



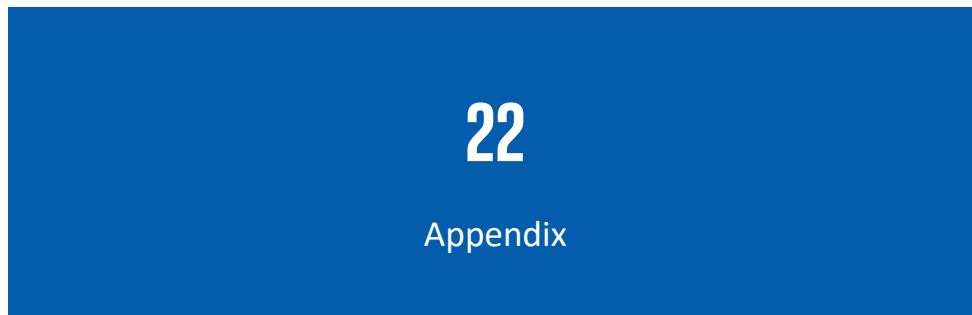
# Mauritius Finance Bill 2024

Key Tax Changes

15 July 2024

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# Contents



# Foreword



# Foreword

Dear Valued Clients,

Following the Budget Speech on 07 June 2024, the Finance (Miscellaneous Provisions) Bill 2024 ("the Bill") has been released for consultation. This Alert covers the key tax measures contained in the Bill. These remain subject to changes following parliamentary debates.

The announcement of a Corporate Climate Responsibility ("CCR") levy came as a surprise in the budget. The Bill brings clarity that this levy will be applied at 2% on chargeable income and extends to companies, resident sociétés, trusts and foundations. Importantly, it is confirmed that GBL entities and segment B of banks will also be within scope. The impact of the levy could be reduced for entities eligible to claim partial exemptions or tax credits such as foreign taxes suffered on foreign sourced income or investment credits. The Annex provides an impact of the levy on Global business entities.

It is to be noted that the CCR levy is being applied retrospectively i.e. applicable as from the year of assessment starting 01st July 2024, i.e. to those entities with financial year ending after 31st December 2023. For example, a company with a Financial Year ended 31st March 2024 will be subject to the levy even though the accounts may have been finalised without the provision for such a levy. If this was not the intention, we recommend that the implementation date be reviewed so that it is applicable prospectively i.e. from the new fiscal year starting 01st July 2024 in line with usual practices.

New tax incentives for corporates have been introduced, such as double/triple deductions on certain donations and an additional tax credit of 25% on set up costs of child day care centers. Do watch out for these tax incentives to ensure they are captured in the tax returns. However, these tax incentives may be less impactful and attractive to large multinationals in view of the global minimum tax/BEPS 2.0. We hope that the existing tax incentives are reviewed so that they remain relevant in the post BEPS 2.0 era.

The Tax Arrears Payment Scheme (TASS) has been extended for another year and allows taxpayers to get full waiver of penalties and interest. We await further communication from the MRA to confirm whether tax assessments raised up to 30th June 2024 (as opposed to the budget date) will qualify for the TASS.

I hope you find this tax alert informative. Feel free to contact the KPMG team for any queries you may have.

Regards

Wasoudeo Balloo  
Partner, Head of Tax  
KPMG in Mauritius

# Corporate Tax



# Corporate tax

Key measures	Effective Date
<p><b>Corporate Climate Responsibility (CCR) Levy</b></p> <ul style="list-style-type: none"> <li>– Introduction of CCR levy equivalent to 2% of a company’s chargeable income.</li> <li>– The CCR levy shall also be applicable to resident societe and be calculated at 2% on the net income of the resident societe.</li> <li>– Companies with turnover of less than MUR 50m will be exempted from this levy.</li> </ul>	<p>YOA commencing 1 July 2024</p>
<p><b>Partial Exemption Regime (PER)</b></p> <ul style="list-style-type: none"> <li>– 80% partial exemption granted on income derived by:               <ul style="list-style-type: none"> <li>- Company holding a Robotic and AI Enabled Advisory Services licence.</li> <li>- Payment Intermediary Services (PIS) Licence Holders</li> </ul> </li> <li>– The above will be granted provided the company satisfies the specified substance requirements.</li> </ul>	<p>YOA commencing 1 July 2025</p>
<ul style="list-style-type: none"> <li>– 80% partial exemption on CIS administrative services               <ul style="list-style-type: none"> <li>- Only entities which hold a ‘CIS Administrator’ licence from the FSC will be eligible for partial exemption from CIS administrative services</li> </ul> </li> </ul>	<p>Gazette Date</p>

