



BUDGET HIGHLIGHTS

2026 / 2027

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Staying the Course

The Government's second Budget shows that fiscal repair is taking hold — but it is, by any measure, a higher-tax and higher-cost Budget, and the burden falls most heavily on employers and on the international business sector.

In presenting his second Budget, the Honourable Prime Minister and Minister of Finance, Dr Navinchandra Ramgoolam, borrowed a thought: we cannot change the beginning, but we can change the ending. A year on from a first Budget framed as a journey *From Abyss to Prosperity*, the test this time was not to name the problem, but to show the cure is working. On the numbers, it can fairly claim that it is. The deficit has narrowed to 6.0% of GDP, public debt has edged down to 87.8%, inflation has fallen to 3.7%, and reserves stand at record levels. The progress is real, if slow — debt remains the binding constraint on the country's development, and the Minister was right that it cannot be reversed overnight. He was also at pains to call this consolidation, not austerity. For households shielded by subsidies and social support, that holds. For employers, and for the international business community that relies on the Mauritius International Financial Centre, it is harder to sustain: this is a Budget that protects the vulnerable and rewards future-facing investment, while quietly raising the cost of being here for almost everyone else.

Taxation: The Temporary Becomes Permanent

The defining change is the new, permanent 35% tax on chargeable income above Rs 12 million, which absorbs last year's Fair Share Contribution for individuals. The rate is not new; its permanence is. What was sold in 2025 as a temporary crisis measure is now a structural feature of the system, and the promised return to lighter taxation has quietly slipped off the agenda. As the old line has it, there is nothing so permanent as a temporary tax. For companies, the design is deliberately two-sided. The Government is collecting more, and faster, from the established base — the corporate Fair Share Contribution is widened, and the Corporate Climate Responsibility Levy loses its credit offsets and moves to quarterly payment — while offering real incentives to the investment it wants: a 45% investment tax credit for manufacturing, now extended to AI and patents, a longer captive-insurance holiday, and a useful widening of the partial exemption regime for asset managers.

Global Business and Financial Services

For Global Business players, the strategic direction is encouraging. A new Private Wealth Management Licence to anchor a family-office hub, frameworks for fintech, stablecoins and open banking, and a more workable minimum top-up tax all point to a jurisdiction competing on capability. Underpinning this is a necessary focus on governance, with the 2027 ESAAMLG mutual evaluation kept squarely in view and continued investment in the country's anti-money-laundering defences — for an international financial centre, the price of staying in the game, and rightly treated as such. But one technical measure deserves far more attention than it received: management services supplied to Global Business Companies, as well as non-resident trusts and foundations move from zero-rated to VAT-exempt, stripping management companies of their input-VAT recovery. In a sector built on servicing international structures, that quietly raises the cost base of the whole value chain — at the very moment Mauritius is asking it to invest in more substance. The message is coherent: Mauritius remains open, and is repositioning firmly around substance and credibility — but that position now comes at a higher price.

What the Budget does not do is press its advantage. With geopolitical instability driving international capital towards stable, neutral and well-regulated jurisdictions, the Mauritius International Financial Centre had a rare opening to present itself as precisely that. Yet little here seizes the moment — there is no bold, targeted pitch to the capital that is actively seeking a new home. For a financial centre that has spent two decades competing on access, that silence is a striking omission.

Attracting Talent — and Taxing It

One of the Budget's real strengths is its honesty about the country's talent gap. A new migration policy to attract foreign skills, post-study work visas to retain foreign graduates, wider work rights for international students, a diaspora platform, and a Golden Visa tied to permanent residence all acknowledge that growth needs people the island does not yet have. These measures are welcome, and overdue.

Yet the talent agenda pulls against itself. The same Budget that courts senior international professionals also makes Mauritius, permanently, a 35% jurisdiction at the top — the very cohort, mobile and highly paid, that a competitive headline rate was meant to attract and keep.

Pensions and the Rising Cost of Employment

The pension overhaul is the Budget's most consequential structural reform, and its cost lands squarely on employers. The Basic Retirement Pension becomes a means-tested State Age Pension, and a funded, defined-contribution National Pension and Provident Fund replaces the old National Pension Fund, absorbing the CSG and the Portable Retirement Gratuity Fund. The reform is overdue and, in principle, sound — but employer contributions of 7.5% to 10.5% point the wage on-cost upward, not down, and they do not arrive alone. Maternity leave extends to twelve months, paternity to six weeks, and a new monthly menstrual-leave entitlement applies across both the public and private sectors. Each is defensible on its own terms; together they raise the cost of employing people in the very year the Government is asking the private sector to lead the recovery. Employers should budget for this now.

