

An overview of :

Mauritius Finance Act 2023



Introduction

The Finance (Miscellaneous Provisions) Act 2023, enacted on 20 July 2023, provides for the implementation of most of the measures announced in by the Minister of Finance, Economic Planning and Development, Dr. the Honorable Renganaden Padayachy in his budget speech for 2023/2024.

This is an outline of the salient measure, as initially communicated in our budget highlights 2023/2024, which in force via the Finance Act and which is pertinent to our valued customers.



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Areas covered

- ⇒ Taxation
- ⇒ Corporates
- ⇒ Global Business & Financial Services

Abbreviations

AML/CFT **Anti Money Laundering / Combating the Financing of Terrorism**

EDB **Economic Development Board**

ESG **Environmental, Social & Governance**

FSC **Financial Services Commission**

MRA **Mauritius Revenue Authority**

PAYE **Pay As You Earn**

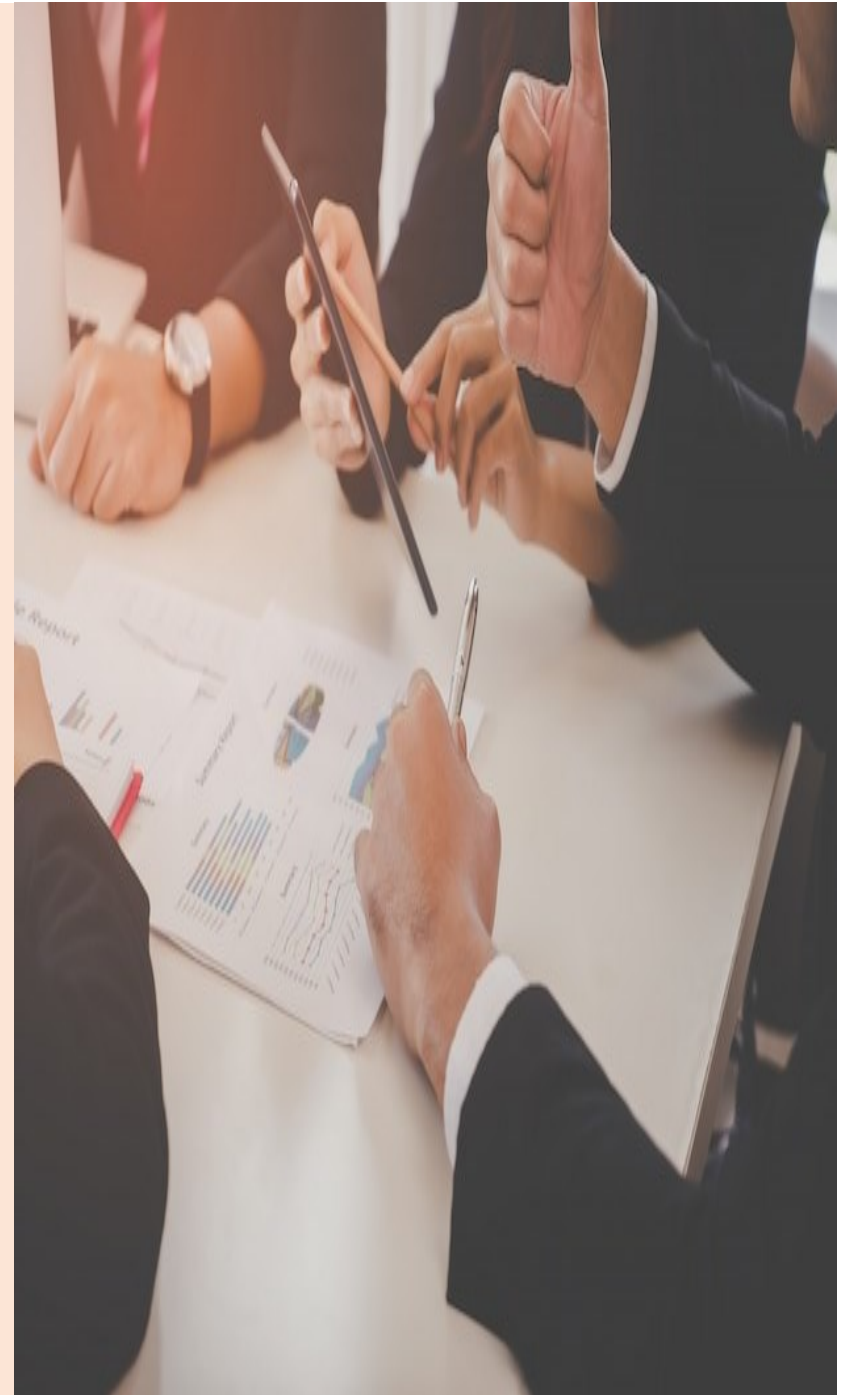
PCC **Protected Cell Company**

ROC **Registrar of Companies**

TDS **Tax Deduction at Source**

VAITOS **Virtual Assets and Initial Token Offerings**

VCC **Variable Capital Company**





TAXATION

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Taxation relating to specific industries.

