

Legal Highlights

BUDGET 2025-2026

05 June 2025

EDITORIAL

From Abyss to Prosperity:

2025/2026 Budget Speech

In many ways, the past few years have felt like staring into an abyss—not only due to our local political dynamics, but also because the world has been relentlessly turbulent. A devastating pandemic, rising geopolitical tensions, senseless wars, and the ever-looming spectre of a global recession have all contributed to a climate of uncertainty.

Against this backdrop, I appreciated the Prime Minister's candour: **there is no magic wand**. Prosperity will not come overnight.

The first Budget Speech from this new government was measured, sombre, and grounded in realism. The message was clear — **rebuilding will take time**. Three years, the Government hopes.

We already had a foretaste of the challenges ahead with the "State of the Economy" report presented in December 2024. The document laid bare some troubling figures: soaring public sector debt, widening budget and trade deficits, and **the shadow of a sovereign rating downgrade**.

The 2025/2026 Budget Speech rests on three stated pillars: economic renewal, a new social order, and fiscal consolidation.

On **economic renewal**, the Government's plan to tackle the **acute labour shortage** with more agile immigration policies and a revamped diaspora scheme is welcome. The shift toward investment-led growth, especially in the **green and blue economies**, signals an intent to pivot from consumption to production. A sustainable blueprint for the tourism sector is not just welcome—it is urgent (**hello, e-gates!**). Promising developments are also afoot in the financial services sector, including proposals for bullion banking, digitised trade finance, and streamlined licensing for the wealth management industry.

The **new social order** leans on strengthening the education system, shifting healthcare from a treatment-based model to a **prevention-first approach**, and promoting inclusion, equity, and safety.

But the most delicate pillar—arguably the most crucial—is **fiscal consolidation**. Reining in public spending must go hand in hand with economic growth. **Accountability, transparency, and efficiency**—concepts that should be baked into governance by default—must now be embedded in law or process. The unpopular CSG (Contribution Sociale Généralisée) will be gradually phased out. Allowances tied to it will end by 2027, with the *revenu minimum garantie* of Rs 20,000 maintained for full-time employees until at least 30 June 2027.

On the **tax front**, key measures include:

- (Re)introduction of excise duty on hybrid and electric vehicles;
- A 30% increase in registration duty for first-time vehicle registrations (offset by the abolition of duty on transfers of domestic pre-owned vehicles);
- Lowering the VAT registration threshold to Rs 3 million (as from 1 October 2025);
- VAT applied to specific digital and electronic services starting 1 January 2026;
- Simplification of personal income tax bands to:
 - 0% (up to Rs 500,000)
 - 10% (next Rs 500,000) (excluding young persons between 18 and 28 years old earning up to Rs 1m annually, who will be exempted from income tax)
 - 20% (above Rs 1 million)
- These changes are expected to remove 44,000 individuals from the tax net and reduce tax liability for 75,000 more;

EDITORIAL

- Introduction of an Alternative Minimum Tax of 10% on book profits on companies (excluding global business companies and exempted companies) operating in the following sectors: hotels, insurance companies, financial intermediation, real estate-related activities and telecommunications;
- Implementation of the global minimum tax (15%) in line with BEPS Pillar 2 on income derived as from 1 July 2025;
- Discontinuation of certain fiscal incentives for smart cities;
- Hike in registration duty and land transfer tax to 10% for non-citizens acquiring EDB scheme residential properties or apartments;
- A Tourism Fee of EUR 3 per tourist per night at designated tourist accommodation establishments;
- Allowing corporates to spend up to 50% of their CSR Fund; and
- No increase in the VAT rate.

A “solidarity levy”-style **fair share contribution** will be introduced for three years from 1 July 2025 (perhaps unsurprisingly, banks are bearing the brunt of the tax hikes). It’s worth noting that the design of this measure appears calibrated **to limit impact on the global business sector and expatriates:**

- 15% of chargeable income (plus domestic dividends) for individuals earning an annual net income exceeding Rs 12 million;
- Up to 5% for domestic enterprises and banks with chargeable income ((including their segment B income) above Rs 24 million;
- An additional 2.5% charge on domestic operations (segment A income) of banks.

Two interesting tax measures announced were the **reduction in assessable years to just two** and the requirement for businesses receiving at least 50% of their annual turnover in foreign currency to **pay their tax in foreign currency**.

Numerous blueprints have been promised. But as always, the proof of the pudding will be in the eating. This was not a Budget designed to “**faire la bouche doux**”—far from it. But neither was it the austerity budget many feared.

Or perhaps I’m being magnanimous as I peer across the long bridge that stretches from abyss to prosperity.

