

Mauritius Budget Highlights 2025-2026

Building a future
legacy of
resilience and
taxing out of
necessity

05 June 2025

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Foreword

Building a future legacy of resilience and taxing out of necessity

The Prime Minister and Minister of Finance, Dr Navin Ramgoolam presented the new government's budget entitled "From Abyss to Prosperity: Rebuilding the bridge to the future". Starting its five years mandate on the back foot with an unsustainable public sector debt of 90% of GDP and a trade deficit of 29.4% of GDP, there were general expectations to see deliberate choices to contain public spending, reduce public sector debt, reduce the trade deficit, increase foreign direct investment whilst keeping other macroeconomic fundamentals in check.

Budget priorities

The budget measures hinges on three pillars namely economic renewal, a new social order and fiscal consolidation. With the current realities, our own economic renewal will not be spectacular, but rather a dominance of fiscal consolidation will prevail with an increase of 16.9%* in public revenue and a fall of 15.9%* in public expenditure. One can also sense a stop loss strategy in the short term with the measures for economic renewal and the new social order propelling returns in the medium to long term. With the belief that politically motivated abundance and money illusion has led to unrecoverable excesses, the 2025-26 budget proposal is one of Jason Hicke's concept of "less is more" which is a critique of the growth and consumption-driven model. Reducing capitalistic excesses and adopting mindful consumption should lead to better social, environmental, and personal outcome.

Key take aways

Against all odds, this budget has the merit of preserving the social protection measures already in place namely a minimum personal revenue of MUR 20,000. Innovation and Technology appear prominently in the budget, as necessary enablers to boost productivity and address inefficiencies in several sectors. Government will start addressing the old age pension deficit by delaying the eligibility to Old Age Pension at the age of 65, and unwinding the CSG framework gradually over the next three years to be possibly replaced by a revamped National Pension Fund. All special funds would henceforth be combined into the consolidated fund.

Direct Income Taxes for both individuals and corporates are the main contributors to revenue increases. Whilst 81% of employees will not pay any income tax, the rest will likely suffer a hike, and very high earners will be liable to a Top rate of 35%, the highest in recent times. Likewise, domestic corporates may also face a higher rate of 20% if their profits exceed MUR 24m. The Alternative Minimum Tax is also back and affects companies with low effective tax rates. Smart city projects will also see their tax incentives heavily curtailed.

As an island with limited natural resources, environmental and climate-related risks remain key for a sustainable future. In line with our COP26 commitments, MUR 30bn is earmarked to facilitate the transition to renewable energy with sustainability requirements introduced in the construction of buildings and smart city developments, and a blueprint for sustainable tourism and the development of a blueprint focusing on the blue economy, along with measures to protect marine life and beaches.

Economic outlook

The future economic performance forecasts a real GDP growth rate of 3.7% (2024/2025: 3.9%), public debt of 88.3% of GDP (2024/2025: 90%), and a current account deficit of 5.9% (2024/2025: 6.1%). With inflation hovering year on year at an average of 3%, this budget had little scope to alter the economic fundamentals. The outlook until 2028 also confirms that GDP growth will remain on a 4% positive trajectory, with incremental improvements taking public debt down to 80%, and the public account into a marginal surplus. However, the driver of the fall in the public debt would be principally driven by the Chagos deal inflows, part of which will be used to repay debts.

The road to recovery has started, but there are likely to be tears before the rays of sunshine emerge over a three-year horizon. Our reserves will continue to be under pressure with a balance of trade deficit, and a falling real estate FDI. The higher land taxes and restrictions on acquisition of property by foreigners will add further uncertainty to the property sector FDI and as a source of foreign currency. The hope remains that following three years of austerity, better days would lie ahead.

Note(): As percentage of GDP*

A Quick Round-Up of Key Measures



Time to Reset, Build to Grow

Working on the IMF structural reform scorecard

Key measures announced

Shift to investment-led growth

- Introduction of new schemes by EDB to attract foreign investments while promoting ease of doing business
- Amendment of the Economic Development Board Act to enable ease of doing business

Addressing labour participation and shortage

- Amendments to relevant legislations to attract foreign talent, promote productivity and introduction of less stringent requirements for businesses hiring expatriate workers
- Retirement age to be gradually raised from 60 to 65 years over a five-year period to ensure long-term sustainability

Protective measures

- Non-citizens and non-residents will be prohibited from buying or selling apartments in buildings with at least two floors above the ground floor if the building is on State Land or Pas Géométriques
- The 2023 scheme allowing non-citizens to purchase residential properties (including bare land) in Mauritius for over USD 500,000 will be discontinued

Boosting financial services

- Bullion banking introduced to banks holding a private banking licence
- Bank of Mauritius Act will be revisited to enhance efficiency and improve financial transparency
- Banking Act will be amended to broaden the regulatory scope of the Bank of Mauritius
- The FSC will launch a unified e-licensing platform with integrated KYC, real-time tracking, and an AI virtual assistant to assist applicants

Key statistics

FDI inflows



MUR 33bn
in 2024

Labour Force Participation Rate



55% of total
population in
2024

Services % of GDP



65% in 2024

Sovereign rating



Baa3- in
January 2025

Source: Moody's, Trading economics,
World Bank

Time to Reset, Build to Grow

Working on the IMF structural reform scorecard

Key measures announced

Boosting financial services (continued)

- Dedicated licensing framework for Wealth Management and Family Offices to offer integrated services ranging from investment advisory to succession planning
- Strategy to position Mauritius as a gateway to African investments
- Alignment of definition of public interest entities (PIEs) with international best practices and the compulsory requirement for PIEs to prepare an annual report
- Requirement for Global business licensees to have at least 2 directors at all times and the FSC must be apprised of any change in directors within 7 days
- Companies, Partnerships, and Foundations must keep a written declaration from beneficial owners confirming their status, and update it if the status changes. Existing entities have until 30 June 2026 to comply

