

Mauritius Budget 2026/27

Fiscal analysis

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Executive summary

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This is the second budget presented by the Prime Minister, Minister of Defence, Home Affairs and External Communications, Minister of Finance and Minister of Rodrigues and Outer Islands.

The majority of the fiscal changes are contained in the Annex to the Speech and may have significant impact on the corporate tax liabilities and compliance obligations of taxpayers.

Personal tax

We welcome the exclusion of Mauritian sourced dividends from the scope of the Fair Share Contribution. We presume that the rate of 35% on the chargeable income above Rs 12 million is temporary and will apply for the years ending 30 June 2027 and 30 June 2028 only so that the maximum personal tax rate will be 20% as from the year ending 30 June 2029.

Taxation of non-resident service providers

We do not understand the clarification on the tax aspects of non-resident service providers in the context of ICT services. Such services are provided from outside of Mauritius and the service providers do not have any permanent establishment in Mauritius.

Corporate tax

As a matter of principle, we consider that the denial of foreign tax credit against the Corporate Climate Responsibility levy leads to an outcome of double taxation. Depending on the relevant fact pattern, a company may rely on a tax treaty.

The taxable profit on export of live animals will be 15% and no longer qualify for the incentive rate of 3%. This also implies that the rate of Fair Share Contribution will be 5% instead of 2%.

Value Added Tax

The deemed time of supply for services and goods is a novel approach and will imply that registered persons may face cash flow issues if they do not receive payments within the 3 months time limit. There may be challenges in determining the date services are provided, particularly where the services span over more than a month. The reduction of the time limit for input tax to 24 months implies that registered persons will be under an increased pressure to ensure that the input tax is taken into account in the relevant taxable month.



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Executive summary

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We reiterate that the better approach on cross border services is the application of the reverse charge mechanism as previously enacted in section 58(a) of the Finance (Miscellaneous Provisions) Act 2016 with the following specific refinements. Any VAT charged in the country of establishment of the non-resident supplier should be considered so that the supply is not subject to VAT in the jurisdiction of the service provider and Mauritius.

Zero rated services and any services that are exempt under the Ninth Schedule to the Value Added Tax Act (“VATA”) should also be excluded to ensure parity between Mauritian and non-resident service providers. Such an approach does not pose any practical challenges to implement and may be easily enforced by the MRA and its raison d’être is well founded given that it places Mauritian and foreign based suppliers on an equal footing.

We welcome the fact that a foreign digital service provider will not have to register for VAT in Mauritius if the supplies are made exclusively to Mauritian registered persons.

At the same time, the new section 14A of the VATA as amended by section 61(c) of the Finance Act 2025 should be updated to reflect the fact that VAT should not be applied to digital and electronic services supplied to registered persons. Furthermore, appropriate amendments should be implemented to ensure that exempt and zero-rated supplies are not treated as standard rated supplies under section 14A of the VATA. For the same reasons, section 14A of the VATA should take into account services that are effectively taxed at the zero rate as a result of the Ninth Schedule to the VATA.

Powers of the MRA

We consider that the powers of the MRA should be reviewed. Certain discretionary powers lead to a significant misalignment with the object and purpose of the fiscal laws. The MRA has the power to uplift the value of any standard rated supplies where the consideration is wholly in cash. At the same time, any application for a refund of VAT may be rejected in full or in part by the MRA so that the excess credit of input tax may become an irrecoverable asset. Such powers gave rise to outcomes that are not consistent with the business realities and implies that input tax credit is effectively being disallowed.



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Executive summary

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Importance for a consultative approach

We reiterate our plea for a consultative approach to a wide range of stakeholders. We cannot ignore the fact that there was no challenge on the amendments made to the Mauritius Revenue Authority Act by section 16(b) of the Anti-Money Laundering, Combatting the Financing of Terrorism and Countering Proliferation Financing (Miscellaneous Provisions) Act 2026 whereby the powers given to the MRA are “scary”.

Review of anti-avoidance clauses

The anti-avoidance clauses in the Income Tax Act (“ITA”) should be reviewed, as they are applied without considering broader commercial factors and artificially inflate the tax base. The application of the arm’s length test is an example where there are no corresponding adjustment and worst of all, the income that is imputed in one entity will not have been incurred by the other entity in wholly independent transactions.

