

# National Budget

2022 - 2023



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# Contents

<b>1. Our Opinion</b>	<b>03</b>
<b>2. Tax Perspective</b>	<b>07</b>
<b>3. Public Finance</b>	<b>10</b>
<b>4. Sector Reviews</b>	<b>17</b>
4.0. Retrospective	18
4.1. Financial Services	19
4.2. Tourism	21
4.3. Agri-business & Real Estate	23
4.4. Public Sector	25
4.5. Manufacturing and SMEs	27
4.6. Information & Communications Technology (ICT)	29
<b>5. Taxation</b>	<b>31</b>
5.1. Key tax measures	32
5.2. Corporate Tax	33
5.3. Personal Tax	35
5.4. Value Added Taxes	36
5.5. Other Taxes	37
5.6. Tax Administration	38
5.7. Immigration	44
<b>6. The Legal landscape (by PwC Legal)</b>	<b>45</b>
<b>7. Appendix: Detailed measures announced by Sector</b>	<b>50</b>
<b>8. Our Budget 2022-2023 content</b>	<b>64</b>
<b>9. Research and Insights from PwC</b>	<b>65</b>





# 1

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## Our opinion



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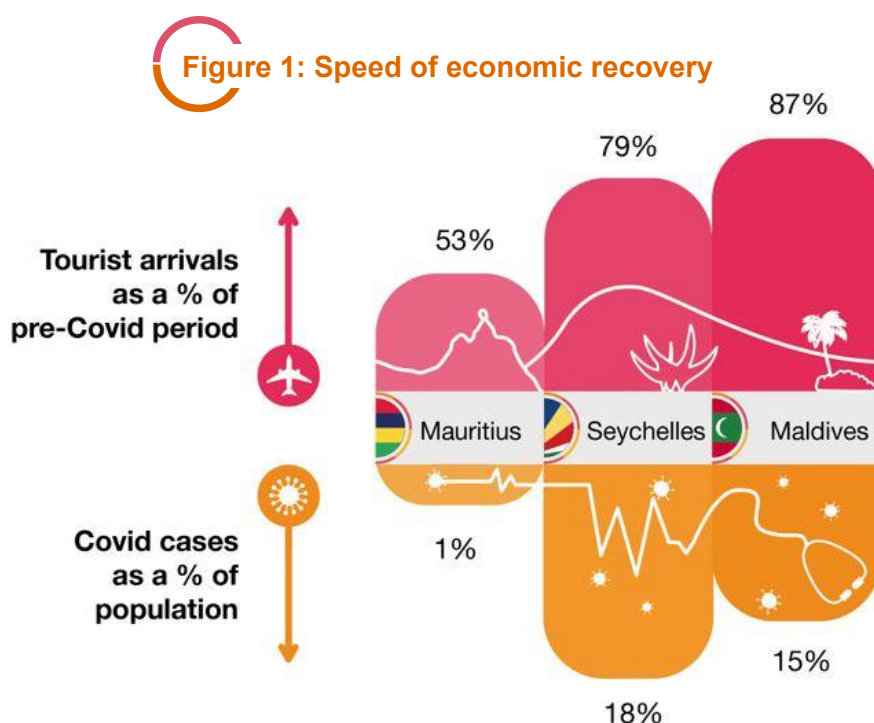


## Our opinion



With war in Ukraine and COVID-19 still circulating, the outlook remains uncertain. Much of the headlines in recent times have been on rising commodity prices and protests against erosion in purchasing power. The inflation rate is worryingly high, while the growth rate is decelerating. The Minister of Finance, Economic Planning and Development (the 'Minister') presented his Budget 2022 - 2023, 'With the People, for the People', in light of those challenges.

In 2021-22, the economy rebounded with a 6.9% GDP growth, helped by the reopening of the borders in October 2021. The Government prioritised the containment of the pandemic over faster economic recovery as our borders remained closed for longer, together with more stringent health protocols on arrival. Whilst Mauritius observed a lower number of COVID cases in 2022 with only 1% of its population being infected (Maldives 15% and Seychelles 18%), the level of tourist arrivals lags behind as the country reached 53% of its pre-pandemic level compared to Maldives (87%) and Seychelles (79%) (refer to Figure 1). Whilst tourist arrivals are expected to reach its pre-pandemic level in 2023, ongoing restrictions on social gatherings, nightclubs, beaches as well as the COVID-19 Act 2020 continue to hamper full recovery and it is critical that these are removed the soonest.



## Our opinion

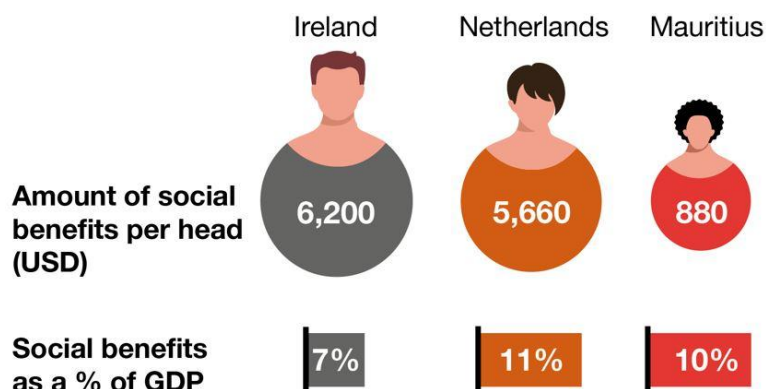


The economy was buoyant in 2021-22, with tax revenues being virtually on target and, although there was some overspending in recurrent expenditure, the Budget deficit was contained at 5% of GDP. Looking ahead, the Government continues to rely on economic growth to boost revenues as opposed to containing expenditure. Given the rampant inflationary context, we anticipated some populist cost of living policies and the Budget sought to address those concerns with direct support to households, price control, and social aid. However, more could have been done to better optimise spending. For example, Mauritius spends 10% of its GDP in subsidies and social benefits, representing a per capita amount of \$880. The country's per capita amount is low (refer to Figure 2) compared to countries with a similar allocation (amount per capita: Ireland \$6,200 and Netherlands \$5,660) and, to provide more meaningful support to those in real need, Mauritius needs to adopt a targeted approach as opposed to universal benefit.

The Government's main economic thrust in this Budget is around stimulating growth through food security and the green economy. The Minister announced a multitude of measures including tax holidays on integrated agricultural morcellement, subsidy on farming, duty-free electric cars, and reduced loan rate for photovoltaic systems. The use of such market-based policy measures to influence the behaviour of consumers and businesses is welcome, but their effectiveness will depend on the speed of their roll-out. At PwC, we have always advocated for greater private-public sector collaboration, and the announcement of PPP projects to develop scrapyards, composting units and student accommodation is a step in the right direction to alleviate the burden of government.

As the theme 'With the People, for the People' suggests, the Budget heavily focused on the people and there was a lack of sectoral measures. Some of the new ones include the chartering of two regional feeder vessels (Manufacturing), the granting of additional marketing budget (Tourism) or the introduction of a national payment card (Financial Services). These measures are no game changer in the absence of clear reforms!

Figure 2: Government support to population



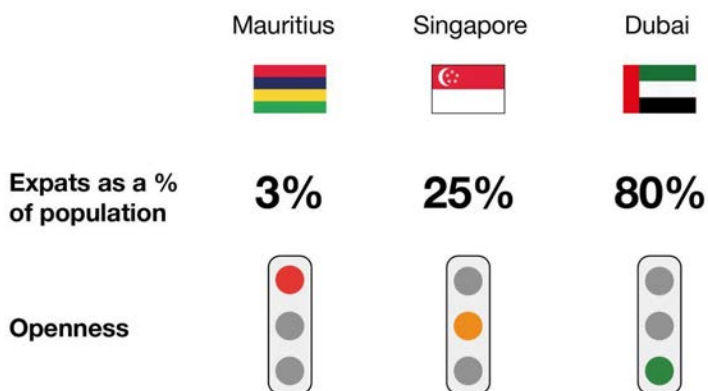
## Our opinion



With business confidence low and the country in need of investments, the Minister did well not to introduce new or increase taxes on income. The country's attractiveness has been eroded in recent times and the status quo of this Budget will help maintain some confidence. With the lack of skills in emerging industries, we need a paradigm shift to attract international talents. More flexibility around the premium travel visa for entrepreneurs, as well as the young professional occupation permit, will help to improve arrivals. Today, expatriates account for 3% of the Mauritian population compared with 25% in Singapore and 80% in Dubai and we need to open our economy to boost our productive capacity (refer to Figure 3). However, higher personal taxes (specifically the solidarity levy) continue to hamper our competitiveness to bring talents.

Overall, the Budget contains a series of micro measures for the people, with no real game changer for businesses. The Government appears to rely on the economic recovery to drive activity levels, with some policy measures targeted to promote specific industries. Although maintaining the status quo in taxes is welcome, we were expecting more to improve the country's attractiveness to talents. The danger ahead remains the high rate of inflation, which may undermine investments and consumption. A downturn in these two factors will slow down economic activity and will lead us in troubled waters! ●

Figure 3: Openness to the world





# 2

## Tax perspective



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## Tax perspective



### Powers of the Mauritius Revenue Authority - are they too much?

With the recent increases in oil and other commodity prices, strengthening the economy, fighting inflation and building resilience should be among the main objectives of every government.

With the trade barriers and sanctions that have followed the Russia/Ukraine conflict, a food crisis is looming. Unsurprisingly, the Budget 2022 - 2023 provides fiscal incentives to revive the agricultural economy in Mauritius. Examples are an 8-year tax holiday to planters engaged in sustainable agricultural practices and innovative agricultural practices, together with the provision of grants and subsidies. These measures will encourage people to work the increasing bare lands to reduce our dependence on food imports.


There is now clarity that the foreign employer of a holder of a Premium Visa will not create a taxable presence in Mauritius, and the employee will have no obligations under the Social Contribution and Social Benefits Act.

It is acknowledged among the different stakeholders that there is a need to attract foreign talents in Mauritius and employees are still carrying the heavy burden of the recent increase in Solidarity Tax, which has negatively impacted the attractiveness of Mauritius. We can only hope that the Minister will soon attempt to restore the status of Mauritius as a fiscally attractive jurisdiction to increase the influx of expatriates in the country.

The overhaul of the tax administration is continuing!

The threshold for lodging a case at the Alternative Tax Dispute Resolution (ATDR) panel has been reduced to Rs5m. The reason could be the increasing number of cases that are being resolved by the panel. Tax disputes could be a pain in Mauritius with cases dragging on for years. The ATDR panel is helping to reduce tax cases, and the question that arises is whether the MRA should not restructure its departments to provide for more of such avenues to expedite tax resolution.

In the same vein, the panel at the Assessment Review Committee (ARC) will also be revisited by reducing panel members from three (3) to two (2) to resolve tax matters through mediation. The delivery of oral decisions by the ARC will be an innovative way to expedite the settling of tax cases.



There are also measures to make tax collection more efficient. A good collaboration and understanding between the taxpayer and tax authority is key to this efficient tax collection!







## Tax perspective



### Powers of the Mauritius Revenue Authority - are they too much?

The MRA will be conferred with additional powers to lapse the objection of a taxpayer on non-submission of information, which he will subsequently prevented to submit to the ARC. Taxpayers seek to achieve expeditious tax resolution, and they should see the MRA as a collaborator in the process. Unfortunately, the MRA is increasingly seen as an aggressive tax collector. Burdening taxpayers with requests for information by the MRA is now common, and only time will tell if this additional power will be used judiciously by the MRA.

The Budget has re-introduced the Tax Arrears Settlement Scheme (TASS) under which penalties and interests will be waived if the tax is paid before 31 March 2023. The reduced tax rates of 10% and 12.5% for individuals with income below Rs900,000 is another attempt to mitigate the effects of inflation.

The Budget has come with a series of warranted tax incentives in targeted sectors. There are also measures to make tax collection more efficient. A good collaboration and understanding between the taxpayer and tax authority is key to this efficient tax collection! ●

Read the key tax measures





# 3

## Public Finance



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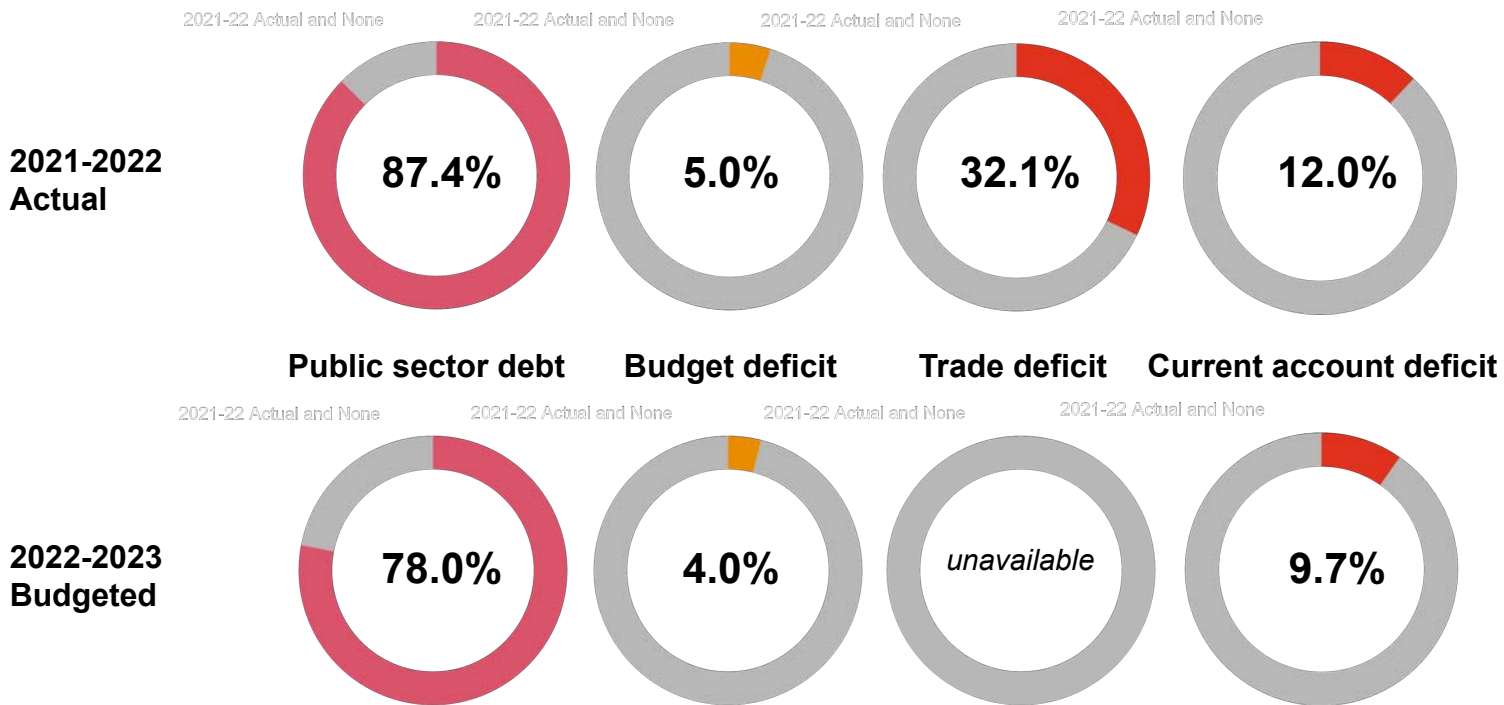


