

**LEGAL HIGHLIGHTS**  
**Budget 2023-2024**



# EDITORIAL

To dare and to care. This was the title of the much-awaited Budget Speech 2023/2024 by Dr the Honourable Minister of Finance, Economic Planning and Development, Renganaden Padayachy, which was delivered on Friday 2 June 2023.

One might find a soupçon of cheesiness in the title but one might also find it hard to ignore the generous array of social measures announced with a view to raise the disposable income of less privileged sections of the Mauritian society: guarantee of a minimum monthly income, increase in pension, decrease in petrol prices and the maintaining of the CSG income allowance, to name but a few.

In keeping with the theme of creating a fairer and more equitable society, one of the more daring measures announced was the complete revamp of the personal income tax system, with the flat 15% rate being replaced by a progressive tax rate ranging from 0% to 20% and the scrapping of the solidarity levy. Those of us sporting grey hairs may remember that Mauritius previously had a progressive tax system until it was replaced with the 15% flat rate by the previous Finance Minister Dr Rama Sithanen in 2008. Interestingly, the maximum marginal rate will now be 20% (instead of 40%, as is currently the case with the solidarity levy system).

Players in the financial services sector have been fairly vocal about the potentially deleterious effects of the notorious solidarity levy. Stakeholders were growing increasingly concerned and nervous about the effect on Mauritius as an attractive and competitive IFC. It is hoped that the abolition of the solidarity levy together with other announcements relating to migration policies (such as the lowering of salary thresholds for the occupational permit) will send a strong signal to the international market to invest in and through our country.

Presumably the non-renewal of the tax incentive rate previously granted to banks in relation to their profits in excess of Rs 1.5bn as from the year 2022-2023 also forms part of the agenda to achieve a more equitable redistribution of wealth and profits to the less privileged, particularly in an environment of rising living costs and interest rates.

The Budget Speech is also one of continuity, translated through the willingness to create a more inclusive and sustainable economy, particularly as regards renewable energy as well as inclusion and diversity. Noteworthy announcements include:

- The requirement for listed companies to have at least 25% women on their boards;
- Companies employing more than 250 employees to provide necessary facilities for workplace-based childcare;

- All shopping malls being required to provide for nursing facilities;
- Incentives under the Premium Investor Certificate extended to investments linked to production of materials for renewable energy technologies;
- 50 percent waiver on the increase in electricity prices for the next two years for companies moving towards 100 percent renewable energy;
- The exemption of interest income derived from bonds to finance renewable energy projects being extended to all sustainable projects; and
- Introduction of renewable energy schemes for hotels, commercial centres, shopping malls and the agricultural sector.

While few can fault this year's Budget for not being magnanimous enough, one may well ask if it has been daring enough. It has dared to care, yes, but has it dared to announce structural reforms with a view to giving the economy a robust reboot amidst a challenging post-pandemic economic climate? And where will all the money come from to finance all the laudable social measures announced?

# TAX MATTERS

## Tax Commentary

- ❑ Overall, a “more favourable than not” Budget Speech in terms of tax measures.
- ❑ This is the first budget since the tax regime overhaul of 2008 to provide a progressive tax rate on personal income. The introduction of the new regime promises to ensure that those earning less will pay less tax (in real terms), thereby hopefully easing the mounting pressures of rising costs and inflation in a post-pandemic climate and achieving a fairer redistribution of wealth.
- ❑ The long-awaited abolition of the notorious solidarity levy which had been significantly increased during the pandemic will be viewed favourably by many stakeholders, particularly operators in the Mauritius international financial centre.
- ❑ The waiver of all outstanding debts of the COVID levy as at 20 January 2023 inclusive of penalties and interest comes as a relief to certain taxpayers.
- ❑ The non-extension of the tax incentive rate for banks in relation to their profits exceeding Rs 1.5bn (the applicable rate now being at 15% as from the year 2022/2023) does not come as a huge surprise, despite the seemingly retroactive application (although, in reality, the tax incentive rate was never actually renewed for 2022/2023).
- ❑ It is noted that no material amendment was made to the partial exemption regime applicable to companies, save for the increase in the exemption of the exemption rate from 80% to 95% for collective investment schemes and close ended funds established in Mauritius.
- ❑ The reintroduction of the popular mechanisms of the Tax Arrears Settlement Scheme (‘TASS’) and the Arrears Payment Scheme is also a welcome measure for taxpayers who will have the opportunity of having all interest and penalties waived on tax due (including in relation to assessments which are disputed). The exact cut-off dates for eligibility however need to be clarified, i.e., the date of Budget Speech or the date of the enactment of the Finance (Miscellaneous Provisions) Act 2023.
- ❑ The Budget Speech also proposes a review of the whole tax appeal system albeit without providing any further details at this stage. This is anxiously awaited by practitioners and taxpayers alike.
- ❑ There is no mention of any indication as to the mode of implementation of the global minimum tax for large multinationals as introduced in the last year’s Budget Speech.