Modernising the various fiscal laws

It is also high time to modernise the various fiscal laws. Take the example of dividend distribution for tax purposes, the current definition in section 2 of the ITA is not consistent with section 63 of the Companies Act insofar as non-cash dividends are concerned. In fact, dividends distributed in cash may also pose a legal risk given the fact that it is very much unlikely that any dividend distribution will be in cash. A definition that is based on accounting standards is more appropriate and in fact this is also the approach of the OECD in the context of the definitions used for the purposes of the global minimum tax. In fact, the Government may use the Global Anti-Base Erosion Model Rules and its commentary to review the ITA.

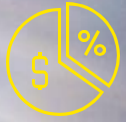
As in the previous years, we will send another Alert upon the issue of the Finance Bill.

In the meantime, if you have any questions, please let us know.



Ryaad Owodally

Partner - Tax



Proposed measures

Affected person:	Resident and non-resident high income earners
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 280 of the NBS
Financial impact:	Moderate to high – Please refer to Appendix 2
Other implications:	Repeal of the Fair Share Contribution (FSC)

Introduction of a new income tax band and abolishment of FSC for individuals.

Application of 20% tax rate on a maximum of Rs 11million
 Chargeable income exceeding Rs 12 million will be subject to tax at the rate of 35%.
 Abolition of the FSC

Our analysis:

This is a welcome measure since it effectively implies that Mauritian sourced dividend income will no longer be taxed.
This measure does not have a significant impact for individuals with solely employment income in excess of Rs 12 m.
The BS indicates that the FSC is repealed and we are of the view that that the rate of 35% will apply only for the 2 years ending 30 June 2028.

Implementation challenges:

Further clarity will be required on the effective date of application

Affected person:	Qualifying expatriate employees
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.1(a) of the Annex to the NBS
Financial impact:	High
Conditions:	(i) Employee must be a qualifying expatriate employee (ii) Employer must be engaged in the manufacturing of solar photovoltaic systems
Limitations:	Exemption limited to 4 years
Other implications:	No other implications

Measure:

A qualifying expatriate employee of a company engaged in the manufacturing of solar photovoltaic systems will benefit from an income tax holiday for a period of 4 years

Our analysis:

This measure is targeted at attracting specialised foreign expertise to support the development of the renewable energy sector.

Implementation challenges:

Clarification will be required on the meaning of “qualifying expatriate employee”. If the company is engaged in multiple activities, there may be a practical challenge to determine the eligibility for this exemption.



Proposed measures

Affected person:	Individuals receiving pension lump sums, retiring allowance or severance allowance
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.1(b) of the Annex to NBS
Financial impact:	Moderate
Conditions:	(i) Lump sum received as pension (ii) Retiring allowance or severance allowance received
Limitations:	Exemption increased to Rs 3.5 million
Other implications:	No other implications

Increased exemption for pension and severance benefits

The exemption threshold applicable to lump sums received as pension, retiring allowance or severance allowance will be increased from Rs 3 million to Rs 3.5 million

Our analysis:

This measure provides additional relief to individuals receiving lump sum payments upon retirement or termination of employment and should logically also apply to lump sum from superannuation funds and negotiated compensation under section 42 of the Employment Rights Act.

Implementation challenges:

Further clarity will be required on the effective date of application

Affected person:	Golden Visa holders
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 12.1 of the Annex to NBS
Financial impact:	Moderate to High
Conditions:	(i) USD 1million investment within 12 months of arrival. (ii) Investment in approved high-value sectors.
Limitations:	Applies to qualifying Golden Visa holders
Other implications:	Aligns with tax benefits granted under Premium Visa

Tax incentives for Golden Visa holders

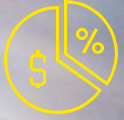
Golden Visa holders will benefit from the same tax treatment as Premium Visa holders, including taxation of foreign employment income only when this is remitted to Mauritius and exemptions for qualifying foreign funds.

Our analysis:

The measure enhances Mauritius' attractiveness for high-net-worth individuals through a favourable tax regime for Golden Visa holders.

Implementation challenges:

We take it that the remittance basis applies to Mauritian sourced income for the purposes of the exemption.



Proposed measures

Affected person:	Companies engaged in export of live animals
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.2 of the Annex to the NBS
Financial impact:	High
Other implications:	No other implications

The tax rate of 3% is being increased to 15%

The measure previously encouraged the export business of live animals.

