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What you need to know

Budget 2013

pwc

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Responsible, but reformist?
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André Bonieux
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Honourable Minister Duval came up with rather positive macro-economic statistics with inflation at 4.1%, growth at 3.4% and importantly, the year's budget deficit at 2.5% and the overall debt level falling to 54.2% of GDP. This can only be good news for the country. In spite of regional elections due in the next few weeks, the Minister resisted the temptation of being populist and clearly put the country's long term interests first. This near equilibrium appears to have been achieved through both revenue raising measures – fiscal revenues were up 9.3% on 2011 – and prudent spending with Government expenditure Rs7.9bn short of budget. It has been a few years since we've seen such impressive figures. The Minister pointed out our improved rankings on a range of benchmarks and we are clearly doing well at the macro level.

In spite of such a rather tight budget, growth is expected to reach 4% next year, a commendable figure in the current international climate. Of concern is inflation that is raising its ugly head with a projected 6% for 2013. This will lead to monetary measures that will hurt businesses and households alike.

What is however lacking in this budget is a resolute positioning of the country towards greater things, towards a new and modern vision for Mauritius. Thus the Minister talked of access to internet as a fundamental right for every citizen and yet his only measure for the population was a Rs149 drop in the monthly cost of the most basic formula. What the country needs is very high speed internet, a service already available in Reunion and even Madagascar, and yet no change is proposed to provide access to such a service. He went on to mention plans to move towards e-Government, a vast programme and exciting future but the measures appeared modest compared to what could be done to promote a hyper efficient public administration.

E-Government is a step in this direction but is far from sufficient. Government has not leveraged on this budget to declare its intention of taking us towards less Government. Several metrics are available – the number of civil servants per head of population, or total Government spending as a proportion of GDP etc.

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Responsible, but reformist?
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A more efficient public administration means more value adding and better paid jobs for those in public employ. Less Government means more private sector, more democratisation of the economy, job creation, better service to the population, higher efficiency by the service providers etc. The Minister announced a hot meal for all school kids and this will probably be administered by PTAs rather than Government employees, which is positive. Additional funds will be made available to local authorities to clean up the country but here no mention is made of the cleaning effort being privatised. The Minister has however, announced the creation of a Public Sector Task Force and of a Local Authority Governance Unit, two bodies to improve the efficiency of the public sector. We can only hope they will be efficient and will have real teeth when faced with wasted resources and poor services.

Next, the term Maurice Ile Durable (MID) was not mentioned. Is this the end of the project? The future of Mauritius is as an environmentally conscious island, with clean neighbourhoods, recycled materials for energy production and well administered building standards.

Our next phase of development requires the creation of a quality destination for our tourists, that would go well beyond their hotels, and the development of sound values for our youth. The Minister nevertheless allocated significant funds for the solar water heater scheme, inefficient electric appliances will suffer import penalties and smart electric meters will be installed to enable the application of tariffs depending on the hour at which electricity is consumed. Further, it is supporting the production of local compost from recycled waste through a subsidy per ton produced. These are steps in the right direction but a policy and vision statement was lacking.

The real challenges are in deeper structural reforms.

Let us however not ignore the capital investment programme that will continue in 2013 for a massive Rs28.6bn and a whole range of policy measures that will no doubt have a positive impact on various sectors of the economy. These are reviewed in this brief.

Tax Perspective
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The Honorable Minister of Finance and Economic Development forecasts a GDP growth for 2013 at 4%. Much of this objective rests on the Government's ability to implement a comprehensive strategy on Africa, the adoption of new technologies to build capacity, as well as sound macroeconomic management.

With the African continent outpacing many of the world's developed economies in terms of growth, the Minister is further re-enforcing the concept of the Mauritius gateway into Africa. In line with previous years, he announced plans to enlarge our treaty network with other African countries. However, a new measure in this year's budget is the granting of Freeport status to companies wishing to carry out manufacturing for export to Africa only, that is, such companies would be exempt tax. The Government is innovating through the integration of manufacturing into the gateway concept. This is a much needed addition to the traditional investment holding structures which Mauritius is so often used for Africa.

Hopefully, this would help to attract global manufacturers wishing to take advantage of Mauritius' tax free access to regional markets in Africa. However, key challenges remain air and sea access, people resources and skills.

The financial services sector performed well in 2012, with a growth of 12.4% in the global business. To maintain this cap, the Government is introducing new schemes such as tax exempt status for funds not requiring the benefit of Double Tax Treaty or the Regional Treasury Centre concept. Further, in an effort to promote higher value added activities, the Government has sent a clear message to the industry by making commercial substance a pre-requisite for qualifying for a Tax Residency Certificate in Mauritius. This should go some way to address some of the concerns that our Tax Treaty partners may have but it remains to be seen whether those substance criteria would be enough. Whilst this move is welcomed, more could have been done to attract new international players such as asset managers and other professionals to improve the value chain and develop new service offerings.

