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Focussing on priorities
National Budget 2017-18

08 June 2017

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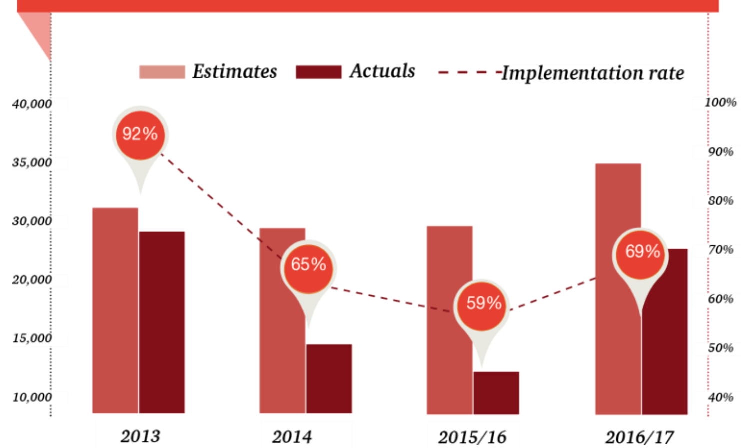
The Hon. Pravind Jugnauth, Prime Minister and Minister of Finance and Economic Empowerment, presented the 2017-18 Budget amidst challenges around investment, growth and employment.

The Budget presents some rather positive macro-economic fundamentals as the Minister seeks to rebalance some social giveaways with tax collections. The growth in recurrent revenue (spurred by 10.3% increase in tax receipts) has, for the first time in years, caught up with the increase in recurrent expenditure of 8.3%, and therefore maintaining the recurrent budget deficit at 2% of GDP in 2017-18. The imbalance in the capital budget funding requirement will be contained next year, thanks to the external grants/credit from foreign governments and releases from special funds, totalling Rs12.7bn.

The Minister elaborated on the significant financial support offered by the Government of India to fund the public sector investment programme. With the external grants, the public debt to GDP ratio is expected to improve to 63% next year; it would appear that the structuring of the line of credit in the form of redeemable preference shares is not accounted for as public debt. At PwC, our view is that if you have to refund it, it should be treated as debt regardless of its name. We therefore estimate the public debt to GDP ratio to be 66.8%.

Public and private sector investments remain constrained by administrative bottlenecks. In 2016-17, out of a projected public capital expenditure of Rs35bn, only Rs24bn was spent, meaning an implementation rate of 69%. The creation of the Economic Development Board, e-licensing business platform, and public institution reforms, are welcome. However, experience from past Budget initiatives, such as the electronic procurement system, indicates that the level of adoption remains low or requires a change in culture. Unless working methods evolve, the desired efficiency gains will not be derived.

Implementation rate of public sector investment



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Transport and utilities continue to dominate: Rs14.6bn will be invested in the water infrastructure over the next three years. In past Budgets, significant funding in water projects was made through the Build Mauritius Fund and, as these special reserves are now extinguished, the pressure on public finances will be unsustainable. Mauritius has one of the lowest average cost per cubic meter of water consumption in the world (Mauritius \$0.28, South Africa \$0.93, UK \$3.46). Whilst investment in water is welcome, the economic cost is not being passed on to the consumers. Government after government has encouraged this paternalistic approach, and the population has now come to expect everything from government.

On the tax front, the Minister has balanced the need to attract investment (through tax holidays or reduced tax rate on exports) and erosion of the tax base. In an attempt to tackle income inequality, a new solidarity levy of 5% has been introduced on high income earners.

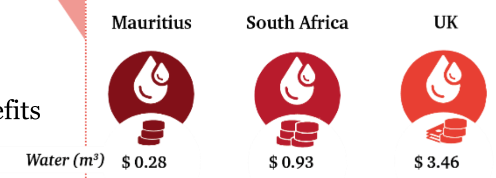
Addressing income inequality may however be better achieved by other means such as targeted social benefits in terms of health, education, transport and food subsidies. The government spends over Rs31.5bn (29% of total recurrent expenditure) on social benefits and subsidies.

With the income exemption threshold and other reliefs, there are only around 100,000 taxpayers in Mauritius, that is, only 18% of the workforce. The burden of personal taxation is already highly concentrated when compared to Singapore and this will be even more.

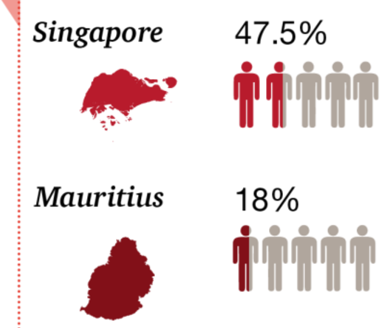
Overall, whilst the macro fundamentals appear sound, the Budget has not gone far enough to focus on key priorities and restore confidence. The Budget is silent on some critical issues such as the BAI funding shortfall and the Betamax ruling. For transparency, the population needs to understand the implications and the Budget does not appear to tell the full story.

We remain in the dark as to how these costs will be met!

Cost of water Consumption in the World



Workforce liable to pay personal tax



Tax Perspective

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The Budget 2017 provides a number of measures that, among others, aims at fostering sector growth and ushering a new social paradigm. It also sets the objectives to reduce the time for resolution of tax disputes and increasing tax collection.

Tax Measures

The Hon. Prime Minister and Minister of Finance and Economic Empowerment has introduced the concept of Negative Taxation. This measure aims at granting financial support to low salary earners. While the intention is laudable the administration process for the Mauritius Revenue Authority (MRA) may prove to be burdensome.

