



Mauritius Budget Highlights 2024-2025

“Tomorrow is Ours”

kpmg.mu

07 June 2024



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Promoting better lives

The Minister of Finance and Economic Development today delivered the fifth and final Budget of the present Government's mandate. Largely in line with general expectations, it was primarily a Budget aimed at social protection and restoration of purchasing power with a combination of subsidies and increases in social benefits across the board. The "Revenu Minimum Garanti" introduced last year, will reach the psychological figure of MUR 20,000 from July 2024. Maternity leaves are being extended from 14 to 16 weeks, whilst paternity leaves will rise from 1 week to 4 weeks.

A maternity allowance of MUR 2,000 per month is being introduced for nine months. Child allowance will increase to MUR 2,500 monthly irrespective of the number of children. Parents having children in full-time education in private schools will be eligible to an income tax deduction of up to MUR 60,000 per child. Those aged between 18 to 25 years will receive a free monthly data package. The hike in the highly symbolic Basic Retirement Pension perhaps went further than expected to MUR 15,000 from January 2025.



Business enablement and IFC strategy

Whilst the announcements were to create more opportunities, better lives of the lower income groups, improve the ease of doing business environment and labour force enhancement, it was refreshing to hear of a strategy to make Mauritius a MUR 1tn economy by 2030.

For just over a decade, Mauritius has re-positioned itself by broadening its IFC services offering and established itself as a platform for regional markets. To address the current skills shortage in the economy, the conditions for work and occupational permits were softened: At MUR 22,500, the threshold for OPs was almost removed; Temporary Occupation Permit for professionals with a minimum of 10 years' experience to reduce red tape blockages; removal of quotas on foreign labour in sectors like manufacturing, jewellery, freeport, and ICT/BPO; prolonged work permit renewal period for the manufacturing sector; and the possibility for Non-citizens with Retired Resident Permits to work without restrictions.

Regrettably, there was no real attempt to reverse overseas migration of our own talents. The 24/7 opening of the CBRD operations, the digitalisation of licences, Government Gazette and legislations are commendable, and will maintain our reputation for its ease of doing business.



KPMG View (cont.)



Green economy and Taxation

Whilst the social measures and incentives will no doubt instil the intended feel-good factor in the short term, the budget also starts to cater for longer-term challenges, including climate change. Government is making it a priority to combat coastal erosion with extensive plans to rehabilitate beaches and coast line works. Decarbonisation plans will be pursued with the introduction by the CEB of prepaid charging stations for cars. With an estimated MUR 30bn needed to adapt and face the effect of climate change on Mauritius, the introduction of a Corporate Climate Responsibility Levy at 2% on profits for companies with turnover in excess of MUR 50m, was nevertheless a surprise.

This measure will bring the actual total taxation of companies to 19% after considering corporate tax and CSR levy of 15% and 2% respectively. This Climate levy will bring in some MUR 5bn, whilst corporate taxes will separately generate an increase of MUR 5bn year-on-year on improved company profits. VAT Revenue will rise by 17% to MUR 65bn.



Conclusion

The 5-year extensive welfare programme came in a period which included a pandemic led economic contraction, the depreciation of the rupee, increasing consumer price index and an ageing population. Being a pre-electoral exercise, there were no bold structural changes to address the many economic issues of the day. With social protection taking the lion's share with nearly one-third of total budgeted expenditure year, one has to be cautious since a high level of government intervention and spending could easily lead to higher taxes over time, and create dependency which can impact productivity in the long run. The risks of future depreciation of the rupee, uncertainty on the duration of Russia-Ukraine and Middle East conflicts and freight cost increases all have a direct and induced impact on local prices. Given these external factors beyond our control, providing more financial support seems to be the appropriate solution in the short term. In the longer term however, it is absolutely vital that the country achieves the targeted and higher economic growth, failing which the burden and pressure will be acutely felt on public debt.