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Tax Perspective
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Tax revenue increased by 9.2% in 2012. In view of the apparent success of the tax amnesty schemes, the Minister is proposing to re-introduce the schemes for another nine months but with some further improvements and refinements. Hopefully, the new scheme would not force tax payers to withdraw their cases on appeal in order to benefit from a waiver of the penalties and interests. Negotiations on the tax assessments would be a fairer approach.

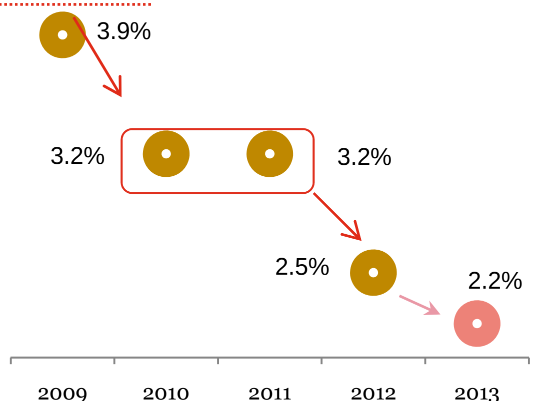
In terms of tax administration, the Minister introduced new measures to ease the burden of compliance for small enterprises by increasing the threshold for VAT registration to Rs4m whilst exempting persons with a turnover of less than Rs4m from filing Advance Payment System and Current Payment System. Other measures such as mobile payment service offered by the Mauritius Revenue Authority (planned for the end of 2013) would further reduce the compliance time.

Overall, the tax policy appears to promote investment into targeted areas of the economy as well as into capital and new technologies. The Minister used a mixture of traditional and new measures to shape the investment decisions. However, Africa has many challenges, and the re-positioning of the economy towards Africa may be slow.

At a glance

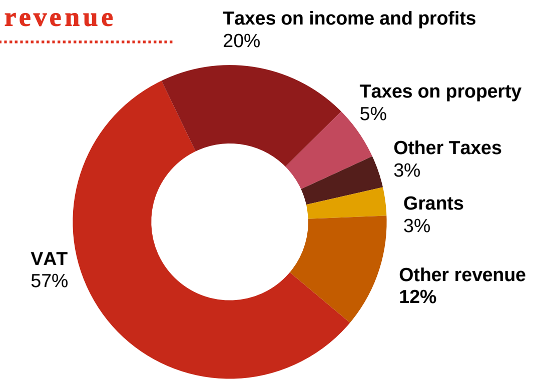
1 Budget deficit as a % of GDP

The forecast of a Rs13.4bn deficit in FY12 has been reduced to Rs8.5bn mainly due to lower investments than initially planned. In FY13, with a 12% increase in revenue and an 11% increase in expenses, combined with a growth rate of 4%, the Minister manages to post a contained budget deficit of 2.2%.



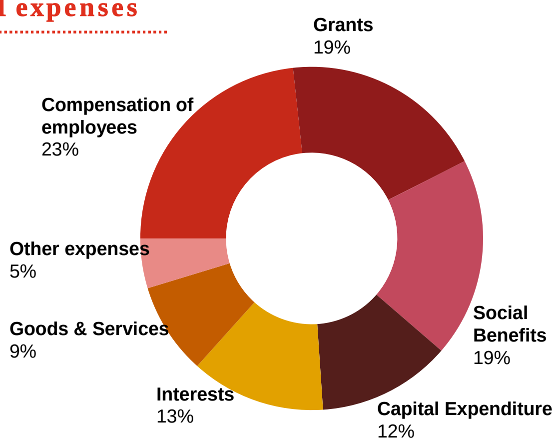
2 Composition of GoM revenue

GoM expenses is projected to increase from Rs83bn to Rs92bn in FY13. This is mainly due to a 19% increase in compensation of employees post PRB increases.



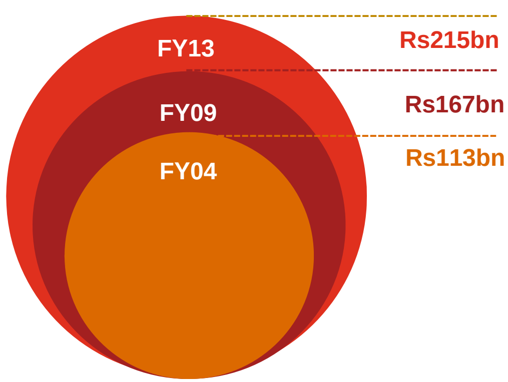
3 Composition of GoM expenses

The total public sector revenues are forecasted to increase to Rs83bn in FY13 from Rs74bn. Tax revenue increases by 10% while Other Revenue increases drastically due to transfers from Special Funds of Rs.1.2bn. Additionally, a dividend of Rs.1.8bn is expected from Mauritius Telecom.



