

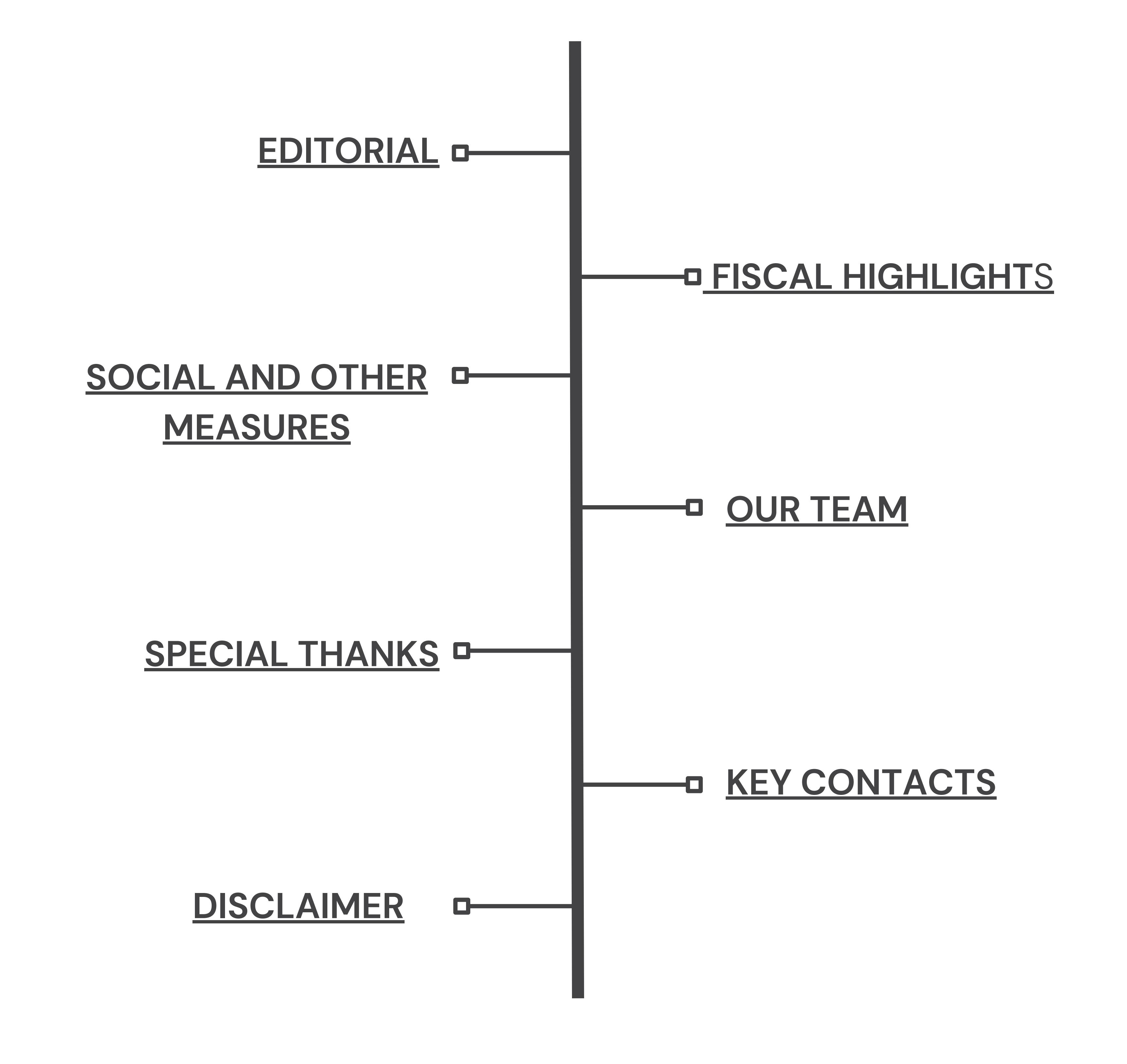


BUDGET BRIEF 2023/2024

CONNECTING THE DOTS
FOR A BRIGHTER FUTURE



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CONNECTING THE DOTS FOR A BRIGHTER FUTURE

The budget speech delivered by Honorable Dr Renganaden Padayachy, Minister of Finance and Economic Development on 02 June 2023 is aimed at addressing the main economic and social concerns of the weakest and most helpless citizens at large.

In fact, several daring measures have been announced to alleviate the current economic and financial burden of the population. It is undeniable that during the last three years, the economic crisis resulting from the covid pandemic has had very adverse effects on the financial situation of most households.