# TAX MATTERS

## INCOME TAX

❑ A completely new progressive tax regime will now be applicable as from 1 July 2023 as follows:

Annual chargeable income tax bracket	Rate of tax (%)
Up to Rs. 390,000	0
Rs. 390,001 – Rs. 430,000	2
Rs. 430,001 – Rs. 470,000	4
Rs. 470,001 – Rs. 530,000	6
Rs. 530,001 – Rs. 590,000	8
Rs. 590,001 – Rs. 890,000	10
Rs. 890,001 – Rs. 1,190,000	12
Rs. 1,190,001 – Rs. 1,490,000	14
Rs. 1,490,001 – Rs. 1,890,000	16
Rs. 1,890,001 – Rs. 2,390,000	18
Exceeding Rs. 2,390,000	20

# TAX MATTERS

## INCOME TAX

- ❑ The application of the Solidarity Levy will be abolished.
- ❑ The partial exemption granted in respect of interest earned by a Collective Investment Scheme or a Closed End Fund established in Mauritius currently at 80% will be increased to 95%.
- ❑ Interest income derived from bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects ("Green Bonds") approved by the Director-General ("DG") of the Mauritius Revenue Authority ("MRA") will be exempted.
- ❑ It will be clarified that profits derived from the sale of aviation fuel to an airline will be considered as an export; it will be subject to tax at the reduced rate of 3%.
- ❑ Solidarity Levy on telephony service providers - the solidarity levy payable by will be reduced from 1.5% to 1% irrespective of whether the company has made a loss.
- ❑ The incentive tax rate of 5% applicable to banks will no longer be applicable as from the year of assessment 2022/2023. Banks will be taxed at the rate of 15% on chargeable income above Rs 1.5 billion.
- ❑ The investment tax credit of 15% over 3 years granted to manufacturing companies in respect of expenditure incurred on new plant and machinery (excluding motor cars) will be extended up to the FY 2025/2026. Any unrelieved investment tax credit may be carried forward over 10 years. Companies manufacturing both alcoholic and non-alcoholic beverages will be able to claim the investment tax credit on expenditure incurred on new plant and machinery used exclusively for producing non-alcoholic drinks.

# TAX MATTERS

## INCOME TAX

- ❑ The double deduction granted to a manufacturing company in respect of expenditure incurred on market research and product development will no longer be restricted to the African market. This applies to companies having an annual turnover not exceeding Rs 500 million.
- ❑ A tax relief of 200% of the amount spent by local companies participating in the financing, sponsorship or marketing and/or distribution of an approved film project, under the Film Rebate Scheme, intended for theatrical or media streaming release will now be available.
- ❑ All outstanding debts of the COVID-19 levy as at 20 January 2023 (inclusive of penalties and interest) will be waived.
- ❑ The Income Tax Act 1995 (“ITA”) will be amended to implement the decision of Government to provide a monthly financial assistance for payment of salary compensation 2023 of:
  - Rs 250 or Rs 500 per eligible employee of Small and Medium Enterprises (“SMEs”) including an expatriate employee depending on the profitability of the enterprise;
  - Rs 300 per eligible employee of an Export Oriented Enterprise including an expatriate employee; and
  - Rs 500 per eligible employee of a large public bus operator including an expatriate employee.