# Corporate tax

Key measures	Effective Date
<p><b>Medical, biotechnology or pharmaceutical sector</b></p> <ul style="list-style-type: none"> <li>— Income derived from intellectual property assets by a manufacturing company engaged in medical, biotechnology or pharmaceutical sector and holding an investment certificate will not be eligible for the reduced tax rate of 3%.</li> </ul>	<p>YOA commencing 1 July 2025</p>
<p><b>Tax incentives</b></p> <ul style="list-style-type: none"> <li>— 100% tax exemption on:               <ul style="list-style-type: none"> <li>- Gains on sale of virtual assets and virtual tokens</li> <li>- Interest income derived from bond issued by public sector company to finance infrastructure projects. The exemption should be approved by the Minister of Finance, Economic Planning and Development.</li> </ul> </li> </ul>	<p>1 July 2024 Gazette date</p>
<ul style="list-style-type: none"> <li>— 300% deduction on donations to NGOs involved in the combat against drug abuse, prevention of gender-based violence, and poverty alleviation. The amount of deduction shall not exceed MUR 1m.</li> <li>— 200% deduction on costs incurred to support registered professionals in arts.</li> </ul>	<p>1 July 2024  1 July 2024</p>

# Corporate tax

Key measures	Effective Date
<b>Tax incentives</b>	
<ul style="list-style-type: none"> <li>– Tax credit of 25%, in addition to annual allowance or deduction under section 67, on capital expenditure in respect of a creche or costs of setting up a Child Day Care Centre incurred by companies. The tax credit can be carried forward for up to 5 income years. The tax credit can be clawed back in case of sale or cessation of the activity.</li> </ul>	<p style="text-align: center;">1 July 2024</p>
<ul style="list-style-type: none"> <li>– The 10-year income tax holiday granted to a captive insurer will apply starting from the income year in which the company starts its operation.</li> </ul>	<p style="text-align: center;">Gazette date</p>
<ul style="list-style-type: none"> <li>– Manufacturing Companies:</li> </ul>	
<ul style="list-style-type: none"> <li>- Investment tax credit of 15% over 3 years will henceforth include AI and patents.</li> </ul>	<p style="text-align: center;">1 July 2024</p>
<ul style="list-style-type: none"> <li>- Recycling will be classified as manufacturing activity and henceforth eligible for incentives provided to manufacturing companies.</li> </ul>	<p style="text-align: center;">YOA 1 July 2025</p>
<b>Freeport Act</b>	
<ul style="list-style-type: none"> <li>– The Freeport Act will be amended to allow a company to operate under both a Global Business Licence and a Freeport certificate.</li> </ul>	<p style="text-align: center;">Gazette date</p>
<ul style="list-style-type: none"> <li>– The 8-year income tax holiday shall apply only to the income derived by the Global Business Company pertaining to its activities as a freeport operator or private freeport developer.</li> </ul>	



# Personal Tax



# Personal Tax

Key measures	Effective Date
<p><b>Exempt income</b></p> <ul style="list-style-type: none"> <li>— An increase in exemption threshold from MUR 2.5m to MUR 3m on lump sum received as pension, retiring allowance or severance allowance.</li> </ul>	7 June 2024
<ul style="list-style-type: none"> <li>— Exempt income has been extended to include:               <ul style="list-style-type: none"> <li>- Any sum payable by Government or public sector body as compensation for losses incurred, directly or indirectly, as a result of a natural disaster.</li> </ul> </li> </ul>	1 January 2024
<ul style="list-style-type: none"> <li>- Interest income derived from bond issued by public sector company to finance infrastructure projects.</li> </ul>	Gazette Date
<ul style="list-style-type: none"> <li>- Any allowance payable under the Social Contribution and Social Benefits Act 2021.</li> </ul>	Gazette Date
<ul style="list-style-type: none"> <li>- Gains derived from sale of virtual assets and virtual tokens.</li> </ul>	Gazette Date

