

Mauritius National Budget 2023-2024

June 2023

On 2 June 2023, Dr. The Honourable Renganaden Padayachy, the Minister of Finance, Economic Planning and Development, delivered the budget speech for the period of 2023-2024, following the thematic approach of "To Dare & To Care". The objectives of the budgetary measures are to enhance the economy, ensure sustainability, and foster future development.

In this memo, we focus on the measures expected to have an impact on the industry we operate.

Addressing Labour Shortages

- Revamping the personal tax regime by introducing a progressive tax system, capped at 20%
- Scrapping the solidarity levy
- Reducing the monthly basic salary threshold for occupation permits for professionals to Rs 30,000, irrespective of the sectors
- Extending the Young Professional Occupation Permit to all fields of study
- Introducing certain administrative measures to ease the process for application of permits, including
 - granting a business visa to applicants for occupational permits within 120 days, without the need to leave the country

- 'silent is consent' principle of four weeks for work permit applications
- new tier system allowing companies with a good track record to avail from a streamlined process to recruit foreign labour under a work permit

Consolidating the Position of Mauritius as an International Financial Centre

- Increasing the partial exemption on interest income derived by collective investment schemes and closed-end funds from 80% to 95%
- Extending the scope of variable capital companies' structure to include family offices and wealth management
- The Mauritius Revenue Authority will not have recourse to assets of other cells to recover tax owed by a cell of a protected cell company and similar provisions will be applicable to sub-funds and special purpose vehicles of variable capital companies
- Exemption of the tax deductible at source on fees payable to an investment advisor and on fees to a management company licensed by the Financial Services Commission
- Allowing a virtual asset custodian to also hold custody of securities tokens

- Allowing funds to invest in loans or similar debt instruments

Enhancing Productivity and Promoting the Digital Economy

- Introducing a new framework for the licensing and operations of electronic money institutions
- Rolling out the digital rupee on a pilot basis
- Extending MauPass to the corporate sector for digital service access for employees
- ICTA to recognise certifications including DocuSign and Adobe Sign

Amendments to the Companies Act

- The service address of companies will have to be located in Mauritius
- Introducing a limit of one month from date of resignation or death of last remaining director for shareholders to appoint a new director, failing which the Registrar of Companies will remove the company from the register

Changes to the Financial Services Act

- Empowering the Financial Services Commission to take enforcement action in case of breach of AML/CFT legislation, with breaches being referred to the enforcement committee
- Aligning sanctions for non-payment of administrative penalties to those of non-payment of licence fees
- Licensees of the Financial Services Commission will be required to submit independent compliance reports to the latter
- Enhancing the role of management companies to ensure compliance for their clients with relevant laws

Miscellaneous

- The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act shall be amended to provide for reporting obligations of specific entities to the National Sanctions Secretariat
- The Tax Arrears Payment Scheme will be re-introduced such that taxpayers registered under the scheme by 31 December 2023 will benefit from full waiver of penalties and interest due under

the Income Tax Act, the VAT Act and the Gambling Regulatory Authorities Act, provided that the arrears are paid in full by 31 March 2024

The above are just some of the measures introduced to promote investments, stimulate key sectors and extend social assistance to those in need. We shall monitor the implementation of these measures and communicate these in due course.

If you have any questions about the measures mentioned above or any other wider budget issues, please contact our Mauritius office at mauritius@tridenttrust.com.

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