

# THE FINANCE (MISCELLANEOUS PROVISIONS) ACT 2023



## Foreword

Titled “To Dare & To Care”, the 2023 budget presented by the Honourable Dr Renganaden Padayachy had aimed to restore the purchasing power of the population. It also included measures to help boost the economy, through a streamlining and simplification of the procedures and requirements for occupation permits and through the abolishment of the solidarity Levy.

The Finance (Miscellaneous Provisions) Act 2023 was enacted by the Mauritian Parliament and, on 20 July 2023, received presidential assent.

We are pleased to present you the highlights of the sections of the Act which are of utmost interest and wish you a pleasant reading!

Best wishes,

***Tax Team***  
***AAA Global Services Ltd***

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## Corporate Tax Measures

### 95% exemption on interest earned by CIS and CEF

Effective from 1 July 2024 and in respect of every subsequent income year, 95% of interest earned by Collective Investment Schemes or Closed End Funds will be exempt.

### Tax Exemption on Bonds

Effective from date gazetted:

- Interest income derived from bonds, debentures or sukuku issued by a company to finance approved renewable energy projects will be exempt.
- Interest derived from sustainability bonds or a sustainability linked bond issued in accordance with guidelines administered by the International Capital Market Association to finance sustainable projects in Mauritius will be exempt.

### Protected Cell Company (PCC)

Effective from date gazetted, where a PCC has elected to present separate financial statements in respect of each cell, the Director-General shall not recover income tax due by a cell:

- from the cellular assets of another cell of the company; or
- the non-cellular assets of the PCC except where such assets are directly attributable to that cell of the company.

### Variable Capital Company (VCC)

Effective from date gazetted, where a VCC has elected to present separate financial statements for each of its sub-funds or Special Purpose Vehicles (SPV), the Director-General shall not recover income tax due by a sub fund or SPV from the assets of:

- another sub-fund of SPV; or
- from the assets of the VCC where such assets are directly attributable to another sub-fund or SPV of the company.

### Export of Goods

Any profits derived from the sale of aviation fuel to an airline is treated as export of goods and taxed at 3%.

## Tax Deductions

Effective from 1 July 2023:

- 200% deduction to companies on the cost of setting up a Child Day Care Centre.
- 200% deduction available to a person on emoluments paid in an income year in respect of the full-time employment of a woman, other than a disabled person, approved under the 'Prime a L'Emploi' Scheme.
- 200% deduction granted to manufacturing companies in respect of expenditure incurred on market research and product development will no longer be restricted to the African market but is limited to manufacturing companies having an annual gross income from export of goods of less than MUR 500m.
- 200% deduction granted to local companies participating in the financing, sponsorship or marketing and / or distribution of an approved film project under the Film Rebate Scheme under the EDB, subject to the film being made up of at least 90% of principal photography in Mauritius, as certified by the EDB.
- 200% deduction to higher education institution registered under the Higher Education Act in respect of expenditure incurred in connection with the conclusion of contract with an African University to provide joint tertiary education for the final year of a course in Mauritius.
- Costs includes marketing costs, cost of hiring consultants and other costs as approved by the Economic Development Board but does not include any capital expenditure.
- 300% deduction, capped at MUR 1m, to companies making a donation through electronic means to a charitable institution which is involved in:
  - supporting persons with health issues and disabilities;
  - protection of rehabilitation of street children; or
  - animal welfare and protection.
- 300% deduction available to a person on expenditure incurred on emoluments of a disabled person to the extent it is incurred in the production of its gross income.

## Investment Tax Credit

- Effective from date gazetted, the 15% investment tax credit granted to manufacturing companies in respect of expenditure incurred on new plant and machinery (excluding motor cars) has been extended up to 30 June 2026.
- Companies engaged in the manufacturing of both alcoholic and non-alcoholic beverages will be allowed to claim the investment tax credit in respect of expenditure incurred on new plant and machinery (excluding motor cars) only on non-alcoholic beverages.

### Waiver of Covid-19 Levy

Effective from date gazetted, all outstanding debts under the Covid-19 Levy as at 20 January 2023 inclusive of penalties and interest will be written off.

