



BUDGET HIGHLIGHTS

2024 -2025



VENTURE LAW

FOREWORD

“TOMORROW IS OURS”

The Honourable Minister of Finance, Economic Planning and Development has presented his fifth budget on June 7, 2024.

We are pleased to share with you the key measures proposed in the Budget Speech.

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Corporate



- A company limited by guarantee now needs to submit a copy of its constitution as part of its application for incorporation.
- The board of a company will be required to notify the Registrar of Companies of the resignation of a director or that of the secretary from its company.
- It is now required to obtain the prior no objection letter from the Financial Services Commission for the removal of a company holding a global business license, from the register of companies.
- Fees payable to the Registrar of Companies have to be paid at the time of submission of any document or at the time of a request.
- A company holding a global business licence or an authorised company needs to also comply with provisions of the Companies Act, relating to prejudiced shareholders and alterations to constitution, unless the constitution of the company provides otherwise.



Financial Services

- The Chief Executive of the Financial Services Commission will be required to make appropriate annotations in the register with respect to a licensee where the licence is suspended or terminated.
- Timeframes for the processing of licenses falling under the regulatory purview of the Financial Services Commission will be introduced.
- The Chief Executive will refer to the Enforcement Committee past matters where licensees have carried out their businesses in a manner which threatens the integrity of the financial system of Mauritius or is contrary or detrimental to the interest of the public.
- An authorised company will be required to file with the Financial Services Commission its financial summary, accounts, financial statements or return within 6 months after closure of its financial year.
- The Financial Services Commission will be able to issue directions to authorised companies and to companies holding global business licence.
- The Financial Reporting Act will be amended to exclude authorised companies, licensed under the Financial Services Act, from the definition of public interest entities.
- The Freeport Act will be amended to allow a company to operate under both a global business licence and a freeport certificate but it will not be entitled to the tax holiday granted to qualifying freeport operators.

Banking

The Banking Act will be amended to –

- re-align the reference to central bank throughout the Banking Act;
- review the terms for the appointment of the firm of auditors for branches or subsidiaries of a foreign bank as may be determined by the Bank of Mauritius (BOM);
- provide that a director or senior officer or employee of any financial institution cannot, at the same time, be a director or senior officer or an employee of a licensee under the National Payment Systems Act, except with the approval of the BOM;
- remove the timeframe of at least 24 hours within which a financial institution has to give notice to the public before the day on which it proposes to transact business with the public when that day is a bank holiday or a public holiday.

Bank of Mauritius Act

- The Bank of Mauritius Act will be amended to further strengthen the operational independence of the Central Bank to deliver on its mandate of monetary policy, financial stability and as a regulator.



AML/ CFT

The Financial Crimes Commission Act 2023 will be amended to:

- amend the definition of “sporting event” to include a horse race or football match which takes place in Mauritius or outside Mauritius;
- clarify that the FCC can start new investigations in relation to an offence committed, under the POCA and the FIMLA, prior to the commencement of the FCC Act;
- provide that only the Director of the Investigation Division will, in respect of a preliminary investigation, report to the FCC on the matter given that the Asset Recovery and Management Division does not investigate into offences falling within the ambit of the FCC Act; and
- align the FCC Act with recommendation 38 of the FATF, which requires confiscation of proceeds of crime and such property of corresponding value.

The Declaration of Assets Act 2018 will be amended to provide that “unexplained wealth” will have the same meaning as in the FCC Act.



Immigration Non-citizen

- The threshold for occupation permits for professionals will be reduced from Rs 30,000 to Rs 22,500.
- Non-citizens holding a Retired Residence Permit will be allowed to work without an additional Work or Occupation Permit.

Taxation



- **Schemes and Allowances**

Prime à L'Emploi Scheme

As from 17 November 2023, the minimum unemployment period for a person to qualify under the Prime à L'Emploi Scheme has been reduced from one year to 3 months.

Employers are required to safeguard employment of an employee for a period of at least three years. An employer who lays off an employee is required to wait at least 3 months prior to making an application under the Scheme.

Financial Assistance to Employers

The Income Tax Act will be amended to implement the decision of Government to provide a monthly financial assistance for payment of the National Minimum Wage and salary compensation 2024 (10% of basic salary with a maximum of Rs 2,000).

This assistance will be payable:

- for the period from January 2024 to December 2024 to EOE's, SMEs, manufacturing enterprises, registered charitable institutions and registered religious bodies; and
- for such period as may be approved by the Minister of Finance, Economic Planning and Development for other enterprises up to December 2024.



Taxation

Income Tax

The following will be treated as exempt income:

- The exemption threshold on lump sum received as pension, retiring allowance or severance allowance will be raised from Rs 2.5 million to Rs 3 million.
- Interest income derived from a bond issued by a public sector company to finance infrastructure projects provided the exemption is approved by the Minister of Finance, Economic Planning and Development.
- Compensation payable, as from 01 January 2024, by Government or a public sector body for losses directly or indirectly suffered as a result of a natural disaster.
- An allowance paid by Government to an individual under a financial assistance scheme.
- The exemption granted in respect of income derived from the sale of securities will be extended to cover sale of virtual assets and virtual tokens.

Medical, Biotechnology or Pharmaceutical Sector

Income derived from intellectual property assets by a manufacturing company engaged in medical, biotechnology or pharmaceutical sector will be taxed at the rate of 15% instead of 3% in order to comply with international norms.