This will be payable to an SME and an Export Oriented Enterprise during the January 2023 - June 2024 period, including a double payment in December 2023.

- ❑ The Rs 200 million of the Corporate Social Responsibility (“CSR”) collected by the MRA will be transferred to the Solidarity Fund annually as from FY 2023/2024.

# TAX MATTERS

## VALUE ADDED TAX (VAT)

### Zero-rated Supply

- Instead of being classified as VAT Exempt, instruments and appliances used in medical, surgical, dental or veterinary sciences will be classified as zero-rated.
- The water supplied, infrastructure works and renting out of meters by the Rodrigues Public Utilities Corporation will be zero-rated for VAT purposes (similarly to the Central Water Authority).

### Exemptions

- The construction of purpose-built buildings for the provision of primary and secondary education will now be VAT exempted.
- Any contractor engaged in the construction of social housing units under a Social Housing project implemented by New Social Living Development Ltd will benefit from tax exemptions on VAT, customs duty and excise duty on procurement of goods (save for vehicles), works, consultancy services and other related services.

### VAT and/or Custom Duty Removal

- Medical grade silicone and glass-ceramic blocks for dental use will no longer hold any VAT charges, with the glass-ceramic blocks also benefitting from the custom duty removal.

### Special Levy on Banks

- All banks will now be charged a flat rate of 5.5% as special levy.

# TAX MATTERS

## TAX ADMINISTRATION (General)

### ❑ The Tax Arrears Settlement Scheme (“TASS”)

The TASS will be reintroduced, providing for a full waiver of penalties and interest where tax due and payable under the Income Tax Act, Value Added Tax Act and the Gambling Regulatory Authority Act is paid (in full) before 31 March 2024, provided the taxpayers have applied prior to 31 December 2023. The TASS is also eligible to taxpayers having cases pending before the Assessment Review Committee (“ARC”), Supreme Court or Privy Council.

### ❑ Protected Cell Company and Variable Capital Company

The assets of cells and other non-cellular assets of a protected cell company shall be treated as separate entities for tax recovery purposes. This shall also be the case of sub-funds and special purpose vehicle of a variable capital company.

### ❑ Statement of financial transactions

Virtual asset service providers and initial token offerings issuers shall report annually to the MRA transactions made by individuals, *sociétés* or successions, exceeding Rs. 250,000 or transactions exceeding the aggregate of Rs 2 million in a year. Corporate transactions shall be reportable as from Rs 500,000 and Rs 4 million, respectively.



# TAX MATTERS

## TAX ADMINISTRATION (Income Tax)

### ❑ Tax Deduction at Source ("TDS")

The TDS' scope shall be broadened to cover the following:

- i. Payment of fees made by insurance companies to panel beaters and spray painters for the repairs of motor vehicles of policy holders shall attract 3% of TDS; and
- ii. the services of an interior decorator/designer at a rate of 5%.

TDS shall not however not be applicable on fees paid to:

- i. a management company licensed by the Financial Services Commission ("FSC"); and
- ii. an investment adviser licensed by the FSC.

### ❑ Presumptive tax

Certain provisions pertaining to the administration of the presumptive system of income tax will also be honed.

### ❑ Power to require information

The provisions of the Information and Communication Technologies Act or the Data Protection Act shall not apply to any request for information from the DG of the MRA under section 123 of the ITA.

The MRA will also be allowed to request additional information from a bank if a benefit payable by the MRA has been credited in a wrong bank account.

# TAX MATTERS

## TAX ADMINISTRATION (Customs)

The salient provisions are as follows:

- ❑ The applicable rate of interest at the time of any refund of taxes under the Customs Act 1988 or the Excise Act 1994 will be the Key Rate.
- ❑ The Income Tax Act and VAT Act make provision for any aggrieved person to lodge an objection at the Objection Directorate of MRA or an appeal at the ARC on payment of 10% and 5% respectively of the amount of taxes underpaid. Similar provision will be made in the Customs Act and Excise Act to discourage frivolous objections and appeals.
- ❑ MRA customs shall have the power to request details as to the source of funds from any importer clearing goods of a value exceeding Rs. 500,000, on a risk-management basis.
- ❑ Where an importer/exporter/broker/agent fails to produce documents requested by MRA for post-clearance audit control, MRA may claim taxes underpaid based on information available. Provision will be made for a penalty not exceeding 50% of the underpaid taxes and interest at the rate of 0.5% per month, as for other cases of underpayment of taxes.

