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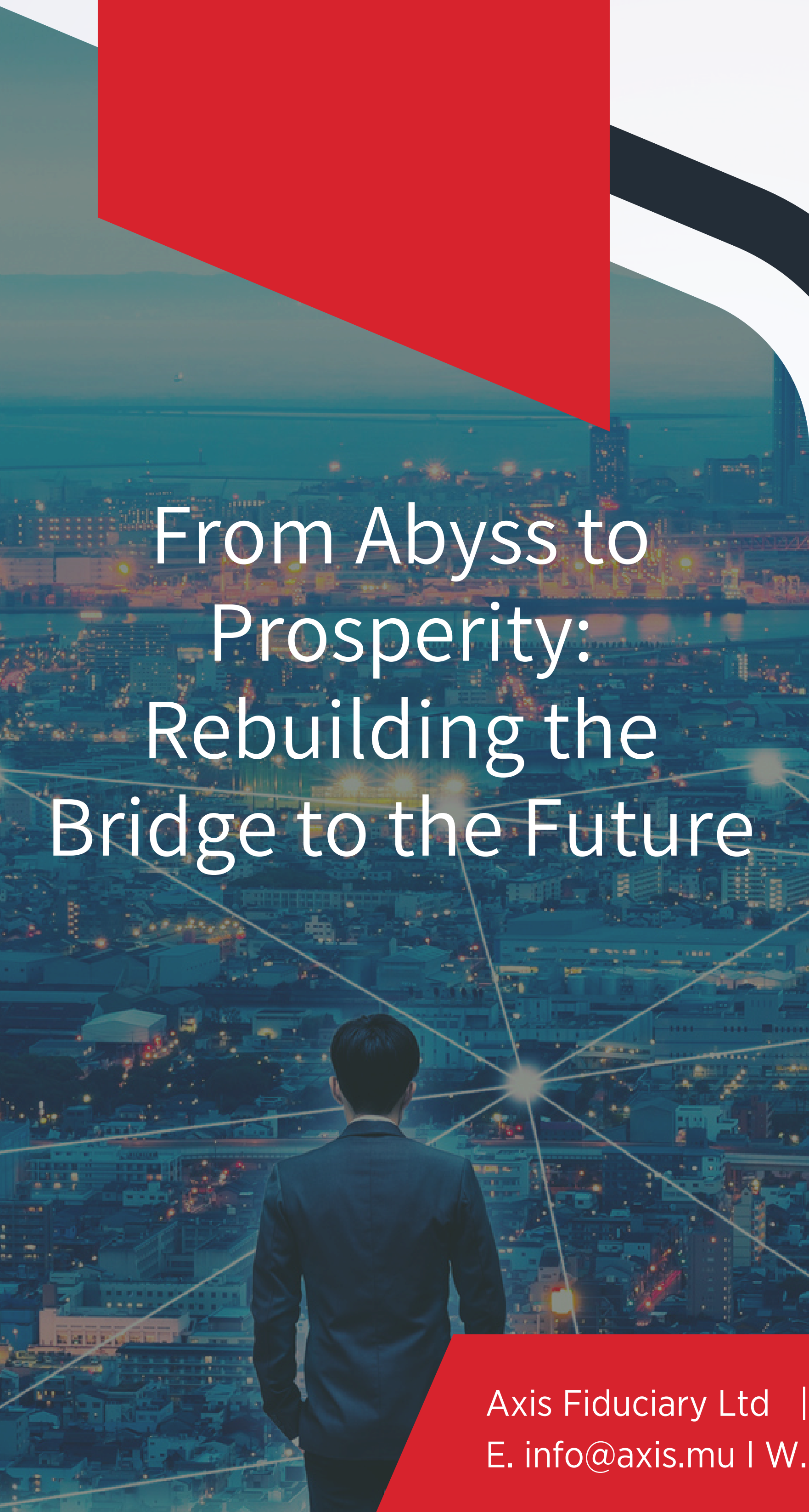
AXIS BUDGET BRIEF



From Abyss to Prosperity: Rebuilding the Bridge to the Future

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Introduction

The 2025–2026 National Budget introduces a focused set of reforms aimed at reinforcing Mauritius's position as a trusted and well-regulated International Financial Centre (IFC). The measures outlined reflect a commitment to strengthening the financial services sector through greater regulatory clarity, digital transformation, and targeted investment facilitation.

