

ANDERSEN®

2025/2026

# BUDGET

HIGHLIGHTS



Mauritius

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# Editorial

## Rebuilding Credibility


**The Government's first Budget strikes a tone of fiscal correction and cautious transformation – but much will depend on delivery and discipline.**

In presenting the first Budget of this new government, the Honourable Prime Minister and Minister of Finance and Economic Development, Dr Navinchandra Ramgoolam, did not just lay out a financial blueprint – he offered a sweeping critique of the past and a bold pledge to reset the national course. Faced with deteriorating public finances, growing debt, and economic uncertainty, this was not a Budget of extravagance, but one of reconstruction: *From Abyss to Prosperity*, as the speech itself proclaimed.

The backdrop is sobering. Public debt at 90% of GDP, a ballooning budget deficit, and the fiscal scars left by pandemic-era monetary interventions all weigh heavily on the national balance sheet. Yet, rather than shy away from the hard numbers, Dr Ramgoolam put them front and centre – a rhetorical and political strategy that sets the stage for the corrective agenda that follows.

At its core, this Budget is structured around three pillars: Economic Renewal, A New Social Order, and Fiscal Consolidation. Together, they reflect an attempt to move the country away from consumption-led growth to a more investment-driven, innovation-centred economic model – with credibility and execution being the twin tests it must now pass.

On the fiscal side, the government's pledge to bring the debt ratio down to 75% within its mandate, and to a statutory target of 60% over the longer term, is ambitious. Notably, the Minister of Finance resisted the temptation to



raise VAT – a politically and socially sensitive move – choosing instead to broaden the tax base, cut exemptions, and introduce new contributions from high-income individuals and profitable sectors.

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However, make no mistake - this is, by any measure, a high-tax Budget. While efforts have been made to preserve progressivity and broaden the base, the cumulative tax burden – especially on corporates and higher earners – is substantial. As the Minister of Finance himself alluded, the looming risk of a sovereign rating downgrade is real and pressing. It is undoubtedly one of the key factors that has shaped this Budget's aggressive fiscal posture. The priority now must be to restore macroeconomic confidence so that future Budgets can shift from austerity to opportunity.

### **Taxation Measures: Fairness Meets Pragmatism**

Tax reform rightly takes centre stage. The simplification of the personal income tax regime – from 11 bands to just three – is a welcome step

towards greater clarity and ease of compliance. With income up to Rs 500,000 now taxed at 0%, and a top rate of 20% above Rs 1 million, this structure will ease the burden for many taxpayers, particularly those in the middle-income brackets who have historically been squeezed.

At the higher end, the Fair Share Contribution introduces a temporary, progressive top-up for high-net-worth individuals and profitable corporates. High-income earners will be subject to the new Contribution: a 15% levy on annual income above Rs 12 million, inclusive of local dividends. This represents a marginal rate of tax of 35%, which is far higher than the flat 15% rate of a few years ago.

For corporates, a sliding Fair Share Contribution of up to 5% is applicable for chargeable income above Rs 24 million. Considering the existing corporate tax rate of 15% plus the additional burden of the recent Corporate Climate Responsibility (CCR) Levy of 2% and the pre-existing Corporate Social Responsibility (CSR) contribution of 2%, the tax rate for some profitable domestic companies could reach 24%. Banks have also been targeted in the process.

The Fair Share Contribution is applicable for a period of three years (up to June 2028) and explicitly excludes Global Business Companies (GBCs). While the policy is defensible in a period of fiscal repair, it must be implemented with care to avoid eroding investor confidence or adding excessive complexity to the compliance environment.

The Qualified Domestic Minimum Top-Up Tax (QDMTT), which applies to resident subsidiaries or parents of large multinational enterprises, seeks to ensure a 15% minimum effective tax rate in line with OECD Pillar Two. While its scope is

narrow, the timing may prove premature given the evolving global consensus and uncertainty in other jurisdictions. A more measured rollout might have mitigated transitional risks. The Alternative Minimum Tax on selected sectors is another step that must be implemented carefully to avoid disincentivising investment.

The VAT reforms are equally notable. On one side, the reduced registration threshold from Rs 6m to Rs 3m will bring a number of small businesses within the scope of VAT. On the other hand, the extension of VAT to digital services supplied by foreign providers reflects a more modern and equitable approach to taxation in a digitised economy. These changes will expand the VAT base, but will also demand increased administrative readiness and taxpayer education.