# TAX MATTERS

## TAX ADMINISTRATION (Value Added Tax Act)

Salient provisions include:

- ❑ A person having voluntarily registered shall be able to claim any credit for input tax as from the registration date.
- ❑ Any assessment shall be issued within 4 years following the period in which the tax liability arose, unless there is fraudulent conduct.
- ❑ The first phase of the e-invoicing project shall consist of a developer's portal to test the Electronic Billing Systems ("EBS") supplied by vendors to test the EBS connection with the MRA server and the generated invoices.
- ❑ Events organisers, who generally benefit from VAT refunds with respect of accommodations costs incurred by visitors attending a qualifying event, shall be exempted in respect of the said accommodation costs.
- ❑ It will become mandatory for a VAT registered entity to specify on its VAT invoice the name and address of any person who is not in business who requests it.

# TAX MATTERS

## TAX ADMINISTRATION (Registrar General)

### ❑ Transfer of shares

For transfer of shares exceeding Rs. 200,000 in value and requiring a supporting certificate from a professional accountant, duties and taxes shall be levied on the higher value declared in either the deed of transfer or in the certificate, whichever is the higher.

Persons acquiring more than 20% of a company's share capital and opting to be taxed on the value of shares transferred, will be required to provide a description of immovable property held in the company together with a site plan at the time of the registration of the deed of transfer.

Both the transferee and the transferor shall benefit from the process of objection following an assessment on the value of shares transferred if the transferor is subject to land transfer tax.

### ❑ Arrears Payment Scheme

The Arrears Payment Scheme shall be re-introduced, providing full waiver of the penalties and interest if the debtor settles any debt amount due as at 31 May 2023 prior to or on 31 March 2024.

### ❑ Objection Unit

A person, feeling aggrieved to a Registrar General's assessment following a transfer of movable property shall now have 28 days to object, instead of 15 days. If the objector is of a technical nature, the Registrar General may retain the services of a suitable expert in the field to advise the Objection Unit.

### ❑ Representations to the ARC – Immovable Property

Representations filed with the ARC will also need to be filed with the Registrar General.

# TAX MATTERS

## TAX ADMINISTRATION (Mauritius Revenue Authority Act 2004)

### ❑ *Contrainte*

The process of the recovery of a tax debt by way of “*contrainte*” shall be adjusted.

### ❑ Offences in relation to CSG Income Allowance

Police officers posted at the Legal Services Department of the MRA will be allowed to open an enquiry for offences relating to payment of CSG Income Allowance.

### ❑ Enlistment of Technical Experts

The DG shall be able to retain the services of a suitable expert in a technical field to determine a person’s tax liability.

### ❑ Review of Tax Appeal System

Amendments shall be brought to the current tax appeal procedures with the intention of improving its efficiency and effectiveness.

# SOCIAL CONTRIBUTION AND SOCIAL BENEFITS ACT

## Self-Employed

- The deadline for self-employed people to submit their annual social contribution return will move to August, giving them an extra month compared to previous years.
- Self-employed people and private household employers will now be able to consolidate their remaining months' returns as one return if they had previously submitted returns on a monthly basis for part of the financial year only.
- A quarterly statement will no longer be required if an annual social contribution return is submitted.
- It will be clarified that self-employed people are subject to penalty and interest provisions on unpaid social contributions.

## Retirement Benefit

The definition of "retirement benefit" in the Social Contribution and Social Benefits Act will be amended.

# PROPERTY TAXES

## Home Ownership Scheme

- The Home Ownership Scheme will be extended for another year, for residential property acquired from 1 July 2023 to 30 June 2024. A refund of 5% of the cost of the property not exceeding Rs 500,000 will be available.
- A property which has been subject to a reservation will qualify under this Scheme if the deed of transfer is consequently signed and registered within one year after the end of the Scheme time period.
- Refunds regarding any '*vente en l'état futur d'achèvement*' ("VEFA") will be made in respect of the amount paid by the purchaser under the VEFA agreement up to 30 June 2025.