Our analysis:

Companies engaged in the exportation of live animals will find themselves with a significantly higher tax rate. This measure also implies that the Fair Share Contribution will be 5% instead of 2% for the period up to 30 June 2028.

Implementation challenges:

Persons that have already contracted to export animals at an agreed price will face a reduced profit.

This measure implies that there is no parity on the corporate tax aspects of export of goods. This is irrespective of the fact that the exporting companies have substantial activities on the ground in Mauritius.

The specific nature of the live animals in question may mean that the relevant companies have no choice and absorbed the increased tax cost.

Affected person:	Corporates
Effective date:	Not announced – Probable CSR set up as from 1 January 2026
Reference in the NBS or Annex to the NBS:	Paragraph 1.14 of the Annex to the NBS
Financial impact:	High to moderate
Conditions:	
Limitations:	Approval of NSIF
Other implications:	No other implications

Obligation to contribute CSR fund to approved CSR programme

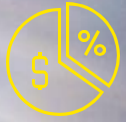
The possibility to contribute 75% to a CSR Fund was introduced by section 26(d)(iii)(A) of the Finance Act 2025 is effectively being repealed.

Our analysis:

Insofar as the tax obligation regarding CSR is concerned, this measure would not affect the total CSR payable

Implementation challenges:

This is not a welcome measure as 1.5% of the CSR liability will have to be remitted to the MRA. Transitional provisions should be included so that contributions to approved CSR projects in excess of the 25% threshold are not penalised by this measure.



Proposed measures

Affected person:	Owner of hotel properties
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.14 of the Annex to the NBS
Financial impact:	High to moderate
Other implications:	AMT

Hotels that are already in a tax loss position may not be affected by this measure if the tax loss exceeds the reduction in the annual allowances over a specified period.

Where the owner of the hotel is liable to AMT, the owner may have considered a reduced rate of annual allowance, irrespective of this measure.

Rationalising annual allowance for hotels

The annual allowance rate on hotel buildings is being reduced from 30% to 15%

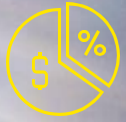
Our analysis:

The rates of annual allowance are prescribed in the Income Tax Regulations so that amendments may not be necessarily implemented through the Finance Act 2026.

Implementation challenges:

This measure is not welcome as it reduces the flexibility on the annual allowances on hotel buildings. This is particularly relevant if there are compelling commercial reasons for regular investments in the hotel buildings.

A rate of 15% of the base value of the assets may result in the assets still having significant base value at the time that they are demolished or significantly altered. This will result in significant balancing allowance at the time of major renovation and hence defer the deduction. To a large extent, the annual allowance rate of 30% was more aligned to the capital expenditure incurred and generation of revenue from the hotel properties.



Proposed measures

Affected person:	Investment advisers and asset managers
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.7 of the annex to the NBS
Financial impact:	Moderate to high
Qualifying activities:	Management of specific non-securities qualifies, subject to strict documentation and compliance requirements.

Qualifying activities for CIGA purposes for investment advisers and asset managers

The list of activities forming part of the CIGA for investment advisers and asset managers under the ITR has been extended. The qualifying activities will include income management of specific non-securities instruments such as loan receivables, mortgage-backed exposures and invoice financing portfolio.

Our analysis:

We do not consider that there was a need to change the regulations given the fact that the scope of the services of an Investment Adviser or an Asset Manager are wide and insofar as the CIGA are performed in Mauritius, the exemption should logically apply.

Affected person:	Hotels
Effective date:	1 July 2026
Reference in the NBS or Annex to the NBS:	Paragraph 1.12 (a) of the Annex to the NBS
Financial impact:	Low and industry specific

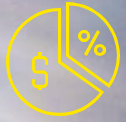
150% deduction for renovations repealed

The 150% deduction on expenditure incurred by hotels on cleaning, renovation and embellishment works in the public realm will be repealed.

Our analysis:

This measure appears to further decrease tax incentives given to the hotel industry. However, given that the works related to the public realm and in view of the emphasis on the green and blue economy, we believe this measure is ill-timed.

It appears that companies having a year end other than 30 June may still partly benefit from the deduction.



Proposed measures

Affected person:	Constituent entities of an MNE group
Effective date:	1 July 2025
Reference in the NBS or Annex to the NBS:	Paragraph 1.9 (a) (i),(iii), (iv), 1.9(b) and 1.9(c)of the Annex to the NBS
Financial impact:	High to moderate
Conditions:	See measure below
Limitations:	No limitations
Other implications:	No other implications

The amendment time limit and the penalty reduction are welcomed given the complexities and delays in the Regulations for QDMTT.