On the other hand, resident individuals having a taxable income and dividend income exceeding Rs3.5m will have to pay a 5% solidarity tax on the excess amount. In short, Government aims to raise more tax revenue from high income earners. However, this represents a double taxation on dividend income. It may also adversely impact investments on the Mauritius Stock Markets.

In the wake of the challenges from the OECD and European Union (EU), the Minister has announced measures enhancing the substance requirements for companies holding a Global Business Licence. This is a positive step, but it may not be sufficient to meet the global challenges. We consider that the Government should instead endeavour to attract more active business in the global business sector.

Companies involved in exports of goods will now be taxed at the reduced rate of 3%. Accelerated capital allowances and double deduction will be available to companies in respect of capital expenditure incurred on research and development. These are welcome measures that will boost these activities.

Other fiscal measures to promote specific sectors include an 8-year tax holiday to companies engaged in the manufacturing of pharmaceutical products, medical devices, high tech products, and the exploitation and use of Deep Ocean Water for providing air conditioning installations, facilities and services.

Tax Perspective (cont.)

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Administrative changes

The Assessment Review Committee (ARC) will now be required to fix hearings within two months of representations by taxpayers. The ARC will also have to give its decisions within four weeks of the hearing. This is a good initiative to reduce the backlog of cases and expedite the resolution of tax disputes. Hopefully, the ARC will be adequately equipped to meet these objectives.

The Alternative Dispute Resolution Panel (ADRP) will deal with assessments under the Gambling Regulatory Authority Act as well as on Pay As You Earn (PAYE) and Tax Deduction at Source (TDS). The ADRP is in place since May 2017. It would, however, be desirable if the panel was constituted of members other than MRA officials.

The re- introduction of the Tax Arrears Payment Scheme and Expeditious Dispute Resolution of Tax Scheme for another year is an opportunity for taxpayers to settle their long outstanding debts and avoid penalties and interests.

The registration of Tax Agents is a welcome measure that will enhance the quality of service and professionalism within the tax industry.

To conclude, the Budget provides incentives aimed at promoting a number of sectors. More significantly, it introduces measures to accelerate tax collections.

Public Finance

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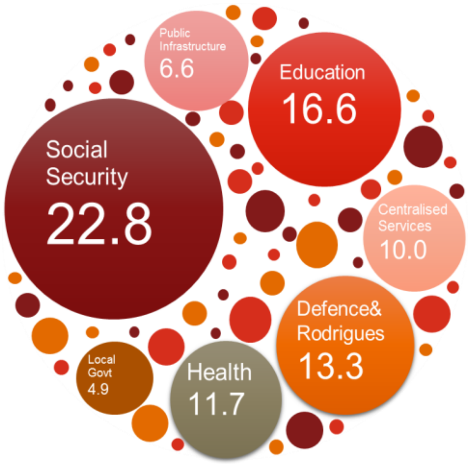
2017/18 at-a-glance
Key figures

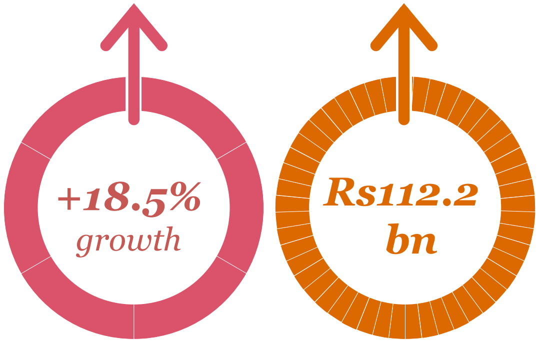
4.1% *Estimated GDP growth rate*

3.2% *Estimated budget deficit*

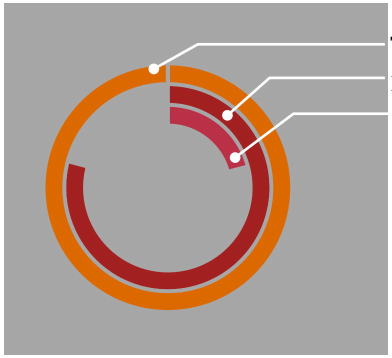
Allocation of expenditure (Rsbn)



Revenues



Public Debt



Total Debt **Rs301.6bn**
Domestic Debt **Rs238.6bn**
External Debt **Rs63.0bn**

63.0%
Estimated Debt to GDP ratio

Public Finance (cont.)

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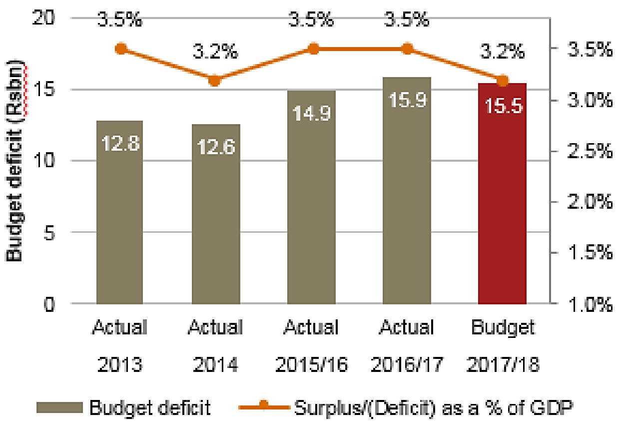
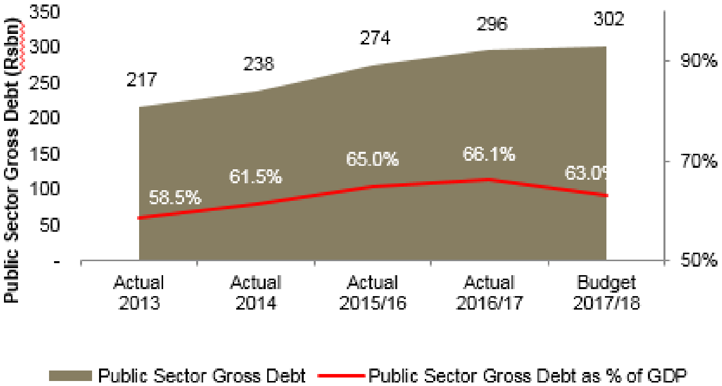
Budget deficit



Actual budget deficit as a percentage of GDP was maintained at 3.5% but fell short of last year's forecast of 3.3%.