## Home Loan Payment Scheme

- The Home Ownership Scheme will be extended for another year, i.e. in respect of residential property acquired during the period 1 July 2023 to 30 June 2024.
- Under the Scheme, an eligible person buying a house, an apartment or bare land to construct his residence benefits from a refund of 5% of the cost of the property up to a maximum of Rs 500,000.

## Exemption from Payment of Registration Duty

No registration duty or fee shall be payable in respect of any document signed or executed by the Financial Intelligence Unit under which it is a beneficiary

# CORPORATE MATTERS

## Commentary

- ❑ This budget was not ground-breaking in terms of corporate and financial services matters.
- ❑ However, there have been a couple of noteworthy announcements relating to company laws and the financial services industry.
- ❑ The most notable one is the proposal to finally allow for annual reports and financial statements to be sent electronically to shareholders prior to an annual general meeting rather than having those sent mandatorily physically.
- ❑ Unsurprisingly, in view of the ESAAMLG mutual evaluation of the Mauritian jurisdiction in 2025, there have been a slew of announcements in relation to the reinforcement of the existing AML/CFT framework, including a new Whistleblowing Act.
- ❑ More surprisingly, there is a will of the Government for a deeper duty of care from management companies in relation to the compliance of their clients. It has also been announced that the Financial Services Commission would be allowed to issue rules on obligations and responsibilities of holders of a management licence.
- ❑ Finally, in order to revitalise the Mauritian financial services sector, it has been proposed to extend certain activities to existing licences and the creation of new licenses. This is a welcome initiative, but the industry will need more than these minor incentives to be able to be as competitive as it once was.



# COMPANIES ACT 2001

The Companies Act (“CA”) will be amended to cater for the following changes as set out below.

- ❑ The service address of a company will henceforth have to be in Mauritius. The definition of service address in the CA is currently wide in interpretation as it means the address at which documents may be served and includes the address of a registered office. The address of a foreign jurisdiction may hence also fall within this ambit.
- ❑ From the date of resignation or death of the last remaining director of a company, the shareholders must appoint new directors within one month. If the shareholders fail to appoint new directors within the prescribed time limit, the Registrar of Companies may remove that company from the register.
- ❑ A company now has 21 days prior to the annual meeting to send its annual report to the shareholders. This is a departure from the prescribed limit of 14 days.
- ❑ A company can send its annual report and financial statements electronically coupled with a right for shareholders to request for a hard copy of the documents.
- ❑ A meeting of shareholders and voting may be done in such manner as the Registrar of Companies may approve.

# FINANCIAL SERVICES

- ❑ The Financial Services Act 2007 (“FSA”) will introduce new definitions including “AML/CFT”, “AML/CFT legislation” and “administrative penalty”.
- ❑ The Financial Services Commission (“FSC”) will be specifically empowered to take enforcement actions in case of breach of AML/CFT legislation.
- ❑ The FSC will be able to enter into arrangements and extend assistance to a foreign supervisory institution if that institution satisfies relevant confidentiality requirements imposed by the FSC.
- ❑ Moneylenders will be required to comply with any requirement of the FSC instead of prudential requirements.
- ❑ Sanctions for non-payment of administrative penalties will be aligned with that of non-payment of license fees.
- ❑ The delegation of the Chief Executive will be provided with the power to issue directions for the purpose of an investigation.
- ❑ Licensees will be under an obligation to submit independent compliance reports to the FSC.
- ❑ Breach of the AML/CFT legislation will be a ground for referral to the Enforcement Committee of the FSC.
- ❑ The Chief Executive of the FSC will be removed as a member of the Settlement Committee of the FSC to avoid possibility of conflict.
- ❑ The role of management companies will be enhanced with respect to ensuring compliance of their clients with relevant laws.
- ❑ The issuance of a certificate of good standing will also be applicable to Authorised Companies.
- ❑ Licensees will be able to file documents electronically.
- ❑ The recovery of annual fees and late charges due to the FSC will not be time barred to enhance recovery capacity of the FSC.
- ❑ The FSC will be empowered to make rules on obligations and responsibilities of holders of a management licence.

