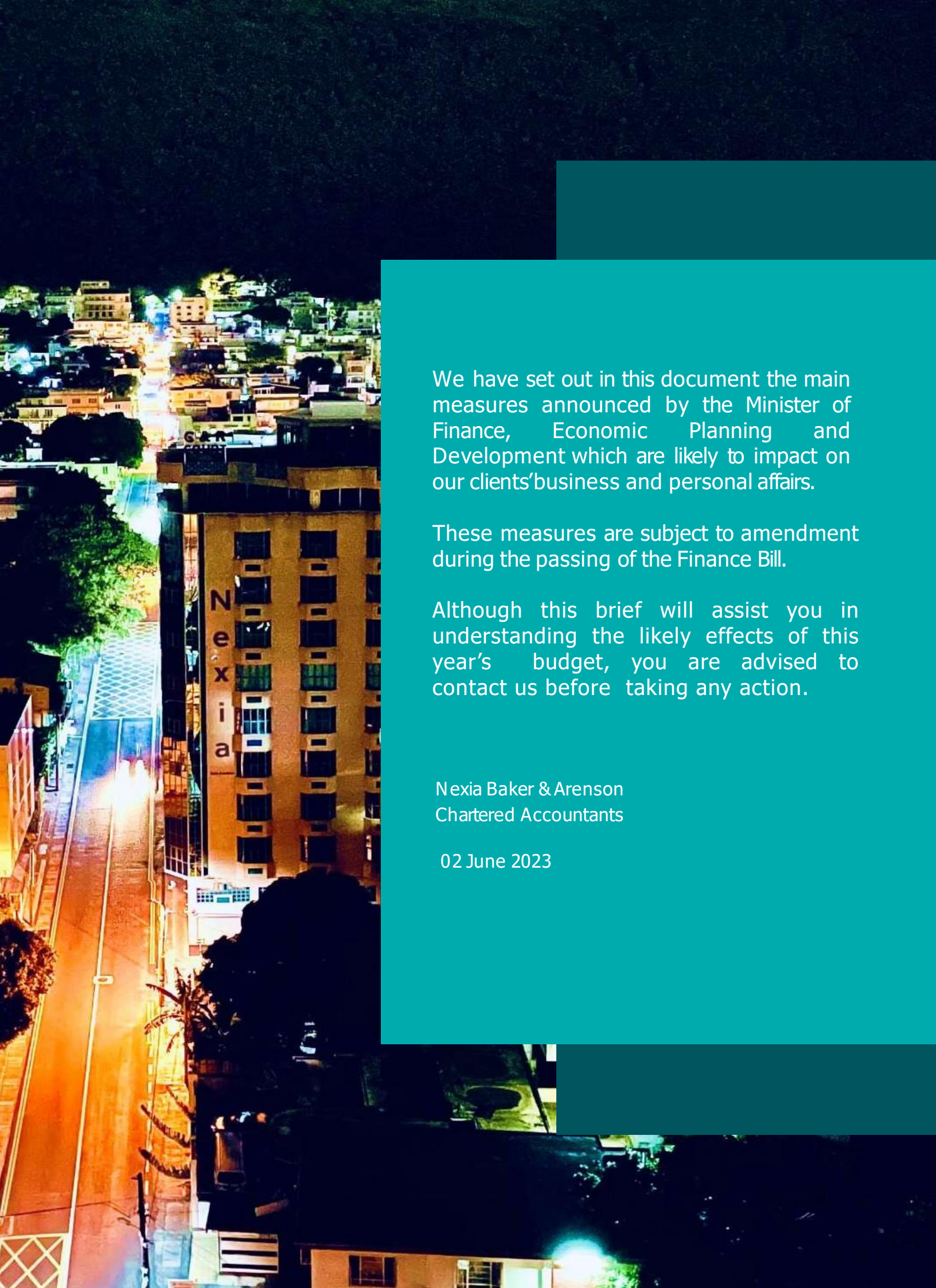


**BUDGET BRIEF  
2023/2024**

**TO DARE TO CARE  
02 June 2023**



We have set out in this document the main measures announced by the Minister of Finance, Economic Planning and Development which are likely to impact on our clients' business and personal affairs.

These measures are subject to amendment during the passing of the Finance Bill.

Although this brief will assist you in understanding the likely effects of this year's budget, you are advised to contact us before taking any action.