Improving the healthcare system

- New National Health Quality Commission and Health Ombudsperson to improve standards and patient rights
- MUR 47m earmarked for a program aimed at supporting diabetic and pre-diabetic patients
- MUR 24m dedicated to neutralizing mosquito-borne diseases under the Sterile Insect Technique (SIT) Production Facility

Construction

- Amendments to Construction Industry Authority Act to review the current Contractor Grading System
- Promoting participation of SMEs in public works contracts

Key statistics

Financial sector contribution to GDP



9% in 2023

Global Financial Centres Index



Ranked 4th in the Middle East

Investment in healthcare



19bn in 2025-2026

Government health expenditure per capita



MUR12k
FY2023/24

Source: Statistics Mauritius, Trading economics, World Bank

The Digital Hourglass

Time-Smart Services for a Modern Mauritius

Key statistics



**E-Government
Development Index**
**76th in the world
2024**



AI Readiness Index
**69th out of 188
countries
2024**



**Online Service
Index**
**94th in the world
2024**



**Network
Readiness**
60th in the world

Sources: United Nations, Mauritius Digital Promotion Agency, A Blueprint For Mauritius A Bridge To The Future

Key measures announced

Streamlining government services

- Setting up of a National Digital Transformation Steering Committee to help in the implementation of the Digital Transformation Blueprint (2025-2029)
- Introduction of E-Judiciary system for In-Chamber cases and Supreme court, plus online payment of fine and court fees, digital court recording and video conferencing will be introduced
- Recognition of Electronic bills of exchange and trade documents under the introduction of a new legislation to facilitate end-to-end digital trade
- A series of measures around digitalization for the electronic approval of Occupation permits, the implementation of an e-social security system and acceptance of secured electronic signatures in Financial Services and the Banking sector
- Real-time analysis and suspicious transaction reports dissemination through the deployment of an advanced Financial Intelligence software
- Building of a Tier IV Government Data Centre for disaster Recovery
- Setting up of an AI Innovation Start-Up Programme, AI units, AI tools, Public Sector AI Programme, National Policy Guidelines and AI Proficiency Programme in the public sector

Data privacy

- Alignment of the Data Protection Act to align to Council of Europe Convention and EU GDPR with respect to Automatic Processing of Personal Data

The Digital Hourglass

Time-Smart Services for a Modern Mauritius

Key statistics



ICT contribution

5.6% of GDP



Global Security Index

Tier 1 Country



Cybersecurity Readiness Index

1st in Africa
2024



Cybercrime reports

16,937 cybercrimes
reported in 2024

Sources: A Blueprint For Mauritius A Bridge To The Future, Ministry of Information Technology, Communication and Information

Key measures announced

Infrastructure

- Digitalizing our healthcare system through electronic health records, telemedicine and e-prescriptions
- Use of e-Gates at the airport to facilitate visitors arriving in Mauritius
- Revamping of NLTA IT systems and digitalization of services
- Construction of SMART bus shelters with real-time information on the location of buses and introduction of a Fleet Management System and Cashless Ticketing System
- Real-time tracking dashboard and AI-powered virtual assistant to guide on application procedures, documentation and status of FSC licenses

Cybersecurity

- Setting up of a Cyber Security Operation Centre and aligning of relevant acts to international standards

Data-driven innovation

- Leveraging on Open data and Big data through extra funding to Statistics Mauritius
- Mandatory compliance to Central Electronic Monitoring systems for horse racing operators
- Facilitation and modernisation of operations for:
 - Food producers to improve food security and sovereignty
 - Improving traffic flow, travel time and reduce traffic through an Adaptive Traffic Control System

Seizing the Green Window

Now is the time for a greener economy

Key measures announced

Transition towards renewable energy

- Investment of MUR 30bn over the next 3 years in the renewable energy sector, mainly in solar energy and biomass projects
- Minimum Energy Efficiency Requirements will be introduced for construction of building with objective of minimising energy consumption
- Sustainability features as specified in EDB guidelines will have to be incorporated in smart city developments for projects with Smart City Certificate after 5 June 2025

Innovative agriculture to enhance food security

- Setting up of a food resilience scheme which includes vertical farming, indoor climate controlled agriculture and modern production of seeds and fertilisers
- Expansion of land database at Landscape while maximising use of land assets to foster greater food security

Climate action

- A Climate Finance Unit will be established within the Ministry of Finance to enhance the mobilisation and better management of climate finance for adaption, mitigation and resilience

Environmental reform

- Fixed penalties ranging from MUR 1,000 to MUR 5,000 will be introduced on excessive noise; and MUR 10,000 for emission of black smoke from motor vehicles
- Introduction of a Deposit Refund Scheme to improve recovery of plastic bottle. In addition, a deposit of MUR 5 will be charged from and refunded to users of plastic bottle
- Consolidation of CWA, WMA and Irrigation Authority as a single institution for efficient and sustainable water resource management

Key statistics

Renewable energy



17.6% renewable energy in energy sector in 2023

SDG Ranking



Score of **70.45**

Ranked **73 out of 193** countries in 2025

Food crops yield



17.5tons per hectare in 2024

Readiness for climate shocks



Score of **0.565**

Ranked **35 out of 182** countries in 2025

Greenhouse gas emissions from transports



32.5% in 2023

Source: Ministry of Energy and Public Utilities Annual Report July 2023- June 2024, Sustainable Development Report, Statistics Mauritius, Notre Dame Global Adaption Initiative

Seizing the Green Window

Now is the time for a greener economy

Key measures announced

Environmental reform (continued)

