

Axis Budget Brief

2024/ 2025

Tomorrow is Ours

BUDGET

axis
TRUSTED FIRST.

15 YEARS

Axis Fiduciary Ltd
T. (230) 403 2500
E. info@axis.mu

[AXIS.MU](https://axis.mu)



“

On 7 June 2024, Dr. the Hon Renganaden Padayachy, Minister of Finance, Economic Planning and Development, presented the Mauritius Budget for 2024-2025 (the “Budget”) under the theme "Tomorrow is Ours." This marks his fifth and final budget of the current government’s mandate.

In his opening budget speech, the Hon Minister emphasized that Mauritius achieved a strong GDP growth rate of 7% in 2023, following an exceptional growth of 8.9% in 2022. Mauritius’ GDP reached Rs 651.7 billion in 2023, surpassing the initial estimate of Rs 628.4 billion. Total investment grew significantly by 30.9%, compared to 7.8% in 2022. Additionally, Foreign Direct Investment (FDI) inflows amounted to Rs 37 billion in 2023, exceeding the previous record of Rs 33.5 billion set the year before. Furthermore, he stated that the unemployment rate at the end of 2023 was 6.1%, down from 6.8% at the end of 2022, marking the lowest rate in over 25 years. Headline inflation also decreased from 10.8% in 2022 to 7% in 2023.

The Budget focuses on three key pillars:

01 > Fostering Economic Dynamism

02 > Working towards a Sustainable and Inclusive Mauritius

03 > Building our Future

For the Financial Services Sector, which remains the primary contributor to Mauritius’ GDP with a growth rate of 4.4% in 2023, the objective is to maintain this momentum and further expand the sector. The Budget aims to continue upgrading our business environment to fully realize our extraordinary potential.

The initiatives in the Budget are designed to ensure sustained economic growth, enhance the ease of doing business, attract foreign investments and promote innovation across various sectors.

In the subsequent sections, we will provide a concise overview of the budgetary provisions pertaining to the Mauritius financial services sector. This analysis will delve into specific details concerning Ease of Doing Business, Financial Services Sector, Business Facilitation, Compliance, and Fiscal Measures. A more comprehensive memorandum will be disseminated upon the passage of the Finance Act by the National Assembly.



01 | IMPROVING THE EASE OF DOING BUSINESS

The Budget focuses on enhancing the ease of doing business environment to sustain higher levels of investment and economic dynamism. The objective is to achieve an investment rate of 25% and FDI inflows of Rs 40 billion in 2024.

The key measures announced are as follows:

Financial Services Commission (“FSC”):

The FSC will streamline its licenses and permits to ensure they are granted within 10 working days, subject to all requirements being met.

The FSC will implement a new mechanism to reduce the turn-around time to better respond to queries from investors and process applications for licenses.

The FSC will establish a time frame for processing specific licences. Once the established time frame is nearing expiry, the application will be channelled to a fast-track Sub-Committee for the issuance of the license.

- **Corporate and Business Registration Department:**

- Onsite e-filing facilities will be available during working hours.
- The information center will operate 24/7.

- **Bank Account Portability:** This year, the portability of bank accounts will be implemented.
- **National E-Licensing System:** The number of licenses on this system will increase from 26 to 35, starting with clinical trials and fishing licenses. The Economic Development Board (“EDB”) will work to double the number of electronically delivered licenses within the next three years.
- **Local Authorities:** Payments for services will be accepted electronically.
- **Building and Land Use Permit (“BLUP”):** The BLUP guide will be reviewed to allow for the determination of BLUP applications in a standardized operating procedure.
- **Electronic Government Services:** Government Gazettes and legislations will be available electronically by December 2024.
- **Alternative Dispute Resolution:** The framework for resolving commercial disputes will be modernized.