# SECURITIES ACT

- ❑ The Securities Act will be amended to enhance the attractiveness of Mauritius as a Fund domicile by allowing Funds to invest in loans or similar debt instruments.

# EMPLOYMENT

## ❑ 4 Day Week

In an effort to achieve better work-life balance, the Budget Speech brings about the long-awaited four-day week, which shall be implemented only with the consent of a full-time worker, where the latter opts to complete his normal working week within 4 working days.

## ❑ Leaves

Among the several proposed amendments to the existing legislative framework, the Workers' Rights Act ("WRA") will see the introduction of new provisions allowing for the accumulation of untaken annual leaves to be utilised at the discretion of the worker or be refunded to the latter upon termination of employment.

The Budget Speech also announced measures to allow for employees to take time off for the care of elderly parents and grandparents with healthcare issues.

## ❑ Portable Retirement Gratuity Fund ("PRGF")

Several amendments will be brought to the WRA in relation to PRGF, mostly seeking to establish better control over the usage of private pension schemes.

The monthly rate of contribution of an employer to a private pension scheme will be benchmarked to ensure that same is not less than the PRGF prescribed monthly rate.

Changes will also be brought to the administration of the PRGF,;

- Abolition of the need for submission of an annual PRGF return (where monthly returns have been made).
- Review of the method for computing surcharge in relation to unpaid PRGF contribution to ensure recovery of unpaid contribution.
- Restriction of the employers' ability to make any deductions from any gratuity payable where the private pension scheme is not adequately funded.

# EMPLOYMENT

## ❑ **Childcare**

In an effort to enhance access to childcare, proposals have been made for:

- The setting up of public childcare centres under public-private-partnership model.
- Compulsory establishment of workplace-based childcare for companies employing more than 250 employees.
- Double deduction on the cost of setting up a childcare centre.

## ❑ **Women in the workplace**

To achieve better female representation and promote gender equality, all listed companies will now be required to have a minimum of 25% of women on their boards, a welcomed move in an attempt to at least crack the glass ceiling.

Encouraging women entrepreneurship with a 10% increase in the margin of preference for public procurement of goods going towards women owned MSMEs.

## ❑ **Termination, redundancy and labour disputes**

The Annex makes proposals towards:

- The clarification of the definition of the terms 'labour dispute' and 'reinstatement' within the Employment Relations Act.
- Ensuring a fair hearing in cases of alleged charges of misconduct or poor performance allowing for the worker to answer the charge at an oral hearing.
- The Redundancy Board will not be empowered to make an order where termination is justified and to complete its proceedings within the extended timeframe of 60 days (as compared to 30 days previously).

# VIRTUAL ASSET AND INITIAL TOKEN OFFERING SERVICES ACT

- ❑ A Virtual Asset Custodian will now be able to hold custody of securities tokens.
- ❑ The requirement for an applicant to be considered as issuer of initial token offerings to submit an approval letter, in respect to the initial token offerings, issued by the virtual asset exchange or its equivalent acceptable to the FSC will be removed.
- ❑ The FSC will be empowered to make rules for the setting up of a Virtual Asset Register on virtual asset service providers.

# DOING BUSINESS IN MAURITIUS

## Unique Identification Number

- ❑ In order to improve cooperation between regulators, a unique identification number system will be implemented and shall be used across all government agencies for each business and company, including for business registration, VAT, tax or employee number. Such implementation will be coordinated by the EDB, the Corporate and Business Registration Department (CBRD) and MRA.
- ❑ Whether this unique identification number will harmonise the formalities and ease of business would largely depend on how the involved government agencies intend to match the processing efficiency in terms of business applications.

## Retired Non-Citizen – Bank Account Requirements

- ❑ Retired non-citizens applying for a residence permit can now, at the time of application, provide a certified bank statement from the applicant's country of residence or origin to show proof of funds together with a written undertaking to open a local bank account in two months' time. This two-month period, in line with the effort of increasing efficiency, will provide more flexibility and time for retired non-citizens to deal with time-consuming processes in completing their residence permit applications.