Implementation challenges:

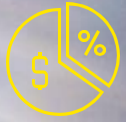
As the ITA does not define an investment fund or REIV, it is to be determined whether the OECD definition will apply.

QDMTT clarifications

- (i) An investment fund or a real estate investment vehicle ("REIV") in Mauritius will be an excluded entity for QDMTT solely if it acts as a parent entity.
- (ii) The fiscal year of an MNE is defined as the accounting period used by the ultimate parent entity to prepare its consolidated financial statements.
- (iii) The QDMTT return will be due no longer than 15 months from the fiscal year end.
- (iv) A taxpayer will have 3 years from the date of submission to amend a QDMTT return instead of 2 years.
- (v) The penalty for non-payment of QDMTT may be halved from 5% to 2.5%.

Our analysis:

Measures (i) and (ii) aligns Mauritius' domestic rules with the OECD treatment of investment entities and removes potential inconsistencies between the local QDMTT framework and the international Pillar Two architecture.



Proposed measures

Affected person:	Constituent entities of an MNE group
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.9 (a) (ii) of the Annex to the NBS
Financial impact:	Moderate
Conditions:	Adjustments must relate to consolidation intra-group transactions
Limitations:	No limitations
Other implications:	No other implications

is intended as a computational simplification or a substantive modification to the existing QDMTT framework, particularly given the fact that jurisdiction blending is possible.

Implementation challenges:

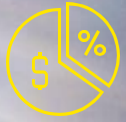
The scope of the eligible adjustments remain unclear. There may also be a potential divergence between accounting consolidation and QDMTT computations leading to additional compliance and reconciliation requirements. Insofar as proposed amendment is functionally equivalent to the outcome produced under the GloBE rules, the tax calculated should remain a qualified tax.

Intragroup transactions for QDMTT

Consolidated adjustments relating to intra-group transactions will be allowed in the computation of the net income or loss for QDMTT purposes. It appears intra-group transactions between constituent entities in Mauritius would be eliminated in computing GloBE income or loss for QDMTT purposes.

Our analysis:

We believe the measure is intended as a QDMTT computational simplification inspired by the OECD Safe Harbour framework, where certain consolidation adjustments for intra-group transactions may be recognised in determining net income or loss. However, as neither the OECD Model Rules nor the Commentary generally use the "consolidated adjustments" terminology when determining GloBE Income or Loss, further clarification will be required to determine whether the measure



Proposed measures

Affected person:	Non-resident ICT service providers
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.6 of the Annex to the NBS
Financial impact:	High for affected person
Conditions:	<ul style="list-style-type: none">(i) The supplier must be a non-resident company providing services to Mauritian customers;(ii) The income must arise from specified ICT services.
Other implications:	Potential double tax treaty implications, DTS implications, and interaction with VAT on services from digital services providers.

Taxation of non-resident ICT service providers

Non-resident companies with no permanent establishment engaged in the supply of software, software licences, software applications, software maintenance services or distance maintenance of programmes and ICT equipment will be subject to tax. The measure appears intended to bring certain cross-border ICT and software related services within the Mauritian income tax net.

Our analysis:

We do not understand the need to clarify the law in this area given the current sourcing principle and where applicable, a DTAA. The proposed clarification suggests that income derived from the provision of specified ICT services to Mauritian customers will be regarded as Mauritian-sourced income, regardless of whether the services are physically performed in Mauritius.

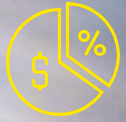
The assertion of a Mauritian taxing right over non-resident software and ICT suppliers dovetails with the new DTS on such payments and the recent VAT application on digital services provided by foreign digital service providers. However, further clarification is required on the legislative mechanism through which the income will become taxable.

Where the Mauritian party is contractually required to pay the non-resident without any whatsoever Mauritian tax, its transaction tax may significantly increase.

Implementation challenges:

Distinguishing between software licences and royalties.

The interaction with existing source principles the interaction with double tax agreements and assessing compliance obligations for non-resident suppliers with no physical presence in Mauritius.