Nexia Baker & Arenson  
Chartered Accountants

02 June 2023





# CONTENTS



**OVERVIEW**



**ECONOMIC REVIEW**



**FISCAL MEASURES**



**SECTORAL MEASURES**



**FIRM PROFILE**



# OVERVIEW

The 2023-2024 budget presented by the Minister of Finance, Economic Planning and Development Dr R Padayachy which comes as his 4th budget is one where the erosion of the Purchasing power of the population has been addressed as a priority. It contains measures formulated for infants and young generation as well as those addressed to elders without forgetting the ones found at the lower social echelons.

The government has tasked itself into finding solutions to mitigate the shocking effects of inflation which has touched indistinctly everyone in 2022 and 2023 using a combination of subsidies and support drawn from the CSG fund such as raising pension allocation to pensioners, financial support of Rs 2,000 to those earning less than Rs 25,000 through the CSG (Contribution Sociale Generalisée). Other measures include subsidies to the agro-industry to the tune of Rs 2bn and helping women having experienced long-term unemployment to re-enter the labour market more easily by supporting their monthly salaries by Rs 15,000 over a period of 2 years.

The prominent social component of this budget has been made possible by the economic indicators of the economy being all in the green namely growth in the GDP of 8.7% in 2022 to reach Rs 570 Bn, FDI totaling Rs 27.7 Bn and unemployment rate on a downward trend to 7.7% in 2022 and expected to decrease further in 2023. The sharp recovery from the Covid period and the associated expected income in public finance provided the government with new levers to finance the measures announced. The effect should be felt across the economic landscape and help in keeping the economy buoyant for the next 12 months.

One bold measure announced is replacing the actual fiscal regime with new progressive taxation thresholds of 2% culminating to a maximum tax rate of 20% and the removal of solidarity levy, hence benefiting both the income earners and specifically higher income earners who were incurring income tax at 25% due to the additional Solidarity Levy. Equally important is the increase of the minimum monthly earnings of an employee to Rs 15,000 which will certainly alleviate the situation of many citizens finding it difficult to meet both ends.

# OVERVIEW

However, the missing link in this budget is the absence of a marshal project plan catering for the major technological shifts and the role of digitalization to uplift our economy to new heights as is happening in the first world. The new economies associated with software development, fintech eco-systems, start-ups, incubators and artificial intelligence has been muffled to a large extent. Mauritius as a center for learning and tertiary education for Africa has neither been recognized as a potential pillar for growth nor pharma manufacturing for generic medicines for the African continent. Yet, both activities are unanimously cited as entirely doable and within reach. The development of the blue economy has slumped to an end-of-the-line position and been barely cited.

The present budget seems to fall short of an opportunity to set the base for a vision that will put the country in a winning position for at least the next five years or so. In the past, new pillars of development have emerged namely financial services, Smart cities, freeport zones which continue to contribute significantly to the economic development of the country. The Minister is silent on the development of any new economic pillar that the government envisages to develop.

In conclusion, we can say that the Minister has shown some genuine concerns to provide additional support and protection for those directly touched by inflation and the ongoing fall in purchasing power, but shied away from bold vision and foresights that could energise and put a generation in marching order and thus prepare the nation for turbulent times and other economic challenges ahead.





# ECONOMIC REVIEW

## Gross Domestic Product (GDP)

Details	2022/2023	2023/2024
Growth	8%	8%
Billion Rs.	614.0	722.9

## Public Debt as a % of GDP

Details	2022/2023	2023/2024
Gross	79.0%	71.5%
Net	70.3%	65.8%

## Budget Balance as a % of GDP

Details	2022/2023	2023/2024
Deficit	3.95%	2.9%

# FISCAL MEASURES

## INDIVIDUALS

### Tax Rates

- There will be a progressive tax regime with different tax rates as follows:

Annual chargeable income (Rs)		Taxable amount at applicable tax rate (Rs)	Rate
-	390,000	390,000	0%
390,001	430,000	40,000	2%
430,001	470,000	40,000	4%
470,001	530,000	60,000	6%
530,001	590,000	60,000	8%
590,001	890,000	300,000	10%
890,001	1,190,000	300,000	12%
1,190,001	1,490,000	300,000	14%
1,490,001	1,890,000	400,000	16%
1,890,001	2,390,000	500,000	18%
>2,390,000			20%

- The above table is applicable for an individual with no dependent.
- No details provided on Income Exemption Threshold for individuals with dependents.

### Solidarity levy

- Solidarity levy will be abolished.
- With the introduction of the progressive tax system, the government has removed income tax on local dividend which is currently applicable under Solidarity Levy.