Most welcome, however, is the decision to restrict the MRA's assessment powers to two years, save in exceptional circumstances. This long-standing ask from tax professionals and businesses will help enhance tax certainty. Complementary dispute resolution and voluntary disclosure mechanisms should further streamline taxpayer interaction and help clear the backlog of legacy cases.

Taken together, these reforms represent a strong pivot towards simplification, equity, and fiscal resilience. The next phase must prioritise predictability — giving businesses and individuals the clarity and confidence to plan ahead.

A final point concerns property taxation. The increase in registration duty from 5% to 10% on non-citizen purchases under existing investment schemes — as well as the corresponding increase in land transfer tax — is a clear revenue-raising measure. A disguised

capital gains tax on property, some may say. While understandable in the current context, it does risk tempering foreign investor appetite for real estate. Care must be taken to ensure that this does not undermine long-term investment flows into a sector that remains strategically important for the Mauritian economy.

### **A Reset for Financial Services**

For the financial services sector, the government has taken important — though long overdue — steps to restore credibility. A forthcoming Financial Sector Assessment Programme by the IMF and World Bank, reforms to licensing procedures, and an enhanced compliance culture all send the right signals.

While the Africa strategy and “Innovative Mauritius” brand refresh are positive in theory, they must now be matched by practical facilitation. Investors will judge Mauritius not by slogans, but by the ease and speed of doing business.

Having said that, we feel that the sector has suffered from a slowdown in recent times. The success of the last two decades has perhaps been taken for granted, even as competing regional financial centres become increasingly aggressive. This Budget’s announcements — from a unified e-licensing system to the electronic trade documents bill, and streamlined pathways for wealth management and family office licensing — are positive, but more will be needed to regain momentum.

What remains missing is a coherent strategic vision. Mauritius must reassert its position, not just as a compliant jurisdiction, but as an agile and innovative one.

### **Balancing Growth and Social Equity**

Even amid fiscal tightening, the Budget sustains a wide range of social measures, including digitisation in healthcare and introduction of AI in the educational curriculum. These are thoughtful measures — but execution will be critical.

The economic strategy laid out reflects a shift in focus — from consumption to investment, from relief to resilience. The four newly announced *Pôles de Croissance* — in renewable energy, blue economy, creative industries, and waste transformation — are promising.

That said, ambition must now meet delivery. The business community will be watching closely to see whether measures to simplify procedures, especially through the restructured EDB, actually materialise on the ground.

### **Conclusion: From Repair to Renewal**

This is a Budget of restoration, not reward — one that seeks to stabilise the fiscal landscape while laying the foundations for long-term transformation. The diagnosis is candid, and many of the prescriptions — particularly in taxation and innovation — are measured and relevant.

But Mauritius has seen ambitious Budgets before. What will define this one is not its vision, but its execution. If follow-through matches intent, this could be the Budget that re-establishes economic credibility and begins the long path to sustainable renewal.

# Glossary of Terms

AI	Artificial Intelligence
AMT	Alternative Minimum Tax
ARC	Assessment Review Committee
CSG	Contribution Sociale Généralisée
CSR	Corporate Social Responsibility
FSC	Financial Services Commission
GBC	Global Business Company
ITA	Income Tax Act 1995
MNEs	Multi National Enterprises
MSMEs	Micro, Small & Medium Enterprises
MRA	Mauritius Revenue Authority
OECD	Organisation for Economic Co-operation and Development
QDMTT	Qualified Domestic Minimum Top-Up Tax
Rs	Mauritian Rupee
SMEs	Small and medium-sized enterprises
TASS	Tax Arrears Settlement Scheme
TDS	Tax Deducted at Source
TDSS	Tax Dispute Settlement Scheme
VATA	Value Added Tax Act
VDSS	Voluntary Disclosure Settlement Scheme

# Corporate Taxation

## Fair Share Contribution on Corporates

A Fair Share Contribution is being introduced to ensure higher contributions from corporates having annual chargeable income above Rs 24 million. This is likely the most significant corporate tax measure, aiming to improve fiscal equity and sustainability.

Fair Share Contribution at the below rates, calculated on chargeable income	Applicable Entities
5%	Companies subject to standard tax rate of 15% Banks (including income from transactions with non-resident and GBCs)
2%	Companies subject to the reduced 3% tax rate, which would include entities benefiting from special regimes like the Export of Goods Regime

The Contribution will not be applicable to:

- GBCs
- Tax-exempt entities or those on tax holidays
- Income exempted from income tax

This contribution cannot be offset by unused tax credits, including foreign tax credits, and is effective on income derived as from 1<sup>st</sup> July 2025 to 30<sup>th</sup> June 2028.