- Increase in Environment Protection Fee as from 1 July 2025 on mobile phones valued above MUR 1,000, batteries and pneumatic tyres for vehicles (excluding motorcycles, bicycles and wheelchair)
- Amendment to the Forest and Reserve Act to support afforestation under the Mauritius Biomass Initiative
- Contribution of USD 100 to the National Parks and Conservation Fund for each monkey exported from Mauritius
- Introduction of new guiding principles of Land conversion to prevent conversion of prime agricultural land

Waste management

- Implementation of the “Waste to Wealth Investment Scheme” to promote creative waste to art projects, waste to compost, waste to energy and re-use of metal scrap effectively reducing carbon footprint
- Funding of MUR 3.3bn to the Ministry of Environment, solid waste and climate change

Marine resources and blue economy

- Stakeholder and experts engagement through an “Assise de l’Océan” to develop a blueprint focusing on 6 strategic ocean economy sectors:
 - Sustainable Fisheries and Aquaculture;
 - Ocean-Based Renewable Energy;
 - Sustainable Ocean Tourism;
 - Marine Transport and Trade;
 - Research, Capacity Building and Innovation; and
 - Blue Finance
- MUR 164m for restoration of vital habitats, protection of beaches and combat marine pollution

Key statistics

Terrestrial protected areas



5% in 2024

Estimated investment in environment protection



MUR 2,527m
2025-2026

Waste recovery rate



Score of **2.7**

Ranked **112 out of 180** countries
In 2025

Marine protection



11.9% of coastal
areas protected
In 2024

Source: UNDP, Trading Economics, Environmental Performance Index (Yale Center for Environmental Law & Policy Center for International Earth Science Information Network Earth Institute)

Seizing the Green Window

Now is the time for a greener economy

Key measures announced

Marine resources and blue economy (continued)

- Net fishing will be gradually phased out and fishermen will mandatorily have to surrender their fisher cards in exchange of compensation of MUR 200,000 and MUR 300,000 for individuals and Cooperative societies respectively
- Amendment to Fisheries Act for removal of wrecks in order to prevent pollution, protect marine ecosystems and for safe navigation

Electric vehicles

- 105 new electric buses of the National Transport Corporation will be operational by January 2026
- Excise duty on hybrid and electric cars are being re-introduced as from 6 June 2025

Sustainable tourism

- Development of a blueprint to rethink about the future of tourism in the light of both sector related challenges and opportunities while promoting quality and value added tourism
- Improving branding, marketing and positioning of Mauritius
- Diversification of offers and geographical footprint and to grow off peak arrivals and address seasonality
- Allocation of MUR 900m to the Ministry of Tourism

Key statistics

Marine Habitat Protection Index



Score of **17.1**
Ranked **83 out of 129** countries in 2025

Electric Vehicles



0.22% newly registered vehicles were electric in 2024

International Tourist Arrivals



1,295,410 in 2023

Source: Statistics Mauritius, National Land Transport Authority, Environmental Performance Index (Yale Center for Environmental Law & Policy Center for International Earth Science Information Network Earth Institute)

Caring through the Clock of Life

Social protection: A commitment across time

Key statistics



Monthly
guaranteed income

MUR 20k
2025-2026



Number of SRM
registered households

7k
2025-2026



Increase in income
threshold for social
support

MUR 5k
2025-2026



Increase in income
threshold for social
housing eligibility

MUR 8k
2025-2026

Source: Mauritius Budget Speech 2025/2026

Key measures announced

Families and households

- Guaranteed minimum monthly income maintained at MUR 20,000 for all full-time employees
- Increase Income threshold from MUR 35,000 to MUR 40,000 for social support
- Allocation of MUR 660m to support 7,000 households registered under Social Register of Mauritius (SRM) and MUR 67.5m for ongoing social housing projects for SRM families
- Free internet connection to be provided to families under the SRM and free data package for Mauritians aged 18 to 25 years
- Equal Chance Allowance of MUR 2,000 per month for households earning under MUR 20,000 maintained
- Introduction of MUR 10bn Price Stabilisation Fund with an initial contribution of MUR 2bn in FY2024/2025 to protect purchasing power and combat inflation
- Revamp the National Pension Fund (NPF) to gradually replace the Contribution Sociale Generalisée (CSG)
- Gradual phase-out of pregnancy and maternity allowances until 2027

Social housing

- Commitment to rectify structural defects in the 8,000 social housing units and increase in Income threshold for social housing eligibility from MUR 40,000 to MUR 48,000
- Incentives on home ownership and home repayment scheme ending 30th June 2025 were not reconducted

Caring through the Clock of Life

Social protection: A commitment across time

Key statistics



Increase in pension

MUR 1k
Effective Jan 2025



Population (60+)

257,562
2024



Female activity rate

51%
in 2024



Investment in educational facilities

MUR 438m
2025-2026

Source: Mauritius Budget Speech 2025/2026, World Bank, Statistics Mauritius

Key measures announced

Ageing and elderly care

- Basic retirement pensions to increase by MUR 1,000 from January 2025
- Widows and invalids benefits maintained until beneficiaries reach retirement pension eligibility

Additional measures

- Measures to support women in business through the increase in credit limit of Women Entrepreneur Loan Scheme to MUR 1.2m with an extended grace period to 18 months and the introduction of flexible work arrangement in the Workers' Rights Act
- The Education sector benefited from MUR 438m for infrastructure improvement across all learning institutions as well as introduction of AI as a mandatory module in all public higher education institutions
- Measures were announced to enhance safety and social protection such as points-based driving license system, extension of Safe City cameras and setting up of institutions such as National Agency for Drug Control, National Crime Agency, National Prosecution Services and constitutional Review Commission.
- Several measures announced to support fishermen including increase in retirement benefits from MUR 125,000 to MUR 200,000 and from MUR 250,000 to MUR 300,000 for artisanal and net fishers aged 65 and for cooperatives returning fishing licences respectively
- Sugarcane planters were guaranteed a revenue of MUR 35,000 per tonne for 2025 sugarcane crop (up to 60 tonnes), inclusive of bagasse and molasses

