

Mauritius Global Business Update 51



Mauritius Budget 2023-2024 Highlights



We have the pleasure to provide you with a brief overview of the 2023-2024 Mauritius budget measures, relating to the Global Business Sector and salient features that non-citizens contemplating relocating to, investing into and working in Mauritius may find of pertinence. The budget speech was read in the Mauritius Parliament on Friday the 2nd of June 2023 by the Dr. the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development. These proposals are yet to be debated in parliament and are subject to changes. We will bring the Finance Act, once enacted and assented, to your attention in due course.

Only those measures which, in our opinion, may be of interest to an international audience are included here. You are strongly recommended to seek specific advice before acting on any information contained herein.



Taxation

The introduction of a progressive system of individual taxation

GWMS comment

The single most significant proposal in the Budget is the ushering of a progressive system of individual taxation. Three rates of taxation were previously applied to individuals i.e.10%, 12.5% and 15%. The two lower rates applied mostly to lower level incomes. Taxpayers were mostly hit by the 15% rate based on their monthly remuneration.

The proposed measure introduces 11 income bands of taxation with the highest rate being 20% applying to income above MUR2,390,001(approx. USD53,111).



Taxation

The repeal of the Solidarity Levy

GWMS comment

The next most significant measure is the repeal of the much maligned Solidarity Levy which impacted resident individuals with an annual leviable income of more than MUR 3million. The effective repeal date is 1 July 2023.

The levy which was introduced by the Finance Act 2020 taxed leviable income at the rate of 25%. It led to economic double taxation since dividends were taxed even if they are generally paid out of profits which have already been subject to corporate income tax. The repeal of the levy is a most welcome measure of the Budget and makes Mauritius more attractive again to foreign & local high income earners!



Taxation

Increase in partial exemption on interest earned by Collective Investment Schemes and Closed ended funds

GWMS comment

Another significant measure is the increase in partial exemption from 80% to 95% on interest earned by Collective Investment Schemes and Closed ended funds. e.g., Interest income amounting to USD 100,000 will be subject to tax on only USD 5,000 at 15%.

The objective of this measure is to enhance competitiveness of Mauritius as an IFC and is a definitive incentive to debt funds to structure preferably through Mauritius



Taxation

- Fees paid to management companies and investment advisors licensed by the FSC are exempt from tax deduction at source (TDS).
- Manufacturing companies will be allowed to take tax credit equivalent to 15% of their investment on new plant and machinery (excluding motor vehicles) over three years up to financial year 2025/2026. Any unrelieved tax credit can be carried forward over 10 years. In case of manufacturing company producing both alcoholic and non-alcoholic drinks, the tax credit will be available on expenditure incurred on the plant and machinery used exclusively in the production of non-alcoholic drinks.
- Companies having annual turnover not exceeding MUR 500 million, will be allowed to deduct double of the amount incurred on Market research and product development. Previously this measure was available only for African Markets, but this restriction has been removed in the budget.
- Companies manufacturing medical devices will be subject to a reduced tax rate of 3%.
- Interest income derived from investment in Bonds, debentures or Sukuks issued by overseas entity to finance renewable energy projects (as approved by the MRA) will be exempted from tax.



Taxation

- A tax relief of 200% of expenditure incurred by a local company participating in financing, sponsorship or marketing and/or distribution of an approved film project produced at least 90% in Mauritius, under the Film Rebate Scheme, intended for theatrical or media streaming release.
- A company engaged in sale of fuel to an airline company will benefit a reduced income tax rate of 3%.
- Tax due by a cell of a protected cell company (PCC) can no longer be recovered from another cell or non cellular assets of such PCC. This measure offers additional protection for the shareholders in each of the cells of a PCC.
- Likewise, each sub-fund or special purpose vehicle of a variable capital company will be treated as a separate entity for the purpose of recovery of tax.