# Personal Tax

Key measures	Effective Date
<p><b>Personal deductions and reliefs</b></p> <ul style="list-style-type: none"> <li>— An increase in deduction from MUR 50,000 to MUR 100,000 for donations to charitable institutions.</li> <li>— Introduction of an additional deduction of up to:               <ul style="list-style-type: none"> <li>- MUR 30,000 in respect of wages payable to carer(s) to take care of one's parents or grandparents.</li> <li>- MUR 60,000 in respect of fees payable per dependent attending a fee-paying primary or secondary school registered under the Education Act.</li> </ul> </li> <li>— The other existing personal deductions and reliefs have remained unchanged.</li> </ul>	<p style="text-align: center;">Income Year commencing 1 July 2024</p>
<ul style="list-style-type: none"> <li>— Kindly refer to the following appendices of our <a href="#">Budget Highlights 2024/2025</a> for more details               <ul style="list-style-type: none"> <li>- Appendix 1 : Tax Rate Card</li> <li>- Appendix 2 : Simulation of an income tax computation</li> </ul> </li> </ul>	<p style="text-align: center;">N/A</p>

# Value Added Tax



# Value Added Tax

Key measures	Effective Date
<p><b>VAT invoice</b></p> <ul style="list-style-type: none"> <li>For VAT invoices denominated in foreign currency, the exchange rate into rupees is to be specified.</li> </ul>	Gazette date
<p><b>Time limit for examination of VAT return</b></p> <ul style="list-style-type: none"> <li>Time limit of four years for MRA to examine a VAT return and raise assessment to start as from taxable period in which return was 'submitted'. Previously, the time limit for the MRA to raise tax assessment was 4 years preceding the last day of the taxable period.</li> <li>MRA may request for information and books or records for up to five years as from taxable period in which return was submitted.</li> </ul>	Gazette date
<p><b>Credit for input tax</b></p> <ul style="list-style-type: none"> <li>Clarification that credit can be claimed for allowable input tax on goods and services acquired as from the date of voluntary registration.</li> </ul>	Gazette date
<p><b>Zero-rated supplies</b></p> <ul style="list-style-type: none"> <li>Services provided by management companies to the following entities will henceforth be considered as zero-rated supplies.               <ul style="list-style-type: none"> <li>Trusts, whose settlor and beneficiaries, are non-residents.</li> <li>Foundations, whose founder and beneficiaries, are non-residents.</li> </ul> </li> </ul>	Gazette date

# Value Added Tax

Key measures	Effective Date
<p><b>Exempt supplies</b></p> <ul style="list-style-type: none"> <li>— The following goods and services will be considered as exempt supplies.</li> </ul>	
<ul style="list-style-type: none"> <li>- Procurement of goods and services for a project funded by a donor organisation to the extent of at least 50% of the estimated project value from grant or concessionary financing.</li> </ul>	Gazette date
<ul style="list-style-type: none"> <li>- Entrance to digital art galleries</li> </ul>	
<ul style="list-style-type: none"> <li>- Construction of buildings and acquisition of plant, machinery, equipment and information technology system for pre-primary and technical and vocational education and training.</li> </ul>	18 September 2023
<ul style="list-style-type: none"> <li>- Vehicles used by approved contractors for construction of social housing units.</li> </ul>	01 August 2023



