

TOMORROW IS OURS

Key measures announced in
the Mauritian 2024/25
National Budget



Every Mauritian contributes a unique note to the symphony of our shared destiny

Together, let us dare to make the common good our purpose.

Together let us dare to make social progress our strength.

Because, tomorrow is ours.

Dr the Hon. Renganaden Padayachy
Minister of Finance, Economic Planning and Development



Dr the Hon. Renganaden Padayachy delivered his final budget speech under this Government's mandate on Friday 7 June 2024.

In line with the title of the budget, "tomorrow is ours", the minister's speech reflected his philosophy that growth should be inclusive. It is therefore perhaps unsurprising that the key measures presented during the budget have a dominant social angle. We note the continuation of the CSG allowances, the increase in the guaranteed minimum revenue and basic state pension, with the promise of a further increase in pension in January 2025. The Minister also tugged at heartstrings when allocating additional funds to the vulnerable, especially children facing cancer who will no longer be subject to a financial ceiling.

He also appealed to the private sector to further his social agenda by introducing a corporate climate responsibility ("CCR") levy of 2% on the profits of companies with a turnover of Rs 50m and above. However, we will need to wait for further information about its working mechanism and whether profits will translate to chargeable income, similar to the Corporate Social Responsibility contribution. Another such example, is the introduction of a tax exemption for interest on bonds to attract private investment in public sector infrastructure project. It remains to be seen whether this measure will apply to both individuals and corporates.

Whilst the measures appear outwardly pleasing, a deeper delve into the *Estimates 2024-2025 & Indicative Estimates 2025-2026 and 2026-2027* indicates that 40% of our estimated revenues are being directed towards social protection, consisting mainly of old age pension. One therefore wonders whether Mauritius, with an ageing population, a decreasing birth rate and an exodus of its working population, will be able to sustain these ambitious social measures? It is also disappointing to note that the middle and higher income earners, who arguably contribute most to the economy, seem to have been forgotten.

If we had to sum up the budget, we would say that the Minister used all the right words in the right tone, but it remains to be seen whether it will make up for the lack of substance in the budget.

We are pleased to share our summary of the key measures announced in the national budget and invite you to contact us if you have any queries or matters that you wish to discuss.



Ravi Kowlessur

Managing Partner

E: ravi.kowlessur@rsmmu.mu

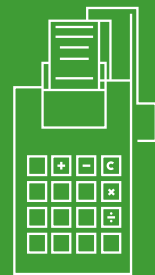
T: + 230 433 5776 / + 230 460 5665

Contents

01	PERSONAL TAX MEASURES	5
02	CORPORATE TAX MEASURES	7
03	VAT AND VAT ADMINISTRATION MEASURES	10
04	TAX ADMINISTRATION AND OTHER TAX MEASURES	12
05	OTHER MEASURES	14



PERSONAL TAX MEASURES



PERSONAL TAX MEASURES

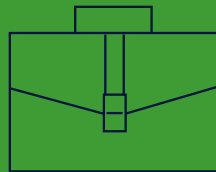
EXEMPT INCOME

- Exemption threshold for retiring or severance allowance**
 The exemption from tax for a lump sum received as pension, retiring or severance allowance as per the Workers' Rights Act 2019 has been increased from Rs 2.5 million to Rs 3 million.
- Interest income**
 Interest income derived from bonds issued by public sector company to finance infrastructure projects will be exempt from income tax, provided the bond is approved as exempt by the Minister of Finance, Economic Planning and Development.
- Compensation**
 Compensation payable by Government or a public sector body for losses directly or indirectly suffered due to natural disasters will be exempt as from 1 January 2024.
- Allowances paid to individuals under a financial assistance scheme implemented by the government will be exempt. We assume that this will apply to the CSG allowance.
- The definition of securities for the exemption on the profit or gain made on the sale of securities has been extended to include virtual assets and virtual tokens.

DEDUCTIONS

- Tax deduction for private school fees**
 Parents with children enrolled in full-time education at fee-paying private schools will be entitled to an income tax deduction of up to Rs 60,000 per child per annum.
- Charitable donations**
 The income tax deduction for donations to charitable institutions has been increased from Rs 50,000 to Rs 100,000 per annum.
- Expenditure on carers**
 An individual will be entitled a deduction of up to Rs 30,000 for the cost of employing a carer for his parents or grandparents.

