ECONOMIC DEVELOPMENT BOARD MAURITIUS

BUDGET 2021/22

BETTER TOGETHER

EDITORIAL

Dear Valued Stakeholders,

I am pleased to present to you the Economic Development Board's special edition of its newsletter. This edition focuses on the recent measures and announcements of the 2021/2022 Budget put forward this afternoon by Dr. the Hon. Renganaden Padayachy, Minister of Finance, Economic Planning and Development.

The overarching ambition for the economy, society and the environment is captured in its title, namely, "Better Together". The budget sets out a series of measures to achieve this ambition.

Indeed, we must steer our way back on the path of recovery and prosperity and leave behind the negative fallout of the pandemic and further pursue our aim to emerge stronger by undertaking necessary reforms. Central to this ambition is our determination to open our borders to the world. We must also restore business confidence and become more resilient to any future shocks.

The budgetary exercise will instill confidence in the economy and prepare it for the long term by restoring the image of Mauritius as an investment and trade platform of choice for investors, local and foreign.

In furtherance to improving the business climate and spur investments, several measures on improving the 'ease of doing' business have been announced, with the distinctive measure being the creation of the Regulatory Impact Assessment (RIA) Agency, which heralds a new way of mitigating any potential negative impact of upcoming legislations on businesses.

A customized set of incentives will be provided under a new Premium Investment Certificate with a view of attracting innovative activities, high-tech manufacturing, medical, Biotech & Pharma and knowledge Industry.

With respect to construction and real estate, measures announced will ensure the momentum for the short and medium-term growth. Investment in public infrastructure also builds long term resilience, widens opportunities, and facilitates businesses by not only improving productivity but also contributes to improving the quality of life of the population.

In view of driving forward the sustainability agenda, the budget sets out the foundations to graduate towards a reduced dependency on fossil fuels by focusing on a number of initiatives related to Renewable Energy. Moving towards this sustainability goal is crucial for our economy, given that fuel imports represent more than 15% of our import bill. There are significant economic as well as environmental benefits to be garnered by accelerating our move towards sustainability.

To give a thrust to our manufacturing sector, at the level of the EDB, a Trade Development and Intelligence Cell (TDIC) will be set up to work with stakeholders to undertake prospection on market dynamics, distribution channels, buyers as well as the required standards, requirements, norms and Non-Tariff Barriers (NTBs) required for selected products where Mauritius has preferential access and disseminate all relevant information to existing and potential exporters. The development of new verticals will be one of the mandates of this cell.

To provide support to enterprises and prepare them for better resilience and competitiveness, a Modernisation and Transformation fund of Rs 5 billion has been allocated and will be managed by a new Industrial Financial Institution (IFI).

The EDB will also run an Export Development Programme that will target enterprises which are exporting or have the export readiness under the CECPA, the China FTA , the AfCFTA and other trade agreements.

Furthermore, EDB will be adopting a new strategy with respect to attracting new talents through the amendments to the occupation permit and Permanent Residence Scheme. Through targeted campaigns in association with MTPA, EDB will position Mauritius as a preferred destination for retirees and long stay tourism.

With the re-opening of our borders as from 15 July 2021, we are welcoming investors, travelers, tourists and residents back to Mauritius to come to invest, live, work, enjoy and retire.

The EDB will endeavour to work closely with all stakeholders to ensure that the measures announced are implemented as swiftly as possible and pave the way towards a better future for Mauritius.

This newsletter provides a summary of the measures by sector as well as our analysis of these measures on our economy.

We wish you a pleasant reading.

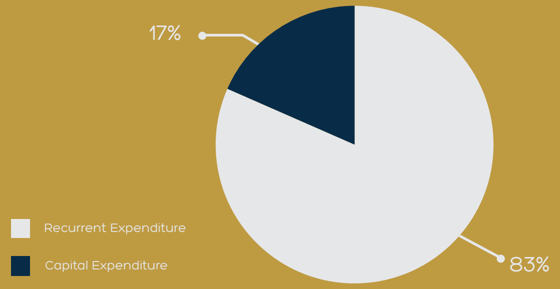
Ken Poonoosamy
Chief Executive Officer

BUDGET IN FIGURES

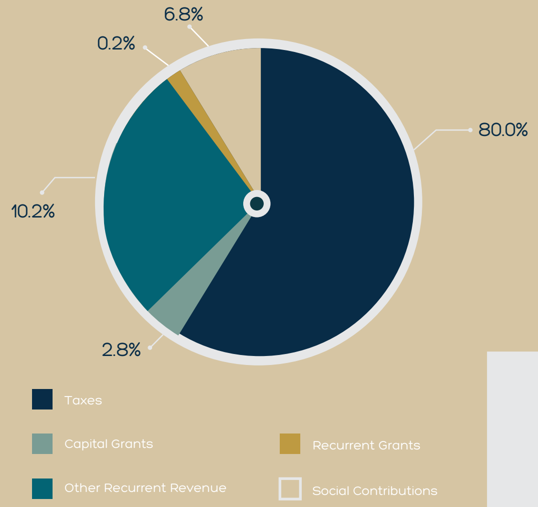
Expenditure

Rs 162.6 Bn

Expenditure Breakdown



Revenue Breakdown



Revenue

Rs 137.7 Bn

Real GDP Growth Rate

9.0%

(-5.4% in 2020/21)

GDP Current Market Prices

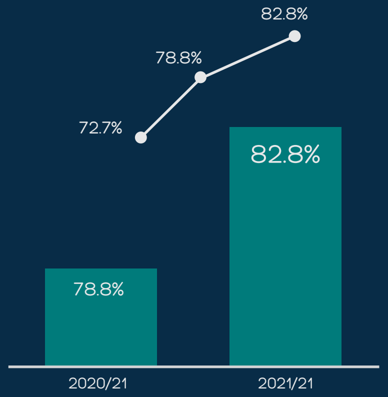
Rs 499.8 Bn

(Rs 441.1 Bn in 2020/21)

Investment Rate

20.7%

(18.9% in 2020/21)



Public Sector Net Debt (as % of GDP)

Budget Balance

-5.0% of GDP

(-5.6% in 2020/21)

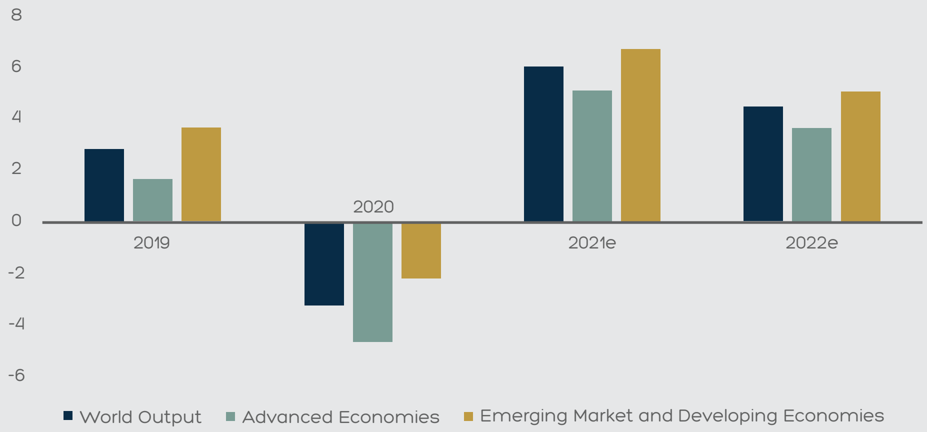
ECONOMIC CONTEXT

International Context

Recent COVID-19-related developments have contributed little in terms of providing visibility on the pandemic endgame, and even less on its aftermath. Whilst rapid vaccination campaigns and continued fiscal and monetary measures are supporting recovery in certain nations like the United States and China, other countries in South Asia, Sub-Saharan Africa, and Latin America are still in a precarious economic situation.

In its April 2021 World Economic Outlook (WEO) report, the IMF forecasts world output to grow by 6% in 2021 and 4.4% in 2022. Similarly, according to its June 2021 Global Economic Prospects report, the World Bank predicts global real GDP growth to be at 5.6% and 4.3% in 2021 and 2022, respectively.

Global Output Growth (%)



Source: IMF, WEO (April 2021)
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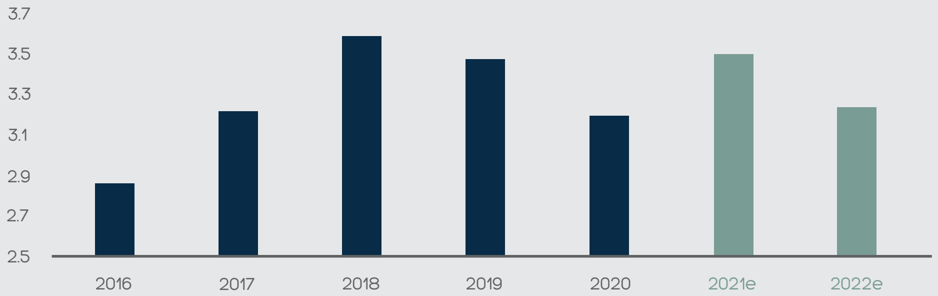
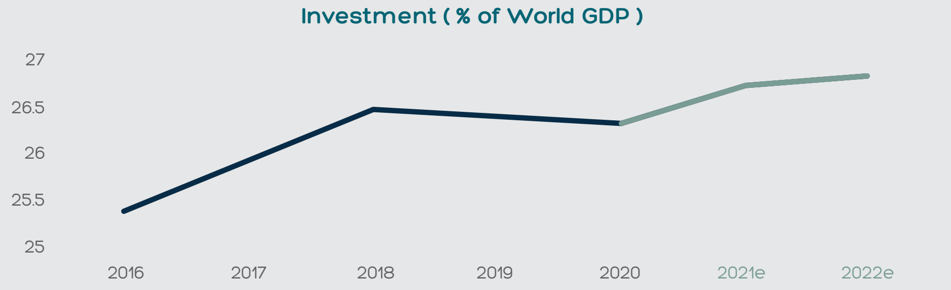
In 2020, global inflation stood at 3.2%. It is expected to reach 3.5% in 2021 amidst rising commodity prices and disruptions in supply chains before tempering to 3.2% in 2022.

