

Second economic miracle: myth or reality?

National Budget 2015



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Second economic miracle: myth or reality?

The first budget presented by Minister Lutchmeenaraidoo is betting on growth, driven by readily implementable ‘mega projects’, a boost to the port sector, improvement in business facilitation as well as promotion of SMEs to tackle the challenges of social equity and job creation. Will these measures be sufficient to achieve a second economic miracle?

Against the backdrop of a weak global economy, the Minister targets an ambitious growth rate of 5.3% for 2015/16 and sets rather aggressive implementation rates on private and public sector investment programmes, pushing investment rates to a high of 24.8% (19.4%, 2014).

While Government is addressing bottlenecks in public administration, it may take time for these measures to be felt and missing the growth target could prove challenging to handle.

At a growth of 5.7%, the budget deficit and debt to GDP ratio are estimated at Rs15.4bn (Rs12.6bn, 2014) and 54.2% (54.2%, 2014) respectively for 2015/16.

If actual growth ends up at 4.3% instead, we can estimate that, ceteris paribus, the budget deficit and debt to GDP ratio will deteriorate to Rs17.2bn and 56.2% (refer to graph). The effect of potential oil price increases on the sustainability of the Government finances should also not be ignored, given that any increase may not be passed on to the consumer, thereby reducing net revenues.

While Government introduced some measures to reduce public administration (such as e-payment facilities, the removal of licences, etc.), yet several new institutions are being created: the Mauritius Renewable Energy Agency, Financial Institutions Ombudsman, SME bank, and Financial Services Promotion Agency; all this means more government, more administration and less efficiency.

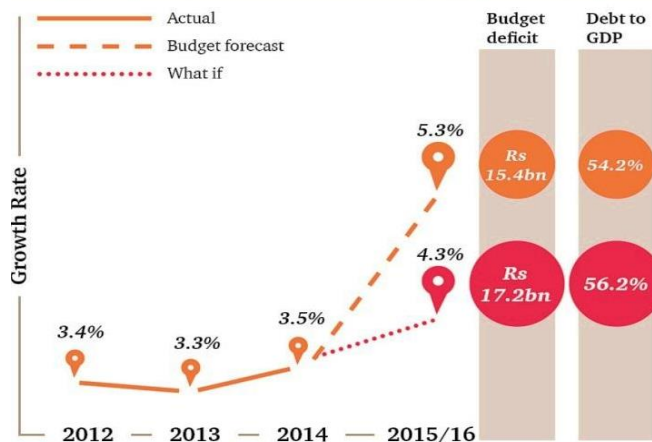


Anthony Leung Shing

Partner

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Growth Rate - Impact Analysis





Second economic miracle: myth or reality? (Continued)

Government also plans to invest Rs20bn to tackle the water supply problem. With the huge cost over-runs and poor quality delivered under the current road investment programme, we were hoping to see opportunities for public private partnership initiatives.

With Government’s aim to reduce the debt to GDP ratio to 50% by 2018, private sector participation, through PPPs or disposals of Government run businesses, can help not only to contain public debt but also manage cost overruns as well as improve efficiency. SMEs also feature prominently, with Government aiming to make them the backbone of future growth. Currently SMEs contribute to around 40% of GDP and 50% of employment in Mauritius. Compared to countries such as Singapore, where SMEs’ contribution to GDP and employment are around 50% and 70%, the potential of our local SME sector is under-exploited.

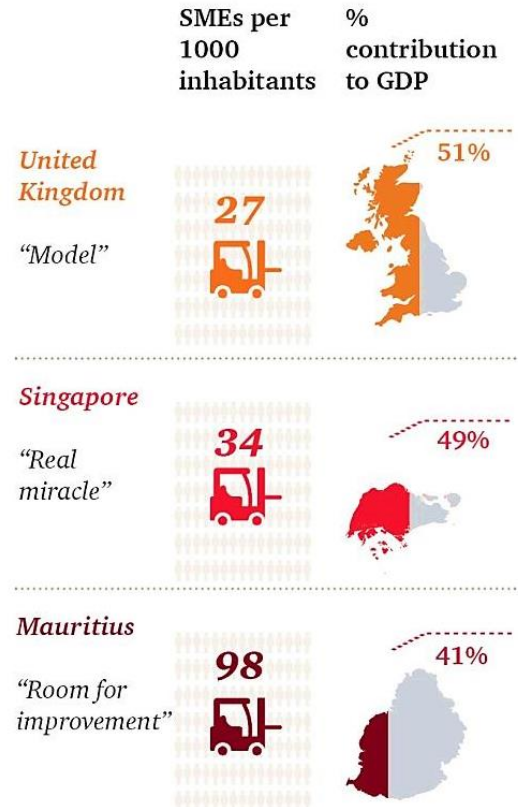
The Budget’s focus on SMEs has its merits as a mechanism to tackle unemployment and drive growth. Despite a high concentration of SMEs per 1,000 inhabitants (Mauritius 98, Singapore 34 and UK 27), SMEs’ contribution to GDP indicates potential inefficiencies, and a lack of productivity and competitiveness. Further, given the high failure rates of SMEs,

a robust framework is required to ensure that the Rs10bn allocated to the sector is well spent; relevant diagnostic tools should be available to help assess the suitability of SMEs to benefit from such assistance.

