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MAURITIUS BUDGET HIGHLIGHTS 2022/23

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The Minister of Finance, Economic Planning and Development of the Republic of Mauritius, the Honorable Dr. Renganaden Padayachy, presented the budget for the fiscal year 2022/2023 on 07 June 2022. The theme of the budget for the year 2022/2023 is *With the People, For the People* to demonstrate Mauritian unity.

The budget comes at a delicate conjuncture where the country is recovering from the effects of the COVID pandemic and the outbreak of the war in Ukraine with consequences on prices of commodities and on the supply chain. With this particular context in focus, the budget is built around the following objectives:

(a) Strengthening our Economic Growth and Resilience to Future Shocks;
(b) Accelerating our Transition to a Sustainable and Inclusive Development Model; and
(c) Investing in Our People.

Finally the budget aims at countering the soaring of commodity prices on the local market by deploying appropriate and unprecedented social measures to support the purchasing power of Mauritians.

FINANCIAL SERVICES

Industry displayed robust resistance to the crisis with a growth rate of 4.2 % in 2021
Mauritius no longer on the FATF's grey list of jurisdictions under increased monitoring, the EU list and UK list.
Launching a regional Renminbi Clearing Centre through the collaboration of the Bank of Mauritius with Bank of China.
Bank of Mauritius to collaborate with the National Payment Corporation of India for issuance of RuPay cards and India QR codes in Mauritius.
Revamping the regulatory framework by the Financial Services Commission to facilitate Re-Insurance companies to set up operations in Mauritius.
Amendment of the legislative framework to converge the domestic and global business regime.
Introduction of a domestic minimum top-up tax to ensure that resident companies of large multinationals are taxed at a minimum rate of 15 percent in accordance with Base Erosion and Profit Shifting (BEPS). Top-up tax will apply to MNE groups with global annual revenues of at least €750 million.
Financial Services Institute to become an awarding body and graduate training programmes by Bank of Mauritius and Financial Services Commission to cater for specialist training in the sector,
Establishment of a Financial Crime Commission to ensure an effective coordination in the fight against financial crimes.

TAXATION

Incentives for the development of innovative agricultural practices

Introduction of An Integrated Modern Agricultural Morcellement Scheme for plot of lands exceeding 2 arpents to encourage innovative agricultural practices.

Tax Incentives for Agricultural Morcellement Scheme:
(a) An 8-year tax holiday on income; and
(b) An exemption from payment of Registration Duty

In addition, developers, under the scheme, will be allowed to convert up to 15 percent of that land for residential or commercial use and be exempted from payment of land conversion tax.

An 8-year income tax holiday will be granted to planters engaged in sustainable agricultural practices registered with the Economic Development Board (EDB).

FREEPORT

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 and provided it:

- Starts its operations on or after 1 July 2022; and
- Conforms with the substance requirements set by the Organisation for Economic Co-operation and Development (OECD).

Value added tax

Events with a minimum of 50 participants will be eligible to benefit from VAT refund under the Meetings, Incentives, Conferences and Exhibitions (MICE) scheme.

Financial Services Sector

The current legislative framework will be adapted to converge the domestic and the global business regime. As part of the government's actions against tax base erosion and profit shifting, there will be an introduction of a domestic minimum top-up tax to ensure that resident companies of large multinationals are taxed at a minimum rate of 15 percent.

Sustainable development

As from 1st July 2022, all hybrid and electric vehicles will be duty-free.

Introduction of a negative excise duty scheme of 10 % for the purchase of electric vehicles by individuals up to a maximum of Rs 200,000.

Abolition of municipal tax for residence.

Taxation of Digital Economy

Regulations will be extended to cover internationally agreed policies to address the tax challenges arising from digitalisation of the economy

Income tax regime even - more progressive and fairer

For those earning between Rs 25,000 to Rs 53,846 monthly, that is Rs 700,000 annually, the income tax rate shall be at 10 %.

For those earning more than Rs 53,846 and up to Rs 75,000 monthly, that is Rs 975,000 annually, the income tax rate shall be reduced from 15 to 12.5 %.

Petrol and travelling allowance will be increased by 10 percent up to a maximum of Rs 2,000 / applicable to those earning up to Rs.50,000
the exemption of travelling allowances deductible from income tax will be increased from Rs 11,500 currently to Rs 20,000.