4 Public debt as at 31 December

Public sector debt as a percentage of GDP is expected to decrease from 54.2% in FY12 to 53.7% in FY13. This represents a 10% rise in debt level in absolute terms.



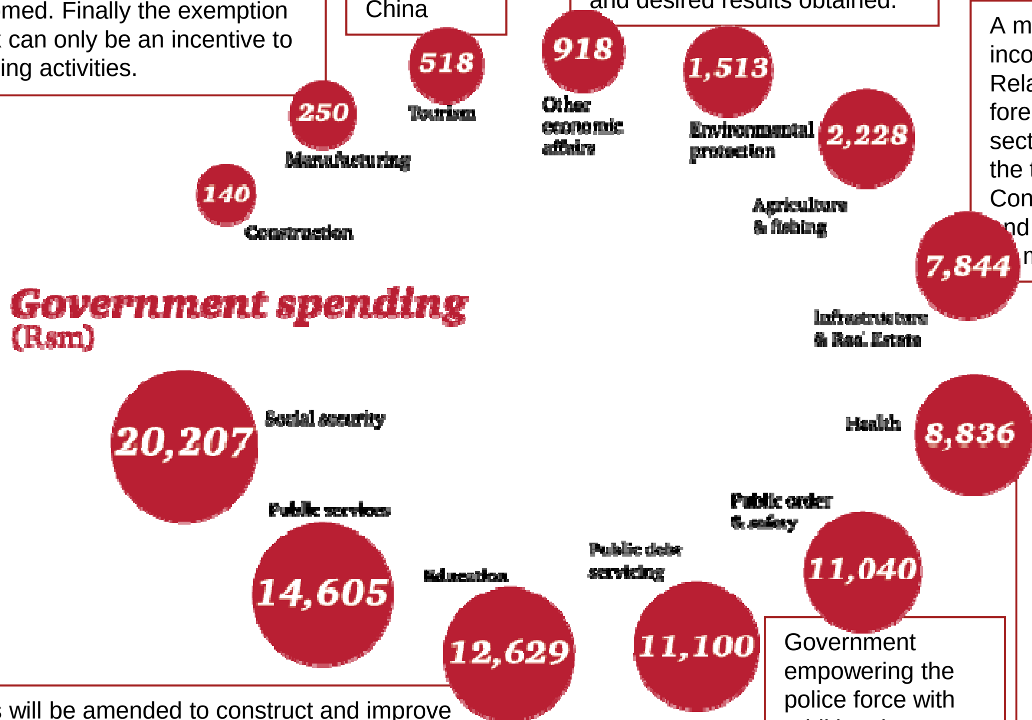
Commending the agility of the manufacturing sector to adapt in the face of increased global competition, the focus appears to be towards edging operators to new export markets namely Africa. The granting of a Freeport status to manufacturing companies with 100% export to Africa is testimony to it. Increased visibility into proposed changes to import duties allows for advanced planning. The abolition of the bank guarantee required for expatriate work permits as well as that of the AGOA levy will free up liquidity which is always welcomed. Finally the exemption of land conversion tax can only be an incentive to engage in manufacturing activities.

Budget measures mostly targeted at boosting demand from Russia and China

Rs 330m has been earmarked to revamp job placement for young men and women up to the age of 25. Whilst the intention is good, it remains to be seen to what extent the proposals will be implemented and desired results obtained.

Government is introducing new schemes such as tax exempt status for funds not requiring the benefit of Double Tax Treaty or the Regional Treasury Centre concept. In an effort to promote higher value added activities, Government has sent a clear message to the industry by making commercial substance a pre-requisite for qualifying for a Tax Residency Certificate in Mauritius. Whilst this move is welcomed, more could have been done to attract new international players such as asset managers and other professionals to improve the value chain and develop new service offerings.

A major boost is being given to the middle income group and first time home buyers. Relaxation of the rights to acquire property by foreigners should support the construction sector. More clarity will be provided towards the transfer of immovable property and Land Conversion Permits. Rationalisation of IRS nd RES taxes should be a welcomed measure.



No major overhaul in the health sector. Measures are mostly targeted towards the improvement of existing healthcare infrastructure. New mediclinics are being planned to enhance accessibility. Yet no clear indication as to how revenue potential from foreign patients will be harnessed. Healthy living measures will be promoted through tax levy differentials on soft drinks and bottled water.

