











Mauritius Budget Highlights 2021/22

June 11, 2021

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KPMG View

“Better Together” as a statement of our national priorities?

The 2021/22 Budget was presented today after yet another year of unprecedented events. Mauritius is no exception to other world economies facing the pandemic across various stages of outbreaks and varying levels of readiness. After a contraction of 14.9% in 2020 driven by declines in output, investment (-20%) and household consumption (-12%), headline inflation is reported to be at +2.5% due to sharp increases in commodity prices offset by lower interest rates and the incidence of lower price of cooking gas in our basket of goods.

Furthermore, unemployment has been contained to 9.2% owing to the non-cyclical interventions, namely in the form of wage support WAS and SEAS. With a reported economic contraction of 5.4% in 2020/21 and a positive growth of 9% forecasted for 2021/22, the outlook is one of a “mini” upturn within a larger slowing trend.

Unsurprisingly, the level of public debt at 95% of GDP reflects the state of our national accounts exacerbated by the ticket size of the COVID-response amounting to 32% of GDP. This unprecedented burden calls for an utterly disciplined fiscal management in the medium term to reduce public debt and avoid the much heavier debt trap.

Compared to last year, this Budget Speech enabled a more positive outlook with the availability of vaccines. The budget measures long for Recovery, Revival and Resilience in the expectation of vaccination being the game changer, amidst prospects of strong recovery globally. The measures centered around an ongoing economic agenda resting on three main pillars being: a boost to investment, shaping a new economic architecture and restoring confidence. Key to this are massive investments in public infrastructure, strengthening social protection and opening up of the economy.

KPMG View (cont.)

Significant infrastructural projects worth MUR65 Billion were announced, relating to land drainage, improving the road network, social housing, building additional sports and recreational facilities as well as projects targeted at the general embellishment of Mauritius. This will impact positively on the construction sector, with linkage into consumption. It, however, remains to be seen to what extent this measure will support local employment, since Mauritius imports virtually all of its construction materials and labour.

As part of the new economic architecture, we welcome the focus to have 60% of our energy generation from green sources and for the use of coal to be phased out by 2030. This is an ambitious policy target and will trigger a strategic response from existing power producers. More importantly, this would lead to reduced dependency on imported fossil fuels, and a reduction in the related foreign currency outflow.

The pharmaceutical industry is projected as a fresh pillar. With seed capital of MUR1 Billion in biotechnology for the production of vaccines and other pharmaceutical products and a host of fiscal incentives in the form of tax credits and tax exemptions, this industry can eventually help employ Mauritians into more sophisticated jobs, and attract significant investment.

The contribution of expatriates and foreign citizens will be enhanced by way of extended occupation permits from 3 to 10 years for professionals, long holiday formulas for retirees and more accessible IHS investments. Spouses will be exempted from the need for an occupation or work permit to invest or work in Mauritius. Switching jobs without having to apply for a fresh permit will now be permitted for certain category of foreign professionals. At the other spectrum, the work permit system will be broadened to allow a lower salary threshold of MUR30,000 in the Global business sector, and for foreign carers and maids to work in Mauritius.

KPMG View (cont.)

The timing of the budget has coincided with the announcement of the re-opening of our borders partially from 15 July and fully from 1 October. This decision is a pre-condition for the upturn and was long awaited for our tourism industry. However, a missing piece of the jigsaw remains the aviation sector and in particular, Air Mauritius, for which MUR9 Billion was earmarked in last year's budget.

On the tax front the Minister has spared the income tax payers of a dreaded tax hike. Surprisingly tax revenue from goods and services is forecast to increase to more than the 2019/20 levels. This arguably assumes that the context ahead is one of higher prices if consumption volume does not recover. The government is not taxing our way back to prosperity but we will be tested as a nation on our ability to adopt and sustain the spending path out of the crisis...

KPMG

11 June 2021

Budget Financials



Budget Financials

Public Sector Debt

MUR419.1 bn
As at June, 2021

Projected
to rise to

MUR456.6 bn
As at June, 2022

Public sector gross debt is planned to increase by MUR37.5bn. As a percentage of GDP, this figure is planned to decrease from 95.0% to 91.4%

Revenues

MUR137.7 bn
11.5% decrease

Main
drivers of
revenue

MUR110.1 bn

Taxes on income,
profit, goods & services
(80% of total revenue)

Expenditures

MUR162.6 bn
9.7% decrease

Main
application
of
expenditure

MUR46.5 bn

General public
services (28.6% of
total expenditure)

MUR50.5 bn

Social protection
(31.1 % of total
expenditure)

Standard and quality of living



Housing

+ 50.0%

MUR2.6 bn
2020-2021



MUR3.9 bn
2021-2022



Education

+ 11.9%

MUR15.9 bn
2020-2021



MUR17.8 bn
2021-2022



Health

+ 0.4%

MUR13.69 bn
2020-2021



MUR13.75 bn
2021-2022



Social Protection

+ 3.7%

MUR48.7 bn
2020-2021



MUR50.5 bn
2021-2022

How do we compare

**Education
Expenditure per
capita**

Singapore
MUR73,902

South Africa
MUR7,306

Mauritius
MUR14,046

**Health
Expenditure per
capita**

Singapore
MUR102,251

South Africa
MUR3,204

Mauritius
MUR10,860

*Sources: Singapore budget 2021, National Treasury Republic of South Africa budget review 2021, Budget speech 2021-2022 Mauritius