Johanne Hague, Managing Director, CMS Prism

5 June 2025

TAX MATTERS

TAX COMMENTARY

❑ Income Tax

We welcome the raising of the tax exemption threshold by Rs 110,000 with individuals earning below Rs 500,000 (and young people between 18 and 28 years old earning below Rs 1m) not having to pay income tax. Individuals earning between Rs 500,000 and Rs 1 million in a year, will face a lesser amount of income tax to pay. In effect, the new tax rates and bands have removed around 44,000 individuals from the tax net.

We note the (perhaps unsurprising) introduction of the Fair Share Contribution on corporates and banks. Banks, in particular, will now face an additional tax of 5% of their chargeable income (including on segment B income) and an additional contribution of 2.5% of their chargeable income from their segment A income. Strangely enough, Government proposes to introduce this measure under the VAT Act even though the tax will be levied on the chargeable income of the company.

The introduction of the Qualified Domestic Minimum Top-Up Tax on resident subsidiaries and holding companies of Multinational Enterprises resident in Mauritius, is an effective tool designed by the OECD under the global minimum tax framework. Mauritius therefore joins a number of other international jurisdictions in its introduction of the Qualified Domestic Minimum Top-Up Tax to secure tax revenues.

❑ Value Added Tax

The lowering of the threshold for compulsory VAT registration comes as an unexpected change in the Budget. While this move can help broaden the tax base and improve compliance, it may also place an administrative and financial burden on smaller businesses that now have to deal with VAT obligations for the first time. This change may also result in driving up prices further, with the end customer bearing the additional cost. It is hoped that the relevant authorities offer adequate guidance and support during this transition to ensure smooth implementation.

The expansion of the scope of VAT to cover electronic services provided by foreign suppliers to local companies was previously introduced in the Finance Miscellaneous Provisions 2020. The conditions governing this provision were however not prescribed through the VAT Regulations. Overseas businesses offering digital services to Mauritian consumers are not currently required to charge VAT.

TAX MATTERS

TAX COMMENTARY

❑ VAT (continued)

The precision that the reverse charge mechanism will now apply to banks, overturns the previously established cursus that the VAT reverse charge would not be applied to banks despite the provisions of section 14 of the VAT Act. It is expected that this change, together with the host of other income tax provisions, will have a substantial impact on the banking sector since banks' input VAT is largely not recoverable, and the reverse charge would therefore in effect constitute a tax on turnover.

❑ Supply to foreigners

The proposed amendment to the scope of VAT confirms that services supplied to non-residents will be taxed if used in Mauritius, emphasising the place of consumption over the consumer's location. This change aims to prevent VAT leakage but could add complexity for businesses. This marks a departure from the previously established position in Mauritius whereby services provided to a person who belongs in a country other than Mauritius and who is outside Mauritius at the time the services are provided are zero-rated by virtue of Item 6(a) of the 5th Schedule of the VAT Act.

❑ Tax Administration

The option of seeking tax rulings binding on the MRA has been a popular method of ensuring tax certainty by taxpayer in planning their financial affairs and business structures. It is hoped that the sharp increase in fees for companies will not deter taxpayers from seeking clarifications on their tax treatment and diminish tax or legal certainty.

TAX MATTERS

TAX COMMENTARY

❑ Tax Administration (cont'd)

While penalties and interest imposed under revenue legislation are to vary depending on the issue leading to an under-declaration of tax, the frequency of under-declaration as well as the extent of cooperation of the taxpayer, the amount of penalties and interest is frequently an obstacle to settlement. This current Budget provides several measures in an attempt to mitigate such risk. The Tax Arrears Settlement Scheme is renewed, two new one-off schemes, the Tax Dispute Settlement Scheme and the Voluntary Disclosure Settlement Scheme, introduced to reduce the number of litigation cases and underdeclared/undeclared income, entitling applicants to a full waiver of penalties and interest provided they respect certain conditions. Additionally, penalties and interest payable have now been capped at the amount of tax due.

Another notable provision brought to the revenue landscape is the change of the time limit for the MRA to raise an assessment. The MRA's powers will now be restricted to only two years, barring any exceptional circumstances. We eagerly await the definition of such exceptional circumstances, which shall have a definite impact on the MRA's *marge de manoeuvre*.

TAX MATTERS

INCOME TAX - INDIVIDUALS

❑ New income tax rates and bands

Implementation of new tax rates and bands for the income year starting on 1 July 2025 as set out in the table below:

Current tax rates and bands		New tax rates and bands	
Chargeable Income	Rate (%)	Chargeable Income	Rate (%)
First Rs 390,000	0	First Rs 500,000	0
Next Rs 40,000	2	Next Rs 500,000	10
Next Rs 40,000	4	Remainder	20
Next Rs 60,000	6		
Next Rs 60,000	8		
Next Rs 300,000	10		
Next Rs 300,000	12		
Next Rs 300,000	14		
Next Rs 400,000	16		
Next Rs 500,000	18		
Remainder	20		

❑ Tax exemption for a person aged between 18 and 28 years

Tax exemption on emoluments or business income for an employee or a self-employed individual aged between 18 and 28 years and earning up to Rs 1 million annually.