Government now expects a lower rate of 3.2% for 2017/18, which would be mainly driven by GDP growth, whilst the budget deficit is expected to remain stable at circa. Rs15.5bn. This would be achieved with significant increases in Grants and Other revenues which are expected to account for 51% of the Rs18bn revenue increase.

Public Debt



Public debt has increased by 7.8% to reach Rs296bn for 2016/17, i.e. 66.1% of GDP vs. 65.0% in 2015/16. The marked increase is on account of a Rs28bn increase in domestic debt despite a contraction in foreign debt of Rs6.8bn.

For 2017/18, debt is still expected to rise further to Rs302bn but with Debt to GDP ratio falling to 63.0% on account of the faster GPD growth.

Public Finance (cont.)

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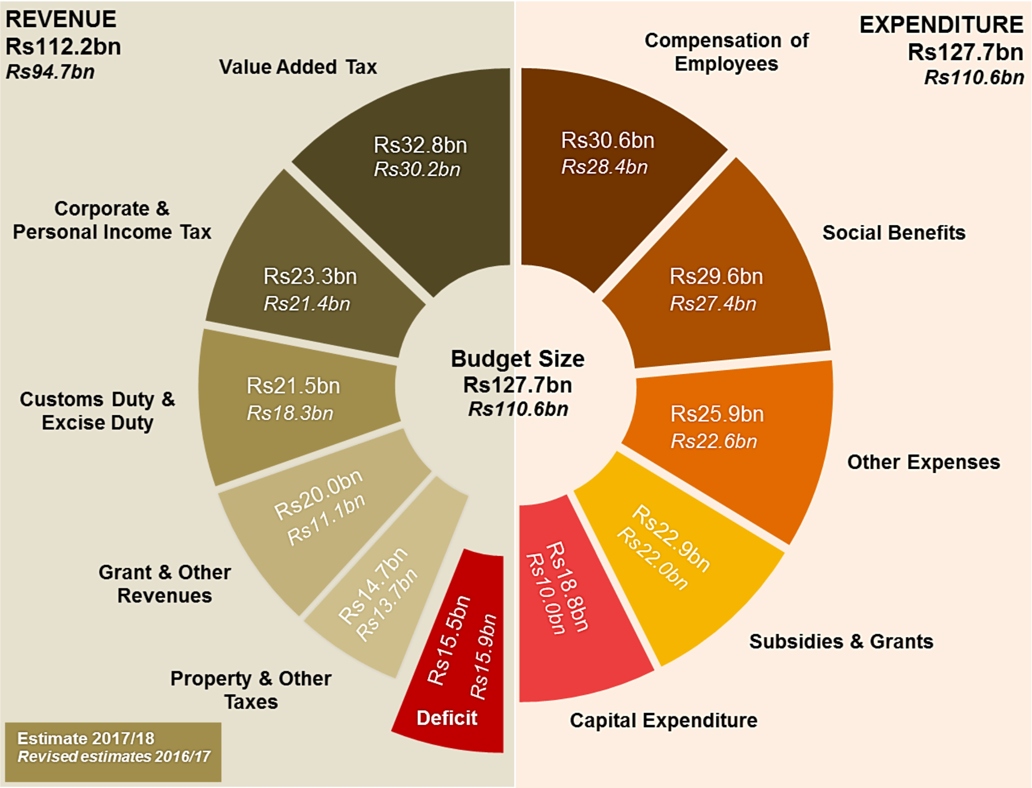
Government Revenue and Expenditure



Revenue

- Expected 18.5% increase of Rs17.5bn to Rs112.2bn, with a marked increase from External Grants and Transfer from Special Funds.
- Indirect taxes (VAT, Customs and Excise Duties) shall remain the main source of Government funding at Rs54.3bn with an expected increase of 12% over 2016/17.

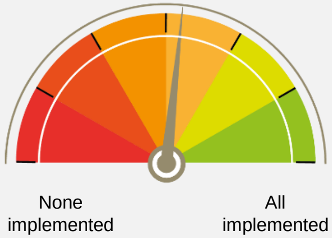
Expenditure

- Social Benefits are projected to increase by 7.7% highlighting the growing impact of an ageing population.
- Compensation of Government employees also witnesses a 7.4% rise, with recruitment of circa 2,000 additional public servants.
- Capital Expenditure is expected to increase by Rs8.8bn or +87.7% over 2016/17, driven by Rs6.0bn of increase in the Acquisition of Non-Financial assets.

Sector Reviews

Budget 2016 - Retrospective

Measures implemented against those announced in previous budget



Financial Services

Key metrics

New requirement to fulfil **2** of the **6** criteria to demonstrate substance

Mauritius,
a FinTech Hub for Africa

Rs400m
Minimum capital requirement for banks

Islamic Banking
Allowed to adopt the Islamic accounting standards

GBC1 companies

- The number of criteria to be fulfilled by GBC1 companies to demonstrate substance will increase from 1 to 2 out of the 6.
- The tax regime for GBC1 companies will be reformed to meet international requirements.
- GBL1 companies listed in another jurisdiction will no longer have to comply with the prospectus requirements of the Securities Act 2005 and Securities (Public) Rules 2007 in Mauritius. Only the SEM Listing Rules will be applicable to these companies.