Further support to middle-income earners by increasing the tax allowances and further decreasing the tax payable by individuals:
(a) Increasing the maximum tax exemption in respect of a child pursuing tertiary education from Rs 225,000 to Rs 500,000;
(b) Increasing the maximum deduction for medical insurance premiums from: i. Rs 20,000 to Rs 25,000 for an individual and his first dependent; and ii. Rs 15,000 to Rs 20,000 for every other dependent.
(c) Increasing the exemption in respect of donations made to an approved religious body or charitable NGO from Rs 30,000 to Rs 50,000; and
(d) Increasing the exemption in respect of an individual pension scheme from Rs 30,000 to Rs 50,000.

TASS Extension

Re-introduction of the scheme to allow for full waiver of penalties and interest provided that the tax arrears, under Income Tax Act, the VAT Act and Gambling Regulatory Authority Act, are paid by 31 March 2023 and provided that the taxpayer registers by 31 December 2022.

Settlement of any debt amount due to Registrar-General on or before 31 March 2023 will also be covered under this scheme but it will only apply to tax arrears as at 31 May 2022.

Taxpayers having assessments pending before the ARC the Supreme Court or Judicial Committee of the Privy Council may take advantage of the TASS by withdrawing the case before these institutions.

EASE OF DOING BUSINESS

No cost to start and incorporate companies engaged in investing, training, recruiting and innovating.

BOM to ensure opening of bank account within 1 week for individual and companies.

Streamlining of licenses and permits in the construction, tourism, healthcare and logistic sectors.

A Business Regulatory Reform Bill to be introduced as an apex legislation on business facilitation.

SME

The SME Act will be amended to renew the definition of SMEs.

- ·Micro enterprise will be companies with turnover from Rs 2 Million to Rs 10 Million
- ·Small enterprise turnover above Rs 10 Million to Rs 30 Million
- ·Medium enterprise turnover above Rs 30 Million to Rs 100 Million

A Mid-Market Enterprise up to Rs 250 Million to be introduced as a new category under the SME Act to enable more enterprises to have access to government support programmes and financing.

Allocation of Rs 5 billion by the Development Bank of Mauritius to support SMEs, Mid-Market Enterprises and entrepreneurs Establishment of a Venture Capital Fund of Rs 5 billion targeting SMEs and Mid-Market Enterprises.

DBM to extend SME interest free loan scheme and Covid 19 special support scheme up to June 2023.

IMPORT/EXPORT

Freight Rebate Scheme (FRS) and the Trade Promotion and Marketing Scheme (TPMS) will be extended up to June 2023.

SMEs to benefit from the Freight Rebate Scheme on the South African market.
Exporting agents of locally manufactured products to be eligible for the Trade Promotion and Marketing Scheme (TPMS).

Maintenance of the 50 percent reduction in port charges on exports.
SME International Fairs Refund Scheme to be open to freeport operators.

Chartering of 2 feeder vessels to facilitate regional export servicing India, Sri Lanka and Seychelles and Eastern African countries notably Madagascar, Tanzania, and Kenya.

EMPLOYMENT

Training and skilling of 3,000 people 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.

Women will be encouraged to getting back into the job market by doubling the period of placement to two years.
Monthly *Prime à l'Emploi* of Rs 15,000 for the first year of employment of 10,000 youths between 18 and 35 years and women up to 50 years.
The CSG income allowance to provide a support of Rs 1,000 every month to some 350,000 employees.

TECHNOLOGY

The Digital Industries Academy to provide training to 1,000 individuals in Data Communications, 5G, Cloud Computing, Artificial Intelligence and Cyber-Security as from July 2022.

The Digital Industries Academy to establish a DIA Incubator for high-end ICT product development partnering with telco providers, banks and international players to provide mentoring and financing to 50 incubatees.

The government to provide Rs 15 million for a second connection for the Government Online Centre to ensure continuous access in government e-services

REAL ESTATE SECTOR

Acquisition of residential property of a minimum of USD 350,000 to be permitted for holders of residence permit outside the existing schemes, subject to 10% contribution to the Solidarity Fund.

A Transit Oriented Scheme (TOS) to be initiated by the Economic Development Board to create a more enthusiastic environment within a 100 metres periphery of metro stations. Under this programme, property developers will:

(a) not be required to pay for registration duty on lease or acquisition of land to design an approved project.
(b) be eligible for accelerated annual allowance on “green technology equipment” expenditure.

A person contracting a secured housing loan to construct his residence benefits from a refund of 5% of the loan amount, up to Rs.500,000.

THANK YOU

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