TAX MATTERS

INCOME TAX - INDIVIDUALS

❑ Fair Share Contribution for High-Income Earners

A Fair Share Contribution of 15% will be applicable to the chargeable income of an individual earning an annual net income exceeding Rs 12 million (inclusive of dividend income) received during the year from domestic companies.

Contribution will be collected under the PAYE system on income received as from 1 July 2025 and will be applicable for 3 consecutive income years, i.e. up to 30 June 2028.

❑ Taxation of Car Benefit

The monetary values of fringe benefits to be included in the gross income of an employee provided with a company car has now been reviewed.

❑ Removal of various personal reliefs and deductions

Removal of the certain personal reliefs and deductions starting from income year beginning on 1 July 2025, including deduction of wage paid to a household employee and donation to charitable institutions.

❑ Phasing out of Housing Loan Relief Scheme

Housing Loan Relief Scheme currently ending on 30 June 2025 will be renewed and gradually phased out over two years

❑ Investment Tax Credit for small businesses

Qualifying small business or service provider with annual turnover not exceeding Rs 10 million will be afforded an investment tax credit of 5% over 3 years (15% in total) on the cost of acquisition of new equipment not exceeding Rs 500,000 a year. Investment tax credit does not apply to acquisition of motor vehicles.

Eligibility for the investment tax credit will apply to investments made during the period from 1 July 2025 to 30 June 2030 (unrelieved investment tax credit may be carried forward over 5 years).

TAX MATTERS

INCOME TAX - CORPORATES

☐ **Corporate Social Responsibility**

An increase in spending to up to 50% of a corporate's CSR Fund will be allowed (instead of a maximum of 25% at present).

☐ **Partial Exemption Regime**

Subject to compliance with substance requirements, partial exemption of 80% will be allowed on income derived by a Virtual Asset Service Provider licensed by the FSC under the Virtual Asset and Initial Token Offering Services Act engaged in the exchange, transfer, safekeeping, and administration of virtual assets.

☐ **Alternative Minimum Tax ("AMT") on companies operating in specified sectors**

Introduction of an alternative minimum tax on companies operating in the following sectors, namely, hotels, insurance companies, companies engaged in financial intermediation activities, companies engaged in real estate activities and telecommunication companies (Not applicable to companies holding a Global Business Licence and companies exempt from payment of income tax or which have been granted tax holidays)

☐ **Qualified Domestic Minimum Top-Up Tax**

Introduction of a Qualified Domestic Minimum Top-Up Tax on resident subsidiaries and holding companies of multinational enterprises resident in Mauritius, on income derived as from 1 July 2025.

TAX MATTERS

INCOME TAX - CORPORATES

❑ **Application of Fair Share Contribution on Corporates**

Applicable to corporates having an annual chargeable income above Rs 24 million at the following rates:

5% of chargeable income if they are subject to the standard tax rate of 15%;

5% of chargeable income for banks including on income derived by banks from transactions with non-residents and Global Business Companies; and

2% of chargeable income if they are subject to the reduced tax rate of 3%.

No contribution will be required for companies: (a) holding a Global Business Licence, (b) exempt from payment of income tax or which have been granted tax holidays and (c) whose income is exempted from income tax.

No offsetting of any unused tax credits (i.e. foreign tax credits) against the contribution payable will be allowed.

Contribution applicable to income derived as from 1 July 2025 to 30 June 2028 (three consecutive years) and will be introduced under the VAT Act.

❑ **Additional Fair Share Contribution on Banks**

An additional contribution of 2.5% will be levied on the banks' chargeable income from domestic operations (excluding income derived from transactions with non-residents and Global Business Companies).

Contribution will be applicable to income derived as from 01 July 2025 to 30 June 2028 and will be introduced under the VAT Act.

TAX MATTERS

INCOME TAX - CORPORATES

❑ **Removal of income tax holiday for certain SMEs**

SMEs, providing professional services, acting as a tourism operator or training institution, will no longer be eligible to the 4-year income tax holiday granted on conversion from a sole trader or partnership into a company.

❑ **Review of Allowable deductions for Companies**

Double or triple deductions as set out below will only be granted, as from 1 July 2025, to small and medium companies (i.e. having an annual turnover not exceeding Rs 100 million):

- Double deduction of emoluments and training costs paid in respect of an employee in Rodrigues and emoluments paid to a woman paid under the Prime à l'Emploi Scheme;
- Double deduction of expenditure incurred on the costs of setting up a crèche or child day care centre for its employees;
- Double deduction of expenditure on acquisition of patents and franchises;
- Double deduction of expenditure on acquisition of specialised software and systems;
- Double deduction of expenditure on financing, sponsorship, marketing or distribution costs of a film;
- Deduction of 150% of expenditure incurred on filing fees regarding an application to a recognised arbitration institution in Mauritius;
- Triple deduction of donations, capped at Rs 1 million, to a charitable institution or NGO involved in specified activities.