World Average Consumer Prices (%)



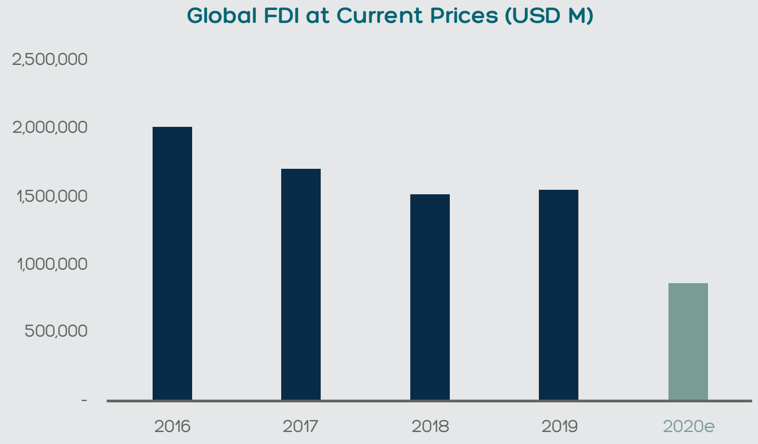
Source: IMF, WEO (April 2021)

Investment as a percentage of GDP has been at 26% on average over the last three years. This ratio is expected to rise to 26.7% and 26.8% in 2021 and 2022, respectively.



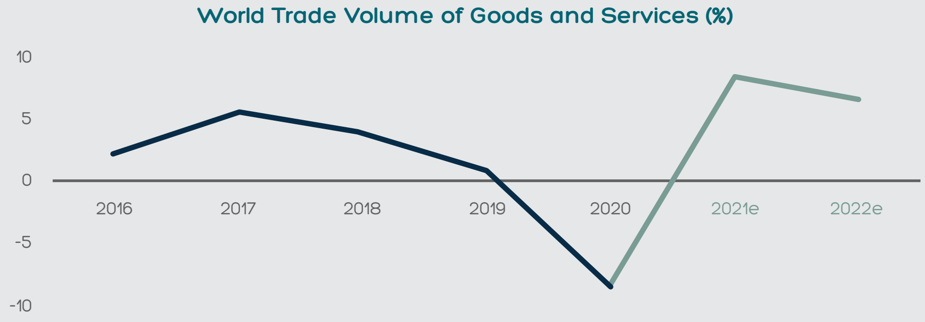
Source: IMF, WEO (April 2021)

In terms of global FDI, there has been a noteworthy fall of around 44% in 2020 compared to the year 2019.



Source: UNCTAD 2021

World trade volume of goods and services has significantly dropped by 8.5% in 2020, with a projected increase of 8.4% in 2021 and 6.5% in 2022.

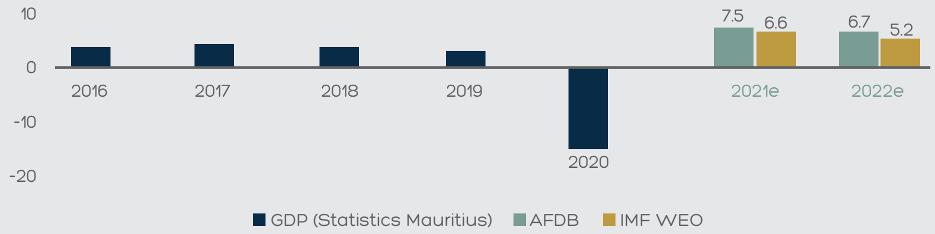


Source: IMF, WEO (April 2021)

Local Context

Mauritius lost 17.9 percentage points of GDP growth, contracting by 14.9% in 2020. International projection for the country is optimistic, with strong recovery anticipated in the medium term. The African Economic Outlook, issued in March 2021, projects GDP growth to stand at an average of 7.1% for the next two years while the IMF WEO issued in April 2021, estimates a growth rate of 6.6% for the year 2021.

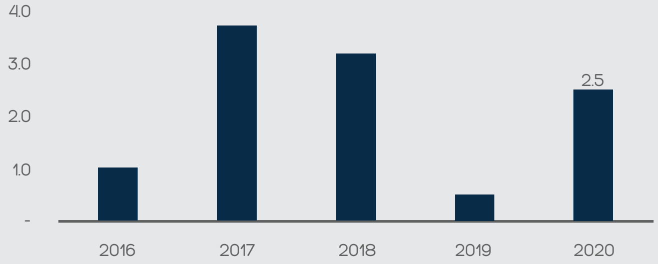
GDP Growth Rate (%)



Source: Statistics Mauritius. IMF WEO (April 2021). AFDB Outlook (March 2021)

Despite facing a depreciation of the rupee, the headline inflation rate for the year ended 2020 stood at 2.5% with a Consumer Price Index of 106.1 in December 2020, while headline inflation for the 12-months ending May 2021 worked out to 1.8%. The IMF WEO, issued in April 2021, expects to resume an upward trend for inflation rate at 2.6% in 2021.

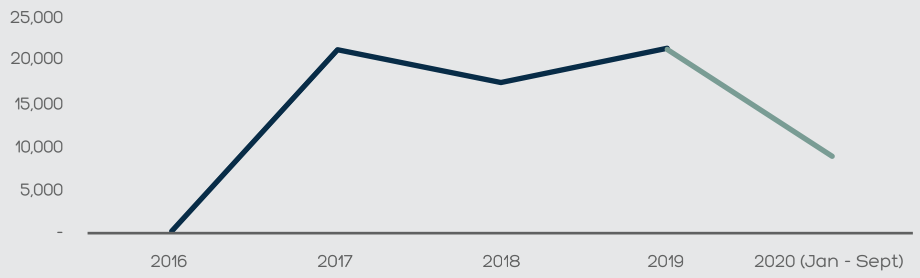
Headline Inflation (%)



Source: Bank of Mauritius

Gross Direct Investment (Inflows) for 2019 stood at Rs 21 billion while for the first 3 quarters of 2020 (Jan-Sept) were Rs 9 billion, contributing largely towards Real Estate Activities and Financial & Insurance Activities. In terms of markets, France and South Africa represent the main sources of foreign direct investment flows, ensued by USA, UK, Switzerland, UAE, and India.

Gross Direct Investment Inflows (Rs M)



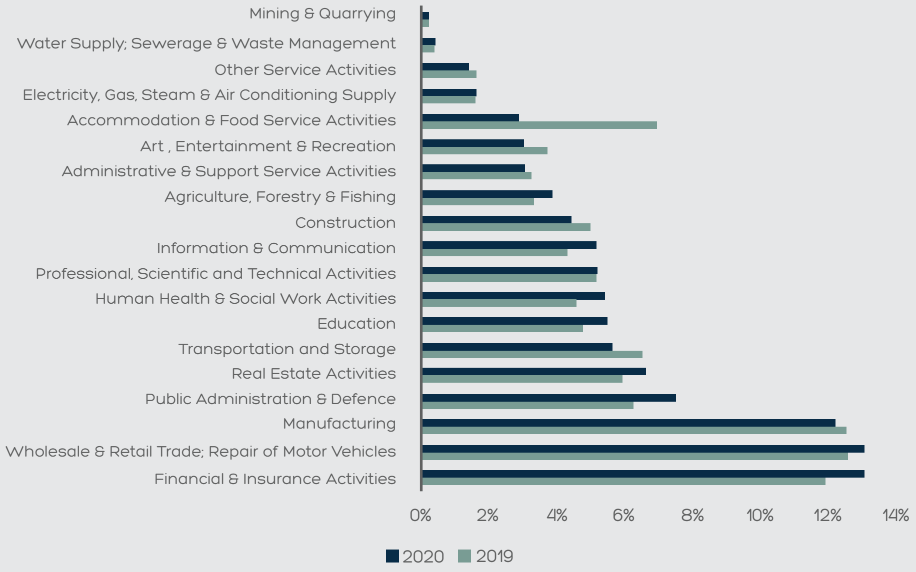
Source: Bank of Mauritius

Gross Fixed Capital Formation for the year 2020 stood at Rs 77,779 million, shrinking by 25.4% over its previous year (Rs 97,745 million).

For the year 2020, the exports of goods and services amounted to Rs 126,434 million, reflecting a dip of 34.1% relative to the figures of 2019. In 2020, the exports of goods stood at Rs 68,200 million whilst the exports of services stood at Rs 58,234 million.

The main contributor towards GVA is the Finance and Insurance Activities, amounting to Rs 49,262 million, followed by the Wholesale and Retail Trade sector (Rs 49,191 million) and the Manufacturing sector (Rs 46,027 million).

% Contribution of Industry Group to GVA



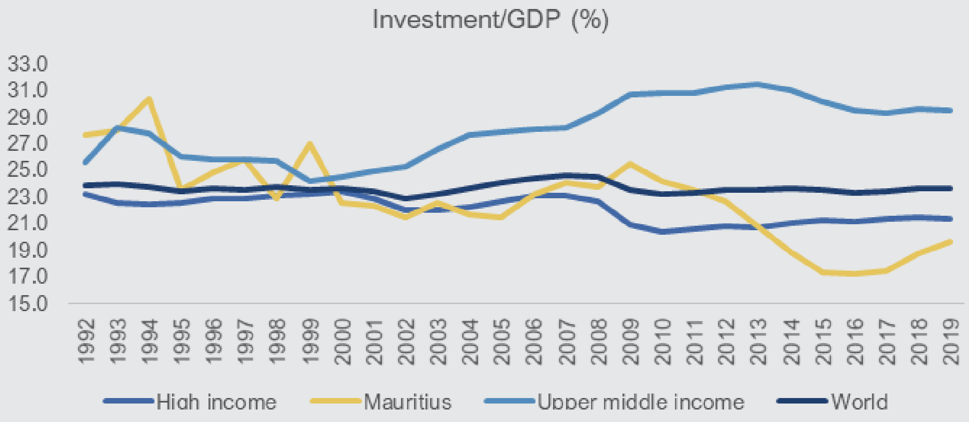
Source: Statistics Mauritius

EDB ANALYSIS

The budget contains several sectoral measures to address challenges and to create the necessary momentum in emerging sectors. Other than these, there are certain major axes that are prioritised, namely investment, exports, openness, debt management, renewable energy and business facilitation which will, at a more macro level, support recovery and enable the long-term transition of Mauritius towards a more sustainable economy.

Investment

Investment adds to the stock of capital, and the quantity of capital available to an economy is a crucial determinant of its productivity. Investment thus contributes to economic growth, both in the short term and the long term. In Mauritius, investment has been on a declining trend well before Covid-19. The investment rate has fallen below the rates for high and upper middle-income countries, and even below the world rate since the early 2010s.



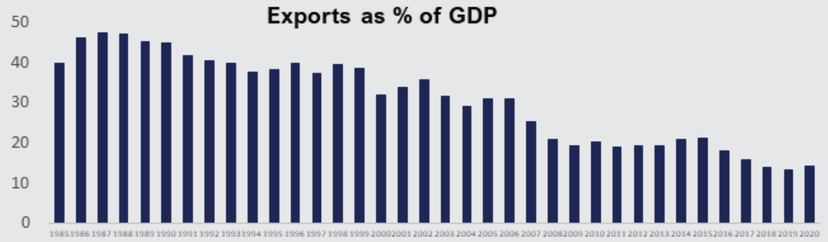
The budget emphasizes significantly on the role that investment must play in recovery in particular through the Public Sector Investment Program (PSIP) and measures to boost private investments.