# Public Finance

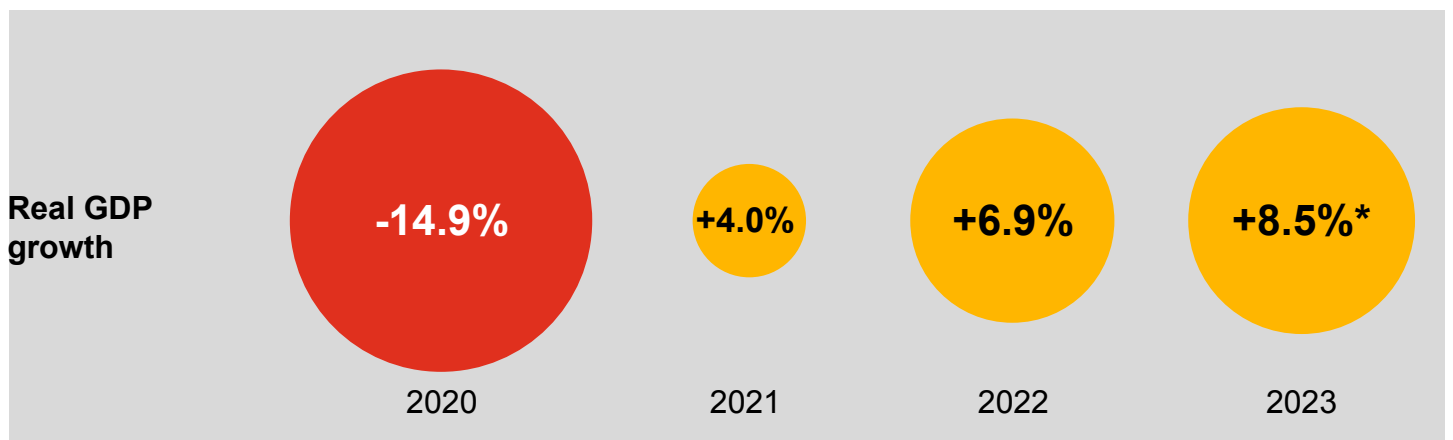
## In a nutshell

The year saw the implementation of a Project Implementation and Monitoring Agency (PIMA) as a unit under the MoF to assist in and advise on the implementation of government projects, programmes and budgetary measures.

However, the Committee on Sustainability of Public Finances, announced as the body entrusted with the responsibility to address deficit financing and public sector debt, both in the short to long term, is still eagerly awaited.



Expressed as a % of nominal GDP



\*IMF estimate at 5.6%



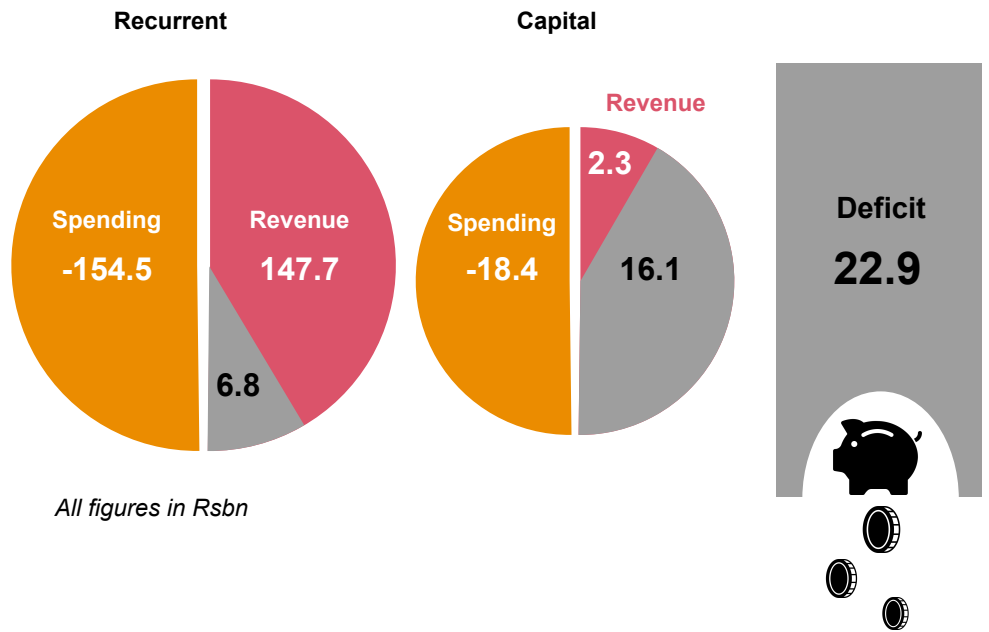


# Public Finance

## 2022-2023 Budget deficit

The Minister of Finance announced a budget deficit for 2022-2023 of Rs22.9bn, very much in line with the prior year estimate of Rs24.9bn and representing 4% of GDP.

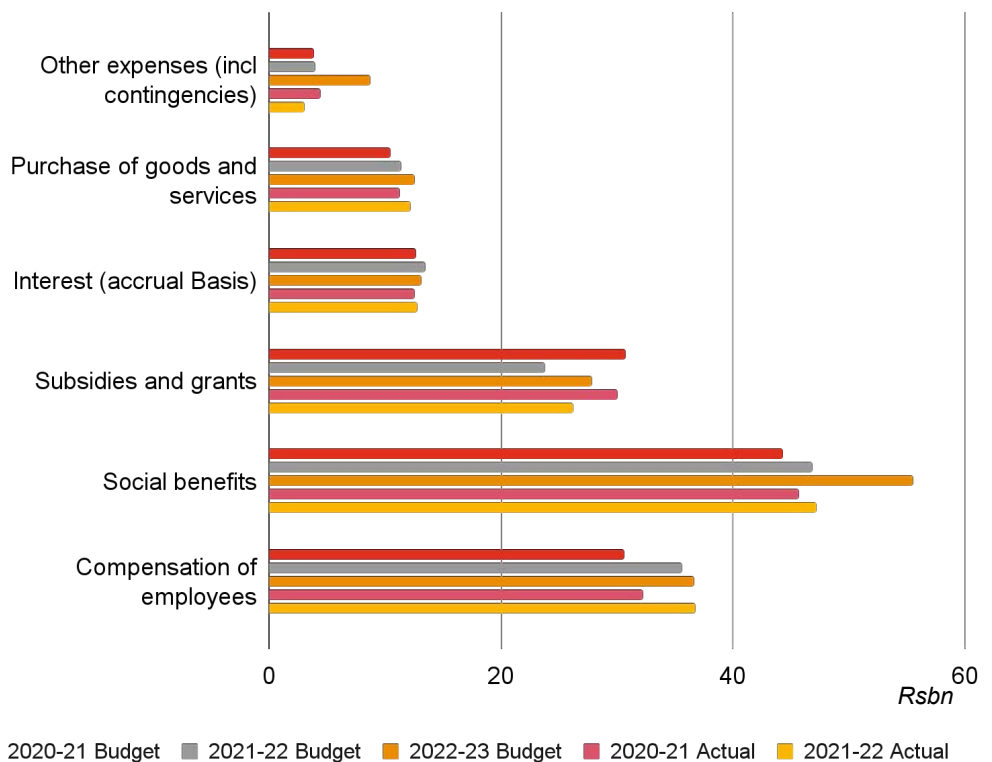
It is worth noting that the actual deficit for 2021-2022 was only 0.94% higher than budgeted.



## Recurrent expenditure

It can generally be observed that the spending budget increases from budget to budget and year-on-year with actual spending subsequently reported in excess of budgeted amounts.

This is particularly true of social benefits and employee compensation allocations.



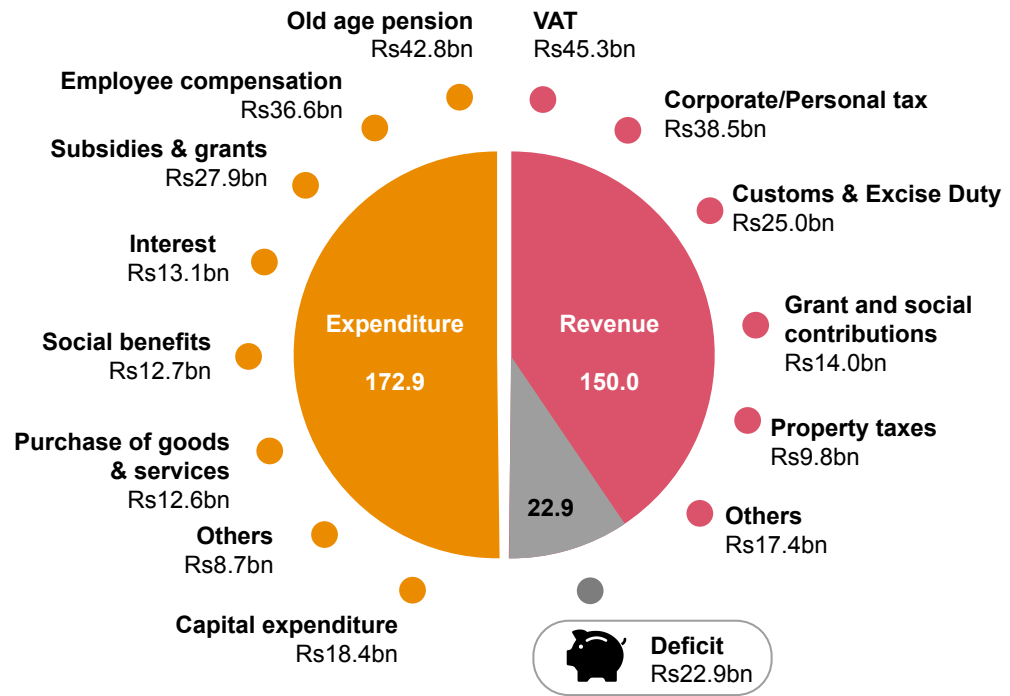


# Public Finance

## 2022-2023 Budget composition

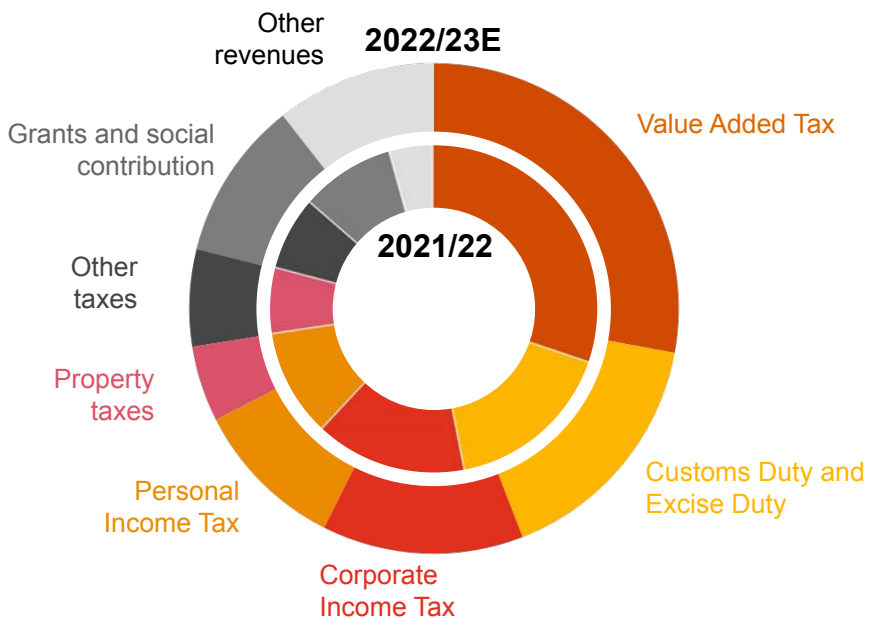
Total budgeted expenditure increased by 6.3% from prior budget. Projected spending on social benefits is expected to be 17.6% higher than the 2022 actual spend. Conversely, the budget for capital spending is 21.1% lower than 2022 actual.

It is worth highlighting at this point that the budget allocated to employee compensation is 0.45% lower than actual 2022!



## Government revenue

Total revenue is expected to increase by 8.93% from prior year with a corresponding 10.7% increase in recurring revenue. VAT contribution to the total 2023 revenue is estimated at 30.2% up from 27.9% whilst the share of corporate income tax is expected to increase from 13.3% to 15.02%.