TAX MATTERS

VALUE ADDED TAX

❑ **Compulsory registration**

Businesses will now be required to compulsorily register for VAT once their turnover of taxable supplies exceeds Rs 3 million. This provision will take effect as from 1 October 2025. The reduction of the compulsory registration for VAT which was previously at Rs 6 million represents a significant shift that will bring many small and medium-sized enterprises (SMEs) into the VAT net.

❑ **VAT on specified digital or electronic services**

Selected digital or electronic services provided by foreign suppliers will be subject to VAT with effect from 1 January 2026.

❑ **Miscellaneous**

The VAT Refund Scheme on the construction of a residential building or the purchase of a residential apartment or house from a property developer will end on 30 June 2025 and will not be renewed.

TAX ADMINISTRATION – GENERAL

❑ **Tax Dispute Settlement Scheme (TDSS), Voluntary Disclosure Settlement Scheme (VDSS) & Tax Arrears Settlement Scheme (TASS)**

TASS has now been renewed for taxpayers, having a tax debt as at 30 June 2025, while two other one-off schemes were introduced. Taxpayers undergoing litigation and those having underdeclared or undeclared taxable income or taxable supplies are encouraged to join TDSS and VDSS respectively to benefit from a full waiver of penalties and interest. Certain conditions apply.

Any person who has been convicted, is under civil or criminal proceedings or is the subject matter of an enquiry relating to drug or arms trafficking, money laundering or a corruption offence shall not be eligible to any of the above schemes.

TAX MATTERS

TAX ADMINISTRATION – GENERAL (cont'd)

❑ **Time limit to raise assessments**

The MRA will now not be able to raise assessments with regards to a period beyond 2 years of assessment preceding the year in which a return is made except for exceptional circumstances. Should exceptional circumstances retain its current meaning (returns not filed and fraud) this measure shall place a greater responsibility on the MRA to issue assessments quickly is likely to lead to even tighter deadlines for taxpayers to provide requested information and documents.

❑ **Penalty and interest cap**

Penalties and interest payable will not exceed the amount of tax due - a welcome statutory provision for longstanding litigation matters which see penalties and interest reaching astronomical proportions. Applicable penalties and interest for non-payment of tax will be reduced to 50% where they do not relate to withholding taxes collected on behalf of the Government.

❑ **Registration of tax agent**

It will now be necessary for tax agents to register with the MRA. Any member of the Mauritius Institute of Professional Accountants or law practitioners shall be deemed registered. While it is acknowledged that this measure may help taxpayers, the introduction of tax qualifications and experience as eligibility criteria for the agent's registration would go a long way toward ensuring the provision of professional services and protect consumers.

❑ **Payment of tax in foreign currency**

In a thinly veiled foreign currency cash grab from the Government, any business receiving at least 50% of their annual turnover in foreign currency will now have to pay their tax in foreign currency. The magnitude of the impact on the financial sector is expected to be considerable.

TAX MATTERS

TAX ADMINISTRATION – INCOME TAX

☐ **Tax rulings by the MRA**

The fees payable for a tax ruling will be increased in the case of an individual, from Rs 2,000 to Rs 3,000 and in the case of a company, from Rs 10,000 to Rs 50,000.

☐ **Charitable Institutions.**

It will be clarified that the Director-General of the MRA will be empowered to revoke the charitable institution status conferred to an entity if the latter is no longer meeting its charitable objects.

☐ **Application of arm's length**

The scope and methodology of the application of the arm's length principle applicable under certain fiscal laws will be reviewed in an aim to provide greater certainty as to its application.

☐ **Collection of fees by MRA**

The MRA will collaborate with the Corporate and Business Registration Department to establish a unified payment and receipt platform under the MRA's administration.

☐ **Abolition of penalty for late submission of Statement of Income**

Penalties will no longer apply if a person fails to submit its Statement of Income under the Current Payment System by the due date.

☐ **Statement of Winnings**

Licensed operators under the Gambling Regulatory Authority Act will be required to include the receipt or ticket number of any winning ticket in the statement of winnings.

TAX MATTERS

TAX ADMINISTRATION – VALUE ADDED TAX

☐ **Best of judgment standard**

The MRA will be empowered to make tax assessments based on its best judgment in cases where it finds the records maintained to be inadequate or inaccurate, consistent with the provisions of the Income Tax Act.