Financial services

- The Income Tax already allows PCCs and VCCs to elect to present separate financial statements in respect of each of their cells and thus treat each cell as a separate entity for tax purposes. The MRA will not recover income tax due by a cell from the cellular assets of another cell of that PCC or VCC or from the non-cellular cells except where such assets are directly attributable to that cell of the PCC or VCC.
- TDS not to be deducted from payments to **management companies and investment advisors** licensed by the FSC.
- Discontinuation of 5-year tax holiday for **investment banks** licensed after August 2018.
- Interest derived from a **sustainability bond** or a **sustainability-linked bond** to finance sustainable projects in Mauritius to be exempted from income tax.
- Interest derived by a **Collective Investment Scheme** or a **Closed-End Fund** licensed or approved by the FSC to benefit from 95% tax exemption (while income other than interest to continue to benefit from 80% tax exemption).

Virtual asset service providers and issuers of initial token offerings under the Virtual Asset and Initial Token Offering Services Act 2021 to submit to the MRA an annual statement of financial transactions in respect of transactions over a certain threshold, except in respect of non-citizen individuals, companies with a Global Business Licence, and public listed companies, their subsidiaries and associates.





Banks

- The incentive tax rate of 5% (third tax band) has been removed.
- The tax rates of Banks will be as follows;
- Chargeable income up to MUR 1.5 Billion –5%
- Chargeable income above MUR 1.5 Billion –15%

Telephony service providers

- Solidarity levy on turnover has been reduced from 1.5% to 1%.
- The Solidarity levy is applicable for companies who made a loss both the current and preceding year.

Manufacturing companies

- Double deduction on market research and product development expenditure will be extended beyond the African market; but will be restricted to companies having an annual turnover not exceeding Rs 500 million.
- Investment tax credit of 15% over 3 years up to 30 June 2026 in respect of expenditure incurred on new plant and machinery (excluding motor cars). Any unrelieved investment tax credit may be carried forward over 10 years.

Tax arrears

Taxpayers applying for TASS by 31st December 2023 will benefit full waiver of penalties and interest of tax arrears, outstanding as at 02 June 2023 under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act, provided the arrears are paid in full by 31 March 2024.

Taxpayers with cases pending before the Assessment Review Committee, the Supreme Court or Judicial Committee of the Privy Council as at 02 June 2023 can benefit from TASS after withdrawing their cases before these institutions.



Company Law

- The service address of a company under the Companies Act has to be in Mauritius.
- A public listed company to be required to have a minimum of 25% of women on its board of directors.
- A company to be allowed up to 1 month from the date of resignation or death of the last remaining director to appoint a replacement director, failing which the ROC would be entitled to remove the company from its register.
- The board of directors of a company to be required to send a copy of the company's annual report to its shareholders, or the financial statements to shareholders who elect not to receive the annual report at least 21 days (instead of 14 days) before the annual meeting of shareholders. The annual report or financial statements to be sent in such form as the ROC may approve, although the shareholders retain the right to receive a hard copy within a reasonable time.





ESG / Sustainability

- A National Contact Point will be set up for Responsible Business Conduct for the purpose of the OECD Guidelines for Multinational Enterprises on Responsible
- Business Conduct. These Guidelines consist in recommendations addressed to multinational enterprises to enhance the business contribution to sustainable development and address adverse impacts associated with business activities on people, planet and society.
- The functions of the National Contact Point would be to inter alia raise awareness among businesses and other stakeholders on certain matters addressed in the Guidelines and contribute to the resolution of such issues.

Financial Services

Administrative and compliance matters

- FSC licensee is required to submit an independent compliance report on such terms and conditions as the FSC may determine.
- The Enforcement Committee is to be entitled to initiate disciplinary proceedings against a licensee for breach of AML/CFT legislation.
- If a licensee fails to pay administrative penalties, the Chief executive may, after giving notice of not less than 90 days terminate the licence subject to such terms and conditions as he deems appropriate in the circumstances.
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Investment funds

- Closed-end funds and collective investment schemes are allowed to be used as structures to invest in money market instruments or debt instruments including loans, debt obligations or similar instruments.



VCCs

A Variable Capital Company (VCC) will be allowed to operate as:

A VCC Fund.

Family Office through a special purpose vehicle.

Such other activity as may be prescribed.

No other company shall be allowed to operate as a VCC.

