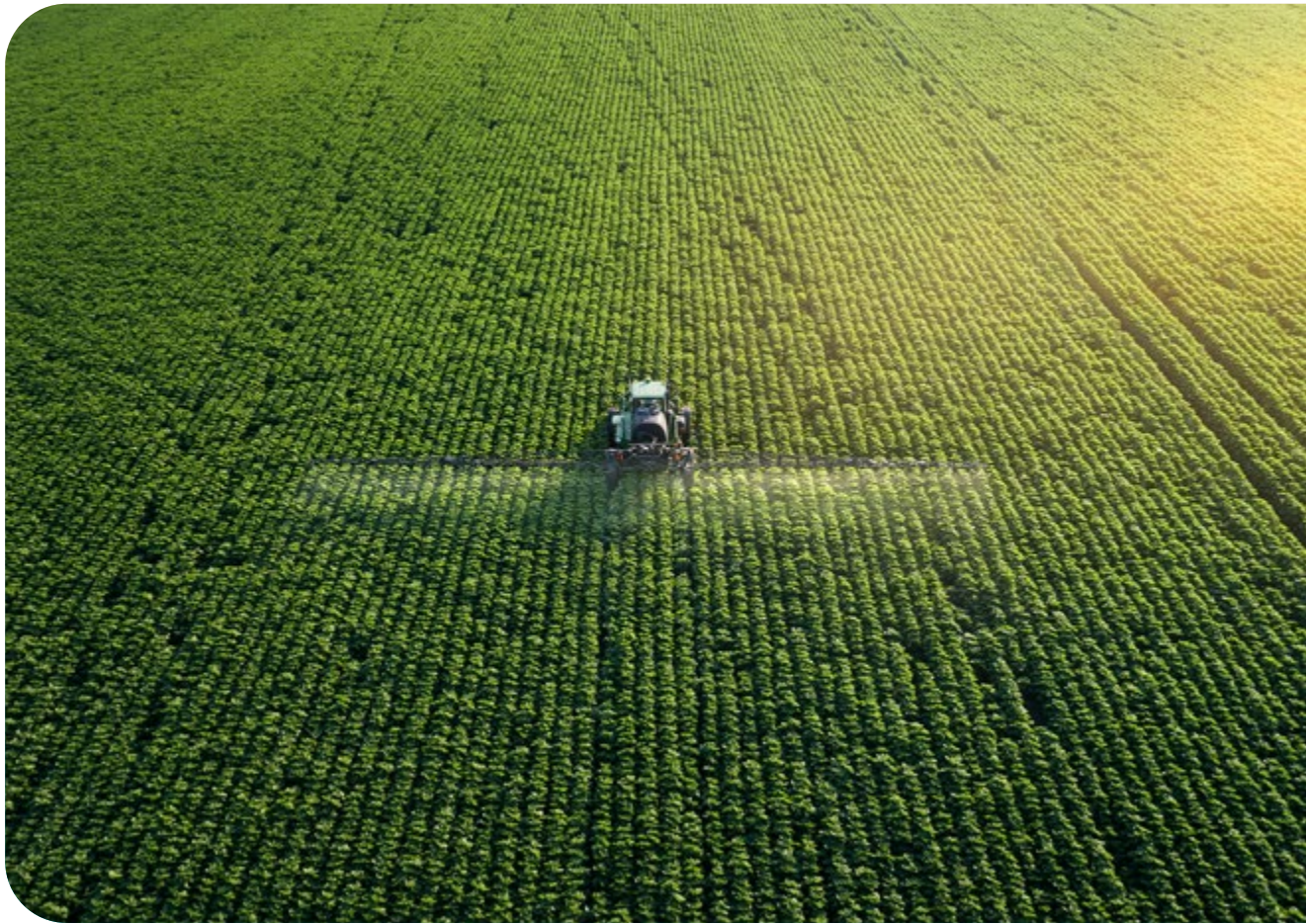
- a. make an assessment;
- b. collect tax; or
- c. comply with any request for the exchange of information under a Double Taxation Avoidance Agreement.



An aerial photograph of a terraced landscape, possibly a rice paddy field, with a dense forest of green trees at the top. A large teal circle is overlaid on the lower half of the image, containing the word 'SUSTAINABILITY'. Above the circle, there are several vertical teal lines of varying lengths, creating a barcode-like pattern. The overall image is a composite of natural and graphic elements.

SUSTAINABILITY

SUSTAINABILITY



In this 2022-2023 budget, the Mauritian government has aimed to put sustainability measures in the forefront by tackling issues ranging from sustainable agricultural practices to reduction of the overall carbon emissions. A deep-dive into the budget reveals that almost all the Sustainable Development Goals (SDGs) have been touched upon, albeit some prioritised more than the others.



Key measures from an environmental sustainability perspective are as follows:

Budget Measures

Agro-Industry



- Max. of Rs. 500,000 grant for purchase of sheltered farm or hydroponics (extended to purchase of second sheltered farm)
- 75% subsidy on purchase of liquid fertiliser, bio-fertilisers and composts produced by cooperatives
- Subsidy of 50% (max. of Rs. 500,000) on purchase of composting equipment
- 8-year income tax holiday granted to planters engaged in sustainable agricultural practices

Construction



Under Transit Oriented Scheme, property developers will be eligible for accelerated annual allowance on "green technology equipment" expenditure

Small and Medium Enterprises



50% grant (up to Rs. 500,000) for purchase of recycling equipment and transportation vehicle from local suppliers for the Cooperatives