Payments are to be made quarterly under a mechanism similar to the Advance Payment System for corporate tax and will be administered under the VATA.

This measure significantly increases the corporate tax burden of higher-income entities. For banks specifically, combined with other recent measures, the overall tax burden has substantially increased.

## Additional Fair Share Contribution on Banks

Banks will be required to pay an additional 2.5% contribution on their chargeable income from domestic operations (the additional contribution is not applicable on chargeable income attributable to non-resident & GBCs operations).

The contribution will be applicable on income derived from 1<sup>st</sup> July 2025 to 30<sup>th</sup> June 2028. The contribution is also payable quarterly and will be introduced under the VATA.

## Special Levy on Banks

Another tax measure aimed at Banks - Currently, the Special Levy on Banks, regulated under the VATA, is capped at 1.5 times the levy amount paid by the respective bank during the fiscal year 2017/2018.

Effective from 1<sup>st</sup> July 2025, this cap will be entirely removed. Banks will therefore face a significantly higher and uncapped tax liability calculated as a percentage of their leviable income.

## Qualified Domestic Minimum Top-Up Tax (“QDMTT”)

QDMTT will apply to resident subsidiaries and holding companies of MNEs with consolidated global revenues of EUR 750 million or more.

This measure aligns Mauritius with the OECD’s Global Anti-Base Erosion (“GloBE”) initiative, ensuring these entities are taxed at a minimum effective rate of 15% on their global income. The measure follows the international alignment on this matter and aims to prevent potential revenue loss to other jurisdictions by collecting the tax domestically first.

Although introduced under the Finance Act 2022, enforcement was previously deferred pending the issuance of relevant regulations. The measure will now be effective on income derived as from 1<sup>st</sup> July 2025, which may have significant impact on tax strategies of MNEs operating locally.

## Alternative Minimum Tax (“AMT”) on Specified Sectors

AMT is being introduced to ensure minimum tax contributions on companies operating in specific sectors.

Companies will pay AMT at 10% of book profits if regular income tax (as computed under the ITA, after availing of all eligible deductions but before deduction for tax credits), is less. The book profits that will be used for the computation of AMT will be adjusted for capital gains or losses and dividends received from resident companies.

### Applicable Sectors:

- Hotels
- Insurance companies
- Companies engaged in financial intermediation activities
- Companies engaged in real estate activities
- Telecommunication companies

### Exclusions:

- GBCs
- Entities exempt from income tax or those granted tax holidays

Tax credits, such as foreign tax credits, cannot be offset against the AMT liability.

## Application of Arm's Length Test (Transfer Pricing)

The scope and methodology for applying the arm's length principle will be comprehensively reviewed to enhance certainty, mitigate disputes, and protect Mauritius' tax base. Given the high scrutiny by the MRA and frequent assessments in this area, clarity on transfer pricing regulations is critical. Concrete developments are eagerly anticipated to ensure this review maintains the attractiveness and competitiveness of Mauritius as a preferred business destination for international and multinational corporations.

## Partial Exemption Regime

	Measure
<b>Clarification</b>	<p>It will be clarified that it is the relevant activity of the company generating the income that has to satisfy the conditions related to substance requirements to enable the company to benefit from the partial exemption in respect of that income.</p> <p><i>The above clarifies that it is the income-generating activity, not the entire corporate entity, that must satisfy substance requirements to benefit from the partial exemption on specified income streams.</i></p>
<b>Virtual Asset Service Providers (VASPs)</b>	80% partial exemption on income derived, subject to compliance with substance requirements.
<b>Banks</b>	No partial exemption allowed on foreign-source dividends.

## Tax Deduction for AI Investments

Start-ups and MSMEs will be eligible to tax deductions for investments in AI technologies, capped at Rs 150,000.

## Investment Tax Credit for Small Businesses

A qualifying small business or service provider with annual turnover not exceeding Rs 10 million will receive a 5% annual investment tax credit over 3 years (15% in total) on the acquisition cost of new equipment (max Rs 500,000 per year). Motor vehicles are excluded from the scope of the tax credit. Any unrelieved tax credit will be available to be carried forward for a period of 5 years. The tax credit will be granted on investment made during the period from 1<sup>st</sup> July 2025 to 30<sup>th</sup> June 2030.

## Corporate Social Responsibility (CSR)

Corporates may now spend up to 50% of their CSR Fund, an increase from the previous 25%.