Among the most popular and awaited measures, the Minister of Finance has rightly announced the minimum wage to be fixed at Rs 15,000 monthly. Also, in a bid to relieve the hardship and strain of parents whose kids require overseas medical treatment, the full costs will be covered by the government.

The Minister of Finance and Economic Development has also embarked on a series of fiscal reforms with the objective of creating more equity and fairness in our tax regime. The personal income tax will be completely progressive, and the solidarity levy is being removed. The tax rate for an individual is capped at 20%.

It is expected that the measures unveiled in the present budget will bring an additional 2 percentage points to GDP growth, and 40,000 extra jobs. GDP will grow robustly by 8%. However, the budget deficit will be 2.9% of GDP.

It is a fact that the economic philosophy and implementation of the preceding measures are now yielding positive results and this provides more flexibility for the government to come forward with new social measures which will benefit the population.

Reshad Guness

Tax Director



FISCAL

HIGHLIGHTS

INDIVIDUAL TAX

CORPORATE TAX

VALUE ADDED TAX

TAX ADMINISTRATION



INDIVIDUAL TAX



INCOMETAX

The annual chargeable income of an individual will be taxed as per table below:

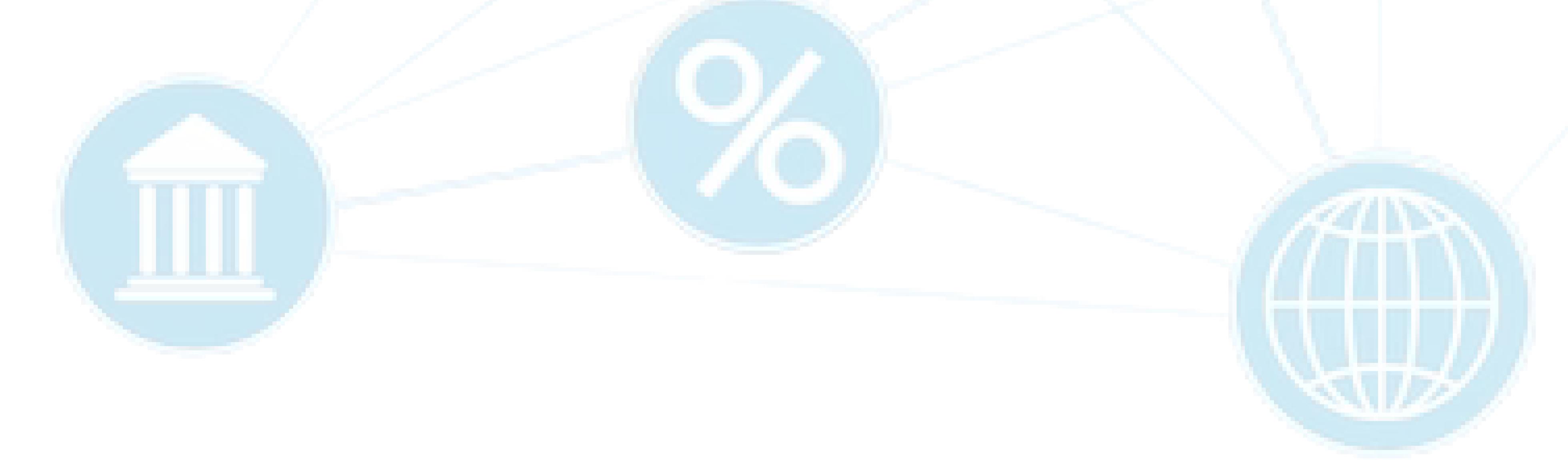
CHARGEABLE INCOME	RATE
First 390,000	0%
390,001- 430,000	2%
430,001-470,000	4%
470,001-530,000	6%
530,001-590,000	8%
590,001-890,000	10%
890,001-1,190,000	12%
1,190,001-1,490,000	14%
1,490,001-1,890,000	16%
1,890,001-2,390,000	18%
Above 2,390,000	20%

1.2 INCOME TAX

→ RG PG 7 ←

• The personal income tax will be completely progressive, and the solidarity levy is being removed.

• It starts at 0 percent and is capped at a maximum of 20 percent.





CORPORATE TAX

21 CORPORATE TAX

• The partial exemption granted in respect of interest earned by a Collective Investment Scheme, or a Closed End Fund established in Mauritius will be increased from 80% to 95%.

• Interest income derived from bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects ("Green Bonds") approved by the Director-General of the Mauritius Revenue Authority (MRA) will be exempted.

3% Reduced Rate of Corporate Tax on Exports of Goods.

• It will be clarified that profits derived from the sale of aviation fuel to an airline will be considered as an export of goods and therefore subject to tax at the reduced rate of 3%.