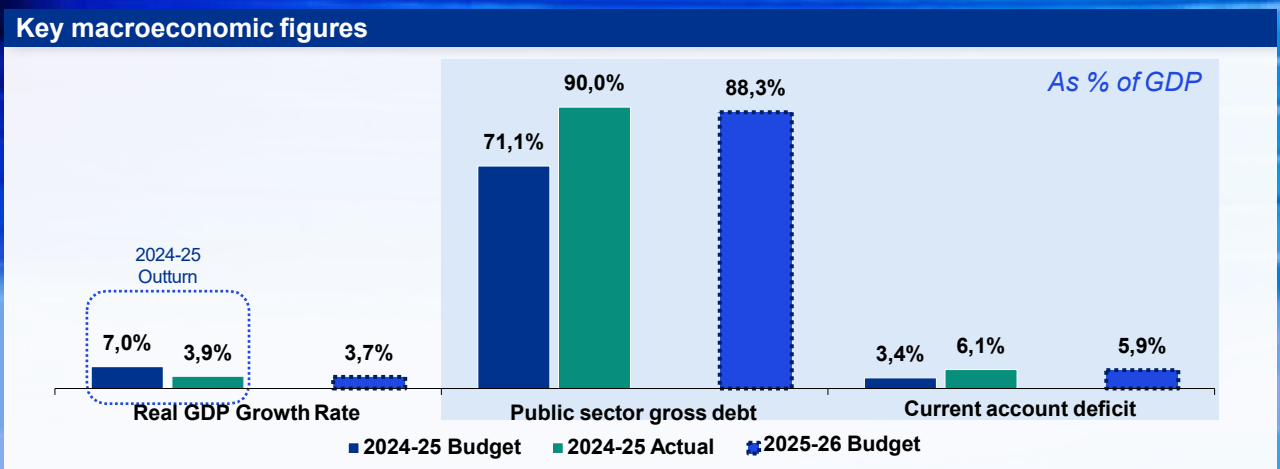


Budget Financials

Budget Financials

Fiscal overview		
Revenues	Expenses	Budget deficit
 MUR 224.0bn 22.9% increase	 MUR 261.4bn 3.6% increase	 MUR 37.4bn 2025-2026
Main drivers of revenue	Main drivers of expenses	The overall budget deficit is projected to decrease by 46.7%
<u>Taxes on income, profit, goods & services</u>	<u>Social protection</u>	MUR 70.1bn in 2024-2025
MUR 189.1bn 84.4% of total revenue	MUR 89.1bn 34.1% of total expenses	Budget deficit as a % of GDP to improve to 4.9% in 2026
<u>Social Contributions</u>	<u>Education</u>	Budget deficit 9.8% of GDP in 2025
MUR 16.3bn 7.3% of total revenue	MUR 23.3bn 8.9% of total expenses	

Notable budget allocations			
 Social protection	 Education	 Health	 Housing
MUR 91.2bn 2024-2025	MUR 22.8bn 2024-2025	MUR 19.3bn 2024-2025	MUR 5.1bn 2024-2025
			
MUR 89.1bn (-2.2%) 2025-2026	MUR 23.3bn (+2.0%) 2025-2026	MUR 19.0bn (-1.4%) 2025-2026	MUR 5.6bn (+8.2%) 2024-2025
o/w MUR 64.4bn Old age	o/w MUR 12.0bn Secondary Education	o/w MUR 15.1bn Hospital services	o/w MUR 1.2bn Housing Development





Tax Analysis

**Stretch, breathe, and
brace for new rules**



Business Tax

**Your tax game just
changed**

Business Tax - Banks

Your tax game just changed

Key measures announced

Introduction of the Fair Share Contribution (FSC) under the VAT Act for Banks

- A 5% FSC will apply to chargeable income under both Segment A and Segment B
- An additional FSC of 2.5% will apply specifically to chargeable income under Segment A.
- FSC applicable on income derived as from 1 July 2025 for 3 consecutive years i.e up to 30 June 2028
- Foreign taxes cannot be offset against FSC
- FSC will be paid in VAT returns on a quarterly basis
- Banks will no longer be eligible for partial exemption on foreign source dividend.
- Currently, banks are subject to a VAT special levy calculated at 5.5% of the leviable income. However, the levy is capped to 1.5 times the levy payable in year of assessment 2017/2018. The cap of 1.5 times is being removed.
- It will be clarified that the reverse charge on supply of services received from abroad will apply to all VAT registered persons, including banks receiving services from a foreign supplier.
- Please refer to the table below for a summary of the taxes applicable to banks. Note that chargeable income up to MUR 1.5 billion is taxed at 5%, while any excess is taxed at 15%.

Banks with chargeable income	Up to MUR 1.5 bn		Above MUR 1.5 bn	
	Seg A (%)	Seg B (%)	Seg A (%)	Seg B (%)
Corporate income tax	5	5	5 / 15	5 / 15
Corporate Social Responsibility (CSR)	2	-	2	-
Corporate Climate Responsibility (CCR) Levy	2	2	2	2
VAT special levy (on leviable income)	5.5	-	5.5	-
Fair share contribution (new)	5	5	5	5
Additional fair share contribution (new)	2.5	-	2.5	-
Increase in Effective Tax Rate (ETR)	7.5	5	7.5	5

KPMG View

- The fair share contribution will increase the ETR of banks by 7.5% in Segment A and 5% in Segment B, bringing the total tax burden for large banks as high as 35% (depending on the chargeable income of the bank). The removal of the 1.5 times cap for levy, denial of partial exemption on foreign dividend and VAT reverse charge will further increase the tax costs for banks. Although the fair share contribution has been introduced in the VAT Act, we expect that it will count towards covered taxes for global minimum tax purposes.