CORPORATE TAX MEASURES



CORPORATE TAX MEASURES

- Interest income**
 Interest income derived from bonds issued by public sector company to finance infrastructure projects will be exempt from income tax, provided the bond is approved as exempt by the Minister of Finance, Economic Planning and Development.
- Compensation**
 Compensation payable by Government or a public sector body for losses directly or indirectly suffered due to natural disasters will be exempt as from 1 January 2024.
- Sale of securities**
 The definition of securities for the exemption on the profit or gain made on the sale of securities has been extended to include virtual assets and virtual tokens.
- Medical, biotechnology and pharmaceutical manufacturing companies**
 Income derived from intellectual property assets by manufacturing companies engaged in medical, biotechnological or pharmaceutical sectors will be tax at the rate of 15% instead of 3%. This measure is to comply with the requirements of OECD Pillar II (GloBE rules).
- Investment in a corporate nursery**
 Companies will benefit from a tax credit of 25% of the expenditure incurred on the cost of a corporate nursery
- Corporate climate responsibility levy**
 Companies with a turnover of Rs 50m and above will need to contribute 2% of its profit to the Climate and Sustainability Fund under a corporate climate responsibility (“CCR”) levy.
- An investment tax credit of 15% over 3 years will be available to manufacturing companies on expenditure incurred on AI and patents.
- Donations**
 300% deduction will be available to companies on donations to NGOs involved in combating drug abuse, gender-based violence, poverty alleviation, and animal protection. It is to be clarified whether the triple deduction will be subject to the existing limit of Rs 1m currently applicable to donations to charitable institutions.
- Charitable donations**
 The income tax deduction for donations to charitable institutions has been extended to companies, up to a maximum of Rs 100,000 per annum. It appears that companies that contribute towards a charitable institution for CSR purposes will also benefit from a deduction from income tax up to that amount.
- Captive insurance**
 The 8-year income tax holiday for a captive insurer will begin from the date the company starts its activities.

CORPORATE TAX MEASURES

- **Partial exemption**
 - (i) The 80% partial exemption will be extended to Payment Intermediary Services (“PIS”) Licence holders.
 - (ii) Income from Robotic and AI Advisory enabled advisory services by companies licensed by the FSC will benefit from an 80% partial exemption upon meeting the substance requirements.
 - (iii) The 80% partial exemption for licensed closed-end funds will include income from sale of money market and debt instruments.
 - (iv) It is clarified that a management company in respect of administrative services provided to CIS licence holders cannot benefit the 80% partial exemption applicable to licensed CIS Administrators.
- A company will be allowed to hold both a Global Business licence and a Freeport certificate. However, it will not be entitled to the tax holiday granted to qualifying freeport operators

VAT AND VAT ADMINISTRATION MEASURES



VAT & VAT ADMINISTRATION MEASURES

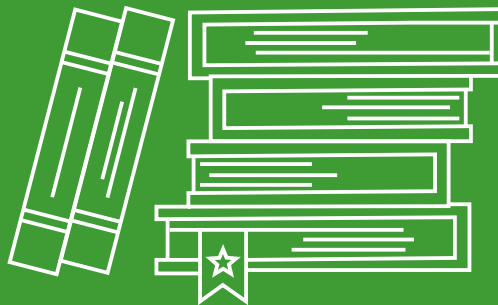
VAT MEASURES

- If 50% or more of a project is funded by a grant or concessionary loan from a donor organisation, the goods and services incurred on the project will be exempt from VAT.
- The following goods and services will benefit from a VAT exemption:
 - (i) Services provided to diplomatic mission and agents;
 - (ii) Construction of a purpose-built building for provision of pre-primary and, technical and vocational education and training; and
 - (iii) Motor vehicles used in construction by approved contractors engaged in the construction of approved social housing units.
- The following goods and services will be added to the 5th Schedule of the VAT Act 1998 and will be zero-rated:
 - (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;
 - (vi) Baby lotions; and
 - (vii) Services provided by a Management Company to trusts and foundations whose settlor/founder and beneficiaries are non-residents.