FinTech

- A regional FinTech Association will be created to help the sharing of industry knowledge of international regulations.
- FinTech will be regulated by the FSC.

Capital requirements

- The minimum capital for banks will be increased from Rs200m to Rs400m
- Existing banks will be allowed 2 years to meet the new capital requirement.

Islamic Banking

- The Companies Act will be amended to allow Islamic banks to adopt accounting standards from the Accounting and Auditing Organization for Islamic Financial Institutions.

Local debt market

- An international capital market will be setup to issue multi currency bonds in Mauritius.

Budget 2016 - Retrospective

Measures implemented against those announced in previous budget

Financial Services (cont.)

Key metrics

Bank of Mauritius Act and **Banking Act** to be amended to allow the licencing and regulation of the issue of commercial papers

Blueprint
10 year vision for the financial sector

Diversifying the source of funds for corporates

- The issuance of commercial papers and Sharia compliant instruments will be licensed and regulated by BoM.

Special Purpose Funds

- Special Purpose Funds will be legally obliged to be aligned to GBC1 companies.

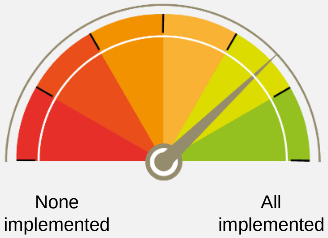
Amendments to the Borrower Protection Act

- Lenders will not be allowed to claim arrears to guarantors in the event that they have not informed the borrowers two months following default.
- The sale of immovable property will be restricted for 2 years in case the borrower is redundant on economic grounds.

A 10 year vision for the financial services sector

- A 10 year vision blueprint will be developed in collaboration with the EDB, BoM, FSC and stakeholders of the sector.
- It will ensure that financial services sector remains competitive in the international market.

Measures implemented against those announced in previous budget



SMEs & Manufacturing

Key metrics

From 15% to 3%
On profits from exports

Rs100m
On 10-year master plan for 3 years

6%
On finance to SMEs from DBM

From 6% to 3%
On loans to micro enterprises

Manufacturing

- A special economic zone will be inaugurated in Senegal;
- Land on preferential terms will be secured in Ivory Coast;
- An Innovator Occupation Permit scheme will be established;
- Accelerated depreciation of 50% will be introduced on CAPEX incurred on research and development (R&D);
- Double deduction on qualifying expenditure on R&D will be in place until 2021/22;
- High tech machines will be included in the minimum investment of USD100,000 for granting Occupational Permits to foreign investors;
- The 8-year work permit to expatriates working in export manufacturing activities will be extended and the time to issue or renew permits will be reduced from 40 to 15 days;
- A food processing development certificate will be introduced to promote the importation of raw materials for processing in Mauritius and exportation;
- An 8-year income tax holiday will be introduced for new companies in pharma, medical and high tech products, and on income from Intellectual Property Assets.

SMEs

- The speed to market scheme will be extended to the export of jewelries, medical devices, fruit, flowers, vegetables and chilled fish;
- 4 new market fairs will be setup on the island;
- Export loan facilities at favourable rates will be launched;
- Equity financing will be provided to SMEs through the SME Venture Capital Fund;
- A new solar panels scheme will be introduced with the initial 2kw financed by the CEB.

Measures implemented against those announced in previous budget

Agri-business

Key metrics

Rs50m
For bringing back 500 hectares of land under cane cultivation

Rs18m
Towards the National Biosecurity Plan to combat animal diseases

Increase of 6%
On the price of green tea leaves supplied to tea manufacturers

1 year to 5 years
On the validity of fishing rights permit to facilitate access to financing

Sugarcane

- VAT refunds and financing facilities will be made available under LEMS for the replacement of old lorries.

Non-sugar

- A Bio-Technology institute will be setup;
- Funds will be made available to support the importation of macadamia seeds to help promote diversification.

Tea

- VAT refunds and excise duty exemptions will be made available on the purchase of specified equipment and tools;
- Exemptions will be provided for Building & Land Use permits for greenhouses;
- An SME scheme will be introduced for planters by the commercial banks;
- DBM loans will be given to planters for damaged crops.

Livestock

- Customs duty on animal feeds, except for poultry and pets, will be removed;
- A subsidy of Rs10m will be introduced on the price of concentrate feeds.

Bio-farming

- A subsidy will be introduced on the cost of bio-pesticides.

Measures implemented against those announced in previous budget

Public Sector

Key metrics

Rs 11.6bn
To be invested in healthcare

Rs 6.8bn (Rs1.8bn from India)
In social housing

Rs4.9bn
In public transport

Transparency

- The Build Mauritius Fund and National Resilience Fund will be consolidated.
- The Public Debt Management Act will be amended to base the public debt ceiling on gross debt (instead of net), provide new targets for complying with the ceiling and broaden the coverage of loan guarantees by the Government.

Public Transport

- The Metro Express project will start on site in September 2017.
- The Jumbo-Phoenix round-about and the A1M1 Bridge will start in October 2017.
- A new road will be built connecting La Vigie and La Brasserie and eventually Beaux Songes.
- A second fly-over will connect the M1 to the Terre Rouge Verdun.