Ease of Doing Business

The facilitation agenda is the part of the Budget closest to what investors actually ask for — a Business Facilitation Bill built on the principle of silent agreement, longer name reservations, and a single application platform at the Financial Services Commission. These are practical, and welcome. The familiar caveat applies: announcement is not delivery, and the same Budget tightens beneficial-ownership rules in parallel. The net effect on competitiveness will turn on which of the two moves faster in practice.

Conclusion: The Competitiveness Question

On its own terms, this is a competent and disciplined Budget. The worst of the fiscal crisis is receding, and several measures — the investment incentives, the wealth-management and fintech frameworks, the candid push on talent, and a steady focus on governance — give the business community something real to build on. We welcome them.

This is, in the end, a resilient Budget built on tough but necessary choices, and after the events of recent years the discipline is hard to fault. But choices have consequences, and these will be felt — by employers, by senior talent, and by the international sector that has long been one of the country's quiet strengths. The permanent 35% top income tax rate, the rising cost of employment and the heavier load on the financial centre will never appear in the deficit figures; they will appear instead in where businesses decide to base, hire and invest. Resilience and discipline have carried Mauritius this far. Whether they have been bought at the cost of its competitiveness is the question this Budget leaves open — and the one that now matters most.

Glossary of Terms

Key abbreviations and defined terms used throughout this publication.

Abbreviation	Definition	Abbreviation	Definition
AMT	Alternative Minimum Tax	MRA	Mauritius Revenue Authority
APS	Advance Payment System	NPF	National Pension Fund
ARC	Assessment Review Committee	NSF	National Savings Fund
BRP	Basic Retirement Pension	PAYE	Pay As You Earn
CCR	Corporate Climate Levy	PRGF	Portable Retirement Gratuity Fund
CIGA	Core Income Generating Activities	QDMTT	Qualified Domestic Minimum Top-Up Tax
CRS	Common Reporting Standard	SAP	State Age Pension
CSG	Contribution Sociale Généralisée	TASS	Tax Arrears Settlement Scheme
CSR	Corporate Social Responsibility	TDS	Tax Deducted at Source
EDB	Economic Development Board	TDSS	Tax Dispute Settlement Scheme
FSC	Fair Share Contribution	TRC	Tax Residence Certificate
GBC	Global Business Company	USD	United State Dollar
HRDC	Human Resource Development Council	VAT	Value Added Tax
MNE	Multinational Enterprise		

Corporate Taxation

Income tax exemption

Company	Clarification	Tax holiday
Company incorporated on or after 1 July 2021 and holding an Investment Certificate issued by the EDB	The commencement date of the tax exemption will be the start date of operations of the company instead of the date of its incorporation.	8 years
Captive insurance companies	Tax holiday extended from 10 to 15 years for captive insurance companies issued with a licence prior to 19 June 2026.	15 years
Start-ups	Applicable from the day of operations. The definition of a “start-up” company remains to be clarified.	10 years

Partial Exemption Regime

Income derived by a licensed Investment Adviser or Asset Manager is eligible for 80% exemption subject to the company meeting the prescribed substance conditions:

The definition of core income generating activities (“CIGA”) for Investment Adviser or Asset Manager will be broadened to include the management of non-securities instruments such as loan receivables, mortgage-backed exposures and invoice financing portfolios.

Corporate Taxation

Export regime

The reduced corporate tax rate of 3% applicable on profits derived from exports of goods will not apply where such profits are derived from exports of live animals.

ICT Service Providers

A non-resident company engaged in the supply of the following will be subject to income tax in Mauritius:

- Software
- Software licences
- Software applications
- Software maintenance services
- Distance maintenance of programmes
- ICT equipment

The scope of Tax Deduction at Source (“TDS”) will be broadened to cover payments made by a company to:

- ✓ A resident; or
- ✓ A non-resident service provider;

under a single contract where the payment exceeds Rs 300,000 and is for the supply of the above listed items

**TDS
Rate
1%**

Clarity is required on whether TDS will operate as the final tax or whether non-resident companies will be required to file an annual income tax return with the MRA.