Economic Outlook



Economic Outlook

Budget Estimates	Unit	2020/21	2021/22	2022/23	2023/24
Real GDP growth	%	(5.4)	9.0	6.0	6.0
Investment rate	%	18.9	20.7	20.9	21.4
GDP Deflator	% change	1.9	4.0	4.0	4.0
Budget Deficit	% of GDP	(5.6)	(5.0)	(4.0)	(3.5)
Public Sector Net Debt	% of GDP	78.8	82.8	82.7	79.2
Unemployment rate	%	9.2	-	-	-

Source: MOFED, Medium term Macroeconomic framework

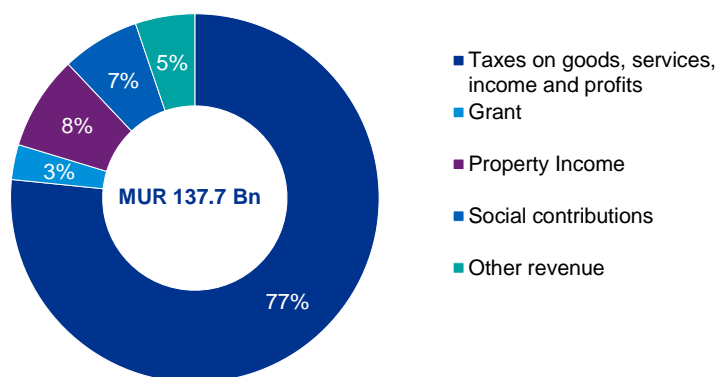
Macroeconomic outlook

- **The Minister of Finance expects a 9% growth in GDP in 2021 compared to the 6% forecasted by the IMF.** This optimistic outlook is on the basis of effective rollout of the vaccination programme that will enable an early reopening of borders and an increase in tourist arrival and tourism earnings. This will also give a boost to hospitality industry as well as ancillary activities.
- In view of the Government's fiscal strategy and on basis of expected strong economic recovery, the **overall budget deficit** is expected to be 5% in FY21/22, and **projected to decline to 4% and 3.5% in FY22/23 and FY23/24**, respectively.
- Debt Management strategy aimed at setting out cost and risk control benchmarks/targets will be adopted to control the level of public debt. The net debt as a % of GDP is expected to decrease from 82.8% in FY21/22 to 79.2% in FY23/24.

Economic Outlook (cont.)

Government revenue

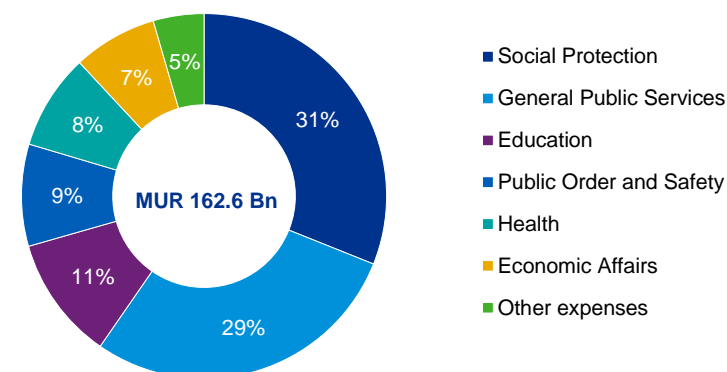
Government Revenue (2021-2022)



Source: MOFED, Budget estimates

Government spending

Government Spending (2021-2022)



Source: MOFED, Budget estimates

Budget outturn (2020/21)