## Review of Allowable Deductions for Companies

Effective from 1<sup>st</sup> July 2025, the following double or triple deductions will apply exclusively to SMEs (annual turnover ≤ Rs 100M):

Deduction Type	Allowable Deduction
Emoluments and training costs (Rodrigues employees and women under Prime à l'Emploi Scheme)	Double
Expenditure on setting up a crèche or Child Day Care Centre for employees	Double
Acquisition of patents and franchises	Double
Acquisition of specialised software and systems	Double
Film financing, sponsorship, marketing, or distribution costs	Double
Filing fees for recognised arbitration institutions in Mauritius	150%
Donations to charitable institutions or NGOs involved in specified activities (capped at Rs 1 million)	Triple

## Income Tax Holiday for SMEs

The 4-year income tax holiday for SMEs converting from sole trader/partnership to a company will no longer apply to entities providing professional services, tourism operations, or training institutions.

## Other Measures – Exempt Bodies

Where a project is financed to the extent of at least 50% from grants or concessionary financing, as approved by the Ministry of Finance, from a foreign State or a donor institution, the company implementing the project will be exempted from corporate tax and its expatriate employees from personal income tax. Consequential amendments will be made to the Public Procurement Regulations and the VATA.

### Andersen Comments

Collectively, these measures represent a significant shift in Mauritius's corporate tax policy, aiming to enhance fiscal equity. The government's primary objective appears to be ensuring that profitable entities contribute fairly, while strengthening the resilience of the tax base and aligning with international tax norms. It is particularly noteworthy that several initiatives explicitly exclude Global Business Companies (GBCs), reflecting a targeted and strategic approach to maintaining Mauritius's competitiveness as an international financial centre. However, the exclusion of GBCs from the Fair Share Contribution on Corporates highlights a form of ring-fencing between domestic and GBC entities, which may continue to raise questions about the coherence and neutrality of the overall corporate tax framework.

# Personal Taxation

## Tax Rates

The individual tax regime will be reformed with an updated set of income thresholds and corresponding tax brackets with effect from 1<sup>st</sup> July 2025.

The current personal tax rates are as follows:

Chargeable income	Rate (%)
First 390,000	0
Next Rs 40,000	2
Next Rs 40,000	4
Next Rs 60,000	6
Next Rs 60,000	8
Next Rs 300,000	10
Next Rs 300,000	12
Next Rs 300,000	14
Next Rs 400,000	16
Next Rs 500,000	18
Remainder	20

The revised tax rates will be structured as follows:

Chargeable income	Rate (%)
First 500,000	0
Next Rs 500,000	10
Remainder	20

## Young Earners

Employees and self-employed persons aged between 18 and 28 years who earn up to Rs 1 million annually will benefit from full exemption from income tax on their employment earnings or business income.

## Exempt Bodies

Where a project is financed to the extent of at least 50% from grants or concessionary financing, as approved by the Ministry of Finance, from a foreign State or a donor institution, the company implementing the project will be exempted from corporate tax and its expatriate employees from personal income tax.

## Personal deductions

- A taxpayer will be able to claim in respect of a child with a disability, the full deduction for a dependent child irrespective of any financial assistance provided to the child under the National Pensions Act or the Social Contribution and Social Benefits Act.
- Taxpayers will no longer be able to claim the below personal reliefs and deductions starting from 1<sup>st</sup> July 2025:
  - i. deduction of wage paid to a household employee;
  - ii. donation to charitable institutions;
  - iii. relief for adoption of animals; and
  - iv. angel investor allowance.

## Fair Share Contribution on High-Income Earners

As from 1<sup>st</sup> July 2025, individuals whose annual net income exceeds Rs 12 million, will be subject to a 15% fair contribution on their total chargeable income, inclusive of dividend income derived from domestic companies.

The fair share contribution will be applicable up to 30<sup>th</sup> June 2028.

## Taxation of car benefit

The monetary values of fringe benefits to be included in the gross income of an employee provided with a company car have been increased as follows:

Car Benefit	Monthly Taxable Benefits (Rs)	
	From	To
Cylinder Capacity -		<i>Car costing ≤ Rs 3 million</i>
• up to 1,600cc	9,500	12,000
• 1,601 to 2,000cc	10,750	13,500
• above 2,000cc	12,000	15,000
Electric Car	N/A	13,500
Car costing-		<i>Car costing &gt; Rs 3 million</i>
• > Rs 3 million up to Rs 5 million	N/A	25,000
• > Rs 5 million up to Rs 8 million	N/A	35,000
• > Rs 8 million	N/A	50,000

### Andersen Comments

The new rate structure simplifies compliance and provides moderate relief to low- and middle-income earners, particularly through the expanded 0% tax band and the exemption for young earners.

