



ANDERSEN®

**The Finance  
(Miscellaneous Provisions)  
Act 2024: Taxation Highlights**

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**CORPORATE TAXATION**

**Corporate Climate Responsibility (CCR) Levy**

The introduction of the CCR Levy took many by surprise, affecting entities with an accounting year ending on or after January 1<sup>st</sup>, 2024. The retrospective application of this new "income tax" is a major concern, especially for companies that have already closed their financial accounts.

The CCR Levy applies to a broad range of entities, including domestic companies, Global Business Companies (GBCs), Authorized Companies (AC) deriving local source income, trusts, foundations, and resident sociétés which are typically tax-transparent entities.

Although foreign tax credit may be claimed against the CCR Levy, the levy represents an additional income tax burden. While the CCR levy could bring immediate short-term gains to the government, this could negatively impact Mauritius' competitiveness as an International Financial Centre.

<b>Objective</b>	To finance the "Climate and Sustainability Fund" aimed at supporting national initiatives to protect, manage, invest and restore the country's natural ecosystem and combat the effects of climate change.
<b>Entities in Scope</b>	Companies with annual turnover* exceeding MUR 50 million.  Companies mean body corporates incorporated in Mauritius or elsewhere, and includes non-resident sociétés, resident sociétés, a cell of a protected cell company, variable capital companies, foundations, trusts, or a trustee of a unit trust scheme.  <i>* "Turnover" is defined as the gross income derived from all sources, including any exempt income.</i>
<b>Rate of CCR Levy</b>	The CCR Levy will be applied at a rate of 2% on the chargeable income.
<b>Effective Date</b>	The CCR Levy will be effective for the Year Of Assessment ("YOA") starting on 1 July 2024.

**Impact of the CCR Levy on the effective tax rate of companies:**

Types of entities	YOA 2023-2024	YOA 2024-2025
Domestic company	17%	19%
Global Business Company <u>not</u> claiming the 80% partial exemption	15%	17%
Global Business Company claiming the 80% partial exemption	3%	3.4%
Companies engaged in export of goods	3%	5%

**Exemptions, Tax Credits and Tax Deductions**

**Partial Exemption**

As from YOA 2025-2026, Companies engaged in the below activities can now claim 80% exemption on their income, provided that they meet the prescribed substance requirements:

- A company holding a Robotic and Artificial Intelligence ("AI") Enabled Advisory Services licence issued by the Financial Services Commission ("FSC")
- A company holding a Payment Intermediary Service licence issued by the FSC

## Income Exemption

Profits or gains derived from the sale of virtual assets and virtual tokens\*

*Effective date: 1 July 2024*

Interest income derived from bond issued by public sector company to finance infrastructure projects. The exemption should be approved by the Minister of Finance, Economic Planning and Development\*

*Effective date: Gazette date*

Income received as compensation from the government or a public sector body for losses suffered due to a natural disaster.

*Effective date: 1 July 2024*

\*The exemption applies to both individuals and companies.

## Tax Credits & Deductions

Investment Tax Credit of 15% on capital expenditure incurred on AI and patents during the period from 1 July 2020 to 30 June 2026. The credit shall be available to be claimed for a period of 3 years.

*Effective date: 1 July 2024*

Manufacturing Companies:

- Investment tax credit of 15% over 3 years will henceforth include AI and patents.  
*Effective date: 1 July 2024*
- Recycling will be classified as manufacturing activity and henceforth eligible for incentives provided to manufacturing companies.  
*Effective date: YOA 2025-2026*

Tax credit of 25% of capital expenditure incurred on crèche or on the cost of setting up a Child Day Care Centre for the benefit of its employees.

*Effective date: 1 July 2024*

Triple deduction on donations made electronically to NGOs involved in the combat against drug abuse, prevention of gender-based violence, and poverty alleviation. The amount of deduction shall not exceed Rs 1M.

*Effective date: 1 July 2024*

*Double deduction on expenditure incurred to support the work of a professional in the Arts.*

*Effective date: 1 July 2024*

## INDIVIDUAL TAXATION

### Personal exemptions and reliefs

Below table lists some of the tax incentives provided to individuals:

#### Tax incentives

Increase in the threshold of exempt lump sum from Rs 2.5M to Rs 3M.

*Effective date: 7 June 2024*

The below allowances provided under the Social Contribution and Social Benefits Act 2021 would be exempt from income tax:

- Child Allowance
- Equal Chance Allowance
- Independence Allowance
- Maternity Allowance
- Pregnancy Care Allowance
- Revenue Minimum Garanti Allowance
- School Allowance
- Social Contribution Income Allowance

*Effective date: 26 July 2024*

An increase in deduction from MUR 50,000 to MUR 100,000 for donations to charitable institutions.

*Effective date: YOA 2024-2025*

Introduction of additional deduction:

- A maximum of Rs 30,000 in respect of wages payable to carer(s) to take care of one's parents or grandparents.
- A maximum of Rs 60,000 in respect of fees payable per dependent attending a fee-paying primary or secondary school registered under the Education Act.

*Effective date: YOA 2024-2025*

## **VALUE ADDED TAX**

The lists of zero-rated and exempt supplies have been extended to include the below goods and services:

### **Zero-rated supplies**

Services provided by management companies to trusts foundations, provided that their settlor/founder and beneficiaries, are non-residents.

*Effective date: 26 July 2024*

Roasted coffee.

*Effective date: 1 March 2024*

### **Exempt supplies**

Entrance fee to digital art galleries.

*Effective date: 26 July 2024*

Vehicles used by approved contractors engaged in the construction of social housing unit.

*Effective date: 1 August 2023*

Acquisition of goods and services for a project funded by a donor organisation, where at least 50% of the funding comes from a grant or concessionary loan.

*Effective date: 26 July 2024*

### **Other matters**

- A person who has voluntarily registered for VAT can claim input tax on goods and services acquired as from the date of voluntary registration.

*Effective date: Gazette date*

- For VAT invoices denominated in foreign currency, the exchange rate into rupees is to be specified.

*Effective date: Gazette date*

## TAX ADMINISTRATION

### Tax Arrears Payment Scheme (TASS)

#### 100% waiver of penalty and interest

Where tax/contributions arrears outstanding as at 30 June 2024 under the following Acts are fully paid on or before 26 June 2025, any penalty and interest included in the tax arrears shall be reduced by 100%, provided that an application for the reduction is made to the Director-General on or before 31 March 2025.

- Income Tax Act
- Value Added Tax Act
- Gambling Regulatory Authority Act
- Social Contribution and Social Benefits Act 2021
- Human Resource Development Act

#### 75% waiver of penalty and interest

Where contributions arrears outstanding as at 30 June 2024 under the National Pensions Act or the National Savings Fund Act are fully paid on or before 26 June 2025, any penalty and interest included in the tax arrears shall be reduced by 100%, provided that an application for the reduction is made to the Director-General on or before 31 March 2025.

TASS is also applicable to assessments pending before the Assessment Review Committee, the Supreme Court or the Privy Council

*Effective date: 26 July 2024*

## Hearing of representations

Where a panel has started hearing representations and the Chairperson, Vice-chairperson or any other member form part of the panel, the below persons can replace the mentioned panel members, with the consent of the parties to the case.

Personnel of the panel	May be replaced by:
Chairperson	Vice-chairperson
Vice-chairperson	Chairperson or another Vice-chairperson
Any other member	Another member

*Effective date: 26 July 2024*

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