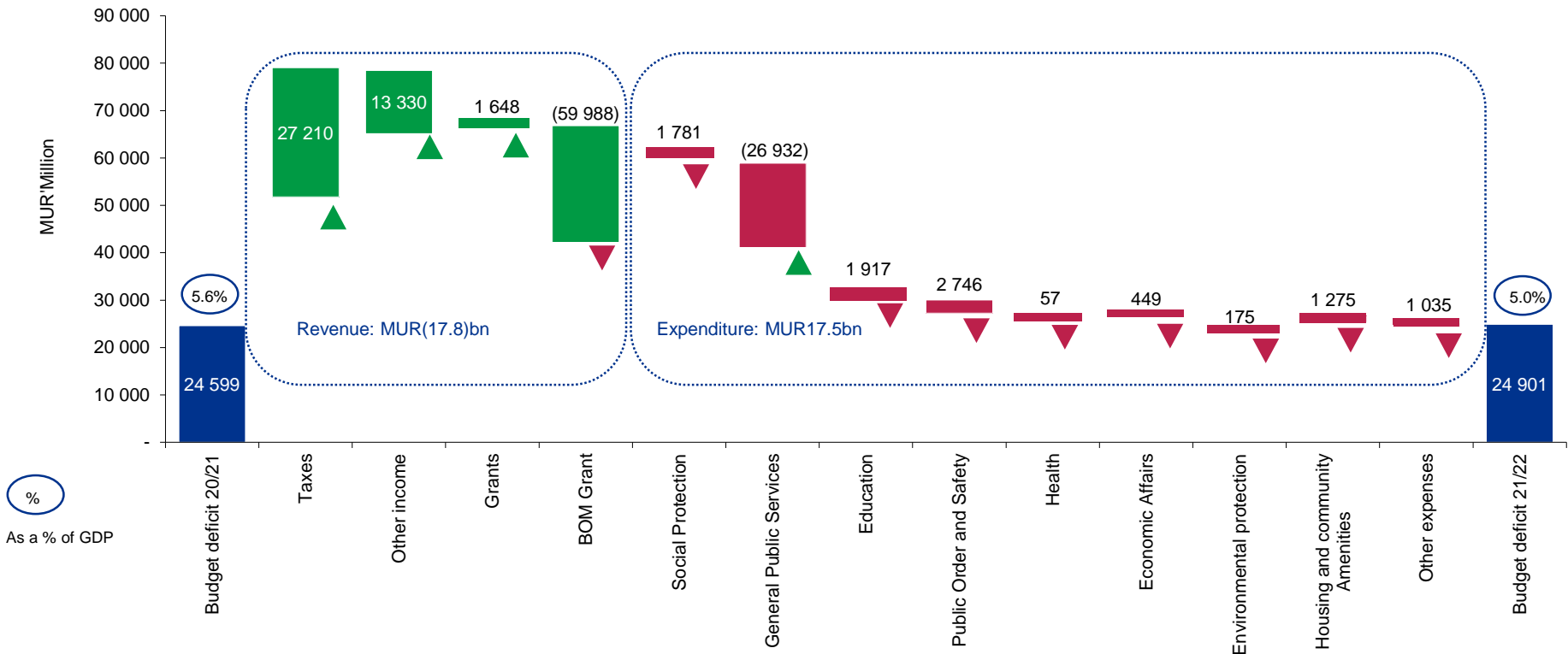
(MUR'bn)	Budget 20/21	Actual 20/21	Variance
Revenue	162.9	155.5	(7.4)
Expenditure	162.9	180.1	17.2
Budget surplus / (deficit)	0.0	(24.6)	(24.6)
As % of GDP	0%	(5.6)%	(5.6)%

Source: MOFED, Budget estimates

- Government revenue in FY20/21 was MUR7.4 Billion below budget due to contraction in tax revenue.
- Expenses were higher by MUR17.2 Billion due to support provided to businesses and individuals through Government schemes.
- Actual Budget deficit was MUR24.6 Billion worse than budgeted (-5.6% vs 0% of GDP).

Economic Outlook (cont.)

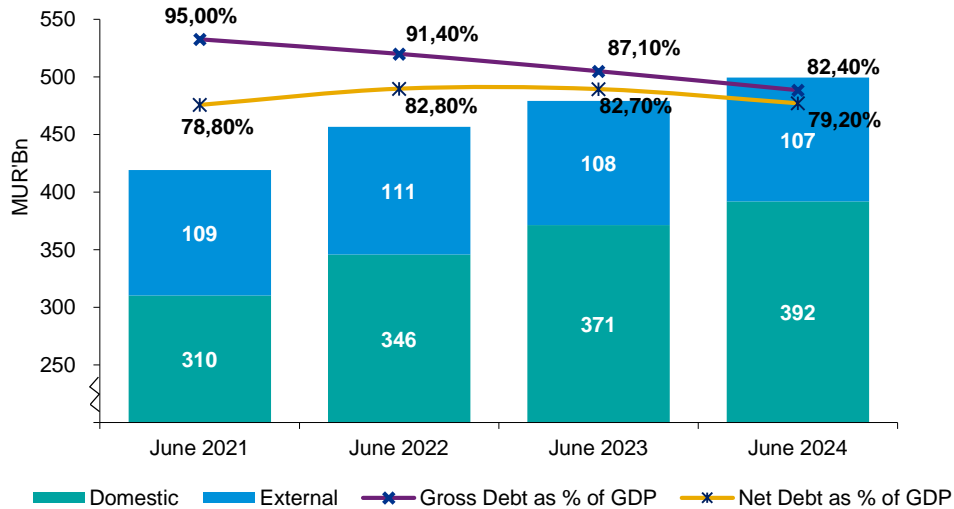
Government Budget deficit (2020/21 - 2021/22)



The Budget Deficit is expected to end at MUR24.9 Billion on the back of a revenue decrease of MUR17.8 Billion and an expenditure decrease of MUR17.5 Billion. The main increases in revenue are expected to arise from taxes on goods, services and property. The increase in other income and grants amount to MUR14.9 Billion. The major reduction in revenue is on account of the BOM grants that are not budgeted to recur this year. Correspondingly a substantial reduction of MUR26.9 Billion in general public services is noted. As a result, the Budget Deficit of 5.6% for the year 2020/21 is expected to be at 5% for 2021/22.

Economic Outlook (cont.)