Business Tax

Your tax game just changed

Key measures announced

Domestic Minimum Top-Up Tax

- The Domestic Minimum Top-up Tax (DMTT) will apply on income derived as from 1st July 2025.
- Appropriate measures will be introduced to retain the competitiveness of the Mauritius International Financial Services Sector.

KPMG View

- Mauritius first announced the introduction of a Domestic Minimum Top-up Tax (DMTT) in 2022. The Government has now confirmed that the DMTT will apply to income derived from 1st July 2025. To avoid complexities such as the allocation of profits across different financial periods, we recommend that the QDMTT be applicable from financial years beginning on or after 1st July 2025.
- With the DMTT implementation date now confirmed, we expect Mauritius to continuously amend its corporate tax system to ensure that Multinational Enterprises (MNE) groups can achieve the most favourable outcome within the boundaries of Pillar Two. This includes a potential reconfiguration of tax incentives and holidays to ensure they remain effective under the new rules. However, any redesign should be done carefully, so that businesses not impacted by Pillar Two, such as smaller groups below the EUR 750 m threshold or excluded entities such as investment funds, are not affected unnecessarily.
- We also recommend that the DMTT is properly designed in line with OECD criteria to qualify as a Qualified Domestic Minimum Top-up Tax (QDMTT)
- Now that the effective date has been announced, MNE groups with a presence in Mauritius are encouraged to take early steps to assess the potential impact of the DMTT to ensure readiness and enable timely planning.

Business Tax

Your tax game just changed

Key measures announced

Fair Share Contribution (FSC)

— Introduction of FSC for companies having annual chargeable income of more than MUR 24m.

	Domestic companies		Export companies		Global Business Companies
Chargeable income	Below MUR 24m	Above MUR 24m	Below MUR 24m	Above MUR 24m	
Taxes	Tax rate (%)				
Corporate income tax	15	15	3	3	15
Corporate Social Responsibility (CSR)	2	2	2	2	-
Corporate Climate Responsibility (CCR) Levy*	2	2	2	2	2
Effective Tax Rate – prior to Budget 2025	19	19	7	7	0-17**
Fair share contribution (new)	-	5	-	2	-
Effective Tax Rate – post Budget 2025	19	24	7	9	0-17**
*Is applicable for companies with turnover exceeding MUR 50m					
**Can claim foreign tax credit and reduce the ETR to 0%					

- Applicable on income derived as from 1 July 2025 for 3 consecutive years only
- Foreign taxes cannot be offset against FSC
- FSC will be paid in VAT returns on a quarterly basis
- Not applicable to:
 - Global Business Licence companies;
 - Exempt income and companies availing of tax holidays.

Business Tax

Your tax game just changed

Key measures announced

Introduction of Alternative Minimum Tax (AMT) for companies in certain sectors

- Companies where the total tax payable, after availing all deductions but before claiming tax credits, is less than 10% of book profits, the tax payable will be 10% of book profits instead of normal tax
- The book profits will be adjusted for capital gains/losses and dividends derived from resident companies
- Sectors subject to AMT include hotel, insurance, real estate, telecommunication and financial intermediation activities.
- Not applicable to companies:
 - Holding a Global Business Licence
 - Exempt from income tax or being granted tax holidays
- Foreign taxes cannot be offset against AMT

Tax incentives

- Investment Tax Credit of 5% over 3 years for small businesses (annual turnover not exceeding MUR 10m), on cost of acquisition of new equipment up to MUR 500,000 (excluding motor vehicles)
- Tax deductions on investments in AI technologies up to MUR 150,000 to start-ups and Micro, Small and Medium Enterprises (MSMEs)
- Introduction of Art Trading as a new export activity, therefore benefiting the concessionary tax rate of 3%
- For project financed to the extent of at least 50% from foreign state grants or donor institutions and approved by the Ministry of Finance, the company implementing the project will benefit from corporate income tax exemption

Tax incentives (cont.)

- Certain tax deductions will be restricted only to SMEs having annual turnover not exceeding MUR 100m, as from 1 July 2025
- The 4-year income tax holiday will not be granted to an SME converting from a sole trader or partnership to a company if the SME is a:
 - professional services provider;
 - tourism operator; or
 - training institution

80% Partial Exemption Regime (PER) extended to:

- Income derived by Virtual Asset Service Providers engaged in exchange, transfer, safekeeping and administration of virtual assets subject to meeting the prescribed substance requirements

Corporate Social Responsibility (CSR) Fund that can be spent by a company

- Increased from 25% to 50%

Tax Deducted at Source (TDS)

- Payments to non-resident entertainers or sportspersons performing in Mauritius will be subject to 10% TDS irrespective of the level of turnover

Arm's Length Principle (ALP)

- The scope and methodology of ALP will be reviewed to provide greater certainty to taxpayers

Personal Tax

Time to own your tax



Personal Tax

Time to own your tax

Key measures announced

Revision of Personal Income Tax Rates and Bands

- Introduction of a revised structure for personal income tax rates and bands, effective from the income year starting on 1 July 2025, as detailed in Table 1 of Appendix 1.

Introduction of Fair Share Contribution on High-Income Earners

- Individuals with annual net income exceeding MUR 12m, including local dividend income, will be subject to a 15% Fair Share Contribution.
- Applicable from 1 July 2025 for three consecutive income years, up to 30 June 2028, and collected under the PAYE system.