# Public Finance

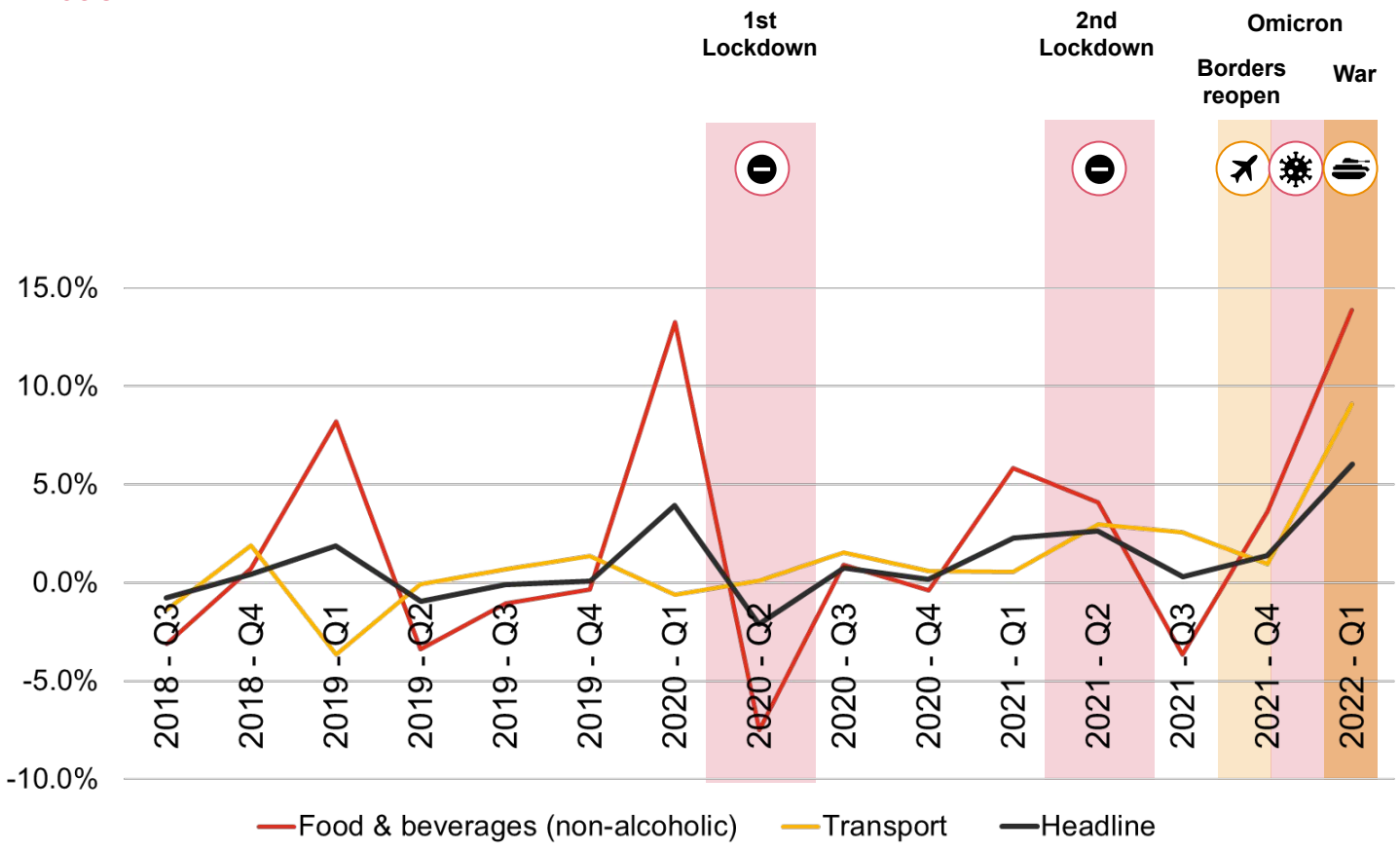
## Economic landscape: Inflation, value of imports and currency depreciation

One of the key concerns expressed by the general population at large has been that of rising prices and a marked erosion of its purchasing power. Food inflation in Q1 2022 was 13.9% compared to reported headline inflation of 6%.

Disruptions in the global supply chain in the aftermath of the pandemic and in the wake of the Russo-Ukrainian war have seen increasing freight costs and commodity prices including fuel, in turn leading to rising inflation.

The depreciation of the rupee against its major trading currencies has also exacerbated the impact of imported inflation on the local purse as witnessed with the higher value of our imports for comparative quarters and quarter on quarter.

### Inflation

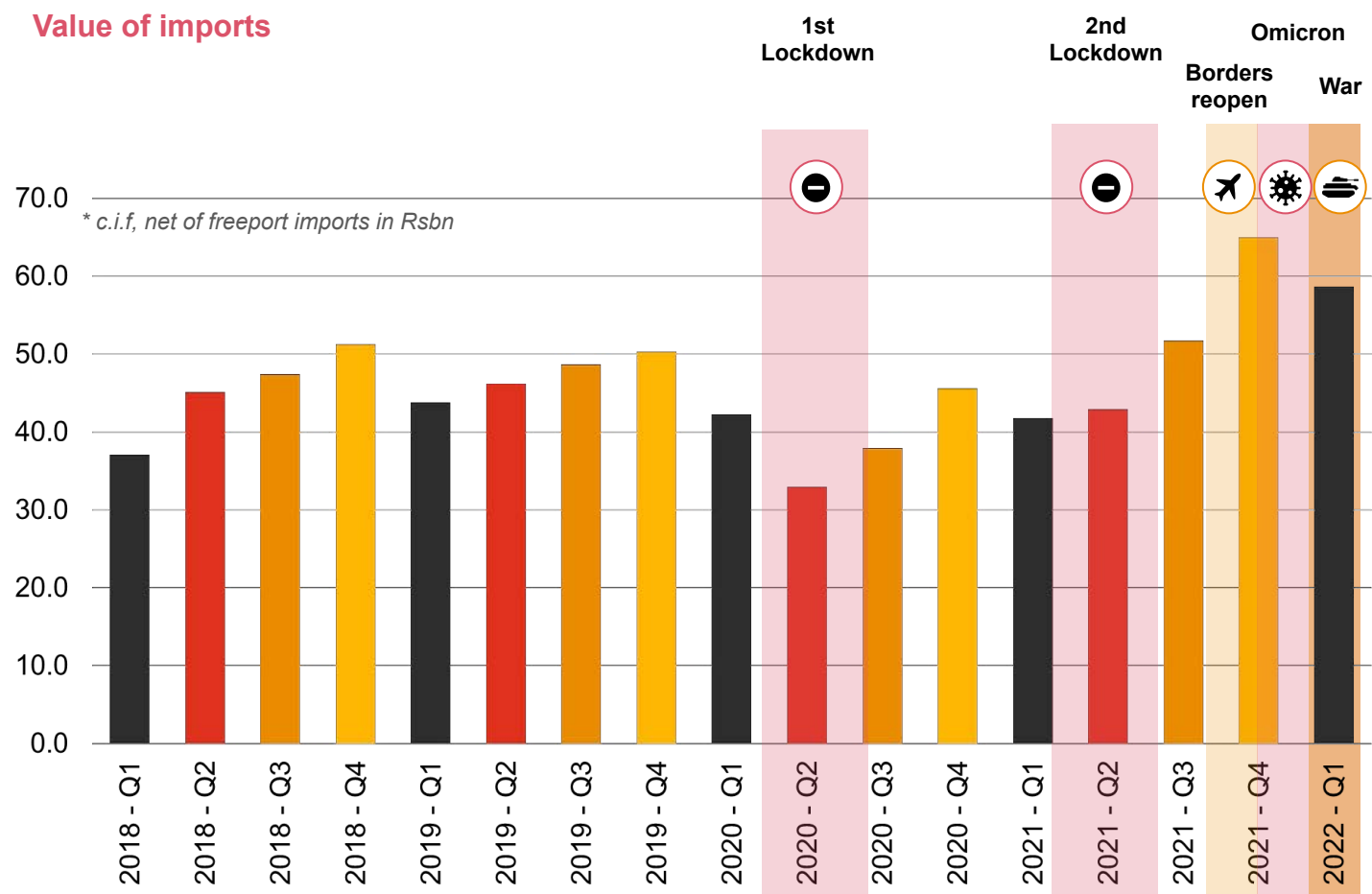




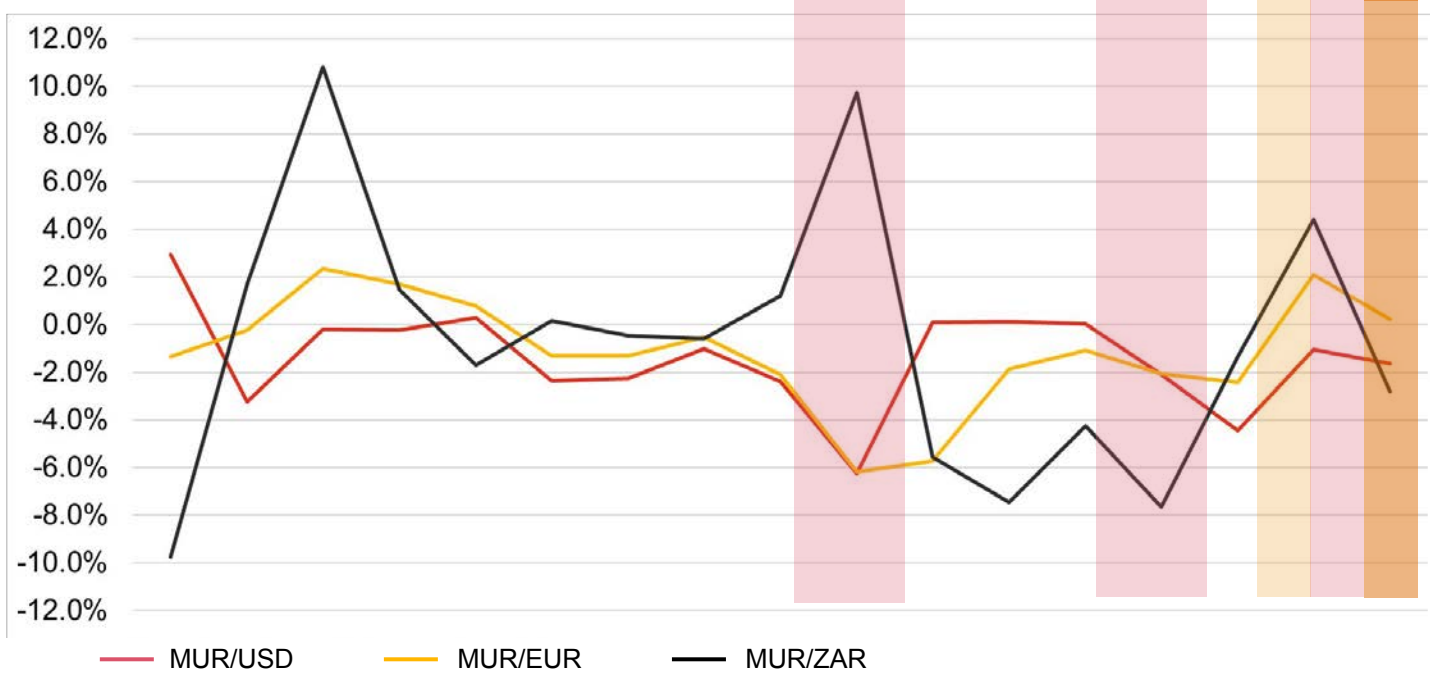
# Public Finance



## Value of imports



## Currency depreciation



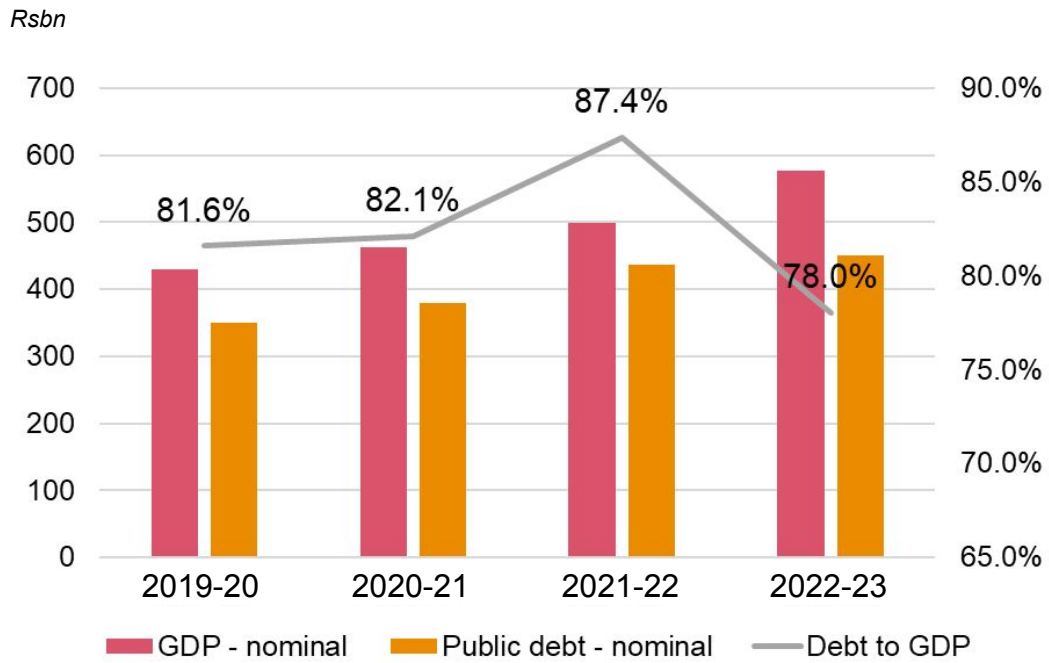


# Public Finance

## Public sector debt

Projected at 91.4% of GDP under the old definition, it was revealed that the 2021-2022 debt to GDP ratio was contained at 87.4% and is projected to be even lower in 2023 at 78.0%.

Public sector debt is estimated at Rs449.6bn by end June 2023.