The PSIP is especially important in magnitude with Rs 142 billion committed over the next 3 years. This is an increase of 75% compared to the previous 3 years and is expected to generate additional investment from the private sector. The objective is to increase the investment rate to above 20% by the end of 2021/22.

Based on EDB's investment multiplier, the additional Rs 142 billion investment will contribute an average 15% to GDP annually over the next three years. There will be subsequent growth effects beyond the three years as additional capital stock enhances productivity growth over time.

Reindustrialisation and exports

The Manufacturing sector, which has been the engine of growth since independence, has been facing certain challenegs over the last decade as reflected in the sectors' trade performance, employment, investment and productivity trends. The Eurocentric focus of the sector, born out of preferential agreements, had become a risk factor in the sustainable development of our economy.



The share of the manufacturing sector has already fallen to 12% of GDP, and today, it is no longer the main contributor of output. Exports have been falling as well. In fact, exports of goods as a percentage of GDP have fallen from 43 percent in the 80s and early 90s to 16 percent on average since 2016, and the annual growth rate in exports of goods and services has fallen below that of the world average.

Recent preferential trade agreements signed by Mauritius (see textbox) create opportunities in vast new markets that could provide demand for more complex Mauritian products. However, to fully benefit from these opportunities, there are certain structural factors that need to be addressed, and the budgetary measures captures a significant number of these parameters.

Competitiveness and productivity are major hindrances. Labour productivity in the manufacturing sector grew by 2.3% p.a. on average between 2009-2019. For EOEs, the growth rate was at -2.3%. The Rs 5 billion under the Modernisation and Transformation Fund will provide a significant boost to manufacturing companies and allow them to upgrade their machinery, equipment and technologies and engage in more cost-efficient processes. The cap is quite high at Rs 75 million which will allow larger companies to benefit too. The other measures regarding the existing Leasing Equipment Modernisation Schemes will further support businesses in adopting latest machineries.

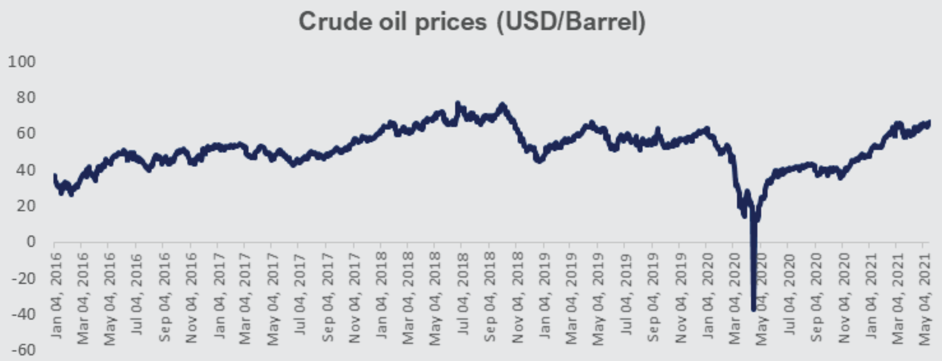
The Industrial Financing Institution, which will be a takeover of ISP Ltd and SME Equity Fund, is an important reform. Rationalization will benefit companies, and a larger institution, with a larger array of support mechanisms will be more able in effectively helping enterprises and significantly reduce agency hopping.

Businesses have indicated that market intelligence, business information and capacity building are key hindrances to tap into new export markets. The Export Development Programme and the Trade Development and Intelligence Cell at the level of the EDB will fill this gap. A targeted approach with a cohort of enterprises meeting the required selection criteria has a better chance of success in increasing exports.

The above measures are expected to contribute 0.5%-0.8% to GDP over the next three years via additional investment and enhanced productivity in the Manufacturing sector.

Renewable Energy

Fuel imports already represent more than 15% of our import bill, and this is likely to increase given the rising costs of oil and gasoline worldwide. Over and above the impact it may have on the current account balance and the level of inflation, fossil fuels emit high levels of carbon, which has significant impacts on the environment and health.



The budget paves the way towards more sustainable ways of energy production. In fact, renewable energy is proposed as a new pillar of growth with several measures announced with the objective of increasing renewable energy contribution to the total energy from 13% to 60% by 2030, further enhanced by the objective of phasing out of coal. This will put Mauritius among the in the list of leading economies in terms of share of renewable energy.

Top 5 countries by share of renewable energy in total energy

Country	Share of renewable energy
Iceland	79.08%
Norway	66.18%
Brazil	45.02%
Sweden	42.24%
New Zealand	35.40%

The flagship measure is the implementation of the Biomass Framework with a guaranteed price of Rs 3.50 per kWh for bagasse. This will encourage more landowners to engage in the production of renewable energy from biomass, and at the same time ensure a more equitable contribution of the cane industry to support small planters of sugar cane.

Our Green objectives will be made possible by the acquisition of batteries by the CEB which will help increase supply of electricity from renewable sources to the grid by addressing certain constraints such as intermittency.

The greening of the transport fleet is also much welcomed. The transport sector accounts for 54.3 % of total TOEs currently. Electrification of buses and cars fleets currently on the road, coupled with the measures regarding increasing the share of renewable energy in the overall mix, will have much desirable effects on the environment. The reduction of subsidies on imported buses is offset by a more generous subsidy on electric buses produced locally and may even spur the development of a local electric bus manufacturing cluster in Mauritius. The expected increase in solar and wind farms across the island to supply the grid also has the potential of attracting investments in the production of PV cells and wind turbines.

	TOE	%
Manufacturing Sector	203,254	20.0%
Transport Sector	552,070	54.3%
Commercial & Distributive Trade Sector	111,268	11.0%
Household	141,255	13.9%
Agriculture	3,706	0.4%
Others	4,418	0.4%
Total Final Consumption	**1,015,972**	**100.0%**

The implementation of the biomass framework will have several positive impacts on the economy besides reducing our carbon emission, namely via green growth and improving income distribution. Carbon reducing polices such as green taxes and emission trading schemes can be growth reducing. However, the biomass framework will reduce emissions and enhancing growth and employment at the same time. The additional investment in plant and machinery required to make electricity will increase capital stock and employment, and subsequently GDP growth. Furthermore, the return from sugar cane will now be higher with the guaranteed price on bagasse which will increase productivity of sugarcane production and GDP. The guaranteed price to sugar planters will ensure that the returns of the biomass framework are more widely distributed to the population promoting a more equitable distribution of income. Finally, the reduction in import of heavy oil and coal will reduce the leakages in energy production and further boost GDP and the balance of payment.

Openness

Mauritius is facing a serious demographic challenge with no population growth in the last couple of years, a falling fertility rate of 1.4% and an ageing population with longer life expectancy. As a result, there are insufficient Mauritian workforce to meet industry labour demands especially in the manufacturing, ICT and hospitality sectors. In face of the current challenges, the country has no alternative but to open its economy to a larger number of foreign nationals to invest, work and live in Mauritius.

Since 2006, a total number of 36,110 occupation and residence permits have been issued to non-citizens under four categories: Investor, Professional, Self-Employed and Retired non-citizens. There are currently around 6,400 active occupation and residence permits holders currently in Mauritius, representing only 4% of the resident population as compared to Singapore (37%), New Zealand (22%) and Luxembourg (47%).

There are several studies estimating the economic benefits of immigrations. Besides increasing the size of the active working population, migrants also contribute to tax revenue, aggregate demand and increase in skills and knowledge sharing. In a joint study by the OECD and the ILO in 2018, it was found that the contribution of immigration to GDP ranges from about 1% in Ghana to 19% in Côte d'Ivoire, with an average of 7%. It is also found that the economic benefits are higher when the immigrant flow is composed of high-skilled workers.

Thus, the measures announced in the budget aim to increase the number of migrants in high value-added sectors by making residency more attractive, building on the measures announced last year. The extension of the professional work permit from 3 years to 10 years, relaxed measures for dependents such as children and spouses, and the extension of the list of qualifying activities for the Young Professional OP, amongst others, will not only contribute increasing the domestic market size, but also support the emergence of the tertiary education segment and allow firms facing the recurring issue of skills mismatch to tap into a larger pool of available workforce.

Debt management

The IMF, traditionally anti-debt, has mentioned in a recent note that "it is indeed self-defeating to target a higher budgetary balance when the pandemic is not behind us, especially now that real interest rates are almost negative everywhere".

In March 2021, Moody's had maintained the investment grade status of BAA for Mauritius but downgraded long-term foreign and local currency issuer rating to BAA2 from BAA1 and continued the negative outlook. The main reason behind this assessment was the weakening in fiscal and economic strength of Mauritius due to the impact of the COVID-19 pandemic on the economy.

As at the end of the first quarter of 2021, public sector debt stood at 91.3% of GDP and is likely to increase to 95% by the second quarter due to the necessary disbursement of funds by the Government to support businesses. An important area of the budget exercise is to reduce the debt ratio to 90% in the short term and to 65% in the medium term. This can be possible through the combined effects of:

- A decrease in public expenditure relative to GDP (from 30.9 percent in FY 2020/21 to 27.1 percent in 2021/22)
- Maintaining the budget deficit to less than 5% in the short term with a view to achieve a balanced budget in the medium term
- Higher growth rates that will result in an increase in government revenue, especially with the opening of borders, recovery of the world economy and increase in private and public investment.

Mauritius is not the only country that has faced an increase in debt over the last two years. Compared to various countries, Mauritius encountered an increase of 6% its general government gross debt ratio from 2019 to 2020, while the world saw a rise of 16.3% during the same period. Advanced economies experienced a surge of 15.7% whereas low-income developing countries faced an increase of 11.7%. Note that the general government gross debt ratio is different to the public debt ratio mentioned above.