Reforms

- An Economic Development Board will be established and will be responsible for national and sectorial developments, the promotion of investments and exports and the e-licensing business platform.
- A National Economic and Social Council will be setup to promote dialogue with the private sector and civil society.
- The Mauritius Research Council will be transformed into the Mauritius Research and Innovation Council to manage the National Innovation and Research Fund
- Mauritius National Investment Authority will be established to invest the Rs130bn surplus funds of the NPF and NSF.

Healthcare

- 624 personnel will be recruited.
- A number of hospital infrastructures will be built or expanded.

Measures implemented against those announced in previous budget

Public Sector (cont.)

Key metrics

Rs 8.7bn
In water and waste management

Rs3.6bn (from India)
In two new government administrative towers

Rs5.15bn (Rs3.3bn from India)
On other projects

Rs4.6bn
On the maritime port and the airport

Other projects

- Rs590m will be provided for the construction, extension and upgrading of public primary and secondary schools.
- Modern headquarters will be setup for the National Coast Guards.
- Highlands will be modernized as part of the Côte D'or City project that will include a new sports complex.
- Ébène Cybercity will be upgraded to include multimodal streets, walkable blocs and dedicated public spaces.

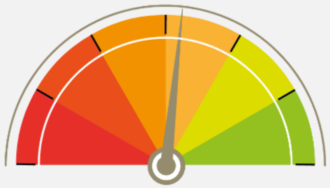
Maritime Port and Airport

- A new passenger terminal will be built at the maritime port.
- The old passenger terminal at the airport will be renovated.

Water and Waste Management

- Rs210m will be invested in the installation of steel tanks in 21 regions.
- Rs135m will be invested in 15 mobile treatment plants.
- Investments will be made in mobile treatment plants
- Duplicate boreholes will be drilled on 13 sites to avoid interruptions in the water supply.
- The capacity of existing reservoirs will be expanded and new ones built.
- Rs2.3bn will be invested in the replacement of 264km of pipes.

Measures implemented against those announced in previous budget



Real Estate & Hospitality

Key metrics

4
The number of smart city projects started (Mon Trésor, Jin Fei, Moka and Médine)

Rs2.6bn
On smart city projects by the end of 2017

Rs4.4bn
On Riche-terre industrial park

250Arpents
For Phase 2 Côte d'Or Highlands project

Rs500m
On a new passenger terminal for cruise passengers

Duties and taxes

- No registration duty (RD) and land transfer tax (LTT) on the transfer of immovable properties for high-tech manufacturing.
- No RD on the lease or sublease of immovable properties for health institutions.
- No RD on the lease or sublease of land exceeding 10 hectares used by small planters.
- RD, LTT and leasehold tax on state land will be refunded if no change in effective ownership.
- One year from deed registration date to apply for a refund if exempted from property taxes.

Other initiatives

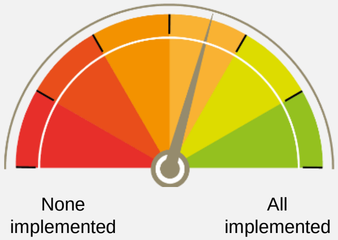
- Plan approvals from CEB, CWA and the WMA will not be required in well networked and serviced zones.
- Land lots where each lot exceeds 5 hectares will only need approval of the relevant local authority (no Morcellement Permit needed).
- 5-year multi-entry visa for non-citizens acquiring residential properties for less than USD500,000.

Hospitality

- A new cruise terminal at Les Salines and a new quay for leisure crafts and fishing boats at Vieux Grand-Port.
- The construction of a second airport terminal will be brought forward.
- The KLM Amsterdam-Mauritius route will open up new markets.
- Asia Africa Air corridor: additional weekly flight to Singapore by Air Mauritius.
- The MTPA and the Kenyan authorities will promote the Bush & Beach concept.
- Hotels will be allowed to host gaming machines on their premises for non-residents and foreigners.
- "Moris nou zoli péi": Embellishment and up-haul of public beaches.

Budget 2016 - Retrospective

Measures implemented against those announced in previous budget



ICT

Key metrics

Rs15m
For a computerised system for the online payment of fines and other court fees

15%
Reduction in the prices of International Private Leased Circuits and global Multiprotocol Label Switching to boost the ICT and BPO sectors

Innovation

- Investments will be made in 3D printers to support manufacturing firms, university students and startups.
- Drone technology in agriculture will be promoted to help assess and monitor crop performance.

Skills Development

- Digital entrepreneurship in robotics, Big Data and Internet of Things will be promoted.
- A Digital Youth Engagement Programme will be setup by the National Computer Board to provide programming courses.
- Rs130m will be invested in polytechnics to bridge the skills gap in industries including ICT.

Business Facilitation

- The Data Protection Act will be amended to comply with EU regulations to encourage companies in the ICT sector to use Mauritius as a platform.
- An Open Data Portal for the exchange of public datasets will be setup.
- An e-platform will be introduced to provide more visibility to SME products.
- A “Plug and Play” cloud computing platform will be setup to attract digital nomads.
- A Mauricloud platform will be created to issue and verify digital documents and certificates.

