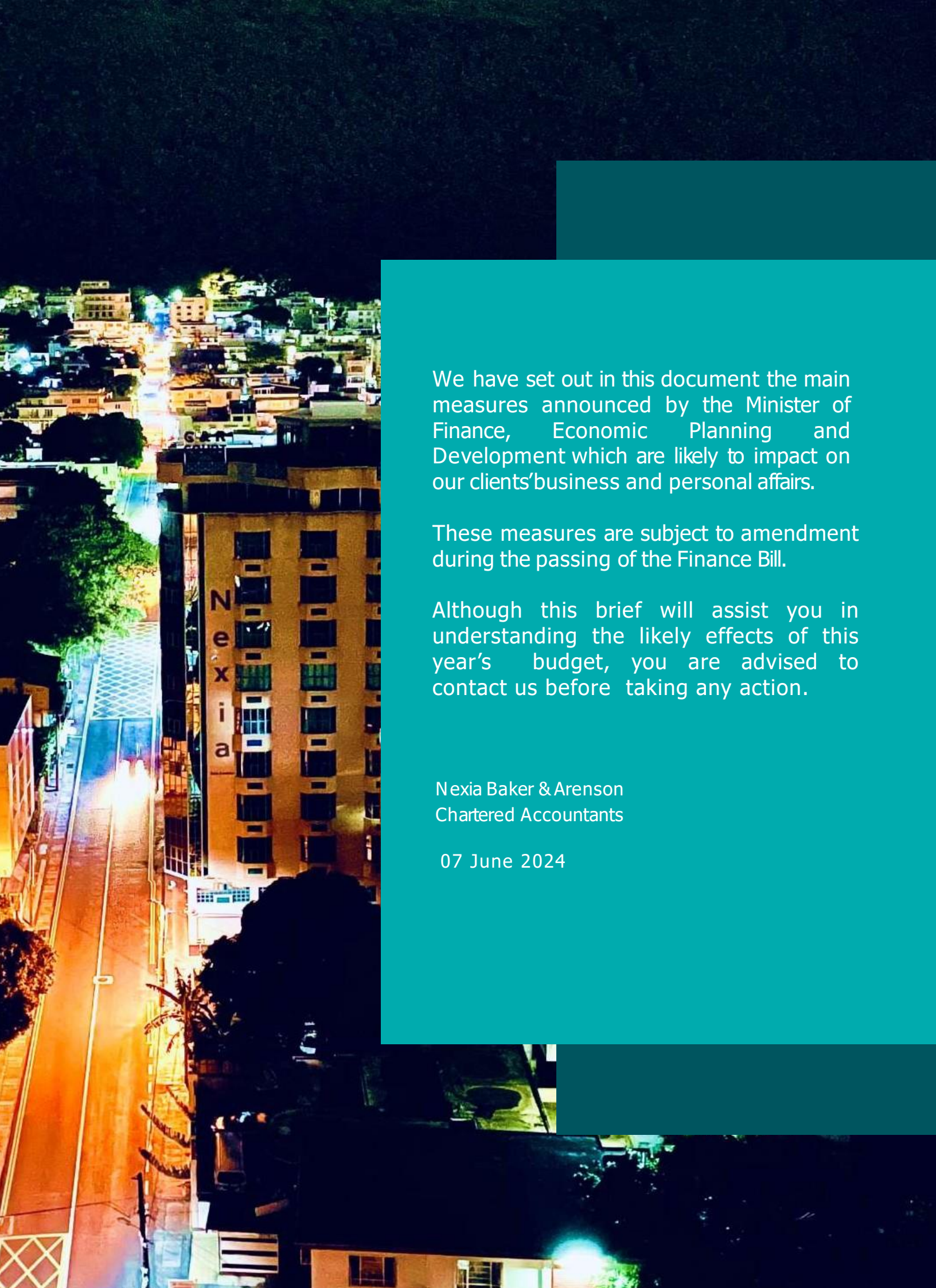


BUDGET BRIEF
2024/2025

TOMORROW IS OURS
07 June 2024



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

07 June 2024



CONTENTS



OVERVIEW



ECONOMIC REVIEW



FISCAL MEASURES



SECTORAL MEASURES



FIRM PROFILE



OVERVIEW

The 5th budget speech of Dr the Hon Renganaden Padayachy held on the 7th of June 2024 with the title 'Tomorrow is ours' is in line with the philosophy of the government over the last five years of redistributing the national wealth to those found on the lower rung of the ladder.