We are fully supportive of the Government’s vision to create a Legacy Sovereign Fund and other longer term projects, such as transforming the port into a major regional hub or the new Petroleum Bill in terms of exploration/ exploitation are commendable. However, relevant parameters should be put in place to encourage private sector participation and investment.

Overall, the Budget focuses on a pragmatic economic implementation programme, with a strong focus on immediate growth enhancing measures and job creation. For the miracle to happen, the public and private sectors must act fast!

Contribution of SMEs





Tax perspective

The Budget 2015 seeks to boost the economy in particular through the promotion of the SME sector and the implementation of 'mega projects'. It also aims to simplify our tax administration system.

Tax Measures

With the SME sector earmarked to become the backbone of the economy, it is not surprising that there is a series of targeted incentives to provide the right tonic to the sector. Small companies registered with the SMEDA will be exempt from corporate tax for a period of 8 years thereby providing immediate financial relief to the companies.

Another innovative step is the introduction of a Simplified Tax System for income tax and VAT filing based on cash rather than accrual system, thus reducing the compliance burden on taxpayers. Other incentives include increases in the VAT registration threshold to Rs6m and the turnover threshold under the Advance Payment System to Rs10m. Further, companies with a turnover not exceeding Rs6m will be dispensed from the requirement to withhold tax at source.

The government also focused on the development of a petroleum hub. Whilst the removal of MID levy on petroleum products for re-export and local consumption and VAT on plant and machinery used in the exploration and production of petroleum products is welcome, it is to be seen whether such measures would provide the right fiscal environment to truly position Mauritius as a petroleum hub. Perhaps, more bold initiatives could provide the desirable boost.

Another aspect is the promotion of green investment. The Budget provides for capital allowances on green technology equipment, tax deduction on expenditure on solar energy units and exemption from land conversion taxes on land put to use for renewable energy projects. This is now becoming a common feature of every budget.

Interest received by a non-resident company from debentures quoted on the stock exchange will be exempted from income tax. This is one of the rare attempts to increase trading volumes from non-residents on the stock exchange.

Other important measures include the change in the fiscal year to 30 June, the abolition of the Alternative Minimum Tax, and the extension of special levy on Banks and solidarity levy on Telephony Service Providers up to 30 June 2018.



Dheerend Puhooloo

Director

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Tax perspective (Continued)

Tax Administration

The reduction of the amount payable upon objection to an assessment to 10% is a much awaited measure. This will relieve the financial burden on taxpayers awaiting finality in a tax dispute. The renewal of the Expedious Dispute Resolution of Tax Scheme (EDRTS) is a further attempt to accommodate taxpayers who cannot afford an objection to an assessment. Also, the statutory period for raising tax assessments will now be of 3 years, further reducing the burden on taxpayers.

Government bodies will now remit the VAT they suffer on contracts exceeding Rs 300,000 directly to the MRA. This is a novel scheme to increase VAT compliance.

From the property taxes perspective, requests can now be made by notaries for advanced tax rulings from the Registrar General. While this is a good start, such rights should be extended to all taxpayers.

In short, the Budget aims at promoting sectors seen as future pillars of the economy through fiscal incentives. It also seeks to alleviate the compliance burden on taxpayers.