Taxation

- Corporate Tax
- Personal Tax
- Income Exemption Threshold
- Value Added Taxes
- Other Taxes
- Tax Administration

Corporate Tax

Reduced Rate on Export

- Profits of domestic enterprises from exports of goods will be taxed at a rate of 3% for financial year 2017-2018
- Tax credit granted on investment in new plant and machinery will be prorated

Tax Holiday

8 year income tax holiday for:

- companies incorporated after 8 June 2017 engaged in the manufacturing of pharmaceutical products, medical services and high tech products
- companies engaged in the exploitation and use of Deep Ocean Water for providing air conditioning installations, facilities and services
- new companies involved in innovation-driven activities on income from Intellectual Property Assets

Solar & Renewable Energy

- Tax deduction from taxable income by businesses for investment in solar photovoltaic system
- Tax exemption for interest income on debentures issued to finance MRA approved renewable energy projects ("Green Bonds")

Corporate Social Responsibility

- Companies to continue remit 50% of their CSR contributions to the MRA instead of 75% as announced last year

Global Business

- GBC1 will be required to fulfil at least two (currently one) of the six FSC criteria to demonstrate substance

Corporate Tax (cont.)

Research and Development

Companies investing or spending on innovation, improvement or development of a process, product or service eligible to:

- accelerated capital allowances of 50% in respect of capital expenditure on R&D
- double deduction for 5 years (up to income year 2021-2022) on Qualifying R&D expenditure directly related to the entity's trade and incurred in Mauritius

Qualifying expenditure includes:

- staff costs
- consumable items
- computer software directly used in R&D
- subcontracted R&D

Double Tax Deduction

Double tax deduction on expenditures incurred in respect of:

- deep ocean water air conditioning bill for a period of 5 years
- the acquisition and setting up of water desalination plant

Unrelieved Tax Losses

Manufacturing companies allowed to carry forward accumulated tax losses despite more than 50% shareholdings provided that the change is deemed to be in the public interest.

Personal Tax

Relief for Medical Insurance Premiums

Maximum allowable threshold raised

	From	To
Taxpayer	Rs12,000	Rs15,000
First dependent	Rs12,000	Rs15,000
Each of two additional dependents	Rs6,000	Rs10,000

Exempt Income

Exemptions from Income Tax

- Financial Government assistance to disabled persons under National Pensions Act
- Interest income on debentures issued to finance MRA approved renewable energy projects ("Green Bonds")

Household Workers

- Tax deduction of wages paid to household employees up to a limit of Rs30,000

Basic Pension

- Beneficiaries of industrial injury and survivor's pension will obtain Basic Pension

Solar Energy Investment Allowance

- Allowance applicable only to solar photovoltaic system

Mauritius Diaspora Scheme

- 10 year tax holiday applies only to income from the registered employment, business, trade, profession or investment

Personal Tax (cont.)

Negative Income Tax

- Financial support granted to Mauritians in full time employment earning Rs9,900 or less monthly

Earnings	Negative income tax
Rs5,000 or less	Rs1,000
Rs5,000 – Rs7,000	Rs800
Rs7,000 – Rs9,000	Rs500
Rs9,000 – Rs9,750	Rs250
Rs9,750 – Rs9,900	Rs100

- Monthly income includes overtime, leave pay, basic retirement pension and other allowances and excludes travelling and end-of-year bonus
- First payment to be made by MRA by 30 August 2018 in respect of period January to June 2018

Negative Income Tax (Cont.)

Conditions:

- Person is in continuous employment for 6 months
- Employer and employee are compliant with NPF and NSF
- Total taxable income of a couple including dividend and interest income does not exceed Rs30,000 monthly

Solidarity Levy

- Solidarity levy of 5% applicable on resident individual having chargeable income plus dividends (excluding interest income) in excess of Rs3.5m.

Income Exemption Threshold

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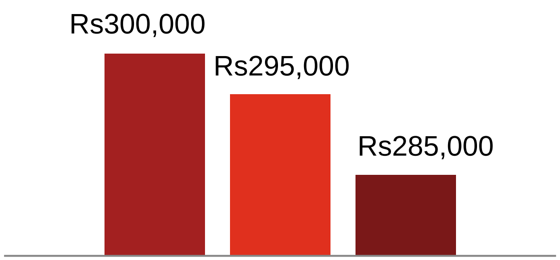
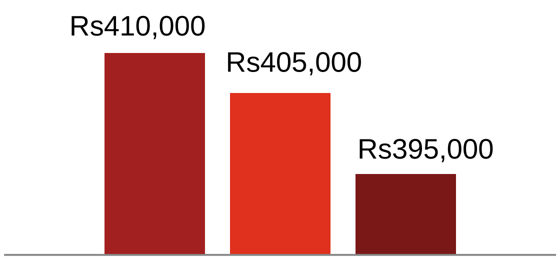
Effective as from income year starting on 1 July 2017