Income Tax Exemption for ages 18-28

- Exemption of income tax will apply from the income year starting 1 July 2025 to employees and self-employed individuals aged between 18 and 28 years earning up to MUR 1m annually on their emoluments or business income.

Revision of Monthly Taxable Car Benefit

- Revision of the monetary values of fringe benefits to be included in the gross income of employees provided with company cars is detailed in Table 4 of Appendix 1.

Personal deductions and reliefs

- No change in existing personal deductions and reliefs except for the following which have been removed, effective from the income year starting 1 July 2025:
 - Deduction of wage paid to a household employee
 - Donation to charitable institutions
 - Relief for adoption of animals
 - Angel investor allowance
- Introduction of a new deduction allowing taxpayers to claim 100% for a dependent child with a disability, irrespective of any financial support received under the National Pensions Act or Social Contributions and Benefits Act.
- The personal deductions and reliefs available to an individual have been summed up in Tables 2 and 3 of Appendix 1.

Others

- Penalty will no longer be imposed for late submission of the statement of income under the Current Payment System

Please refer to appendix 2 for income tax simulations.

KPMG View

- It appears that the Fair Share Contribution does not follow the progressive approach as the Personal Income Tax Rates.
- For instance, a high income earner deriving an annual net taxable income of MUR 11,999,999 will pay tax at an effective rate of 17% whilst an individual earning an annual net taxable income of MUR 12,099,999 will pay tax at an effective rate of 31% which represents an increase of 14% despite an increment of MUR 100,000. We hope this anomaly will be addressed in the Finance Bill to ensure the rate is progressive in line with Personal Income Tax Rates.

Value Added Tax (VAT)

**Timely compliance,
No surprises**



Value Added Tax (VAT)

Timely compliance, No surprises

Key measures announced

VAT Registration

- Threshold for mandatory registration reduced from MUR 6m to MUR 3m, effective from 1 October 2025
- Compulsory registration for holder of Pleasure Craft Licence issued by Tourism Authority irrespective of turnover

E-Invoicing

- Extension of requirement to join MRA's e-invoicing system to suppliers with turnover above MUR 80m during financial year 2025-26

Digital or electronic services

- Specified digital or electronic services provided by foreign suppliers will be subject to VAT, effective from 1 January 2026

VAT on import of capital goods

- Decrease in threshold from MUR 1m to MUR 500,000 for non payment of VAT on import of capital goods with a view to ease cash flow of businesses

Credit for input tax

- Clarification that credit for input tax on rented parking cannot be claimed, except if used for business purposes

Zero-rating of goods and services

- Clarification that supply made to a foreigner outside Mauritius at the time a service is performed will not be zero-rated if the service is utilised in Mauritius
- The following goods and services will now be zero-rated:
 - Fruit and vegetable purées for infants
 - Canned and frozen packed vegetables
 - Hairdressing services
- Clarification that cameras for CCTV systems are zero-rated

VAT ruling

- Clarification that a VAT ruling is binding on MRA only, such that the applicant of the ruling has no right of representation against the ruling at the ARC

Fines for various offences

- Increase in fines for various offences, including the below:
 - Failure to register for VAT purposes
 - Failure to submit VAT return and pay tax due
 - Submission of false returns, books, records, VAT invoices, documents or information to evade tax

KPMG View

- Requirement to join the e-invoicing system is currently applicable for businesses with turnover above MUR 100m. With the extension to businesses with turnover above MUR 80m, clarification must be provided on the timeline so that businesses have enough time to be compliant.
- VAT on digital and electronic services was introduced through the Finance Act 2020 but was not yet effective. We expect timely guidance on how this will now be implemented such that foreign suppliers have sufficient time to register for VAT.



Tax Administration

Right time, right
records, fewer risks

Tax Administration

Right time, right records, fewer risks

Key measures announced

Introduction of one-off schemes

- The MRA will introduce two one-off schemes, both valid until 31 March 2026, aiming to resolve tax disputes and encourage voluntary tax disclosures

Feature	Tax Dispute Settlement Scheme (TDSS)	Voluntary Disclosure Settlement Scheme (VDSS)
Objective	Settle tax cases under dispute or litigation	Encourage disclosure of undeclared or under-declared income or taxable supplies
Eligibility	Cases under litigation as at 5 June 2025 (ARC, Supreme Court, or Privy Council)	Non/under-declared income or VAT for below specified periods
Applicable to	All types of taxes under litigation	Income Tax: YOA 2024/25 and prior years (excluding returns due in June 2025) VAT: Taxable periods ending on or before 30 April 2025
Conditions	Taxpayer must withdraw their case and pay the taxes due by 31 March 2026	Taxpayer must declare and pay the taxes due by 31 March 2026
Benefit	100% waiver of penalties and interest	100% waiver of penalties and interest
Refund Policy	No refund of tax paid including penalty/interest Exception: Supreme Court cases where tax was already paid	No refund of tax paid including penalty/interest under any circumstances

Extension of Arrears Payment Scheme for an additional year

Feature	Tax Arrears Payment Scheme (TASS)	Arrears Payment Scheme
Objective	100% waiver of penalties and interest on tax arrears due as at 30 June 2025 under the Income Tax Act, the Value Added Act and the Gambling Regulatory Authority Act	100% waiver of penalties and interest on arrears due as at 31 May 2025 to Registrar-General's Department
Conditions	Register by 30 November 2025 and settle the full tax amount by 31 March 2026	Settle the full tax amount by 31 March 2026

Tax Administration

Right time, right records, fewer risks

Key measures announced

Registration of tax agents

- Members of the Mauritius Institute of Professional Accountants or law practitioners, will be deemed to be registered as tax agents whilst any other tax agent will be required to register with the MRA

Power to raise assessments

- MRA will be allowed to raise assessments only for the past two years, unless in exceptional circumstances