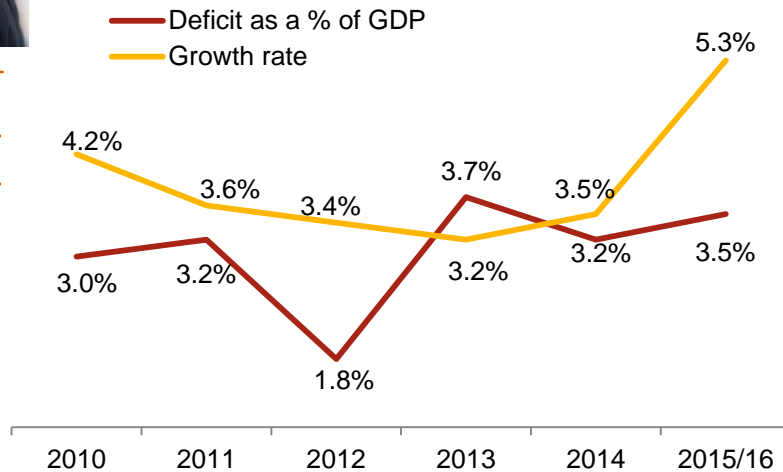
Public Finance



Mehtab Aly
Senior Manager



Budget deficit and growth rate

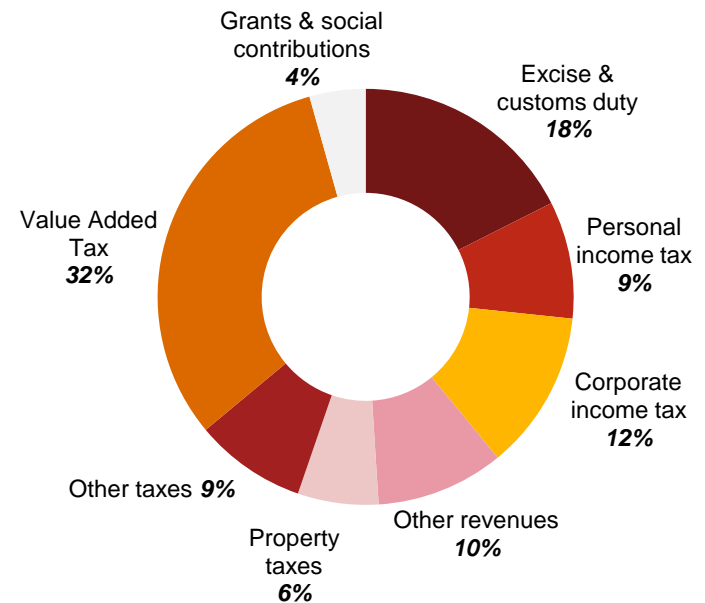


Forecast economic growth rising as high as 5.3% in 2015/16, and strongly growing tax revenues allows the Minister of Finance to present a budget that achieves a Rs.14bn increase in expenses, while maintaining the budget deficit at 3.5%.

The estimated 3.2% deficit in 2014 reflects an undershoot in both tax revenue and public spending.



Government revenue

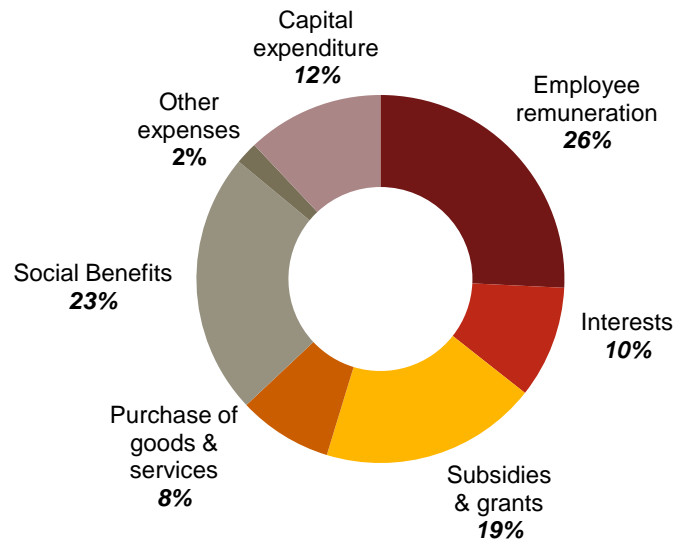


On the back of a strong economy, government revenues are expected to increase from Rs80bn in 2014 to Rs91bn in 2015/16. Indirect taxes account for 50% of government income while taxes on income (personal and corporate) make up 21% of government revenue. Additionally, the Government is expecting Rs1.8bn of external grants and Rs.1.4bn from State Trading Corporation.

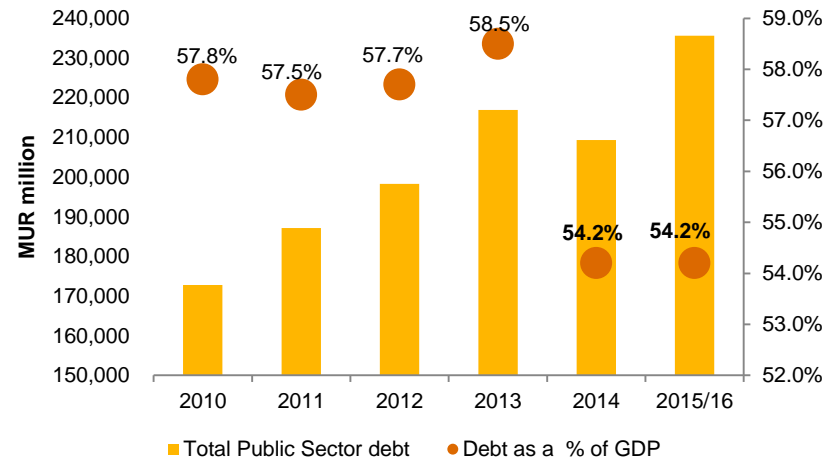
Public Finance



Government spending



Debt level



The budgeted expenditure proposal of Rs104.2bn in 2015/16, representing an increase of 13% on the 2014 budget of Rs92bn, is mainly geared at increasing social benefits (+25%).