Debt analysis - June 21 to June 24



Source: MOFED, Medium term Macroeconomic framework

Debt analysis

- Public sector debt is expected to increase over the next three years, driven by an increase in domestic debt levels from MUR310bn in FY21 to MUR392bn in FY24.
- On the other hand, economic output is expected to increase over the coming years, resulting in a fall in debt-to-GDP ratios.

Global Business & Regulatory



Global Business

Financial Action Task Force (FATF) Action Plan

- Commitment from the Government for an early exit from the FATF list of jurisdictions under increased monitoring. Measures taken include:
 - i. Enhance the Anti Money Laundering (AML) and Combatting Financing of Terrorism (CFT) legislative framework and implementation of the following:
 - Amendment to relevant legislations to meet the requirements of the FATF recommendations on AML-CFT;
 - Recruiting new personnel to strengthen the compliance capacity;
 - Set up of financial crimes divisions at the supreme court and intermediate court;
 - ii. AML/CFT Core Group given legal force under the Financial Intelligence Anti Money Laundering Act;
 - iii. Establishing the Financial Crime Commission in the fight against financial crime;
 - iv. Introduction of a new Bank of Mauritius (BOM) bill and Banking bill to reflect international best practices;
 - v. Launching of a one year training program on AML for 100 graduates.
- Various other initiatives to sustain development of the financial services sector as follows:
 - Introduction of securitization and securities bill;
 - New legislation for virtual assets;
 - Introduction of a Central Bank Digital Currency - Digital Rupee by BOM;
 - BOM to introduce a dedicated QR Code at national level to facilitate digital payments;
 - Family office will not require Global Business Licence when setting up;

Global Business (cont.)

- Implementation of a digital centralised information exchange system by the Financial Services Commission (FSC);
- Launching of a platform by FSC allowing online licensing;
- Introduction of rules by Stock Exchange Mauritius regarding the set up of Special Purpose Acquisition Companies.
- Measures taken to attract companies operating in digital currency include amending the Financial Services Act to:
 - Define “FinTech”, “Regulatory Sandbox Authorisation” and “Regtech”;
 - Establish the framework for applying for a Regulatory Sandbox Authorisation;
 - Authorise the FSC to set up such fintech innovation hubs and finnovation and digital labs for the non-banking financial services sector.

KPMG VIEWS

In order to boost the global business sector and for Mauritius to remain an attractive international financial centre, it is crucial for prompt implementation of the measures announced so that Mauritius can exit the FATF list and ultimately the EU list of high risk third country having strategic deficiencies in their regime on AML/CFT.

Regulatory

Occupation Permits (OP) and Residence Permits (RP)

- Extension of validity period of a Professional OP from 3 years to 10 years.
- Spouse of OP holder wishing to invest or work in Mauritius will be exempted from applying for a separate OP.
- Exemption from applying for an OP or a work permit for Spouses of OP holders wishing to invest or work in Mauritius.
- Maximum age limit of 24 years for dependent children will be waived.
- A 10-Year Family OP is being introduced for those contributing USD250,000 to the COVID-19 Projects Development Fund.
- Implementation of a privilege club scheme providing a range of incentives to OP holders and retirees, ranging from privilege access to hotels, golf courses, restaurants, private medical institutions and others.
- Introduction of a Smart Card to replace the current paper-based OP.
- EDB will partner with an international firm with expertise in residency planning to promote and attract more High Net Worth Individuals to Mauritius, including investors, professionals, and retirees.
- Development of a dedicated website for marketing of the different residency schemes available for non-citizens, fitted with systems for applying relevant residency permits.



Regulatory (cont.)

Occupation Permits (OP) and Residence Permits (RP) (cont.)

- Setting up of a dedicated concierge service by the EDB to provide a seamless experience to investors and retirees entering Mauritius.
- Flexibility will be given to Non-citizens holding an OP as a Professional to switch jobs without having to submit a new application provided certain criteria are met.
- International students enrolled in a recognised educational institution in Mauritius will benefit automatically from a: -
 - 20 hours per week work permit; and
 - 10-Year renewable Young Professional OP upon graduation.
- Non-citizens holding an OP as self-employed will be allowed to incorporate a one-man company and employ administrative staff.
- Monthly salary applicable for an OP for professionals in financial services will be brought down from MUR 60,000 to Rs 30,000. However, this will be limited only for fund accounting and compliance services by a company holding a license from the FSC, and the professional will need to have at least 3 years relevant work experience.
- Requirement for OP applicants to arrive in Mauritius on a business visa to be issued with a permit will be waived. A non-citizen will be eligible for an OP irrespective of his visa category when he arrived in Mauritius.
- A non-citizen who purchases or otherwise acquires an apartment used, or available for use, as residence, in a building of at least 2 floors above ground floor, provided the purchase price is not less than USD375,000 will be issued with a residence permit, including for his dependents, and exempted from the requirement of a work permit or OP.



Regulatory (cont.)

Occupation Permits (OP) and Residence Permits (RP) (cont.)