The revised regime is more favorable for individuals earning up to approximately Rs 1,050,000 in chargeable income, which represents the break-even point; beyond this threshold, the new regime will result in a higher tax burden—noting that this comparison does not factor in the impact of personal deductions and allowances.

However, the rationalisation of personal reliefs and deductions may adversely impact households that previously benefited from these allowances.

In addition, the newly introduced Fair Share Contribution on High-Income Earners, which is calculated on chargeable income inclusive of dividend income from resident companies, represents a significant departure from Mauritius's long-standing principle of tax neutrality on dividends.

# Value Added Tax

## VAT Registration

As from 1<sup>st</sup> October 2025, companies having a turnover of taxable supplies exceeding Rs 3 million will have the obligation to compulsorily register for VAT purposes, replacing the current threshold of Rs 6 million.

## Standard-Rated Supplies

With effect from 1<sup>st</sup> January 2026, VAT will apply to specified digital or electronic services provided by overseas suppliers.

## Zero-Rated Supplies

In a significant move aimed at prioritizing the well-being of Mauritian consumers in the face of rising prices, the government has announced the below food items to be zero-rated supplies:

- i. fruit and vegetable purées for infants;
- ii. canned vegetables such as tomatoes and mushroom;
- iii. frozen packed vegetables such as potatoes, beans, spinach and mixed vegetables;

The below items are also classified as zero-rated supplies.

- iv. hairdressing services;
- v. cameras for CCTV systems.

## VAT on Capital Goods

Under the current VAT system, a VAT-registered person is required to pay VAT on the import of capital goods and then claim a refund on the VAT paid in his VAT return. Currently, a VAT registered person does not have the obligation to pay VAT on capital goods having a value of Rs 1 million or more. This threshold has now been reduced to Rs 500,000 or more.

## VAT Refund

- i. Small Planters will now be granted a VAT refund on harvesting services.
- ii. The VAT refund Scheme on residential buildings, houses, or apartments, provided that the construction value is below Rs 3 million and the constructed area does not exceed 1,800 square feet, will be repealed on 30<sup>th</sup> June 2025.

## Voluntary Disclosure Settlement Scheme

Under this one-off scheme, taxpayers who have not declared or under-declared their taxable supplies for the taxable period ended 30<sup>th</sup> April 2025 and prior periods will benefit from a 100% waiver of penalties and interests. This scheme will be in operation until 31<sup>st</sup> March 2026.

# Excise duty

## Health oriented increases in Excise Duty

To promote preventive healthcare and curb consumption of harmful products, several excise duty adjustments are being implemented:

Effective as from 6<sup>th</sup> June 2025 and 1<sup>st</sup> October 2025, where applicable:

- 10% increase in excise duty in Alcoholic Beverages & Tobacco Products
- The excise duty on sugar content in sugar- sweetened products, chocolates and ice cream is increased from 6 cents to 12 cents per gram of sugar.

## Motor Vehicle Taxation Reforms

- Excise Duty is being reintroduced on Hybrid and Electric Vehicles.
- The rates of excise duty and customs duty on conventional vehicles are being increased to between 45% to 100%.
- Vehicles already in bonded warehouses, shipped, or with issued import permits by 5<sup>th</sup> June 2025, will retain previous excise rates, provided they are cleared from customs by 30<sup>th</sup> June 2025.

## Termination of Negative Excise Duty Scheme

The 10% refund scheme, up to a maximum of Rs 200,000 on purchase of electric vehicles by individuals and companies, will end on 30<sup>th</sup> June 2025.

## Vehicle Registration Duty Changes

- Effective from 1<sup>st</sup> July 2025, registration duty on sale/transfer of domestic pre-owned vehicles will be abolished.
- The registration duty for newly registered vehicles in Mauritius will be increased by 30%.

### Andersen Comments

The excise duty changes in this Budget show a strong push towards healthier lifestyles and better revenue management. While the return of excise duty on electric and hybrid vehicles may seem like a step back for green policies, it likely reflects the government's aim to balance incentives with long-term sustainability. Overall, these measures show the government's effort to promote health, update tax policies, and raise revenue responsibly.