Of particular note is Rs17bn investment in 2014 as part of the Public Sector Investment Programme instead of the planned Rs27bn of investment – this again shows delays in implementation of projects.

Public debt as a percentage of GDP remains unchanged from 2014 to 2015/16, but in absolute terms, debt increases from Rs209bn in 2014 to Rs236bn in 2015/16.

This nevertheless represents an improvement compared to the debt to GDP ratio during the 2010-2013 period.



Sector Reviews

Olivier Rey

SMEs & Manufacturing Industry

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SMEs & Manufacturing



Enhanced support through

- Creation of SME bank to fund entrepreneurs without any personal guarantee
- Setting up of a One-Stop shop to provide support, financing, information, permits and licenses
- Creation of an SME ICT park in Rodrigues
- Conversion of the unutilised slaughter house into an SME Agro-Industrial park in Rodrigues
- Freight Rebate Scheme extended to other ports in Africa & open to all shipping lines
- Setting up of a dedicated desk by the State Bank of Mauritius to facilitate access to capital
- Additional 7 SME Parks



8-years...

- Corporate tax exemption upon registration
- Exemption from submission of financial statements and annual returns
- Tax holiday following introduction of a “Bio Farming Development Certificate”

Key metrics

Rs10bn

Available through new SME Bank

Rs370m

National wholesale vegetable market

Rs223m

Modern slaughterhouse

Rs500

Annual Registration fee from Rs2,500

Rs6m

VAT exemption threshold from Rs4m

Rajeev Basgeet

Public Sector Leader

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Public Sector



- Construction and repair of transport infrastructure
- **Rs 100m** to tackle asbestos issues in public buildings
- Acquisition of **100** semi low floor buses



- Promotion of a healthier lifestyle through the production and consumption of **bio food**



- Transforming Port Louis harbour into a Regional Hub
- Extension and refurbishment of existing marine infrastructure
- Expansion of bunkering activities
- Set up a regional shipping line
- Development of special economic zones in various African countries



- **6 m³** of water free of charge
- **Rs 3bn** in waste water management
- **Rs 20bn** over the next 8 years to change defective pipes
- Priority drainage system to address flooding issues



- Higher Education Bill to rebuild trust
- **3 campuses** under construction for specialised training in:
 - ICT;
 - Leisure & Hospitality; and
 - Medical field
- MITD to place emphasis on vocational skills and training



- Setting up of a National Ocean Council to harness the Ocean Economy Project

Planned expenditure (July 15 to June 16)

	 Rs bn
Social protection	27.0
General public services	26.6
Education	14.7
Public order and safety	10.6
Health	10.0
Economic affairs	9.0
Housing and community amenities	3.4
Environmental protection	1.9
Recreation, culture and religion	1.0
Total	104.2

Rajeev Basgeet

Public Sector Leader

[View video](#)



Public Sector (Continued)



- Creation of Mauritius Renewable Energy Agency
- Withdrawal of the use of plastic bags effective as from Jan 2016
- Installation of a waste recycling facility



- Special measures to cater for the housing needs of low and middle income group
- **1,000** low costs housing units
- **700** housing units under National Empowerment Foundation



- **Rs 26m** to promote professional football
- Rs 60m for Indian Ocean Island Games
- Renovation of heritage and cultural sites via Public, Private Partnership



- Expansion of existing healthcare facilities: new cancer center and ENT hospital
- E-health project
- **100** doctors on a full time basis and specialists on a seasonal basis
- **1,400** supporting medical staff



- Anti-Poverty Marshal Plan
- Encompasses CSR and “Parrainage” initiatives to eradicate poverty



- Transparency, accountability and good governance underpinning the public section
- Upgrading of skills and knowledge of public officer – setting of the Civil Service College
- Investing in E-Government



- **600** additional police officers
- Creation of police academy
- Recruitment of specialist forensic accountants and analysts
- Set up of a Police Complaints Commission
- **Rs 600m** to enhance Court infrastructure



- Curtailment of the **gambling excesses**
- Detailed operational measures yet to be announced



Real Estate



Incentives for first time buyers

- The threshold value for exemption of registration duty on land acquisition increased to Rs1.5m
- Interest paid on mortgage are tax deductible for the life of the loan



Extension of incentive to middle income households

- LTT & RD exemptions under the Housing Estate Scheme extended to June 2018
- VAT Refund Scheme on acquisition or construction of a new residential unit extended to June 2018