- Automatic Extension of validity period of a 10-Year Permanent Resident Permit (PRP) Holders to cover a 20-Year period.
- PRP Holders will be able to renew their permits and they will be given the flexibility to switch category between investor, professional and retired.
- Extension of the Work Permit allowing Mauritians and non-citizen residents to bring foreign carers and maids to work in Mauritius.
- The promoter of a project under the Smart City Scheme is presently allowed to sell one plot of serviced land not exceeding 2,100 m² to a non-citizen holder of OP, PRP or a RP.

The time limit will be extended for another period of two years, that is, up to 30 June 2024 instead 30 June 2022. This measure will be extended to the Property Development Scheme (PDS).

The non-citizen will have to complete the construction of a residential building within a period of 5 years.

Incentive Schemes

- Streamlining of some sixteen different incentives schemes under three certificates issued by the EDB, namely:
 - the Investment Certificate;
 - the Export Development Certificate; and
 - the Premium Investor Certificate.
- The Premium Investor Certificate will allow companies investing at least MUR500 Million to benefit from negotiable incentives, upon recommendation of a Technical Committee and approval by the Minister.

Regulatory (cont.)

- Currently, the sale of units in an approved hotel development under the Invest Hotel Scheme is limited to 60% of the total number of units in the hotel. This limit will be increased to 80% of the total number of units. The Invest Hotel Scheme will allow owners to occupy their units for a total period of 180 days instead of 90 days in a year. In the case of owners holding a Premium Visa, there will be no restriction in terms of the number of days that they can occupy their units.

KPMG VIEWS

These measures aim to attract and retain talents in Mauritius, boost the property market and financial services sector, and help global business companies to meet their economic substance test as the measures would help attract expatriates to live and work in Mauritius.



Corporate Tax



Corporate Tax

Tax incentives

- Full deduction on contributions to COVID-19 Vaccination Programme Fund;
- Double tax deduction on:
 - expenditure incurred for research and development targeting African market; and
 - acquisition of specialised software and systems;
- 110% tax deduction to large manufacturers on products purchased from local SMEs;
- Carry forward of unrelieved investment tax credit for manufacturing companies extended to 10 years;
- Private universities set-up in Mauritius to benefit from a concessionary tax rate of 3% instead of 15%;
- Biotechnology and pharmaceutical companies;
 - Full tax credit on costs of acquisition of patents;
 - Subject to tax at rate of 3% instead of 15%.

Extension of tax holidays from five to ten years to:

- Family Offices, Fund and Asset Managers;
- Employees managing an asset base and holder of an asset manager, fund manager or asset and fund manager certificate on or after 1 September 2016; The threshold of the asset base has been reduced from USD100 Million to USD50 Million.

Partial Exemption tax regime extended to:

- Investment dealers;
- Companies engaged in activities relating to leasing of locomotives and train including rails leasing.

Companies holding an investment certificate

- 8-year tax holiday to new companies on prescribed sectors/activities concerned subject to registering with the EDB;
- 5% tax credit to manufacturing companies on new plant and machinery over three years until 30 June 2023.

Corporate Tax (cont.)

Dividend payment by a non-resident

- Dividend payment by a non-resident to another non-resident is not taxable in Mauritius.

Corporate Social Responsibility

- List of priority areas of intervention extended to include restoration of a building designated as a national heritage under the National Heritage Fund Act 2003.

Advance Payment System (“APS”)

- APS computation amended to cater for companies which are subject to corporate tax rate at a lower rate than 15% standard tax rate.

Government Wage Assistance Scheme (“GWAS”)

- Extension of the GWAS to tourism-related companies up to September 2021.

KPMG VIEWS

The changes brought in the corporate tax regime has been mainly geared towards the provision of tax incentives and credits to companies engaging in specific activities or on specific expenditure incurred.

With the current pandemic in mind, the Government is encouraging companies operating in the biotechnology and pharmaceutical field to set up in Mauritius. Companies in such sectors which were not eligible for tax holidays introduced in prior years, may now be able to benefit from a concessionary tax rate.

There is also a clear intent by the Government to incentivise companies to digitalise their operations through the use of IT tools.

The dividend payment by a non-resident is believed to be targeted at payments made by authorised company. We expect more clarity to be brought in the Finance Bill.

There were various areas within corporate tax where changes were expected. However no amendments have been made on the following:

- Reinstatement of the Work from Home scheme
- More clarity on the application of the arms’ length principle
- Flexibility in the use of tax losses

A man in a dark pinstriped suit and white shirt is shown in profile, looking out over a city at night. The background is a blurred cityscape with lights from buildings and traffic, creating a bokeh effect. The overall mood is contemplative and professional.

Personal Tax

Personal Tax

Income Exemption Threshold

- No increase in Income Exemption Threshold for income year 2021-2022.

Additional exemption in respect of dependent child pursuing undergraduate course

- Increase in the maximum exemption threshold to MUR225,000 irrespective of the place of study of the child and total income of the household.

Relief for medical insurance premium or contribution

- Increase of MUR5,000 in the maximum allowable deduction for medical insurance premiums for self and dependents as detailed in Appendix 1.

Additional exemption up to MUR30,000 in respect of

- Donations made to an approved charitable NGO or religious bodies; and
- Contributions made to an individual pension scheme.