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Ebène Mauritius

07 June 2024





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A quick round-up of key measures



Business Enablement

Supporting businesses in key sectors of the Mauritian economy, facilitating the ease of doing business and reinforcing the labour force

Key measures announced

Financial sector

- 10-year expert OP to attract foreign talent in wealth management, family office, virtual assets/tokens
- Framework for the secondary trading of government bonds on SEM
- Strengthen the operational independence of the Central Bank
- FSC to increase processing and annual fees, and relevant acts to be amended to levy fees for post-licensing processes
- Amendments to NPS Act to provide alignment between payment instruments and virtual assets

ICT/BPO

- Refund of 25% under the 'Small Business Digital Champion Scheme' on investment of a minimum of MUR 500,000 in new technologies and equipment
- 90% refund on artificial intelligence training to promote technology
- Margin of preference of 50% for local service companies

Tourism

- Introduce Tourism Development Bill and streamline licensing framework
- 20% increase in Promotion and Destination Marketing budget of MTPA to promote the tourism sector
- Boost Rodrigues tourism by enhancing connectivity through a new runway at Plaine Corail
- Implement e-Gate and e-Passport control
- Position Mauritius as a Green-Certified Destination by 2030

Ease of doing business

- Streamline licence and permit issuance to within 10 working days, given all requirements are met
- Reduce salary threshold for OP for professionals from MUR 30,000 to MUR 22,500
- Introduce a 3-month temporary OP for professionals with 10+ years' experience
- Increase foreign labour quotas and duration of stay for specific sectors

SMEs and Entrepreneurship

- Continuous support to SMEs and entrepreneurship, including salary compensation up to MUR 2,000, a 10% rental rebate from DBM and writing off of loans over 20 years by June 2025

Key statistics

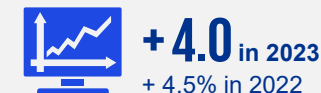
Financial services sector growth



Gross tourism earnings



ICT/BPO sector growth



Investment rate



FDI



Sources: Mauritius Budget speech 2024/2025, Bank of Mauritius

Sustainability Agenda

Supporting the green agenda of Mauritius and contributing to our journey towards our COP26 commitments on renewable energy and energy efficiency

Key measures announced

Transition towards renewable energy

- Actions for renewable sources: launch of Agri-voltaic scheme, community based solar PV scheme for households within vulnerable communities, installation of 3,500 solar PV kits, revamp of the Net Billing Scheme for batteries installation and selling excess electricity to CEB, increase of maximum loan amounts for purchase of solar kits and batteries by households, ICT sector carbon neutral scheme
- Amend Energy Efficiency Act to allow for the development of a regulatory framework for Energy Performance Contracting
- Implement minimum energy performance standards for electric pumps and set up of Energy Efficiency Loan Scheme by DBM
- Maintain Negative Excise Duty for electric vehicles and CEB to install prepaid public charging stations
- Amend Road Traffic Act to allow for the licensing of Electric Vehicle Charging Station

Climate and environment

- Introduce a Corporate Climate Responsibility levy representing 2% of profit on companies with turnover over MUR 50m to fund national climate initiatives
- Create a fund managed by public-private committee for climate adaptation and mitigation projects
- Support farmers and breeders shifting to organic methods in form of subsidies and grants
- Investment in water conservation projects and irrigation systems to promote sustainable agriculture
- Launch national recycling program with funding for waste segregation and new tax measures to promote the use of plant-based plastic bottles
- Provide grants for green tech R&D and offer tax incentives for firms adopting eco-friendly practices.
- Introduction of Reforestation and Tree plantation programme
- Pursue investment in flood management programmes

Key statistics

Renewable energy



17.6% in Mauritius in 2023
COP26 target: 60% by 2030

Approved PV systems installation



9,200+ PV systems to date

Share of sales of electric and hybrid vehicles



46% in 2023
24% in 2022

Corporate Climate Responsibility levy



2% of company's profits with turnover MUR 50m+

Sources: Mauritius Budget speech 2024/2025, Energy and Water Statistics 2023 (Statistics Mauritius), Central Electricity Board

Social protection

Increasing the purchasing power of households, supporting the retirees and families as well as encouraging diversity and inclusion in the workforce

Key measures announced

Household

- Increase in CSG Income Allowance for some 320,000 individuals from MUR 1,500 to MUR 3,000, with different earnings threshold up to MUR 50,000
- Increase in Revenu Minimum Garanti to MUR 20,000 as from 1 July 2024
- Égalité des Chances allowance of MUR 2,000 for households earning less than MUR 20,000