Key initiatives include the rollout of a unified e-licensing platform, enhancements to the AML/CFT framework, promotion of high-value financial products such as wealth management and bullion banking, and the streamlining of immigration processes to attract global talent. These developments are designed to improve market access, build institutional resilience, and ensure the continued competitiveness of Mauritius as a platform for cross-border investment and financial services.

This brief places particular emphasis on the budgetary measures that are either directly applicable to the financial services sector or likely to exert a material indirect influence on its operational and regulatory landscape.

01 | Positioning Mauritius as a Premier International Financial Centre

Budget 2025 - 2026

Consolidating Mauritius as an International Financial Centre

The 2025 National Budget marks a strategic step forward in the Government's commitment to reinforcing Mauritius's position as a trusted and dynamic International Financial Centre (IFC), with emphasis placed on innovation, regulatory resilience, talent attraction, and institutional reform, as further outlined below.

1. Unlocking Innovation and R&D

Innovation lies at the heart of the Government's vision to future-proof Mauritius's IFC credentials. A dedicated National Research and Innovation Institute (NRII) will be established under the Ministry of Tertiary Education, Science and Research, to support both public and private sectors in research, streamline existing public research institutions for greater effectiveness, and position Mauritius as a knowledge-based economy.

2. Empowering Innovation through Open Data and Big Data

To foster innovation and enhance operational efficiency, the Government is accelerating the digital transformation of Mauritius through the implementation of a blueprint for the ICT sector developed by the Ministry of Information, Technology, Communication and Innovation. Key measures include the establishment of a Rs 70 million Tier IV Government Data Centre for disaster recovery, amendments to the Data Protection Act to align with EU standards, and stronger legal protections for creators' and inventors' legal rights to their ideas. Additionally, a suite of incentives, including fast-track permits, infrastructure access, and eligibility for a new Premium Investment Certificate, will be introduced to attract foreign research laboratories to Mauritius.

3. Innovative Mauritius Scheme and Art Trading

The Budget introduces the Innovative Mauritius Scheme, providing fiscal incentives to encourage R&D-led business models.

A novel proposal in the Budget is the introduction of art trading as a new export activity, aimed at positioning Mauritius as an alternative investment hub for UHNWIs. With support from the EDB and Freeport facilities, this will diversify the IFC's investment products, attract cultural capital and open up significant opportunities for the country's premier artistic talents.

4. Global Talent Mobility and Fast-Tracked Immigration

Acknowledging the local talent gap, Mauritius is overhauling its work and residence permit regime under the EDB to fast-track the recruitment of foreign professionals, particularly in niche financial, fintech and legal services. A forthcoming innovative immigration policy will ensure Mauritius continues to attract the best minds to support its IFC ambitions, while maintaining strong local participation.

01 | Positioning Mauritius as a Premier International Financial Centre (Continued)

5. Strengthening Institutional Capacity for Investment Promotion and Global Trade Engagement

As part of its strategy to position Mauritius as an innovative and globally competitive jurisdiction, the Government is enhancing its institutional framework for investment promotion and facilitation. The Economic Development Board (EDB) is undergoing restructuring to streamline processes, improve transparency, and lead the country's export-driven growth strategy. It will also champion the "Innovative Mauritius" brand while dedicating greater resources to improve the ease of doing business. Also, seven new investment incentive schemes will be launched to target strategic sectors more effectively and existing schemes will be improved for more impact. In parallel, the State Investment Corporation (SIC) will re-engineer its portfolio and refocus its mission on Innovative Mauritius.

In support of this vision, Mauritius is also recalibrating its trade strategy to address global protectionism and shifting economic dynamics. Embassies will be empowered to take on economic and developmental diplomacy roles, leveraging bilateral and multilateral agreements to attract trade and investment. Efforts will focus on maximising gains from key agreements such as the CECPA with India, the FTA with China, the AfCFTA, and partnerships with the UK, EU, and USA. The Africa Partnership Strategy will also be realigned to support the continent's long-term development under the Africa 2063 vision.

6. Effective Resolution Regime

The Bank of Mauritius will implement an effective resolution regime aimed at strengthening the stability and soundness of the financial system. This framework will ensure that, in the event of a bank failure, resolution measures are taken in an orderly manner to avoid systemic disruptions and safeguard the broader economy.