The ideology of being a caring government and looking after those in financial distress is certainly laudable but when it comes from an economy based on an inflationist model, it is highly debateable. Over the past five years the economy in USD terms has in fact remained fairly stagnant, whilst during the same period, the value of one USD has increased from Rs 36.50 in 2019 to approximately Rs 46 in 2023, which represents an increase of about 25%. This can certainly provide an 'illusion' of growth of the GDP in MUR terms.

This year's budget has again demonstrated the willingness of the government to dampen the rising cost of living through numerous financial assistance measures. Ranging from fishermen now earning Rs 800 as bad weather allowance, to young cancer patients being taken care by the healthcare system and to anyone entering the labour market with a minimum monthly guaranteed revenue of Rs 20,000. These measures may have given an initial sense of relief but may be followed by subsequent economic pressures that might leave most people not feeling better off.

During the presentation of this year's budget, it has not gone unnoticed the introduction of a new Corporate Climate Responsibility levy of 2% which effectively increases the corporate tax from 17% to 19% for companies having a turnover equal or more than Rs 50m. The low fiscal regime which has made the success of Mauritius as an attractive destination to investors as well as foreign companies structuring their investments through the Mauritius International Financial Centre will see its appeal eroded.

The new threshold of occupational permit at Rs 22,500 for professionals is not going to attract any high calibre professionals as it is almost equal to a basic minimum salary. Additionally, the Artificial Intelligence (AI) measures announced are not very convincing. The national 'AI-for-All' campaign mentioned in the budget will at best create some more awareness but is no substitute to a robust and articulate AI strategy attracting foreign companies.

The increase in the basic retirement pension was an announcement which was highly expected and anticipated in view of the oncoming general elections.

In the belief that the economy is strong and resilient, and that the economic strategies are functioning well, this year's budget follows the same pathway to ensure that everyone has sufficiently to live a decent life through its wealth distribution model. The question to be answered is: Is this model sustainable for a small economy like Mauritius?



ECONOMIC OVERVIEW

Gross Domestic Product (GDP)

Details	2023/2024 (Actual)	2024/2025 (Budgeted)
Growth	7%	7%
Billion Rs.	651.7	697.3

Public Debt as a % of GDP

Details	2023/2024 (Actual)	2024/2025 (Budgeted)
Gross	74.5%	71.1%

Budget Deficit as a % of GDP

Details	2023/2024 (Actual)	2024/2025 (Budgeted)
Deficit	3.9%	3.4%

FISCAL MEASURES

INDIVIDUALS

Tax Rates

- There have been no changes in the progressive tax rates regime.

Exemptions and Reliefs

- The exemptions threshold on lump sum received as pension, retiring allowance or severance allowance has been raised from Rs 2.5 million to Rs 3 million.
- Interest income derived from a bond issued by a public sector company to finance Infrastructure projects will be exempted.
- Allowance paid by Government under a financial assistance scheme. Will be exempted.
- Sale of virtual assets and virtual tokens will be exempted.

Deductions

- Donations to NGO's and other charitable institutions will benefit an increase of tax deduction from Rs 50,000 to Rs 100,000.
- Deduction of Rs 30,000 for employment of a carer to cater for his parents or grandparents.
- Deduction of up to Rs 60,000 for parents having children in full-time education in fee-paying private schools.

FISCAL MEASURES

CORPORATE

Corporate Climate Responsibility (CCR) Levy

- New levy equivalent to 2 % of the Company's profit.
- Companies with a turnover of less than Rs 50m will be exempted from this levy.

Tax rates

- Companies engaged in medical biotechnology or pharmaceutical sector will be taxed at the rate of 15% instead of 3%.
- investment tax credit of 15 percent over 3 years for AI and patents.

Exempt income

- 80% partial exemption granted on income derived by:
 - Companies licensed by FSC holding a Robotic and Artificial Intelligence Enabled Advisory Services licence.
 - Licensed closed-end fund on sale of money market instruments or debt instruments.
- The 80% partial exemption granted to a licensed CIS Administrator will not apply to income derived from the provision of administrative services by a management company to a CIS licence holder.