Deduction for bedridden dependent

- Deduction can now be claimed for a bedridden next of kin irrespective of whether the bedridden person is eligible to financial assistance under the National Pensions Act.

Contributions to COVID-19 Vaccination Programme Fund

- Amount contributed to the above fund can be claimed as a deduction on filing of income tax return. Any unrelieved deduction in an income year can be carried forward for 2 consecutive income years.



Personal Tax (cont.)

KPMG VIEWS

Last year's budget saw major changes in personal tax with introduction of CSG and increase in solidarity levy rate. The increased solidary levy rate had been viewed as a temporary measure. With a new wave of COVID-19 cases, this levy rate has been maintained.

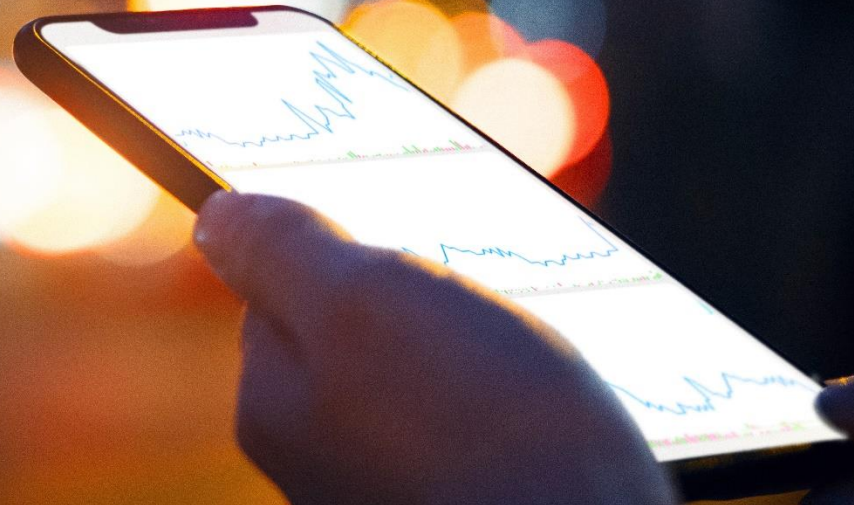
This year, no major changes brought about in individual income tax with even Income Exemption Thresholds remaining unchanged.

Keeping the solidarity spirit, the public is encouraged to contribute to the COVID-19 Vaccination Programme Fund and donating to NGOs and religious bodies.

At last, tax relief will be available on contribution to an individual pension scheme. This is crucial in inculcating a culture of saving and investment for the future. We are of the view that the cap of MUR30,000 is too low and should be higher.



VAT & Other Taxes



Value Added Tax (VAT)

Changes to VAT Refund Scheme for Residential Apartment and Building

- Upper limit for the cost of construction reduced from MUR5 Million to MUR3 Million;
- Household income threshold reduced from MUR3.5 Million to MUR1 Million;
- Limit for amount of refund reduced from MUR500,000 to MUR300,000; and
- Refund only applicable for first residence.

Zero-rating of goods

- Animals for the purpose of training, breeding and re-export; and
- Supply of dumplings made up of meat, fish, squid, crab, chicken, vegetables or milk, whether cooked or uncooked to final consumers.

Investment certificates by EDB

- Plant, machinery, equipment and construction of building for R&D will be:
 - Zero-rated for provision of healthcare, nursing and residential care services; and
 - Exempt for others.

Exempt Bodies

- National Empowerment Foundation and New Social Living Development Ltd for construction of social housing.

Discontinuation of VAT remittance

- Film Promotion Fund to no longer receive a proportion of MRA's VAT collection.

VAT Administration

- Electronic submission of information requested by MRA now possible.

Value Added Tax (VAT) (cont.)

KPMG VIEWS

Government has reduced the thresholds of the VAT Refund Scheme criteria for Residential Building and Apartment but has introduced other incentives such as refund of a portion of the cost of property to boost residential construction projects.



Other taxes

Registration duty and land transfer tax

- Exemption of registration duty for first-time buyers applies currently to property whose value is below MUR5 Million. The exemption shall now apply on the first MUR5 Million of the cost of the built-up residential property;
- Construction, and expansion of student campuses will be exempted from land transfer tax and registration duty;
- To enable hotels built on State lands and in financial distress to restructure and attract equity financing, the rate of tax on transfer of leasehold rights will be halved. Land transfer tax of 20% payable equally by the buyer (10%) and the seller (10%) will be reduced to 5% each; and
- The sale of a residential unit in a project developed on State land relating to senior living under the Property Development Scheme will be exempted from the payment of tax on transfer of leasehold rights in State lands.

Levy on Mogas and diesel

Application of MUR2 per litre of Mogas and diesel to finance the cost of Covid-19 vaccines.

Customs Duty

- Reduction of customs tariff to be done in two phases for specific agreements; and
- Extension of 30% customs duty rebate on buses up to 30 June 2022.

Duty Free Shops

An extension up to 30 June 2022 will be granted to Duty Free Shops and Deferred Duty and Tax Scheme Shops to sell goods on the local market of limitless quantity, subject to payment of duties and taxes.