Cap on penalty and interest

- The maximum penalties and interest charged cannot exceed 100% of the tax due
- 50% reduction of penalties and interest on unpaid taxes, except on withholding taxes collected on behalf of the Government

Tax & VAT Ruling

- Increase in fees payable on application of rulings:

Taxpayer	Income Tax	VAT
Individual	MUR 3,000	
Other	MUR 50,000	MUR 15,000

Time limit for objecting to a claim

- The time limit to object to a claim from the Registrar-General will be 28 days from the date of the notice of the claim regarding a transfer of share, rather than from the date of receipt of the notice, in order to align with the Land (Duties and Taxes) Act
- However, additional time to object to a claim may be granted where the delay is due to illness or other reasonable cause

Payment of tax in foreign currency

- All businesses which receive at least 50% of their annual turnover in foreign currency will be required to pay their tax in foreign currency

KPMG View

- The tax amnesty schemes offer taxpayers a time-limited opportunity to regularize their tax affairs.



Other Taxes

Every tax counts

Key measures announced

Acquisition or Resale of Residential Property under EDB Schemes

Transaction Type	Tax Type	Rate	Applicable Schemes / Properties
Acquisition by Non-Citizen	Registration Duty	Increased from 5% to 10% of the property value at the date of deed transfer registration, payable by acquirer	- Smart City Scheme - Property Development Scheme - Integrated Resort Scheme - Real Estate Scheme - Invest Hotel Scheme - Apartment in a building with at least 2 floors above ground
Resale by Non-Citizen	Land Transfer Tax	Higher of: 10% of property value; and 30% of profit on resale (resale price less purchase price), payable by seller	
Sale by Promoter	Land Transfer Tax	Increased from 5% to 10% of the property value at the date of deed transfer registration, payable by promoter	

Other Taxes

Every tax counts

Key measures announced

Smart City Scheme

- Fiscal incentives removed for projects approved after 5 June 2025, except for construction of public transport station or terminal and National Regeneration Programme projects
- A project issued with a Smart City Certificate and a developer with a registration certificate dated post 5 June 2025 will no longer benefit from fiscal incentives
- Where development already started prior to 5 June 2025, such projects will no longer benefit from:
 - Land conversion tax exemption
 - Customs duty on import of furniture, machinery and materials for construction of buildings exemption
- For projects that had permits issued and had started construction before 5 June 2025, certain tax exemptions are removed, except for:
 - VAT reclaim on buildings, capital goods, and public road construction costs; and
 - Income tax holiday on income generated from real estate operations in the Smart City
- Smart City projects must now pay a fee equivalent to the Morcellement fee

Registration Duty for Motor Vehicles

- As from 1 July 2025, registration duty on vehicles will be:
 - Abolished for the sale and transfer of domestic pre-owned vehicles
 - Increased by 30% on first-time vehicle registrations in Mauritius

Introduction of Excise Duty on Electric Cars

Electric Cars	Rate of Excise Duty
Up to 180 kW	15%
Above 180 kW	25%

An hourglass is positioned diagonally across the page. The top bulb contains blue sand, and the bottom bulb contains orange sand. A large, semi-transparent blue rectangle is overlaid on the left side of the page, partially obscuring the hourglass. The word 'Appendices' is written in white, bold, sans-serif font on this rectangle.

Appendices

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 2025/2026 and is subject to Finance Act 2025.

Table 1 : Personal Income Tax Rates and Bands				
Year of Assessment	2025/2026		2024/2025	
Income Year	1 July 2025 to 30 June 2026		1 July 2024 to 30 June 2025	
	Chargeable income	Rate of income tax	Chargeable income	Rate of income tax
	First MUR 500,000	0%	First MUR 390,000	0%
	Next MUR 500,000	10%	Next MUR 40,000	2%
	Remainder	20%	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%

Table 2: Deduction for dependents		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June 2026	1 July 2024 to 30 June 2025
Dependent	MUR	
Self	Not applicable	
One dependent	110,000	
Two dependents	190,000	
Three dependents	275,000	
Four or more dependents	355,000	

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 2025/2026 and is subject to Finance Act 2025.

Table 3: Personal Deductions and Reliefs		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June 2026	1 July 2024 to 30 June 2025
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	Repealed	Up to MUR 30,000
Deduction for carer	MUR 30,000	
Tuition fee deduction [Note2]	Up to MUR 500,000 per child	
Deduction for fee-paying private schools	Up to MUR 60,000 per child per annum	
Donation to approved charitable institution	Repealed	Up to MUR 100,000
Adoption of animals from registered NGOs	Repealed	MUR 10,000
Angel investor allowance	Repealed	50% of amount invested not exceeding MUR 500,000
Lump sum received as pension, retiring allowance or severance allowance	MUR 3m	

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. 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

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 2025/2026 and is subject to Finance Act 2025.

Table 4 : Review of Monthly Taxable Car Benefits	
Year of Assessment	2025/2026
Income year	1 July 2025 to 30 June 2026
Cylinder Capacity -	<u>Car costing not more than MUR 3m</u>
▪ up to 1,600cc	12,000
▪ 1,601 to 2,000cc	13,000
▪ above 2,000cc	15,000
Electric Car	13,500
Car costing –	<u>Car costing more than MUR 3m</u>
▪ more than MUR 3m up to MUR 5m	25,000
▪ more than MUR 5m up to MUR 8m	35,000
▪ more than MUR 8m	50,000

Appendix 2: Income Tax Computation

Example 1 – Medium income earner		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June2026	1 July 2024 to 30 June2025
	MUR	MUR
Annual salary and statutory bonus	1,300,000	1,300,000
Annual travelling allowance	240,000	240,000
Total gross income [A]	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]	(460,000)	(620,000)
Chargeable income	840,000	680,000
Income Tax [Working 2]	34,000	19,800
Social security contribution		
- Employer	96,637	96,637
- Employee	39,255	39,255
Total income tax and contribution payable by employee [B]	73,255	59,055
Effective tax rate [B] / [A]	4.76%	3.83%
Disposable income [A] – [B]	1,466,745	1,480,945
Increase / (Decrease) in disposable income	(14,200)	

Appendix 2: Income Tax Computation (cont.)