### Financial Assistance to Specified Enterprises - Salary Compensation

Effective from date gazetted, a monthly financial assistance will be provided to a worker for the payment of salary compensation, subject to conditions as specified in the Income Tax Act 1995 (“ITA”):

Sector	Salary compensation per employee (including an expatriate employee)
Small and Medium Enterprise	MUR 250 or MUR 500 (depending on profitability of enterprise)
Export oriented enterprise	MUR 300

### Unauthorised Deductions

Effective from date gazetted, any sum which has been given, directly or indirectly as bribe is an unauthorised deduction.

### Taxation of Banks

- Effective from date gazetted, the reduced tax rate of 5% available to banks having a chargeable income in excess of the chargeable income for the base year of 2017/2018 has been repealed.
- Banks are now subject to tax at 5% on their chargeable income on the first MUR 1.5bn and 15% on the remainder.

### Solidarity Levy on Telephone Service Providers

- Solidarity Levy calculated at 5% of accounting profit and 1.5% of turnover for profitable telephone service providers is applicable for the Year of Assessment (YOA) 1 July 2020 to 1 July 2023.
- Effective from the YOA commencing 1 July 2024 and in respect of every subsequent YOA:
  - Solidarity Levy shall be calculated at 5% of accounting profit and 1% of turnover; and
  - 1% Solidarity levy will apply on turnover even for loss making Telephone Service Providers.

### Tax Holidays

Effective from date gazetted, the tax holiday granted to Mauri-Facilities Management Co Ltd extended to 10 years.

## Tax Administration Measures

### Tax Deduction at Source (TDS)

- The Income Tax Act will be amended to broaden the scope of TDS to cover payments made:

Services	Rate of TDS
By insurance companies to panel beaters and spray painters for repairs of motor vehicles of policy holders	3%
To interior decorator/ designer	5%

- TDS Exemption
  - On fees paid to management companies licensed by the FSC; and
  - On fees paid to an investment adviser licensed by the FSC.

### Tax Arrears Settlement Scheme (TASS)

- Extension of the TASS to provide 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 that the taxpayer registers himself under the Scheme by 31 December 2023.
- Taxpayers having assessments pending before the Assessment Review Committee (ARC), the Supreme Court or Judicial Committee of the Privy Council, may also benefit from the TASS.

### Statement of Financial Transactions

Effective from date gazetted:

- A virtual asset service provider and an issuer of initial token offerings will have to report annually to the MRA a transaction made by:

Transactions	Threshold
An individual, a société or succession	Exceeding MUR 250,000 or transactions exceeding in the aggregate MUR 2m in a year.
A corporate	Exceeding MUR 500,000 or transactions exceeding in the aggregate MUR 4m in a year.

- The above reporting shall not apply to:
  - An individual who is a non-resident;
  - An entity which holds a Global Business Licence; and
  - A public listed company, its subsidiaries and associates.



### Power to require additional information from banks

Effective from date gazetted, the MRA will be allowed to request additional information from a bank if a benefit payable by the MRA has been credited in a wrong bank account.

### VAT refund on residential building, house or apartment - additional condition

Effective 1 September 2023, additional condition to be satisfied to qualify for VAT refund is that the construction value should not exceed MUR 3m.

### Value Added Tax Measures

- Effective from 5 June 2023, removal of VAT on 15 essential products (noodles, toothpastes, toothbrushes, etc), medical grade silicone and all musical instruments (including parts & accessories).
- Effective from date gazetted, removal of VAT and Customs Duty on glass ceramic blocks for dental use.
- Effective from date gazetted, extension of VAT exemption to the construction of a purpose-built building or facility for the provision of primary and secondary education.
- Effective from 15 September 2022, VAT, Customs Duty and Excise Duty exemption to operators of a lounge at the Sir Seewoosagur Ramgoolam International airport in respect of spirits, wine, ale or beer sold, transferred or removed by a manufacturer of excisable goods or a Freeport operator, provided that the spirits, wine, ale or beer are served to passengers in the lounge.
- Effective 30 March 2023, VAT, Customs Duty and Excise Duty exemption to contractors engaged in the construction of social housing units under a contract with New Social Living Development Ltd. The tax exemptions will be applicable on the procurement of goods (excluding vehicles), works, consultancy services and other related services.
- Effective from date gazetted, zero-rate VAT on instruments and appliances used in medical, surgical, dental or veterinary sciences of HS Code 90.18.
- Effective 11 November 2022, zero-rate VAT extended to water supplied, carrying out of infrastructure works and renting out of meters by the Rodrigues Public Utilities Corporation.
- Effective 1 October 2023, event organisers approved by the Economic Development Board are exempt from the payment of VAT on accommodation costs incurred for a qualifying event.
- Special Levy rate harmonised to 5.5% of leviable income of banks. The amendment shall be deemed to have come into operation in respect of the accounting period starting on or after 1 July 2023 and every subsequent accounting period.