CORPORATE TAX

Waiver of COVID-19 Levy

 All outstanding debts of the COVID-19 levy as at 20 January 2023 inclusive of penalties and interest will be waived.





VALUE ADDED TAX

3.1 VAT

- VAT and custom duty will be removed on glass-ceramic blocks for dental use.
- VAT will be removed on medical grade silicone.
- The VAT exemption granted on the construction of a purpose-built building for the provision of tertiary education will be extended to construction for primary and secondary education.
- Instruments and appliances used in medical, surgical, dental or veterinary sciences, of HS Code 90.18, will be made zero-rated for VAT purposes instead of VAT exempt.
- Advertising Structure Fee.
- The fee payable on an advertising structure, which ranges from Rs 5,000 to Rs 70,000 annually depending on its size, will be reduced by half with effect from 1 January 2024.



ADMINISTRATION

INCOME TAX

Tax Arrears Settlement Scheme (TASS)

The Tax Arrears Payment Scheme will be re-introduced. The Scheme provides for full waiver of penalties and interest where tax arrears, outstanding under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act, are paid in full by 31 March 2024 and provided the taxpayer registers under the Scheme by 31 December 2023.

Taxpayers having assessments pending before the Assessment Review Committee, the Supreme Court or Judicial Committee of the Privy Council, and who wish to take advantage of the Scheme, may do so by withdrawing the case before these institutions.





INCOMETAX

Tax Deduction at Source (TDS) - Broadening of Scope

The Income Tax Act will be amended to broaden the scope of TDS to cover - Services Rate of

Payment of fees made by insurance companies to panel beaters and spray painters for repairs of motor vehicles of policy holders 3%. Interior Decorator/Designer 5%.

<u>Tax Deduction at Source – Exemptions</u>

Tax Deduction at Source will not apply on fees paid to -

- (A) a Management Company licensed by the Financial Services Commission (FSC); and
- (B) an Investment Adviser licenced by the FSC.

• It will be clarified that a person who has voluntarily registered for VAT purposes will be allowed to take credit for input tax as from the date of his registration.

• It will be clarified that the time period to issue a VAT assessment will not exceed 4 years following the period in which the tax liability arose, unless there is fraudulent conduct.





SOCIAL AND OTHER MEASURES



BASIC NEEDS

- The price of homemade bread is maintained at Rs 2.60.
- The price of rice is maintained at Rs 10 per kilo.
- The gas price of 12kg is maintained at Rs 240.
- The Petrol Allowance increases by Rs 1,000.
- VAT removed on noodles, toothpaste, nappies, wipes, breast pumps, notebooks, pencils, baby powder and cream, incontinence pads, among others.
- The price of gasoline drops from Rs 74.10 to Rs 69 per litre.





5.1.1

BASIC NEEDS

- An allowance of Rs 10,000 to families earning less than Rs 60,000 per month for the installation of a "rainwater harvesting system".
- The subsidy for the purchase of water tanks increases to Rs 15,000. Those who receive less than Rs 60,000 are eligible.
- The contract for the Riviere des Anguilles dam will be awarded by June 2024.