Pension

- Increase in basic retirement pension to MUR 14,000 as from July 2024, and to MUR 15,000 as from January 2025

Family welfare

- Grant of MUR 3,000 granted to expecting women upon completion of 6 mandatory medical check ups
- Monthly maternity allowance of MUR 2,000 for nine months
- Increase of paternity leave to 4 weeks and maternity leave to 16 weeks

Employment

- Extension of Prime a l'Emploi to those willing to work on a part-time basis
- Increase of job placement of disabled individuals from 6 months to 1 year

Healthcare

- Investment of MUR 1.7bn for set up and upgrading of healthcare infrastructure
- E-health system to be rolled out as from November 2024 in all public health institutions
- Cancer scheme's eligibility increased from 18 years to 25 years for both local and overseas treatment
- Age eligibility of patients with severe medical conditions for overseas treatment increased to 25 years
- Increase grant for medical treatment to MUR 1.3m for eligible patients aged 26 and above

Key statistics

Households earning less than MUR 25,000



Increase in pension



Investment in healthcare



Increase in maternity and paternity leaves



Social protection (cont.)

Supporting child, youth and elders welfare, investing in education and maintaining housing initiatives

Key measures announced

Child and youth welfare

- Increase of child allowance to MUR 2,500 from birth to the age of 3 years old and introduction of monthly School Allowance of MUR 2,000 to all children aged from 3 years up to 10 years old
- Income tax deduction of MUR 60,000 per child for parents with children in fee-paying private schools
- Household income threshold for Multiple Birth Allowance increased to MUR 500,000 and monthly allowance increased from MUR 3,272 to MUR 5,000
- Free monthly data package to youngsters aged from 18 to 25 years
- Zero percent loan, through DBM to youngsters aged from 18 to 25 years for the purchase of IT equipment

Elders welfare

- Deduction of MUR 30,000 for individuals employed as carers to cater for parents or grandparents
- Individuals above 60 years may benefit from a permit to recruit a foreign carer
- Exemption of income tax on the lump sum for retirees increased to MUR 3m

Education

- Living allowance of scholarship schemes will increase by 50% for both local and overseas studies
- Grants under the Additional Scholarship Scheme to increase to MUR 600,000 for overseas studies and MUR 150,000 for local studies
- Vulnerable families with children studying locally eligible for an annual living allowance of MUR 100,000
- Minimum guaranteed per capita variable grant of MUR 1,000 for private secondary schools

Housing

- Extension of Home Ownership Scheme and Home Loan Scheme until June 2025
- Completion of housing units in line with the ambition of achieving 8,000 units by 2025

Key statistics

Increase in child allowance



+25% in 2023
MUR 2,000 in 2022

Investments in education facilities



MUR 21bn
in 2025

Construction, upgrading and maintenance of school infrastructure



MUR 250m
in 2024-2025

Housing unit growth



8,000
housing units by 2025

Key figures on one page



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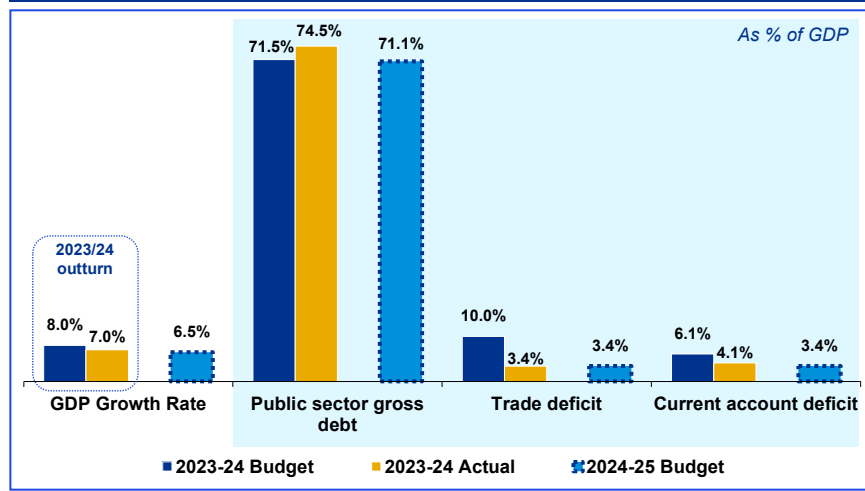
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Budget financials | Key macroeconomic figures

