

DTOS

BUDGET HIGHLIGHTS MAURITIUS 2024 -2025

“TOMORROW IS OURS”

07 June 2024

KEY TAX AND REGULATORY MEASURES OF THE MAURITIUS BUDGET SPEECH 2024

Themed “Tomorrow is Ours”, the 2024-2025 Budget is largely focused on impactful social measures delivering financial assistance to senior citizens, low-income families, and ongoing support for vulnerable groups to cope with the rising cost of living.

DTOS is pleased to share the key highlights of the 2024-2025 budget from the Republic of Mauritius, specifically tailored for the Financial Services industry.

I. FINANCIAL SERVICES

a) **Financial Services Act 2007**

- Introduction of timeframes for the processing of licenses falling under the regulatory purview of the FSC;
- Requirement for a qualified trustee to provide information at the request of the FSC;
- Authorised Companies to file with the FSC its financial summary, accounts, financial statements or returns within 6 months after closure of its financial year;
- The Chief Executive may issue directions to Authorised Companies and Global Business Licence Companies.

b) **Captive Insurance Act 2015, Financial Services Act 2007, Insurance Act 2005 and Private Pension Schemes Act 2012**

- The Acts will be amended to enable the FSC to levy fees for post licensing processes;
- The FSC processing and Annual Fees payable by licensees will be increased.

c) **Virtual Asset and Initial Token offering Services Act 2021**

- A Virtual Asset Service Provider to appoint a Senior Executive at all times.

d) **Companies Act 2001**

- Global Business Licence Companies to obtain no objection from FSC prior requesting for removal to the Registrar;
- Global Business Licence and Authorised Companies to comply with the relevant sections regarding prejudiced shareholders and alterations to constitution.

e) Financial Crimes Commission Act 2023

- Align with recommendation 38 of the FATF methodology which requires confiscation of proceeds of crime and such property of corresponding value.

f) Financial Reporting Act 2004

- Authorised Companies, Licensed under the Financial Services Act 2007 will be excluded from the definition of public interest companies.

g) Freeport Act 2004

- Allow a company to operate under a Global Business Licence and Freeport Certificate but will not be entitled to the tax holiday of Freeport Operators;
- Provide for the extension of the maximum period during which goods may be warehoused in a freeport zone by 3 years.

Miscellaneous

- The Fund and Asset Manager Certificate will be reviewed to include at least 2 qualified officers;
- The Funds Regime will be reviewed to enhance the attractiveness of the jurisdiction;
- The centralised e-KYC will be extended to the global business sector;
- A new framework for the secondary trading of government bonds will be established on the Stock Exchange of Mauritius;
- The Corporate and Business Registration Department will offer onsite e-filing facilities during working hours;
- The Financial Services Commission will implement a new mechanism to reduce the turn-around time to better respond to queries from investors and process applications for licenses;
- A foreign entity will be allowed to hold an immovable property by virtue of a non-renewable lease agreement for industrial or commercial purposes for a term not exceeding 30 years;
- Arrears Payment Scheme will be re-introduced for another year by the Registrar General to provide for full waiver of penalties and interests provided that arrears are settled by 31st March 2025 and registration is made by 31st May 2024;
- A change of more than 10% in a company's shareholding will be considered as an effective change in ownership by the Registrar of General;
- The Bank of Mauritius will abolish fees in relation to the MauCas Platform.

II. TAXATION

a) Income Tax Act

1. Tax legislation

- Income derived from Intellectual Property Assets by a manufacturing company engaged in medical, biotechnology or pharmaceutical sector will now be taxed at 15 % (previously at 3%);
- Captive insurance will only benefit from the existing 8-year income tax holiday as from the date the company has started its activities;
- Partial Exemption has been extended to the following categories of income derived by:
 - A company holding a Robotic and Artificial Intelligence Enabled Advisory services licence issued by the FSC (provided substance requirements are satisfied);
 - Close-End Funds from the sale of money market instrument or debt instrument;
 - Payment Intermediary Services (PIS) licence holder.
- It will be clarified that the Partial Exemption of 80% granted to a licensed CIS administrator will not apply to income derived from the provision of administrative services by a Management Company to a CIS licence holder;
- Interest Income derived from a bond issued by public sector companies to finance infrastructure projects (subject to approval of Minister of Finance, Economic Planning and Development) will be exempted;
- Income derived from sale of Virtual Assets and Virtual Tokens will be exempted;
- A tax deduction of 300% will be granted to companies providing donations to certain NGOs;
- An Investment Tax credit of 15% over 3 years will also include AI and patents;
- A Corporate Climate Responsibility (CCR) levy of 2% will be introduced on companies' profits where the latter's turnover exceeds MUR 50 million.
- A double deduction is available on cost incurred in providing support to local artists.