Country/Groupings	General Government Gross Debt (% of GDP)		Difference
	2019	2020	
World	83.7	97.3	16.3%
Advanced Economies	103.8	120.1	15.7%
Euro Area	84.0	96.9	15.3%
Emerging Market Economies	54.7	64.4	17.6%
Asia	57.3	67.6	18.1%
Low-Income Developing Countries	44.3	49.5	11.7%
Algeria	45.8	53.1	15.9%
Angola	107.1	127.1	18.7%
Australia	47.5	63.1	33.0%
Botswana	14.9	20.0	34.4%
China	57.1	66.8	17.1%
India	73.9	89.6	21.2%
Japan	234.9	256.2	9.1%
Kenya	62.1	68.7	10.5%
Madagascar	37.8	43.6	15.3%
Mauritius	**82.8**	**87.8**	**6.0%**
Mozambique	103.4	122.2	18.2%
Rwanda	51.0	61.0	19.6%
Seychelles	57.7	98.4	70.4%
Singapore	129.0	128.4	-0.5%
South Africa	62.2	77.1	24.0%
United Arab Emirates	26.8	38.3	42.8%
United Kingdom	85.2	103.7	21.6%
United States	108.2	127.1	17.5%

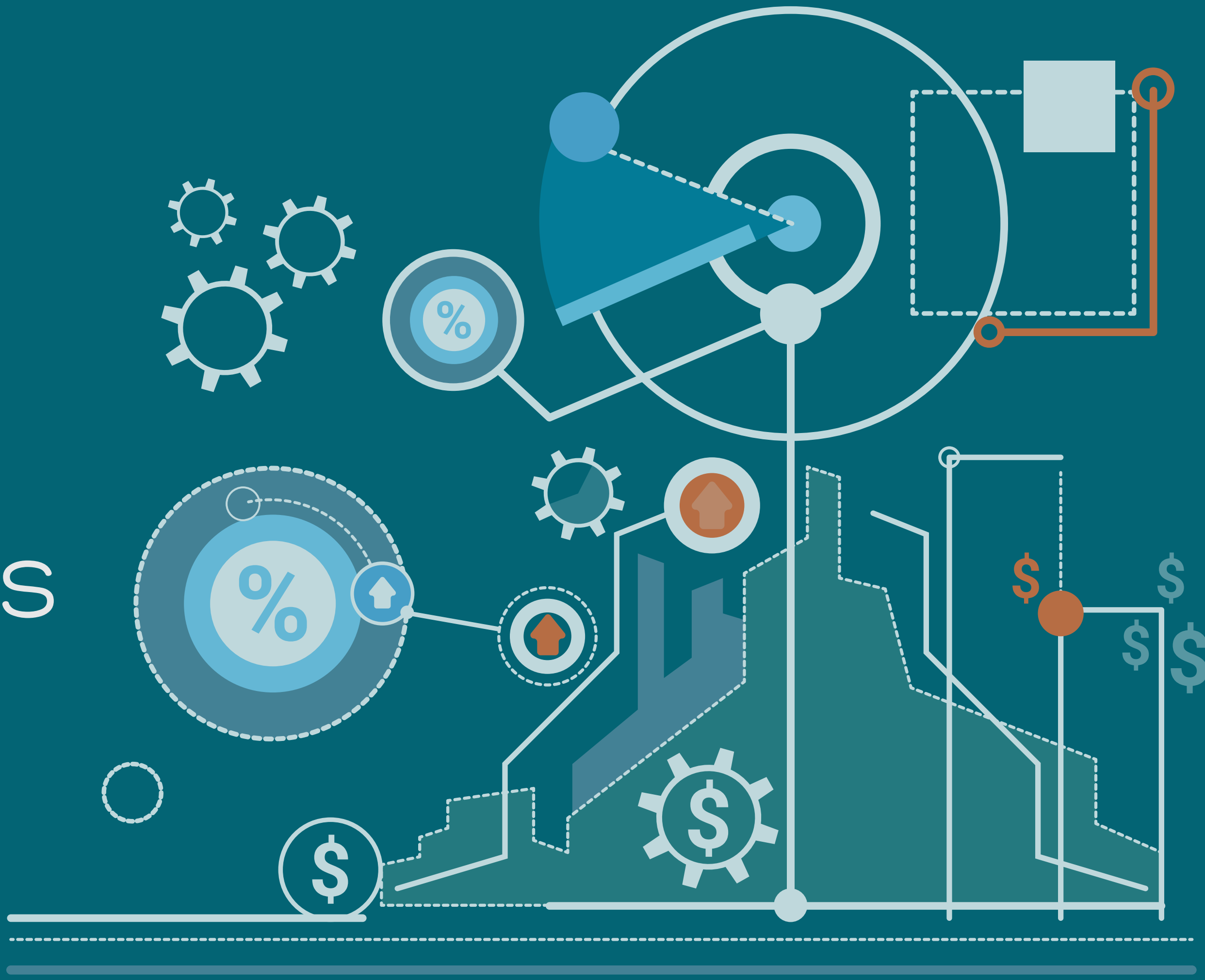
Business facilitation

Mauritius has considerably improved its doing business environment over the last couple of years as testified by moving up 13th in the World Bank's Doing Business ranking. However, reforming the business climate is not once-off but a continuous process. Several projects, such as the Regulatory Review Exercise, the Maritime Single Window and the Integrated Single Window, have been announced in Budget 2020/2021 and are currently under implementation. These projects aim at fundamentally changing the doing business landscape and will be implemented over the next couple of years.

In view to further improve the business facilitation framework, the budget addresses several important reforms, inter alia, rationalisation of incentive schemes, setting up of business support facility, introducing regulatory impact assessment, introduction of an Insolvency (Amendment) Bill, reforms in the Judiciary, automation of public service delivery and various trade facilitation reforms.

Improving the ease of doing business have significant positive effects on economic growth. It reduces business costs, decreases business idle time and increases revenue. A good business facilitation framework also reduces the cost of setting up businesses which are usually considered as sunk cost for businesses and hence a key barrier for business set-up. Consequently, the ease of doing business is a significant determinant in attracting investment especially FDI especially with stringent competition for FDI around the world. We expect that these measures announced in the budget will lead to a significant improvement in productivity growth across the whole economy and generate additional investment across all sectors.

ECONOMIC
MEASURES



INFRASTRUCTURE DEVELOPMENT

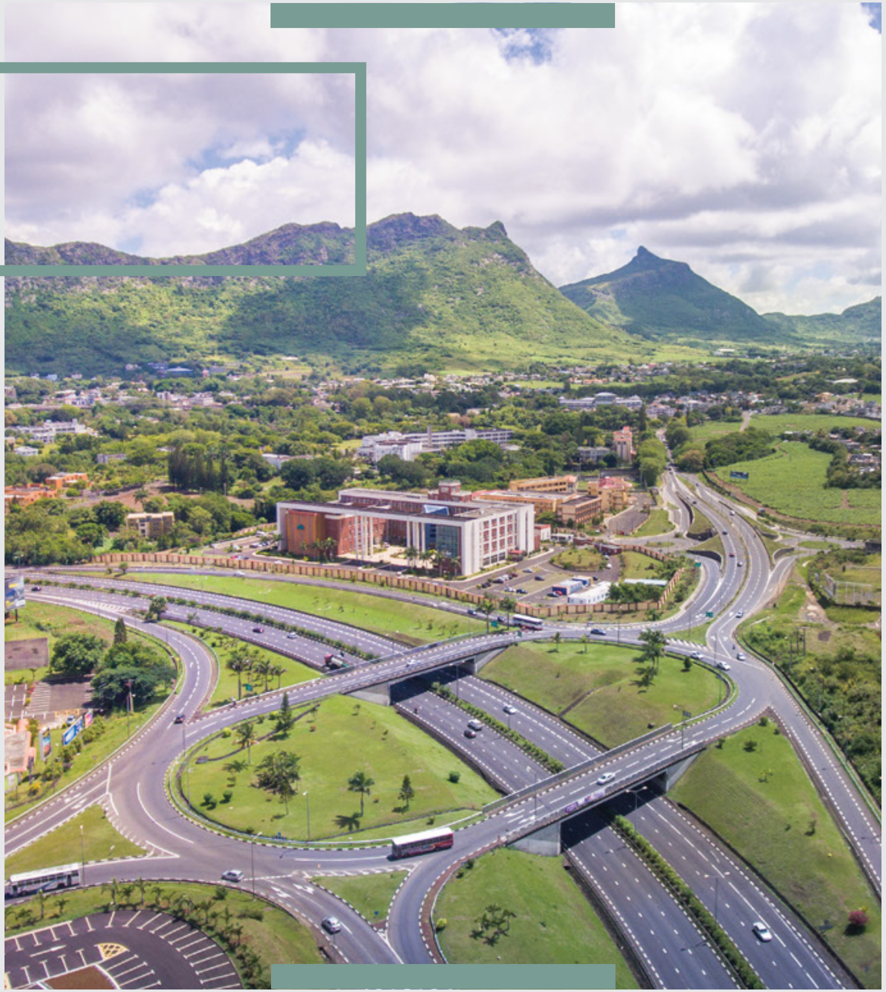
Government will invest some Rs 65 billion in priority projects over the next three years:

Rs 11.7 billion for a National Flood Management Programme

- Spearheaded by the Land Drainage Authority.
- Construction and Upgrading of some 1,500 drain projects across the island.
- Contribution of Rs 8.5 billion by parastatal bodies from their excess accumulated cash balances.

Rs 12 billion for the Construction of 12,000 Social Housing Units

- Completion of 1,285 social housing units in the upcoming financial year and construction will start for an additional 2,025 units under the NHDC.



Rs 4 billion for projects under the Economic Recovery Programme

- Rs 2.8 billion in Infrastructure Development, (roads, sports amenities, water projects, rehabilitation of public buildings, improving road safety and projects in Rodrigues and Agalega).
- Rs 250 million for embellishment of beaches, cleaning of rivers and canals, rehabilitation of heritage and tourist sites, greening of towns and villages and upgrading of sewerage infrastructure etc.
- Rs 650 million in Renewable Energy Projects (solar panels on rooftops of Government Buildings and provision of solar water heaters to some 2,000 households) .
- Rs 120 million for Water Distribution.
- Rs 180 million for Public Service Delivery by acquiring modern tools and equipment for hospitals and local authorities.

Rs 9.4 billion to improve water supply

- Construction of Rivière des Anguilles Dam and its Treatment Plant.

Rs 5.7 billion for Community Development Projects

- Community Development Projects such as Market Fairs, Sports Centres, Sports Amenities, Multipurpose Complexes, Sub Halls amongst others will be developed.

Rs 22 billion for land transport projects including roads and the Metro Express

- Metro to be operational in Quatre Bornes by the end of this month and in Curepipe by the end of 2022.
- Rs 4.5 billion to extend the Metro from Rose Hill to Reduit through Ebene.
- Road projects (Motorway M4 between Bel Air and Forbach, Flyovers at Wooton, Ebene, Quay D and Terre Rouge, La Vigie - La Brasserie - Beaux Songes Link Road, Bypass roads at Verdun, Hermitage, Flic-en-Flac, Bois Cheri).

BOOSTING PRIVATE SECTOR INVESTMENT

Measures announced will generate an expected additional Rs 27 billion of private investment.

Rs 8 billion for the development of Urban Terminals at Vacoas, Rose Hill, Quatre Bornes and Curepipe.

Setting up of a Rs 5 billion Modernisation and Transformation Fund:

- To be managed by a new Industrial Financial Institution (IFI).
- IFI will take over the activities of the ISP Ltd and SME Equity.
- Eligible sectors: manufacturing, agriculture and fisheries amongst others.
- Leasing facilities at a preferential rate of 2.5 percent per annum over an extended period of up to 9 years.

Reduction on the annual interest rate for the existing Leasing Equipment Modernisation Scheme (LEMS):

- LEMS I, from 3.9 percent to 2.9 percent for companies with turnover up to Rs 50 million.
- LEMS II, from 4.25 percent to 3.25 percent for companies with turnover between Rs 50 million and Rs 250 million.
- LEMS III, from 4.75 percent to 3.75 percent for companies with turnover above Rs 250 million.