☐ **VAT payable during winding up or liquidation**

Provisions will be established to hold an administrator, executor, receiver, or liquidator appointed to manage or wind up a company's business liable for the payment of VAT owed by the company, in accordance with the payment priority rules for preferential creditors as outlined in the Insolvency Act.

☐ **Reverse charge**

The reverse charge mechanism on services received from abroad will apply to all VAT-registered persons, including banks that receive services from foreign suppliers.

☐ **Supply to foreigner**

The VAT legislation will be amended to clarify that if a service is provided to a foreigner based outside Mauritius, VAT will still apply if the service is used in Mauritius.

☐ **VAT rulings**

Any person making taxable supplies may request a ruling from the MRA regarding the application of the VAT Act to their supplies. It will be clarified that such a VAT ruling is binding on the MRA only and does not bind the person requesting the ruling. Hence, the person will have no right to appeal the ruling before the Assessment Review Committee (ARC) and will be clarified in the MRA Act. Fees payable for VAT rulings from the MRA will increase by Rs 1,000 for individuals and by Rs 5,000 for any other person.

TAX MATTERS

TAX ADMINISTRATION – REGISTRAR GENERAL'S DEPARTMENT

❑ **Arrears Payment Scheme (APS)**

The APS has been renewed for a further year, providing a full waiver of penalties and interest to any debtors settling the amount owed by 31 March 2026, with regard to tax arrears due as at 31 May 2025.

❑ **Revision of fixed duty, minimum duty and administrative fee**

The applicable costs for the registration of deeds and documents will be increased as follows: i. fixed duty from Rs. 300 to Rs. 500; ii. Minimum duty from Rs. 200 to Rs. 500; and administrative fee from a minimum of Rs. 100 to Rs. 200.

❑ **Addition of property to trust property**

A fixed duty will now only be levied upon an immovable property being added to a trust property if it is transferred from the settlor or a beneficiary of the trust. If such transfer is made by a third party, the standard rate of registration duty of 5% will be payable. It is expected that if such transfer is made by the trustee, neither duty shall be *de facto* applicable.

❑ **Time limit for objecting to a claim**

People shall be afforded less time to object to a claim made by the Registrar General – instead of 28 days from the date of receipt of the notice, they will now have 28 days from the date of the notice of the claim. Any request for additional time to object shall only be entertained in cases of illnesses or other reasonable cause.

❑ **Transfer of property**

Any failure to include a valuation of the movable items with regards to deeds relating to the transfer of both movable and immovable property shall carry a hefty penalty – a 5% land transfer tax shall be applicable on the aggregate value of all properties.

Further clarification will be brought with regards to the exemption from land duties and taxes to be granted on transfer of land as equity investment in a company. Such exemption shall be allowed if ordinary shares corresponding to at least the value of the said land are held by the transferor.

TAX MATTERS

TAX ADMINISTRATION – CUSTOMS

- ❑ Photographic evidence shall now constitute admissible evidence in court to enforce Customs law.
- ❑ We can expect future regulations from the Minister of Finance pertaining to the implementation of certain customs agreements between the MRA and any foreign customs administration/competent authority.
- ❑ VAT registered persons importing capital goods shall be able to benefit from a reduced threshold (from Rs 1 million to Rs 500,000 or more) entitling them not to pay VAT on the import of such goods while still declaring the non-payment in their VAT returns. While this measure aims to ease businesses' cash flow, the extent of its impact remains to be seen.
- ❑ The Customs Act, Customs Tariff Act and Excise Act shall be amended to provide for the payment of a certain percentage of the tax due to lodge an objection or file an appeal at the ARC (similar to the Income Tax Act and VAT Act provisions). While such provision is aimed at discouraging frivolous objections and appeals and any delay in paying of taxes due, it can very easily become a barrier to persons from having access to an appeal process and a breach of natural justice.

GAMBLING REGULATORY FRAMEWORK

- ❑ To strengthen the gambling regulatory framework, the Gambling Regulatory Authority Act, among other legislation, will be amended to (inter alia):
 - ❑ reinforce measures against illegal betting and money laundering;
 - ❑ increase regulatory and enforcement powers over gaming activities; and
 - ❑ increase existing penalties for offences relating to tax evasion in the gambling sector.

No further changes have been proposed at this stage as to the rate or computation of tax by the various operators in the gambling, betting, or horse racing industry.

TAX MATTERS

SMART CITY SCHEME AND OTHER SCHEMES RELATED TO PROPERTY ACQUISITION

❑ **Registration Duty**

The registration duty payable by a non-citizen on the acquisition of a residential property under the EDB schemes or an apartment will double from 5 % to 10 % of the value of the property, at the time of registration of the deed of transfer. Land transfer tax at the rate of 10 % instead of 5 % will be charged to the seller of the residential property or apartment

❑ **Resale of residential property by a Non-Citizen**

Any sale by a non-citizen of a residential property bought under EDB schemes or an apartment in a building with at least two floors above the ground will bear a land transfer tax which will be the higher of 10% of the value of the property or 30% on the gain realised on the resale of the property. The gain will be computed as the difference between the resale value and the value at time of acquisition.