2. Tax Administration

- An amended return is not allowed to be made where an objection has been made with the MRA against an assessment or a representation has been filed with the Assessment Review Committee;

- A bank will be required to give information pertaining to deposits (on credit cards or prepaid card accounts) made by a bank account holder in its statement of financial transactions;
- The Tax Arrears Settlement Scheme (TASS) has been renewed for an additional year allowing for full waiver of penalties and interests where outstanding tax payments are made by 31st March 2025. Registration to the scheme is required to be completed by 31st December 2024;
- A notice sent by the MRA to the e-tax account of a taxpayer will be deemed to take effect as from the date it was sent (by email and SMS) provided the latter has been informed of same;
- Hearings fixed by the Assessment Review Committee (ARC) may be postponed on specific grounds.

3. Personal Income Tax

Other Exemptions and reliefs

- The exemption threshold on lump sum has been increased from MUR 2.5 million to Rs 3 million;
- Deduction of a maximum of MUR 60,000 per annum will be introduced for children studying in private schools.

b) Value Added Tax Act

1. VAT legislation

- Services rendered by a Management Company to (i) trusts whose settlors and beneficiaries are non-residents or (ii) foundations whose founder and beneficiaries are non-residents will be made zero-rated for VAT purposes.

2. VAT Administration

- Input tax on goods and services acquired by a voluntarily registered person can be claimed against its output tax as from the date of his voluntary registration;
- The conversion rate into Rupees should be stated in the VAT invoice where the value of supply is in a foreign currency;
- The 4 years' time limit to furnish information to the MRA will run as from the taxable period in which the return is submitted;
- MRA can now assess tax payable up to 4 years prior to the taxable period in which the return is submitted, allowing them more time to review late submissions;

- A statement from a freight forwarding agent or customs house broker is required where a non-VAT registered person applies for refund of VAT paid on imported equipment (under the VAT Refund Scheme).

III. SOCIAL MEASURES

a) Home Ownership Scheme.

The scheme has been extended until 30 June 2025 for property acquired under VEFA “Vente en Etat de Futur Achèvement”. 5 % of the cost of purchase of the property is refunded up to a maximum of MUR500,000.

b) Home Loan Payment Scheme

The Scheme has been extended until 30 June 2025 for amount borrowed under a secured housing loan to build or purchase a home. 5% of the amount borrowed is refunded up to a maximum of MUR500,000.

c) CSG Income Allowance for all Employees and Self-employed

EARNINGS	CSG INCOME ALLOWANCE
Earnings < MUR 20,000	MUR 3,000
Earnings < MUR 25,000	MUR 2,500
Earnings < MUR 30,000	MUR 2,000
Earnings < MUR 50,000	MUR 1,500

d) Minimum Basic Salary

The monthly minimum basic salary will be increased to MUR 20,000.

e) Financial Assistance to Employers

EMPLOYEES EARNING NATIONAL MINIMUM WAGE		
CATEGORY	SALARY COMPENSATION	DURATION OF ASSISTANCE
Export Oriented Enterprises	MUR 3,500	January 2024 – December 2024
Manufacturing Enterprises (Annual turnover > MUR 100 million)	MUR 3,500 or MUR 1,750 (depending on profitability)	
Small and Medium Enterprises / Manufacturing Enterprises (Annual Turnover between MUR 100 – 500 million)	MUR 2,500 or MUR 1,250 (depending on profitability)	
Enterprises facing difficulties	MUR 1,250 or MUR 625 (depending on profitability)	
Registered Charitable Institutions / Registered Religious Body	MUR 2,500	