VAT ADMINISTRATION MEASURES

- Input VAT on goods and services can be claimed as from the date of voluntary registration.
- A VAT-registered supplier will need to include the foreign exchange rate used for conversion when issuing a VAT invoice.
- The MRA will have 4 years following the taxable period in which a return is submitted to require a person to furnish information or produce records. This measure will give the MRA an additional month to request information.
- Similarly, the MRA will be able to assess the VAT payable up to 4 years before the period in which a return is submitted, allowing more time to examine late returns.
- Non-VAT registered persons applying for a VAT refund on imported equipment must submit a statement from a freight forwarding agent or customs house broker certifying the amount of VAT paid

TAX ADMINISTRATION AND OTHER TAX MEASURES



TAX ADMINISTRATION AND OTHER TAX MEASURES

TAX ADMINISTRATION

- **Amended tax returns**

Taxpayers will not be allowed to submit an amended return in respect of a year of assessment whereby an objection has been made to the MRA against an assessment or a representation has been lodged with the Assessment Review Committee in respect of an assessment.

- **Tax Arrears Settlement Scheme (“TASS”)**

The TASS will be renewed for an additional year for income tax, VAT and gambling taxes, provided the taxpayer registers by 31 December 2024 and pay the full taxes by 31 March 2025. The waiver of penalties and interest will extend to contributions under the Contribution Arrears Settlement Scheme. It remains to be clarified that contributions will include social security charges.

- **E-tax account**

If the MRA sends a notice to a person's e-tax account, it will be considered served on the date it was sent, provided the person is informed of this communication through both SMS and email.

OTHER TAX MEASURES

- **Property taxes**

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

OTHER MEASURES



OTHER MEASURES

ALLOWANCES FOR INDIVIDUALS

- CSG Allowance**

Individuals eligible to the allowance have up to 12 months to provide their bank details to the MRA to receive income allowances via direct bank crediting.

- The CSG Income Allowance has been altered to a progressive scale, with the aim of providing higher financial relief to individuals with lower income.

Monthly earnings	2023-2024	2024-2025
Less than Rs20,000	Rs2,000	Rs3,000
Between Rs20,000 to Rs25,000	Rs2,000	Rs2,500
Between Rs25,000 to Rs30,000	Rs1,000	Rs2,000
Between Rs30,000 to Rs50,000	Rs1,000	Rs1,500

- CSG Child/ School Allowance**

Under this scheme, the MRA is allowed to pay a monthly child allowance for a period of up to 12 months preceding an application.

Age	2023 - 2024	2024 - 2025
Up to 3 years	Rs2,000	Rs2,500

*The application deadline for this allowance has been extended to 31 December 2025.

A school allowance for all children aged between 3 and 10 years will be paid to parents, effective from the 1 July 2024.

Age	Allowance Type	Amount (Rs)
Between 3 years to 10 years	Monthly school allowance	Rs 2,000

OTHER MEASURES

- **Independence Allowance**

The time limit to entertain applications for the Independence Allowance has been extended from 3 months to 12 months from the date an eligible youth reaches 18 years of age.

- **Pension and other benefit allowance**

The tables below outline the increases and adjustments to pension and related benefits for eligible Mauritian citizens (e.g. the elderly, widows and disabled).

Basic retirement pension:

Age Group	Current Monthly Pension (Rs)	New Monthly Pension (Rs) - July 2024	New Monthly Pension (Rs) - January 2025
60-64 years	13,500	14,000	15,000
65 years	14,500	15,000	16,000
75 years	16,000	16,500	17,500
90-99 years	21,210	24,210	25,210
Centenarians	26,210	29,210	30,210

Other pensions:

Type of Pension	Current Monthly Pension (Rs)	New Monthly Pension (Rs) - July 2024	New Monthly Pension (Rs) - January 2025
Widow's Pension	13,500	14,000	15,000
Invalid's Pension	13,500	14,000	15,000
Orphan's Pension	13,500	14,000	15,000

Other benefits:

Benefit	Current Amount (Rs)	New Amount (Rs)
Monthly rent allowance for pensioners living alone	2,286	3,500
Inmate's allowance for retirees in charitable institutions	830	1,500
Guardian's Allowance for persons caring for orphans	1,100	2,000

The increases and adjustments aim at providing better support and recognition to the population in Mauritius, addressing concerns about living standards and ensuring dignity in retirement.