Proposed measures

Affected person:	Person making payment to ICT service providers
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 9.2.2 (a) of the Annex to the NBS
Financial impact:	Moderate
Conditions:	Payments for the supply of specified ICT services priced over Rs 300,000 for a single contract
Limitations:	Interaction with income tax on foreign suppliers of specified ICT services
Other implications:	Person making payment to ICT service providers

Our analysis:

The measures to tax ICT providers suggests a policy shift towards bringing a greater proportion of technology-related income within the Mauritian tax net while simultaneously introducing a collection mechanism. It may prove to be an administrative burden for customers, notably as Mauritian service providers are already within the Mauritian tax net.

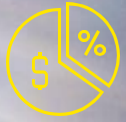
Implementation challenges:

It will need to be determined whether services fall within software licences or royalties. It must be clarified whether cloud-based subscription services will fall within the scope of this measure.

*Application of Rs 300,000 threshold where contracts are renewed or amended.
Compliance obligations where payments are made to foreign suppliers.*

DTS on payment to ICT service providers

DTS will be applicable on payments exceeding Rs 300,000 made under a single contract to a resident or non-resident for software, software licences, software applications, software maintenance services and distance maintenance of programmes and equipment. The rate of DTS will be 1%.



Proposed measures

Affected person:	Person making payment to person for specified marketing services
Effective date:	To be confirmed
Reference in the NBS or Annex to the NBS:	Paragraph 9.2.2 (b) of the Annex to the NBS
Financial impact:	Moderate
Conditions:	Payments to person for advertising, promotional, endorsement, digital content or marketing services.
Limitations:	No limitations
Other implications:	No other implications

Implementation challenges:

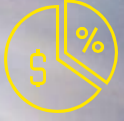
This measure may have a cash flow impact on service providers operating in that space. The identification of payments that constitute endorsement or digital content services may prove challenging.

DTS on payments for specified marketing services

DTS of 5% will apply on payments to a person for advertising, promotional, endorsement, digital content or marketing services.

Our analysis:

This measure appears targeted at the growing digital advertiser and influencer economy. The introduction of DTS for this sector is likely intended to improve tax compliance by shifting collection obligations to the payer. It adds additional compliance and reporting burden for persons engaging content creators and influencers.



Proposed measures

Affected person:	Companies with yearly gross and exempt income exceeding Rs 50 m
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.11 of the Annex to the NBS
Financial impact:	Low to moderate

Denial of tax credit against Corporate Climate Responsibility Levy

Our analysis:

We do not understand the reason for the introduction of this measure since the CCRL is an income tax and the denial of any foreign tax credit effectively results in double taxation where the CCRL arises on foreign source income.

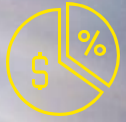
Foreign tax credit may still be available in cases where the foreign source income originates from a tax treaty partner country.

With this measure, companies may prefer to apply the 80% income tax exemption on eligible income to limit their overall Mauritius tax liability.

Taking into consideration that the CSR charge cannot be reduced by way of investment tax credits or foreign tax credits, this measure implies that a company may have a residual tax of 4% in Mauritius in many instances irrespective of its eligibility to foreign tax credits.

We are of the view that in cases, where a company is subject to the AMT charge, the CCRL is taken into consideration in determining the overall liability.

We understand the rationale of the denial of the credit in the context of an investment tax credit which is effectively an extra tax benefit whereas the foreign tax credit represent a tax suffered.



Proposed measures

Affected person:	Manufacturing companies
Effective date:	July 2026
Reference in the NBS or Annex to the NBS:	Paragraph 1.8 of the Annex
Financial impact:	High
Conditions:	(i) Restricted to new plant and machinery, AI solutions, and patents (ii) Expenditure incurred up to 30 June 2029
Limitations:	Up to 15% of the value of the qualifying asset
Other implications:	No other implications

Extension of investment tax credit

An annual ITC of 15% applies on expenditure incurred for acquisition of new plant and machinery, AI solutions, and patents.

Our analysis:

The ITC is granted in addition to annual allowances and is therefore an extra tax benefit.

Implementation challenges:

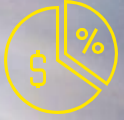
A qualifying company should be allowed to choose between annual allowance and ITC in determining its tax liability.

This measure is welcome and is aligned with the Government's strategy to position Mauritius as a global manufacturing and export hub.

The credit can be utilised to reduce corporate tax liability, excluding CSR and CCRL.