Credit Guarantee Scheme

- Extension of the Scheme to cover 5 percent of the default amount on leases contracted from private leasing companies for SMEs.
- Implementation of the in-collaboration with the Fonds de Solidarité Africain.

Increase in the maximum investment through licensed crowd lending platforms by the IFI from Rs 200,000 to Rs 1 million per project.

200 percent deduction from taxable income will be allowed on the acquisition of specialised software and systems.

The High-Level Committee on private sector investment projects to meet on a monthly basis under the chair of the Honourable Prime Minister.

EASE OF DOING BUSINESS

Rationalisation of Incentive Schemes

Investment Certificate (8-year tax holiday, VAT exemptions/zero-rated, exemptions from registration duty for emerging sectors).

Export Development Certificate (eligibility to 3% corporate tax, Freight Rebate Scheme, Trade Promotion and Marketing Scheme).

Premium Investor Certificate

- Minimum investment of Rs 500 million (except Pharmaceutical Manufacturing).
- Negotiable incentives upon recommendation of a Technical Committee and approval of the Minister of Finance, Economic Planning and Development.

Setting up of a Business Support Facility at EDB

- Facilitation and advisory services to all businesses.
- Allocation of an Accounts Manager to all registered businesses.
- Information sharing platform with the MRA and CBRD.
- Registration of all businesses at EDB to avail of incentives.

Setting up of Commissions by EDB

For the efficient operationalization and promotion of bilateral & multilateral agreements, the following commissions will be established:

- Trade and Business Facilitation.
- Export Development.
- Investment.
- Sectoral Development.
- Financial Services.

Good Regulatory Practice

Regulatory Impact Assessment (RIA)

- Introduction of a Regulatory Impact Assessment Bill for Regulatory bodies, amongst others, to submit an impact of upcoming regulations on the business environment.
- Setting up of a RIA Office to oversee and monitor the quality of assessments, under the Prime Minister's Office.

Setting up of a Business Regulatory Reform Council (BBRC)

- Set up under the aegis of the Ministry of Finance, Economic Planning and Development and assisted by the EDB.
- Mandated to address regulatory and administrative reform needs, advise Government on regulatory policy.
- Empowered to recommend and instruct regulatory bodies for implementation.

Regulatory Reforms

- Introduction of an Insolvency (Amendment) Bill to factor in new developments in insolvency practices.
- 'Silence is consent' principle to be applied to licenses and permits as may be prescribed.
- Review of the Mauritius Fire and Rescue Service (Fire Safety Plan and Fire Certificate) Regulations 2018.
- Recognition of private food testing laboratories, accredited either by MAURITAS or international accrediting bodies, in the Food Act.
- The Central Electricity Board (CEB) and Central Water Authority (CWA) will be empowered to compulsorily obtain wayleave in case of silence of the owners for extension of their network.

Reforms in the Judiciary

- Review of court procedures in view of expediting commercial disputes.
- Upgrading of the E-Judiciary system.

Automation of Public Service Delivery

- Development of a Notice-Based registry under the Mauritius E-Registry system and the legal framework to facilitate access to finance will be reviewed.
- Development of a new Companies and Businesses Registration Integrated System.
- Introduction of electronic business registration card.
- Implementation of online application systems by the CEB and CWA to expedite electricity and water connections, respectively.
- Expansion of sharing of information among public sector agencies, including between EDB and MRA.

Trade Facilitation

- Introduction of a Trusted Trader Programme where importers with a good history of compliance will be able to register for a Certificate allowing them to import goods without the need for permits for each import.
- Fee for amendments made to the aircraft/ship cargo manifest in the event of natural calamities will be waived.
- Electronic clearance by MRA to departing aircraft/ship electronically to reduce cost and dwell time.
- Acceptance of electronic submission of bill of lading and other documents required for clearance of goods.
- Single application will be required by MRA for all excise licences.

Cost of Doing Business

- The 50% reduction in port dues and terminal handling charges for export extended for 2 more years.
- Exemption on trade fees not exceeding Rs 5,000 extended for an additional 5 years.
- Trade fees and related penalties and interests that were due before 1 January 2020 waived.
- Trade fees, where applicable, will become due two financial years after registration of a business.
- Trade fees will not be applicable for any person holding a Tourist Enterprise License and Global Business Companies not having a physical office in Mauritius.
- A range of tax incentives is being provided to businesses.

RENEWABLE ENERGY

A new economic growth pole, the Green Energy Industry, with objective to increase renewable energy penetration to 60 percent of our country's energy needs by 2030.

The use of coal will be totally phased out before 2030.

Setting up the National Biomass framework with remuneration of bagasse at Rs 3.50 per kWh for all planters.

CEB will invest some Rs 5.3 billion over the next 3 years to:

- Raise tenfold the absorption capacity of intermittent renewable energy through increased battery capacity to some 40 MW from the current 4 MW.
- Set up 10 Gas Insulated Switchgear (GIS) substations.
- Implement the Net Billing Project.
- Set-up a solar farm of 10 MW at Tamarind Falls, Henrietta.

CEB will also launch a Request for Proposal to set up a 40 MW wind farm that will require some Rs 2.4 billion of investment.

The CEB will allow for integrated green energy projects, combining the use of biomass, wind and solar energy.

Allowing companies and individuals to provide renewable energy directly to the CEB, if the price is below the maximum tariff set.

The DBM will provide a concessionary loan of 2% up to an amount of Rs 100,000 to enable households to purchase solar kits for domestic use.

The CEB's "Centre de Formation et de Perfectionnement Professionel" will become an accredited centre to provide training in the fields of Renewable Energy and Energy Efficiency.

A detailed feasibility study will be carried out on:

- The implementation of offshore windfarms and for the setting up of mini hydro power plants.
- Safe disposal and recycling of used solar panels and batteries.

Uptake of Electric Vehicles will be promoted by setting up a scheme to encourage private investment in fast charging infrastructure points across the island.

Importation of non-inverter type air conditioners will be banned in a phased manner by 2024, starting with those with capacity of at least 36,000 BTU as from January 2022.

The Energy Efficiency Management Office will issue guidelines for the proper installation and maintenance of air conditioners.

Existing ban on importation of incandescent light bulbs of at least 75 watts will be extended to all incandescent light bulbs used for general lighting.

All public institutions will be required to reduce their electricity consumption by at least 5% of its current electricity consumption.

The Energy Efficiency Management Office will establish procedures to monitor energy efficiency and consumption.

Guidelines will be established under the Environment Protection Act for better management of electronic and electrical wastes in close partnership with private sector organisations.

Greening the transport system

Removal of the 5 percent excise duty on Electric Vans of up to 180 kW used for the transport of goods.

Electric vehicles owners will be allowed to install a Photo Voltaic system not exceeding 10 kW to charge their vehicles and export any surplus to the grid.

Subsidies and incentives for the importation of diesel buses are being phased out.

The subsidy for the purchase of electric buses is being increased:

- From Rs 1 million to Rs 1.2 million for 9-meter buses.
- From Rs 1.3 million to Rs 1.5 million for buses above 9 meters .

Operators acquiring electric buses will be eligible to a lease under the Transformation Fund.

Purchase of some 25 electric buses for the NTC to renew its fleet.

TOURISM

More than Rs 8.5 billion have already been spent to assist some 50,000 individuals through the Wage Assistance Scheme and Self-Employed Assistance Scheme.

Reopening of borders

- Reopening to all vaccinated as from the 15th of July 2021 for resort tourism.
- A tourist will be allowed to leave the hotel after 14 days with a negative PCR test.
- All vaccinated tourists with a negative PCR test will be allowed in Mauritius without restrictions as from the 1st of October 2021.

Expected 650,000 tourists over the next twelve months.

Rs 420 million to the Mauritius Tourism Promotion Authority (MTPA) (mainly for promotion and marketing in France, Reunion, UK, Germany, Italy, South Africa and China).

Support to the tourism sector

- Extension of the Wage Assistance and Self-Employed Assistance Scheme to tourism-related companies for the three-month period up to September 2021.
- Deferring the payment of lease on state lands to June 2022.
- Waiving the rental fee of counters by hotels and operators at the airport for the period April to September 2021.
- Reduction in the registration tax on transfer of lease of state lands from 20% to 10% for hotels for a two-year period.
- Introduction of a Tourism Business Continuity loan for SMEs at a rate of 0.5 percent per annum by the DBM.

Silver economy

- Special Desk at the EDB to attract at least 50,000 foreign retirees in Mauritius during the next financial year (in collaboration with MTPA).
- A dedicated portal for foreign retirees will be launched with practical information.

Assistance of the UNDP to reposition the industry to cater for new business segments.

Amendment of the Invest Hotel:

- Sale of up to 80% of the units with the possibility for the owner of a room to stay for a maximum of 6 months annually to be allowed.
- Reduction in the minimum selling price of a standalone villa from USD 500,000 to USD 375,000.

Organisation of 5 "Fêtes l'Art dan Vilaz" .

Upgrading of leisure facilities in 4 major public beaches (Mon Choisy, Flic-en-Flac, Belle Mare and La Prairie).

BIOTECHNOLOGY & PHARMACEUTICAL INDUSTRY

Construction of purpose-built factories for pharmaceutical and medical device manufacturing and clinical and preclinical trials:

- Exemption from registration duty and land transfer tax.
- Exemption for Land Conversion tax.
- Exemption on VAT on construction.

Premium Investor Certificate for the manufacture of pharmaceuticals and medical devices to all companies.

Full tax credit on the costs of acquisition of patents for Biotechnology and Pharmaceutical companies.

Companies engaged in the medical, biotechnology and pharmaceutical sector will be taxed at 3% instead of 15%.

Seed capital from Government of Rs 1 billion will be provided to the Mauritius Institute of Biotechnology to set up a manufacturing plant for the local production of COVID-19 vaccines and other pharmaceutical products.

Overseas Treatment Scheme:

- Increase in income eligibility criteria for households from Rs 50,000 to Rs 100,000.
- Establishment of a framework with private clinics to allow patients to undergo treatment.
- Introduction of a special zero-interest loan to patients undergoing treatment in private hospitals.

Double deduction for expenses related to international accreditation for Private health institutions.

Amendment of the Medical Council Act and Dental Council Act to facilitate registration of foreign practitioners.

The Mauritius Oceanography Institute will launch an expression of interest in collaboration with the EDB for strategic alliance in the field of marine exploration, characterisation and commercialisation. A partnership framework will be devised to ensure protection of Intellectual Property and genetic assets in Mauritius.

ARTS AND CULTURE

Introduction of the Status of Artist Bill to support the professionalisation of artists.

The EDB will act as a one-stop-shop to register and assist local artists .