Development of a single scheme for RES & IRS centered on inclusive development



Other tax incentives and administration

- Advance ruling in respect of the amount duty and taxes payable
- Registration duty exemption on “Droit d’Occupation” for transfers from ascendant to descendant
- VAT exemption on purpose-built buildings for health services
- Exemption from LTT on renewable energy projects extended to lessees
- LCP application by non-citizens holding presale agreements



Fast Tracking of development permits

- Morcellement Permit, EIA Licence, BLUP and LCP

Key metrics

Rs120bn

Private and FDI towards 8 smart cities and 5 Technopoles

100%

Tax relief on mortgage interest for 1st time home buyers

10%

Duty on iron bars from 15% as from 01 July 2015

100%

Tax deduction on solar energy investment

Rs1.5m

Threshold on registration duty for 1st time buyers

Rs75k

Grant for roof slabs for families earning a monthly income of up to Rs 10,000.

436

Serviced plots for families earning between Rs10k and Rs25k.

Nicolas Vaudin

Real Estate and Hospitality

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Hospitality



Liberal approach to open air access

- Weekly flight by Austrian Airlines from October 2015 and 2 weekly flights by Lufthansa from December 2015
- Government to negotiate for stopovers in Mauritius on the UK-Australia route
- Expansion of connectivity to Eastern Europe and Central Asia



Other initiatives

- Restructuring of MTPA for greater flexibility and effectiveness in the tourism industry
- Tourism site embellishment programme and raise in the standard of operators in the industry
- Hotels and restaurants must include VAT on all prices

John Li

Financial Services Industry

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Financial Services



Consolidating and diversifying the financial services sector

- Setting up of a special Financial Sector Incentive Scheme to attract international asset and fund managers in Mauritius
- Reactivation of Financial Services Promotion Agency to promote diversification of Global Business Activities in Africa
- Setting up of a Financial Institute to provide specialised training courses
- Exit mechanism provided to market makers in respect of Government Securities
- Exemption of non-resident corporate bond holders from withholding tax
- Issuance of insurance policy in digital format



Legislative updates

- Improving access to finance by Global Business License companies through removal of the need for foreign banks to have a Money Lender license.
- Extending places at which banks can offer their services
- Extending the provision on annual fee to all holders of licence under the Banking Act



Treating banking and hire purchase customers fairly

- Setting of an Office of Ombudsperson on Financial Institutions to deal with complaints
- Plan implementation on the report on abuses of commercial banks by the Bank of Mauritius
- Reduction of the maximum interest rate on hire purchase from 19% to 12% and penalty rate from 5% to 2%

Key metrics

8

Trade and Investment Managers posted around the world

Special Levy

on banks maintained to June 2018

Jean-Pierre Young

TICE Leader

[View video](#)



ICT Sector



Improve connectivity:

- Third international submarine cable
- Country wide fibre optics network



Build ICT parks:

- New ICT Polytechnic centre in Réduit
- ICT park in Rodrigues



Develop and employ:

- Incentive for ICT players to employ local workforce
- ICT Skills Development Programme to reskill unemployed youths



Foster creativity:

- National innovation programme for research and development

Key figures

Rs125m

Into a National Innovation programme

335

new free WIFI hotspots

10

cents levy on SMS abolished

5

Smart Cities as 'Technopoles'



Taxation

Taxation

Corporate Tax



Special Levies

- Solidarity levy on telephony services providers extended to June 2018
- Special levy on banks extended to June 2018

Alternative Minimum Tax (AMT) and Corporate Social Responsibility (CSR)

- AMT abolished
- CSR guidelines abolished

Advanced Payment Systems (APS)

- Exemption threshold increased from Rs4m to Rs10m
- Companies with June year end, option to file additional APS for quarter four

Small and Medium sized Enterprises (SMEs)

For the first 8 years, SMEs registered after 1 June 2015 with SMEDA:

- Exemption from corporate tax
- Exemption from operation of tax deduction at source

Non Resident Company

- Interest received from debentures quoted on stock exchange, exempt from income tax

Allowance & Tax Holiday

- Extension of accelerated annual allowances to 30 June 2018 for manufacturing companies
- 8 year tax holiday to businesses holding Bio Farming Development Certificates

Taxation

Personal Tax



Additional deduction for a dependent child in tertiary education

	From	To
Studying abroad	Rs125,000	Rs135,000
Studying in Mauritius	Rs80,000	Rs135,000
Allowable period	3 years	6 years



Returning citizen scheme

Exemption from income tax on worldwide income	10 years
Excise duty on car value of up to Rs2m	0%
Customs duties and VAT on personal belongings	0%
Eligibility - period of employment abroad	10 years



Interest relief on loan for first time home buyers

- From 1 July 2015, all interest paid on housing loan by first-time home-owners fully tax deductible over the period of the loan



Lump sum pension and allowances

- From 1 July 2015, exempt income threshold raised to Rs2m on lump sum income from commutation of pension, retiring allowance or severance allowance