A non-citizen buying a residential property which was originally acquired under the EDB schemes or an apartment in a building with at least two floors above the ground will have to pay 10% registration duty instead of the current 5%, based on the property's value at the time of the registration of the deed of transfer.

The new rates for land transfer tax and registration duty in respect of acquisition of residences by non-citizens will apply on deeds registered as from the date of the publication of the Finance (Miscellaneous Provisions) Act 2025 in the Gazette, irrespective of whether the property was subject to a prior reservation.

❑ **Land transfer tax**

A promoter selling a residential unit under the abovementioned schemes, including the sale of an apartment in a building of at least 2 floors above ground floor, will be liable to pay land transfer tax at the rate of 10% instead of 5% of the value of the property, at time of registration of the deed of transfer.

❑ **Smart City Schemes Removal of Fiscal incentives**

The fiscal incentives previously granted to smart city promoters will be discontinued. There will be a transitional period to cater to components of smart city projects where construction has already started.

CORPORATE AND FINANCIAL SERVICES MATTERS

COMMENTARY

- ❑ This Budget Speech was moderate in terms of corporate matters. It is noteworthy that there is a will to create a more favourable debenture market by simplifying the requirements for a debenture holders' representative.
- ❑ In relation to financial services matters, some initiatives have been identified in order to diversify the financial offerings, promote new areas of growth and tap new market opportunities.
- ❑ Bullion banking will be introduced, which is welcomed as more and more investors are looking for safe haven investments.
- ❑ There is also a clear intention to attract high net worth individuals by having a dedicated licensing framework.
- ❑ The Bank of Mauritius ("**BOM**") envisages to implement an effective resolution regime in order to:
 - bolster the stability and soundness of our financial system and shield the country from the fallouts of potential banking crises and failures; and
 - ensure orderly resolution of a bank that has failed without causing severe disruption across the banking system.
 - In relation to financial services matters, some initiatives have been identified in order to diversify the financial offerings, promote new areas

REGULATORY FRAMEWORK OF BUSINESSES

- ❑ The annual registration fees applicable to companies, *sociétés commerciales*, partnerships and foundations will be doubled. This increase will not apply to a small private company with annual turnover not exceeding Rs 100 million or a charitable foundation.
- ❑ The requirements for a debenture holders' representative under the Companies Act will be simplified to lower issuance costs and align with international best practices.
- ❑ It will be mandatory for a public interest entity to prepare an annual report.
- ❑ Companies, partnerships and foundations will now be required to keep a written declaration from their beneficial or ultimate beneficial owners confirming their status as same. These owners will also be responsible for updating the declaration if their status changes. Existing entities will have until 30 June 2026 to comply with this new requirement.
- ❑ The Registrar of Companies (the **"ROC"**) will be allowed to include any information as the ROC may deem appropriate in a certificate of current standing, when issuing such a certificate for a company, partnership or foundation.
- ❑ A person will be allowed to apply to the ROC for a certificate of registration of any limited or limited liability partnership entity, by paying the prescribed fee.
- ❑ However, for a partnership holding a global business license, only a partner, officer, management company, or registered agent of that entity will be allowed to apply for the certificate. Any other person, by paying the prescribed fee, can obtain information such as the name and address of the partnership or its registered agent, the proof of registration, and legal form of the partnership.
- ❑ A person will not be able to request the ROC for a certificate of current standing of a limited partnership holding a global business license, unless he is a partner, an officer of that entity or the FSC.

DOING BUSINESS IN MAURITIUS

ECONOMIC DEVELOPMENT BOARD (EDB)

It has been put forth in the Budget Speech that the EDB shall be restructured to support the “Innovative Mauritius” brand by streamlining processes, improving transparency, promoting investment, and driving the Government's export growth strategy. Similarly, the Mauritius Tourism Promotion Authority will also undergo restructuring.

Consequently, the EDB is expected to review part of its existing schemes and introduce new schemes including:

- Innovative Mauritius Scheme
- Women Entrepreneur Loan Scheme
- Land Repurposing Scheme
- Waste to wealth scheme,
- New Investment Incentive Scheme,

The Economic Development Board Act will be amended to cater for the following:

- The establishment of two distinct categories of occupation permit for non-citizen professionals, focusing on highly qualified individuals, based on revised salary thresholds and eligibility requirements.
- Reviewing the criteria of occupation permit for self-employed based on initial investment, specified turnover and proof of local client engagement.

EXPORT GRANT

- It has been announced that a new "*En Route Vers L'International*" scheme will be launched, providing a matching grant to support companies in structuring their export strategies. No additional details have been provided so far on this initiative.