Tax deductions

- Triple deductions provided to companies donating to NGO's involved in the combat against drug abuse, gender based violence, poverty alleviation and protection of animals.
- Companies investing in corporate nurseries will benefit from a tax credit of 25% on the costs.
- Double deductions for companies supporting a registered professional in the arts.

Tax holiday

- 8 year income tax holiday granted to a captive insurer as from the date the company has started its activities.

FISCAL MEASURES

VALUE ADDED TAX

Zero rated and Exempt supplies

- Exemption on VAT, customs duty and excise duty projects funded by a donor organisation to the tune of at least 50 per cent grant or concessionary loan.
- The below products will be made zero-rated for VAT purposes:
 - (i) vegetable seeds, fruit and flower seeds, bulbs and plants used for sowing or planting;
 - (ii) seedling trays;
 - (iii) plant pots;
 - (iv) agricultural sprayers;
 - (v) roasted coffee; and
 - (vi) baby lotions.
- The services provided by a Management Company to (i) trusts whose settlor and beneficiaries are non-residents or (ii) foundations whose founder and beneficiaries are non-residents will be made zero-rated for VAT purposes.
- VAT will be exempted on entrance fee to digital art galleries.
- VAT will be exempted on diplomatic missions and agents to benefit from VAT exemption or refund on services.
- VAT exemption on motor vehicles, linked to construction, to approved contractors engaged in the construction of social housing units under a contract with New Social Living Development Ltd with retrospective effect.

FISCAL MEASURES

OTHER TAXES

Excise Duty

- License fee of Rs 25,000 will be introduced for the storage and maturation of alcoholic products meant for export or transfer to another excise licensee.
- Plastic bottles made from plant-based materials will be exempted from the Rs 2 excise duty per unit on plastic bottles used in the beverages industry.
- The current Excise/Customs Duty Rebate Scheme for motor vehicles (rebate of 45% or 55%) will be incorporated in the statutory excise and customs duty rates on conventional petrol and diesel driven vehicles.
- The Negative Excise Duty of Rs 200,000 for purchase of electric vehicles will be renewed up to June 2025.

Customs duty

- The 15% customs duty will be abolished on milk beverages obtained from nuts.

Property tax

Home Ownership Scheme

- The Home Ownership Scheme has been extended until 30 June 2025, whereby a refund of 5% of the cost of property will apply. The maximum amount being Rs 500,000.

Home Loan Payment Scheme

- The Home Loan Payment Scheme will be extended until 30 June 2025, 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, Land transfer tax

- The transfer of a social housing unit by the New Social Living Development Ltd (NSLD) will be exempted from the payment of registration duty, land transfer tax and tax on transfer of leasehold rights in State land.

FISCAL MEASURES

TAX ADMINISTRATION

VAT

- Person who voluntarily registers for VAT will be eligible to claim credit for input taxes as from the date of registration.
- MRA will be empowered to make an assessment of tax payable over a maximum of 4 years prior to the taxable period in which a return is submitted.

General

Tax Arrears Settlement Scheme (TASS)

- Waiver of penalties and interest where tax arrears are paid in full by 31 March 2025, provided that the taxpayer registers himself under the scheme by 31 December 2024.

Amended return

- A tax payer will not be allowed to submit an amended return if an objection has been made with the MRA against an assessment or a representation has been lodged with the Assessment Review Committee.

SECTORAL MEASURES

FINANCIAL SERVICES

- FSC to levy fees for post-licensing processes including the appointment of officers, directors, auditors, actuaries, new controllers, beneficial owners, Management Companies and Registered Agents. The FSC will increase the Processing and Annual Fees payable by its licensees.
- Payment Intermediary Services (PIS) Licence Holders will now benefit from the Partial Exemption Regime.
- The Fund and Asset Manager Certificate will be reviewed to include at least 2 qualified officers.
- The centralised e-KYC will be extended to the global business sector.
- Introduction of a 10-year expert Occupation Permit in wealth management, family office, virtual assets and virtual tokens.
- A secondary trading of government bonds will be established on the Stock Exchange of Mauritius.
- Fees associated with the use of the MAUCAS platform will be removed.





SECTORAL MEASURES

CONSTRUCTION

- Fees for Building and Land Use Permits (BLUP) across all local authorities will be harmonised.
- Validity period of a BLUP will be extended from 2 years to 3 years.