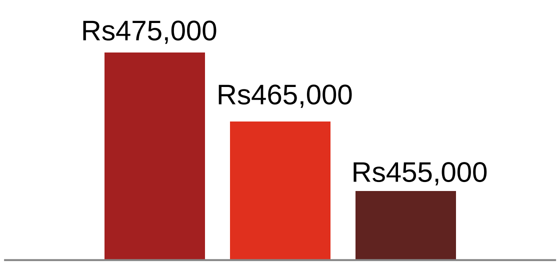
2017 2016 2015



Category A - Individual with no dependent

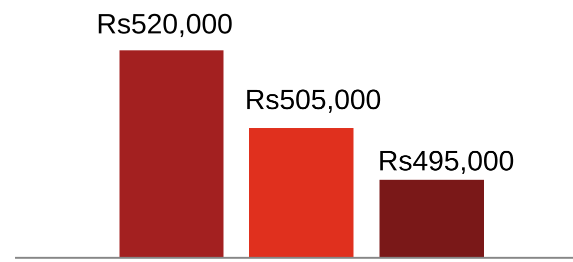


Category B - Individual with one dependent

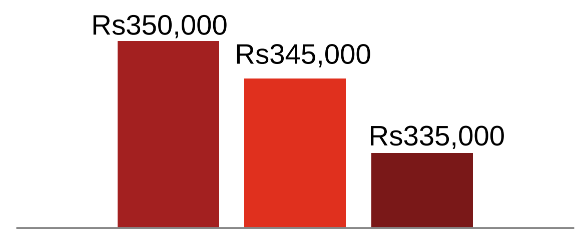


Category C - Individual with two dependents

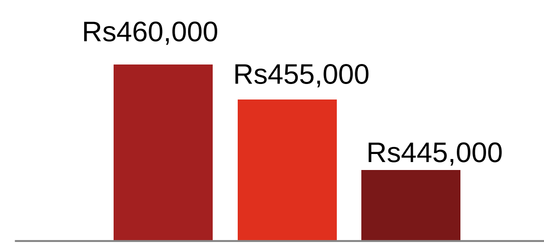
Individual with 4 or more dependents – New IET Rs 550,000



Category D - Individual with three dependents



Category E - Retired/disabled person with no dependent



Category F - Retired/disabled person with one dependent

Value Added Tax

Exempt Goods or Services

- Construction of a building by a third party purposely and exclusively for lease to a provider of tertiary education with claw back provisions if the building is put to another use
- Construction of private hospital, nursing home or residential care home by charitable institution with claw back provisions if the building is put to another use
- Sanitary pad and tampon
- Sterile water used for pre-operative, per-operative or post operative cleaning of wound
- First Rs3,000 of the value of an imported article by post and courier services

Zero-rated Supplies

- Security patrolling and monitoring systems that are integral part of an overall burglar system
- Fitness fees payable for examination of vehicles (extended to 30 June 2018)

Deferred Duty and Tax Scheme

- Duty free purchase of articles from downtown duty-free shops by Mauritians travelling overseas

VAT Refund Scheme

- Replacement of old lorries for carrying cane harvest
- Specified equipment used by

Tea Cultivator

- Hand-held plucking shear
- Hand-held pruning machine
- Motorised tea harvester

Pig breeder

- Farrowing/gestation/nursery crate
- Heat lamp/hot blast
- Incubator
- Pig feeder/drinker
- Cooling fan

Planter

- Sharlon shade, green house and shade green
- Fertigation pump
- Irrigation equipment
- Hydroponic filter
- Water tank

Other breeder

- Feed grinder
- Ventilation fan
- Chicken crate
- Cages and coops
- Water tank

Other Taxes

Property Taxes

Exemption from:

- Registration Duty and Land Transfer Tax on transfer of immovable property to be used for qualifying Hi-Tech manufacturing activities
- Registration Duty on leases or subleases of agricultural land not exceeding 10 hectares held by small planters
- Registration Duty on leases or subleases of immovable property for operating a health institution, with retrospective effect as from December 2016
- Tax on Transfer of Leasehold Rights in State Land on resale of an immovable property under the Invest Hotel Scheme
- Registration Duty for a first time buyer of an ex-CHA residence or of a residence originally acquired from the NHDC
- Registration Duty on the registration of a secured housing loan of up to Rs2m extended to a loan agreement drawn up by a notary
- Registration Duty and other transfer taxes on transfer of assets by a company under special administration to repay policy holders or depositors
- Land Conversion Tax extended to golf courses of 9 holes

- Remission or Refund of Registration Duty, Land Transfer Tax and Tax on Transfer of Leasehold Rights in State Land in the following 3 specific cases where:
  - there is no effective change in ownership of an asset;
  - an application for an existing exemption is made within one year of registration of deed; and
  - several documents are required to be registered in order to complete a transaction or in relation to the same subject leading to multiplicity of taxation

Other Taxes (cont.)

Customs and Excise Duties

Exemption from Customs Duty on:

- Importation of all animal feed except poultry feed and pet feed
- Specified wood or plastic equipment used by job contractors
- Knocked–Down (Ready-to-assemble) furniture imported in the context of a Smart City project conditional on 20% local value addition
- First Rs3,000 of the value of an imported article by post and courier services
- Purchase of a 15-seater motor vehicle by Trade Union Confederations
- Sterile water used for pre-operative, per-operative or postoperative cleaning of wound

- Exemption from Excise Duty on:
  - Purchase of a single/double space cabin vehicle extended to small tea grower

- Excise Regulations amended to change definition of a “classic or vintage” motor car from “a motor car registered before 1st January 1970” to “a motor car aged at least 40 years”
- Increase in the rates of excise duty on beer and alcoholic products by 5%
- Increase in the rates of excise duty on tobacco products by 10%

Other Taxes (cont.)

	Excise Duty	
Alcoholic Products	**From**	**To**
Beer (per litre)	Rs 37.70	Rs 39.60
Spirit Cooler (per litre)	Rs 49.20	Rs 51.70
Fruit Wine (per litre)	Rs 30.60	Rs 32.10
Made Wine (per litre)	Rs 65.50	Rs 68.80
Wine of Grapes (per litre) • In bulk for bottling purposes • In bottle	 Rs 105.30 Rs 184.80	 Rs 110.60 Rs 194.00
Champagne (per litre)	Rs 880.00	Rs 924.00
Rum (per litre of absolute alcohol)	Rs 518.10	Rs 544.00
Cane Spirits (per litre of absolute alcohol)	Rs 518.10	Rs 544.00

Other Taxes (cont.)