# FISCAL MEASURES

## CORPORATE

### **Tax rates**

#### ***Banks***

The tax rates for banks would be as follows:

- Chargeable income up to Rs.1.5 billion is taxed at 5%.
- Remainder is taxed at 15%.

#### ***Manufacturer of medical devices***

- Companies manufacturing medical devices will be taxed at the rate of 3%.

### **Exempt income**

#### ***Interest income***

- Collective Investment Scheme or a Closed End Fund established in Mauritius will be able to claim a 95% exemption instead of 80% on interest earned.
- Interest on bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects (Green Bonds) approved by the Mauritius Revenue Authority (MRA) will be exempted.
- The exemption of income derived by Mauri-Facilities Management Co. Ltd has been extended from 5 years to 10 years.

### **Export of goods**

- Profits derived from the sale of aviation fuel to an airline will be considered as an export of goods subject to tax at a reduced rate of 3%.

### **Investment tax credit**

- Manufacturing companies can claim a tax credit of 15% over 3 years (45% in total) on the cost of new plant and machinery, excluding motor cars, incurred until 30 June 2026.
- Any unrelieved investment tax credit may be carried forward over 10 years.
- Manufacturing companies engaged in both alcoholic and non-alcoholic beverages activities can claim the credit on the acquisition of new plant and machinery (excluding motor cars) used to produce non-alcoholic drinks.



# FISCAL MEASURES

## CORPORATE (CONT'D)

### Tax deductions

- The double deduction granted to manufacturing companies for expenditure on market research and product development is no longer limited to the African market but is restricted to companies with an annual turnover of less than Rs.500 million.
- The Film Rebate Scheme provides a tax relief of 200% of the amount spent by local companies, participating in financing, sponsorship or marketing and distribution of an approved film project for theatrical or media streaming release. At least 90% of the approved film must be produced in Mauritius.
- The cost of setting up a childcare centre qualifies for double deduction.
- New campuses or local training institutions partnering with their African counterparts will be allowed a double deduction on their costs.
- Companies employing women who were previously unemployed for at least a year and benefitting from the Prime à l'Emploi Scheme can claim a double deduction
- Companies employing disabled individuals qualifying for the Prime à l'Emploi Scheme are entitled to a tax deduction of 300%.

### Covid-19 levy

- All unsettled COVID-19 levy as at 20 January 2023 inclusive of penalties and interest will be waived.

### Solidarity Levy on Telephony Service Providers

The rate of solidarity levy applicable to an operator will change as follows:

Current rate	New rate
1.5% of turnover	1% of turnover
5% of book profit	5% of book profit

- The levy of 1% on turnover will still be applicable where an operator has made a loss.

### Special Levy on banks

- Special levy rate increased to 5.5% for large banks.

# FISCAL MEASURES

## VALUE ADDED TAX

### Removal and other updates

VAT has been removed on the following items:

- Noodles
- Toothpastes
- Baby wipes
- Baby diapers
- Baby powder
- Baby cream
- Breast pumps
- Infant feeding bottles
- Exercise books
- Pencils
- Crayons
- Erasers
- Walking sticks
- Incontinence mattress pads
- Musical instruments.
- Glass-ceramic blocks for dental use and medical grade silicone.

The following items have been reclassified as Exempt:

- Construction of building for primary and secondary education.
- Procurement of goods (excluding vehicles), works consultancy and other related services, by contractors involved in social housing projects by New Social Living Development Ltd.

The following items have been reclassified as Zero-rated:

- Medical instruments and appliances (HS Code 90.18).
- Water, infrastructure works and renting of meters by Rodrigues Public Utilities Corporation.

# FISCAL MEASURES

## OTHER TAXES

### Excise Duty

#### *Alcoholic and tobacco products*

- Increase in excise duty of alcoholic and tobacco products as from 03th June 2023. The rates are as follows:

#### *Alcoholic products*

Product	Current	New
	Rs	Rs
<b>Beer (per litre)</b>		
Up to 9 degrees	48.00	52.80
Above 9 degrees	66.65	72.30
Spirit cooler (per litre)	62.65	68.85
Fruit wine (per litre)	38.85	42.75
Made wine (per litre)	83.30	91.65
<b>Wine of grapes (per litre)</b>		
In bulk for bottling purposes	134.00	147.70
In bottle	234.75	258.25
Champagne (per litre)	1,118.00	1,229.80
Rum (per litre of absolute alcohol)	658.25	724.10
Cane spirits (per litre of absolute alcohol)	658.25	724.10
<b>Whisky (per litre of absolute alcohol)</b>		
In bulk for bottling purposes	1,271.60	1,398.75
In bottle	2,032.80	2,236.10
Liqueur (per litre of absolute alcohol)	447.25	492.00