Revenues	Expenses	Budget Deficit
<p>MUR 210.5bn 20.5% increase Main drivers of revenue</p> <p>Taxes on income, profit, goods & services MUR 182.6bn 86.8% of total revenue</p> <p>Social Contributions MUR 13.8bn 6.6% of total revenue</p>	<p>MUR 237.3bn 17.4% of increase Main drivers of expenses</p> <p>Social protection MUR 85.0bn 35.8% of total expenses</p>	<p>MUR 26.8bn As at June, 2025</p> <p>The overall budget deficit is projected to decrease by 2.2% compared to 2024 (MUR 27.4bn)</p> <p>The budget deficit as % of GDP is 3.9% for 2024 and is projected to decrease to 3.4% in 2025</p>



Notable budget allocations for 2024 / 2025

Social protection	Education	Health	Housing
<p>MUR 70.1bn 2023-2024</p> <p>rising to</p> <p>MUR 85.0bn 2024-2025</p> <p>o/w MUR 61.9bn Old age</p> <p>+ 21%</p>	<p>MUR 20.6bn 2023-2024</p> <p>rising to</p> <p>MUR 21.7bn 2024-2025</p> <p>o/w MUR 11.5bn Secondary Education</p> <p>+ 5%</p>	<p>MUR 17.4bn 2023-2024</p> <p>rising to</p> <p>MUR 17.7bn 2024-2025</p> <p>o/w MUR 16.6bn Hospital services</p> <p>+ 2%</p>	<p>MUR 5.0bn 2023-2024</p> <p>falling to</p> <p>MUR 4.7bn 2024-2025</p> <p>o/w MUR 1.1bn Housing Development</p> <p>- 6%</p>





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Corporate Tax

Corporate Climate Responsibility (CCR) Levy

- Introduction of CCR levy equivalent to 2% of a company's profits
- Companies with turnover of less than MUR 50m will be exempted from this levy
- The CCR will be used to support national initiatives to protect, manage, invest and restore the country's natural ecosystem and combat the effects of climate change

Partial Exemption Regime (PER)

- 80% partial exemption granted on income derived by:
 - Company holding a Robotic and AI Enabled Advisory Services licence. The exemption will be granted provided the company conforms with the substance requirements
 - Closed-end fund from sale of money market instruments or debt instruments
 - Payment Intermediary Services (PIS) Licence Holders
- 80% partial exemption on CIS administrative services:
 - It will be clarified that management companies are not eligible for partial exemption on income derived from CIS administrative services to a CIS licence holder

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.



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Corporate Tax (cont.)

Tax incentives

- 100% tax exemption on:
 - Gains on sale of virtual assets and virtual tokens
 - 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
- 300% deduction on donations to NGOs involved in the combat against drug abuse, gender-based violence, poverty alleviation and protection of animals
- 200% deduction on costs incurred to support registered professionals in arts
- Tax credit of 25% on the costs incurred by companies investing in corporate nurseries
- The 8 year income tax holiday granted to a captive insurer will apply as from the date the company has started its activities
- Manufacturing Companies
 - Investment tax credit of 15% over 3 years will henceforth include AI and patents
 - Recycling will be classified as manufacturing activity and henceforth eligible for incentives provided to manufacturing companies
- Premium Investor Certificate
 - Extension of the Premium Investor Certificate (PIC) to cover private investment in the development of the creative industry, such as concert venues and theatres.



Corporate Tax (cont.)

Freeport Act

- 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.

KPMG VIEWS

- Corporate Climate Responsibility Levy (CCR) - It is not clear whether this Levy will be applied on book profits or chargeable income. We expect this will be clarified in the Finance Bill. We also hope that Global Business Companies will be excluded from this Levy, in line with Corporate Social Responsibility (CSR), so that we can remain a competitive International Financial Centre.
- We expect Finance Bill to also clarify that the proposed measure of excluding management company from partial exemption on CIS administrative services, will be applied prospectively.
- Whilst the additional tax incentives proposed is welcoming, we are of the view that they may no longer be attractive to large multinational groups in the light of the Global Minimum Tax of 15%.