Financial Services

02 | STRENGTHENING THE FINANCIAL SERVICES SECTOR

The financial services sector remains a cornerstone of our economy, contributing significantly to our GDP with a growth rate of 4.4% in 2023. To maintain this momentum and further expand the sector, several key measures have been introduced:

- **Strategic Partnerships:** Exploration of a Strategic Partnership Agreement (SPA) with India and African countries to enhance collaboration. There will also be on-going discussions with the Indian authorities for the development of our financial sector.
- **Funds Regime Review:** Enhancing the attractiveness of Mauritius' jurisdiction through a review of the funds' regime.
- **Fintech Hub Development:** With the assistance of the United Nations Economic Commission for Africa, a blueprint for developing Mauritius as a regional Fintech Hub will be devised.
- **Sector Blueprint Review:** The blueprint for the financial services sector will be updated to address new opportunities, challenges, and threats.
- **Fund and Asset Manager Certificate:** This will be reviewed to include at least two qualified officers.
- **10-Year Expert Occupation Permit:** Introduction of a 10-year expert Occupation Permit to attract foreign talents in wealth management, family office, virtual assets, and virtual tokens.
- **Centralised e-KYC:** The centralised electronic Know Your Customer (e-KYC) system which is the process of being implemented for the banking sector will be extended to the global business sector.
- **Partial Exemption for Payment Intermediary Services (PIS) Licence Holders:** PIS Licence Holders will benefit from the Partial Exemption Regime.
- **Framework for secondary trading of government bonds:** A new framework for the secondary trading of government bonds will be established on the Stock Exchange of Mauritius.
- **MAUCAS platform:** To encourage the adoption of digital payments in Mauritius, the Bank of Mauritius will remove the fees associated with the use of the MAUCAS platform.



03 | ADDRESSING THE HUMAN RESOURCES CHALLENGES

To sustain high levels of economic growth and address labour shortages, Mauritius continues to open up to foreign professionals. Several new measures have been proposed to make the jurisdiction even more appealing:

- **Reduced Threshold for Occupation Permits:** The threshold for occupation permits for professionals will be further reduced from Rs 30,000 to Rs 22,500.
- **Temporary Occupation Permit for Experienced Professionals:** Professionals with a minimum of 10 years' experience will receive a temporary occupation permit of 3 months, allowing them to work while their application is pending approval.
- **Retired Residence Permit Holders:** Non-citizens holding a retired residence permit will be allowed to work without needing an additional work or occupation permit.
- **Work Permit Processing Timeframe:** The maximum timeframe to deliver or renew a work permit will be set at 3 weeks.
- **Removal of Quotas on Foreign Labour:** Quotas on foreign labour in sectors such as Manufacturing, Jewellery, Freeport, and ICT/BPO will be removed.
- **Foreign Workers Stay Extension:** The maximum stay for foreign workers operating in sectors for which the current maximum period of stay is 4 years, will be increased to 8 years, with an optional break in between.
- **Non-Citizens (Employment Restriction) Act: Amendments include:**
 - clarify the criteria to determine an application for work permit as complete; and
 - provide for the Ministry of Labour, Human Resource Development and Training to issue work permit in different forms, including work permit card, as the circumstances require.



04 | TAXATION

The Budget introduces several fiscal measures to enhance economic growth, support innovation, and ensure compliance with international norms. Key measures include:

- **Tax Arrears Settlement Scheme:** A Tax Arrears Settlement Scheme and a Contribution Arrears Settlement Scheme will be implemented up to June 2025, with a full waiver of penalties. The Tax Arrears Payment Scheme will be renewed for an additional year. The Scheme will provide for full waiver of penalties and interest where tax arrears, outstanding under the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act, are paid in full by 31 March 2025 and provided the taxpayer registers under the Scheme by 31 December 2024.
- **Investment Tax Credit:** The investment tax credit of 15% over 3 years will now include investments in AI and patents.
- **Corporate Climate Responsibility (CCR) Levy:** Introduction of a CCR levy, equivalent to 2 percent of a company's profits. Companies with a turnover of less than Rs 50 million will be exempt from this levy.
- **Taxation in Medical, Biotechnology, and Pharmaceutical Sectors:** Income derived from intellectual property assets by manufacturing companies in these sectors will be taxed at 15% instead of 3% to comply with international norms.
- **Partial Exemption Clarifications:**
 - Companies with a Robotic and Artificial Intelligence Enabled Advisory Services license will be eligible for the 80% partial exemption on income, provided they meet substance requirements.
 - The 80% partial exemption for licensed closed-end funds will extend to income from the sale of money market instruments or debt instruments.
 - The 80% partial exemption for CIS Administrators will not apply to income from administrative services provided by management companies to CIS license holders.