# Property Taxes

## Smart City Scheme

The fiscal incentives granted to smart city promoters and developers under the Smart City Scheme Regulations are being waived, except for a project relating to the construction of a public transport station or terminal or the National Regeneration Programme.

The main fiscal incentives being removed, include:

- Exemption from VAT on buildings and infrastructure
- 8-year income tax holiday on income derived from real estate activities within the Smart City
- Exemption from customs duty on import of machinery and materials for construction of buildings
- Exemption from registration duty and land transfer tax on the transfer of land into a Smart City Company
- Exemption from Morcellement fee
- Exemption from land conversion tax

For projects which already started prior to 5<sup>th</sup> June 2025, the below exemption will no longer apply:

- Land conversion tax under the Scheme; and
- Customs duty on import on furniture and machinery and materials for construction of buildings.

However, the Budget clarified that such projects will continue to benefit, in respect of components for which a Building and Land Use permit has been issued and where construction has started before 5<sup>th</sup> June 2025, from:

- recovery of VAT paid on buildings, capital goods and construction of public roads;
- income tax holiday on income derived from real estate activities within the Smart City.

## Registration Duty

An increase in registration duty from 5% to 10%, in relation to the acquisition of a residential property under the EDB Schemes by a non-citizen. The new rate will also apply in respect of acquisition of an apartment by a non-citizen in a building of at least 2 floors above ground floor.

## Land Transfer Tax

- For a non-citizen, selling a residential property which was originally acquired under the EDB schemes or of an apartment in a building of at least 2 floors above ground floor, the land transfer tax will be the higher of:
  - 10% of the value of the property; or
  - 30% on the gain realised on the resale of the property. The gain will be computed as the difference between the resale value and the value at time of acquisition.
- An increase in land transfer tax from 5% to 10% for a promoter selling a residential unit under the EBD Schemes, including the sale of an apartment in a building of at least 2 floors above ground floor.
- If in a deed relating to the transfer of both movable and immovable property, a valuation of each item of the movable property has not been made, land transfer tax will be levied at the rate of 5% on the aggregate value of all properties.

- It will be clarified that the exemption from land duties and taxes granted on the transfer of land as equity investment in a company will only be allowed if ordinary shares of at least the value of the land are held in the company by the transferor.

### Andersen Comments

The withdrawal of fiscal incentives under the Smart City Scheme and the significant increases in registration and land transfer taxes for non-citizens represent a clear policy shift toward broader tax equity and revenue mobilisation. However, these measures may reduce the attractiveness of Mauritius as a destination for foreign property investment and slow momentum in premium real estate development.

# Contribution & Allowances

## Schemes and Allowances

The below allowances will be renewed up to 30<sup>th</sup> June 2027, subject to certain conditions:

- CSG Income Allowance\*

Monthly Income derived by an individual	Monthly Allowance		
	July 2024 to June 2025	July 2025 to June 2026	July 2026 to June 2027
Not Exceeding Rs 20,000	Rs 3,000	Rs 2,000	Rs 1,000
Above Rs 20,000 up to Rs 25,000	Rs 2,500	Rs 1,667	Rs 833
Above Rs 25,000 up to Rs 30,000	Rs 2,000	Rs 1,333	Rs 667
Above Rs 30,000 up to Rs 50,000	Rs 1,500	Rs 1,000	Rs 500

- Other Allowances

Allowances	Monthly Allowance	
	July 2025 to June 2026	July 2026 to June 2027
Revenu Minimum Garantie Allowance	Max of Rs 890	Max of Rs 1,890
Equal Change Allowance	Rs 2,000	Rs 2,000
CSG Child Allowance (per child)*	Rs 1,667	Rs 833
CSG School Allowance (per child) *	Rs 1,333	Rs 667
Housing Loan Relief Scheme	Rs 667	Rs 333

- Other Allowances (contd)

	One-Off Allowance	
Pregnancy Care Allowance*	Rs 2,000	Rs 1,000

Exception: Households registered under the Social Register of Mauritius will continue to receive full allowances without any reduction.

### Social Contribution and Social Benefits Act

Extension of the deadline to submit annual CSG return and effect payment of the contribution from 31<sup>st</sup> July to 15<sup>th</sup> October for:

- a self-employed individual; and
- an individual employing a person in his domestic service.

# Tax Administration

## Tax Administration: General

### Tax Administration Schemes

To ease the compliance burden, the MRA is launching 3 one-off settlement schemes, effective up to 31 March 2026. The schemes are providing 100% waiver of the penalties and interests.