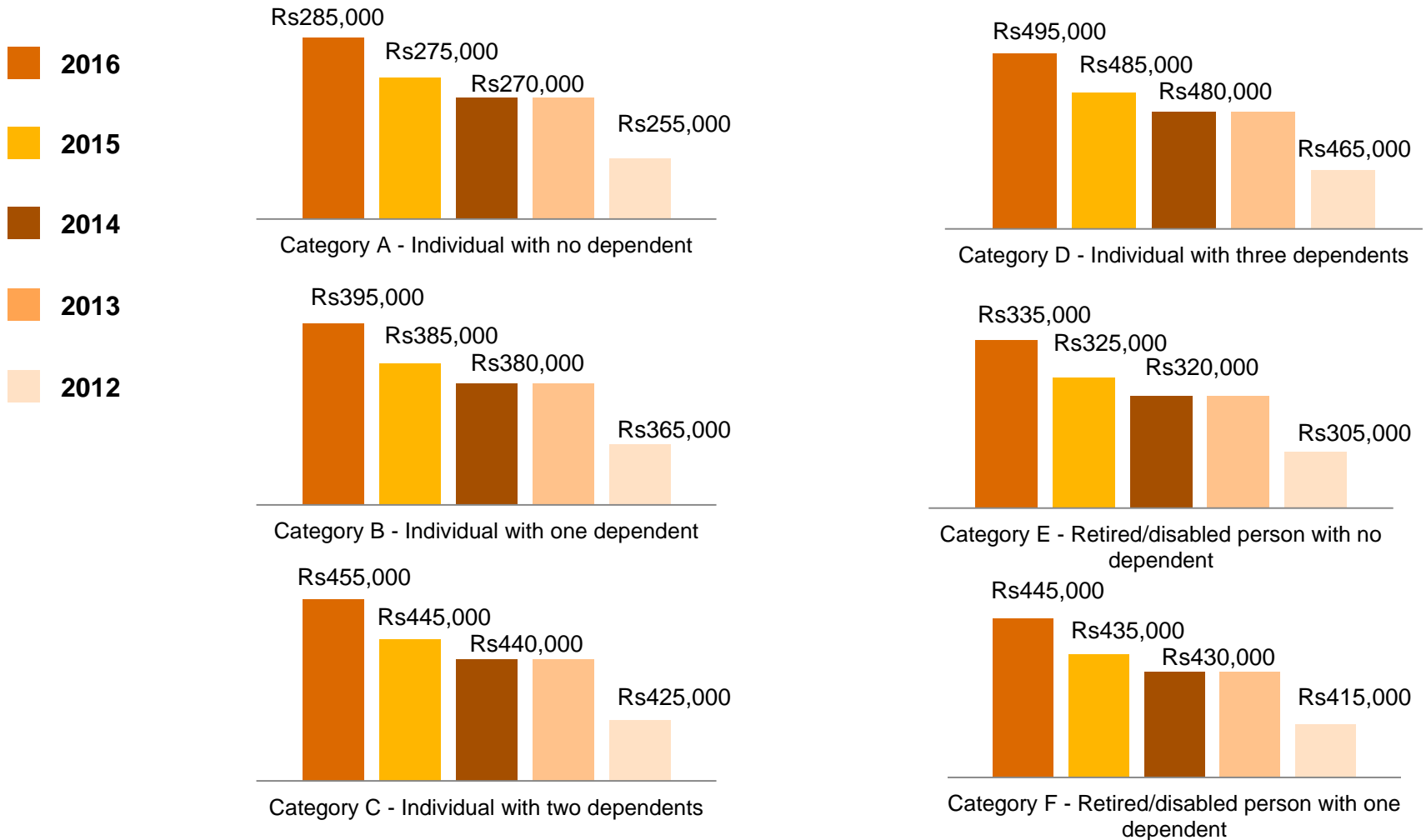


Donation of Basic Retirement Pension

- Exempt from income tax if donated to an approved charitable institution/Foundation

Personal Taxation

Income Exemption Threshold



Taxation

Value Added Tax



Small Enterprises

- Compulsory VAT registration: raised to Rs6m turnover
- VAT Cash Accounting System: simplified tax system to be introduced



Ocean Economy

- Petroleum product exploration: VAT exemption on equipment and machinery
- Deep ocean water applications: zero-rating of chilled deep sea water



Residential Property

- Residential property VAT refund scheme: extended to June 2018



Consumer Protection

- Price to be advertised and displayed inclusive of VAT



Motor Vehicles

- Second hand motor cars: compulsory VAT registration for persons acting as agent