Government empowering the police force with additional manpower and sophisticated equipments including computer assisted tools, increased CCTV coverage, tracking systems.

The CSR guidelines will be amended to construct and improve existing child day care centres. Focused measures towards lower income groups to attend child care centers with a view to increase access to education. To widen tertiary education access, low cost student loans (up to Rs100,000 per annum) will be offered with the government underwriting the first 20%. Establishment of 3 new campuses to cater for the rising number of local and foreign students (visa schemes will be relaxed).

Sector Review

- Manufacturing
- Public Infrastructure
- Global Business
- Telecom & ICT
- Banking & Insurance
- Real Estate
- Hospitality
- Employment & Social Measures
- SME's

Manufacturing

Measures focused on stimulating capital expenditure, exploring overseas markets, providing cost reduction incentives and improving exports procedures

- 50% accelerated depreciation on acquisition of plant, machinery and equipment to stimulate investment in the manufacturing sector
- 50% accelerated capital allowances on investment in green technology
- Bank guarantee required for expatriate work permits for export oriented enterprises abolished and replaced by an annual fee of Rs500 per employee
- Tax holiday granted to companies carrying out manufacturing activities entirely for export to Africa
- Abolition of AGOA levy – a tax on exports
- Land conversion tax exemption when land is used for manufacturing activities
- Foreign insurance companies will be allowed to offer export credit insurance
- Changes in import duty affecting local manufacturers will be announced with 6 months' notice
- Autonomy given to the Competent Authority within the seafood sector for the inspection and certification of fish and fish products intended for export

Some statistics	
Enterprise Mauritius to develop overseas markets	Rs135m
Abolition of AGOA levy and bank guarantee - release	Rs255m

Most important measures:

Tax holiday granted to manufacturing companies activities solely exporting to Africa

Land conversion tax exemption for land applied to manufacturing activities

Advanced notice in respect of changes in import duties

Public Infrastructure
(Page 1 of 2)

Government continues to invest in infrastructure as a means to spur growth, improve public welfare and leverage our ocean-based capabilities

- Implementation of a broad based infrastructure programme with investment of Rs28.6bn, representing a 39% increase over 2012
- New Freeport Zones planned near Port Louis and the airport
- Search for strategic partners to explore and exploit our ocean-based mineral resources
- Rs500m for urban and rural renovation projects
- Rs100m for the acquisition of compactor lorries
- Rs30m for the Road Development Authority to clean all classified roads in Mauritius
- Investment in Law and Order enhancing technology, such as computer-assisted identification of suspects, Crime Occurrence Tracking System, video recording of interrogations, new fingerprint and body-fluids search tools
- CCTV Street Surveillance System extended to several key areas across the island
- Commissioning of a new Digital Radio Communication System with more than 3,000 terminals

Some statistics

Infrastructure investment	Rs28.6bn
Renovation programmes	Rs500m
Healthcare infrastructure	Rs721m

Most important measures:

Harbour Bridge, A1M1 Bridge from Chapman Hill to Sorrèze, Port Louis Ring Road (Phase II) and Bagatelle Dam

First steps to diversify the economy towards the maritime extraction industry

Investment in technology to enhance law and order

Incentives for green energy

Public Infrastructure
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- Gaming houses, nightclubs and similar establishments relocated away from residential areas
- Investment in rapid intervention crafts and boats for the National Coast Guard
- Melrose prison completed by the end of 2013
- Rs10m for the upgrading of the "Vallée d'Osterlog" Endemic Garden
- Rs721m for new facilities at Victoria, Flacq, New Jeetoo Hospitals and some Mediclinics
- New campuses built in Réduit, Pamplemousses, Montagne Blanche and Forest Side
- Rs34m to the Forensic Science Laboratory
- Funds for the solar water heater scheme operated by DBM doubled to Rs200m
- 10,000 additional smart meters installed by CEB in 2013
- Offshore wind farms created in the waters of Rodrigues

Global Business

Measures brought to restore the credibility and integrity of Mauritius as a financial business centre and to enhance commercial substance of local Global Business Companies

- Position Mauritius as the location for the setting up of Regional Treasury Centres and Regional Headquarters Administration
- Issuance of Tax Residency Certificates ("TRCs") to Global Business Companies ("GBCs") only upon compliance with commercial substance requirements
- Service fee on issuance of TRC
- Automatic and rule-based penalties on late filing of documents and late payment of fees
- Signature of a Tax Information Exchange Agreement with India
- Creation of a new category of non-treaty based global funds that will enjoy tax-free status
- Licence fees for Management Companies based on turnover
- Presentation of a Limited Liability Partnership Bill
- Time limit of 3 months for the registration of all documents pertaining to global business activities at the Registrar-General's Department, except for immovable property or movable property in Mauritius