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1.1 | Facilitating a Business-Friendly Environment

- To stimulate investment, the Economic Development Board (EDB) is channeling resources towards enhancing the ease of doing business. A range of initiatives will be introduced to foster a more business-friendly climate, supported by a streamlined regulatory framework aimed at facilitating operations and attracting both local and international investors, as follows:

I. the EDB will review the administrative process for the application and approval of Occupation Permits through an electronic platform;

II. the Lodging Accommodation Framework will be revamped to make it easier for employers to recruit foreign workers by allowing owners of lodging accommodations to hold a Lodging Accommodation Permit to lodge foreign workers of several employers centrally in their lodging accommodations;

III. the Non-Citizens (Employment Restriction) Act will be amended to:

- o provide for an application for a permit or for the renewal of a permit to be made to the Minister responsible for the subject of employment, through the National Electronic Licensing System (NELS), or any such digital platform as may be prescribed;
- o allow for a permit to be issued in an electronic or a paper based version; and
- o issue a combined work and residence permit bearing a Unique Identification Number for the non-citizen;

- Aligned with its objective to embrace transformative innovations, the Financial Services Commission (FSC) will launch a unified e-licensing platform integrated with the Centralised KYC Repository and “Known to the Commission” features. The platform will include a real-time application tracking dashboard and an AI-powered virtual assistant to guide applicants on procedures, documentation, and status updates.

- A new Electronic Trade Documents Bill will give legal recognition to digital bills of exchange and trade instruments, enabling fully digital trade finance and reinforcing Mauritius’ status as a modern regional trade hub.

- The legislation will be amended to allow for documents using secured electronic signatures to be accepted for registration and transcription purposes.

1.2 Reinforcing Mauritius' Financial Services Landscape

1. Strengthening Mauritius's Wealth Management and Private Banking Offering

Government's strategy for the financial services sector focuses on promoting higher value-added offerings while consolidating overall financial stability. As part of this vision, Mauritius is expanding its scope in wealth management, family offices, and private banking to position itself as a key gateway for Africa-bound investments. This is further reinforced by the development of a new Africa Strategy aimed at enhancing Mauritius's role as a trusted platform for structuring investment into the continent.

To support this ambition, licensing processes are being streamlined and supported by a dedicated legal framework. A notable development is the introduction of Bullion Banking, which allows licensed private banks to buy, store, and trade gold and other precious metals. This move positions Mauritius as a regional bullion and wealth preservation hub, appealing to global investors seeking diversification and long-term asset security.

2. Digitising Trade and Enhancing Regulatory Efficiency

A new legislation recognising electronic bills of exchange and trade documents is on the horizon, unlocking end-to-end digital trade finance and establishing the country as a trusted regional trade hub. Combined with the launch of a unified FSC e-licensing platform, integrated with a Centralised KYC Repository and AI assistant, Mauritius is moving toward a paperless, efficient, and tech-driven regulatory environment that will attract digital-native fund managers, fintechs, and international corporates.

3. Regulatory Modernisation and Oversight Strengthening

The Financial Services Act will be amended to grant the FSC extended powers to conduct investigations, enforce licensing, and engage in international supervisory cooperation. The FSC will be able to conduct special investigations at the request of a foreign supervisory institution; it will be able to initiate an investigation against a person who ought to have been licensed under the Financial Services Act or any other relevant Acts; and it will empower the Chief Executive to refer a matter to the Settlement Committee as well as to enable an employee, duly appointed by the Board in the absence of an appointed Chief Executive, to refer matters to the Settlement Committee. This will enhance regulatory predictability and cooperation —vital for cross-border compliance.

Mauritius will also make a formal request for a Financial Sector Assessment Programme (FSAP) by the IMF and World Bank, underscoring its openness to third-party scrutiny, alignment with global best practices, and ambition to strengthen resilience in the face of global financial shocks.

1.2 | Reinforcing Mauritius' Financial Services Landscape (Continued)

4. Reviewing FSC Licence Fees for Market Alignment

The Financial Services Commission (FSC) will undertake a review of its annual licence fees to ensure they remain aligned with evolving market conditions. This measure aims to maintain a balanced regulatory framework that is both competitive and sustainable.

1.3 Enhancing Regulatory Compliance and Governance

With a view to embracing change for a dynamic and innovative Financial Services and Banking sector, a number of measures are being introduced.

Embracing Transformative Innovations

The Financial Services Commission (FSC) will deploy a unified e-licensing platform integrated with the Centralised KYC Repository and "Known to the Commission" features. The platform will feature a real-time application tracking dashboard and an AI-powered virtual assistant to guide applicants on procedures, documentation, and status updates.

AML/CFT framework

The AML/CFT framework will also be strengthened.