Working 1 – Other personal deductions and reliefs		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June2026	1 July 2024 to 30 June2025
	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	Repealed	30,000
Deduction for donation to charitable institutions	Repealed	100,000
Deduction for fee-paying private schools	120,000	120,000
Deduction for carer	30,000	30,000
Deduction for adoption of animals	Repealed	30,000
Total	460,000	620,000

Working 2 – Income Tax		
Chargeable income	840,000	680,000
First MUR 390,000 at 0%	Repealed	0
Next MUR 40,000 at 2%		800
Next MUR 40,000 at 4%		1,600
Next MUR 60,000 at 6%		3,600
Next MUR 60,000 at 8%		4,800
Remainder [MUR 90,000] at 10%		9,000
First MUR 500,000 at 0%	0	Not applicable
Remainder [MUR 340,000] at 10%	34,000	
Total	34,000	19,800

Appendix 2: Income Tax Computation (cont.)

Income Tax Computation is based on the following assumptions:

1. The individual is married with two dependents
2. The individual is claiming a deduction for medical insurance premiums paid for themselves and two dependents.
3. A maximum of MUR 50,000 has been claimed for contributions to an approved individual pension scheme.
4. A total of MUR 150,000 was paid for two dependent children attending full-time, fee-paying private schools. A tax relief of up to MUR 60,000 per child per year is available.
5. A deduction of MUR 30,000 is being claimed for employing a carer to look after parents or grandparents.

Appendix 2: Income Tax Computation (cont.)

Example 2 – High income earner		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June2026	1 July 2024 to 30 June2025
	MUR	MUR
Annual salary and statutory bonus	16,000,000	16,000,000
Annual petrol allowance	1,500,000	1,500,000
Dividend income from resident company	500,000	500,000
Rental Income	900,000	900,000
Total gross income [A]	18,900,000	18,900,000
Less: Exempt income		
- Petrol allowance [Capped at MUR 20,000 per month]	(240,000)	(240,000)
- Dividend income from resident company	(500,000)	(500,000)
Total net taxable income	18,160,000	18,160,000
Less: Personal deductions and reliefs [Working 1]	(820,000)	(980,000)
Chargeable income	17,340,000	17,180,000
Income Tax [Working 2]	3,318,000	3,230,800
Fair Share Contribution (FSC) [Working 3]	2,676,000	Not Applicable
Social security contribution		
- Employer	1,193,137	1,193,137
- Employee	480,255	480,255
Total income tax, FSC and contribution payable by employee [B]	6,474,255	3,711,055
Effective tax rate [B] / [A]	34.26%	19.64%
Disposable income [A] – [B]	12,425,745	15,188,945
Increase / (Decrease) in disposable income	(2,763,200)	

Appendix 2: Income Tax Computation (cont.)

Working 1 – Other personal deductions and reliefs		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June2026	1 July 2024 to 30 June2025
	MUR	MUR
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	Repealed	30,000
Deduction for tertiary education	500,000	500,000
Deduction for donation to charitable institutions	Repealed	50,000
Deduction for adoption of animals	Repealed	30,000
Deduction for fast charger investment allowance in respect of electric car	50,000	50,000
Deduction for solar energy investment allowance	150,000	150,000
Angel investor allowance	Repealed	50,000
Total	820,000	980,000
Working 2 – Income Tax		
Chargeable income	17,340,000	17,180,000
First MUR 390,000 at 0%	Repealed	0
Next MUR 40,000 at 2%		800
Next MUR 40,000 at 4%		1,600
Next MUR 60,000 at 6%		3,600
Next MUR 60,000 at 8%		4,800
Next MUR 300,000 at 10%		30,000
Next MUR 300,000 at 12%		36,000
Next MUR 300,000 at 14%		42,000
Next MUR 400,000 at 16%		64,000
Next MUR 500,000 at 18%		90,000
Remainder [14,790,000] at 20%		2,958,000
First MUR 500,000 at 0%	0	Not applicable
Next MUR 500,000 at 10%	50,000	
Remainder [MUR 16,340,000] at 20%	3,268,000	
Total	3,318,000	3,230,800

Appendix 2: Income Tax Computation (cont.)

Working 3 – Fair Share Contribution (FSC)		
Year of Assessment	2025/2026	2024/2025
Income year	1 July 2025 to 30 June 2026	1 July 2024 to 30 June 2025
	MUR	MUR
Step 1 : Assess total annual net taxable income for FSC purposes		
Annual net taxable income	18,160,000	Not Applicable
Dividend income from resident company	500,000	
Total	18,660,000 (exceeding MUR 12m)	
Step 2 : FSC calculation		
Chargeable income	17,340,000	
Dividend income from resident company	500,000	
Total chargeable income after dividend income	17,840,000	
FSC at 15%	2,676,000	

Appendix 2: Income Tax Computation (cont.)

Income Tax Computation is based on the following assumptions:

1. The individual is married with two dependents
2. The individual is claiming a deduction for medical insurance premiums paid for themselves and two dependents.
3. A maximum of MUR 50,000 has been claimed for contributions to an approved individual pension scheme.
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 cost of the following has been deducted from the net income:
 - Fast charger for an electric car; and
 - Solar energy systems, including photovoltaic kits and storage batteries
6. A 15% Fair Share Contribution rate has been applied as stated in the Budget annex

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