# Tax Administration

# Tax Administration

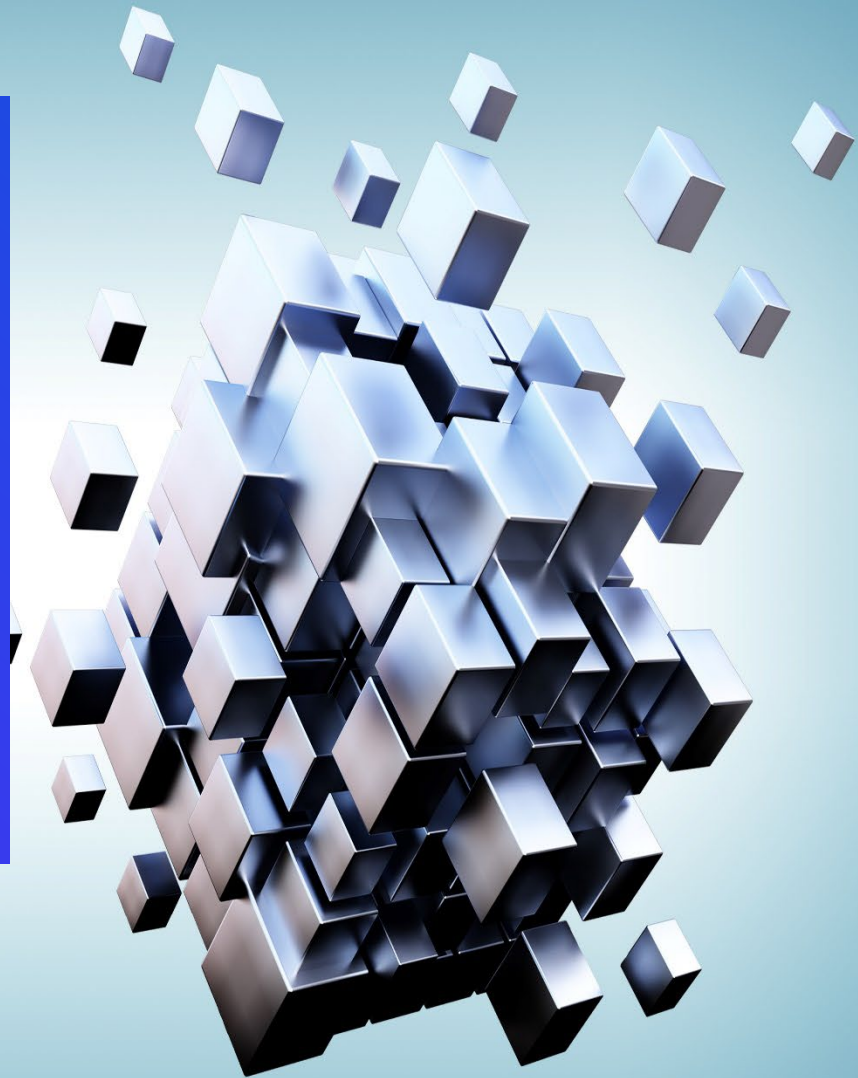
Key measures	Effective Date
<p><b>Tax Arrears Settlement Scheme (TASS)</b></p> <ul style="list-style-type: none"><li>– Renewal of Tax Arrears Payment Scheme (TASS) for an additional year.<ul style="list-style-type: none"><li>- Taxpayers applying to the Director-General under TASS on or before 31 March 2025 will benefit from full waiver of penalties and interest of tax arrears due as at 30 June 2024 under the Income Tax Act, the Value Added Act and the Gambling Regulatory Authority Act provided the arrears are paid in full on or before 26 June 2025.</li><li>- Re-introduction of Arrears Payment Scheme under Registrar-General’s Department.</li><li>- Full waiver of penalties and interest of tax arrears due as at 30 June 2024 will be granted provided settlements are made not later than 26 June 2025.</li></ul></li></ul>	Gazette date
<p><b>E-Publication of Names of Companies for non-submission of returns</b></p> <ul style="list-style-type: none"><li>– The timeframe for publishing names of companies failing to submit returns has been reduced from five to three months.</li></ul>	Gazette date
<p><b>Communication to e-tax Account</b></p> <ul style="list-style-type: none"><li>– A notice sent by the MRA to the e-tax Account of a taxpayer will be deemed to be received on the date it was delivered provided that the taxpayer was informed both via an SMS and an email.</li></ul>	Gazette date



# Tax Administration

Key measures	Effective Date
<p><b>Statement of Financial Transactions by banks</b></p> <ul style="list-style-type: none"><li>— A bank will now need to provide details regarding deposits made by a bank account holder into his credit cards or prepaid cards account in the statement of financial transactions submitted to the MRA.</li></ul>	Gazette date
<p><b>Amended Returns</b></p> <ul style="list-style-type: none"><li>— Submission of an amended return for an income year for which an assessment has been raised will not be allowed.</li><li>— Where the taxpayer is aware that the MRA intends to issue an assessment, a written declaration can be submitted to the MRA to make changes to the return under enquiry so long these changes do not relate to matters forming part of the assessment.</li><li>— The MRA has 6 months from the date of declaration to inform of the outcome of the application.</li></ul>	Gazette date

**Others**



# Other taxes

Key measures	Effective Date
<p><b>Transfer of shares in a company holding immovable property</b></p> <ul style="list-style-type: none"><li>– The law was amended in 2022 to provide that registration duty and land transfer tax will apply on any acquisition by a company of its own shares, by way of redemption of shares, share buy back or in any other manner where such acquisition results in an effective change in control in the company, and provided that the company holds any freehold or leasehold immovable property in Mauritius.</li><li>– Registration duty and land transfer tax will henceforth be applicable where such acquisition results in a change of more than 10% in the shareholding of such company. Similar changes have been made for companies having rights in State Land.</li></ul>	Gazette date
<p><b>Transfer of an immovable property from a shareholder to a company</b></p> <ul style="list-style-type: none"><li>– When an immovable property is brought as equity participation in a company, registration duty will be levied on the difference between the value of the property transferred and the value of shares held by the transferor in that company.</li></ul>	Gazette date