Firstly, A National Roadmap has been worked out in order to prepare the Mauritius International Financial Centre for the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Mutual Evaluation exercise scheduled in 2027. The Roadmap covers the following -

- implementation of the National Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Strategy and Action Plan;
- conduct of thematic risk assessments to identify and address sector-specific vulnerabilities;
- introduction of a legislation to address identified gaps; and
- deployment of an advanced financial intelligence software by the Financial Intelligence Unit to support real-time analysis and dissemination of suspicious transaction reports;

Secondly, the Co-operatives Act will be amended to:

- strengthen the AML/CFT supervisory framework for credit unions
- empower the Registrar of Co-operative Societies to enforce regulatory compliance within credit unions and ensure adherence to AML/CFT standards and take prompt corrective actions in cases of non-compliance;
- define the supervisory responsibilities of the Registrar of Co-operative Societies, including regulatory guidance and cooperation with investigatory authorities; and
- provide for the Registrar of Co-operative Societies to request information, records, and documents from credit unions to enable effective supervision and investigation of potential breaches.

Bridging Talent Gaps and Developing Financial Sector Capabilities

Two measures will be taken to address critical skills shortages and build capabilities in the financial services sector, namely -

- launching of specialised AML/CFT capacity-building programmes for public and private sector professionals; and
- carrying out of a National Banking Skills Mapping Exercise to assess workforce strengths and forecast demand for specific skills manpower. A Centralised Banking Skills Database will be established.

1.3 | Enhancing Regulatory Compliance and Governance (Continued)

Financial Sector Assessment Program (FSAP)

A formal request will be made to International Monetary Fund (IMF) and the World Bank for the conduct of a FSAP. The FSAP will -

- include a comprehensive evaluation of the soundness of the financial sector, the quality of the regulatory and supervisory framework; and
- enhance the capacity of the authorities to manage financial crises. It will identify the reforms needed to ensure that the financial sector adheres to international best practices to support the broader economic agenda.

Strengthening Banking and Financial Services Legislations

A few amendments will be done to the Bank of Mauritius Act and the Financial Services Act as follows:
The Bank of Mauritius Act will be amended to:

- empower the Bank of Mauritius to allow any KYC institution, licensed by the FSC, to become a participant in the Central KYC system or the Central Accounts Registry in order to enhance efficiency and improve financial transparency; and
- clarify the definitions of "account" and "customer" for interpreting the scope of the Central KYC System and the Central Accounts Registry.

The Financial Services Act will be amended to:

- enable the FSC to conduct special investigations at the request of a foreign supervisory institution;
- empower the Chief Executive to refer a matter to the Settlement Committee as well as to enable an employee, duly appointed by the Board in the absence of an appointed Chief Executive, to refer matters to the Settlement Committee;
- enable the issuance or transfer of shares to existing shareholders, without requiring the approval of the FSC, provided that it does not result in a change in control;
- exempt licensees listed on securities exchanges, other than those in Mauritius, from the requirement to seek the approval of the FSC when there are transfer of shares which do not result in a change in control;
- enable the FSC to initiate an investigation against a person, who ought to have been licensed under the Financial Services Act or any other relevant Acts;
- enable the Chief Executive to give –
  - o written direction to any relevant person, in addition to its licensees, as he deems appropriate in the circumstances specified under the Act; and
  - o direction to a licensee, if necessary, for the orderly administration of the financial services;

1.3 Enhancing Regulatory Compliance and Governance (Continued)

- ensure that the holders of Global Business License have at least 2 directors at all times and the FSC be kept informed of any change in directors within 7 days; and
- provide that the oath of confidentiality, immunity and protection be extended to any other person assisting an appointed investigator by the FSC.

In addition to the above, the Data Protection Act will be amended to fully align its provisions with international and regional standards including that of the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data and the European Union General Data Protection Regulation.

The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act (UNSA) will also be amended to:

- make the National Sanction Committee (NSC) a body corporate;
- make it mandatory for the Financial Crimes Commission (FCC) to, manage, through its Asset Recovery and Management Division, the funds or other assets of listed and designated parties;
- allow FCC to apply, to a Designated Judge, for an order to realize the funds or other assets of a designated party; and
- include an additional resolution issued by the United Nations Security Council

02 | Business Facilitation and Permits Enhancement

1. Introduction

As part of the 2025–2026 Budget, the Government has announced a comprehensive series of reforms aimed at enhancing business facilitation, streamlining permitting processes, and refining existing investment schemes. These measures are designed to reduce administrative burdens, attract targeted foreign investment, and ensure better alignment with national economic priorities. Key amendments span across the lodging and tourism sectors, the Economic Development Board (EDB) framework, immigration legislation, and property acquisition regimes—reflecting a strategic shift toward greater regulatory clarity, operational efficiency, and sustainable development.