## E-Signature

- ❑ ICTA will now recognise certifications including DocuSign and Adobe Sign in the aim to encourage adoption of e-signatures.
- ❑ The adoption of e-signatures by regulators are a welcomed measure which facilitates production of documents and processing of applications.

# DOING BUSINESS IN MAURITIUS

## To consolidate the position of the Mauritius International Financial Centre

- ❑ The scope of the Variable Capital Companies will be extended to allow their use for family offices and wealth management.
- ❑ A new framework will be introduced to support the licensing and operation of Electronic Money Institutions.
- ❑ A Wealth Manager and Family Officer licence under Private Banking will be introduced.
- ❑ The promotion and marketing budget of the EDB will be increased by Rs 100 million.
- ❑ The exemption of interest income derived from bonds to finance renewable energy projects will be extended to all sustainable projects.
- ❑ The Bank of Mauritius will develop a Carbon Trading framework for both blue and green credits.

## To promote the greening of the Mauritian economy

- ❑ The exemption of interest income derived from bonds to finance renewable energy projects will be extended to all sustainable projects.
- ❑ The Bank of Mauritius will develop a Carbon Trading framework for both blue and green credits.



# NON-CITIZENS

## Premium Investor Scheme

- ❑ The Premium Investor Scheme was introduced in 2021 under the Economic Development Board Act 2017 (“EDBA”) to attract investors in emerging, innovative and targeted economic activities by the Minister of Finance. It has been announced that the Premium Investor Scheme will be extended to accommodate investors acquiring, whole or part, Government undertakings including by acquiring shares in a Government-owned company.
- ❑ In his Budget Speech, the Minister of Finance proposed that investments linked to production of materials for renewable energy technologies will benefit from the incentives under the Premium Investor Certificate. The holder of a Premium Investor Certificate currently benefits, under the EDBA, including, without limitation, rebates in relation to taxes and duties and facilities in relation to infrastructure, utilities and labour requirements.
- ❑ The intention to extend the purview of the Premium Investor Scheme can be welcoming to the Government’s continuous efforts in promoting a greener and more sustainable energy industry. Any additional benefits to be availed under the said scheme have yet to be clarified.
- ❑ The Government aims to enhance Mauritius’ position as an ESG-rated investment destination. ESG-related projects will, as such, be included under the Premium Investor Scheme to encourage investors and companies to adopt “climate-smart solutions.”

## Smart City Scheme (SCS) and Property Development Scheme (PDS)

- ❑ The promoter of a project under SCS and PDS will be allowed a two-year extension to complete construction of residential building (up to 30 June 2026). The maximum land area of serviced land for sale in such projects will remain within 2,100m<sup>2</sup>.
- ❑ This extension will be welcomed with much relief to the promoters affected by the inflation-hit construction field following the pandemic.

# NON-CITIZENS

## Work Permit

- ❑ Work permit applications made under the National Electronic Licensing System (NELS) of the EDB, shall be deemed to have been approved and a work permit e-certificate issued if no response is obtained from the Ministry of Labour, Human Resource Development and Training within 4 weeks from the date of application.
- ❑ With the implementation of a three-tier system to streamline application processes and the extension of NELS to PIO, it is expected that the application system will be expediated at the level of the EDB and the PIO.
- ❑ Non-citizens on a tourist or business visa will be authorised to apply for a work permit during their stay on the island.

## Occupation Permit

- ❑ Applicants applying for investor and self-employed schemes will be allowed up to 4 weeks within the issuance of the permit to show evidence of transfer of funds (USD 50,000 for investors and USD 35,000 for self employed).
- ❑ These measures again are expected to bring more efficiency within the occupation permit departments and ease the process of transfer of funds for applicants.
- ❑ An applicant for an occupation permit will be granted a business visa of 120 days without having to leave the island.
- ❑ Opening a local bank account will no longer be a condition to obtaining an occupation permit.