This measure also raises questions on double taxation, where the non-resident supplier is already subject to tax in its home jurisdiction.

Corporate Taxation

Tax Deduction at Source

TDS will be extended to payments made by a company to a person providing advertising, promotional, endorsement, digital content or marketing services through social media platforms or other similar electronic means.



**TDS
Rate
5%**

Investment Tax Credit — Extended to 30 June 2029

15%

Per year

45%

Total (3 yrs)

10 years

Carry-forward

Granted to a manufacturing company in respect of expenditure incurred on the acquisition of new plant and machinery (excluding motor cars), artificial intelligence solutions and patents.

Deductions Removed

- 150% deduction of expenditure incurred by hotels on cleaning, renovation and embellishment works
- 200% deduction of expenditure on Joint Tertiary Education contract with African Universities

Annual Allowance — Hotels

30%

Current rate

15%

Proposed rate

On capital expenditure incurred on hotels

Corporate Taxation

Corporate Climate Responsibility Levy (“CCR Levy”)

Unused tax credits, including foreign tax credits, will not be allowed against the CCR Levy payable.

The CCR Levy will become payable on a quarterly basis under the Advance Payment System (“APS”), in the below phased manner:

- 25% in FY 2026/27;
- 50% in FY 2027/28;
- 75% in FY 2028/29; and
- Full APS in FY 2029/30.

The CCR Levy becomes significantly more onerous following the removal of the ability to offset unused tax credits, including foreign tax credits, against the levy. Up to now, Global Business Companies with sufficient foreign tax credits had little or no exposure to the CCR Levy, reflecting the fact that their activities were primarily conducted outside Mauritius.

The CCR Levy now becomes an additional and often irrecoverable cost, even where a company has already borne taxation elsewhere. This is particularly relevant for internationally focused businesses and may further increase the cost of operating from Mauritius at a time when the jurisdiction is competing to maintain its attractiveness as an international business and investment hub.

The impact is not limited to GBCs. Domestic companies with unused tax credits or other reliefs will similarly find that these can no longer reduce their CCR Levy exposure, resulting in a higher effective tax cost.

The move of the CCR Levy into the APS is also significant. From a compliance perspective, businesses will need to account for the levy on a quarterly basis rather than at year-end, creating an earlier cash flow impact and requiring more proactive tax forecasting and treasury management.

Corporate Social Responsibility (“CSR”)

The CSR framework will be restored to how it was prior to the changes introduced last year.

A corporate will be allowed to spend up to 25% of its CSR Fund and remit at least 75% of the Fund to the National Social Inclusion Foundation (NSIF) through the MRA instead of a maximum of 50% presently.

Insurance Premium Tax

- 5% on short-term general insurance premiums
- Applies to new and renewed policies
- Effective: 1 January 2027

Personal Taxation

Replacing the Fair Share Contribution for individuals

The Budget proposes to replace the Fair Share Contribution (“FSC”) with a new top marginal income tax rate of 35% for individuals. Under the revised rate structure, chargeable income exceeding Rs 1 million and up to Rs 12 million will continue to be taxed at 20%, while the portion of chargeable income exceeding Rs 12 million will be taxed at 35%.

The individual tax rates thresholds are now as follows:

Chargeable income	Rate (%)
First Rs 500,000	0%
Next Rs 500,000	10%
From Rs 1,000,000 to Rs 12,000,000	20%
Above Rs 12,000,000	35%

This measure replaces the FSC, which was introduced as a temporary contribution for a limited period. In contrast, the new 35% rate is incorporated into the income tax rate schedule and based on the Budget proposals, is expected to apply on an ongoing basis.

It is also important to note that the Rs 12 million threshold is based on chargeable income. As dividends received from a Mauritian resident company are currently exempt from income tax and do not form part of chargeable income, such dividends should not be taken into account when determining whether the threshold has been exceeded, unless otherwise provided in the forthcoming legislative amendments.

Practical implication: The measure introduces a higher tax rate for high-income earners on a permanent basis. Individuals with annual chargeable income exceeding Rs 12 million should assess the impact of the new rate on their overall tax position.

Personal Taxation

Lump sum payment exemption

The tax exemption threshold for lump sum payments — including pensions, retiring allowances, and severance allowances — has been increased from Rs 3 million to Rs 3.5 million.

Golden Visa Scheme

Eligible foreign investors committing at least USD 1 million in designated high-value sectors may obtain a Golden Visa.

