

Newsbrief

no. 125 june 2021

Budget Brief 2021-2022

Dear Readers

The Honourable Minister of Finance, Economic Planning and Development presented his 2021-2022 Budget and themed **Better Together**. During his speech, the Minister stated that the priorities of the government response to the COVID-19 crisis and recovery plan last year were to protect lives and livelihoods, maintain the production capacity and preserve the stability of our economy. He further commented that "These priorities are today at the heart of this Budget. We have supported businesses and people to limit defaults, prevent bankruptcies and most importantly preserve jobs and livelihoods. This has been our strategy. According to the World Bank, Mauritius' COVID-response is the fourth largest in the world, amounting to 32 percent of our GDP. This is why Budget 2021-2022 is about: **Recovery, Revival and Resilience**. These are the three core strategies that will drive our actions, and shape our economic, social and environmental policies in this Budget."

We have presented the salient parts of the budget that are relevant to our business sector and we hope that you will find the information contained in this CKLB Newsbrief to be interesting and useful. We will be pleased to hear any feedback and we thank you for their continued support.

Headline Tax Rates

Corporate Tax	3% – 15%	<ul style="list-style-type: none"> ▪ Standard: 15% ▪ Companies engaged in export of goods: 3% ▪ Companies engaged in medical, biotechnology and pharmaceutical: 3% ▪ Private universities set up in Mauritius: 3% 	No change No change New New
Personal Tax	10% – 15% 25%	An individual having an annual net income: <ul style="list-style-type: none"> ▪ not exceeding MUR 650,000: 10% ▪ exceeding MUR 650,000: 15% Leviable income exceeding MUR3 Million (capped at 10% of net income including local dividend)	No change
Value Added Tax	15%		No change

Key Economic Indicators

Budget Estimates	2020/21	2021/22	2022/23	2023/24
Real GDP Growth rate (%)	-5.4	9.0	6.0	6.0
Budget deficit (% GDP)	-5.6	-5.0	-4.0	-3.5
Public sector net debt (% GDP)	78.8	82.8	82.7	79.2
GDP Deflator (% change)	1.9	4.0	4.0	4.0
Investment rate (%)	18.9	20.7	20.9	21.4
Unemployment rate (%)	9.2	-	-	-

Best wishes

The Editorial Team



Mauritius Budget Brief 2021–2022

On 11 June 2021, the Minister of Finance presented to Parliament his Budget proposals for fiscal year 2021-2022. These proposals are being examined by Parliament, may be subject to amendment and, once voted upon and approved, will become law.

Financial Services

FATF Action Plan

Government committed to spare no efforts to complete the implementation of the FATF Action Plan to be fully compliant on AML/CFT matters for an early exit of the FATF list of jurisdictions under increased monitoring. Measures taken include:

- Enhance the AML-CFT legislative framework and implementation of the following:
 - Amendment of relevant legislations to meet the requirements of the FATF Recommendations
 - Recruitment of new personnel to strengthen our compliance capacity
 - Set up of Financial Crimes Divisions at the Supreme Court and the Intermediate Court with a view to ensuring that financial crime cases are dealt with expeditiously
- AML/CFT Core Group given legal force under the FIAMLA.
- The Financial Crime Commission to be established for a more effective management in the fight against financial crime
- Introduction of a new Bank of Mauritius (BOM) Bill and Banking Bill to reflect best international practices

Other measures

Other initiatives to sustain development of the financial services sector are as follows:

- Introduction of a Securitisation and securities Bill

- Extension of the tax holiday for Family Offices as well as Fund and Asset Managers from 5 to 10 years
- New legislation for virtual assets
- BOM to roll-out a Central Bank Digital Currency – The Digital Rupee - on a pilot basis
- BOM to introduce a dedicated QR Code at national level to facilitate digital payments
- BOM guidelines allowing the setting up of regional offices by international banks will be revamped in line with latest international trends
- BOM and the FSC to set up respectively an Open-Lab for banking and payment Solutions and a FinTech Innovation Lab to encourage an entrepreneurship culture
- The FSC to also implement a digital centralised information exchange system to facilitate motor insurance claim recoveries
- The FSC One platform to be launched as an online licensing portal as from 1st July 2021
- The Stock Exchange of Mauritius to introduce rules for the setting up of Special Purpose Acquisition Companies
- The BOM and the FSC to launch a one-year training programme on AML and related matters for a minimum of 100 graduates with a monthly stipend of Rs 15,000