## THREE-TIER SYSTEM

The EDB shall introduce a three-tier system for application of work permits:

- **Tier A:** Established Companies with Good Credentials;
- **Tier B:** Less Experienced but Compliant Applicants; and
- **Tier C:** Other Applicants.

# NON-CITIZENS

## Acquisition of immovable property by non-citizens

- ❑ Resident non-citizens will now be able to purchase residential property outside of the existing schemes at a minimum price of not less than USD 500,000, compared to USD 350,000 previously. The purchase of residential property will be restricted to the main holder of the residence permit only and may not be extended to his spouse or children.
- ❑ The Annex contains a proposal for amendment to the Immigration Act to grant residence permit to a retired non-citizen and his family upon the purchase of a PDS project property relating to senior living facilities, upon the condition that the price of the property exceeds USD 200,000 and the retired individual is 50 years or older. This amendment is proposed to take effect as from 27 April 2019.
- ❑ Non-citizens will be able to acquire property in a sustainable city under the Sustainable City Scheme for a minimum price of USD 375,000.
- ❑ The residence permit remains valid in the above cases as long as the non-citizen holds the property.

## Foreign retirees

- ❑ To further develop the silver economy, foreign retirees will be allowed to take employment in certain specific sectors to be identified.
- ❑ Foreign retirees will no longer need to open a bank account in Mauritius.
- ❑ In accessing medical insurance in Mauritius, the FSC will issue guidelines with the purpose to ascertain the new risks, ensure same are properly ring-fenced and reinsured.

## Property acquisition schemes

- ❑ The processing fees for Integrated Resort Scheme (IRS), Real Estate Scheme (RES), Invest Hotel Scheme (IHS) and Smart City Scheme (SCS) is proposed to be harmonised to MUR 25,000 for the acquisition of a ground +2 apartment by a non-citizen.

# MISCELLANEOUS

## ❑ Resilience of SMEs

The Government aims to strengthen SMEs and start-ups by implementing several measures such as to provide, through the Industrial Finance Corporation of Mauritius (Equity) Ltd, equity financing including preferential shares to SMEs so as to make them bankable for credit finance by commercial banks.

Other measures include a handholding programme to support SMEs under the 'Made in Moris' label.

## ❑ Digital Rupee

The Minister of Finance announced during the budget speech that it is intended for the "Digital Rupee" to be rolled out in November this year on a pilot basis. No further details have been provided as to the nature of the "Digital Rupee" and its acceptance by banks in Mauritius.

# AML-CFT

## The Financial Intelligence and Anti-Money Laundering Act 2002 (the “FIAMLA”)

- ❑ The FIAMLA will be amended to exclude from its purview entities such as fintech service providers, brokers, actuarial services and reinsurance companies.
- ❑ The proposition to include such entities as not falling within the scope of FIAMLA may raise a few eyebrows in light of the draft Financial Services (Fintech Service Provider) Rules 2023 published by the FSC in April.
- ❑ In view of the ESAAMLG Mutual Evaluation in 2025, Mauritius should aim to stay within the compliant jurisdictions list and enhance AML/CFT provisions in tackling money laundering and terrorism financing within the emerging risks of the modern digital and fintech industry.

## United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (the “UNSA”)

- ❑ The UNSA will be amended to provide for the reporting obligations of specified entities to the National Sanctions Secretariat. However, no further clarifications have been provided on such “specified entities” during the budget speech.

## National Risk Assessment (“NRA”)

- ❑ It was announced during the budget speech that the Government intends to undertake a NRA of money laundering and terrorism financing with the assistance of the World Bank.
- ❑ New legislative amendments and a “Whistleblowing Act” are intended to sustain the fight against corruption.

## Disclaimer

The information provided in this legal alert is for general information purposes only. It is not intended to provide legal advice or opinion of any kind. Please refer to your professional advisors for specific advice.

## About Prism Chambers

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



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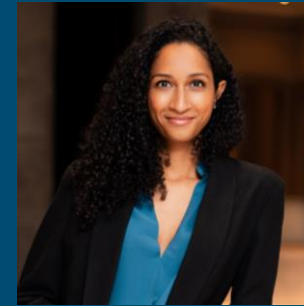
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