Golden Visa holders will benefit from the same tax incentives currently available to Premium Visa holders, including taxation of foreign employment income only when remitted to Mauritius, exclusion of foreign card expenditure from remittance rules, and exemption on funds transferred to Mauritius where foreign taxes have already been paid.

Solar PV expatriate employees

A 4-year income tax exemption will be granted to qualifying expatriate employees of companies engaged in the manufacturing of solar photovoltaic systems.

Disturbance allowance (Rodrigues / Outer Islands)

The disturbance allowance paid to public officers serving in Rodrigues or the Outer Islands will be exempt from income tax.

Employment Taxation

Employment contributions

Introduction of a new National Pensions Fund (“NPF”)

Effective 1 July 2027, the NPF will replace the CSG and PRGF. The contributions will be as follows:

Contribution	Salary Band	Employee	Employer	Employee	Employer
		YOA 2025–2026		YOA 2026–2027	
CSG – Contribution Sociale Généralisée (Private Sector)					
CSG	≤ Rs 50,000 / month	1.5%	3.0%	<i>Abolished</i>	<i>Abolished</i>
	> Rs 50,000 / month	3.0%	6.0%	<i>Abolished</i>	<i>Abolished</i>
NPF – National Pensions Fund (NEW – effective 1 July 2027)					
NPF	≤ Rs 50,000 / month	–	–	1.5%	7.5%
	Rs 50,001 – Rs 225,000	–	–	3.0%	10.5%
PRGF – Portable Retirement Gratuity Fund					
PRGF	All employees ≤ Rs 200,000 / month	–	4.5%	<i>Abolished</i>	<i>Absorbed into NPF</i>
NSF – National Savings Fund					
NSF	Up to salary ceiling (Rs 28,570/mo as at Jul 2025)	1.0%	2.5%	1.0%	2.5%
HRDC Training Levy					
Training Levy	All employees (no ceiling)	1.0%	1.5%	1.0%	1.5%
High Income Levy – Fair Share Contribution (FSC) / New 35% Band					
FSC / 35% Band	Chargeable income > Rs 12m / year	15%	–	35%*	–
Indicative Totals – Private Sector (salary ≤ Rs 50,000/mo)					
Employee Total	≤ Rs 50,000 / month	3.5%	–	3.5%	–
Employer Total	≤ Rs 50,000 / month	–	11.5%	–	11.5%

State Age Pension

Introduction of the State Age Pension (SAP)

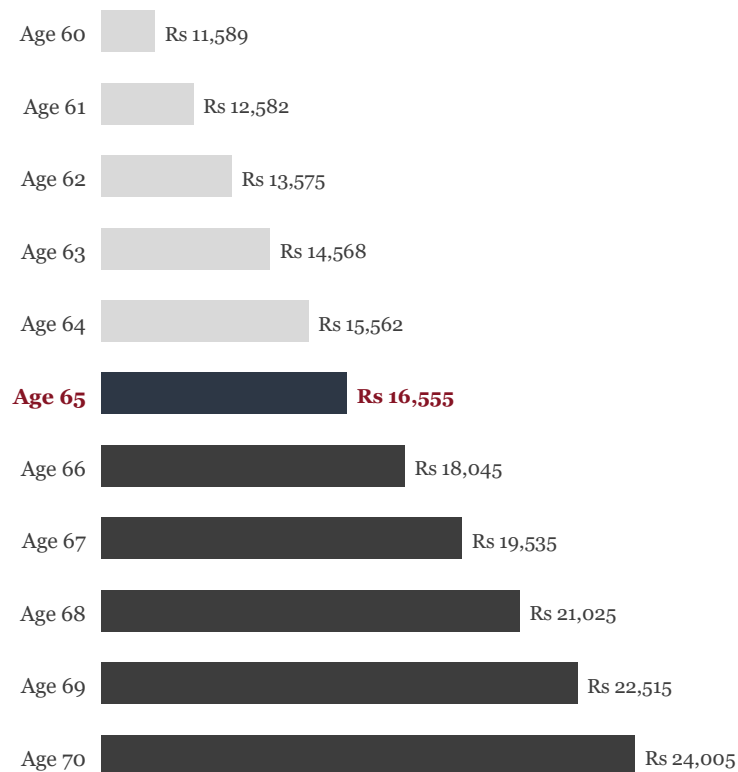
SAP AMOUNTS BY AGE BAND

Before means test – replaces BRP

Age Band	BRP (Rs)	CSG Benefit	SAP (Rs)
60–64	Rs 15,555	—	Rs 15,555
65–74	Rs 15,555	Rs 1,000	Rs 16,555
75–89	Rs 15,555	Rs 2,500	Rs 18,055
90–99	Rs 23,550	Rs 2,500	Rs 26,050
100+	Rs 28,735	Rs 2,500	Rs 31,235