# 4

## Sector review

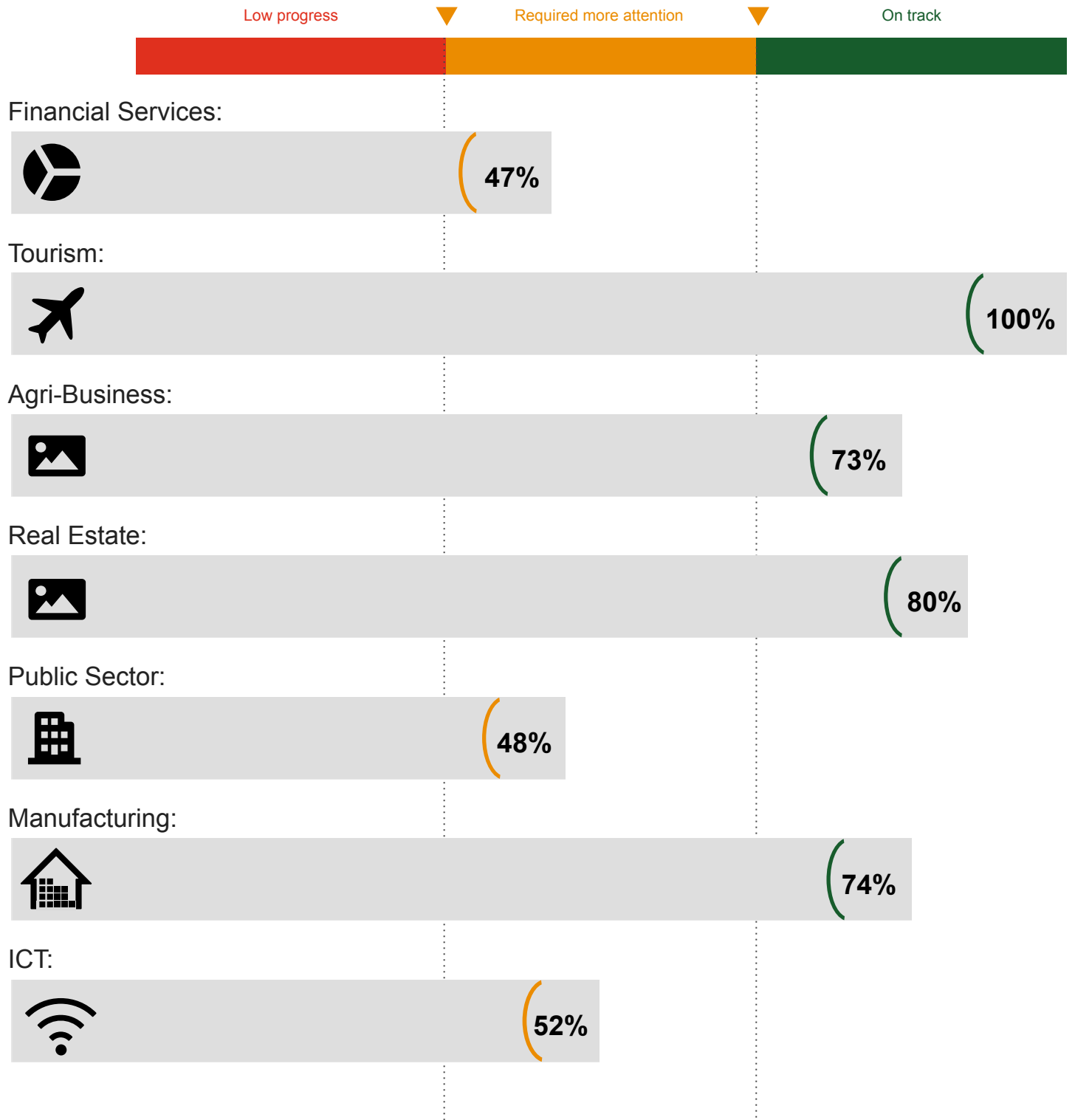


	4.0 Retrospective	18
	4.1 Financial Services	19
	4.2 Tourism	21
	4.3 Agri-business & Real Estate	23
	4.4 Public Sector	25
	4.5 Manufacturing and SMEs	27
	4.6 ICT	29



## 4.0 Retrospective

Our take on how many measures announced in the Budget 2021 - 2022 (previous year) were completed by sectors.





## 4.1 Financial Services



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**“Measures not meeting sector expectations”**

This year’s budget fell short of the expectations of the financial services sector, with no impactful measures for the sector.

The sector is in need of specialist resources and talents to bring it to the next level of diversification and specialisation and yet there are no measures to cater for this need, apart from the naming of the Financial Services Institute as the awarding body for specialists training in the sector.

For the Global Business sector, it would be interesting to see the impact of the amendment of the legislative framework to reduce the disparity between domestic and global business regimes and of the introduction of the domestic top-up tax. ●

### Key measures



Impact scale: *Low* ● ● ● *High*



#### Measure 1

Introduction of a domestic minimum top-up tax to resident companies of large multinationals to ensure that they are taxed at minimum of 15%



#### Measure 2

Adapting the legislative framework for the convergence of the domestic and global business regime

**Read the measures announced for Financial Services**





## 4.1 Financial Services

### Global trends identified by PwC



Mapped vs current maturity in Mauritius  
Immature  Mature

1. Digitalisation and service platform innovation



2. Cultivate trust with ESG



3. Be developers of talent: Transform your people and culture



### Expectations from local industry players



Mapped vs country's achievability & budget's commitment

Achievability: Low  High  
Commitment: None  Full

1. Sustainability and effectiveness of AML/CFT systems



2. Attracting talent to boost growth in the industry



3. A more competitive tax system to boost Mauritius as an IFC

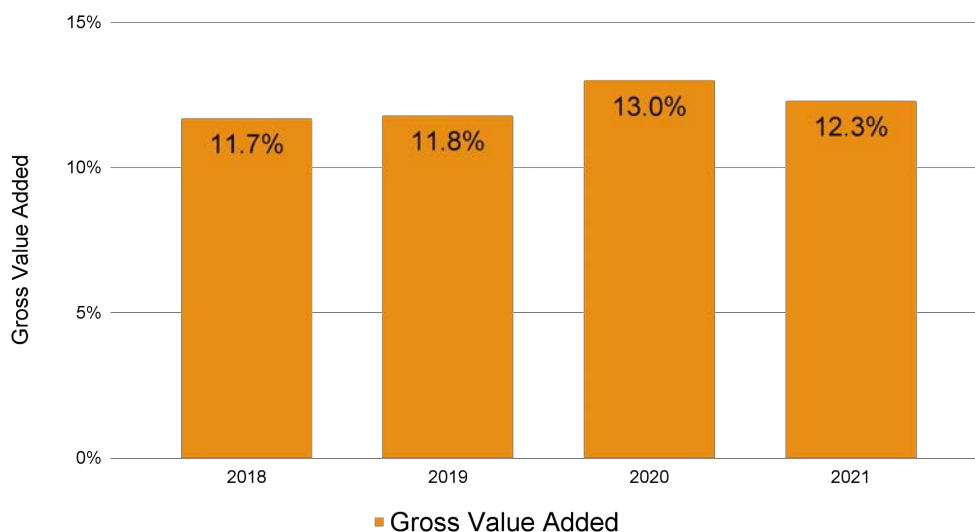


4. Effective reforms to regulatory guidelines



### Sector contribution expressed as GVA

2017 - 2021





## 4.2 Tourism



### Olivier Rey

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**Meagre measures for one of the worst hit sectors of our economy**

### Key measures



Impact scale: *Low* ● ● ● *High*



#### Rs1bn allocated

for the rehabilitation of beaches, lagoons and coral reefs



#### Marketing budget of Rs400m

allocated to the MTPA



#### 50% lease waiver

extended up to June 2023

The sector has been supported in an unprecedented manner since the COVID-19 pandemic hit us. The return to profitability of some of the largest groups is perhaps the reason why less focus was placed on this important pillar of our economy?

A nice push on the sustainability of our destination where hopefully tourists will be able to enjoy clean roads and beaches, and travel in electric taxis. Decarbonising our economy is crucial in attracting the next generation of tourists!

The Rs400m MTPA budget is welcome but is still lower than pre-pandemic levels. In an increasingly competitive global landscape, this will probably not be enough to boost the sector.

Lastly the budget falls short on some pressing issues the sector is facing such as an increase of air access and labour shortages.

Let's hope we will find the answers in the much awaited blueprint for the sector. ●

Read the measures announced for Tourism





## 4.2 Tourism

### Global trends identified by PwC



Mapped vs current maturity in Mauritius  
*Immature* *Mature*

1. Skills shortage & attractiveness of sector



2. Sustainability & circular economy



3. Digitalisation in operations & client experience



### Expectations from local industry players



Mapped vs country's achievability & budget's commitment

Achievability: Low High  
 Commitment: None Full

1. Pursue air connectivity expansion strategy



2. Further relax sanitary constraints



3. Tackle the labour market issues with more resolve



4. Increased marketing budget for tourism bodies

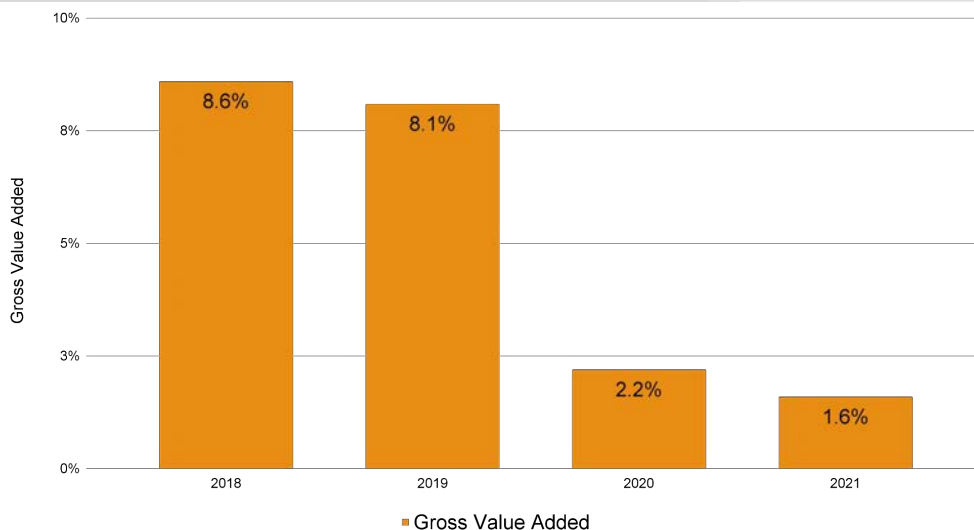


5. Clear action plan for a more sustainable destination



### Sector contribution to national production

2017 - 2021





## 4.3 Agri-business and Real Estate



### Olivier Ma

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#### Key measures



Impact scale: *Low* ● ● ● *High*



#### Food Processing Units

Investment of Rs400m by the DBM for the setup of 2 food security clusters



#### Sale by Levy comprehensive reform

Includes the new condition that the mise à prix shall not be less than 90% of the value of the property



#### Integrated Modern Agricultural Morcellement Scheme

8-year tax holiday, exemption from Registration Duty and from land conversion tax



#### Residence Permit Holders

Can acquire a residential property of a minimum of USD350,000 outside the existing schemes, subject to a 10% contribution made to the Solidarity Fund



### Food security, is it a realistic approach?

Successive governments have attempted to reduce our heavy reliance on food imports but with limited success. This Government itself issued a Strategic Plan towards Self-Sufficiency in 2016 and a number of the measures announced seem to derive from this blueprint. The Minister also added a flurry of new but timid incentives to promote food security.

We are wondering why these measures would succeed where other similar measures have failed? Are farmers and planters aware of the opportunities available to them? An awareness campaign could help. Credit criteria imposed on the commercial banks to support the planters could be less onerous. The road to self-sufficiency will also require the appropriate upskilling, and new entrepreneurs will need to be competitive vs imports. Regrettably, the measures don't appear far-reaching enough.

On the other hand, the creation of a Construction Industry Training Council is most welcome to professionalise the sector and improve the skills of our construction workers. ●

Read the measures announced for Agri-business and Real Estate





## 4.3 Agri-business and Real Estate

### Global trends identified by PwC



Mapped vs current maturity in Mauritius

Immature Mature

#### Agri-business

1. Sustainability and renewable energy



2. Food inflation and security



#### Real Estate

1. Inflation and rising interest rates



2. ESG and climate change



### Expectations from local industry players



Mapped vs country's achievability & budget's commitment

Achievability: Low High  
Commitment: None Full

#### Agri-business

1. Redefine roadmap for increased local production



2. Promote nutraceuticals industry



#### Real Estate

1. Clear vision and global positioning

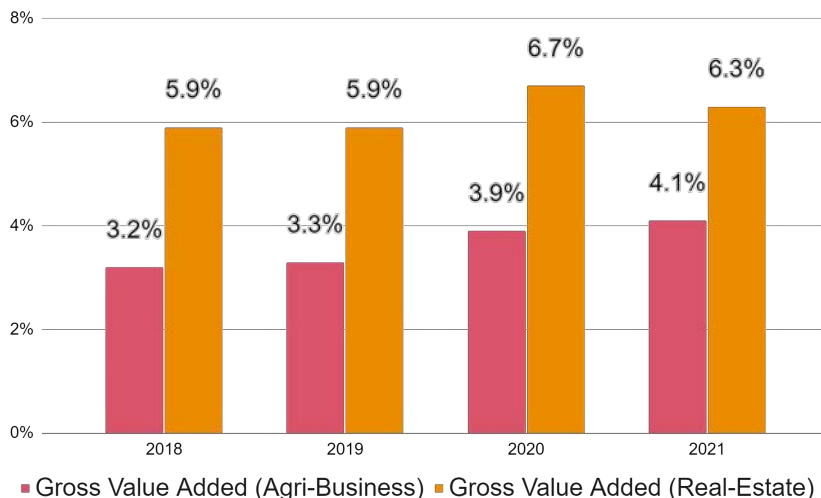


2. Tax incentives and preferential payment terms for the construction industry



### Sector contribution to national production

2017 - 2021





## 4.4 Public Sector



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### Key measures



Impact scale: *Low* ● ● ● *High*



**Green Mauritius**  
 Green Transformation Package to increase our share of electricity supply from local renewable sources



**Disaster Management**  
 Rs3.8bn earmarked to continue the National Flood Management Programme



**Healthcare**  
 Rs2.5bn earmarked for modernizing the health infrastructure



**Water Supply**  
 Investment of Rs1bn in water distribution projects

**Read the measures announced for Public Sector**



### Citizen-centric budget

Government acknowledges the present economic context and seeks to attend to social needs. Infrastructure continues to be a prominent feature with its impact largely visible. As regards to water supply, Government continues to invest to address citizens' demands. There is a special focus on Greening of the Public Sector and the Economy at large. Through these measures, Government is attempting to nudge the Citizen to embrace sustainable living. As a caring Government, investment in the health sector is commendable in light of the ageing population. Measures in the Education Sector towards upgrading its infrastructure are welcome, but they present no clear policy on how to better leverage technology to revolutionise the sector. Support provided to the police force, if implemented coupled with associated reforms, would largely address the safety of our People and visitors.

