

# **Finance Act Updates on Digital or Electronic Services**

## **TAX ALERT**



The recent Finance Act 2025 introduces significant amendments to Mauritius' VAT regime, extending its scope to cover digital and electronic services supplied by foreign providers. These changes align Mauritius with global trends in taxing the digital economy, ensuring equal treatment between local and offshore suppliers. The amendments are also consistent with OECD guidelines on the taxation of the digital economy, reflecting a broadening of VAT frameworks internationally.

## What does this mean for Foreign Digital Service Providers?

Any foreign supplier providing such services to customers in Mauritius will be required to register for VAT, irrespective of their turnover.

### Practical Operation of the Regime

#### VAT Application

Foreign suppliers must charge VAT at the prescribed rate, declare it, and pay at the time of supply.

#### Currency of Filing

If paid in foreign currency, VAT returns must be filed and tax paid in that currency. Where multiple currencies are used, suppliers may elect one for VAT purposes.

#### Local Representative

A Mauritius-based tax representative must be appointed to handle VAT filings, payments, and compliance.

#### No Input VAT Credit

Foreign suppliers are not entitled to claim input VAT.

#### Identification of Mauritian customers

Proper identification of Mauritian customers, using at least two indicators (billing address, bank/payment location, IP address/geolocation, phone code, or other commercial details).

## Affected Businesses

Foreign suppliers of digital or electronic services to Mauritian customers without a permanent establishment in Mauritius.

### Examples of digital services



e-books



Music/film streaming



Apps/software and maintenance



Website hosting



Advertising space online



Online magazines



Distance maintenance of programs/equipment

## Effective Date

Finance Act amendments become effective from **1 January 2026** (for digital or electronic services).

## Conclusion

The extension of Mauritius' VAT regime to foreign suppliers of digital and electronic services represents a significant development in the country's tax framework. From **1 January 2026**, global service providers will be required to register for VAT in Mauritius and charge VAT to local customers, even without a physical presence in the country. For Mauritian consumers, this will mean higher costs on digital subscriptions and online services, while for businesses it ensures a level playing field between local and offshore providers. Affected foreign suppliers should take steps now to review their service flows, assess pricing implications, and appoint a local tax representative to ensure timely compliance.

## How can Andersen help?

To understand how this new legislation impacts your business, reach out to us for tailored advice and solutions.

### CONTACT US

#### Andersen in Mauritius

Level 4, Alexander House, 35 Cybercity Ebene 72201, Mauritius

Phone: +(230) 403 0850 | Fax: +(230) 403 0851

Email: [info@mu.Andersen.com](mailto:info@mu.Andersen.com) | Website: [mu.Andersen.com](http://mu.Andersen.com)

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