CHOOSE WHEN TO START (Age 60–70)

Adjusted SAP – standard at age 65 = Rs 16,555



▼ Early draw: -0.5%/month (permanent)

▲ Deferred: +0.75%/month (permanent)

KEY RULES

Replaces BRP

CSG retirement benefit subsumed. Effective 1 Jan 2027.

Eligibility

Resident in Mauritius 15+ yrs since age 40 (3 yrs immediately before claim).

Irrevocable Choice

Age election (60–70) is permanent – cannot be changed.

Early Draw

-0.5%/month before 65 (-6%/year). Lifetime reduction.

Deferred Draw

+0.75%/month after 65 (+9%/year). Lifetime increase.

Bonus & Step-Ups

+Rs 1,500 at 75 | +Rs 7,995 at 90 | +Rs 5,185 at 100. December bonus.

Self-Declaration

Annual income declared. Means test reviewed every 12 months.

Value Added Tax

The several key changes brought to the Value Added Tax (VAT) system with an aim to simplify VAT rules and modernise the treatment of digital services and cross-border transactions. At the same time, the Budget adjusts certain VAT exemptions, revises treatment of financial services, and introduces stricter administrative penalties to improve revenue protection and compliance discipline.

Types of services	Current Rule	New Rule
Supply of services by companies holding a management license issued by the Financial Services Commission to Global Business companies, trusts whose settlor and majority of beneficiaries are non-resident or foundations whose founder and the majority of the beneficiaries are non-resident	Zero-rated (0%)	VAT exempt
Payment services provided to Global Business Licence companies by a holder of a payment service provider licence issued by the Bank of Mauritius (BOM)	Standard VAT treatment	Zero-rated VAT (0%)

These services provided by companies holding a management licence will no longer allow VAT recovery (as under zero-rating). These companies' supplies to GBCs will now be fully exempt, increasing the cost impact for service providers.

Digital and Cross-Border Services

Types of services	Current Rule	New Rule
VAT registration threshold	Irrespective of their turnover threshold	No registration required if turnover ≤ Rs 3 million
Reverse charge mechanism	Limited application	Applies where services are supplied only to VAT-registered persons
Digital platforms / online marketplaces	Not clearly defined	Now explicitly included under VAT scope

Value Added Tax

The changes in VAT treatment on the following items are listed below:

Description	Current Rule	New Rule
Electronic books	Standard VAT Rate	VAT exempt
Postal services	VAT exempt	Zero-rated VAT (0%)
Common Salt (locally produced or imported)	Standard VAT Rate	Zero-rated VAT (0%)
Hotel/tourist residence services	Standard VAT Rate	Half of the total VAT will be payable in foreign currency

The Budget proposes an expansion of VAT incentives and exemptions through the following measures:

- The existing VAT exemption on accommodation provided in connection with qualifying events will be extended to include international sporting events and international television and cinema awards events.
- Entry fees for sporting events organised under the responsibility of National Sports Federations will be exempt from VAT.
- Solar photovoltaic systems and related components, including solar panels, batteries, inverters and generators, will be exempt from VAT.
- Non-governmental organisations (NGOs) and non-profit organisations receiving funding from the National Social Inclusion Foundation under a Funding Instrument will be exempt from VAT on goods donated from abroad, provided such goods are used in the course of their normal activities.

Value Added Tax

VAT Ruling Fees, Administration & Compliance Changes

VAT Ruling Application Fees

Individuals

Current Fee

Rs 3,000



New Fee

Rs 5,000

+67%

Companies, Trusts & Entities

Current Fee

Rs 15,000



New Fee

Rs 75,000

+400%

VAT Administration & Compliance



VAT Trigger Point

Invoice Issued

Payment Received
whichever earlier

+3 Months Post-Delivery
NEW – if no invoice/payment



Input VAT Reclaim Window – Reduced

36 months



24 months

Fair Share Contribution – Eligibility Simplified

✗ Removed Criteria

Supplies > Rs 24m | VAT-registered

✓ Retained Criteria

Chargeable income > Rs 24m in an accounting year

Property Taxes

The Government will no longer grant, under the G+2 Scheme, leases authorising the sale of apartments constructed on state lands and Pas Géométriques, and will accordingly not authorise the sale of such apartments to foreigners.