#### *Tobacco products*

Product	Current	New
	Rs	Rs
Cigars (per kg)	21,373	23,510
Cigarillos (per thousand)	12,480	13,728
Cigarettes (per thousand)	6,188	6,807



# FISCAL MEASURES

## OTHER TAXES (CONT'D)

### Excise Duty (cont'd)

#### ***Motor Vehicles***

- A negative excise duty scheme of 10% up to a maximum of Rs 200,000 applying to individuals buying electric vehicles has been extended up to 30 June 2024. The same scheme will be apply to companies purchasing an electric vehicle up to 180 kilo.
- Rebate applicable on motor vehicles will be extended up to 30 June 2024.

Motor Cars	Excise Duty Rebate
Up to 1,000 cc	55%
Above 1,000 cc including Double/Single Space Cabin Vehicles and Vans	45%

### Property tax

#### ***Home Ownership Scheme***

- The Home Ownership Scheme has been extended until 30 June 2024, whereby a refund of 5% of the cost of property will apply. The maximum amount being Rs 500,000.
- The scheme is applicable to an eligible person buying:
  - A house, an apartment or bare land to construct his residence;
  - A property under 'vente en l'état futur d'achèvement' in respect of the amount paid up to 30 June 2025; or
  - A property subject of a reservation on or before 30 June 2024 provided the deed of transfer is signed and registered not later than 30 June 2025.

#### ***Home Loan Payment Scheme***

- The Home Loan Payment Scheme will be extended until 30 June 2024, providing for a refund of 5% of the loan amount disbursed up to 30 June 2025, up to a maximum of Rs 500,000.

#### ***Exemption from Payment of Registration Duty***

- No registration duty or fee will be payable in relation to documents signed or executed by the Financial Intelligence Unit under which it is a beneficiary.

# FISCAL MEASURES

## TAX ADMINISTRATION

### General

#### ***Tax Arrears Settlement Scheme (TASS)***

- Waiver of penalties and interest where tax arrears are paid in full by 31 March 2024, provided that the taxpayer registers himself under the scheme by 31 December 2023.

### Income Tax

#### ***Tax Deduction At Source (TDS)***

The scope of TDS will be broadened to cover the below payments.

Services	Rate of TDS
Payment of fees made by insurance companies to panel beaters and spray painters of repairs of motor vehicles of policy holders	3%
Interior Decorator/Designer	5%

Tax Deduction at Source will not apply on fees paid to –

- a Management Company licensed by the Financial Services Commission (FSC); and
- an Investment Adviser licenced by the FSC.

### **Protected Cell Company and Variable Capital Company**

- The MRA will not recover tax owed by a specific cell within a Protected Cell Company by having recourse to assets of other cells or non-cellular assets belonging to the Protected Cell Company.
- In the case of a Variable Capital Company, each sub-fund or special purpose vehicle will be treated as a separate entity **for tax recovery purposes**.

# FISCAL MEASURES

## TAX ADMINISTRATION (CONT'D)

### Value Added Tax

#### ***Voluntarily Registered VAT Claim***

- For those person who voluntarily registers for VAT will be eligible to claim credit for input taxes as from the date of registration.

#### ***VAT Assessment***

- The time limit for issuing a VAT assessment is 4 years from the occurrence of the tax due, except fraudulent activities.

#### ***Electronic Billing Systems***

- The MRA will introduce a developer's portal to test Electronic Billing Systems (EBS) as part of the E-invoicing project.

#### ***VAT Exemption for Event Organizers***

- Event organisers will be exempted from paying VAT on accommodation costs for qualifying events.

#### ***VAT Refund for Residential Buildings***

- There has been the reintroduction for the VAT refund for the cost of the building, house or apartment not exceeding Rs 3M. Individuals can therefore apply for a VAT refund on residential buildings, houses, or apartments, provided that the construction value is below Rs 3M and the constructed area does not exceed 1,800 square feet.





# SECTORAL MEASURES

## CONSTRUCTION

- Waiving of the mandatory requirement for collaboration between foreign and local contractors and consultants.
- Local construction companies will benefit from the following:
  - Public contracts below Rs.30 million 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 Rs.25 million at a concessional rate of 3.5% per annum.

