

# **The Tax Lens on AML/CFT Reform:**

## **A Closer Look at Expanded MRA Powers**

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The Anti-Money Laundering, Combatting the Financing of Terrorism and Countering Proliferation Financing (Miscellaneous Provisions) Bill (No.III of 2026) (the “Bill”), introduced in the National Assembly on 24 March 2026, introduces wide-ranging reforms across Mauritius’ legal framework, reinforcing the country’s alignment with international standards and strengthening its financial crime enforcement architecture.

The Bill forms part of Mauritius’ ongoing efforts to strengthen its AML/CFT framework in advance of the 2027 mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group, the regional body responsible for assessing compliance with international standards. It also follows the Second National Risk Assessment 2025, the outcome of which underscored the need for further enhancements to the country’s legal and institutional framework.

The Bill provides for a significant expansion of tax enforcement powers under the Mauritius Revenue Authority Act (“MRA Act”). These changes reflect a deliberate policy shift: Tax administration is no longer operating in isolation but is increasingly integrated into the broader financial crime enforcement ecosystem.

### MRA Act: Expansion of Investigative and Enforcement Powers

The amendments to the MRA Act represent a step change in how the Director-General of the MRA may conduct enquiries and investigations, aligning certain powers more closely with those typically exercised in the context of financial crime enforcement.

The Bill introduces several new provisions; sections 15B, 15C, 15D and 25A to the MRA Act, which significantly strengthen the MRA’s ability to compel information and enforce compliance.

#### ► Section 15B – Power to Summon

Where the Director-General is conducting an enquiry to ascertain the tax liability of a person and that person has failed to produce required records, he may, by written notice, summon any person believed to hold relevant information, require that person to attend and provide information; and require the production of any document or record as may be specified.

In addition, where there are reasonable grounds to believe that a person has wilfully failed to produce records or documents as required, the Director-General or an authorised officer of the Fiscal Investigations Department is empowered to take further investigative measures. These include entering and searching any premises where such records are suspected to be kept, breaking open doors, safes, lockers or other receptacles where access is not available, searching individuals suspected of concealing documents, and seizing any records, bank statements or other relevant materials identified during the search.

Furthermore, where the premises are not business premises, and the Director-General has reason to believe that an offence under the Revenue Laws has been, is being, or is likely to be committed, he may issue a warrant authorising an officer of the Fiscal Investigations Department to enter, inspect and search such premises in accordance with the prescribed form.

Failure to comply with such notice, such as, failure to attend, refusal to answer questions, provision of false or misleading information, or refusal to produce required documents, shall constitute an offence.

## ► Penalties and Enforcement Framework

The new section 15C of the MRA Act introduces a structured penalty regime for failure to comply with requests to produce books and records under the Revenue Laws. Specifically, where a person fails to produce documents requested by the Director-General under section 15 of the MRA Act, section 118 of the Gambling Regulatory Authority Act, section 125 of the Income Tax Act 1995 (“ITA”) or section 31 of the Value Added Tax Act (“VAT Act”), a penalty of Rs 2,000 per day shall apply for each day of non-compliance, up to a maximum of Rs 200,000, and is payable within 28 days of the claim.

A person who is dissatisfied with a penalty claim under section 15C may lodge an objection within 28 days of the claim, and such objection shall be determined in accordance with the procedures set out under the ITA.

In addition, section 25A establishes a graduated penalty regime for failure to comply with a summons:

- On a first or second conviction: fine of Rs 50,000
- On a third or subsequent conviction: fine of Rs 100,000 and imprisonment of up to one month

Further, failure to comply with a Court order requiring production of documents constitutes an offence and, on conviction, may result in a fine of up to Rs 500,000 and imprisonment of up to one year.

## Income Tax Act 1995 & VAT Act - Amendments

The amendments to both the ITA and the VAT Act reflect a common objective of strengthening information sharing and integration within the AML/CFT framework.

The expansion of section 154(2) of the ITA and section 8(2) of the VAT Act broaden the legal gateways for the disclosure and exchange of taxpayer information with other competent authorities involved in the investigation of financial crime.

From a practical perspective, taxpayers should anticipate that information provided in the course of tax compliance may now be more readily accessible to other competent authorities. This reinforces the importance of ensuring that tax filings, supporting documentation and disclosures are consistent, accurate and defensible, particularly where transactions may be subject to broader regulatory scrutiny.

## Concluding remarks

*The amendments mark a clear evolution in the role of the MRA - with expanded investigative and enforcement functions within the wider financial crime framework. The introduction of summons powers, daily penalties and enhanced enforcement mechanisms signals a shift toward greater accountability, faster information gathering and stricter consequences for non-compliance.*

*The increased powers of the MRA underscore the importance of maintaining robust documentation and being able to respond promptly to information requests. Tax compliance is no longer a standalone function - it is now closely intertwined with broader regulatory and AML/CFT obligations. Businesses should therefore ensure that their tax processes, internal controls and governance frameworks are sufficiently aligned to withstand heightened scrutiny.*

*In this context, businesses may wish to consider taking the following practical steps:*

- ✔ *Review document retention and accessibility, ensuring that records can be readily retrieved and provided within prescribed timelines;*
- ✔ *Ensure consistency across tax filings and disclosures, particularly where information may be shared across multiple authorities; and*
- ✔ *Assess and strengthen internal controls and governance frameworks to align tax compliance with broader AML/CFT and regulatory requirements.*

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