TOURISM & LEISURE

- The Promotion and Destination Marketing budget of MTPA is increased to Rs 600 million.
- The grant provided to SMEs for projects undertaken by small hotels associations is being increased to Rs 800,000.
- The amount under the Participation in International Fairs SME Refund Scheme is being increased to Rs 275,000.
- Implementation of the e-Gate and the e-Passport.
- Restoration and rehabilitation of shoreline and sites across the island.
- Launching of lagoon reseedling programme and implementation of a coral reef restoration and replantation programme.
- New runway at Plaine Corail, Rodrigues.
- Introduction of an Artist Welfare Fund to provide support to the professionals in the arts and their families.



SECTORAL MEASURES

MANUFACTURING AND SMES

- Prolonging the Africa Warehousing scheme up to 2027 and expanding it to Kenya.
- The Freight Rebate, the Trade Promotion and Marketing, and the Export Credit Guarantee Schemes are being renewed for an additional year.
- First time exporters with a turnover of less than Rs 20 million will benefit from an increased refund of 40 percent for a period of one year under the Freight Rebate Scheme.
- Extension of the DBM Wage Support Scheme over a period of 7 years up to 2031.
- The maximum renewal period for foreign workers for the manufacturing sector is being prolonged to 10 years.
- Paying the full salary compensation of up to Rs 2,000 for SMEs up to December 2024.
- Providing a 10 percent rebate on DBM rental for SMEs in productive sectors for two years.
- Writing off loans which will become outstanding for more than 20 years as at June 2025 and loans of deceased micro entrepreneurs at DBM.
- Increasing the maximum yearly refund to Rs 500,000 under the Participation in International Fairs SME Refund Scheme.
- Waiving 50 percent of rental arrears of over 5 years at DBM if settled by June 2025.

Cooperatives

- Provision of 50 percent of the digitalisation cost up to a maximum of Rs 100,000.
- Receive interest on accounts held in public banks.



SECTORAL MEASURES

AGRICULTURAL

Grants

- 50 percent, up to a maximum of Rs 500,000 for the construction of up to two sheltered farms.
- Rs 250,000 for the purchase of equipment by small planters.
- Rs 300,000 for cooperatives for acquisition of equipment.
- Rs 1 million and concessionary leasing facilities by IFCM for planters purchasing fully equipped container farming facilities.
- increasing the grant under the Cane Replantation Scheme from Rs 50,000 to Rs 60,000 per arpent to restore abandoned cane lands.

Subsidies

- 50 percent subsidy for purchase of fertilisers.
- 75 percent subsidy on seeds for potatoes, onions, carrots, beans, garlic and tomatoes.

Compensation – planters affected by bad weather

- Annual cash compensation of Rs 6,000 per arpent for the first crop cycle and Rs 3,000 per arpent for a second crop cycle.

Cane and tea

- Cane Revolving Fund Scheme at the DBM will be renewed for a period of one year.
- Minimum guaranteed revenue of Rs 30,000 per ton of sugar crop.
- Tea growers occupying a minimum of 1 arpent of land will benefit from duty free facilities on purchase of a double cab.
- increase the winter allowance for tea growers by 80 percent from Rs 2.50 per kg to Rs 4.50 per kg.
- Exempt a person from applying for an export license for the export of tea below 2 kg.

SECTORAL MEASURES

LIVESTOCK

Grants

- Up to Rs 225,000 for the import of cows, goats, pigs and sheep.
- Rs 200,000 for construction and upgrading of sheds and purchase of goats, sheep, pigs, and cows.
- Rs 10,000 to calf breeders.
- Increasing the grant under the Pasture Development Scheme to Rs 25,000 per arpent.
- Up to Rs 300,000 for purchase of fencing and security equipment.
- One-off grant under the Bee Keeping Scheme increased to Rs 200,000 for fencing purposes.

Subsidies

- Increase for cost of veterinary services from Rs 1,000 to Rs 1,500.
- Increase for purchase of heifers from Rs 5,000 to Rs 7,500.
- Increase for animal feed from Rs 15 to Rs 20 per kilogram.
- 50 percent subsidy on acquisition of solar powered CCTV cameras for a maximum of Rs 30,000.
- Rs 500 per Bee Queen to beekeepers up to a maximum of 10 queens.