Health Services

- Nursing homes and residential care homes: VAT exemption on construction



Levy on SMS and MMS

- 10 cents levy on SMS and MMS: abolished effective 1 July 2015

Taxation

Other taxes



Property taxes

- Exemption from Land Conversion Tax extended to promoters and investors of solar farms, agri-solar farms and biomass projects
- First-time buyer: no registration duty on acquisition of residential bare land of value < Rs1,500,000
- Exemption from land transfer tax under Construction of Housing Estate Scheme (projects with at least 5 units where selling price per unit < Rs4m) extended to June 2018
- Registration duty exemption on transfers of immovable property from an ascendant to a descendant extended to cover rights of occupation (“droit d’occupation”)



Customs and Excise duties

- Customs duty on iron bars reduced to 10% as from 1 July 2015
- Concessionary rate of excise duty on purchase of a motor car extended to parents of all disabled persons with impaired mobility
- Bio Farming Development Certificate: exemption on importation of bio foods inputs



Environment taxes

- Accelerated annual allowance of 50% on landscaping and green technology equipment reintroduced permanently
- Household investing in solar energy unit allowed tax deduction on amount invested
- Flat rate of Rs5 per kg of used P.E.T bottles paid to enterprises exporting or recycling locally at least 1 ton
- MID levy removed on all re-exported petroleum products as from 1 July 2015
- Abolition of obligation on importers of second-hand cars from Japan to furnish Radiation Certificate
- Review of CO2 emission threshold for new motor cars imported

Taxation

Other taxes



	Annual Licence fee		Betting Tax	
	From	To	From	To
CATEGORY 2: CASINO				
Gaming house "A" in Rodrigues	Rs500,000 + Rs20,000 per machine	Rs 1m + Rs50,000 per machine	15% gross takings 35% of gross takings (GM*)	30% gross takings 35% of gross takings (GM*)

* Gaming Machine (GM)

Taxation

Other taxes



	Annual Licence fee		Betting Tax	
	From	To	From	To
CATEGORY 3: HORSE RACING				
(a) At the racecourse	Rs350,000	Rs1m	10% of gross stakes + fixed duty of Rs16,000/24,000 per race meeting	10% of gross stakes (Fixed duty abolished)
(b) Outside the racecourse	Rs350,000	Rs3.5m	10% of gross stakes + fixed duty of Rs16,000 per race meeting	20% of gross stakes (Fixed duty abolished)
(c) Through remote communication	Rs350,000 per principal place of business + Rs40,000 per additional place of business/facility	Rs 3.5m per principal place of business + Rs40,000 per additional place of business/facility	10% of gross stakes + fixed duty of Rs24,000 per race meeting	20% of gross stakes (Fixed duty abolished)

Taxation

Other taxes

	Annual Licence fee		Betting Tax	
	From	To	From	To
Totalisator Operator				
(a) At the racecourse	Rs100,000	Rs1m		
(b) Outside the racecourse	Rs10,000 at each POB*	Rs40,000 at each POB*		
(c) Through remote communication	Rs40,000 i.r.o. the principal POB* + Rs10,000 i.r.o. each place at which facilities are provided	Rs40,000 i.r.o. the principal POB* + Rs40,000 i.r.o. each place at which facilities are provided	Win and place 10% Other 12%	20% of gross stakes
(d) Conducting local race inter-totalisator betting	Rs350,000	Rs3.5m		
(e) Conducting foreign race inter-totalisator betting	Rs350,000	Rs3.5m		
(f) Per terminal	Rs10,000	Rs40,000		
Horse-racing organiser	Rs1m	Rs1m	N/A	N/A

* Place of Business (POB)

Taxation

Other taxes



	Annual Licence fee		Betting Tax	
	From	To	From	To
CATEGORY 4: ON ANY EVENT (INCLUDING FOOTBALL)				
Bookmaker conducting fixed odds betting on any event or contingency	Rs350,000 per principal POB* + Rs20,000 i.r.o. additional POB*	Rs3.5m per principal POB* + Rs40,000 i.r.o. additional POB*	10% gross stakes + Fixed duty of Rs24,000 per week per POB*	20% gross stakes (Fixed duty abolished)
CATEGORY 5: MAURITIUS NATIONAL LOTTERY				
Operator of Mauritius National Lottery	Rs500,000	Rs5m	46.16% on Net Proceeds	46.16% on Net Proceeds
CATEGORY 6: MISCELLANEOUS				
Sweepstake organiser	Rs37,500	Rs15,000	10% of gross stakes	10% of gross stakes
Agent of a foreign pool promoter	Rs37,500	Rs15,000	12% of gross stakes	12% of gross stakes

* Place of Business (POB)