## FINANCIAL

- Undertake a National Risk Assessment of AML/CFT with the assistance of the World Bank.
- Introduction of new set of amendments to the existing AML/CFT legal framework.
- Introduction of a Wealth Manager and Family officer license under Private Banking.

## TOURISM & LEISURE

- The MTPA budget increased by 25% to Rs.500 million.
- Development of medical tourism through premium visa/medical insurance.

# SECTORAL MEASURES

## MANUFACTURING

- 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 be eligible to the Trade Promotion and Marketing Scheme (TPMS).
- Companies manufacturing medical devices will be taxed 3%.
- To support the export sector, the following will be extended for the next fiscal year.
  - The Freight Rebate Scheme and the Trade Promotion and Marketing Schemes to facilitate exports by sea and air.
  - The 50 percent reduction in export port charges.
  - The Export Credit Guarantee Scheme.
  - Provision of a 50 percent waiver on the increase in electricity prices for the next two years for companies moving towards 100 percent renewable energy.
  - Provision of a 75 percent subsidy for the conduct of energy audits.
  - A 30 percent subsidy up to a maximum of Rs.3.5 million on the purchase of electric buses will be provided.



# SECTORAL MEASURES

## AGRICULTURAL

- Extension of the grant of 50 percent, up to a maximum of Rs.500,000 for the construction of up to two sheltered farms.
- Extension of the 50 percent subsidy for purchase of fertilisers.
- Extension of the 75 percent subsidy on potato seeds to SMEs and cooperatives.
- Increasing the grant for purchase of equipment by small planters from Rs.150,000 to Rs.250,000.
- Increasing the grant to cooperatives for acquisition of equipment to boost local production from Rs.250,000 to Rs.300,000.
- A 75 percent subsidy on seeds for Cabbage, Calabash, Pumpkin, Cucumber and Carrot.
- A 50 percent grant up to a maximum of Rs.300,000 for SMEs and cooperatives engaged in potato processing.
- A Rs.200,000 grant for the setting up of a seedling production unit by cooperative societies.
- Increasing the maximum grant for micro gardens from Rs.15,000 to Rs.25,000.
- Increase the winter allowance to tea growers by 25 percent to Rs.2.50 per kg.
- Introduction of a new agricultural loan scheme at 3.5 percent interest rate with a maximum ceiling of Rs.10 million by DBM Ltd.
- Extension of the Crop Replantation Scheme at an annual preferential rate of 2.5 percent to biomass and afforestation by DBM Ltd.
- DBM Ltd will write-off long outstanding loans of more than 20 years and loans of deceased planters.
- Cane Revolving Fund Scheme is being increased from Rs.200 million to Rs.500 million.





# SECTORAL MEASURES

## BLUE ECONOMY

- Grant provided to small fishers to increase their produce:
  - Rs.2,500 for the purchase of hooks and fishing materials
  - Rs.5,000 for the purchase of materials to construct fish traps
  - Rs.300,000 instead of Rs.200,000 for the acquisition of canottes
- Write-off of long outstanding loans of more than 20 years and loans of deceased fishermen by the DBM.
- Increase in the lump sum paid to fishermen aged 65 and above from Rs.52,500 to Rs.100,000 if they return their fishermen card or transfer it.
- Increase the daily Bad Weather Allowance for fishers from Rs.575 to Rs.650.
- Grant of 50 percent for construction of hatchery for shrimp farming up to a maximum of Rs.500,000 will be provided.
- Increase of grant for acquisition of semi-industrial fishing boats by registered cooperatives is being increased from Rs.4 million to Rs.6 million.

## ICT

- Adoption of Artificial Intelligence ("AI") in healthcare, i.e. enhanced electrocardiography test will be introduced in public hospitals.
- Recognition of e-signatures by the ICTA, e.g., DocuSign and Adobe Sign
- Digital Rupee will be rolled out on a pilot basis by the Bank of Mauritius