EMPLOYEES EARNING ABOVE NATIONAL MINIMUM WAGE BUT < MUR 50,000 (MONTHLY)		
CATEGORY	SALARY COMPENSATION	DURATION OF ASSISTANCE
Export Oriented Enterprises	MUR 2,000	January 2024 – December 2024
Small and Medium Enterprises / Manufacturing Enterprises (Annual Turnover < 500 million)	MUR 2,000 or MUR 1,000 (depending on profitability)	
Enterprises facing difficulties	MUR 1,000 or MUR 500 (depending on profitability)	
Registered Charitable Institutions / Registered Religious Body	MUR 2,000	

f) Additional CSG/Other Allowances

CATEGORY	OTHER MONTHLY CSG/ OTHER ALLOWANCE
Employees & Self-Employed	
Earnings < MUR 25,000	MUR 2,000
Earnings between MUR 25,000 – MUR 50,000	MUR 1,000
CSG Child Allowance (up to 3 years)	MUR 2,000
CSG Disability Allowance (disability of 40 – 60%)	MUR 2,500
School Allowance (3 years to 10 years)	MUR 2,000
Equal Chance Allowance (minimum monthly salary MUR 20,000)	MUR 2,000
Maternity Allowance	MUR 2,000
Disabled children (<18 years)	MUR 3,000

g) Prime à l'Emploi

Scheme has been extended until 30 June 2025.

h) Diesel Financial Support

A financial assistance of MUR5 per litre of Diesel consumed will be provided to certain categories of businesses.

i) Basic Retirement Pension

Basic retirement pension will be increased to MUR 14,000 as from 01 July 2024, and to MUR 15,000 as from 01 January 2025.

IV. EASE OF DOING BUSINESS

The Government also introduced a series of measures to encourage further investments in Mauritius, such as:

- Reduction of threshold for Professional Occupational Permit (OP) from MUR 30,000 to Rs 22,500;
- Delivery of temporary OP for 3 months to Professionals with a minimum of 10 years' experience to allow them to work, pending approval;
- Application of OP will be completed within a maximum of 3 weeks;
- No OP will be required for non-citizens holding a Retired Residence Permit to work in Mauritius;
- To attract foreign talents in Wealth Management, Family Office, Virtual Assets and Virtual Tokens, a 10 year Expert Occupation Permit will be introduced;
- Portability of Bank accounts will be introduced this year;
- Information Centre of Companies and Business Registration Department will operate on a 24/7 basis;
- FSC will streamline its process to ensure that licences and permits will be granted within 10 working days;
- Premium investors' Certificate offered to companies engaged in the development of creative industries.

V. OTHER ACTS

Workers' Rights Act:

Measures to be considered are:

- Maternity leaves will be extended from 14 weeks to 16 weeks and Paternity leaves from 1 week to 4 weeks;
- More flexible working arrangements for workers in terms of taking time-off instead of being paid overtime;
- Refund of vacation leave where vacation leaves are not granted due to exigencies of duty;
- Regulations in respect of granting childcare facilities to a worker who has a child aged not more than 3 years where the worker is in the employment of an employer having more than 250 workers;
- Protection of the employment of a person on maternity or paternity leave by providing that termination cannot be effected in such circumstances;
- Provide an equitable treatment to all workers who are required to work in circumstances of extreme weather conditions by extending the entitlement to an allowance paid during cyclone warning class III and IV to other circumstances where work is performed during heavy or torrential rainfall or period of safety bulletin.

CONTACT US

Mario HANNELAS

FCCA

Head of Tax Advisory Services Dept

MHannelas@dtos-mu.com

T. +230 5258 4751



Chaya SUBRAMANIEN

Head of Risk & Compliance

CSubramanien@dtos-mu.com

T. +230 5940 3155



Samiirah BAHEMIA

FCCA

Manager - Tax Advisory Services Dept

SBahemia@dtos-mu.com

T. +230 5250 3531



Kailash PADARAT

Manager - Tax Advisory Services Dept

KPadarat@dtos-mu.com

T. +230 5250 3520