	Excise Duty	
Alcoholic Products	**From**	**To**
Whisky (per litre of absolute alcohol) • In bulk for bottling purposes • In bottle	Rs 1,001.00 Rs 1,600.50	Rs 1,051.00 Rs 1,680.00
Liqueur (per litre of absolute alcohol)	Rs 352.00	Rs 369.60

	Excise Duty	
Tobacco products	**From**	**To**
Cigars (per kg)	Rs 16,056	Rs 17,662
Cigarillos (per thousand)	Rs 9,375	Rs 10,313
Cigarettes (per thousand)	Rs 4,646	Rs 5,111

Tax Administration

Personal Taxation

Statement of Assets and Liabilities by High Net Worth Individuals

- Mauritian tax resident citizens are required to file statement of assets and liabilities. Non-citizen tax residents are not required to submit the statement
- Disclosure of assets of spouse and dependent children of the taxpayer in the statement
- Assets below Rs200,000 are excluded from the disclosure requirements

Definition of residence with respect to Individuals

- Reduction in the criterion to determine an individual's tax residence for income years ending 30 June 2016 and 2017 from 270 days to 225 days

Purchase of immovable property, motor vehicle or pleasure craft

- No compulsory filing of income tax return for person acquiring high value immovable property, a motor vehicle or pleasure craft

Personal Taxation

Contributions to superannuation fund

- Introduction of anti-avoidance provision to disallow contributions to superannuation funds providing unreasonable benefits to selected employees

Withholding tax on pension and other emoluments

- Persons liable to income tax and deriving pension may opt to receive pension or "other emoluments" net of PAYE of 15%

Employees to provide National Identity Card Number

- Employees to provide their national identity card number or non-citizen's identification number to employer instead of Tax Account Number

Tax Administration (cont.)

Corporate Tax

- Mandatory electronic filing and online payment of income tax and PAYE for all companies
- Companies will have to submit to MRA a list of individuals who have been paid dividends exceeding Rs100,000 in a year
- Sociétés or successions with annual turnover below Rs6 million will not be required to operate TDS
- MRA will be empowered to request Annual Statement of Financial Transactions from banks, insurance companies and non-bank deposit institutions for transactions exceeding Rs500,000 or if total deposit exceeds Rs4m in a year
- MRA can refuse to give ruling under the Income Tax Act, the Value Added Tax Act and Customs Act for issues relating to a matter under objection or appeal
- Re-introduction of Tax Arrears Payment Scheme ("TAPS") for another final year to expedite collection of long outstanding arrears of tax. Applicable to assessments raised or tax returns submitted before 1 July 2015

Corporate Tax

- Waiver of up to 100% of interests and penalties under TAPS if taxpayer agrees to settle debt by 31 March 2018 and settle debt in full by 31 May 2018
- Re-introduction of Expeditious Dispute Resolution of Tax Scheme (EDRTS) for another year for disputes below Rs10m for taxpayers failing to lodge an objection due to payment of 30% or 10% of the amount assessed
- Alternative Tax Dispute Resolution Panel allowed to review assessments raised by the MRA under the Gambling Regulatory Authority Act, assessments for PAYE and TDS, and the decisions taken by the MRA for amounts exceeding Rs10m
- Written representations relating to income tax, VAT and gambling taxes accompanied by written statement of case and a witness Statement will be allowed instead of hearing at ARC
- Cases to be heard within 2 months from date of representation and decisions to be given within 4 weeks of hearing
- Objection will be considered valid if a person who has appealed to ARC subsequently decides to pay the objection fee prior to the case being called Proforma

Tax Administration (cont.)

Corporate Tax

- TDS of 15% to be withheld in lieu of PAYE if director fees are paid to the employer of a director rather than to the director

- A company awarding contracts for construction works will be required to operate TDS irrespective of its turnover

Companies under special administration

- No surcharge will be payable in respect of contributions due to the NSF, NPF and training levy

- Corporate taxes, PAYE and VAT due will be waived if deemed to be in public interest

Tax Administration (cont.)

Value Added Tax

- Wholesalers of alcoholic drinks should register for VAT
- Option to lodge an electronic objection for VAT assessments
- Maximum penalty for failure to submit tax return and pay tax increased to Rs100,000
- Bad debt adjustment to be made in tax return for the taxable period during which it is actually written off
- MRA can raise assessments without authorisation of Independent Tax Panel increased to 4 years
- Introduction of penalty provisions to cater for failure to use, or for tampering with an Electronic Fiscal Device which records and transmits electronically fiscal data to the MRA

Customs Duty

- Automatic cancellation of bill in case of failure to pay required duties and taxes within 14 days from date of validation of the bill
- MRA Customs will be empowered to detain currency for passengers having in possession undeclared amount exceeding Rs500,000. Penalty for non declaration will be substantially increased
- MRA Customs will be empowered to detain imports suspected to be counterfeit or of misleading geographical origin
- MRA will be empowered to recoup disposal and damage costs from importers who abandon goods at Customs
- Limit of 5 working days for MRA to issue tax claim after decision of ARC on a tax liability dispute. The taxpayer will have to settle amount within 28 days of the notice
- Administrative penalty will be introduced for offences relating to import of specified prohibited goods (other than illicit drugs and counterfeit goods)

About PwC

About PwC

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PwC helps organisations and individuals create the value they're looking for. PwC has a presence in 34 Africa countries with an office footprint covering 66 offices. With a single Africa leadership team and more than 400 partners and 9,000 professionals across Africa, we serve some of the continent's largest businesses across all industries.

PwC in Mauritius is recognised as a thought leader and a change initiator, where more than 300 professional staff combine the resources of our global network with detailed knowledge of local issues.

We favour an industry approach to serve a large number of companies doing business in Mauritius, ranging from multinationals, a cross section of local businesses, to public institutions.

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