Others

- Increasing the threshold from Rs 250,000 to Rs 300,000 for purchase of land mechanisation equipment.
- Extension of the DBM Amnesty Scheme to write-off long outstanding loans of more than 20 years up to June 2025 and loans of deceased breeders, farmers and planters.



SECTORAL MEASURES

BLUE ECONOMY

Grants

- Rs 300,000 to fishers for the purchase of canotte.
- Rs 6 million to cooperatives for the purchase of semi-industrial fishing boats.
- Rs 1 million to individual fishers for the purchase of semi-industrial fishing boats.
- Increasing the grant for purchase of hooks and fishing materials to Rs 3,500.
- Increasing the grant for purchase of materials to construct fish trap to Rs 7,500.
- A one-off grant of Rs 50,000 to registered fishers for renewal of outboard motors.

Others

- Lump sum to artisanal fishermen aged 65 years and above returning their licenses increased to RS 125,000.
- Duty free facilities to registered artisanal fishers for the acquisition of a 4 by 4 vehicle.
- Daily bad weather allowance for fishers increased to Rs 800.

ICT/BPO

- A refund of 25 percent under the 'Small Business Digital Champion Scheme' on investment of a minimum of Rs 500,000 in new technologies and equipment.
- An enhanced margin of preference of 50 percent for local service companies.
- Launching of an ICT Sector Carbon Neutral Scheme with excess electricity exported at Rs 4.20 per kWh.



SECTORAL MEASURES

OTHERS

Business facilitation

- Portability of bank accounts.
- The information centre of the Companies and Business Registration Department will be operational on a 24/7 basis.
- Licenses and permits delivered by the FSC within 10 working days.
- The MACCS e-bunkering service will be operational on a 24/7 basis.
- Local Authorities will accept payments electronically for services being offered.

Foreign talents

- The threshold for Occupation Permits for professionals will be reduced from Rs 30,000 to Rs 22,500.
- Foreign Professionals with a minimum of 10 years' experience will receive a temporary Occupation Permit of 3 months
- Quotas on foreign labour will be removed in the manufacturing, jewellery, freeport and ICT/BPO sectors.
- The maximum timeframe to deliver or renew a Work Permit will be 3 weeks.
- The ratio of foreign to local workers in the motor vehicle repair and maintenance sector will be revised to three foreign workers for every one local worker.
- All foreign workers operating in sectors for which the current maximum period of stay is 4 years, will be allowed to stay up to 8 years.

SECTORAL MEASURES

OTHERS (CONT'D)

Employment

- As of 01 July 2024, the minimum guaranteed revenue will be Rs 20,000 per month.
- CSG Income Allowance is being amended as follows:

Salary	Allowance
< Rs 20,000	Rs 3,000
< Rs 25,000	Rs 2,500
< Rs 30,000	Rs 2,000
< Rs 50,000	Rs 1,500

- The Prime a l'Emploi scheme will be extended to those women willing to work on a part time basis.
- Changes in Workers' Rights Act:
 - ❖ Workers may opt for time-off instead of being paid overtime.
 - ❖ Workers who are required to work during heavy or torrential rain or period of safety bulletin will be entitled to the same allowance as that paid during cyclone warning III & IV.
 - ❖ Refund of vacation leave to workers who are not granted their vacation leave due to exigencies of their work.
 - ❖ Maternity leave will increase from 14 weeks to 16 weeks, paternity leave will increase from 1 week to 4 weeks and a special two-week maternity leave for the birth of twins or triplets or for multiple births.

Social measures

- A monthly maternity allowance of Rs 2,000 for a period of 9 months will be introduced as from third trimester of pregnancy.
- Families having children aged up to 3 years will benefit from a child allowance of RS 2,500 monthly and children from 3 to 10 years will benefit from a School Allowance of Rs 2,000 monthly.
- DBM will Introduce a zero percent loan on IT equipment for those aged 18 to 25 years old.
- Youth aged 18 to 25 will benefit from a free monthly mobile data package.
- Basic retirement pension, Basic Widow's pension, Basic Invalid's Pension and Basic Orphan's Pension to increase to Rs 14,000 from 1 July 24 and to Rs 15,000 from 1 Jan 25.

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 leading worldwide network of independent accounting and consulting firms with more than 250 offices in over 125 countries.

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