Some statistics	
Growth	12.4%

Most important measure:

Tax Residency Certificates issued to GBCs that comply with upcoming commercial substance requirements

Telecom & ICT

The budget places emphasis on technology embracement to improve the quality of life of citizens, create competitive edge in the business and improve Government efficiency

- The cost of international private leased circuits reduced further by 15%
- Government will introduce e-payment gateway to offer mobile payment services
- The potential of the youth harnessed by enabling easy access to digital device and internet connectivity
- Secondary schools linked by high speed fibre optics cables
- Free online training programme offered by Massachusetts Institution of Technology ("MIT")
- Incubators setup to encourage young application developers to build competencies
- Solidarity levy maintained until 2014
- Television broadcast will switch to digital spectrum by 2013
- Steps will be taken to accelerate 4G technology across the country with greater sharing of phone masts to transform Mauritius to a digital country
- Development of hi-tech manufacturing cluster with dedicated industry parks

Some statistics	
Entry level broadband	From Rs349 to Rs200 per month
Distribution of tablet devices to Form IV students	20,000 tablets
Emerging Leaders Award	USD100,000 per project

Most important measures:

Bridging the digital divide and making technology accessible to more citizens

Cost of international private leased circuits reduced further by 15%

Banking & Insurance

The budget has introduced positive measures for the protection of depositors and laid an increased emphasis on the development of SMEs and micro-insurance with the special levy maintained up to 2014

Banks

- Amendment to the legislation to improve governance and protect bank depositors and implementation of "Treat your customers fairly" programme
- Bank of Mauritius ('BOM') to impose caps where necessary on bank charges
- Appointment by commercial banks of a designated officer to deal with complaints and grievances
- Banks having exceeded their quota on SME financing will be allowed to pair up with other commercial banks to provide financing without involving the BOM
- Rotation of auditors by commercial banks every 5 years with a cooling off period of 3 years
- Government will guarantee 50% of losses on loans granted to micro and small enterprises (turnover under Rs10m)
- Development Bank of Mauritius will waive outstanding capital balance not exceeding Rs20,000 and which are more than 3 years old
- Low cost student loans up to Rs100,000 at Repo rate +3% with Government guaranteeing losses of up to 20%

Insurance

- New Compensation Fund under the Insurance Act to cater for cases of "hit and run"
- Alignment of income tax for insurance companies with their revenue levels effective as from year of assessment 2014

Some statistics

Annual loans to micro and small enterprises	Rs250m
Loans to micro and small enterprises	Repo +3%

Most important measures:

Improved protection on bank deposits

Cap on bank charges

Special levy maintained on banks

Real Estate

A major boost is being given to promote the creation of housing estates geared towards the middle income group and helping first time buyers onto the property ladder

- Increase in the maximum selling price of a unit in a middle income tier housing estate from Rs2.5m to Rs4m under the incentive schemes subject to registration on or after 1 January 2013
- Full exemption from registration duty on the purchase of a residential unit not exceeding Rs4m (up from Rs2.5m) and on land purchase of Rs1m (from Rs750,000) for first time buyers
- Exemption on the Land Conversion Tax for the following purposes:
  - construction of buildings for technical and vocational training
  - manufacturing activities
  - power stations for renewable energy; and
  - golf courses
- Non-citizens allowed to acquire an apartment in ground +2 complex for :
  - professionals earning more than USD3,000 per month and persons having invested more than USD100,000 and
  - persons investing a minimum of USD500,000 in a qualifying business activity
- RES and IRS taxes rationalised with taxes on local real estate
- Plugging of loopholes in existing laws relating to the transfer of immovable property
- Incentives for the purchase of energy efficient household goods and equipment.

Most important measures:

Exemption of registration duty for residential units up to Rs4m for first time buyers

Easing of thresholds for acquisition of apartments by non-citizens

Hospitality

Measures focused on increasing tourist arrivals from emerging markets with some support to the hotel industry

- Twice weekly direct flights to China as from January 2013 and one direct flight to Russia before the end of next year
- Fully equipped training centre for kite surfing adventures and rehabilitation of the One-Eye site at Le Morne
- Improving the tourist shopping experience of high street retail shops and restaurants
- VAT refund at the port and airport revamped, simplified and actively marketed
- Special Holiday Package to Rodrigues extended for a further year with the minimum number of nights reduced from 4 to 3 to encourage traffic
- 50% reduction in lease rental for hotels undergoing reconstruction and renovation subject to conditions
- Reduction of lease rental for sites with severe planning restrictions depending on imposed development constraints
- Payment facilities in respect of state land lease rentals accrued as at 31 July 2012 provided to hotels that have not distributed dividends in the last financial year and undertake not to distribute dividends during the repayment period

Most important measures:

Direct flights to China and Russia

Reduction in lease rental for renovating hotels under reconstruction and renovation

Payment facilities in respect of accrued rentals with dividend distribution restrictions

Employment & Social Measures
(Page 1 of 2)

The Budget focuses on youth employment, education and healthcare services.