With the removal of the Urban Tax, Government has realigned the status of its localities. The forthcoming Municipal Elections may provide an opportunity to better understand the needs of the citizens and the financial implications for local authorities. Generally, measures announced are costly in nature; leaving aside how those will be financed, there remains a need for measures to enhance monitoring of public expenditure.

Through this budget, the Government has tried to extend a hand of support to its people. But its success rests on the conversion of the budget aspirations into reality for the citizens. ●



## 4.4 Public Sector

### Global trends identified by PwC



Mapped vs current maturity in Mauritius  
*Immature* *Mature*

1. Tech-enabled and citizen-centric public institutions



2. Vaccination roll-out in an equitable manner



3. Efficiency, transparency and accountability



### Efficiency in the delivery of public services



Mapped vs country's achievability & budget's commitment

Commitment: None Full

1. Review of operating model through technology



2. Implementation of capital projects on time and within budget



3. Eradication of fraud/malpractices



4. Greening of the Public Sector

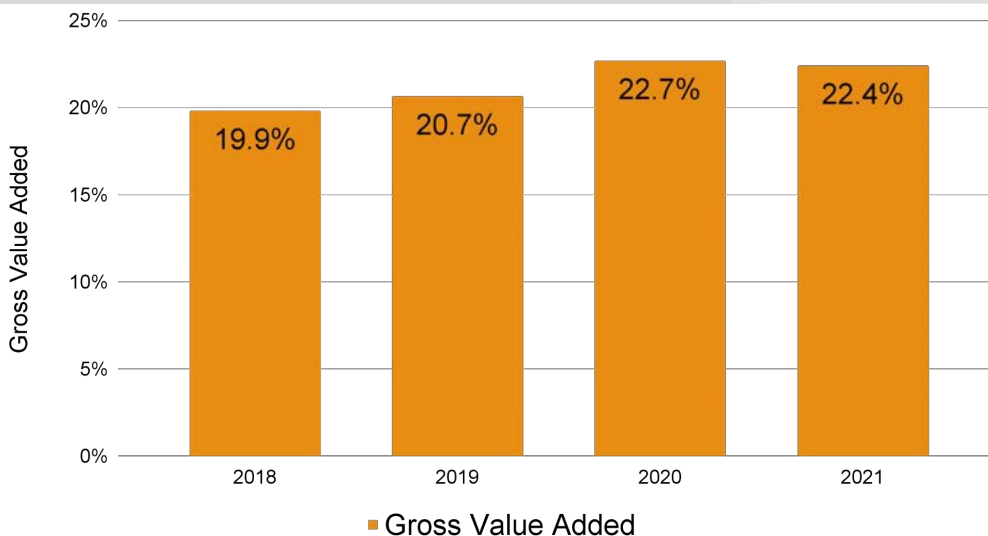


5. Law and Order



### Sector contribution to national production

2017 - 2021





## 4.5 Manufacturing and SMEs



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**Will the measures in the budget be enough to boost the manufacturing sector**

The sector has been struggling for years as the cost of production and labour increased and cheaper alternatives presented themselves to international merchants.

The budget met expectations on the logistics facilities to a large extent. This will provide the continued booster that operators are waiting for.

Not much incentives provided in terms of sustainability which is now an imperative from customers. Will they be able to invest and remain competitive?

There was no effort made on the Forex issues affecting the sector but the Made in Moris measures should help SMEs.

A Rs5bn Venture Capitalist fund from the MIC seems opportunistic and high risk for a government to handle and should be left to experienced bankers to manage.

We dream of a high-end manufacturing in Mauritius but when are we going to invest for this to become a reality? ●

### Key measures



Impact scale: *Low* ● ● ● *High*



**Two regional feeder vessels**

To facilitate exports to key routes



**Rs5bn venture capital fund set-up by MIC**

To support SMEs



**Rs5bn allocated by DBM**

To support SMEs



**Freight Rebate Scheme**

Extended to June 2023

**Read the measures announced for Manufacturing**





## 4.5 Manufacturing and SMEs

### Global trends identified by PwC



Mapped vs current maturity in Mauritius  
*Immature* *Mature*

#### 1. Global rush to self-sufficiency



#### 2. Digitalisation to boost manufacturing efficiency



#### 3. Increased customer appetite for sustainable products



### Expectations from local industry players



Mapped vs country's achievability & budget's commitment

Achievability: Low High  
 Commitment: None Full

#### 1. Improve competitiveness of logistics facilities



#### 2. Increase availability of FOREX on the market



#### 3. A game changing renewable energy investment framework



#### 4. Significant marketing of the destination as a sustainable manufacturing hub

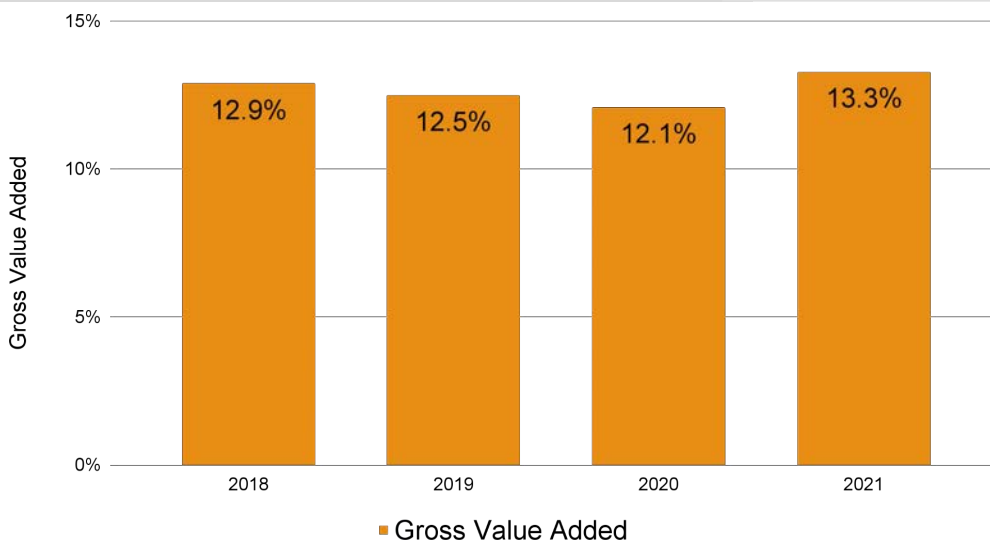


#### 5. Boost local circular economy



### Sector contribution to national production

2017 - 2021





## 4.6 Information & Communications Technology



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**This sector is so much more than the measures announced.**

Last year's Budget aimed at positioning Mauritius as a Digital Hub and similar forward thinking initiatives were expected this year. However, we note that a few initiatives are being repackaged to pretend that momentum is being maintained - this year's measures clearly fall short of expectations.

The Budget was expected to include initiatives which would modernise and digitize our country by facilitating and easing the life of our citizens.

At PwC, we believe that it lacks the strategic vision needed to guide Mauritius into the next Digital era.

The Government had the opportunity to not only improve the services towards the citizens but also work towards bridging the existing skill gap in the market, which could in turn help attract foreign investment and further boost the local ICT sector.

Inaction on previous measures, while conjuring up new ones will not lead to the advancement of the ICT sector in Mauritius. We would like to see definitive action being taken to not fall further behind in this era, and for e-Mauritius to not remain a eutopic goal.

### Key measures



Impact scale: *Low* ● ● ● *High*



#### Digital Upskilling & Fostering Innovation

The ability to use advanced technologies to create a culture of innovation



#### Public Sector Digitisation

Developing a more digitally accessible public sector



#### Digital Business Facilitation

Implementing digital platforms that will accelerate business processes

Read the measures announced for ICT





## 4.6 Information & Communications Technology (cont.)

### Global trends identified by PwC



Mapped vs current maturity in Mauritius  
*Immature* *Mature*

1. Availability of skilled labour



2. Working autonomy



3. The Essential Eight building blocks



### Expectations from local industry players



Mapped vs country's achievability & budget's commitment

Achievability: Low High  
 Commitment: None Full

1. Creating a Fintech ecosystem in Mauritius for the region



2. Investment in the upskilling of labor force to bridge the current skills gap



3. Clear initiatives to promote Mauritius as a Digital Hub to increase Foreign Investor Attraction

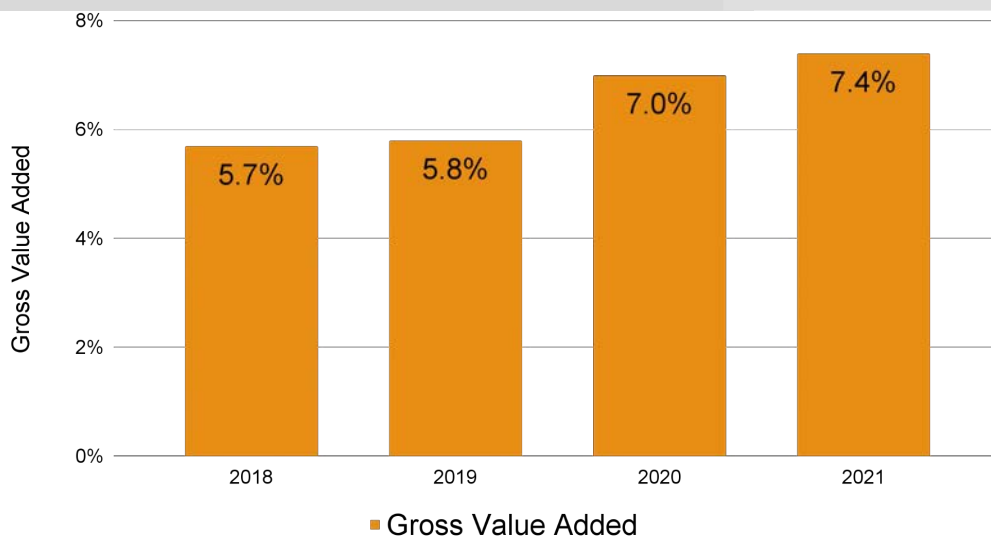


4. Digitalisation of public services



### Sector contribution to national production

2018 - 2021



# 5

## Taxation



5.1 Key tax measures	32
5.2 Corporate Tax	33
5.3 Personal Tax	35
5.4 Value Added Tax	36
5.5 Other Taxes	37
5.6 Tax Administration	38
5.7 Immigration	44



## 5.1 Key tax measures

### 12.5%

12.5% tax rate introduced for individuals earning between Rs700,000 - Rs975,000.



### Top-up tax

15% domestic minimum top-up tax for MNE groups with turnover > EUR750m.



### Name and shame policy

Publication of non-filers on the MRA website.



### Lapsing of objection

Submission of information denied at ARC level.

### Duty Free

Duty free on electric and hybrid vehicles





## 5.2 Corporate Tax

### Global Minimum Tax

- Introduction of a 15% domestic minimum top-up tax applicable to companies resident in Mauritius forming part of a multinational enterprise group having a global annual revenue of more than EUR750m.

### Freeport Companies

- 8-year tax holiday granted to newly set up freeport operators or developers with an investment of at least Rs50m provided that the companies:
  - start operations on or after 01 July 2022; and
  - conform with the substance requirements which are in line with the Organisation for Economic Co-operation and Development (“OECD”) standards.

### Premium Visa Scheme

- Foreign employers of Premium Visa holders will not, in respect of that employee, be subject to corporate tax and social security contributions.

### Small and Medium Enterprises (“SMEs”)

- Annual turnover threshold to qualify as SME amended as follows:

	New turnover threshold
Micro-Enterprise	Rs2m to Rs10m
Small Enterprise	Rs10m to Rs30m
Medium Enterprise	Rs30m to Rs100m

- Additional tax deduction available to large manufacturers on purchases of locally manufactured products from small enterprises will be increased from 10% to 25%.
- Penalties imposed on SMEs with regards to the late submission of income tax returns and late payment of income tax for the years 2020 and 2021 and which remain outstanding as at 25 March 2022 will be waived.
- Effective as from 01 January 2022, salary compensation paid by a non-export oriented SME to its employees, for the period up to 30 June 2022, will be refunded as follows:

Basic wage threshold	Maximum monthly refund
Up to Rs13,500	Rs500 per employee
Rs13,501 to Rs50,775	Rs400 per employee



## 5.2 Corporate Tax (cont.)

### Refund of salary compensation for tourism enterprises

- Effective as from 01 January 2022, salary compensation paid by an enterprise in the tourism sector to its employees for the period January 2022 to June 2022, will be refunded as follows:

Basic wage threshold	Maximum monthly refund
Up to Rs13,500	Rs500 per employee
Rs13,501 to Rs50,775	Rs400 per employee

- An enterprise in the tourism sector includes companies engaged in tourism activities as prescribed.
- Refund of salary compensation for tourism enterprises not applicable to:
  - an SME in the tourism sector qualifying for such refund under the SME scheme;
  - workers of an enterprise in the Island of Rodrigues where the enterprise benefited from Wage Assistance Scheme in a particular month.

### Transfer of asset to a related company

- Transfer of assets to related companies at net tax value extended to include all assets subject to depreciation and not limited to plant, machinery or industrial premises.



## 5.3 Personal Tax

### New tax rates

- As from income year 2022-2023, new tax bands and tax rates introduced as follows:

Annual net income	Tax rate
Up to Rs700,000	10%
Rs700,000 - Rs975,000	12.5%
> Rs 975,000	15% (plus Solidarity Levy, where applicable)

### Tax deductions and exemptions

- Exemption for dependent pursuing tertiary education increased to Rs500,000 and covers both undergraduate and postgraduate courses.
- Medical insurance premiums increased to Rs25,000 for individual and first dependent and increased to Rs20,000 for every other dependent.
- Tax deduction up to Rs50,000 for contributions to personal pension scheme.
- Tax deduction up to Rs50,000 for donations to approved NGOs, including religious bodies.
- Tax deduction in respect of bedridden next of kin also applicable to spouses, irrespective of any financial assistance received by the bedridden spouses.
- Tax exemption for petrol or travelling allowance increased to Rs20,000.
- Tax allowance available on amount invested by angel investors providing seed equity financing to SMEs.

### PAYE for Solidarity Levy on director's fees

- An individual deriving pension or director's fees may request the person responsible for the payment to deduct Pay As You Earn ("PAYE") for Solidarity Levy at the rate of 10%.