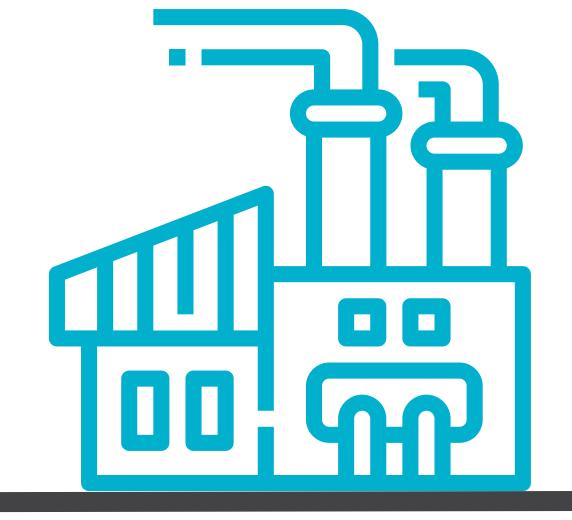






52 PRIMARY SECTOR

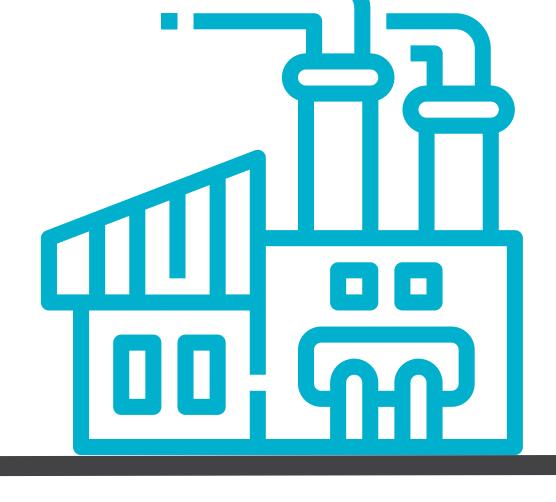
- Bad weather allowance increases from Rs 575 to Rs 650 for fishermen
- Retired fishermen will receive a "lump sum" of Rs 100,000 instead of Rs 52,500.
- Loans dating back more than 20 years from the DBM will be cancelled. This measure also includes those microentrepreneurs who have died (sme).
- Subsidies of 75% on grains of cabbage, cucumber, pumpkin and carrots among others.
- Tea sector: 25% increase in Winter Allowance.





5.2.1 PRIMARY SECTOR

- The "Grant" goes from Rs 250,000 to Rs 300,000.
- Budget allocation of Rs 22 million to the Mauritius Irrigation Authority for irrigation at Pointe aux Piments and Plaisance...
- Cane industry: 50% subsidy on fertilizers to all cane growers, who produce up to 60 tonnes of sugar.



SOCIAL SUPPORT

- The grant to socio-cultural organizations goes from Rs 108 million to Rs 125 million.
- 8,000 social housing units will be built in 18 months.
- The grant for the slab goes from Rs 100,000 to Rs 130,000.
 - Old age pension will increase to Rs 12,000 for people aged 65 years old and above while for those aged between 60 - 64 years, the pension will increase to Rs. 11,000.
 - The CSG Income allowance is maintained.
 - As from January 2023, each and everyone reaching 18 years old will be provided with a grant of Rs 20,000.
 - Other pensions (widows, invalidity) will increase by Rs 1,000.



5.3.1 SOCIAL SUPPORT

- The CSG allowance will increase to Rs 2,000 for those earning less than Rs 25,000.
- The minimum wage will increase to Rs 15,000.
- Rs 3,775 will be granted to those who are registered on the social register.
 - RS 500 M over five years for social projects including centers for children in distress.



- Rs 100M injected into the E-Health project, which will be implemented in public hospitals.
- Rs 50 M invested in the construction of several dispensaries.
- Rs 20 million allocated for early detection and cancer risk assessment.
- Recruitment of 1,400 staff members in public hospitals.
- Treatment abroad free for children.
- Treatment for children with cancer fully supported by the government.
- 5 days' leave for women who have had a miscarriage.





55 SPORTS

- Rs 30,000 granted to 10 high-level athletes for one year so that they can prepare for international competitions.
- Rs 100,000 for gold medalists, Rs 75,000 for silver medalists and Rs 50,000 for bronze medalists in high-level competitions.
- Swimming pools built in Curepipe, Flacq and Riviere des Anguilles.
- 500 lifeguards will be recruited to ensure beach safety.



56 EDUCATION

- Rs 500 million allocated for the renovation of 70 schools.
- Rs 600 million granted for the construction and maintenance of schools.
- Rs 191 M granted to schools that welcome children with special needs.
 - Recruitment of 200 "trainee educators" for primary schools and 200 "educators" for secondary schools.
 - Necessary funds will be allocated to make preschool free from 2024.
 - Education in Mauritius becomes free from pre-primary to university.



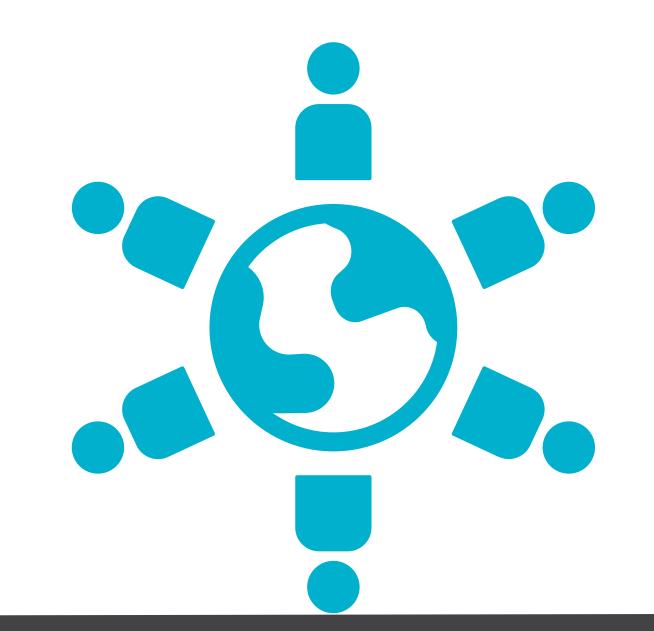
5.6.1 EDUCATION

- An increase of 23%, or Rs 109 million more, will be allocated for the daily meal allowance in schools with special needs.
- Specialized classrooms will be set up in the 11 academies and 25 regional colleges. There will be taught subjects such as Food and Textile, Design and Technology, among others, as part of the 9-year Schooling.