Preservation of national heritage buildings and museums:

- The National Heritage Fund will engage with the private sector to better preserve, protect and promote national heritage sites.
- Rs 50 million for the implementation of Phase II of the Intercontinental Slavery Museum Project over two years.
- Inclusion of restoration of a building designated as a national heritage under the list of areas of intervention under the CSR Programme.
- Introduction of four special lotto draws for the financing of restoration of designated historical sites and museums.

Events for Arts and Culture promotion:

- La nuit du conte et du slam; A karavan zistwar; and A National Artist of the Year Award.

A Public Art Policy will be implemented to allow local artists to display or perform in public places including the metro stations, bus stations, common public areas and public parks.

The Public Procurement Act will be amended to make it compulsory for Public Bodies to procure tokens from registered local artists only.

KNOWLEDGE INDUSTRY

International students enrolled in a recognised educational institution in Mauritius will benefit automatically from:

- A 20 hours per week work permit.
- A 10-Year renewable Young Professional Occupation Permit upon graduation.

Exemption of the construction and expansion of student campuses from land transfer tax and registration duty.

Provision of a concessional 3 percent corporate tax rate to private universities set-up in Mauritius.

Provision of a Higher Education Desk at the Ministry of Education to promote Mauritius as a study destination for international students.

The Mauritius Research and Innovation Council (MRIC) will have broader mandates for fostering research and innovation.

Recruitment of a pool of researchers to effectively respond to the research needs of businesses and Government.

Provision of Rs 125 million across Ministries to finance research projects in priority fields.

CONSTRUCTION AND REAL ESTATE

In addition to the 12,000 social housing units being constructed, Rs 2 billion is being earmarked to support the purchase of residential land and property by individuals:

- Refund of 5 percent of the cost of acquisition for a house, apartment, or land to construct a residence up to a maximum of Rs 500,000 in financial year 2021/2022.
- Refund of 5 percent of a Home Loan up to a maximum of Rs 500,000.

Exemption of registration duty on the first Rs 5 million of the cost residential property (previously restricted to properties whose value is below Rs 5 million).

2,000 lots will be put on sale by the SIC and Rose-Belle Sugar Estate for residential purposes.

Government will work with commercial banks to introduce a mortgage scheme to cover:

- 80% of housing loans for self-employed individuals and contractual employees.
- 100% of housing loans for other individuals.

Promoters under Smart City Scheme will be allowed to sell one plot of serviced land not exceeding 2,100 m2 to a non-citizen holder of Occupation permits, Permanent Residence Permit or a Residence Permit for another period of two years, that is, up to 30 June 2024 instead 30 June 2022.

Promoters under the Property Development Scheme (PDS) will also be allowed to sell a plot of serviced land provided that the total area of all plots of serviced land for sale should not exceed 25% of the land area planned for the construction of residential properties.

The validity period of an area regeneration plan approved by the Economic Development Board (EDB) under the National Regeneration Programme (NRP) for companies to benefit from incentives will be extended to 5 years.

To create a level playing field with other property schemes and accelerate the sale of a few remaining IRS/RES units, registration duty on the sale of an IRS or RES residential property will be levied at the rate of 5% or USD 70,000 whichever is the lower.

The Non-Citizens (Property Restriction) Act will be amended to provide that no approval is required from the Prime Ministers' Office (PMO) for disposal of property under the EDB Schemes (e.g. Property Development Scheme, Integrated Resort Scheme, Business Purpose, Smart City and G+2) but only for EDB to notify the Prime Minister's Office of such disposal.

RESILIENCE OF THE FINANCIAL SERVICES INDUSTRY

In line with Government's objectives, several initiatives have already been undertaken, and implemented, to enhance our AML-CFT legislative framework:

- Relevant legislations were amended to meet the requirements of the FATF Recommendations.
- New personnel have been recruited to strengthen compliance capacity.
- Financial Crimes Divisions have been set up at the Supreme Court and the Intermediate Court.

To further give impetus to the Government's objectives of enhancing the AML-CFT framework and to sustain the development of the financial services sector, the following measures have been announced:

- The AML/CFT Core Group is being given legal force under the FIAMLA.
- The Financial Crime Commission will be established for a more effective management in the fight against financial crime.

- EDB will establish a dedicated commission on financial services to devise and monitor an effective and timely promotion and reputation management for the Mauritius IFC.

Taxation and Fiscal Policies

- Partial exemption regime extended to cover licenced investment dealers.
- Partial exemption regime extended to also cover activities relating to the leasing of locomotives and train including rails leasing.
- Dividends paid by a non-resident to another non-resident is not taxable in Mauritius.

Family Office

- Extension of the tax holiday for Family Offices from 5 to 10 years.
- No requirement for a GBC licence for family office.

Funds and Asset Management

- Extension of tax holiday for Fund and Asset Managers from 5 to 10 years.
- The threshold of USD 100 million in respect of asset base being managed by Assets/Fund manager will be reduced to USD 50 million.
- Extension of the existing incentive to those holding an Asset Manager Certificate or a Fund Manager Certificate, or an Asset and Fund Manager Certificate on or after 1st September 2016, to those managing an asset base of USD 50 Million or above.

Foundations and Trusts

- Income Tax Act will be amended to ensure that foundations and trusts benefitting from a preferential tax regime comply with the OECD standards, including substantial activity requirements.

Our Banking segment

- Introduction of new Bank of Mauritius (BOM) Bill and Banking Bill reflecting best international practices;
- Introduction of a dedicated QR Code at national level to facilitate digital payments;
- Revamping of BOM guidelines allowing the setting up of regional offices by international banks.
- The BOM will also be empowered to issue guidelines, directives, rules, or instructions on the issuance of sustainable bond, including blue and green bonds.

To further enhance our Banking and Financial Services sector,

- A new regulatory framework will be introduced to facilitate banking institutions to set up centres for shared services, including asset management and treasury management activities, amongst others, for the region.

- The Bank of Mauritius will:
    - Issue new guidelines in respect of the usage of Application Programming Interface (APIs) to support open banking initiatives;
    - Establish a Climate Change Centre under its Sustainability Agenda, in line with latest practices at foreign Central Banks;
    - Have the mandate of the Macro-Prudential Authority of Mauritius; and,
    - Be empowered to set up a centralised bank account holders registry so as to facilitate investigations into serious financial crimes

As strategy for the future,

- The BOM will enlist the services of an international consulting firm to chart the strategy for the "Future of Banking" in and from Mauritius.

Fintech

- BOM and FSC will issue:
    - Regulatory Sandbox Licenses for activities falling under their respective purviews;
    - Set up a common platform for fitness and propriety of investors and professionals operating in the sector;
    - Revamp the existing framework for investment banking activities, and,
    - Set up a single desk for all FinTech related applications.
- Rolling out of The Digital Rupee on a pilot basis by the BOM.
- Setting up of an Open-Lab by the BOM and the FSC for banking and payment Solutions and a FinTech Innovation Lab.

Capital Market

- Introduction of a Securitisation Bill.
- A new Securities Bill will be introduced.
- A new legislation for virtual assets will be enacted.
- Introduction of rules by the Stock Exchange of Mauritius for the setting up of Special Purpose Acquisition Companies.

Capacity building for the sector

- Launch of a one-year training programme on AML and related matters for a minimum of 100 graduates with a monthly stipend of Rs 15,000 by the BOM and the FSC.
- Monthly salary applicable for OP professionals in financial services will be brought down to Rs 30,000 (limited only for fund accounting and compliance services by a company holding a license from FSC, professionals will need to have at least 3 years relevant work experience).
- International students enrolled in recognised educational institutions will benefit from a 20-hours per week work permit and a 10-year renewable Young Professional Occupation Permit upon Graduation

Ease of Doing Business

- Protected Cell Companies Act will be amended to extend the use of PCC structure to domestic companies and to include other activities as may be prescribed.
- Implementation of a digital centralised information exchange system to facilitate motor insurance claim recoveries by the FSC.
- Launching of the FSC One platform as an online licensing portal as from 1 July 2021.
- Allow issue of shares of less than 5% in a licensee without the approval of the FSC unless such issue results in a change in control of licensee.
- Remove restriction on companies limited by guarantee not to have more than 50 members.
- Provide that public companies having not more than 50 members to be converted to private companies.
- Trade Fees under the Local Government Act will be amended so that trade fees payable with respect to classified trades do not apply to Global Business Companies not having a physical office in Mauritius.
- Remove requirement for a company to include certain information in relation to its subsidiaries in its annual report in line with the Code of Good Governance where disclosure is only for holding companies.

BUILDING A RESILIENT INDUSTRIAL BASE

Promotion of exports

- Setting up of a Trade Development and Intelligence Cell at the EDB as a one-stop desk for all trade related matters.
- Introduction of an Export Development Programme to improve export readiness of enterprises at the EDB.
- Extension of the Freight Rebate Scheme until June 2022.
- Increase in the maximum refund from 0.2 to 0.5 percent under the Export Credit Guarantee Scheme up to June 2022.
- The eligibility criteria for the Export Credit Insurance Scheme will be extended to Freeport Operators heavily impacted by COVID-19. This proposal shall be effective up to June 2022.

- Extension of the 50 percent reduction in port dues and terminal handling charges for export for 2 more years.
- 75 percent reduction in anchorage dues for the first 24 hours and 50 percent reduction for the next 48 hours for bunker vessels.
- Reduction of the cap on Gross Tonnage for computing vessel fees calling at anchorage from 100,000 tonnes to 35,000 tonnes.
- Launch of an e-export Directory to display to the world products manufactured by Mauritian entrepreneurs.
- Extension of the R&D tax incentive scheme (double deduction) to local companies expiring in June 2022, by 5 years to June 2027.

Freeport

- Third party freeport developers will be authorised to rent space to an enterprise outside the Freeport zone for manufacturing and storage of goods.
- Display showrooms will be added to the list of authorised Freeport activities.

Increase in the minimum shelf space for locally manufactured products from 10% to 40% within a period of one year.

MRA in consultation with EDB, will be empowered to extend the warehousing period of 24 months for goods imported into the freeport zone for a further maximum period of 36 months.

Favouring local procurement

- Increase in the bid price preference of 20% to 30% for products such as tea, fruit juices, margarine and medical gas produced locally.
- Adopting a Mauritius First policy for the procurement of sanitisers, masks, PPEs, medical devices and medical gas, amongst others.

AGRICULTURE AND AGRO PROCESSING

Sugarcane industry

Setting up of the biomass framework which will enable sugar cane planters to benefit from Rs 3.50 per kWh of electricity. The framework will make provision for the below:

- All producers will benefit from a remuneration of Rs 3,300 per tonne of sugar for bagasse.
- A guaranteed price of Rs 25,000 per ton for planters producing up to 60 tons of sugar for Crop 2021.
- Waiving of the insurance premium payable to Sugar Insurance Fund Board by planters producing up to 60 tons of sugar for crop 2021.