## Personal Tax Measures

### Income Tax

Effective from the income year starting on 1 July 2023, the income tax rate will range from 0% to 20% (please refer to table in Appendix 1).

### Solidarity Levy

Abolishment of solidarity levy which was previously applicable to both Mauritian citizens and foreign nationals.

### Deductions for Dependents

Effective from the income year starting on 1 July 2023:

- The amount of deduction available for dependents will be as per Appendix 2.
- A deduction of MUR 500,000 is available for any dependent pursuing a non-sponsored full-time undergraduate or post-graduate course at a tertiary educational institution in Mauritius or outside of Mauritius.

### Relief for Adoption of Animals

An individual is entitled to a relief of MUR 10,000 for each animal adopted from a non-government organisation registered with the MRA, up to a limit of MUR 30,000.

### Tax Exemption on Bonds

Effective from date gazetted:

- Interest income derived by an individual from bonds, debentures or sukuks issued by a company to finance approved renewable energy projects will be exempt.
- Interest derived by an individual from sustainability bonds or a sustainability linked bond issued in accordance with guidelines administered by the International Capital Market Association to finance sustainable projects in Mauritius will be exempt.

## Other Tax Measures

### Excise Duty

- Effective from 1 July 2022, negative excise duty scheme of 10% applicable for the purchase of electric vehicles by individuals or non-individuals during the period 1 July 2022 to 30 June 2024, up to a maximum of MUR 200,000.
- Effective from 3 June 2023, increase of 10% on excise duty for alcoholic and tobacco products.

## Property Taxes

- Effective from date gazetted, a person contracting a secured housing loan under the home loan payment scheme to construct his residence will continue to benefit from a refund of 5% of the loan amount, up to a maximum of MUR 500,000, until 30 June 2024. Amounts of loan disbursed up to 30 June 2025 will qualify under this scheme.
- Effective from date gazetted, Home Ownership Scheme in relation to refund of 5% of the cost of the property up to a maximum of MUR 500,000 extended up to 30 June 2024.
- Effective from date gazetted, under the Home Ownership Scheme, refund on properties acquired under the “vente en l’état future d’achèvement” (“VEFA”), will be made in respect of the amount paid by the purchaser under the VEFA agreement during specified periods as follows:

VEFA signed between:	Refund on amount paid between:
12 June 2021 - 30 June 2023	12 June 2021 - 30 June 2024
1 July 2023 – 30 June 2024	1 July 2023 - 30 June 2025

## Financial Services Sector

### New Measures and Licenses

- The scope of closed-end funds and collective investment schemes extended to include investments in portfolios of money market instruments or debt instruments including loans, debt obligations or similar instruments.
- The authorised purpose of VCCs has been amended to the following:
  - A VCC Fund;
  - a family office through an SPV; or
  - such other activity as may be specified in FSC Rules.
- A VCC may create one or more SPVs to operate:
  - as a vehicle ancillary to the variable capital company or a sub-fund of the variable capital company;
  - family office activities; or
  - as such other activities as may be specified in FSC Rules.
- A Virtual Asset Custodian, being the holder of a class “R” licence, may hold custody of securities tokens or such other instruments as the Commission may approve.
- The Virtual Asset and Initial Token Offering Services Act 2021 now enables the FSC to issue Rules for a virtual asset register for any person who holds a virtual asset.
- Any person who is licensed as a Custodian (digital assets) under the Financial Services Act shall, on 6 August 2023, be deemed to be licensed as a class “R” Virtual Asset Custodian, on such terms and conditions as the Commission may determine.

### AML/CFT legal framework

- AML/CFT legislation has been defined as including the below:
  - the Financial Intelligence and Anti-Money Laundering Act;
  - the United Nations (Financial Prohibitions Arms Embargo Travel Ban) Sanctions Act; or
  - any regulations or guidelines issued under the above.
- The FSC shall henceforth be able to enter into agreements or arrangements for the exchange of information with foreign supervisory institutions having the responsibility to supervise financial institutions and the conduct of financial markets and the provision of financial services, and which have the capacity to protect the confidentiality of the information so imparted.
- Licensees shall henceforth submit an independent compliance report on such terms and conditions as may be determined by the FSC.