Personal Tax

Income Tax rates

- No change in existing personal income tax rates

Exempt income

- An increase in exemption threshold from MUR 2.5m to MUR 3m on lump sum received as pension, retiring allowance or severance allowance
- Exempt income has been extended to include:
 - 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
 - Compensation payable, as from 1 January 2024, by Government or a public sector body for losses directly or indirectly suffered as a result of a natural disaster
 - Government allowance under financial assistance scheme
 - Sale of virtual assets and virtual tokens



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Personal Tax (cont.)

Personal deductions and reliefs

- No change in existing personal deductions and reliefs except for:
 - An increase in deduction from MUR 50,000 to MUR 100,000 for donations to NGOs and charitable institutions
 - A new deduction of MUR 30,000 is available for the employment of a carer to cater for parents or grandparents
 - Introduction of an income tax deduction of MUR 60,000 per child per annum for parents having children in full-time education in fee-paying private schools
- The personal deductions and reliefs available to an individual have been summed up in Appendix 1



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Value Added Tax

VAT invoice

- Conversion rate into rupees to be specified on VAT invoice in foreign currency.

Time limit for examination of VAT return

- Time limit of four years for MRA to examine a VAT return to start as from taxable period in which return was submitted.

Credit for input tax

- Clarification that credit can be claimed for input tax charged to or paid by voluntarily registered persons on goods and services acquired as from date of VAT registration.

Zero-rated supplies

- Services provided by management companies to the following entities will henceforth be considered as zero-rated supplies
 - Trusts, whose settlor and beneficiaries, are non-residents
 - Foundations, whose founder and beneficiaries, are non-residents

Value Added Tax (cont.)

Exempt supplies

- The following goods and services will be considered as exempt supplies
 - Procurement of goods and services for a project funded by a donor to the tune of at least 50% grant or concessionary loan
 - Entrance to digital art galleries
 - Construction of buildings for pre-primary and Technical and Vocational education and training
 - Motor vehicles used by approved contractors for construction of social housing units



Tax Administration

Renewal of Tax Arrears Payment Scheme (TASS) for an additional year

- Taxpayers registering under TASS by 31 December 2024 will benefit from full waiver of penalties and interest of tax arrears due under the Income Tax Act, the Value Added Act and the Gambling Regulatory Authority Act provided the arrears are paid in full by 31 March 2025.

Re-introduction of Arrears Payment Scheme under Registrar-General's Department

- Full waiver of penalties and interest of tax arrears due as at 31 May 2024 will be granted where settlements are made on or before 31 March 2025.

KPMG VIEWS

The re-introduction of arrears payments schemes will encourage taxpayers to settle their outstanding debts vis a vis the MRA and Registrar's Department. We expect Finance Bill to clarify that taxpayers having outstanding debts on assessments pending before the Assessment Review Committee, the Supreme Court or Judicial Committee of the Privy Council would also be eligible to these schemes.

We expect Finance Bill to clarify the period of the outstanding tax liabilities that will be covered under TASS.



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Tax Administration (cont.)

E-Publication of Names of Companies for non-submission of returns

- The provisions regarding the timeframe for publishing the names of companies that fail to submit returns will be revised.

Amended Returns

- Amended returns will not be allowed to be submitted if a taxpayer has filed an objection with the MRA against an assessment or lodged a representation with the Assessment Review Committee.

Statement of Financial Transactions by banks

- 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.

Communication to e-tax Account

- 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 sent provided that the latter was informed both through an SMS and an email.

Other Taxes

Home Ownership Scheme (HOS) and Home Loan Payment Scheme (HLPS)

- Extension of the HOS and the HLPS up to 30 June 2025.
- Under the HOS, a 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.
- Under the HLPS, a 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.

Negative excise duty (refund) on purchase of electric motor cars and electric goods vehicles

- Extension of the refund of 10% (up to a maximum of MUR 200,000) of the value at importation of electric motor car or electric goods vehicle up to 30 June 2025. Entities may only claim for vehicles with up to 180 kilowatts.

Transfer of an Immovable Property from a shareholder to a company

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



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Other Taxes (cont.)