Financial Services Act

- Commission an independent assessment of the effectiveness of our AML/CFT system ahead of the ESAAMLG mutual evaluation in 2025.
- To include breach of the AML/CFT legislation as a ground for referral to the Enforcement Committee.
- To enhance the role of Management Companies with respect to ensuring compliance of their clients with relevant laws.
- To provide that licensees will be under an obligation to submit independent compliance reports to the FSC.



Financial Services Act

- Scope of Variable Capital Company to be widened to allow their use for family offices and wealth management.
- Introduction of a new framework to support the licensing and operation of Electronic Money Institution.
- Introduction of a Wealth Manager and Family Officer licence under Private Banking.
- ESG-related projects will be included under the Premium Investor Certificate Scheme.
- The FSC can enter arrangements and extend assistance to a foreign supervisory institution if that institution satisfies relevant confidentiality requirements imposed by the FSC.



Financial Services Act

- Sanctions for non-payment of administrative penalties will be aligned with that of non-payment of license fees.
- To provide that licensees will be under an obligation to submit independent compliance reports to the FSC.
- To provide that recovery of annual fees and late charges due to the FSC will not be time barred to enhance recovery capacity of the FSC.
- The issuance of a certificate of good standing is also applicable to Authorised Companies.

Freeport Act

- The Freeport Act will be amended to add refining and minting of precious metals as new freeport activities.



Companies Act

- The service address of a company has to be in Mauritius.
- A company will have a time limit of one month from the date of resignation or death of the last remaining director, for shareholders of a company to appoint new directors, failing which the Registrar of Companies will remove that company from the Register.

Financial Intelligence and Anti-Money Laundering Act

The Financial Intelligence and Anti-Money Laundering Act (FIAMLA) will be amended to clarify that entities such as Fintech Service Provider, reinsurance companies and brokers, travel insurance, health insurance, actuarial services, credit rating agency and insurance salesperson do not fall under the scope of the FIAMLA.





Virtual Asset and Initial Token Offering Services Act

- Amendment of the Virtual Asset and Initial Token Offering Services Act mainly to allow Virtual Asset Custodian to hold custody of securities token and to empower the FSC to set rules for the setting up of a Virtual Asset Register on virtual asset service providers.
- Allow a Virtual Asset Custodian to also hold custody of securities tokens.
- Remove 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.
- Empower the FSC to make Rules for the setting up of a Virtual Asset Register on virtual asset service providers.



Live, Work and Invest in Mauritius

Occupation Permits

- The monthly basic salary threshold for Occupation Permit for Professionals will be reduced to Rs 30,000 (currently set to a minimum monthly basic income of MUR 60,000), irrespective of sectors.
- Applicants for Occupation Permit will be granted a business visa of 120 days without the need for them to leave Mauritius to submit an application and will no longer be required to open a local bank account at the time of application.
- The initial investment requirements of USD 50,000 and USD 35,000 for investors and self-employed will be exempted at the time of issuance of the investor occupation permits. The two categories will need to show evidence of transfer of funds within 4 weeks of the issuance of the permit and post-monitoring will be conducted.



Live, Work and Invest in Mauritius

Occupation Permits

- The Young Professional Occupation Permit will be open to applicants in all fields of study.
- Introduction of the “silent is consent” provision of 4 weeks for registration of foreign professionals with professional bodies including the Medical, Dental, Veterinary and Allied Health Professionals Councils.

Work Permit



- Introduction of a “silent is consent” principle of 4 weeks for Work Permit applications.
- The ratio of foreign to local employees to be abolished for specific sectors.
- Non-citizens on a tourist or business visa will be allowed to apply for a Work Permit.
- 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.
- Application for Work Permit are to be made solely on the National Electronic Licensing System (NELS).



The Silver Economy

Retired non-citizens applying for Residence Permit will not be required, in the initial stage, to open a local bank account. Instead, a certified bank statement from the applicant's country of origin or residence showing proof of funds would be accepted together with a written undertaking to open a local bank account in two months' time.