- Rs330m to the Youth Employment Programme
- Joint public-private initiative to create Skills Working Group to align industry requirement with youth skills
- Recruitment of at least 1,000 persons in the Public Sector including the police force, health care and judiciary
- Government-backed Student Loan Scheme of Rs100,000 for local and overseas tertiary education
- Rs20m for tertiary education scholarship for students from vulnerable families
- Improved access to the information age through distribution of tablet computers to Form IV students, a reduced monthly broadband charge to Rs200 and extension of high-speed broadband to all secondary schools
- Rs130m for hot meals for students in Zone d'Éducation Prioritaire ("ZEP") schools
- Child allowance of Rs750 for every child in a family on the Social Register earning less than Rs6,500 per month
- Child benefits paid only to parents whose children meet a school attendance rate of 90%

Some statistics

Forecast unemployment rate	8%
Education budget	12% increase to Rs12.6bn
Excise duty on alcoholic drinks	5-15% increase
Excise duty on cigarettes and cigars	12 % increase

Most important measures:

Rs330m to facilitate youth employment

Rs721m for new medical facilities and high-tech medical equipments

Employment & Social Measures (Page 2 of 2)

- Rs20m towards child daycare centres in disadvantaged areas to meet standards for registration
- Maximisation of the impact of Corporate Social Responsibility ("CSR") by allowing funds to be used to finance child daycare centres
- Rs721m for new medical facilities and high-tech equipment
- Enhancement of healthcare service through revised shift system, Continuous Professional Development ("CPD") for all medical practitioners as well as setting minimum educational requirements and pre-registration examinations for aspiring doctors
- Tax relief for expenditure of up to Rs12,000 on medical or health insurance policies
- Provision for 85 residential units and 34 serviced lots under a pilot scheme by Ministry of Housing and 50 housing units under the Housing Development Trust Scheme
- Increase of 4.3% in basic retirement pension and in compensation for beneficiaries of social aid and income support
- Rs21m to equalise price of rice and flour in Rodrigues to that of Mauritius, and a further Rs23m to subsidise edible oil, powdered milk, tea and cement
- Sports Études programme extended to allow for 400 more young children

SMEs

This year's measures aim at further easing access to finance for SMEs and reducing their costs

- Annual additional loans of Rs250m to micro and small enterprises with turnover under Rs10m at interest rates capped at repo + 3%
- Government will guarantee 50% of any losses incurred by banks to further ease the SME financing process
- Leasing Equipment Modernisation Scheme ('LEMS') extended with interest rates on new leases reduced from 8.5% to 7.25%
- Value Added Tax ('VAT') registration threshold increased from a turnover of Rs2m to Rs4m per annum
- Loans made by DBM to SMEs with capital outstanding not exceeding Rs20,000 and unpaid for 3 years waived
- Multiplicity of schemes for SMEs will be regrouped and rationalised
- Performance bonds not required for government contracts up to Rs5m and Advance Payment Guarantees considerably overhauled
- Refund to SMEs for participation in international fairs doubled to Rs200,000
- Special grant of Rs10m to Enterprise Mauritius for the marketing of the local shoe industry.

Some statistics

Low cost financing provided to SMEs in 2012	Rs1.5bn
Additional financing for 2013	Rs250m

Most important measures:

Support to micro and small enterprises

Guarantee to banks by Government for losses on SME financing

Taxation & Tax Tables

Taxation & Tax Tables

Budget 2013

Personal Taxation

- Relief for medical and health insurance premium from net income, effective from 1 January 2013 as follows:

Individuals with no dependent	Rs12,000
Individuals with one dependent	Rs24,000
Individuals with 2 dependents	Rs30,000
Individuals with 3 dependents	Rs36,000
Retired person with no dependent	Rs12,000
Retired person with one dependent	Rs24,000

  No relief for premium paid under a combined medical and life assurance scheme

- Increase of 50% in respect of taxable fringe benefits for cars as follows:

Year of Assessment (YOA)	2013	2014
Up to 1600cc	Rs6000	Rs9,000
1601 to 2000cc	Rs6,750	Rs10,125
Above 2000cc	Rs7,500	Rs11,250

- Exemption from filing quarterly statements under the Current Payment System by self employed individuals deriving annual income of less than Rs4m

- Exemption from income tax on interest received on debentures quoted on the stock exchange

- Exemption of severance allowance will cover negotiated compensation under Section 24 of the Employment Rights Act as determined by the Court, effective 1 February 2009

- Exemption from income tax of lump sum as commutation of pension and retiring allowance up to a limit of Rs1.5m, effective 1 September 2012

- Extension of tax amnesty schemes for voluntary declaration and speedy recovery of tax arrears from January to September 2013

Corporate Taxation

- Tax-free status for global funds which do not require relief under the double tax treaty network
- Introduction of accelerated annual allowances in respect of expenditure made on manufacturing and "green technology" equipment during fiscal years 2013 and 2014
- Suspension of Alternative Minimum Tax (AMT) for manufacturing companies and hotels during fiscal years 2013 and 2014 to allow impact of new accelerated annual allowance measures
- Exemption from submission of quarterly statements under Advance Payment System (APS) for companies with an annual turnover not exceeding Rs 4m
- Extension of Tax Deduction at Source (TDS) to include services provided by laboratory technicians
- Increase of the TDS rate on interest payable to a non-resident from 10% to 15%
- TDS provisions applicable to public sector agencies in respect of project contracts and procurement of goods and services amended as follows:
  - No TDS withheld on payment less than Rs 500
  - Application of TDS on payment of royalties
  - TDS not applicable on air travel services and where there is continuity of service (e.g telephone and postal services)
- Extension of solidarity levy applicable to providers of telephony service for an additional year
- Special levy on banks maintained for another two years
- CSR contribution of up to 20% more than the statutory obligation can be spent in any given year but limited to 2 consecutive years. Any excess CSR contribution to be offset in 5 equal consecutive annual instalments against future CSR liability
- Carry forward of up to 20% of CSR fund not yet contributed instead of remitting same to the MRA
- Filing of tax return by a "Société Commercial" and any other resident société deriving income
- Introduction of a new basis of income tax for companies engaged in long term insurance business as from year of assessment 2014
- Taxation of foreign exchange gains on a realisation basis as from 1 January 2013
- Abolition of the 4-year tax holiday for small enterprise
- Extension of the Tax Amnesty Schemes up to 30 September 2013 for voluntary disclosure and rapid recovery of tax dues

Value Added Tax

Registration

- Increase in annual turnover threshold for compulsory VAT registration from Rs2m to Rs4m

Entertainment and Shopping

- Refund of VAT on purchase of fittings, equipment and furniture to high street retail shops and restaurants within 7 days of claim made
- Revamping of the current VAT refund system to encourage the development of shopping by visitors at the port and airport

VAT refund for agro-industry and fisheries

- Extension of the full VAT refund for agricultural and fisheries sector up to year 2013 on the following:
  - spare parts for agricultural machinery and equipment
  - weed mats
  - plastic mulch
  - post-harvest equipment
  - dryers for agricultural products
  - weight scales
  - refractometer
  - industrial type chill room/cold room
  - straw and fodder bailers
  - honey extractor
  - tyres used for tractors
- Extension of full VAT refund on equipment to producer cooperatives in agro-industry and fisheries sector

Abolition of VAT on:

- Infant cereals not containing milk
- Colostomy bags and urine bags
- Entrance fees to cinemas, concert and shows
- Royalty on importation of film

Other Taxes

- Exemption of Customs duty and VAT on the first Rs2,000 of imported goods by post and courier services

- Abolition of:

  - 15% customs duty on sinks, wash-basins, baths, bidets ,toilets, flushing cisterns and mechanism, and television sets of over 82 cm; and
  - 30% customs duty on sanitary towels (pads) and tampons and jute bags

- Increase of excise duty on cigarettes and cigars by 12%

- Increase of excise duty on alcoholic drinks from 5 to 15%

- Abolition of excise duty on the following:

  - motorcycles cylinder capacity from 126 to 200cc;
  - "classic or vintage" motor cars manufactured before 1970

- Reduction of registration duty and annual road tax to Rs 1,000 each on "classic or vintage" cars

- Reduction of excise duty on all electric cars to 25%

- Application of 15% concessionary rate of excise duty on the first Rs1.5m import value on a motor vehicle of a returning resident

- Imposition of excise duty of 2 cents for each gram of sugar on soft drinks and sugar, imported or produced locally, effective as from 1 January 2013

- Abolition of levy of Rs1.5 charged by CWA on each litre of locally produced soft drinks and bottled water

- Exemption of the Land Conversion Tax on the following:

  - construction of buildings for technical and vocational training;
  - setting up of manufacturing companies as certified by BOI;
  - power stations for renewable energy; and
  - golf courses.