Scheme	Eligibility criteria	Deadlines & Conditions	Exclusions
TDSS	Cases under litigation at ARC, Supreme Court, or Privy Council as at 5 June 2025	Withdraw case and pay tax by 31 March 2026	Individuals under investigation/conviction for drugs, terrorism, arms trafficking, corruption
VDSS	Undeclared/under-declared income (YOA 2024/25 & prior) or VAT (up to 30 April 2025)	Full disclosure and tax payment by 31 March 2026	Same as above
TASS	Tax arrears as at 30 June 2025	Register by 30 November 2025, pay by 31 March 2026	Same as above

We welcome these measures that reflect a balanced strategy prioritising revenue recovery and compliance enhancement, while offering fair opportunities for taxpayers to rectify past issues.

## Power to raise assessments

The time limit for the MRA to raise a tax assessment has been reduced to 2 years, except in exceptional circumstances (not defined). This again is a welcomed measure that has long been requested by tax professionals and industry players.

## Penalty cap

- Penalties and interests will be capped up to 100% of the amount of tax due.
- Where the penalties and interests do not relate to withholding taxes, the applicable penalties and interests will be halved.

## Mandatory Registration of Tax Agents

- All tax agents must register with the MRA.
- Deemed registration will apply for law practitioners or MIPA members.

## Tax payment in foreign currency

Businesses generating at least 50% of their annual turnover in foreign currency will be required to pay their tax in foreign currency.

## Tax Administration: Income Tax

### Penalty for late submission of Statement of Income

No penalty for late submission of Statement of Income under the CPS.

### TDS for non-resident entertainer or sportsperson

Irrespective of a company's level of turnover, TDS will be applicable on payments to a non-resident entertainer or sportsperson performing in Mauritius. The interaction with any tax treaty Mauritius may have with the country of residence of the entertainer or sportsperson may need to be considered before applying the TDS.

## Tax Ruling fees

Tax ruling fees will be increased from Rs 2,000 to Rs 3,000 in the case of an individual and from Rs 10,000 to Rs 50,000 in the case of a company.

## Charitable institutions

If a charitable institution is no longer meeting its charitable objectives, the MRA may revoke its status as a charitable institution.

## Collection of fees by MRA

A unified payment portal will be established at MRA's level with the help of the Corporate and Business Registration Department (CBRD).

## Tax Administration: Customs Act

### Intergovernmental Customs Cooperation

Legislation will be introduced to authorise the Minister of Finance to regulate the implementation of agreements on customs matters between the MRA and foreign customs authorities or other relevant bodies.

### VAT Import Relief

Under Mauritius' current VAT system, VAT-registered businesses typically pay VAT at customs when importing capital goods and later claim a refund via their VAT returns. However, under the Customs Act, VAT-registered entities importing capital goods valued at Rs 1 million or above are exempted from paying VAT at customs, provided they declare this exemption in their VAT returns. To enhance business cash flow, this threshold for exemption will now be reduced to imports valued at Rs 500,000 or more.

## Objection without Grounds

Where a person disputes the amount of tax assessed by the MRA and lodges an objection without stating detailed grounds, the MRA will have the legal power to treat the objection as lapsed. However, the taxpayer will retain a right of appeal against the MRA's decision. This new rule will apply under various customs-related scenarios, including:

- Payment of taxes under protest
- Rejection by MRA of a refund claim for excess duty paid
- MRA's demand for repayment of an erroneous refund or tax reduction
- MRA's claim for tax underpayments
- Tax liability arising where exempt goods are sold within four years of exemption
- Unpaid excise duty identified during factory stocktakes

In addition, to discourage frivolous objections and delays in tax payment, the Customs Act, Customs Tariff Act, and Excise Act will be aligned with the Income Tax Act and VAT Act by requiring a prepayment of 10% and 5%, respectively, of the disputed tax amount when filing an objection or appeal.

## Tax Administration: Excise Act Penalties

A penalty of up to 50% and a monthly interest at the rate of 0.5% on unpaid excise duty will apply post-stocktaking.

## Appeal Process

- Further to a claim of unpaid taxed by customs to a manufacturer, an appeal can only be made through MRA's Objection Directorate.
- The manufacturer will no longer be allowed to provide justification for taxes unpaid to customs.