Regulatory

Occupation and Residence Permits

- Validity period for an Occupation Permit (OP) for Professionals extended from 3 years to 10 years in line with investors, self-employed, and retired non-citizens
- Exemption from application of a permit for spouses of OP holders wishing to invest or work in Mauritius
- Maximum age limit of 24 years for dependents waived
- Introduction of a new category under the Occupation Permit Regime, the 10-Year Family Occupation Permit for those contributing USD 250,000 to the COVID-19 Projects Development Fund
- Non-citizens holding an Occupation Permit as a Professional to be given the flexibility to switch job without having to submit a new application provided the minimum criteria are met

- Non-citizens holding an OP as self-employed to be allowed to incorporate a one-man company and employ administrative staff
- The criteria for young professional Occupation Permit to be reviewed and the list of qualifying activities will be removed
- Implementation of a privilege club scheme to provide a range of incentives to OP holders and retirees, ranging from privilege access to hotels, golf courses, restaurants, private medical institutions and others
- A Smart Card to replace the current paper-based OP
- Where an application for an OP requires views and recommendations of a ministry or public sector agency, the latter shall within 5 working days from the date of a request from EDB submit its views or recommendations to the EDB. Where no reply is

received within the set timeframe, it shall be considered there is no-objection from the Ministry or public sector agency.

- The monthly salary applicable for an Occupation for professionals in financial services to be brought down 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
- The requirement for OP applicants to arrive in Mauritius on a business visa to be issued with a permit be waived. A non-citizen to 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 USD 375,000 to be issued with a residence permit, including for his dependents, and exempted from the requirement of a work or occupation permit.
- EDB to 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

- EDB to develop a dedicated website for marketing the different residency schemes available for non-citizens, fitted with systems for applying relevant residency permits
- EDB to enhance its social media presence and increase its presence in the international media to promote the work-live-retire concept.
- A dedicated concierge service to be set up at the airport to provide a seamless experience to investors and retirees entering Mauritius

Permanent Residence Permit

- Holders of a 10-Year Permanent Residence Permit will have the validity automatically extended to cover a 20-Year period
- Holders of a Permanent Residence Permit will be able to renew their permits and they will be given the flexibility to switch category between investor, professional and retired

Work Permit

- The Work Permit extended to allow Mauritians and non-citizen residents to bring foreign carers and maids to work in Mauritius
- The legislative framework amended to include MOFEPD in the delivery process of work permits

Corporate Tax

Partial Exemption regime extended to include:

- Licensed investment dealers
- Leasing of locomotives and trains including rail leasing

Foundation and Trusts

- Foundations and trusts benefiting from a preferential tax regime has to comply with prescribed substance requirements

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

Taxation for non-residents

- Dividends paid by a non-resident to another non-resident is not taxable in Mauritius
- Non-resident foreign limited partnerships are not required to submit return of dividend

Reduction of corporate tax rate

- Companies engaged in the medical, biotechnology and pharmaceutical taxed at 3% instead of 15%
- 3% corporate tax applicable to private universities set up in Mauritius

Tax Credit

- Manufacturing companies can carry forward unrelieved investment tax credit for a period of 10 years
- Biotechnology and pharmaceutical companies allowed a full tax credit on the costs of acquisition of patents
- Research & Development ("R&D") tax incentive scheme extended by 5 years up to June 2027

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 Social Responsibility ("CSR")

- The list of priority areas of intervention on which companies can utilise 25% of their CSR Fund has

been extended to include the restoration of building designated as national heritage under the National Heritage Fund Act 2003

Personal Income Tax

Income Exemption Threshold

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

Tax deductions

- An individual can claim as dependent a bedridden next of kin who is in his care even if financial assistance is provided to the bedridden person under the National Pensions Act
- Exemption for dependent pursuing tertiary education increased to Rs225,000 irrespective of place of study and total income of household
- Medical insurance premiums increased to Rs20,000 for individual and first dependent and increased to Rs15,000 for every other dependent
- Tax deduction up to Rs30,000 for donations to approved NGOs
- Tax deduction up to Rs30,000 for contributions to individual pension scheme

Tax holiday

- Tax incentive to employees of licensees issued with an Asset Manager Certificate, Fund Manager Certificate or Asset and Fund Manager Certificate available to those managing an asset base of USD 50m or more
- Emoluments of asset manager, fund manager or asset and fund manager who have been issued with a certificate on or after 1 September 2016 will be granted an additional 5-year tax holiday
- New certificate holders will be granted a 10-year tax holiday