- Retired non-citizens applying for Residence Permit will not be required to open a local bank account in the initial stage of application to the authorities.
- Medical patients and retirees as well as up to two accompanying caretakers will be eligible for a premium visa.
- Foreign retirees above 60 years old will have access to medical insurance. Foreign retirees will be allowed to take up employment in specific sectors.



The Silver Economy

- The Immigration Act will be amended to grant a residence permit to a retired non-citizen and his family on the acquisition of a property in a PDS project relating to senior living provided that :
- The acquisition price exceeds USD 200,000; and
- The non-citizen is aged above 50 years old
- Non-citizens on both tourist and business visas will be allowed to apply for Work Permits in Mauritius.



PDS for Senior Living

A retired non-citizen and his family shall be granted a residence permit upon the purchase of a PDS for Senior Living, provided the property exceeds USD 200,000 and the retiree is above 50 years of age.



The introduction of the Sustainable City Scheme

The non-citizen and their dependents will be granted a residence permit upon the acquisition of residential property under the Sustainable City Scheme at the minimum purchase price USD 375,000.



Acquisition of immovable property by resident non-citizens outside Existing Schemes

A resident non-citizen who is a holder of either a residence permit or occupation permit shall be allowed, upon application to acquire one residential property outside of existing schemes provided that the value of the property exceeds USD 500,000.

Conditions applicable:

- subject to a supplementary registration duty of 10%
- the property should not exceed 1.25 acre
- the property should not be located on state land
- this facility only applies to the holder of the permit (and not the dependents – i.e: spouse nor children)



Property Acquisition Processing Fees

A non-refundable processing fee for the acquisition of property under the different schemes has been harmonized as stated below:

- Smart City Scheme - 1,000,000
- Property Development Scheme-MUR500,000
- Invest Hotel Scheme-MUR500,000
- Premium Investor Certificate-MUR50,000
- Acquisition of Property under IRS, RES, PDS, IHS and Smart City-MUR25,000
- Apartments (Ground +2)-MUR25,000
- Residence Permits-MUR25,000



Sale of serviced land within a Property Development Scheme (PDS) or Smart City Scheme (SCS)

The rights for a non-citizen holder of an occupation/permanent residence or residence permit to acquire a serviced plot of land within the PDS or Smart City Scheme has been extended to 30 June 2026 (previously 30 June 2024).



The introduction of the Sustainable City Scheme

The non-citizen and their dependents will be granted a residence permit upon the acquisition of residential property under the Sustainable City Scheme at the minimum purchase price USD 375,000.



Medical Tourism

Medical patients and retirees as well as up to two accompanying caretakers will be eligible for a Premium Visa. Foreign retirees above 60 years old will also have access to medical insurance.



Domestic Migrant Workers & Carers

- The Ministry of Labour will work out a new policy framework for the employment of Domestic Migrant Workers in Mauritius such as maids and babysitters.
- Carers from abroad will be allowed to stay and work in Mauritius beyond the current maximum period of 4 years, so long as their services are required.

About us

GWMS is an experienced Management Company incorporated in Mauritius and licensed by the Financial Services Commission to provide Global Business services to businesses worldwide. One of the core competencies and activity of GWMS is the provision of a full range of Fund Administration services to offshore funds set up in Mauritius or elsewhere.

The board of GWMS comprises mainly of Chartered Accountants of calibre and experience in diverse sectors encompassing accounting, audit, management, global business, international and local taxation among others. GWMS is able to handle back office work as well. Our staff comprises a mix of fully qualified accountants, near qualified accountants, law graduates and administrative clerks.

More information is available on www.gwms.mu

International network

GWMS is the sole member for Mauritius GMN International (www.gmni.com), an association of legally independent accounting firms. Formed in the 1970s, GMNI is a well-established association of quality professional accounting firms which provide accountancy, audit, tax advisory and business consultancy services to businesses worldwide – with the same care and skill you find locally. GWMS's clients can thus benefit from cutting edge international tax advice through our GMNI linkage along with having a global reach.



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