Lease of State Lands: Facilities for Hotel Reconstruction and Renovation

- Extension of the Hotel Reconstruction and Renovation Scheme, which lapsed on 30 June 2023, up to June 2025.
- The Scheme will be retrospective in nature, covering financial year 2023-2024 and financial year 2024-2025.
- Hotel on State lands that closes temporarily to undergo renovation or construction is granted a reduction of 50% of rent payable to the State provided that
 - The hotel had opted for a fresh lease under the Industrial Lease Policy; and
 - The hotel safeguards employment (including the terms of services) of all employees during the period of renovation or reconstruction.
- If an eligible hotel has already paid the annual rental in financial year 2023-2024, the reduction of 50% will be granted in respect of rental payable in financial year 2024-2025.





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Appendix 1: Tax Rate Card

This Tax Card is based on current tax legislation as updated by the proposals set out as per the Budget 2024/2025 and is subject to Finance Act 2024.

Table 1: Tax Band Rate		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
Chargeable income	Rate of income tax	
First MUR 390,000	0%	
Next MUR 40,000	2%	
Next MUR 40,000	4%	
Next MUR 60,000	6%	
Next MUR 60,000	8%	
Next MUR 300,000	10%	
Next MUR 300,000	12%	
Next MUR 300,000	14%	
Next MUR 400,000	16%	
Next MUR 500,000	18%	
Remainder	20%	

Appendix 1: Tax Rate Card (cont.)

This Tax Card is based on current tax legislation as updated by the proposals set out as per the Budget 2024/2025 and is subject to Finance Act 2024.

Table 2: Deduction for dependents		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
Dependent	MUR	
Self	Not applicable	
One dependent	110,000	
Two dependents	190,000	
Three dependents	275,000	
Four or more dependents	355,000	



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Appendix 1: Tax Rate Card (cont.)

This Tax Card is based on current tax legislation as updated by the proposals set out as per the Budget 2024/2025 and is subject to Finance Act 2024.

Table 3: Personal Deductions and Reliefs		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
Relief for Medical insurance premium or contribution [Note 1]		
Self	Up to MUR 25,000	
First dependent	Up to MUR 25,000	
Each other dependent	Up to MUR 20,000	
Additional deduction on		
Contribution to approved personal pension scheme	Up to MUR 50,000	
Deduction for household Employees [Note 2]	Up to MUR 30,000	
Deduction for carer [Note 3]	MUR 30,000	N/A

Table 3: Personal Deductions and Reliefs (cont.)		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
Tuition fee deduction [Note 4]	Up to MUR 500,000 per child	
Deduction for fee-paying private schools	Up to MUR 60,000 per child per annum	N/A
Donation to approved charitable institution	Up to MUR 100,000	Up to MUR 50,000
Adoption of animals from registered NGOs [Note 5]	MUR 10,000	
Lump sum received as pension, retiring allowance or severance allowance [Note 6]	MUR 3m	MUR 2.5m



Appendix 1: Tax Rate Card (cont.)

1. No relief should be claimed where the premium or contribution has been paid by the employer or under a combined medical or life insurance scheme
2. Deduction is only allowed where the employer is fully compliant with the social security contributions in respect of his employees. In the case of a couple, the deduction shall not, in the aggregate, exceed MUR 30,000
3. An individual will be allowed to deduct MUR 30,000 for the employment of a carer to cater for his parents or grandparents
4. An individual is entitled to a deduction of MUR 500,000, irrespective of the place of study and total income of the household and it covers both undergraduate and postgraduate courses
5. The relief of MUR 10,000 is per animal adopted. The relief cannot exceed MUR 30,000 per income year
6. An increase in exemption threshold from MUR 2.5m to MUR 3m on lump sum received as pension, retiring allowance or severance allowance

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Appendix 2: Income Tax Computation

Example 1		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
	MUR	MUR
Annual salary and statutory bonus [MUR 30,000 per month]	390,000	390,000
Annual travelling allowance [MUR 7,500 per month]	90,000	90,000
Total gross income	480,000	480,000
Less: Exempt income	(90,000)	(90,000)
Total net taxable income	390,000	390,000
Less: Personal deductions and reliefs [Working 1]	(310,000)	(310,000)
Chargeable income	80,000	80,000
Income Tax [Working 2]	0	0
Social security contribution		
- Employer	17,708	17,708
- Employee	6,093	6,093
Total income tax and contribution payable by employee	6,093	6,093
Effective tax rate	1.27%	1.27%
Disposable income	473,907	473,907
CSG income allowance	19,500	13,000
Total disposable income	493,407	486,907
Increase / (Decrease) in disposable income	6,500	

Appendix 2: Income Tax Computation (cont.)