- **Captive Insurance Tax Holiday:** The 8-year income tax holiday for captive insurers will commence from the date the company starts its activities.
- **Zero-Rated VAT Services:** Services provided by a Management Company to non-resident trusts and foundations will be zero-rated for VAT purposes.
- **Amended Tax Returns:** Taxpayers will not be allowed to submit an amended return if an objection has been made with the MRA or if a representation has been lodged with the Assessment Review Committee.
- **Inscription of Privilege:** Legislation will explicitly state that the Registrar-General may inscribe a privilege on the immovable property of a debtor from the date a notice for additional duty or tax is returned undelivered.
- **Statements of Financial Transactions:** Banks will be required to include information on deposits made to credit cards or prepaid card accounts in the statements of financial transactions submitted to the MRA.
- **TAX Administration:** The scope of income tax exemptions has been extended to incentivize specific economic activities and provides for additional financial relief. Key updates include:
 - The income tax exemption threshold for lump sum pension, retiring, or severance allowances is raised from Rs 2.5 million to Rs 3 million.
 - Interest income from bonds issued by public sector companies for infrastructure projects becomes tax-exempt with approval from the Minister of Finance, Economic Planning and Development.
 - Income from the sale of virtual assets and tokens is now exempted, similar to the exemption on sale of securities.



05 | OTHER MEASURES

The Budget outlines several initiatives aimed at reinforcing Mauritius as a premier IFC, as follows:

- **Diplomatic Expansion:** Opening of a new Consulate in Réunion Island and an embassy in Japan to facilitate economic and trade relations.
- **Visibility and Engagement:** The EDB will support conferences and workshops involving more than 12 countries with a minimum of 40 participants to increase Mauritius IFC's visibility in Africa.
- **Regulatory Practices:** Adoption of a code of good regulatory practice to facilitate reforms of the legal and institutional framework for business and investment.
- **Bank of Mauritius Act:** Amendment of the Bank of Mauritius Act to further strengthen the operational independence of the Central Bank in delivering its mandate of monetary policy, financial stability, and regulation.
- **Virtual Asset and Initial Token Offering Services Act:** Amendment to require Virtual Asset Service Providers to appoint an FSC-approved Senior Executive at all times.
- **Declaration by Lender:** Individuals lending money will need to declare in the deed of loan that they are not engaged in the business of moneylending, as per the Financial Services Act.
- **Economic Development Board Act:** Amended to allow the EDB to issue 'Registration Certificate as Investor'.
- **Smart City Scheme:**
 - Contribution payable by a smart city company per residential property or serviced land plot will increase from Rs 25,000 to Rs 100,000.
 - The Smart City Social Fund will be removed from the list of Special Funds under the Finance and Audit Act since the contribution per residential property or per plot of serviced land by smart city company is now payable to the National Resilience Fund.
 - The Investment Certificate of the EDB will now include pre-primary schools along with primary, secondary, and tertiary schools.