# SECTORAL MEASURES

## SMALL AND MEDIUM ENTERPRISES (SMEs)

- The maximum grant provided under the SME Support Scheme will be increased from Rs.200,000 to Rs.250,000.
- DBM will extend the SME interest free loan scheme and the Covid-19 Special Support Scheme up to June 2024.
- Government will continue to pay up to Rs.500 of salary compensation for SMEs;
- The SME Employment Scheme will be extended for another year; and
- The DBM will write-off long outstanding loans of more than 20 years and loans of deceased micro entrepreneurs.
- Women owned MSMEs will benefit from a 10 percent increase in the margin of preference for public procurement of goods.
- Increase in the amount under the Participation in International Fairs SME Refund Scheme by 25 percent to Rs.250,000 to improve the visibility of the hospitality industry.
- Extension of the Green Energy Loan scheme to SMEs for the production of electricity up to a maximum amount of Rs.1 million by DBM Ltd.
- SMEs will benefit from a 30 percent margin of preference for public contracts.
- Public contracts below Rs.30 million will be reserved for micro and small enterprises.
- Micro enterprises will be allowed to bid for contracts of up to Rs.1 million without a minimum turnover requirement.
- DBM will extend its loan of up to Rs.25 million at a concessional rate of 3.5% p.a.







# SECTORAL MEASURES

## OTHERS

### **Business facilitation**

- A company will be provided with a unique identification number, be it for company, business registration, VAT, tax or employee number.
- Setting up a B-Ready Coordination Committee to coordinate and ensure implementation of reforms in line with the recommendations of the World Bank.
- Compulsory for all companies employing more than 250 employees to provide necessary facilities for workplace-based childcare.
- Double deduction on the cost of setting up a childcare centre.
- Mandatory for all new shopping malls, office buildings and hotels to have a nursing room for women.
- Threshold for occupation permit for professionals will be reduced to Rs.30,000.
- An applicant for an occupation permit will be allowed a business visa of 120 days without having to leave Mauritius.
- Obtaining an occupation permit will no longer be conditional on having a local bank account.
- The Young Professional Occupation Permit will be opened to all fields of study.
- Introduction of a silent consent provision of 4 weeks for registration of foreign professionals with professional bodies including the medical, dental and veterinary councils.
- Work permit applications will be made solely on the National e-licensing platform.
- Introduction of a silent consent principle of 4 weeks for work permits applications.



# SECTORAL MEASURES

## OTHERS (CONT'D)

### Business facilitation (cont'd)

- Introduction of a new tier system allowing companies with a good track record to avail from a streamlined process to recruit foreign labour under a work permit.
- The ratio of foreign to local employees is being removed for specific sectors.
- Non-citizens on a tourist or business visa will be allowed to apply for a work permit.
- The Investment Certificate issued by EDB will cover wellness related activities, including traditional medicine.

### Gender equality

- To promote gender equality, listed companies shall have a minimum of 25% of women on their boards.
- Government will contribute Rs.15,000 monthly for a period of two years for newly employed women or those who have been unemployed for at least a year under the Prime a L'emploi scheme.





## FIRM PROFILE

Nexia Baker & Arenson ("Nexia") is an independent audit, accounting and business advisory firm with a solid track record in delivering outstanding professional services since 2001 in Mauritius. Nexia is a member of Nexia International, a top 10 global network of independent accounting and consulting firms with more than 580 offices in over 100 countries.

When you choose a Nexia firm, you get a more responsive, more personal, partner-led service, across the world. Nexia is a highly active network that drives quality and facilitates collaboration to enable its member firms to provide effective local and global solutions.

No matter how big you are, public or private, and in what industries or sectors you do business, we will provide services and advice that constantly add value to your business.

### Contact persons

Swaraj Ochit	Senior Partner
Jean Michel Chung	Partner
Pran Boolaky	Partner
Irshad Mallam-Hassam	Partner

### Nexia Baker & Arenson

Telephone	: (230) 207 0600
Fax	: (230) 210 7878
Email	: <a href="mailto:nexiamauritius@nexia.mu">nexiamauritius@nexia.mu</a>
Website	: <a href="http://www.nexia.mu">www.nexia.mu</a>

Nexia Baker & Arenson is a member firm of the "Nexia International" network. Nexia International Limited does not deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes the word NEXIA) are not part of a worldwide partnership. Member firms of the Nexia International network are independently owned and operated. Nexia International Limited does not accept any responsibility for the commission of any act, or omission to act by, or the liabilities of, any of its members.

Nexia International Limited does not accept liability for any loss arising from any action taken, or omission, on the basis of the content in this document or any documentation and external links provided. The trade marks NEXIA INTERNATIONAL, NEXIA and the NEXIA logo are owned by Nexia International Limited and used under license. References to Nexia or Nexia International are to Nexia International Limited or to the "Nexia International" network of firms, as the context may dictate.