The restriction will not apply to leases already approved that authorised the sale or disposal of such apartments, nor to the disposal by a person who already holds ownership of such an apartment.

In addition, a special levy of 10% will be imposed on the sale of such apartments payable by the vendor. This levy will not apply to notarial reservation contracts that have already been signed

Economic Development Board (“EDB”) Scheme

The duties and taxes applicable on the transfer of residential properties under the Economic Development Board (“EDB”) property schemes will be reviewed, signaling a potential revision of the fiscal framework governing foreign and local acquisition of residential property under those schemes.

Tax Administration

General

▶ **Power to Raise Assessments Beyond the Statutory Limit**

The MRA will have the authority to raise an assessment after the expiry of the statutory limitation period where fraud or willful neglect is established.

▶ **Stay of Assessment**

- The current rule allowing the MRA to pause the assessment process while a matter is being investigated by law enforcement authorities will also apply to cases involving unpaid Tourist Fees collected by businesses.
- The MRA will have more time to issue an assessment or make a claim after an investigation, court case, or criminal proceeding has ended. The deadline will be extended to 2 years.

▶ **Compliance Agreements**

A new framework will allow taxpayers and the MRA to agree on tax positions in advance through a written Compliance Agreement, helping to resolve issues before an assessment or claim is raised.

Key features of the framework include:

- The Compliance Agreement will set out the agreed tax liability, applicable interest, and payment terms between the taxpayer and the MRA .
- Once signed, the agreement will be legally binding on both the taxpayer and the MRA.
- Taxpayers entering into a Compliance Agreement will waive their right to object to or appeal against matters covered by the agreement.
- Penalties relating to the agreed matters may be reduced or waived where the taxpayer has fully cooperated during the audit process.
- The agreement will cease to be binding if the taxpayer fails to comply with its terms or has not disclosed all material information.

Tax Administration

Income Tax

▶ Director's Liability

The definition of "principal officer" under the Income Tax Act will be aligned with the VAT Act. Accordingly, personal liability for a company's unpaid income tax will be limited to executive directors and other persons exercising or controlling the powers of the Board of directors.

▶ Tax Residence Certificate Fee

Increase in the service fees payable for the issuance of a Tax Residence Certificate ("TRC"), as follows:

Applicant Category	Current Fee	Proposed Fee
Collective Investment Scheme	USD 1,000	USD 2,000
Individual	Rs 1,000	Rs 2,000
Other Applicants	USD 200	USD 500

Tax Administration

Value Added Tax

► Penalties for non-compliance with VAT obligations

VAT Obligation	Penalty for Non-Compliance
Providing information requested by the MRA	Fine of up to Rs 100,000 and imprisonment for up to 2 years
Producing books and records, granting access to electronic devices, and cooperating during inspections	Fine increased from Rs 200,000 to Rs 500,000
Issuing fiscal invoices	Penalty of Rs 5,000 per day of default, capped at Rs 1 million . The penalty must be settled within 28 days of the claim being issued
Compliance with mandatory e-invoicing requirements	Fine of up to Rs 500,000 and imprisonment for up to 2 years

Revenue Tribunal

▶ Amount Payable on Lodging of Appeal

The amount payable on appeal before the Revenue Tribunal against a determination of the Registrar-General or a claim made by the MRA under the Customs Act, Customs Tariff Act or Excise Act will be limited to 5% of the amount claimed or MUR 5 million, whichever is lower.

▶ Notice to Officers to Provide Evidence to the Tribunal

The power to serve notice to a public officer to attend a hearing of the Revenue Tribunal for the purpose of providing evidence will be extended from the Registrar-General and the Director-General of the MRA to an employee or former employee of the MRA.

▶ Other comments

A High-Level Committee under the aegis of the Ministry of Finance to fundamentally review the tax system of Mauritius with a view to enhancing its fairness, efficiency and international competitiveness, will be set up.

The Committee will include tax experts and will be supported by the IMF and other international experts.

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