Taxation

Other taxes



	Annual Licence fee		Betting Tax	
	From	To	From	To
CATEGORY 6: MISCELLANEOUS (CONT.)				
Lottery under Part XVII of the Gambling Regulatory Authority Act	Higher of Rs5,000 or 35% of the total market value of prizes	Rs15,000	N/A	N/A
Operator of dart games	Rs30,000 per dart board	Rs15,000	N/A	N/A
Ad hoc licence	Rs20,000 per day	Rs15,000 per day	N/A	N/A
Gaming House "B"	Rs50,000	Rs15,000	N/A	N/A
Limited Payout Machine	Rs10,000 for operator + Rs5,000 per machine	Rs15,000 for operator + Rs10,000 per machine	Higher of Rs500,000 or 10% gross takings per machine payable on a monthly basis	Higher of Rs500,000 or 10% gross takings per machine payable on a monthly basis

Taxation

Tax Administration



Personal taxation

Submission of personal income tax returns

- Alignment of tax year with government's new financial year end of 30 June
- Filing of 2 personal income tax returns in 2015:
 - By 31 March/15 April 2015 for year ended 31 December 2014
 - By 30 September/15 October 2015 for 6 months ended 30 June 2015
- Thereafter, income tax returns to be filed annually by 30 September/15 October

Income tax thresholds and deductions

- Adjusted exemption thresholds and other deductions/relief for the 6 month period ended 30 June 2015
- Employers to issue Statement of Emoluments and Tax Deduction for the 6 month by 15 August 2015

Summary of deductions – 6 months period

Income exemption thresholds

Additional exemption for dependent child pursuing undergraduate course

Relief for medical/health insurance premium

Interest relief on secured housing loan

Adjustment

½ of threshold

½ of threshold

½ of monetary ceiling

Taxation

Tax Administration



Corporate taxation

- Companies with accounting year end of 30 June to be allowed to pay tax due in the last quarter based on additional APS return with adjustments made before 31 January
- Statutory period for assessments reduced to 3 years
- Payment on objection to assessment reduced to 10%
- The Expedious Dispute Resolution of Tax Scheme (EDRTS) has been renewed for another year
- Interest rate for late payment of taxes reduced to 0.5% monthly
- Penalty for late submission of return for SMEs reduced to Rs5,000
- Penalty for late payment of taxes for SMEs reduced to 2%
- Within 5 working days of ARC decision, the MRA to notify the taxpayer of amount of duty/tax payable and date limit
- MRA and Registrar-General to notify a debtor on inscription of privilege on immovable property within 5 working days
- No requirement to operate TDS by a company whose annual turnover is less than Rs6m
- Annual electronic submission to MRA by companies with a turnover > Rs100m detailing all purchases of more than Rs100,000
- Introduction of Simplified Tax System for SMEs



Customs

- 5% penalty on late payment of customs and excise duty
- Objection to appeal to the ARC allowed after prescribed time limit
- No claim or refund on customs and excise duty if amount < Rs250
- Abandoned goods auctioned, destroyed or donated to charitable institution approved by MRA or government agency; if price fetched is insufficient to cover duties and taxes
- Director-General of MRA empowered to suspend clearance of goods suspected to be counterfeit
- MRA to scan a passenger travel documents to enable quick completion of custom formalities
- Automating the warehousing process of goods in line with Revised Kyoto Convention
- MRA to carry out physical inspection of warehouse on a risk management basis
- New scheme open to SMEs and other non-VAT registered persons to allow deferred payment of duties and taxes at import by one month except for month of June
- Prescription of duties and functions of a freight forwarder, customs agent and customs broker

Taxation

Tax Administration



VAT

- Ministries, Government departments, local authorities, statutory bodies and the Rodrigues Regional Assembly to withhold and remit to the MRA VAT on contracts > Rs300,000
- Time limit for VAT repayment to begin upon submission of receipts to the MRA
- Attachment order and inscribed privilege limited to VAT amount unpaid
- Introduction of Simplified Tax System for SMEs



Excise duty

- For the purpose of duty computation on aged and premium quality rum, evaporation rate increased to 2%
- Amendment to excise regulations to enable utilisation of residual alcohol as bio fuel in adapted boilers
- Security for ensuring payment on excisable goods manufactured in Mauritius, replaced by bond instead of bank guarantee
- Definition of "cordial" amended to specify that one litre to contain at least 90 grams per litre



Registration duty & Land Transfer tax

- Introduction of online document submission, e-registration and e-payment systems
- Objection against assessment deemed to be allowed if not dealt with by objection unit within 6 months if made before 30 June 2015 and within 4 months if made after July 2015
- Any reduction in value of an immovable property agreed or determined by the ARC will apply to both seller and buyer
- Notary allowed to request the Registrar-General for an advance ruling in respect of the amount of duty and taxes upon payment of a fee of Rs5,000
- Registrar-General allowed to enforce payment of any duty or tax due by attachment
- Arrears Payment Scheme to be renewed for another year and allow debtor to settle any amount due as at 23 March 2015 free of penalty provided payment made by 31 January 2016



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