50% subsidy on fertiliser for Crop 2021 for planters producing up to 60 tons of sugar.

50% refund on the costs related to certification, testing and accreditation with a view to achieving standards such as Bonsucro.

Structuring a Cane Replantation Scheme for small planters.

Setting up of a modern sugar storage facility of 150,000 tons at Riche Terre.

Payment of CESS will be suspended for Crop 2021 and the Mauritius Cane Industry Authority will acquire equipment for harvesting sugar cane of small planters.

Non-Sugar

Landscope through the Centralised Digital Land Bank will make available some 1,000 arpents of land to private growers with a view to boosting agricultural production.

Rs 36 million to renew the fleet of tractors of the Agricultural Management Unit under the MCIA.

Planters having recourse to MCIA registered private tractor operators will also benefit from the Land Mechanisation Support Scheme.

Grant of Rs 10,000 Tea cooperatives for the purchase of tea harvesters.

Tea growers will continue to benefit from the winter allowance.

Maintaining of the 50% subsidy on prices of potato and onion seeds and extension of the subsidy to seeds for the production of garlic and pulses.

The AMB will come up with a guaranteed price mechanism for onion, garlic and potatoes for producers.

Extension of the Sheltered Farming Scheme to charitable institutions, primary schools and colleges.

Increasing the maximum loan under the DBM Backyard Gardening Loan Scheme from Rs 20,000 to Rs 100,000.

Provision of loan schemes for planters at the level of the DBM:

- Rs 100,000 interest free loan for cashflow issues.
- A 0.5 percent COVID-19 Special Support Scheme of up to Rs 1 million.

Leasing facilities under the Transformation Fund from IFI for the acquisition of Single/Double Space Cabin Vehicles by planters.

Amnesty programme by the DBM for planters facing difficulties in repaying long-overdue loans.

Setting up of an Agro-Processing Zone at Wooton with the support of the African Development Bank, including the relevant infrastructure and equipment for processing, food testing, and warehousing, made available to SMEs, cooperatives and businesses.

Encouraging Animal Breeding and Livestock Production:

- The subsidy on animal feed will be doubled from Rs 4 per Kg to Rs 8 per Kg.
- Increase in the financial incentive provided under the Calf Productivity Scheme from Rs 5,000 to Rs 7,500 per calf.
- Promote the production of venison in order to reduce dependence on import of meat.
- Mobile slaughterhouse facilities will be authorised for deer breeders.
- Amnesty programme by the DBM for breeders facing difficulties in repaying long-overdue loans.
- Zero-rating VAT, exemption from import duties on animals for the purpose of training, breeding and re-export and exemption from registration duty.
- The pasture scheme will be extended to cover areas up to 50 arpents.

Additional Support to Non-Sugar Planters:

- Registered planters undertaking cultivation under sheltered farming units over a minimum area of 500 m^2 will be eligible for a refund of up to a maximum of Rs 50,000 per beneficiary on purchase of greenhouse nets.
- A grant of 50% up to a maximum of Rs 400,000 will be provided on the cost of purchase and installation of solar powered cold rooms, by registered planters cultivating on a minimum of one hectare of land.

SHAPING THE DIGITAL FUTURE

The METISS cable connecting Mauritius to South Africa is now a reality since March 2021.

A Digital Industries Academy (DIA) will be set up by the EDB.

Trainees at the DIA will benefit from a total stipend of up to Rs 15,000 equally shared between HRDC and the private sector.

For a period of 2 years starting as from 1 July 2021, HRDC training fund may be used by SMEs for digital transformation initiatives and business advisory services up to Rs 50,000 p.a.

Government to introduce mobile and contactless payment systems, starting with the Registrar-General, NLTA and the Companies Division.

BLUE ECONOMY

Issue of 500 additional Fishermen Cards.

Increase in the Bad Weather Allowance from Rs 425 to Rs 475.

Lump sum of Rs 52,500 for every fisherman aged 65 and above upon return of their fishermen card or transfer.

Annual financial assistance to the tune of Rs 2,500 for the purchase of hooks to some 1,800 artisanal fishers.

Fishermen will be eligible to the following loan schemes from the DBM:

- Rs 100,000 interest free loan for cashflow issues.
- A 0.5 percent COVID-19 Special Support Scheme of up to Rs 1 million.

Amnesty programme for fishers facing difficulties in repaying long-overdue loans by the DBM.

Leasing facilities at an annual interest rate of 2.5 percent for acquisition of Semi-Industrial Fishing Vessels up to a maximum of Rs 10 million by IFI.

Navigation aids will be installed in 22 sites to promote safe navigation.

The use of fiberglass vessels of 24 meters and above will henceforth be authorised for fishing activities.

Amendment of the Fisheries and Marine Resources Act to introduce measures and conditions on the exploration of untapped resources in the Exclusive Economic Zone of Mauritius through exploratory fishing.

Moreover, the Fisheries and Marine Resources Act will provide for the implementation of resolutions adopted in international conservation and management organisations/agreements.

75 percent reduction in anchorage dues for the first 24 hours and 50 percent reduction for the next 48 hours for bunker vessels.

Reduction of the cap on Gross Tonnage for computing vessel fees calling at anchorage from 100,000 tonnes to 35,000 tonnes.

An EOI will be launched by the Mauritius Oceanography Institute with the EDB for strategic alliance in the field of marine exploration, characterisation and commercialisation. A partnership framework will be devised to ensure protection of Intellectual Property and genetic assets in Mauritius.

SMES, MMES AND ENTREPRENEURSHIP

Supporting SMEs:

- Payment of Rs 375 salary compensation monthly for fiscal year 2021/22.
- Exemption for payment of trade fees not exceeding Rs 5,000 for an additional 5 years.
- Amnesty on trade fees and related penalties and interests that were due before 1 January 2020.
- Extension of the Tax Arrears Settlement Scheme for SMEs up to December 2021.
- Increase in the total maximum grant across all schemes implemented by SME Mauritius Ltd from Rs 150,000 to Rs 200,000.

A 110 percent deduction will be allowed on the taxable income for the direct expenditure incurred on the purchase of products manufactured locally by SMEs.

Infrastructure and schemes for SMEs by DBM Ltd:

- Rebate of up to 30 percent on the annual rental of industrial space to manufacturing SMEs over the next 3 years.
- Construction of an SME Industrial Park of 5,000 square metres at Solferino (in addition to Plaine Magnien and Vuillemin).
- Allocation of 20 percent of spaces in parks rent-free to start-ups for the first three years of operation.
- Rs 100,000 interest free loan for cashflow issues.
- 0.5 percent COVID-19 Special Support Scheme of up to Rs 1 million.
- Rs 1 billion to be earmarked by DBM for loan facilities of up to Rs 5 million to retailers with turnover of up to Rs 250 million at a concessional rate of 3.5 percent p.a.

Setting up of an online marketplace for start-ups to showcase their products and services.

The EDB will set up a commission on Trade and Business Facilitation.

SKILLS AND TALENTS

Provision of training and re-skilling to some 10,000 individuals over the next financial year:

- 6,000 under the National Training and Reskilling Scheme.
- 750 apprentices under a National Apprenticeship Programme with a monthly stipend of Rs 5,000 and a travelling allowance of Rs 1,000.
- 2,250 individuals under the Youth Employment Programme (extended for another year).
- 1,000 students under the SME Graduate Scheme.

The Dual Training Programme will be renewed to cover 60% of academic fees of employees.

Occupation Permit:

- Extension of the validity period for Professionals from 3 years to 10 years.
- Exemption from the application of an OP or work permit for Spouses of OP holders investing or working in Mauritius.
- Waiving of the maximum age limit of 24 years for dependents.
- Introduction of a new category - the 10-Year Family Occupation Permit for those contributing USD 250,000 to the COVID-19 Projects Development Fund.
- Setting up of a dedicated concierge service to investors and retirees entering Mauritius.
- Setting up of a privilege club scheme (privilege access to hotels, golf courses, restaurants, private medical institutions, amongst others).
- EDB will develop a dedicated website for marketing the different residency schemes available for non-citizens, fitted with systems for applying relevant residency permits.
- A Smart Card will replace the current paper-based Occupation Permit.
- Non- citizens holding an Occupation Permit as a Professional will be given the flexibility to switch job without having to submit a new application provided the minimum criteria are met.
- Non-citizens holding an OP as self-employed will be allowed to incorporate a one-man company and employ administrative staff.
- The criteria for young professional Occupation Permit will be reviewed and the list of qualifying activities will be removed.
- Where an application for an Occupation Permit requires views and recommendations of a ministry or public sector agency, the latter shall within 5 working days submit its views or recommendations to the EDB or else silent is consent principle will apply.
- The monthly salary applicable for an Occupation for professionals in financial services will be brought down to Rs 30,000 (limited only for fund accounting and compliance services by a company holding a license from the FSC, and the professional will need to have at least 3 years relevant work experience).
- The requirement for OP applicants to arrive in Mauritius on a business visa to be issued with a permit to be waived.
- A non-citizen who purchases or otherwise acquires an apartment used, or available for use, as residence, in a building of at least 2 floors above ground floor, provided the purchase price is not less than USD 375,000 will be issued with a residence permit, including for his dependents, and exempted from the requirement of a work or occupation permit.

Permanent Residence Permit

- Holders of a 10-Year Permanent Residence Permit will have the validity automatically extended to cover a 20-Year period.
- Holders of a Permanent Residence Permit will be able to renew their permits and they will be given the flexibility to switch category between investor, professional and retired.

RODRIGUES AND OUTER ISLANDS

Rodrigues

- Rs 4 billion for the construction of a Runway at Plaine Corail Airport over the next three years by AML.
- Rs 1 billion to provide for a regular distribution of water by MIC.
- A loan of up to Rs 200,000 by DBM to registered planters and farmers for water storage facility and investment in new irrigation systems.
- Rs 200 million for the construction of track roads around Rodrigues.
- Maintaining of the Special Rodrigues Holiday Package and Subsidy on Airfare.
- Reduction in the cost of freight between Mauritius and Rodrigues by 20 percent.
- Rs 224 million for the construction and upgrading of drain projects.

Agalega

- The new jetty and airstrip will be completed during the next financial year 2021/22.

Chagos

- Rs 50 million under the PMO to raise global awareness to the unlawful detachment of the Chagos from the Republic of Mauritius.
- Rs 50 million for the organisation of a trip to the Chagos, led by the Honourable Prime Minister.

FISCAL HIGHLIGHTS

Self-Employed Assistance Scheme

- Self-employed individuals will be eligible for the Self-Employed Assistance Scheme provided they pay the Contribution Sociale Généralisée (CSG) as from 1 July 2021.
- The self-employed individual will also be required to submit an income tax return.