To ease administrative bottlenecks and support sectoral needs, the following key changes have been introduced:

- **Tourism Licensing Reform**: The Tourism Authority Act will be amended to extend the validity of the Tourist Accommodation Certificate and Tourist Enterprise Licence from one to three years.
- **Rationalisation and Expansion of EDB Schemes**: The Economic Development Board (EDB) will reassess existing schemes and introduce targeted new ones to attract high-impact investments. These include:
  - Innovative Mauritius Scheme
  - Women Entrepreneur Loan Scheme
  - Diaspora Scheme
  - Land Repurposing Scheme
  - Waste to Wealth Scheme
  - New Investment Incentive Scheme
  - Heritage Stewardship Scheme
  - National Syndic Scheme
  - Deposit Refund Scheme

2. Amendments to the Economic Development Board Act

To better segment investor and professional categories, the following Occupation and Residence Permit reforms will be legislated:

- **Occupation Permit for Professionals**: Introduction of two categories, with updated salary thresholds and stay duration based on skill level.
- **Occupation Permit for Investors**: Criteria now segmented based on capital commitment and turnover, targeting higher-value investment.
- **Self-Employed Category**: Revised based on initial investment, turnover, and evidence of local client engagement.
- **Residence Permits for Retired Non-Citizens**: Must now transfer a minimum of USD 2,000 within 60 days of permit issuance and maintain a flow of either USD 24,000 annually or USD 2,000 monthly.
- **Permanent Residence Permits**: Eligibility criteria to be revised in line with updated investment and residency benchmarks.

02 | Business Facilitation and Permits Enhancement (Continued)

3. Immigration Act Reforms

Changes to the Immigration Act aim to enhance regulatory oversight and ensure sustained economic participation:

- Reduction of permit duration for retirees, investors, and self-employed from 10 to 5 years (renewable).
- An age cap of 24 years for dependent children will be introduced.
- Mandatory 180-day minimum annual stay for retired non-citizen permit holders.
- Prohibition on employment or business activity for retired non-citizens.
- Reduction in Young Professional Permit duration from 3 to 2 years, with potential transition to professional permit status.
- Repeal of temporary COVID-era permit provisions covering Occupation Permit and Permanent Residence Permit.
- Elimination of bank guarantee/deposit requirements for expatriate workers, replaced by a flat annual fee.

4. Review of Smart City and Property Acquisition Schemes

In a shift towards fiscal consolidation and targeted development:

- **Departure of Incentives**: Smart City fiscal incentives—VAT, income tax holidays, customs duty, and others—will be withdrawn for certificates issued post-5 June 2025, except for public infrastructure projects and regeneration efforts.
- **Transitional Provisions**: Projects with construction initiated prior to 5 June 2025 and holding valid permits will retain certain benefits (VAT recovery and income tax holiday).
- **Reintroduction of Fees**: Smart City projects, though exempt from the Morcellement Act, will now pay an equivalent fee.

5. Property Acquisition by Non-Citizens

To tighten control and ensure national interest:

- **Increased Registration and Transfer Duties**: Duty raised from 5% to 10% for non-citizen property acquisitions under EDB schemes and in apartment buildings of two storeys or more.
- **Introduction of Capital Gains Taxation**: For resale by non-citizens, land transfer tax will be either 10% of the property value or 30% on capital gains—whichever is higher.
- **Promoter Obligations**: Developers will also be liable for 10% land transfer tax on sales under the same schemes.
- **Regulatory Restrictions**: Acquisition or disposal of apartments on State Land or Pas Géométriques by non-citizens or non-residents will be prohibited.
- **Termination of USD 500,000 Freehold Acquisition Scheme**: The previously liberalised acquisition framework introduced in 2023 will be repealed.

These changes are expected to sharpen the strategic focus of Mauritius' investment promotion framework while safeguarding national interests and ensuring sustainable economic contribution.

03 | Boosting the Competitiveness of the Corporate Sector

- The annual registration fees applicable to companies, sociétés, commerciales, partnerships and foundations will be doubled. This increase will not apply to a small private company with annual turnover not exceeding Rs 100 million or a charitable foundation.

- It will be mandatory for a public interest entity to prepare an annual report, irrespective of their turnover, within 6 months after their balance sheet date.