- Increase in registration duty exemption for first time buyers of built- up residential property of value from Rs1.5m to Rs4m

Corporate Tax Rates and Tax Credits
(Page 1 of 3)

Year of Assessment (YOA)		2014	2013	2012	2011
Corporate Tax Rates - Part II of First Schedule to the ITA 1995					
1	Corporate body incorporated in Mauritius	15%	15%	15%	15%
2	ICT companies engaged in BPO back office operations, call centres or contact centres (up to 30.06.2012)	15%	15%	5%	5%
3	Companies operating in the Freeport Zone - applicable rate depends on type of licence (exemption will apply indefinitely)	0	0	0	0
4	Information and Communication Technology Companies (certificate in force on or before 30.09.2006) – on services provided to non-residents	15%	15%	Exempt	
5	Companies under the Investment Promotion (Regional Headquarters Scheme) (certificate in force on or before 30.09.2006)	Exempt for 10 years			
6	Small enterprise under the Small and Medium Enterprises Development Authority Act 2009	15%	Exempt		

Corporate Tax Rates and Tax Credits
(Page 2 of 3)

Capital Allowances – Year of Assessment 2014	**Annual Allowance**
Industrial premises dedicated to manufacturing	30% base value
Hotels	30% base value
Commercial premises including shops and shopping malls, offices, showrooms, restaurants and other entertainment places and clinics	5% cost
Plant & machinery by a manufacturing company	50% cost
Renovation works incurred by hotels, restaurants and retail outlets	33% cost
Electronic and high-precision machinery (including computer hardware and software)	50% cost
Motor Vehicles (Maximum Rs3m of allowances per vehicle)	25% base value
“Green” technology equipment	50% cost
Scientific research	50% cost
Equipment and machinery costing less than Rs 50,000	100%

Corporate Tax Rates and Tax Credits
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Tax Deduction at Source	Rate of tax			
Year of Assessment	**2014**	**2013**	**2012**	**2011**
Interest – Non Resident	15%	10%	10%	10%
Royalties - Resident	10%	10%	10%	10%
Royalties – Non Resident	15%	15%	15%	15%
Rent	5%	5%	5%	5%
Payments to contractors and sub-contractors	0.75%	0.75%	0.75%	0.75%
Payments to providers of services	3%	3%	3%	3%
Payment by Ministries and Local Government for the procurement of:				
- payments > Rs 300,000 (goods & services)	1%	1%	1%	
- payments > Rs 100,000 (goods only)	1%	1%	1%	
- payments > Rs 30,000 (services only)	3%	3%	3%	
Payments made to the owner of an immovable property or his agent	5%	5%	5%	
Payments made to a non-resident for any services rendered in Mauritius	10%	10%	10%	

Personal Taxation

Income Exemption Threshold

Year of Assessment (YOA)		2014	2013	2012	2011
		Rs	Rs	Rs	Rs
Category A	Individuals with no dependent	270,000	270,000	255,000	255,000
Category B	Individuals with one dependent	380,000	380,000	365,000	365,000
Category C	Individuals with 2 dependents	440,000	440,000	425,000	425,000
Category D	Individuals with 3 or more dependents	480,000	480,000	465,000	465,000
Category E	Retired/disabled person with no dependent	320,000	320,000	305,000	305,000
Category F	Retired/disabled person with one dependent	430,000	430,000	415,000	415,000

Personal Taxation
Maximum relief for medical/health insurance premium

Year of Assessment (YOA)		2014	2013	2012	2011
		Rs	Rs	Rs	Rs
Category A	Individuals with no dependent	12,000	N/A	N/A	N/A
Category B	Individuals with one dependent	12,000 for self + 12,000 for dependent	N/A	N/A	N/A
Category C	Individuals with 2 dependents	12,000 for self + 12,000 for first dependent + 6,000 for second dependent	N/A	N/A	N/A
Category D	Individuals with 3 or more dependents	12,000 for self + 12,000 for first dependent + 6,000 for second dependent + 6,000 for third dependent	N/A	N/A	N/A
Category E	Retired person with no dependent	12,000	N/A	N/A	N/A
Category F	Retired person with one dependent	12,000 for self + 12,000 for dependent	N/A	N/A	N/A

About PwC

About PwC

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with more than 180,000 people who are committed to delivering quality in assurance, tax and advisory services.

PwC in Mauritius is recognised as a thought leader and a change initiator, where more than 200 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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