Other taxes (cont.)

Excise Duty

- Increase in excise duty on specified alcoholic and tobacco products;
- Tax of six cents per gramme of sugar on locally manufactured and imported non-staple sweetened products;
- Exemption of tax of certain sugar-sweetened products and fruit puree for infants;
- Abolition of 5% excise duty on electric vans of up to 180 kW used for the transport of goods; and
- A beneficiary of a duty exempted motor vehicle will be allowed to benefit from another duty exempted motor vehicle within a period of four years provided that the full amount of duties and taxes exempted on the current motor vehicle is reimbursed.

Others

- Reduction of registration tax on transfer of lease of state lands from 20% to 10% for hotels for 2 years;
- Exemption from registration duty, land conversion tax and VAT on construction of purpose built factories for manufacturing of pharmaceutical products and medical devices as well as for clinical and pre-clinical tests;
- Refund of 5% on the cost of property, up to a maximum of MUR500,000 would be available to an individual buying a house, apartment, or land to construct his residence in the financial year 2021/2022; and
- Refund of 5% of home loan, up to a maximum of MUR500,000 is available to those contracting a Home Loan to construct their residence.

Tax Administration



Tax Administration

- Reintroduction of Tax Arrears Payment Scheme (TASS) :
 - Full waiver of penalties and interest provided that the tax arrears, due as at 31 October 2020, under the Income Tax Act, the VAT Act and the Gambling Regulatory Authority Act, are paid in full by 31 December 2021 and taxpayers are registered by 30 June 2021 unlike for SMEs, the TASS will remain open till December 2021;
 - Taxpayers having assessments pending before the Assessment Review Committee, the Supreme Court or Judicial Committee of the Privy Council may take advantage of the TASS by withdrawing the case before these institutions.

KPMG VIEWS

Re-introducing the TASS is a welcoming measure as it is an immediate response to the COVID-19 pandemic which has resulted in a huge loss of revenue for the Government due to significant drop in economic activities, increase in expenditure on public health, implementing wage assistance scheme, amongst others.

We are of the view that the deadline for companies should have been extended and aligned with the SMEs i.e. 31 December 2021 as it would give opportunities for companies to come forward by regularising their tax affairs and hence, more collection of revenue for the MRA.

Tax Administration (Cont.)

- It is being proposed that information can be requested electronically from the taxpayers and virtual meetings through teleconferencing devices might be conducted with the taxpayers by the MRA.

KPMG VIEWS

The MRA may now carry out virtual tax audits and issue virtual tax assessments. Consequently, the taxpayers may expect an increase in the number of tax audits.

- The monetary thresholds will be reduced by 50% for submission of Statements of Financial Transactions by banks, non-bank deposit taking institutions, insurance companies and money changers to the MRA.
- Clarity has been provided that the Arm's Length Test provided in the Income Tax Act for domestic companies will also be applied for Global Business Companies.
- All Self-employed individuals are required to submit an income tax return.
- Time limit of 30 days for issuance of Income Tax and VAT rulings shall run as from the date additional information is sent to the MRA and not from the application date.
- The Budget proposes that more clarity will be provided by the MRA on the types of records that a person should keep and make available for audit purposes in the Income Tax Regulations.

Tax Administration (Cont.)

- Where companies fail to comply with the MRA requests regarding exchange of information with Treaty partners, penalties will be applicable. We hope that the amount of penalties will be clarified in the Finance Bill.

Mauritius Revenue Authority

- In the event where an objection was lapsed by the MRA because the taxpayer has failed to provide the requested information, the taxpayer will still be allowed to make representation in front of the ARC without any payment.
- In cases of fraud or non-submission of tax return by a taxpayer, the Director-General of the MRA will no longer require the authorisation of the Independent Tax Panel under the ARC.

Training Levy

- Where Training Levy and /or surcharges payable under the Human Resource Development Act are

due as at 31 October 2020, the surcharges shall be reduced by 80% provided that an application for the reduction is made to the MRA on or before 30 June 2021 and the outstanding Training Levy along with the balance of surcharges is paid on or before 31 March 2022.

Deferral of tax payments

- The Income Tax Act will be amended to include the following:
 - The last date for the submission of APS Statements and payment of the corresponding tax by companies for any quarter where the due date falls in November 2020, and up to May 2021, is being deferred to 30 June 2021;
 - Where the due date falls in December 2020, March 2021 and June 2021, individual taxpayers are not required to submit CPS Statements. The tax payable shall then be paid at the time of submission of annual income tax returns in September/October 2021.

Appendix

Tax Rate Card

This Tax Card is based on current tax legislation as updated by the proposals set out as per the Budget 2021/2022 and is subject to the Finance Act.

Income Exemption Threshold		
Year of Assessment	2021/2022	2020/2021
Income year	1 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021
	MUR	MUR
Category A	325,000	325,000
Category B	435,000	435,000
Category C	515,000	515,000
Category D	600,000	600,000
Category E	680,000	680,000

Category:

- A. An individual with no dependent
- B. An individual with one dependent only
- C. An individual with two dependents only
- D. An individual with three dependents only
- E. An individual with four or more dependents

Notes

A retired/disabled person is entitled to an additional income tax exemption of MUR50,000.