Contribution to COVID-19 Vaccination Programme Fund

- Tax deduction of amount contributed to the COVID-19 Vaccination Programme Fund by an individual
- Carry forward of unrelieved deduction for 2 successive income years

Other Measures

Hospitality

- Reopening of borders in phases as from 15 July with full opening expected by 01 October 2021
- Extension of the Wage Assistance and the Self-Employed Assistance Schemes to tourism-related companies up to September 2021

Reintroduction of Tax Arrears Payment Scheme

- 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 Tax Arrears Payment Scheme (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

Crowdfunding

- Increasing the maximum investment through licensed crowdfunding platforms from Rs200,000 to Rs1m for SMEs

Arm's length test

- The Arm's Length Test provided under Income Tax Act, applies to both domestic companies and Global Business Companies

Reduction of threshold for Statement of Financial Transactions to the MRA

Monetary thresholds for submission of information reduced by half:

- Bank or a non-bank deposit taking institution to report:
 - In case of an individual, a société or succession, a deposit in excess of Rs250,000 or deposits in excess of Rs2m in aggregate
 - In case of a corporate, a deposit in excess of Rs500,000 or deposits in excess of Rs4m in aggregate
- Money changer or an exchange dealer to report any foreign currency transaction equivalent to Rs100,000 or more
- Insurance company to report insurance premium in excess of Rs250,000 paid

our services

CKLB is independently owned and being of medium size, we pride ourselves in our ability to remaining committed to provide a personal and tailor-made service to clients. We understand well the particular requirements and needs of clients and the key to our successful development has been our commitment to satisfy these needs at high standard. We provide a one-stop quality service with emphasis on local presence and substance. Our varied client base includes HNWI / Ultra HNWI Individuals, private companies as well as companies listed on major stock exchanges. Our range of services includes:

- our core service, advice to HNWI's and family offices in developing efficient estate planning solutions
- management and family office support structures
- focus on a complete set of fund structuring and administration services
- corporate structuring and advice
- company formation and corporate management
- administration and accounting
- establishment of trusts and provision of trustee services
- back office administration and accounting services
- outsourcing and payroll services
- business administration services, including international trading, licensing and financing
- expatriates occupation and residence permits
- group investment holding and management services

Connecting our clients to international networks to facilitate cross-border business

CKLB interacts with several professional firms and services group, and is member of the International Grouping of Accountants and Lawyers (IGAL), a well-established association boasting 107 member firms located in 41 countries throughout the world, with 170 offices worldwide. IGAL has developed into a leading business network of legal and accounting firms whose members offer superior services related to legal, financial, tax and insolvency matters to companies and individuals with international activities; as well as expert and personal assistance to reduce the obstacles of doing business in a foreign environment and at a distance. IGAL provides CKLBs valued clients with a wide network for assistance in their cross-border businesses through privileged access to experienced professionals and technical expertise in relevant countries. CKLB will be pleased to co-ordinate any assistance you may require in these countries as an extension of our one-stop shop service.

Disclaimer

This document is designed to provide information of a general nature and is not intended as a substitute for professional consultation and advice in a particular matter. The opinions and interpretations expressed within are those of the author only and may not reflect those of other identified parties. CKLB does not warrant the accuracy and completeness of this news brief, nor endorse or make any representations about its content. In no event will CKLB be liable for any damages whatsoever arising out of the use of or reliance on the contents of this document.

offices

MAURITIUS

CKLB International Management Ltd
PO Box 80, Felix House
24 Dr Joseph Rivière Street
Port Louis, Mauritius
T + 230 405 8800
F + 230 405 8818
E christianli@cklb.com
kathleenlai@cklb.com
adrienli@cklb.com

LONDON REPRESENTATIVE

Henry Lan T + 44 2088 197 315
E henrylan@cklb.co.uk

GUERNSEY REPRESENTATIVE

Chris Blin T +44 1481 723 221
E chris.blin@pa.gg

SEYCHELLES

CKLB Fiduciary (Seychelles) Limited
P.O. Box 355, Suite 6, House of Ansuya
Revolution Avenue, Victoria
Mahé, Seychelles
T + 248 443 0050
F + 248 443 0060
E kimyuekye@cklb.com

HONG KONG

CKLB Corporate Services (Hong Kong) Ltd
Rm. C7, Blk.C, 1/F, East Sun Industrial Centre
16 Shing Yip Street, Kwun Tong
Kowloon, Hong Kong
T + 852 2805 6636
F + 852 2391 8679
M + 852 9800 6394
E patrickli@cklb.com



IGAL A Member of the Intercontinental Grouping of Accountants and Lawyers