RESIDING AND WORKING IN MAURITIUS

OCCUPATION PERMIT

The Immigration Act will equally be amended to revamp the current occupation permit framework:

- The duration of the retired non-citizen residence permit and that of occupation permit for self-employed and investor will be reduced from 10 years to 5 years, with possibility of renewal.
- The duration of occupation permit for young professionals will in a similar fashion be reduced from 3 to 2 years.
- An age limit of up to 24 years will be introduced for dependent children for all categories of permit holders.
- An annual non-refundable fee per expatriate worker would be introduced.

RESIDENCE PERMIT FOR RETIRED NON-CITIZEN

- The criteria for residence permit for a retired non-citizen will be revised so as to require an initial deposit of at least USD 2,000 into a local bank within 60 days from the date of issuance of the permit.
- Subsequently, an increased transfer of either USD 24,000 annually or USD 2,000 per month will be required. The current criteria require a transfer of either USD 18,000 annually or USD 1,500 per month.
- Retired non-citizens will also be required to mandatorily stay in Mauritius for a minimum period of 180 days in a calendar year.
- Retired non-citizens will be restricted from engaging in any business activity or to be in gainful employment.
- The impact of these revised criteria on existing permits remains unclear. Meanwhile, the proposed increase in financial requirements may, together with the reduced permit duration, potentially dissuade non-citizens from choosing Mauritius as their preferred retirement destination.

RESIDING AND WORKING IN MAURITIUS

TOURISM AUTHORITY ACT

It has been announced that a series of measures will be introduced to foster a business-friendly environment with suitable regulatory framework facilitating business operations and attracting both local and international investors.

- The Tourism Authority Act will be amended to extend the validity period of the Tourist Accommodation Certificate and the Tourist Enterprise License from 1 year to 3 years.
- This amendment aims to reduce administrative burdens and improve ease of doing business.

FOREIGN WORKERS

- The Non-Citizens (Employment Restriction) Act will be amended to provide for application or renewal of permits under the said act to be made through the National Electronic Licensing System and further allowing permits to be issued in electronic form.
- Permits under the Non-Citizens (Employment Restriction) Act, will be issued with a combined work and residence permit bearing a unique identification number for non-citizen.
- Lodging accommodation owners will be able to obtain a Lodging Accommodation Permit to accommodate foreign workers employed by different employers.
- The lodging accommodation framework has been redesigned to simplify the process for employers to recruit foreign workers.

FINANCIAL SERVICES SECTOR

- ❑ Amendments will be brought to the Financial Services Act and most notably:
 - the issuance or transfer of shares to existing shareholders, will not require the approval of the FSC, provided that it does not result in a change in control;
 - the transfer of shares to exempt licensees listed on securities exchanges, other than those in Mauritius, will also not require the approval of the FSC when there are transfer of shares which do not result in a change in control;
 - to give certain powers of direction to the Chief Executive; and
 - holders of Global Business License will be mandatorily required to have at least 2 directors at all times and the FSC shall be kept informed of any change in directors within 7 days.
- ❑ The FSC will review its annual license fees to reflect evolving market conditions.
- ❑ Transformative innovation will be welcomed whereby the FSC will deploy a unified e-licensing platform integrated with the centralised KYC repository and “Known to the Commission” features.
- ❑ A formal request will be made to the International Monetary Fund (IMF) and the World Bank for the conduct of a Financial Sector Assessment Program.
- ❑ The following initiatives will be implemented to boost the financial services offering:
 - Bullion Banking;
 - A dedicated licensing framework for wealth management and family offices to offer integrated services ranging from investment advisory to succession planning;
 - A new legislation will be introduced to recognise electronic bills of exchange and trade documents in order to facilitate end-to end digital trade finance and build Mauritius’ reputation as a trusted regional trade hub; and
 - A new Africa strategy for the financial services sector to reinforce Mauritius’ role as a platform for Africa-bound investments will be developed.

BANKING SECTOR

❑ The Bank of Mauritius Act will be amended to:

- empower the BOM to allow any KYC institution, licensed by the FSC, to become a participant in the central KYC system or the central accounts registry in order to enhance efficiency and improve financial transparency; and
- clarify the definitions of "account" and "customer" for interpreting the scope of the central KYC System and the central accounts registry.

❑ The Banking Act will be amended to:

- broaden the regulatory scope of the BOM by including foreign exchange swaps and other transactions which may be construed as the buying and selling of foreign currency under the activities of licensed foreign exchange dealers;
- Align the provisions of the Banking Act, relating to powers and duties of conservator and powers of receiver, to offer the assets or shares of the financial institution for sale without the consent of a financial institution or any of its shareholders.