Exemptions/ Deductions/Reliefs – Personal		
Year of Assessment	2021/2022	2020/2021
Income year	1 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021
Tuition fee exemption (per dependent child) [Note 1]	MUR225,000	MUR175,000 or MUR200,000
Lump sum received as commutation of pension and retiring allowance [Note 2]	MUR2.5 Million	MUR2.5 Million

Notes

1. An individual is entitled to a deduction of MUR225,000, irrespective of the place of study and total income of the household.
2. The exemption threshold on lump sum has remained same as last year. The lump sum relates to severance allowance, pension or retiring allowance.

Tax Rate Card (cont.)

This Tax Card is based on current tax legislation as updated by the proposals set out as per the Budget 2021/2022 and is subject to the Finance Act.

Exemptions/ Deductions/Reliefs – Personal		
Year of Assessment	2021/2022	2020/2021
Income year	1 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021
Relief for Medical insurance premium or contribution		
An individual and his first dependent	MUR20,000	MUR15,000
Each other dependent	MUR15,000	MUR10,000
Additional Exemption on		
Contribution to personal pension scheme	MUR30,000	-
Donations made to an approved charitable NGO or religious bodies	MUR30,000	-

Tax Band Rate		
Year of Assessment	2021/2022	2020/2021
Income year	1 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021
Individual deriving an annual net income of up to MUR 650,000 [Note 3]	Tax at 10%	
Individual deriving an annual net income above MUR 650,000	Tax at 15%	

Note

- An individual deriving a basic salary including compensation not exceeding MUR50,000 in his first month, will benefit from a tax credit of 5% of his chargeable income, provided that his annual net income does not exceed MUR700,000 and hence be taxed at 10%.

Tax Rate Card (cont.)

This Tax Card is based on current tax legislation as updated by the proposals set out as per the Budget 2021/2022 and is subject to the Finance Act.

Solidarity Levy		
Year of Assessment	2021/2022	2020/2021
Income year	1 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021
Chargeable income plus local dividends in excess of MUR3 Million	25% on leviable income exceeding MUR3 Million (capped at 10% of net income including local dividend)	

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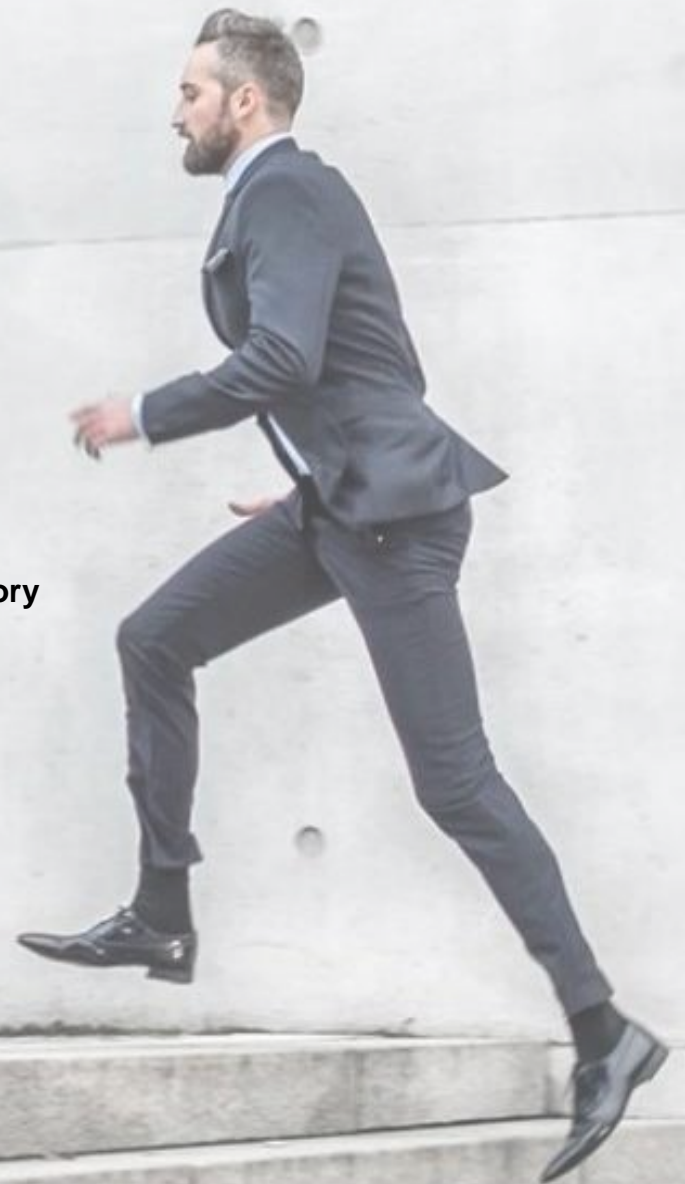
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The above information has been extracted from the budget speech delivered by Dr the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development, to the National Assembly, on 11 June 2021.

The Budget proposals may be amended significantly before enactment. The content of this summary is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. In such cases specialist advice should be taken.

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