## Concessions for Returning Citizens

A Mauritian citizen returning to permanently settle in Mauritius currently may benefit from an excise duty concession on the importation of a motor vehicle, subject to certain conditions. One key condition is that the individual must have resided and worked outside Mauritius for at least five consecutive years immediately preceding their return, or must have ceased working due to retirement. It will now be clarified that, within this five-year qualifying period, the person may have spent up to 150 days in total in Mauritius without disqualifying their eligibility for the concession.

## Value Added Tax Act

- Suppliers with annual turnover exceeding Rs 80 million will be required to integrate with the MRA's e-invoicing system during FY 2025-26.
- Input tax credit will not be available on rented parking, except for motor vehicles used exclusively in the furtherance of business.
- The MRA will be granted discretionary power to assess taxes using the best of its judgment when it finds that a taxpayer's records are inadequate or inaccurate, aligning this authority with existing provisions under the ITA.
- Administrators, executors, receivers, or liquidators managing or winding up businesses will be held liable for outstanding VAT dues, prioritized alongside preferential creditor payments as per the Insolvency Act.

- The reverse charge mechanism for services received from abroad will apply to all VAT-registered entities, including banks.
- Services rendered to foreigner who is outside Mauritius at the time the service is performed will be subject to VAT if the service is utilized in Mauritius.

## Fines

The below revised fines were announced in relation to the listed offences:

Offences	Consequence
Failure to provide requested information to MRA	Fine up to Rs 100,000 & Imprisonment of up to 3 years
Failure to give access to computers and other electronic devices requested by MRA	Fine up to Rs 200,000 & Imprisonment of up to 5 years
Making an incorrect return or statement relating to input and output tax	Fine up to Rs 500,000
Making an incorrect claim for repayment in respect of capital goods	Fine up to Rs 500,000
Giving incorrect information in respect of tax liability	Fine up to Rs 500,000
A person claiming to be VAT registered when he is not	Fine up to Rs 500,000
Obstructing an officer of MRA in his functions	Fine up to Rs 500,000
Failure to keep records, produce books and records or provide any other information required by MRA for the purpose of ascertaining the tax liability of a person	Fine of Rs 100,000

Failure of a VAT registered person to issue a VAT invoice	Fine of Rs 100,000
Failure of a VAT registered person to change his taxable period from quarterly to monthly when his annual turnover exceeds Rs 10 million	Fine of Rs 100,000
Contravening any other provisions of the VAT Act/Regulations other than a person claiming to be VAT registered or obstructing an officer of MRA in his functions	Fine of Rs 100,000
Failure to register for VAT purposes	Fine up to Rs 1 million

## VAT Rulings

- VAT rulings issued by MRA will be binding only on MRA. Taxpayers has no right of representation against a VAT ruling at the ARC
- VAT ruling fees will increase from Rs 2,000 to Rs 3,000 for individuals and from Rs 10,000 to Rs 15,000 for all others.

We note that provision will also be made for any person convicted for any of these offences to be ordered by the court to pay an amount not exceeding double the amount of tax to which he is liable, in addition to any penalty imposed.

## Registrar-General's Department

### Arrears Payment Scheme

The Arrears Payment Scheme will be extended for one year, offering full waiver of penalties and interest for tax debts settled by 31st March 2026, applicable to arrears due as at 31st May 2025.

### Revision of fixed duty, minimum duty and administrative fee

Duties and fees on registration of deeds and documents will be increased as follows:

Duty/Fee	Current	New
Fixed duty	Rs 300	Rs 500
Minimum duty	Rs 200	Rs 500
Administrative fee	Rs 100	Rs 200

### Addition of a property to a trust property

Fixed duty on adding immovable property to a trust applies only if the transfer is from a settlor or beneficiary. Transfers made by third parties will be subject to the standard registration duty of 5%.

### Registration of deeds and documents signed electronically

The Registrar-General will allow registration, transcription, or inscription of certain deeds or documents from regulated entities if they are signed using secure electronic signatures compliant with the Electronic Transactions Act, provided the document includes a declaration confirming the use of such signatures.

## Time limit for objecting to a claim

The time limit to object to a claim from the Registrar-General regarding share transfers will now be 28 days from the date of the notice, rather than from its date of receipt, aligning with the Land (Duties and Taxes) Act. However, extensions will be granted if delays are due to illness or other valid reasons.

## Leases of property

It will be clarified that a fixed duty is applicable only on the return (rétrocession) of a leased property, and not on its cession, ensuring clear distinction in duty obligations for different lease-related transactions.

## Our Services

Tax & VAT Advisory

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Tax & VAT Compliance

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### Andersen in Mauritius

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