OTHER MEASURES

- **Inmate Allowance**

The allowance for retirees in charitable institutions, known as the Inmate's Allowance, is undergoing a substantial increase.

Allowance Type	Previous Amount (Rs)	Updated Amount (Rs)
Inmate's Allowance	Rs 830	Rs 1,500

- **Maternity Allowance**

A maternity allowance has been introduced to support expecting mothers.

Narrative	Maternity Allowance (Rs)
Duration	9 months
Eligibility	As from 28 weeks of pregnancy
Monthly Amount	2,000

INDIVIDUAL RELATED SCHEMES

- **Home Ownership Scheme**

A refund of 5% of the cost of the property under 'vente en l'état future d'achèvement' (VEFA) will apply until 30 June 2025. Reserved properties meeting specific conditions also qualify under this scheme if the deed of transfer is finalised by 30 June 2025.

Properties acquired under vente à terme will receive payments provided the property's purchase price is paid by 30 June 2025.

- **Home Loan Payment Scheme**

This scheme offers a refund of 5% of the amount borrowed under a secured housing loan, with a maximum refund limit of Rs 500,000. This measure applies to loans disbursed until 30 June 2025.

OTHER MEASURES

COMPANY RELATED SCHEMES

- **Prime à L'Emploi Scheme**

The scheme is being renewed to support unemployed women of all ages. The minimum unemployment period for qualification under this scheme has been reduced to 3 months from 17 November 2023. However, employers should guarantee job security for employees for a minimum period of 3 years to qualify for this scheme. An attractive feature of the scheme is that it will now apply to part-time roles.

- **Diesel Financial Support**

The scheme is being renewed such that categories of businesses will receive a financial assistance of Rs 5 per litre of diesel consumed.

- **Financial assistance to employers**

The Income Tax Act 1995 will be amended to implement the government's decision to provide monthly financial assistance for the payment of the National Minimum Wage and salary compensation in 2024. The financial assistance is set at 10% of the basic salary, with a maximum amount of Rs 2,000, and is applicable to:

(i) Employees earning the national minimum wage:

Type of Enterprise	Monthly Minimum Wage Assistance
Export Oriented Enterprise (EOE)	Rs3,500
Manufacturing Enterprise with Annual Turnover <= Rs 100 million	Rs 1,750 - Rs3,500
Small and Medium Enterprise (SME) or Manufacturing Enterprise with Annual Turnover between Rs 100 million and Rs 500 million	Rs 1,250 - Rs2,500
Other Enterprises Facing Difficulties	Rs 625 - Rs1,250
Registered Charitable Institutions or Registered Religious Bodies	Rs2,500

OTHER MEASURES

(ii) Employees earning a basic salary above the national minimum wage but not exceeding Rs 50,000 per month:

Type of Enterprise	Maximum Additional Compensation
Export Oriented Enterprise (EOE)	Rs2,000
Small and Medium Enterprise (SME) or Manufacturing Enterprise with Annual Turnover <= Rs 500 million	Rs 1,000 - Rs2,000
Other Enterprises Facing Difficulties	Rs500 – Rs 1,000
Registered Charitable Institutions or Registered Religious Bodies	Rs2,000

The duration of the financial assistance will be from January 2024 to December 2024 for Export Oriented Enterprises (EOEs), SMEs, manufacturing enterprises, registered charitable institutions, and registered religious bodies. For other enterprises, the assistance will be provided for a duration approved by the Minister of Finance, Economic Planning, and Development up to December 2024.

MINIMUM WAGE & MINIMUM REVENUE

- Minimum Revenue

Date	Minimum Wage (Rs)	Special Allowance (Rs)	CSG Allowance (Rs)	Revenu Minimum Garanti (Rs)
2023	11,575	1,425	2,000	15,000
January 2024	16,500	N/A	2,000	18,500
As from July 2024	17,000	N/A	3,000	20,000

This table illustrates the progression of the Revenue Minimum Garanti, starting from last year, then the increase in January 2024, and finally, the current increase to Rs 20,000.