ART AND CULTURE

- Registered artists will be entitled to a pension scheme for their retirement.
- Rs 10,000 granted to all schools for the purchase of works by local authors (The artists will benefit from a pension upon retirement and the aid for the production of an album will be increased up to Rs 50,000).
- VAT removed on all musical instruments.
- The Emmanuel Anquetil Building in Port Louis will be replaced by the Emmanuel Anquetil Park.
- Rs 10,000 allocated to schools for the purchase of books written by Mauritian authors.
- Construction of a spiritual park in Grand Bassin.



INFRASTRUCTURE

- More drains across the country, in all constituencies.
- The La Vigie-La Brasserie-Beaux Songes road, the New Bypasses and the Savanne road will have cycle paths.
- An additional budget allocation of Rs 360 million is planned to complete the A1 M 1 road by the end of December 2023.
- Flood mitigation plan: Rs 3 billion will be invested in regions at risk.



INFRASTRUCTURE

- Rs 278 million allocated for the rehabilitation of beaches and lagoons.
- The Mahébourg Waterfront will be renovated.
- Modern dumpsters will be made available to District Councils for more efficient collection.
- 1 million trees will be planted.
- Coastal erosion: 20 km of areas are priorities for rehabilitation: Baie-du-Cap, Trou-aux-Biches, Pointe-des-Lascars, Rivière-des-Galets, Wolmar, Rivière-des-Créoles, Grand



DEMERIT GOODS

• The prices of cigarettes and alcohol will increase by 10%.

Product	Current	New
Cigars (per kg)	Rs 21, 373	Rs 23,510
Cigarillos (per thousand)	Rs 12,480	Rs 13,728
Cigarettes (per thousand)	Rs 6,188	Rs 6,807



5.10

EMPLOYMENT

- Compulsory nurseries in companies employing more than 250 people.
- 2,000 people will be entitled to training, in agro-industry and health in particular.
- Foreigners with a tourist visa will be able to apply for a work permit.
- The employment bonus will be extended to disabled people and companies will be entitled to a tax deduction of 300%.
- A quarter of the seats on a board of directors of a listed company should be occupied by women.
- The government will offer Rs 15,000 monthly to any woman entering the labour market for the first time. This measure will also concern those who have been unemployed for at least a year under the Employment Prime Scheme.





OTHERS

- Rs 125 M for the renewal of the vehicle fleet.
- Rs 373 million allocated for the construction of the Disciplined Forces Academy in Cote-d'Or.
- 6 new judges and 14 magistrates to be appointed.
- Rs 1.5 M granted to victims of hit and run.
- The Metro Express will connect Saint Pierre and La Vigie.
- Introduction of a Whistleblowing Act for corruption cases.
- The "negative excise duty" on electric vehicles will be extended up to June.



5111 OTHERS

- EDB promotion and marketing budget to increase by Rs 100 million.
- Solar panels installed on the roofs of social housing.
- The DBM will install solar panels on the roofs of 200 schools.
- Solar street lights will replace current street lights.
- In the production of livestock, the subsidy increases by 50% to reach Rs 225,000 and will be extended to goats and sheep.



OUR DEDICATED

Reshad Guness
TAX DIRECTOR



Sehzad Bauboo
ACCOUNTING DIRECTOR



Eershad Guness
MANAGER, TAX AND
ACCOUNTING





Narmeen Dooboory
ASSISTANT MANAGER,
TAX



Humairah Hossunnally
TAX ANALYST



Zafirah Cadersaib SENIOR TAX ANALYST

FAIZAH GUNESS

ASHFAAQ
JUNGGEE

SPECIAL

THANKS

T 0:

NISHITA BACHOO



LATE
AVIKESH
GOORIMOOTHY

Me
A.WIDAD
GUNESS



Key contacts:

Reshad Guness: <u>rguness@rgtax.mu</u>

Sehzad Bauboo: <u>sbauboo@rgtax.mu</u>

Eershad Guness: <u>eguness@rgtax.mu</u>

Narmeen Dooboory: <u>ndooboory@rgtax.mu</u>

Tel: 460 2502

Email address: info@rgtax.mu

Website: <u>www.rgtax.mu</u>

Address: 11B, Moka Business Centre, Moka

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