### Administrative Measures

- Where a licensee fails to pay administrative penalties, the Chief Executive of the FSC may, after giving notice of not less than 90 days to the licensee, terminate the licence subject to such terms and conditions as he deems appropriate in the circumstances.
- No law relating to the limitation of action or prescription shall bar or affect any action of the Commission for recovery of annual fees and charges.
- It has been provided that FSC Rules may be issued to provide for the imposition of obligations and responsibilities of holders of a Management licence.

## Measures for Doing Business

### Companies Act

- It has been clarified that the service address of a company must be in Mauritius.
- A public listed company must henceforth have a minimum of 25% of women on its board of directors.
- The meeting of shareholders for considering the resignation of the last remaining director and the appointment of one or more new directors must be held within one month of the intention to resign or from the date of the death of the last remaining director, or within one month of the appointment of one or more new directors, as the case may be. In case the preceding is not complied with, the Registrar of Companies may remove the company from the register of companies.
- The board of directors of a company shall henceforth have 21 days, instead of 14, to cause a copy of the annual report to be sent to every shareholder of the company before the date fixed for holding the annual meeting of the shareholders. The Companies Act also now makes

provision for the annual report to be provided in any form that the Registrar of Companies may approve, but the shareholders shall retain the right to receive a hard copy of the annual report within a reasonable time

### Premium Investor Scheme

- The scope of the Premium Investor Scheme has been extended to cover investors acquiring the whole or part of non-strategic assets of the Government.
- Manufacturing of materials for renewable energy technologies has been included under activities covered under the scheme.

## Immigration Measures

### Acquisition of Property

- Residence Permit granted to retired non-citizen and his family on the acquisition of property in PDS project relating to senior living provided:
  - Acquisition price exceeds USD 200,000;
  - The acquirer is older than 50 years old.
- Property acquisition outside existing schemes will now be allowed subject to a payment of an additional duty fee of 10 %. The minimum value of the property acquired has been increased to USD 500,000.
- A main Residence Permit holder (not their spouse or children) will be allowed to acquire only one property.
- A Residence Permit will be granted to a non-citizen and his family upon the acquisition of a property of a minimum price of USD 375,000 under the sustainable city scheme.

### Occupation Permit (OP)

- The minimum monthly basic salary for an OP as professional is now MUR 30,000.
- The Young Professional Occupation Permit has been opened to all fields of study.
- OP investor and self-employed applicants will be granted 60 days from the date of issuance of their permit to show evidence of corresponding amount for transfer of funds into local bank account. A written undertaking to be signed by OP investor and self-employed.
- A certified bank statement from the country of origin or residence showing proof of funds to be submitted by both Investor and self-employed.



- Certified bank statement from country of origin or residence showing a minimum amount of USD 18,000 or guaranteed monthly income of USD 1,500 will be required for Residence Permits for retired non-citizens.

### **Work Permit**

- Approval of work permits will be deemed to have been granted within 30 days of the date of a complete application unless the applicant has been notified that the application is still under consideration.

**Appendix 1**

**Progressive Tax Rates**

Annual chargeable income (MUR)	Taxed on (MUR)	Tax Rate
0 – 390,000	First 390,000	0%
390,001 - 430,000	Next 40,000	2%
430,001 - 470,000	Next 40,000	4%
470,001 - 530,000	Next 60,000	6%
530,001 - 590,000	Next 60,000	8%
590,001 - 890,000	Next 300,000	10%
890,001 - 1,190,000	Next 300,000	12%
1,190,001 – 1,490,000	Next 300,000	14%
1,490,001 – 1,890,000	Next 400,000	16%
1,890,001 – 2,390,000	Next 500,000	18%
Above 2,390,000	Remainder	20%

**Appendix 2**

**Deductions for Dependents**

<b>Number of Dependents</b>	<b>Amount of Deduction (MUR)</b>
One	110,000
Two	190,000
Three	275,000
Four	355,000



## Contact Us



4<sup>th</sup> Floor, Iconebene,  
Rue de l'Institut, Ebene  
Mauritius

T: +230 454 3200  
F: +230 454 3202  
E: [headoffice@aaa.com.mu](mailto:headoffice@aaa.com.mu)  
W: [www.aaa.com.mu](http://www.aaa.com.mu)

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