Value Added Tax

The services provided by a Management Company to (i) trusts whose settlor and beneficiaries are non-residents or (ii) foundations whose founder and beneficiaries are non-residents will be made zero-rated for VAT purposes.



Taxation

- **Tax Administration**

Tax Administration – Income Tax

Sharing of Information

The MRA will be allowed to share information –

- pertaining to financial assistance schemes with the Ministry of Finance, Economic Planning and Development; and
- on emoluments and income, in an anonymised form, to Maurice Stratégie to enable the latter to carry out research on inequality and poverty for Mauritius.

Amended Return

A taxpayer will not be allowed to submit an amended return if an objection has been made with the MRA against an assessment or a representation has been lodged with the Assessment Review Committee.

Captive Insurance

The 8-year income tax holiday granted to a captive insurer will apply as from the date the company has started its activities.

Partial Exemption

A company holding a Robotic and Artificial Intelligence Enabled Advisory Services licence issued by the Financial Services Commission (FSC) will be allowed to claim the 80% partial exemption on such income and provided it conforms with the substance requirements.

Taxation



- The 80% partial exemption granted to a licensed closed-end fund will be extended to cover income from sale of money market instruments or debt instruments.
- It will be clarified that the 80% partial exemption granted to a licensed CIS Administrator will not apply to income derived from the provision of administrative services by a management company to a CIS licence holder.

Tax Administration: Value Added Tax Act

- It will be clarified that a person who has voluntarily registered for VAT purposes can claim, against his output tax, the input tax charged to him or paid by him on goods and services acquired as from the date of his voluntary registration.
- It will be clarified that the time limit for MRA to require a person to furnish information or to produce books or records for the purpose of examining a return submitted by that person will be 4 years following the taxable period in which the return is submitted.
- Henceforth, MRA will be empowered to make an assessment of tax payable over a maximum of 4 years prior to the taxable period in which a return is submitted instead of 4 years prior to the taxable period in which the liability to pay tax arose to provide for sufficient time to examine a return which was submitted late.



Taxation

Tax Administration: Mauritius Revenue Authority Act

Tax Arrears Payment Scheme

The Tax Arrears Payment Scheme will be renewed for an additional year.

Tax Administration: Registrar-General's Department

Arrears Payment Scheme

The Arrears Payment Scheme under the RegistrarGeneral's Department will be re-introduced for another year.

Declaration by Lender

An individual lending money will be required to declare, in the deed of loan, that he or she is not engaged in the business of moneylending in compliance with the Financial Services Act.

Transfer of an Immovable Property from a Shareholder to a Company

It will be clarified that when an immovable property is brought as equity participation in a company, registration duty is levied on the difference between the value of the property transferred and the value of shares held in that company.

Inscription of Privilege

It will be explicitly laid out in legislation that the Registrar-General may inscribe a privilege on the immovable property of a debtor as from the date a notice for additional duty or tax is returned undelivered. #

Effective Change in Ownership of a Company

An effective change in ownership of a company will be deemed to have occurred where there is a change of more than 10% in its shareholding.

Improvement of the business environment

The Assessment Review Committee will be able to postpone hearings on specified grounds only and determine cases within a specified time frame.

Employment

- The length of paid leaves will be extended as follows:
 - (a) From 14 weeks to 16 weeks for maternity leaves;
 - (b) From 1 week to 4 weeks for paternity leaves.
- Refund of vacation leave will be provided to workers who are not granted their vacation leave due to exigencies of duty.
- In relation to a proposed repatriation of migrant workers, an employer needs to notify to the supervising officer of the Ministry responsible for the subject of employment prior to the repatriation with a view to: (i) protecting migrant workers against human trafficking and exerting better control on workers whose work permits have lapsed; and (ii) ensuring that migrant workers have been paid all their dues prior to repatriation. Failure to notify the supervising officer of the proposed repatriation of a migrant worker within the prescribed period would constitute an offence.
- Termination of employment of a person cannot be effected on maternity or paternity leave. This is to protect the employment of the worker.
- To provide equitable treatment to all workers required to work in extreme weather conditions by extending the entitlement to an allowance, which is currently paid during Cyclone Warning Class III and IV, to include circumstances where work is performed during heavy or torrential rainfall or periods covered by safety bulletins.
- To safeguard the health of workers and ensure a better balance between work and family life, a worker working from home and performing excessive hours of work will have the right to disconnect, subject to operational requirements of enterprises and situations of emergency.





OTHERS

Virtual Assets

The Virtual Asset and Initial Token Offering Services Act 2021 will be amended to impose a statutory obligation on a Virtual Asset Service Provider to appoint a Senior Executive at all times, duly approved by the FSC.

Competition Act

The Competition Act will be amended to, henceforth, allow for an appeal before the Supreme Court against any ruling, decision, order or direction of the Competition Commission

Consumer Protection (Price and Supplies Control) Act

The Consumer Protection (Price and Supplies Control) Act will be amended to ensure – expeditious prosecution of cases and deterrence to malpractices; that Fixed Penalty Notices offer a better protection to consumers against abusive recurrent practices; and a stronger legal framework that would better reflect evolving commercial practices with regards to the display of prices.

Industrial Court Act

The Industrial Court Act will be amended to provide for the protection of an officer from liability so that criminal or civil action cannot be instituted against him for any act done or omitted in good faith in the conduct of criminal or civil proceedings

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