Sustainable and Inclusive Growth



- Introducing a Green Transformation Package to achieve a target of 60% energy from renewable sources by 2030
- Setting up of hybrid renewable energy facilities in partnership with private promoters
- Greening of the SSR International Airport and the surrounding airport area through an investment of 14 MW solar photovoltaic system by Airports of Mauritius Ltd
- Installation battery energy storage system of 20 MW to accommodate more renewable energy on the grid by the CEB
- Encourage production and supply of renewable energy by households and non-commercial entities through installation of 5,000 solar PV kits and loan facility of Rs. 250,000 available to domestic consumers (concessional rate of 2% per annum) to finance acquisition of solar PV systems
- Individuals and companies will be allowed to generate renewable energy up to a maximum of 150% of their annual requirement.
- Waiving of existing rental fee for production meters of Renewable Energy Schemes
- Mauritius Renewable Energy Agency to work on the setting up of the legal and regulatory framework for the recycling and disposal of used solar photovoltaic panels

Carbon Neutral Industrial Sector



Implementation of a renewable energy transition framework through amongst others the provision of an agreed feed-in tariff of Rs. 4.20 for industrial users by the CEB and the introduction of a Carbon Neutral Loan Scheme by the IFCM over 7 years at a preferential rate of 3%



Budget Measures

Accelerating the Land Transport Electric Vehicles Transition



- Implementation of Photovoltaic farms at Metro Express Ltd
- IFCM will provide leasing facilities of 3% per annum over 10 years to transport operators for acquisition of electric vehicles and charging infrastructure
- IFCM will provide concessionary leasing at 3.5% per annum to companies renewing their company fleet to electric only
- DBM will provide a 0.5% loan (up to Rs. 3 million) to taxis and van operators over a period of 7 years for purchase of electric vehicles
- As from 1st July 2022, all hybrid and electric vehicles will be duty-free
- Negative excise duty scheme of 10% for purchase of electric vehicles by individuals (up to a max. of Rs. 200,000)

Adopting an Effective Demand Management Strategy



- Introduction of mandatory Minimum Energy Performance Standards for air conditioners by Energy Efficiency Management Office
- Set up of National Environment Cleaning Agency to develop national cleaning strategy

Cleaning and Greening of Mauritius



- Rs. 1 billion allocated for the clean-up and embellishment programme as well as rehabilitation of beaches, lagoons and coral reefs. Projects include: Beach rehabilitation works, beach management plans, solar lightings installation, Mangroves Plantation and Restoration Programme, amongst others



- Tipping fee paid to local recyclers per tonne of waste (excluding used tyres and PET bottles)
- Margin of preference to be provided for products manufactured from recycled materials



- Set up of additional dechetterie for disposal of waste oils, construction and demolition wastes amongst others
- Framework for encouraging composting of Green Wastes from Households, Markets, Parks and Gardens to be introduced
- Rs. 90 million will be provided over next three years for the purchase of oil spill combat equipment

National Flood Management Programme



- Rs. 3.8 billion earmarked in next fiscal year to continue National Flood Management Programme

Sustainable City



- Introduction of Sustainable City Scheme for the development of new concept of sustainable living built for people and nature
- Organisation of an International Sustainable City Summit by EDB this year

Sustainable Finance



- Development of Carbon Credit Trading framework, ESG Framework and issuance of inaugural Sustainable Bond to finance the implementation of the sustainability roadmap





**FIGHTING
FINANCIAL
CRIME**



The Minister has reiterated that Mauritius has commendably exited the following lists of countries with deficiencies in their Anti-Money Laundering and Combatting the Financing of Terrorism (“AML/CFT”) framework during the financial year 2021/22:

- **Financial Action Task Force’s (“FATF”) list of jurisdictions with strategic deficiencies in their approach to AML/CFT;**
- **European Union’s list of High-Risk Third Countries; and**
- **United Kingdom’s list of High-Risk Third Countries.**

Building on this momentum, several measures were announced to strengthen the robustness of the existing legal and regulatory framework on the fight against financial crime. These embrace:

- Set-up of a Financial Crime Commission to ensure effective coordination in the fight against financial crimes and hence providing the synergy between the various law enforcement and intelligence gathering agencies;
- Amendment of the Prevention of Corruption Act 2002 to cater for offences –
 - relating to foreign bribery, which will cover the definitions of foreign bribery and foreign public official; and
 - regarding non-deductibility of bribes from turnover or income when filing and submitting tax returns with the MRA.
- Introducing a definition for “international terrorism” under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019;
- Harmonising provisions of the Financial Intelligence and Anti-Money Laundering Act 2002 (“**FIAMLA**”) by including combatting of proliferation financing under its scope, in line with FATF requirements;
- Renewal of graduate training programmes on AML by the Bank of Mauritius and the Financial Services Commission;
- Amendment of the Mutual Assistance in Criminal and Related Matters Act 2003 to align the definition of “property” with that provided under the FIAMLA and to cover virtual assets;
- Amendment of the Declaration of Assets Act to cover virtual assets;
- Amendment of the Virtual Asset and Initial Token Offering Services Act to allow the FSC and investigatory authorities to employ software/digital tools in carrying out supervision and investigation, and to admit such information as evidence for criminal investigation, prosecution or other related criminal or civil court proceedings; and
- Amendment of the Good Governance and Integrity Reporting Act to ensure that a respondent discloses all information to the Integrity Reporting Services Agency (IRSA) necessary for the recovery of a virtual asset when the Judge in Chambers makes an Unexplained Wealth Order for the confiscation of the virtual asset, and to provide for the appointment of an expert by the IRSA to assist in the recovery and realisation of any confiscated virtual asset.



Disclaimer:

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