# Other taxes

Key measures	Effective Date
<p><b>Home Ownership Scheme (HOS) and Home Loan Payment Scheme (HLPS)</b></p> <ul style="list-style-type: none"> <li>– Extension of the HOS and the HLPS up to 30 June 2025.</li> <li>– Under the HOS, a Mauritius citizen is eligible to a refund of 5% on the value of land or building purchased, up to a maximum of MUR 500,000, irrespective of being a first time buyer or not.</li> <li>– Under the HLPS, a Mauritius citizen is eligible to a refund of 5% on the amount borrowed under a secured housing loan, up to a maximum of MUR 500,000.</li> </ul>	Gazette date
<p><b>Negative excise duty (refund) on purchase of electric motor cars and electric goods vehicles</b></p> <ul style="list-style-type: none"> <li>– Refund of 10% (up to a maximum of MUR 200,000) of the value at importation of electric motor car or electric goods vehicle, extended to 30 June 2025. Entities may only claim for vehicles with up to 180 kilowatts.</li> </ul>	Gazette date
<ul style="list-style-type: none"> <li>– Where an individual or entity purchases the aforementioned electric vehicles under a lease agreement, the 10% refund (up to a maximum of MUR 200,000) will also apply.</li> </ul>	6 December 2023

# Other taxes

Key measures	Effective Date
<p><b>Occupation Permit (OP)</b></p> <ul style="list-style-type: none"> <li>Minimum monthly salary to obtain Professional OP will be reduced from MUR 30,000 to MUR 22,500.</li> </ul>	<p>Gazette date</p>
<ul style="list-style-type: none"> <li>An Expert OP will be introduced to attract foreign talents in wealth management, family office, virtual assets and virtual tokens. The Expert OP will be valid for 10 years. The minimum monthly salary of the Expert OP holder shall be at least MUR 50,000. The applicant should have at least 10 years of experience, holds relevant qualification and has a relevant contract of employment. The spouse of an Expert OP holder may also be granted a Professional OP or Expert OP, upon successful application with the EDB. The holder of the Expert OP will be eligible for Permanent Resident Permit where he/she has derived a monthly basic salary of at least MUR 150,000 for at least 3 consecutive years immediately preceding the application.</li> </ul>	<p>Fixed by proclamation</p>

# Appendix



# Appendix – Impact of CCR levy on GBL entities

Scenario	Without CCR				With CCR			
	1	2	3	4	1	2	3	4
Items	Partial Exemption Regime	Actual Foreign Tax (10% WHT)	Actual Foreign Tax (20% WHT)	Not claiming PER nor Foreign tax	Partial Exemption Regime	Actual Foreign Tax (10% WHT)	Actual Foreign Tax (20% WHT)	Not claiming PER nor Foreign tax
Income	120	120	120	120	120	120	120	120
Expenses	-20	-20	-20	-20	-20	-20	-20	-20
Profit before tax	100	100	100	100	100	100	100	100
Partial exemption on the income	-96	0	0	0	-96	0	0	0
Expenses non allowable due to PER	16	0	0	0	16	0	0	0
Chargeable income	20	100	100	100	20	100	100	100
Corporate Climate Responsibility (CCR) Levy	0	0	0	0	0.4	2	2	2
Tax due before foreign tax credit	3	15	15	15	3	15	15	15
Foreign tax credit	0	-12	-24	0	0	-12	-24	0
Tax liability	3	3	0	15	3.4	5	0	17
Effective Tax Rate (ETR)	3%	3%	0%	15%	3.4%	5%	0%	17%
Increase in ETR	-	-	-	-	0.4%	2%	0%	2%

## Note and definitions:

1. No impact of CCR levy when foreign tax is sufficient to cover the Mauritius tax (scenario 3)
2. Assuming no underlying tax credit being claimed
3. PER: Partial Exemption Regime
4. ETR: Tax liability/Profit Before Tax

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The above information has been extracted from the Mauritius Finance Bill 2024. The Finance Bill 2024 has been released for consultation on 12 July 2024 and may be amended significantly before enactment. The content of this summary is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. In such cases, specialist advice should be taken.

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