

## TAX

In this segment of the 2023 Axis Finance Act Series, I will outline certain amendments introduced to the Finance (Miscellaneous Provisions) Act 2023 concerning the Income Tax Act and Tax Administration.

## INCOME TAX



### Other Exemptions and Reliefs:

Partial exemption for interest earned by Collective Investment Schemes or Closed End Funds has been increased from 80% to 95%, enhancing the competitiveness of the Mauritian jurisdiction for funds investing in debt.

Interest income derived from bonds, debentures or sukuks issued by an overseas entity to finance projects approved by the MRA in renewable energy projects (Green Bonds) will be exempted. By exempting interest income from these bonds, the measure promotes investments in renewable energy, fostering sustainability and a greener economy.



### 3% Reduced Rate of Corporate Tax on Exports of Goods:

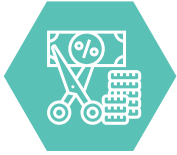
Profits from selling aviation fuel to airlines will now be considered derived from export of goods and taxed at the reduced rate of 3%:

This measure, combined with the existing exemption on profits obtained from aircraft leasing and related services, will further enhance Mauritius' attractiveness as a destination for investors looking to undertake aviation projects. By creating a favorable tax environment, the country aims to draw more investments in this sector and establishing Mauritius as a preferred hub for aviation-related ventures.



### Taxation of Banks:

The reduced tax rate of 5% tax rate on banks' having a chargeable income up to Rs 1.5 billion has been abolished as from the year of assessment 2022/2023 and therefore contributing more to the economy.



**Double Deduction of Expenditure:**

Allowing manufacturing companies to double deduct expenditure on market research and product development:

This measure supports manufacturing companies in their efforts to enhance product quality, develop new markets, and remain competitive.



**Waiver of COVID-19 Levy:**

Waiving outstanding debts of the COVID-19 levy, including penalties and interest:

This waiver provides financial relief to businesses affected by the pandemic, helping them recover and rebuild their operations.



**Financial Assistance to Specified Enterprises - Salary Compensation 2023:**

Providing monthly financial assistance for salary compensation to SMEs, Export Oriented Enterprises, and large public bus operators ranging from Rs 250 to Rs 500.



**Solidarity Levy & Personal tax**

The abolition of the Solidarity Levy, which was previously imposed on individuals earning a leviable income of more than Rs 3 Million, is a positive step towards attracting non-citizens to reside and contribute to Mauritius while also encouraging talented individuals to remain within the country. This measure is expected to enhance Mauritius' appeal as an attractive destination for living and working, fostering a climate that retains valuable skills and expertise. Taxation for individuals has undergone a significant reform, transitioning towards a progressive tax system that promotes greater equity and fairness.



# TAX ADMINISTRATION



## Tax Arrears Settlement Scheme (TASS)

The Tax Arrears Payment Scheme will be re-introduced. Under this scheme, penalties and interest will be fully waived if 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 2024. To avail of this opportunity, taxpayers must register under the Scheme by 31 December 2023.

Resolution of Pending Assessments: Taxpayers with assessments pending before the Assessment Review Committee, the Supreme Court, or the Judicial Committee of the Privy Council can take advantage of the Scheme by withdrawing their case from these institutions.



## Protected Cell Company and Variable Capital Company

The Mauritius Revenue Authority (MRA) will not pursue the recovery of taxes owed by a cell of a protected cell company using the assets of other cells or non-cellular assets of the protected cell company. Similarly, each sub-fund or special purpose vehicle of a variable capital company will be treated as a separate entity for tax recovery purposes.

These provisions contribute to a further enhance the business environment, encouraging investment and promoting the growth of protected cell companies and variable capital companies in Mauritius.



## Statement of Financial Transactions

Virtual asset service providers and issuers of initial token offerings will be required to report transactions made by individuals, companies, or successions exceeding Rs 250,000 annually or exceeding Rs 2 million in aggregate within a year. For corporations, the reporting threshold will be Rs 500,000 and Rs 4 million respectively. This provision aims to enhance transparency and regulatory oversight in financial transactions involving virtual assets.

The Finance (Miscellaneous Provisions) Act 2023 exhibits a strategic vision, positioning the nation as a competitive, sustainable, and investment-friendly jurisdiction. Enhancing tax incentives for sectors like finance and aviation, adopting a fair progressive tax system for individuals, and emphasizing transparency in the growing virtual assets arena, it mirrors Mauritius' adaptability and modern outlook. Balancing economic ambitions with social responsibility, the Act showcases both empathy, through waivers like the COVID-19 levy, and global competitiveness. As corporate entities, these provisions offer us a roadmap to align with national objectives and seize emerging opportunities for growth and development.

// By **Jaysen Veerupen**,  
Financial Controller & Head of Fund and Client Accounting – Axis Fiduciary Ltd