- Companies, Partnerships and Foundations will be required to keep a written declaration from their beneficial or ultimate beneficial owners confirming their status as same. These owners will also be responsible for updating the declaration if their status changes. Existing entities will have until 30th June 2026 to comply with this new requirement.

- The Registrar will be allowed to include any information as it may deem appropriate in a certificate of current standing, when issuing such a certificate for a Company, Partnership or Foundation.

- A person will not be able to request the Registrar for a certificate of current standing of a Limited Partnership holding a Global Business Licence, unless he is a partner, an officer of that entity or the FSC.

- The requirements for a Debenture Holders' Representative under the Companies Act will be simplified to lower issuance costs and align with international best practices.

- A person will be allowed to apply to the Registrar for a certificate of registration of any limited or limited liability partnership entity, by paying the prescribed fee. However, for a partnership holding a Global Business Licence, only a partner, officer, management company, or registered agent of that entity will be allowed to apply for the certificate. Any other person, by paying the prescribed fee, can obtain information such as the name and address of the partnership or its registered agent, the proof of registration, and legal form of the partnership.

A. Income Tax Measures

A new Fair Share Contribution of 5% will apply to companies with chargeable income above Rs 24 million. In addition, banks will bear a further 2.5% tax on their domestic profits. These measures are positioned as part of the fiscal consolidation efforts.

The Alternative Minimum Tax (AMT) is being reintroduced. This will apply a minimum effective tax of 10% on book profits in specific sectors. The Qualified Domestic Minimum Top-up Tax (QDMTT) is also being introduced in line with OECD's global minimum tax framework. Affected multinational entities will be subject to a minimum 15% effective tax rate in Mauritius.

A tax on profits has been introduced on the resale of immovable property by non-citizens.

Qualified deductions will now be restricted to Small and Medium Enterprises (SMEs) only. The definition and criteria will follow those already applied under SME schemes. Large companies will no longer be eligible for this deduction under the Income Tax Act.

The allowable amount to be spent under Corporate Social Responsibility (CSR) has been increased from 25% to 50% towards eligible CSR programs as per the CSR Framework. Any shortfall will continue to be paid to the MRA.

Additional investment tax credit of 15% over three years will now apply to SMEs undertaking investments in technologies such as Artificial Intelligence (AI), patents, or research-driven tools. This is a targeted incentive to encourage innovation at the SME level.

The Budget also extends the 80% partial exemption to income derived from virtual asset-related activities, subject to substance conditions being met and licensing from the Financial Services Commission (FSC). This exemption applies to income from digital asset advisory and platform activities conducted from Mauritius.

B. Personal Tax

A new progressive personal income tax system will apply as from 01 July 2025. Under this new regime, the first Rs 500,000 of chargeable income will be tax exempt. Income between Rs 500,001 and Rs 1 million will be taxed at 10%, and any amount exceeding Rs 1 million will be taxed at 20%.

A full income tax exemption will apply to individuals aged between 18 and 25 years on their first Rs 1,000,000 of income. This is aimed at encouraging youth employment and reducing tax burden for new entrants in the workforce.

In addition, individuals earning more than Rs 12 million annually, including dividend from resident companies, will be subject to an additional tax of 15% on their chargeable income, on top of the above rates. These measures defined as the "Fair-Share Contribution" are positioned as a contribution by high-net-worth individuals towards fiscal sustainability.

04 | Taxation (Continued)

C. Value Added Tax (VAT) Measures

The VAT registration threshold has been reduced from Rs 6 million to Rs 3 million. This means that more small and medium-sized businesses will now fall within the VAT net. This move will widen the tax base but also brings additional compliance responsibilities for smaller operators.

VAT will be applicable on foreign digital and electronic service providers as from 01 January 2026. This is in line with international VAT reforms and aims to level the playing field between local and offshore suppliers of digital services.

D. Tax Administration

The Mauritius Revenue Authority (MRA) will implement a one-off Tax Dispute Settlement Scheme (TDSS) offering full waiver of interest and penalties for taxpayers who opt to withdraw their ongoing tax disputes and settle the principal amount.

The Voluntary Disclosure Settlement Scheme (VDSS) and Tax Arrears Settlement Scheme (TASS) are also being reintroduced. Taxpayers making voluntary disclosures or settling outstanding amounts before the deadline will benefit from a 100% waiver of interest and penalties.

One notable change is the reduction in the statutory time limit for raising tax assessments, which has been brought down to 2 years.

Meet Our Team

Budget 2025 - 2026

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