Working 1 – Other personal deductions and reliefs		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
	MUR	MUR
Deduction for two dependents	190,000	190,000
Relief for medical insurance contribution	70,000	70,000
Deduction for contribution made to approved personal pension scheme	50,000	50,000
Total	310,000	310,000

Working 2 – Income Tax		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
	MUR	MUR
Chargeable income	80,000	80,000
First MUR 390,000 at 0%	0	0
Total tax	0	0

Appendix 2: Income Tax Computation (cont.)

Example 2		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
	MUR	MUR
Annual salary and statutory bonus [MUR 100,000 per month]	1,300,000	1,300,000
Annual travelling allowance [MUR 20,000 per month]	240,000	240,000
Total gross income	1,540,000	1,540,000
Less: Exempt income	(240,000)	(240,000)
Total net taxable income	1,300,000	1,300,000
Less: Personal deductions and reliefs [Working 1]	(590,000)	(390,000)
Chargeable income	710,000	910,000
Income Tax [Working 2]	22,800	43,200
Social security contribution		
- Employer	96,608	96,608
- Employee	39,243	39,243
Total income tax and contribution payable by employee	62,043	82,443
Effective tax rate	4.03%	5.35%
Disposable income	1,477,957	1,457,557
Increase / (Decrease) in disposable income	20,400	

Appendix 2: Income Tax Computation (cont.)



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Appendices

Working 1 – Other personal deductions and reliefs		
Year of Assessment	2024/2025	2023/2024
Income year	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
	MUR	MUR
Deduction for two dependents	190,000	190,000
Relief for medical insurance contribution	70,000	70,000
Deduction for contribution made to approved personal pension scheme	50,000	50,000
Deduction for household employees	30,000	30,000
Deduction for donation to charitable institutions	100,000	50,000
Deduction for fee-paying private schools	120,000	N/A
Deduction for carer	30,000	N/A
Total	590,000	390,000

Working 2 – Income Tax		
Chargeable income	710,000	910,000
First MUR 390,000 at 0%	0	0
Next MUR 40,000 at 2%	800	800
Next MUR 40,000 at 4%	1,600	1,600
Next MUR 60,000 at 6%	3,600	3,600
Next MUR 60,000 at 8%	4,800	4,800
Remainder [MUR 120,000] at 10% / Next MUR 300,000 at 10%	12,000	30,000
Remainder [MUR 20,000] at 12%	0	2,400
Total tax	22,800	43,200

Appendix 2: Income Tax Computation (cont.)

Income Tax Computations are based on the following assumptions:

1. Individual married with two dependents
2. Actual travelling allowance is 25% of the monthly basic salary (Capped at MUR 20,000)
3. Claiming the relief for medical insurance contribution in respect of self and two dependents
4. Maximum deduction of MUR 30,000 has been claimed for contribution made to an individual pension scheme approved by the Financial Services Commission under the Insurance Act
5. Wages of MUR 50,000 paid during the year to household employees (relief available up to MUR 30,000, provided compliant with social security contributions)
6. Maximum deduction of MUR 100,000 has been claimed for donation made through electronic means to an approved charitable institution.
7. Fees amounting to MUR 150,000 (relief available up to MUR 60,000 per child per annum) have been incurred in respect of two dependent children in full-time education in fee-paying private school
8. Maximum deduction of MUR 30,000 has been claimed for the employment of a carer to cater for parents / grandparents

Contact us



John Chung
Managing Partner

T: (+230) 406 9888
E: johnchung@kpmg.mu



Wasoudeo Balloo
Partner, Head of Tax

T: (+230) 406 9891
E: wballoo@kpmg.mu



Huns Biltoo
Partner, Head of Advisory

T: (+230) 406 9800
E: hbiltoo@kpmg.mu



Aneessa Mungroo
Partner, Advisory

T: (+230) 406 9726
E: aneessamungroo@kpmg.mu



kpmg.com/socialmedia

The Budget proposals may be subject to change as part of the enactment process which will follow. 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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