05 | OTHER MEASURES

- **Captive Insurance and Financial Services Acts:** Amendments to various acts (The Captive Insurance Act, Financial Services Act, Insurance Act and the Private Pension Schemes Act) will enable the FSC to levy fees for post-licensing processes (including the appointment of officers, directors, auditors, actuaries, new controllers, beneficial owners, Management Companies and Registered Agents) and increase processing and annual fees for licensees.
- **Companies Act:** Amendments include:
 - provide for submission of a copy of the constitution as part of an application for incorporation of a company limited by guarantee;
 - clearly define the duties of a company secretary nominated by a one person company;
 - require the Board of a company to notify the Registrar of Companies on the resignation of a director or that of the secretary from its company;
 - review the appellation of the Institute of Chartered Secretaries and Administrators of the United Kingdom to that of Chartered Governance Institute;
 - ensure that the administrator appointed for the winding up of a limited life company complies with provisions of the Insolvency Act;
 - obtain the prior no objection from the FSC upon request for removal of a company, holding a global business licence, from the Register of Companies;
 - require that fees payable to the Registrar of Companies be paid at the time of submission of any document or at the time of a request; and
 - allow a company holding a Global Business Licence or an Authorised Company 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
- **Change in Company Ownership:** An effective change in ownership will be deemed if there is a change of more than 10% in shareholding.
- **E-Publication of Company Names:** Timeframe provisions for the publication of names of companies not submitting returns will be fine-tuned.
- **Transfer of Immovable Property from a Shareholder to a Company:** Clarification that registration duty is levied on the difference between the value of property transferred as equity participation and the value of shares held in a company.

05 | OTHER MEASURES

- **Foreign Entity Property Lease:** Foreign entities will be allowed to hold immovable property via a non-renewable lease agreement for industrial or commercial purposes for up to 30 years.
- **Freeport Act:** Amendments include:
 - 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.
 - provide for the extension of the maximum period during which goods may be warehoused in a freeport zone by 3 years.

To strengthen the regulatory framework and ensure compliance, several measures have been introduced in the Budget, as follows:

Financial Crimes Commission Act

- The Financial Crime Commission Act 2023 (“FCCA”) is a significant piece of legislation which has recently been enacted and which aimed at enhancing the country's framework for combating financial crimes. Passed by the National Assembly in December 2023, the FCCA establishes the Financial Crimes Commission (FCC) as the primary body responsible for detecting, investigating, and prosecuting financial crimes, including corruption, money laundering, fraud and the financing of drug dealing.
- In accordance with the provisions of the FCCA, it repeals the Prevention of Corruption Act (2002), the Asset Recovery Act (2011), and the Good Governance and Integrity Reporting Act (2015). The FCC now assimilates functions of the institutions arising from the aforementioned laws, namely the Independent Commission Against Corruption, the Asset Recovery Investigation Division and the Integrity Reporting Services Agency.

Amendments of the FCCA in the Budget include:

- clarify that the Financial Crimes Commission (FCC) can start new investigations in relation to an offence committed, under the Prevention of Corruption Act and the Financial Intelligence and Anti-Money Laundering Act, prior to the commencement of the Financial Crimes Commission 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 Financial Crimes Commission Act.
- align the Financial Crimes Commission Act with recommendation 38 of the Financial Action Task Force methodology, which requires confiscation of proceeds of crime and such property of corresponding value.

05 | OTHER MEASURES

- **Financial Services Act:** Amendments include:
 - require the Chief Executive to make appropriate annotations in the register with respect to a licensee where the licence is suspended or terminated;
 - introduce timeframes for the processing of licenses falling under the regulatory purview of the FSC.
 - impose a requirement on qualified trustee to provide such information at the request of the FSC;
 - empower the Chief Executive to appoint an investigator;
 - enable the Chief Executive to 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 or in case of financial crime;
 - set the timeframe of 6 months after closure of its financial year for an authorized company to file with the FSC its financial summary, accounts, financial statements or returns; and
 - allow the Chief Executive to issue directions to Authorised Companies and corporations holding a Global Business License.

Meet Our Team



ASSAD ABDULLATIFF
Managing Director



JAYSEN VEERUPEN
Financial Controller & Head of
Fund and Client Accounting



SAYYAD KHAYRATTEE
Associate Director- Business
Development



NADIA SYED
Associate Director – Client
Services



AMEER CAUNHYE
Associate Director - Compliance
and Risk