### Tax holidays

- 8-year tax holiday on income from an Integrated Modern Agricultural Morcellement Scheme on a plot of land exceeding 2 arpents.
- 8-year tax holiday to planters engaged in sustainable agricultural practices registered with Economic Development Board ("EBD").

### Social contributions (CSG)

- Self-employed persons may make social contribution payments for a full year in advance or on a monthly basis.
- Self-employed persons opting to make annual returns will not be required to submit quarterly statements.
- Private household employers may make social contribution payments on a yearly or monthly basis.



## 5.4 Value Added Tax

### **VAT refund on Meetings, Incentives, Conferences and Exhibitions (MICE) scheme**

- VAT refund for events with a minimum of 50 participants under MICE scheme.

### **VAT exemption on cars and spare parts for exhibition**

- VAT exemption granted on cars (and spare parts) and automobilia imported for the purpose of exhibition in a motor museum.



## 5.5 Other Taxes

### Property tax

- Home ownership scheme in relation to refund of 5% of the cost of the property up to a maximum of Rs500,000 extended up to 30 June 2023.
- A person contracting a secured housing loan under the home loan payment scheme to construct his residence will continue to benefit from a refund of 5% of the loan amount, up to a maximum of Rs500,000, until 30 June 2023.
- With effect from 01 July 2016, the transfer of a VRS property to the heirs of a deceased beneficiary shall be free from duty and tax.
- The 5% rate of tax on transfer of leasehold rights in State land for hotels built on State land will be increased to the rate of 10% as from 30 June 2023.
- A share buyback i.e. acquisition by a company, holding immovable property, of its own shares, will be subject to registration duty and land transfer tax.

### Registration Duty

- Exemption from payment of registration duty on a plot of land exceeding 2 arpents to encourage innovative agricultural practices under the Integrated Modern Agricultural Morcellement Scheme.

### Excise Duty

- Excise duty rebate scheme on motor vehicles extended up to 30 June 2023.

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

- Exemption on customs and excise duty will be granted on cars (and spare parts) and automobilia imported for the purpose of exhibition in a motor museum.
- All hybrid and electrical vehicles will be duty-free as from 01 July 2022.
- Introduction of a negative excise duty scheme of 10% for the purchase of electric vehicles by individuals, up to a maximum of Rs200,000.
- Excise tax on cans will be applicable on all beverages in cans.
- Excise duty of 6 cents per gramme of sugar on locally manufactured and imported non-staple sweetened products will be effective as from 01 July 2025.

### Other measures

- Abolition of municipal tax on the family home as from 01 July 2022.



## 5.6 Tax Administration

### Tax Arrears Settlement Scheme (TASS)

- Reintroduction of TASS providing full waiver of penalties and interests for tax arrears outstanding under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act, provided the taxpayer registers by 31 December 2022 and pays the tax in full by 31 March 2023.
- TASS also applicable to assessments pending before the Assessment Review Committee (ARC), the Supreme Court or Judicial Committee of the Privy Council.

### Rate of Tax Deduction at Source (TDS)

- The TDS rate has increased as follows:

	New TDS rate
Professional services	3% to 5%
Rent	5% to 7.5%

### Extension of TDS

- 3% TDS now applicable on the following:

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

### Power to require information from the stock exchange

- A statement of financial transaction required to be submitted to the MRA annually on individuals and companies having purchased shares in listed companies exceeding:

	Value of shares purchased
For an individual	Rs250,000 in one transaction
For a company	Rs500,000 in one transaction

### Foundations and trust

- MRA may request information from a foundation or trust in order to make an assessment, collect tax or comply with any request for the exchange of information under a Double Taxation Avoidance Agreement.

### Sharing of information with the Gambling Regulatory Authority (GRA)

- The MRA allowed to share information on an applicant with the GRA.
- Information shared would enable the GRA to determine whether applicant is a fit and proper person for the purpose of issuing a personal management licence.

### E-publication of names of companies not submitting returns

- The MRA allowed to publish on its website the names of non-filers.



## 5.6 Tax Administration (cont.)

### International Arrangements

- Amendments made to the Income Tax Act to allow for:
  - a. alternative dispute resolution with a view to resolving cross border tax disputes; and
  - b. implementing the internationally agreed standards to prevent base erosion and profit shifting.

### Taxation of digital economy

- Extension of the power of the Minister of Finance to make regulations to cover internationally agreed policies to address the tax challenges arising from the digitalisation of the economy.

### Tax Administration: Customs Act

- A definition of audit-based control under customs laws will be introduced in line with the provisions of revised Kyoto Convention.
- Where goods are purchased by a departing citizen of Mauritius free of taxes under the deferred duty and tax scheme, and the goods are imported back by him within 6 months of the date of his departure, no taxes will be payable on those goods.
- Payment instructions given by an importer for taxes to be paid electronically to MRA customs will have to be credited within 3 working days.
- The requirement to furnish a security by bond with adequate surety to cover the amount of taxes in case of default will be harmonised and at least one adequate surety will be required in all cases.
- The penalty provision for failure to submit a bill of entry for the clearance of goods within 5 working days after the time an aircraft has landed or a vessel has been berthed will be suspended up to 30 June 2023.
- The implementation of the penalty provision applicable upon failure by a master/agent to make amendments to his aircraft/vessel manifest within 5 working days after the aircraft has landed or vessel has been berthed will be deferred until 30 June 2023.



## 5.6 Tax Administration (cont.)

### Tax Administration: Customs Act (cont.)

- A stakeholder allowed to make an objection to a decision of MRA customs electronically for customs, Customs Tariff Act and Excise Act.
- Refund of taxes by MRA customs allowed in cases where a stakeholder objects to a tax assessment and the Objection Directorate at the MRA allows the objection.
- MRA customs allowed to communicate valuation information to Ministries/Departments upon request provided authorisation is obtained from the Minister of Finance.
- Where an order approving a bonded warehouse is revoked, taxes on all warehouse goods will have to be paid by the proprietor/occupier within 2 months of the date of revocation.
- Master/agent or representative of a vessel allowed to submit a consolidated Bill of Entry in respect of bunker fuel loaded during a month on vessels bound for the high seas.
- Where a broker or Freight Forwarding Agent informs MRA customs that he has ceased or intends to cease operation, MRA customs may revoke his authorisation to act as a broker or freight forwarding agent.
- Where a broker or freight forwarding agent has committed a breach entailing suspension but the breach relates to a specific function, MRA customs may allow a broker or freight forwarding agent to continue carrying out those functions where there has been no breach.
- Where, for audit purposes, books and records requested from an importer, exporter, freight forwarding agent or broker are not submitted or access to computers and other electronic devices is not granted to the satisfaction of MRA customs, the latter may raise a claim for payment of taxes.





## 5.6 Tax Administration (cont.)

### Tax Administration: Excise Act

- Entries for excisable goods made by a manufacturer in respect of goods deposited in an excise warehouse or removed from a factory or a consolidated bill of entry for excisable goods to be warehoused or cleared during a month will be deemed to be a self-assessment.
- Where the MRA allows an objection by a stakeholder claiming refund of excise duty, the refund made shall carry interest.
- With retrospective effect, a distiller-bottler of alcohol will be allowed to at his factory sell fusel oil for use as biofuel.
- The MRA may carry out “controlled delivery” of excisable goods such as cigarettes and tobacco for the purpose of gathering evidence on the smuggling chain.
- Extension of the opening hours on consumption of alcohol products in restaurants and pubs to 2am everyday.
- Extension of the requirement to affix excise stamps to beer and wine in cans and other types of packaging.



## 5.6 Tax Administration (cont.)

### Tax Administration: Value Added Tax (VAT)

#### VAT compulsory registration

- MRA empowered to register a person who is required to be compulsorily VAT registered but fails to do so.

#### Electronic publication by the MRA

- MRA to publish a list of all VAT registered persons on its website on a quarterly basis to avoid fraudulent practices.
- Where a taxable person fails to submit a VAT return, MRA can publish its name, address, directors and taxable period for which the VAT return was not submitted 3 months after the due date. The taxable period will be notified prior to the publication.

#### Objection made by taxpayer

- If the MRA lapses an objection due to failure to provide information, books and records within a required time frame, the taxpayer will not be able to produce those documents at the Assessment Revenue Committee (ARC) level.

#### Agent to a principal

- A VAT registered agent to charge VAT on goods sold under consignment.

#### VAT refund on residential building, house or apartment

- VAT refund to be effected no later than 30 days of receipt of all documents supporting an application.
- To qualify for VAT refund, the covered construction area should not exceed 1,800 square feet.

#### VAT refund for small farmers

- VAT Refund Scheme available to small farmers with turnover less than Rs10m registered with the Small Farmers Welfare Fund.

#### Heir/legatee to a succession

- The heir/legatee of a deceased taxable person accepting the succession or any executor/liquidator of the estate deemed to be an agent of the deceased and liable to file VAT returns and pay VAT due with respect to VAT collected by the deceased.
- Succession taking over the business of a deceased taxable person required to register for VAT.

#### E-invoicing system

- MRA to implement a roadmap for phase-wise implementation of the e-invoicing system by December 2022 to enable online recording, authentication and monitoring of invoices issued.



## 5.6 Tax Administration (cont.)

### Tax Administration: Value Added Tax (VAT) (cont.)

#### VAT deduction on contracts

- Government ministries, departments and local authorities to withhold a percentage of VAT on contracts exceeding a certain threshold. The VAT withheld can be offset against additional tax payable by the VAT registered contractors when submitting VAT returns.

#### Mauritius Revenue Authority (MRA) Act

##### Alternative Tax Dispute Resolution (ATDR) threshold

- The amount of tax payable under dispute in order to apply to the ATDR Panel reduced from Rs10m to Rs5m.

### Tax Administration: Registrar - General's department

#### Arrears Payment Scheme

- The Arrears Payment Scheme under the Registrar-General's Department will be re-introduced. The Scheme will provide for full waiver of penalties and interest if a debtor of the Department settles any debt amount on or before 31 March 2023.
- This scheme will apply to tax arrears due as at 31 May 2022.

#### Claim for Additional Duty or Tax on re-assessment

- No claim for additional duty or tax will be issued by the Registrar-General for an amount of less than Rs7,500 following a re-assessment of the value of an immovable property.

#### Transfer of shares by a non-citizen

- A non-citizen will be required to produce a certified copy of the certificate under the Non-Citizens (Property Restriction) Act on the acquisition and disposal of shares in a partnership, societe or a company.

#### Digital Signatures

- Provision will be made in the Registration Duty Act to accept a deed for registration where a secure digital signature has been affixed in conformity with the Electronic Transactions Act.



## 5.7 Immigration

### Acquisition of Property by Residence Permit holders

- Residence Permit holders allowed to acquire residential property of a minimum of USD350,000 outside existing schemes, subject to a 10% contribution to the Solidarity Fund.
- Status of residency available to non-citizens who have acquired property under “fractional ownership” provided the investment of each non-citizen is greater than USD375,000.

### Work Permit Process

- A committee chaired by the Prime Minister will be set up to expedite the issuance of work permits.

### Enhanced services

- Personalised services offered to ultra high net worth passengers by Airports Holdings Ltd. Services will include handling of private jets and transfers from airport to hotels by helicopter.

### Premium Visa

- Entrepreneurs and students completing their studies will benefit from the premium visa.



# 6

## The legal landscape



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Amidst social measures, this Budget nonetheless displays the Government's drive to pursue business facilitation. The announcement of the Business Regulatory Reform Bill as an apex legislation on business facilitation is recognition that there is scope for legal reform for doing business in Mauritius. The tenor of the bill is yet to be unveiled but here lies an opportunity to simplify the business regulatory regime.

The amendments proposed to the tax appeals process aim to provide for a more expeditious resolution of tax disputes and should comfort taxpayers that finality in tax matters can be achieved sooner rather than later.

From a banking and financial services industry perspective, what comes out is the Government's determination to recognise the virtual assets sector and develop a digital currency. The announcement that the Bank of Mauritius (BoM) may open accounts and accept deposits for the purposes of issuing a digital currency is in line with the recent remarks of the Governor of the BoM on the creation of a central bank digital currency whereas amendments are proposed to various legislations to recognise virtual assets. We hope that the Government's determination will provide the needed impetus to push the virtual assets sector to the next level though continued engagement of all stakeholders remain key to establishing Mauritius as a leading international hub for virtual assets services.

The Budget also envisages a relaxation of the COVID-19 protective measures implemented for businesses: the duty of directors upon insolvency under the Companies Act is to be reinstated. This suggests a return to normalcy.



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## 6 The legal landscape (cont.)



### AML/CFT

- ❑ The Financial Intelligence and Anti-Money Laundering Act (FIAMLA) will be harmonised with the Financial Action Task Force (FATF) recommendations by including combatting of proliferation financing under its scope.
- ❑ Definition of property under the Mutual Assistance in Criminal and Related Matters Act will be aligned with the FIAMLA and will include virtual assets.

### Banking

- ❑ The BoM will be empowered to open accounts and accept deposits from persons for the purpose of issuing digital currency.
- ❑ Functionalities of the Central KYC Systems and Central Accounts Registry will be increased to facilitate collection, verification, validation and extraction of KYC records.

### Corporate

- ❑ The Companies Act will be amended to remove the temporary time extension provided because of COVID-19 to call annual meeting of shareholders and prepare and file financial statements.
- ❑ Duty of directors to consider the appointment of a liquidator or administrator in case of insolvency will be reinstated.
- ❑ Companies will be prevented from being registered both in Mauritius and in another jurisdiction at the same time.

### Employment

- ❑ A person delivering services freelance or as a service provider will be given the status of a worker or an atypical worker.
- ❑ The scope of the protective order will be broadened to include payment of a gratuity on retirement.
- ❑ A cyclone allowance will be provided to a worker (drawing less than Rs600,000 in a year) required to work from home or at his assigned place of duty or to stay at his place of work, when a cyclone class III or IV is in force.
- ❑ Workers whose normal hours of work in a day exceeds 10 hours will be given a food allowance.
- ❑ Workers to be refunded transport expenses incurred corresponding to their mode of transport (either bus or light rail).
- ❑ Petrol allowance of workers to be increased by 10% up to a maximum of Rs2,000 irrespective of their salary.
- ❑ Workers may avail themselves of up to five days from their paid leave entitlement to take care of their sick child.
- ❑ Ceiling of 90 days to be removed to give workers the possibility to accumulate all their untaken sick leave.
- ❑ Workers may retire before the age of 60 if they have completed 436 months' service.