OTHER MEASURES

- Other measures by sector

Sector	Measure
Financial services	<ul style="list-style-type: none"> • A foreign entity will be allowed to hold an immovable property by virtue of a non-renewable lease agreement for industrial or commercial purposes for a term not exceeding 30 years. • The Fund and Asset Manager Certificate will be reviewed to include at least 2 qualified officers. • The Funds Regime will be reviewed to enhance the attractiveness of the jurisdiction. • The blueprint for the financial services sector will be reviewed in light of new opportunities, challenges and threats. • A blueprint for the development of Mauritius as a Fintech Hub in the region will be devised with the assistance of the United Nations Economic Commission for Africa. • The centralised e-KYC will be extended to the global business sector.
Real Estate	<p>The following provisions will apply to morcellement projects –</p> <ul style="list-style-type: none"> • no morcellement permit will be granted where there are 2 contiguous residential plots of land unless there is a minimum setback of 30 metres from proposed new settlements or existing settlements; • any morcellement or Property Development Scheme (PDS) project above 10 arpents and any smart city will require a Strategic Environmental Assessment; and • the developer will be required to allocate at least 4 per cent of the total land area for the setting of a green forest.
Education	<p>For Private Secondary Schools, the monthly variable grant per capita will be a minimum of Rs 1,000. Any college, where the monthly variable grant per capita is of less than Rs 1,000, will receive a top-up to bring it to this minimum. In the case of a college already receiving an amount of Rs 1,000 or more, the amount will be maintained.</p>
Agriculture	<ul style="list-style-type: none"> • Increase in the grant under the Cane Replantation Scheme from Rs 50,000 to Rs 60,000 per arpent to restore abandoned cane lands • The Cane Revolving Fund Scheme at the DBM will be renewed for a period of one year • Increase in the minimum guaranteed revenue of sugar to Rs 30,000 per ton for crop 2024, a 20 percent increase over two years.

OTHER MEASURES

- Other measures by sector

Sector	Measure
Tourism	The grant provided to SMEs for projects undertaken by small hotels associations is being increased to Rs 800,000
Manufacturing including textile	<ul style="list-style-type: none"> Government will provide a support on the wage bill of the textile industry by compensating the increase in minimum wage and the salary compensation of 2024. Introduction of Export Manufacturing Regulations under the Economic Development Board Act, which will, inter-alia:- <ul style="list-style-type: none"> ❖ Define an export manufacturing enterprise as having a minimum of 30 percent of export turnover; ❖ Set-up an export promotion fund with a seed capital of Rs 50 million; and ❖ Provide for a public-private sector Export Development Council to devise export strategies including identification of products and markets.

CONTACT THE RSM TAX TEAM

Davina Boodnah

Tax director

E: davina.boodnah@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Zainab Peeroo

Tax senior manager

E: zainab.peeroo@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Aanas Ramdin

Accounting and tax manager

E: aanas.ramdin@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Mario Hannelas

External tax consultant

E: mario.hannelas@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Hanssen Appoo

Tax senior

E: hanssen.appoo@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Zahrah Laloo

Tax semi-senior

E: Zahrah.laloo@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Yachna Gunpath

Tax semi-senior

E: Yachna.gunpath@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665



CONTACT THE RSM TEAM

Ravi Kowlessur

Managing Partner

E: ravi.kowlessur@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Prashant Calcutteea

Senior Partner

E: Prashant.calcutteea@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Parvish Bisnauthsing

Partner | Audit and Assurance

E: parvish.bisnauthsing@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665

Viraj Cushmajee

Partner | Audit and Assurance

E: viraj.cushmajee@rsmmu.mu

T: + 230 433 5776 / + 230 460 5665



Disclaimer: This publication was written in general terms and should be seen as a broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. RSM (Mauritius), its partners and employees do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it

RSM (Mauritius)

7th Floor Carleton Tower
Wall Street
Ebene
Mauritius
T +230 4335776
W: rsmmu.mu

RSM (Mauritius) is related to RSM Mauritius which is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction

The network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.