EMPLOYMENT

EMPLOYMENT RELATIONS ACT

- ❑ It has been announced that the Employment Relations Act will be amended to provide certainty regarding private sector remuneration systems. It remains to be seen what measures will be proposed in relation to such amendments.

WORKERS' RIGHTS ACT

- ❑ The existing leave entitlement will be extended for workers to care for their spouse with health issues, which is a welcome measure.
- ❑ In a view to provide accrued accessibility to the job market to women, the Workers' Rights (Working from Home) Regulations 2020 will be replaced by the Workers' Rights (Flexible Work Arrangement). No further details have been provided.

STRENGTHENING THE AML/CFT FRAMEWORK

❑ Roadmap to Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)

A National Roadmap has been developed to prepare the Mauritius for the ESAAMLG Mutual Evaluation exercise set for 2027. The Roadmap includes the following:

- Conduct of thematic risk assessments to identify sector-specific vulnerabilities
- Introduction of a legislation to address identified gaps
- Development of advanced financial intelligence software by the Financial Intelligence Unit to support real-time analysis and dissemination of suspicious transaction reports;

The National Roadmap underscores Mauritius' commitment to global AML standards and aims to enhance its financial reputation.

❑ Declaration Of Assets Act

- A uniform 30-day window will be introduced for declarants, such as senior public officials, to submit fresh declarations once the initial five-year period has expired. The amendment will establish a clear timeframe for all declarants to submit updated declarations after the initial declaration.

❑ United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act (UNSA)

- The UNSA will be amended to enhance the powers of the Financial Crimes Commission (FCC) by making it mandatory for the FCC to manage, through its Asset Recovery and Management Division, the funds or assets of listed and designated parties.
- The FCC will also be granted the authority to seek an order from a Designated Judge to liquidate these funds or assets.
- Additionally, the resolution issued by the United Nations Security Council relating to Haiti will be incorporated in the UNSA.
- It has further been proposed that the National Sanction Committee be made into a body corporate.

NON-CITIZEN (PROPERTY RESTRICTION) ACT

- ❑ Section 3 (3) (c) (v) of the Non-Citizen (Property Restriction) Act currently allows the disposal or acquisition, by a non-citizen or a person not resident in Mauritius of an apartment in a building of at least 2 floors above ground floor, provided the purchase price is not less than Rs.6,000,000 provided certain approvals are obtained. It is now proposed to prohibit the disposal or acquisition of such apartment where the building in which the apartment is, has been constructed on State Land or *Pas Geometriques*. Whilst the details of the amendments are yet to be provided, it will be interesting to see how many foreign owners are concerned by these measures and what will happen to such foreign owners who want to dispose of those apartments. The government should provide for transitional measures to allow such foreign owners not to be in a deadlock as this may send the wrong signal to foreign owners wishing to come and invest in properties in Mauritius.
- ❑ In what appears to be a clear intention to better regulate the local real estate market and also potentially curbing inflation on real estate outside of certain schemes, it has been announced that the scheme introduced under the previous government in 2023 allowing non-citizens to acquire residential properties, including bare land anywhere in Mauritius provided the property price exceeds USD 500,000 will be discontinued.
- ❑ Finally, the powers of the Minister, responsible for the subject of internal affairs, to approve an acquisition of immovable property by a non-citizen after the deed of transfer has been registered will be removed. This appears to be a loophole whereby non-citizens could buy property first, have the title deed registered and ask for permission after the fact. Relevant legislations will also be amended. This change likely aims to tighten control over foreign property ownership, prevent unauthorized acquisitions, and ensure compliance with Mauritian laws on this subject matter.

MISCELLANEOUS

- ❑ It has been announced that there will be blueprints for the blue economy and the tourism industry. This is a welcome initiative as these sectors need a new direction towards prosperity.
- ❑ As in many countries, the eligibility age for basic retirement pension is being increased from 60 years to 65 years. Same will be phased over a period of 5 years. Mauritius is no exception with regards to the faster growth of the elderly population compared to the working population.
- ❑ The Data Protection Act will be revised to ensure that Mauritius is fully aligned with international and regional standards, including the Council of Europe's Convention on the Protection of Individuals with regard to Automatic Processing of Personal Data and the EU's General Data Protection Regulation. Specific sections to be amended were not mentioned. Whilst the specific provisions to be amended remain unspecified, the intended revision is a positive step towards alignment with international standards which may facilitate cross-border transfer of data with businesses in Europe.
- ❑ The Co-operatives Act will be amended to define the supervisory role and empower the Registrar of Co-operative Societies in a view of reinforcing its AML/CFT powers.

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CMS Prism in association with CMS is a full-service business law firm based in Mauritius and which specialises in all aspects of revenue law.



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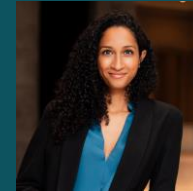
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