## 6 The legal landscape (cont.)



### Employment (cont.)

- ❑ Dismissal of workers to be prohibited on ground of performance where they have not fully recovered from an injury sustained out of and in the course of their work.
- ❑ Workers to answer a charge of misconduct or poor performance in oral hearing even if written explanation has been provided.
- ❑ Convicted workers to be given an opportunity to answer a charge of alleged misconduct which is subject to criminal proceedings.
- ❑ Redundancy Board (RB) to have the discretion to make a determination for reinstatement or payment of severance allowance.
- ❑ RB to prohibit reduction of workforce or closure of enterprise where the reasons are not justified.
- ❑ A definition of sexual harassment is to be introduced.
- ❑ The Employment Relations Act will be amended to (i) improve the process of collective bargaining; (ii) facilitate dispute resolution by having unresolved disputes referred to the Commission for Conciliation and Mediation; (iii) clarify the circumstances where a worker can claim reinstatement; (iv) reinforce the definition of discrimination; and (v) restyle the post of conciliators to conciliators and mediators.

- ❑ The Private Pension Scheme Act will be amended to include the transfer from one pension scheme to another or to the Portable Retirement Gratuity Fund (PRGF).

### Financial Services

- ❑ Removal of “Global Headquarters Administration”, “Global Shared services” and “Global treasury activities” from the scope of “financial services” under the Financial Services Act (FSA) and creation of a new section for regulation of global activities in line with FATF requirements.
- ❑ Regulatory actions may be taken by the Financial Services Commission (FSC) against individuals performing the functions of an officer without its approval.
- ❑ Setting up of a Settlement Committee for assessing the possibility for early resolution of disciplinary matters with a licensee.
- ❑ Review of current requirement for high-net worth individuals and families to a minimum portfolio of USD5m per management family office.
- ❑ Work and residence permits for 5 executives and dependents of Global Headquarters Administration licencees.



## 6 The legal landscape (cont.)



### Financial Services (cont.)

- ❑ Ombudsperson for Financial Services to be empowered to disregard complaints relating to a subject matter dealt with by the Commissioner for the Protection of Borrowers, a Court, a tribunal or an arbitrator and to consider requirements issued by the Ombudsperson for Financial Services, BoM, FSC, Central Depository Settlement and the Stock Exchange of Mauritius when investigating into complaints.

### Industrial Property

- ❑ The Courts will be empowered to order destruction of goods imported in breach of rights under the Industrial Property Act.

### Insurance

- ❑ Insurance Act to define “custodian”, “custodian agreement”, “clearing”, “clearing system” and “settlement”.
- ❑ Setting up of a framework for Structured Investment-Linked Insurance Business activities.
- ❑ The “fit and proper” requirements in the Insurance Act is to be aligned to those provided under the FSA.

### Non-Citizens

- ❑ The Non-Citizens (Property Restriction) Act will be amended to mitigate the risk that a non-citizen owns residential premises to which he is not entitled through acquisition of shares in a company.

### Securities

- ❑ Proposed extension of the regulatory functions to allow investigations of market abuse cases involving issuers on securities exchanges.

### Tax Administration

- ❑ The MRA will be entitled to request information from foundations and trusts to make assessments, collect tax or comply with a request under the Double Taxation Avoidance Agreement.
- ❑ The MRA will be allowed to publish names of companies which have not filed their income tax returns on its website.
- ❑ Mauritius to enter into international arrangement for alternative dispute resolution of cross border tax disputes under the Income Tax Act.
- ❑ Implementation of internationally recognised standards to prevent base erosions and profit shifting.
- ❑ Minister of Finance will be empowered to make regulations to address tax challenges regarding the digital economy.
- ❑ The threshold for disputes before the Alternative Tax Dispute Resolution panel will be lowered from Rs10m to Rs5m.





## 6 The legal landscape (cont.)



### Tax Administration (cont.)

- ❑ The MRA Act will be amended to improve the efficiency of the Assessment Review Committee.
- ❑ The MRA Act will be amended to allow the MRA to recover foreign taxes in order to provide assistance to foreign countries.
- ❑ A deed of registration containing a secure digital signature in conformity with the Electronic Transactions Act will be accepted under the Registration Duty Act.

### Virtual Assets

- ❑ Virtual assets will be covered under the Declaration of Assets Act.
- ❑ Virtual asset will be defined under the Good Governance and Integrity Reporting Act.
- ❑ A person will be required to disclose all information necessary for the recovery of a virtual asset when an Unexplained Wealth Order is made by the Judge in Chambers.
- ❑ The FSC and other investigatory authorities will be allowed to use software/digital tools in investigations. Information obtained through software/digital tools will be admissible in a criminal investigation, prosecution or other related criminal or criminal court proceedings.



# 7

## Appendix - Detailed measures announced by Sector

	7.1 Financial Services	51
	7.2 Tourism	53
	7.3 Agri-business & Real Estate	54
	7.4 Public Sector	59
	7.5 Manufacturing	62
	7.6 ICT	63


## 7.1 Financial Services


By John Li

### Key measures



Impact scale: *Low*    *High*

 **Measure 1**  
Introduction of a domestic minimum top-up tax to resident companies of large multinationals to ensure that they are taxed at minimum of 15%

 **Measure 2**  
Adapting the legislative framework for the convergence of the domestic adapting the legislative framework for the convergence of the domestic and global business regime global business regime

### Banks and insurance

- Launching of a regional Renminbi Clearing Centre by the BOM and the Bank of China
- Collaboration between the BOM and the National Payments Corporation of India for the issuance of the 'RuPay' cards and Indian QR Code in Mauritius
- Introduction of a National Payment Card for customers
- Issuance of a 5-Year Emerald Jubilee Bond at an interest rate of 4 percent per annum
- Revamping of the FSC framework for the set up of Re-Insurance companies

### Asset Management

- Introduction of a domestic minimum top-up tax on resident companies, of large multinationals having a global annual revenue of a minimum of EUR750m, to ensure they are taxed at a minimum of 15%
- Adapting the legislative framework for the convergence of the domestic and global business regime
- Renewal of the one-year graduate training programme on AML by the BOM and FSC
- Setting up of the Financial Crime Commission for an effective coordination in the fight against financial crimes
- Minimum portfolio of USD5m per management family office
- Work and residence permits for 5 executives and their dependents per holders of Global Headquarters Administration licence

## 7.1 Financial Services (cont.)

By John Li

### Amendments to regulatory frameworks

- The Financial Services Institute to become the awarding body for specialist training in the sector

#### Bank of Mauritius Act

- Enabling BOM to open accounts and accept deposits for the issuance of digital currency
- Increasing the functionalities of the Central KYC system and the Central Accounts Registry established by the BOM

#### Banking Act

- Modification of the criteria for the BOM to grant an in-principle approval for the application of a banking licence
- Enabling the BOM to require a financial institution or a service provider to comply with confidentiality requirements specified in its guidelines, directives or instructions
- Declaration of confidentiality to be required for any person carrying out a due diligence for the acquisition of shares in a financial institution

#### Financial Services Act

- Enabling the FSC to initiate regulatory actions against individuals not formally approved by the FSC to act as an officer
- Setting up of a Settlement Committee to assess the possibility of early resolution of disciplinary matters with a licensee

#### Insurance Act

- Extension of the prescribed delay from 2 to 5 years for claim applications to cover for more victims of hit and run accidents
- Setting up of a framework for Structured Investment-Linked Insurance Business activities
- Establishing a multilateral clearing framework in compliance with FSC Rules to expedite the settlement of outstanding motor claims recoveries

#### Financial Intelligence and Anti-Money Laundering Act

- Harmonisation of the provision of the FIAMLA Act to include combatting of proliferation financing

#### Securities Act

- Amendment of the Securities Act to extend the regulatory functions of an Official exchange for investigating market abuse cases involving issuers on securities exchanges

#### Virtual Asset and Initial Token Offering Services Act

- Authorising the FSC and investigatory authorities to carry out investigation and supervision using software/digital tools and to enable information obtained from those tools to be admissible as evidence

Go back to our Sector review and opinion



## 7.2 Tourism

By Olivier Rey

### Key measures



Impact scale: *Low*    *High*



#### Rs1bn allocated

For the rehabilitation of beaches, lagoons and coral reefs



#### Marketing budget of Rs400m

Allocated to MTPA



#### 50% lease waiver

Extended up to June 2023

### Tourism

- Increase of the marketing budget of the MTPA by more than 10% to Rs400m to consolidate existing markets, tap into new opportunities and niche markets
- To offer personalized facilities (handling of private jets/helicopter) to accommodate ultra-high net worth passengers
- 50% lease waiver extended up to June 2023
- VAT refund under the Meetings, Incentives, Conferences and Exhibitions (MICE) scheme
- Rs150m for the rejuvenation of the SSR Botanical Garden over next 3 years
- Rs200 voucher to be spent at the Mauritius Duty Free Paradise for incoming passengers of Air Mauritius

### Environment

- Airports of Mauritius Ltd to invest in a 14 MW solar photovoltaic system as part of the greening of the SSR International Airport and the surrounding airport area
- Rs1bn allocated to the clean-up, embellishment, and rehabilitation of beaches, lagoons and coral reefs
- Installation of solar lightings at beaches

### Arts and Culture

- New schemes introduced to promote creativity, nurture emerging talents, and encourage local artists to participate in international competitions
- The organisation of the first edition of the Mauritius Arts Expo during the year
- Grant of Rs5,000 to all registered artists displaying at the Mauritius Arts Expo

Go back to our Sector review and opinion







## 7.3 Agri-Business and Real Estate

By Olivier Ma

### Key measures



Impact scale: *Low*    *High*

- 
**Food Processing Units**  
 Investment of Rs400m by the DBM for the setup of 2 food security clusters
- 
**Sale by Levy comprehensive reform**  
 Includes the new condition that the mise à prix shall not be less than 90% of the value of the property
- 
**Integrated Modern Agricultural Morcellement Scheme**  
 8 year tax holiday, exemption from Registration Duty and from land conversion tax
- 
**Residence Permit Holders**  
 Can acquire a residential property of a minimum of USD350,000 outside the existing schemes, subject to a 10% contribution made to the Solidarity Fund

### Vegetables and fruits

- Grant of 50%, for up to Rs500,000/farm, for the purchase of a maximum of 2 sheltered farms for hydroponics
- Increase in subsidy from 50% to 75% on onion, potato, garlic and bean seeds sold by the Agricultural Marketing Board (“AMB”)
- Minimum guaranteed price of Rs33,000 per tonne of onions, Rs38,000 per tonne of potatoes and Rs50,000 per tonne of beans
- Introduction of Crop Replantation Fund by the Development Bank Mauritius (“DBM”) at an annual preferential rate of 2.5%
- DBM to invest in 2 food security clusters for Rs200m each
  - Agro-processing park of 5,000 square metres at Henrietta
  - Fruit processing cluster at Rivière du Rempart of up to 100 square metres for some 50 SMEs
- Grant of 50%, up to Rs500,000, for setting up of fruit ripening facilities
- Maximum grant of Rs100,000 for procurement of planting materials

### Sugar sector

- Extension of (i) Rs25,000 per tonne for planters producing up to 60 tons of sugar and (ii) payment of premium to Sugar Insurance Fund Board for planters producing less than 60 tons of sugar
- Waiver of CESS for crop 2022
- Encourage sugar planters to renew some 10,000 hectares of crops:
  - Increase grant under the Cane Replantation Scheme from Rs35,000 to Rs50,000 per arpent
  - Cane Replantation Revolving Fund by the DBM to provide loans at an annual preferential rate of 2.5%
  - Scheme extended to those who want to bring back abandoned land

## 7.3 Agri-Business and Real Estate (cont.)

By Olivier Ma

### Fertilisers and equipment

- Rs75m to registered planters to cover 50% of their cost of fertilisers
- Subsidy of 75% on the purchase of liquid fertilisers, bio-fertilisers and composts produced by cooperatives
- Subsidy of 50%, up to Rs500,000, to planters and cooperatives on the purchase of equipment for composting
- Introduction of Micro Propagation and Seed Production Scheme - grant of 50% on cost up to Rs500,000 to seed producers

### Tea Sector

- Increase in winter allowance from Rs1.50 to Rs2.00 per kilogram
- Rehabilitation of roads and construction of drainage in tea plantations at Nouvelle France, Grand Bois and Bois Cheri
- 10,000 tea plantlets at a subsidised cost of Rs10 per unit

### Apiculture

- Subsidy of Rs500 per queen bee to beekeepers for up to 10 queens
- One-off grant of Rs150,000 per beekeeper to secure the bee keeping zones
- AMB will import beeswax in bulk and resell to bee keepers at affordable prices
- Scheme for acquisition of CCTV camera extended to bee honey producers
- Introduction of new mellifluous plants to enable year-round honey production

### Livestock sector

- DBM to invest Rs200m in 5 Livestock zones at Henrietta, Salazie, Mare-d'Albert, Petit-Merlot, and Ex-Tea Belt Road
- Subsidy on animal feed increased to Rs10 per kilogram
- Extension of Cattle Breeding Scheme to importers of cattle
- Grant of Rs15,000 to breeders for the purchase of calves of less than 1 year
- Grant of Rs100,000 for the purchase of cows and construction of cowshed under the Zero Budget Natural Farming Scheme
- 30% subsidy on equipment for production of locally produced pasteurised milk
- Rs5m for extension of artificial insemination facilities and Rs15m for setting up of waste treatment facilities at Bassin Requin and St Martin for pig breeders
- Introduction of a Goat Farming Scheme for cooperatives for the purchase of goats and construction of sheds up to Rs200,000
- Organisation of Salon de L'Agriculture

### Food Security

- Exemption from payment of building and land use permit fees in zones dedicated to sheltered farming
- Introduction of Planters' Protection Scheme for protection against natural calamities

## 7.3 Agri-Business and Real Estate (cont.)

By Olivier Ma

### Agri-Transformation Programme

- The Industrial Finance Corporation of Mauritius Ltd will offer (i) a preferential lease of 2.5% to cooperatives for the purchase of mini-tractors and (ii) leasing facilities of up to Rs25m with an annual interest rate of 3.5%
- Introduction of an Integrated Modern Agricultural Morcellement Scheme on a plot of land exceeding 2 arpents to encourage innovative agricultural practices with the following incentives:
  - 8-year tax holiday on income
  - exemption from payment of Registration Duty
  - exemption from land conversion tax for developers converting up to 15% of the land for residential/ commercial purposes