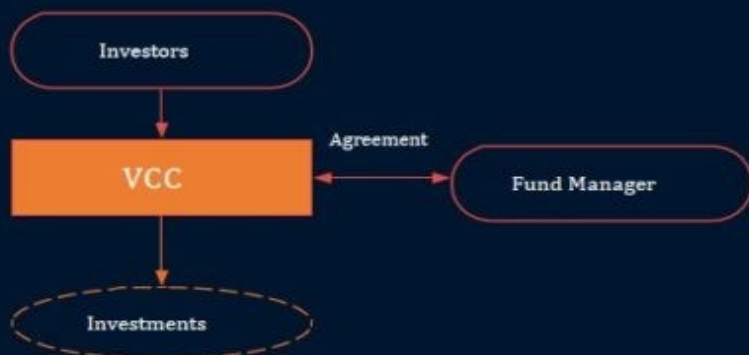
The primary objective of the company is to be specified in the VCC's written constitution. The FSC Rules in question would provide for

(a) the criteria, requirements and obligations applicable to a VCC, sub-fund or special purpose vehicle, and

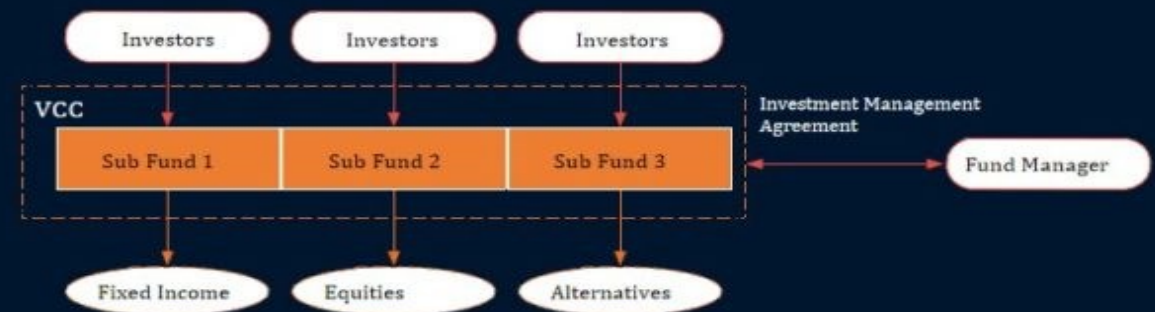
(b) the taking of fees and the levying of charges.



Stand-alone (single fund) VCC



Umbrella (multiple sub-fund) VCC



VAITOS

- A Virtual Asset Custodian, being the holder of a class “R” licence issued by the FSC, will be allowed to hold custody of security tokens or such other instruments as the FSC may approve.
- The FSC Rules relating to VAITOS to provide prudential standards in respect of a virtual asset register for any person who holds a virtual asset.
- Any person holding a Custodian (digital assets) licence issued by the FSC to be deemed to be licensed, from 06 August 2023, as a class “R” Virtual Asset Custodian on such terms and conditions as the FSC may determine.



IMMIGRATION

Occupation permits (OP)

Investor OP

The non citizen will be allowed to submit a written undertaking to transfer the minimum amount of USD 50,000 from his foreign bank account to his Mauritius bank account within 60 days of the issuance of the OP.

Professionals OP

Monthly salary threshold for Professional OP reduced from MUR 60,000 to MUR 30,000.

Young Professional OP

The young professional occupation permit to no longer be restricted to certain specified fields.

Self employed OP

The non citizen will be allowed to submit a written undertaking to transfer the minimum amount of USD 35,000 from his foreign bank account to his Mauritius bank account within 60 days of the issuance of the OP.



Acquisition of property by non-citizens

Acquisition of immovable property outside existing schemes

- Non citizens who are resident in Mauritius will be allowed to acquired residential property outside of existing schemes (such as smart city scheme and property development scheme), subject to conditions including
 - a. payment of an additional registration duty of 10%
 - b. the purchase price is not less than USD 500,000 or its equivalent.

Sustainable City Scheme

- Non citizens will be allowed to acquire residential property in a sustainable city.
- The non citizen and his family will be granted a Resident Permit on acquisition of property of a minimum price of USD 375,000 under the Sustainable City Scheme



**Property Development
Scheme (PDS) Project
relating to Senior Living**

- Non citizens will be given Residence Permit on acquisition of a property in a PDS relating to a senior living provided that:
- the acquisition price exceeds USD 200,000; and
- the non-citizen is aged above 50 years old.



Premium Investor Certificate

- The Premium Investor Certificate (PIC) was introduced in 2021 and is granted where the project
 - (a) Relates to the manufacture of
 - (i) pharmaceuticals; or
 - (ii) medical devices; or
 - (b) involves a minimum investment of MUR 500 million in –
 - (i) emerging sectors;
 - (ii) pioneering industries and first movers;
 - (iii) innovative technologies and industries; or
 - (iv) such targeted economic activities as the Minister may approve
- The PIC holder is allowed to negotiate incentives with the EDB.
- The PIC will be extended to entities engaged in manufacture of materials for renewable energy technologies.
- The PIC will be extended for projects with minimum investment of MUR 500 million in
 - I. the acquisition or taking over of the whole or part of a Government undertaking
 - II. the acquisition of more than 50 per cent of the shareholding held by Government in a company;
 - III. a project implemented under an appropriate Environmental, Social and Governance (ESG) framework and having met a minimum ESG score as certified by a recognised rating agency.