Assistance to Small and Medium Enterprises (SMEs) for Salary Compensation

- Government will refund to an SME the salary compensation paid to its employees, that is a maximum of Rs 375 per employee monthly, for the period January to June 2021. The amendment will be effective as from 1 January 2021.
- An SME which is an export-oriented enterprise will be refunded a maximum of Rs 235 per employee monthly.
- The maximum salary compensation of Rs 375 will be extended for the period 1 July 2021 to 30 June 2022.
- This assistance is not payable to an SME for a particular month if it has benefitted from the Wage Assistance Scheme in that month.

Income Tax Act

Contributions to COVID-19 Vaccination Programme Fund

- Individuals and enterprises contributing to the COVID-19 Vaccination Programme Fund will be allowed to deduct the amount contributed from their taxable income at the time of submission of their income tax return.
- An individual may carry forward any unrelieved deduction in an income year for a maximum period of two successive income years.

Tax Holiday-Asset/Fund Manager

- Holders of a certificate issued on or after 1 September 2016 will be exempted from tax on their emoluments for an additional 5 years while new certificate holders will be eligible to a tax holiday of 10 years.
- In addition, the threshold of USD 100 million in respect of asset base being managed by an Asset/Fund Manager will be reduced to USD 50 million.

Foundations and Trusts

- The Income Tax Act will be amended to ensure that foundations and trusts benefitting from a preferential tax regime comply with the OECD standards, including substantial activity requirements.

Tax Payment under Advance Payment System

- The method for computing tax liability of companies under the Advance Payment System will be amended to cater for companies which are subject to corporate tax at a lower rate than the 15% standard tax rate.

Tax Payment under Current Payment System

- The method for computing tax liability of a self-employed individual under the Current Payment System will be amended to cater for those persons who are subject to tax at the lower rate of 10%.

Investment Tax Credit

- Any unrelieved investment tax credit of a manufacturing company may be carried forward for 10 years.

Small Enterprise paying Presumptive Tax

- A small enterprise is eligible, at its option, to pay a presumptive tax of 1% of its turnover and is not required to declare its chargeable income. Such an enterprise is exempted from Corporate Social Responsibility (CSR) obligation.

Deferral of Tax Payment

The Income Tax Act will be amended to ratify the decision for the:

- Income tax liability of companies under the Advance Payment System (APS) due in November 2020 up to May 2021, to be deferred until 30 June 2021.
- Advance payment of personal income tax by self-employed individuals under the Current Payment System (CPS) in the financial year 2020/2021 to be deferred up to October 2021, that is at time of submission of their income tax return.

Corporate Social Responsibility

- A company will be allowed to use 25% of its CSR Funds to implement a CSR Programme or finance a non-governmental organisation implementing a CSR Programme in the specified priority areas of intervention.
- The list of priority areas of intervention will be extended to include the restoration of a building designated as a national heritage under the National Heritage Fund Act 2003.

Tax on Winnings

- The 10% tax imposed on winnings will also cover winners of Lotterie Vert.

Gambling Levy

- The Levy paid by gambling operators as per Section 114 of the Gambling Regulatory Authority Act will not be allowed as a deduction for income tax purposes.

Property Tax

Tax on Transfer of Leasehold Rights in State Lands for hotels

- To enable hotels built on State lands and in financial distress to restructure and attract equity financing, the rate of tax on transfer of leasehold rights will be halved. Thus, the current tax rate of 20% payable equally by the buyer (10%) and the seller (10%) will be reduced to 5% each.
- This reduction will apply for a period of 2 years starting as from 1 July 2021.

Tax on Transfer of Leasehold Rights in State Lands

- The sale of a residential unit in a project developed on State land relating to senior living under the Property Development Scheme will be exempted from the payment of tax on transfer of leasehold rights in State lands.

Other Income Tax Act Amendments

- Broadening of the scope of partial exemption tax regime to cover licensed investment dealers and activities relating to the leasing of locomotives and train, including rails leasing.
- Dividend paid by a non-resident to another non-resident will not be taxable in Mauritius.
- Extension of the R&D tax incentive scheme (double deduction) expiring in June 2022 by 5 years, that is, to June 2027.
- Exclusion of foreign limited partnership which is a non-tax resident from the need to submit a return of dividend.
- Ensuring that Foundations and Trusts benefitting from a preferential tax regime comply with the OECD standards including substantial activity requirements.Property Tax.

Registration Duty

- Waiver of 50% of Registration Duty on Electric Autocycle/Motorcycle- the deed of sale should be registered on or before 31 December 2021.

The registration duty payable before and after the waiver will be as follows:

Autocycle/ Motorcycles of a power rating capacity	Registration duty payable upon First Registration in Mauritius	
	Current	50% Waiver
Not exceeding 1.5 kW	1,000	500
Exceeding 1.5 kW but not exceeding 7.5 kW	2,500	1,250
Exceeding 7.5 kW	3,300	1,650

Excise and Customs Duty

Excise Duty - Alcoholic Products

Effective as from 12 June 2021, the following rates of excise duty on alcoholic products will be applicable:

Alcoholic Product	Current	New
Beer (per litre) Up to 9 degrees Above 9 degrees	 Rs 39.60 Rs 55.10	 Rs 43.60 Rs 60.60
Spirit Cooler (per litre)	Rs 51.70	Rs 56.90
Fruit Wine (per litre)	Rs 32.10	Rs 35.30
Made Wine (per litre)	Rs 68.80	Rs 75.70
Wine of grapes (per litre) In Bulk for Bottling Purposes In Bottle	 Rs 110.60 Rs 194.00	 Rs 121.70 Rs 213.40
Champagne (per litre)	Rs 924.00	Rs 1,016.40
Rum (per litre of absolute alcohol)	Rs 544.00	Rs 598.40
Cane Spirits (per litre of absolute alcohol)	Rs 544.00	Rs 598.40
Whisky (per litre of absolute alcohol) In Bulk for Bottling Purposes In Bottle	 Rs 1,051.00 Rs 1,680.00	 Rs 1,156.00 Rs 1,848.00
Liqueur (per litre of absolute alcohol)	Rs 369.60	Rs 406.60

Excise Duty - Tobacco Products

Effective as from 12 June 2021, the following rates of excise duty on tobacco products will be applicable:

Tobacco Products	Current	New
Cigars (per kg)	Rs 17,662	Rs 19,430
Cigarillos (per thousand)	Rs 10,313	Rs 11,345
Cigarettes (per thousand)	Rs 5,111	Rs 5,625

Excise Duty - Sugar Sweetened Products

- The tax of 6 cents per gramme of sugar on locally manufactured and imported non-staple sweetened products, which was announced in the Annex to the Budget Speech 2020-21, will be effective as from 1 July 2022.
- Sugar-sweetened products with total sugar content of up to 4 grammes per 100 grammes or 4 grammes per 100 millilitres will be exempted from the tax.
- Fruit purées for infants will be excluded from the coverage of the tax.

Excise Duty - Motor Vehicles

The excise duty rebate scheme on motor vehicles currently being granted will be extended for a further period of one year up to 30 June 2022. The rebate scheme is as follows:

- A motor car up to 1,000 cc (whether hybrid or not): 40% rebate on the excise duty payable on the motor car.
- A motor car (whether hybrid or not) above 1,000 cc, double/single space cabin vehicle and van: 30% rebate on the excise duty payable on the motor vehicle.
- The 5% excise duty on electric vans of up to 180kW used solely for the transport of goods will be abolished.
- A beneficiary of a duty exempted motor vehicle will be allowed to benefit from another duty exempted motor vehicle within a period of 4 years provided that the full amount of duties and taxes exempted on the current motor vehicle is reimbursed.
- A motor vehicle with an internal combustion engine and electric assistance for propulsion, other than one charged by plugging to an external source, will be subject to the same rate of excise duty as a hybrid motor vehicle.

Customs Duty Rebate on Buses

- The 30% customs duty rebate currently being granted on buses will be extended for a further period of one year up to 30 June 2022.

Customs Tariff Liberalisation Commitments taken by Mauritius

- The commitments which will be implemented during financial year 2021-22 are as follows:
- The last phase of tariff reduction for finished goods will come into operation as from 1 January 2022 for the following Agreements:
  - The Interim Economic Partnership Agreement with the European Union.
  - The Economic Partnership Agreement between the Eastern and Southern African States and the United Kingdom.
  - The Free Trade Agreement between Mauritius and Turkey.

  The second phase of tariff reduction, with effect from 1 January 2022, for the following Agreements:
  - The Free Trade Agreement between Mauritius and China.
  - The African Continental Free Trade Area Agreement.
- The second phase of tariff reduction, with effect from 1 April 2022, under the Comprehensive Economic Cooperation and Partnership Agreement between Mauritius and India.

Value Added Tax

VAT payable on the Acquisition of an Immovable Property

- Land duties and taxes to be levied on the value of the immovable excluding any VAT payable. This amendment will be backdated to take effect as from 1 January 2021.
- The preparation and supply of dumplings made up of meat, fish, squid, crab, chicken, vegetables or milk, whether cooked or uncooked, to final consumers will be zero-rated for VAT purposes.
- The National Empowerment Foundation and the New Social Living Development Ltd will be made exempt bodies for VAT purposes in respect of the construction of social housing.
- The remittance of 0.4% of net VAT collection credited by MRA on a quarterly basis into the Film Promotion Fund will be discontinued.
- The following criteria will be applicable for refund of VAT on construction of a house or residential apartment:
  - The cost of construction of a residence or the purchase price of the residence should not exceed Rs 3 million.
  - The aggregate limit on the amount of refund will be Rs 300,000.
  - The household income eligibility threshold for the refund will be Rs 1 million per annum.
  - The refund will be applicable on the construction or purchase of a first residence.

- The above criteria will be applicable for new construction or purchase.

Duty Free Shops and Deferred Duty and Tax Scheme (DDTS) Shops

- The authorisation granted last year to Duty Free Shops and DDTS shops to sell goods on the local market without any limit on quantity but with payment of duties and taxes will be extended up to 30 June 2022.

Other taxes

Deferment of Rental for Tourist-Related Activities on State Lands

- The annual rental payment for industrial leases of State lands is presently payable in advance by 31 July of each financial year. The payment date will be changed to 30 June that is, at the end of a financial year for:
  - A hotel, including a hotel under construction.
  - A guest house, a tourist residence and a domaine holding a tourist accommodation certificate issued under the Tourism Authority Act.
  - A holder of a tourist enterprise licence or an operator licensed by the Tourism Authority.
  - A business operating a seaplane and other similar tourist-related businesses.

- Passenger Fee and Passenger Solidarity Fee.

Levy on Mogas and Gas Oil

- An additional levy of Rs 2 per litre of Mogas and Gas Oil will be applied as from 1 July 2021 to finance the cost of COVID-19 vaccines.

Tax Administration: Value Added Tax Act

- The time limit of 30 days for MRA to give ruling on VAT issues will run as from the date of submission of all documents and information requested by MRA.
- Provision will be made to allow a taxpayer to submit electronically any information requested by MRA.