### Blue Economy and Fisheries

- Construction of an additional hatchery costing Rs10m at the Albion Fisheries and Research Centre to increase the annual production of fingerlings by 100,000
- A stock assessment on the Saya de Malha bank costing Rs35m to identify small pelagic species for local consumption
- Acquisition of 2,000 handheld Very High Frequency radios for artisanal fishers and two rapid intervention patrol boats
- Installation of Marker buoys in 50 boat passages
- Extension of the boat passage at Le Morne

- Dredging at Grand River South East, Mahebourg and Souillac
- Replacement of seven Fish Aggregating Devices
- Grant increased to Rs6m for the acquisition of semi-industrial fishing vessels by registered cooperatives
- Provision of six barachois for the production of crabs and shrimps
- Allocation of four sites for off-lagoon aquaculture with amendments to be made to legislation
- Introduction of a new concession framework in the Maritime Zones Act to allow for in-lagoon pearl oyster and algae culture.
- Issuance of 500 additional fishermen cards
- Grant of Rs5,000 per fisher for the purchase of materials to construct fish traps and maintenance of financial assistance for the purchase of hooks
- Increase in Bad Weather Allowance for fishers from Rs475 to Rs575



## 7.3 Agri-Business and Real Estate (cont.)

By Olivier Ma

### Construction industry

- Setting up of a Construction Industry Training Council (CITC) by merging the Construction Industry Development Board (CIDB) and the Building Control Advisory Council (BCAC) to reinforce capacity and improve skills of the workforce
- Public contracts below Rs20m will be reserved for small contractors
- Government will reinstate the margin of preference for local contractors
- DBM Ltd will offer a loan facility of up to Rs25m at a concessional rate of 3.5% p.a.
- Launch of an e-register of skills for workers in the construction sectors to facilitate job search and recruitment of these registered workers

### Transit Oriented Scheme (TOS)

- Introduction of TOS to create vibrant, walkable and mixed-use areas within a radius of 100 metres of metro stations. Under the Scheme, property developers:
  - will be exempted from paying registration duty on lease or acquisition of land to develop an approved project; and
  - will be eligible for accelerated annual allowance on “green technology equipment” expenditure

### Residence Permits

- Holders of Residence Permits can acquire, upon application, a residential property of a minimum of USD350,000 outside the existing schemes, subject to a 10% contribution made to the Solidarity Fund

### Residence Permits

- A residential property acquired by more than one non-citizen under ‘fractional ownership’ will be eligible to apply for the status of residency provided that the investment by each non-citizen exceeds USD375,000

### Social Housing

- Construction of 13,758 social housing units
- Rebuilding 1,800 Ex-CHA houses for an amount of Rs800m over the next two years to phase out asbestos

### Sale by Levy

- A comprehensive reform of the sale by levy system
  - the mise à prix shall not be less than 90% of the value of the “logement familial” of the borrower
  - the lender will recover only the capital and interest due from a sale, and penalties will be waived
  - any amount recovered from the sale exceeding the amount due to the lender will be remitted totally to the borrower
  - all sale by levy process will henceforth be conducted solely through a sealed bid process
  - the lender will be legally obliged to erase a charge once a debt has been repaid
  - the provision relating to ‘contrainte par corps’ is being repealed

## 7.3 Agri-Business and Real Estate (cont.)

By Olivier Ma

### Residential real estate

- Abolishing of municipal tax on family home in urban areas as from 01 July 2022
- Maintaining the Home Ownership and Home Loan Schemes with a 5% refund up to Rs500,000 up to 30 June 2023, with the schemes also covering transactions between 12 June 2021 to 30 June 2021
- Each spouse married under the regime “corps et bien” to benefit from the exemption of registration duty for first time buyers

### State Land

- Halving of transfer tax on leasehold rights and state land for hotels from 20% to 10% will end on 30 June 2023

### Other measures

#### VRS Scheme

- Duty and tax free transfer of a VRS property to the heirs of a deceased beneficiary. This amendment will be backdated to take effect as from 01 July 2016

#### Share Buyback

- The acquisition by a company of its own shares will be subject to registration duty and tax in the same manner as for a transfer of shares

#### Urban Planning

- Setting up of a committee at the Ministry of Housing and Land Use Planning to review the sustainability of urban planning and framework in relation to the issuance of Building and Land Use Permit, including guidelines

#### Premium Investor Certificate

- Failure to use the land acquired for the project approved under the Premium Investor Certificate will lead to the Registrar-General to assess the amount of duty or tax which would otherwise be payable and claim such amount from the parties to the transaction

#### Value Added Tax

- Processing of VAT refund on a residential building, house or apartment to be effected not later than 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
- New condition added to the eligibility to the VAT refund scheme is that area constructed should not exceed 1,800 square feet on top of existing criteria that cost of house or apartment should not exceed Rs3m

Go back to our Sector review and opinion



## 7.4 Public Sector

By Rajeev Basgeet

### Public Infrastructure

- Rs3.8bn earmarked to continue the National Flood Management Programme
- Investment of Rs2.6bn for road construction works as part of the Road Decongestion Programme
- Rs1.4bn for the construction and upgrading of community development facilities
- Rs1bn allocated for the clean-up and embellishment programme, and for the rehabilitation of beaches, lagoons and coral reefs
- Introduction of a Transit Oriented Scheme (TOS) to create vibrant, walkable and mixed-use areas within a radius of 100 metres of metro stations
- Metro Express will be fully operational on the Port-Louis to Curepipe corridor, and between Rose Hill and Reduit before the end of this year
- Acquisition of 200 electric buses for the National Transport Corporation
- Rs400m to undertake landslide rehabilitation works across the island
- Construction of 485 housing units at Wooton and Mare D'Albert
- Construction of 1,273 housing units at Mont Gout, Malherbes and La Valette

### Education

- Rs18.3bn earmarked for the education sector
- Hot meal and transport facilities in SEN schools for all students
- Increasing the grant to Rs155m for NGOs/SeDEC running SEN schools
- Construction of a new Student Accommodation Facility at Côte D'Or for both the public and private higher education sector

### Healthcare

- Rs2.5bn earmarked for modernizing the health infrastructure, which include the completion of a New Cancer Centre, a New Flacq Hospital, and upgrading of the Neo-Natal Intensive Care.
- Rs325m earmarked for the acquisition of high-tech medical equipment
- Recruitment of 1,354 staff in the public health sector to deliver high quality services
- Implementation of 24/7 specialists services in the fields of Obstetrics and Gynaecology, Paediatrics and Anaesthesia

### Employment

- Recruitment of 8,353 new public officers
- Employment of 10,000 youths with a monthly Prime à l'Emploi of Rs15,000 for the first year of employment
- Implementation of an Electronic Document Management System to enable remote working by public officers

## 7.4 Public Sector (cont.)

By Rajeev Basgeet

### Green Mauritius (sustainability) .

- Investment in an 8 MW solar PV farm at Henrietta
- Commissioning of an 1 MW solar farm at Grenade in Rodrigues
- Implementation of solar PV projects by DBM Energy Ltd for a total capacity of 6.2 MW
- Introduction of a Sustainable City Scheme to develop a new concept of sustainable living built for people and nature
- Investments in an 14 MW solar photovoltaic system by Airports of Mauritius Ltd at the SSR International Airport and the surrounding area
- Loan facility of up to Rs250,000 will be made available by the DBM to domestic consumers at a concessional rate of 2 percent per annum to finance the acquisition of solar PV systems
- Leasing facilities of 3% per annum over 10 years to transport operators for the acquisition of electric vehicles and charging infrastructure
- Leasing facilities at 3.5% per annum provided to companies renewing their company fleet to electric only
- Loan of up to Rs3m over a period of 7 years at a rate of 0.5% to taxis and van operators for the purchase of electric vehicles
- All hybrid and electric vehicles will be duty-free as from 01 July 2022, and a negative excise duty scheme of 10% for the purchase of electric vehicles by individuals up to a maximum of Rs200,000

### Green Mauritius (sustainability) - cont.

- Payment of a tipping fee per tonne of waste to promote manufacturing of products from recycled materials
- Setting up of an additional 'déchetterie' for disposal of waste oils, and construction and demolition wastes
- Development of a pilot Composting Unit and a Sorting Unit to separate dry and wet waste resources on a PPP basis
- Setting up of a Scrapyard for vehicles declared total loss and beyond their economic life

### Utilities

- Electricity Purchase under under the Medium Scale Distributed Generation Scheme (MSDG) at a feed-in tariff of Rs4.20 per Kw/h
- Rs100m earmarked for the construction of the Rivière des Anguilles Dam and for the upgrading of La Ferme Reservoir
- Investment of Rs1bn in water distribution projects for the replacement of pipes, construction of service reservoirs, installation of pressure filtration plants, and construction of new and upgrading of existing water treatment plants
- Rs100m earmarked for the provision of water tanks and water pumps to 12,500 additional households
- Rs1.1bn for the implementation of sewage infrastructure projects, refurbishment of wastewater treatment plants, and extension of sewer lines

## 7.4 Public Sector (cont.)

By Rajeev Basgeet

### Law and Order

- Rs10.9bn earmarked to the Police Force to offer a quality and efficient service to the population
- Renewal of fleet of vehicles and the acquisition of an advanced Light Helicopter to improve the operational capabilities of the Police Force
- Installation of a New Coastal Surveillance Radar System
- Implementation of a New Automated Fingerprint Identification System
- Acquisition of light Armoured Personnel Carriers to better handle disaster situations
- Construction of the Mauritius Disciplined Forces Academy for common training platform for the Police, Prison and Fire and Rescue Services at Côte D'Or
- Construction of a new Forensic Science Laboratory at La Vigie

### Other Measures

- Rs6.8bn allocated for Rodrigues and Outer Islands
- Rs80m earmarked for preparation of athletes for regional and international competitions
- Rs65m earmarked for the upgrading of 8 Youth Centres and the implementation of Smart Youth Programmes
- Increase of benefits under Social Aid by at least 20%
- Issuance of consolidated reports on Local Authorities and Statutory Bodies together with the Annual Audit Report to strengthen accountability and transparency in the public sector

**Go back to our Sector review and opinion**



## 7.5 Manufacturing and SMEs

By Olivier Rey

### Key measures



Impact scale: *Low*    *High*

- 
**Two regional feeder vessels**  
 To facilitate exports to key routes
- 
**Rs5bn venture capital fund set-up by MIC**  
 To support SMEs
- 
**Rs5bn allocated by DBM**  
 To support SMEs
- 
**Freight Rebate Scheme**  
 Extended up to June 2023

### Manufacturing

- A Virtual Exhibition Platform for locally manufactured goods at the EDB will be operational as from October 2022
- A “Semaine de l’Industrie Locale” will be organised to promote the know how of Mauritian enterprises
- The EDB will identify products to obtain geographical indication and its label
- The Freight Rebate Scheme (FRS) and the Trade Promotion and Marketing Scheme (TPMS) will be extended up to June 2023
- Exporting agents of locally manufactured products will also be eligible to the TPMS
- The 50% reduction in port charges on exports is maintained.
- Two regional feeder vessels to support industries exporting to the South Asian and Eastern African region
- The SME International Fairs Refund Scheme will be opened to freeport operators

### SMEs

- The definition of SMEs amended with new turnover threshold
- SMEs will benefit from the Freight Rebate Scheme on the South African market
- Mid-Market Enterprise with a turnover up to Rs250m will now be included as a new category under the SME Act
- The DBM will extend the SME interest free loan scheme and the COVID-19 Special Support Scheme up to June 2023
- DBM is allocating Rs5bn to support SMEs, Mid-Market Enterprises and entrepreneurs
- The MIC is setting up a Venture Capital Fund of Rs5bn targeting SMEs and Mid-Market Enterprises
- A 50% grant up to Rs500,000 for the purchase of recycling equipment and transportation vehicles from local suppliers for the co-operative sector.

Go back to our Sector review and opinion



## 7.6 Information & Communications Technology

By Jean-Pierre Young

### Digital Upskilling & Fostering Innovation

- Digital Industries Academy:
  - Will provide training to 1,000 individuals in Data Communications, 5G, Cloud Computing, Artificial Intelligence and Cyber-Security as from July 2022
  - Will set-up a DIA Incubator for high-end ICT product development
  - Partner with telco providers, banks and international players to provide mentoring and financing to 50 incubatees
- Rs 125 million for the completion of the Technology Park at Baladirou in early 2023

### Digital Business Facilitation

- By December 2022, a new regulatory framework which would enable users to book taxi services online will be put in place
- A New Coastal Surveillance Radar System will be installed to ensure effective coastal surveillance and monitoring of movement of vessels

### Public Sector Digitalisation

- List of services will be offered online :
  - Application for Certificate of Character
  - Payment of Road traffic fines &
  - Application for social benefits
- Rs15m will be provided for a second connection for the Government Online Centre to ensure continuous access in government e-services
- With the implementation of an Electronic Document Management System, public officers will be able to work remotely
- The Civil Service College under construction will be equipped with modern facilities and IT equipment to facilitate online training, webinars, videoconferencing as well as interactive coaching
- A new Automated Fingerprint Identification System will be implemented

Go back to our Sector review and opinion





## 8 Our Budget 2022 - 2023 content



### Our pre-budget video series

Our pre-budget video series were 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.



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## 8 Research and Insights from PwC

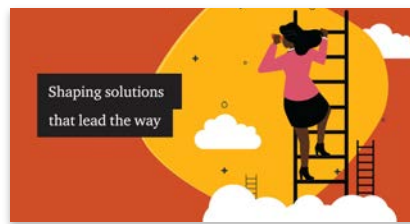
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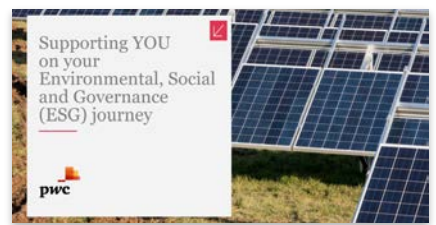
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