Unutilised credits may be carried forward for up to 10 years, providing flexibility for qualifying companies.

If the company is a covered person for the purposes of the QDMTT, the impact of the tax credit may be significantly reduced.



Proposed measures

Affected person:	Foreign supplier of digital or electronic services
Effective date:	Clarification to existing measure
Reference in the NBS or Annex to the NBS:	Paragraph 6c of the Annex
Conditions:	Taxable supply of digital or electronic services exclusively to a VAT registered person
Other implications:	No requirement to appoint a tax representative

Clarification on requirement for mandatory VAT registration by a foreign supplier

A foreign supplier of digital or electronic services will not be required to register for VAT purposes if it makes taxable supplies exclusively to VAT registered persons. For this purpose, a taxable supply includes both a standard rated supply and a zero-rated supply.

Our analysis:

This proposed measure is in line with our view in the context of supplies to registered persons and is welcome. However, we wish to reiterate our position that banks are not required to apply the reverse charge mechanism, except on digital or electronic services which may serve as a competitive advantage.

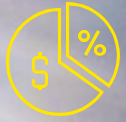
We consider that it is logical that mandatory registration is required if a foreign supplier of digital or electronic services makes taxable supplies to non-VAT registered persons for an amount of at least Rs 3m.

Other considerations:

Where the annual turnover of taxable supplies of the foreign supplier is less than Rs 3m, it is not obliged to register for VAT purposes in Mauritius. This means that such service providers are at par with Mauritian service providers.

The foreign supplier is also not obliged to appoint a tax representative in Mauritius, irrespective of its turnover threshold so that the foreign supplier will be responsible for the timely submission of tax returns, ensuring timely payments and be liable to penalties in case of any default in the remittance of VAT to the MRA. It remains to be seen how the MRA will enforce recovery actions if the foreign supplier does not have any permanent establishment or a tax representative in Mauritius.

The list of services provided in Part III of the Tenth Schedule to the VATA will be updated to include online marketplaces and digital platforms as part of digital and electronic services. We consider that it would be useful if the scope of the services within “other digitised documents” is clarified to facilitate the implementation of this measure.



Proposed measures

Affected person:	Registered persons
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 9.3 (b) of the Annex to the NBS
Financial impact:	High
Conditions:	Claim for input VAT to be made within 24 months
Limitations:	Availability of invoices on a timely basis

Reduction in the time limit for an input VAT claim

The time limit for an input VAT claim by a VAT registered person will be reduced from 36 months to 24 months from the date it should have been considered in the VAT return.

Our analysis:

This measure is not welcome as it reduces the time limit for an input tax credit by a VAT registered person. In various instances, VAT registered persons do not necessarily receive invoices from their suppliers on a timely basis, for reasons beyond their control.

Registered persons are encouraged to ensure that the input tax credit is considered in the appropriate taxable period.

Affected person:	VAT and non-VAT-registered persons
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 9.3(c) of the Annex to the NBS
Financial impact:	High
Other implications:	Fines and imprisonment in case of failure to ensure VAT compliance

Introduction and revision of fines for VAT non-compliances

Fines for VAT non-compliances are being introduced or increased, coupled with imprisonment upon conviction.

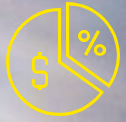
Our analysis:

This measure provides additional powers to the MRA insofar as the management of the fiscal affairs of the State is concerned. While the objective of this measure is to ensure strict compliance with the requirements of the VATA, it also depends on the nature of the information requested by the MRA.

Implementation challenges:

We hope that the above is applied in extreme cases of non-compliance and takes into account the facts and circumstances of the case.

We set out details of the various offences at Appendix 3.



Proposed measures

Affected person:	Companies not making supplies for VAT purposes and companies making supplies for VAT purposes of less than Rs 24 m where chargeable income exceeds Rs 24 m
Effective date:	Not announced
Reference in the NBS or Annex to the NBS:	Paragraph 1.5 of the Annex to the NBS
Financial impact:	High
Other consideration:	Uncertain whether this measure will be legislated under ITA or VATA

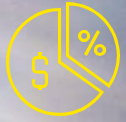
Application of fair share contribution

This measure affects companies not making supplies for VAT purposes and companies making supplies for VAT purposes of less than Rs 24 million where their chargeable income exceeds Rs 24 million. For example, investment holding companies with dividend income will be within the scope of this measure.

Our analysis:

In the context of foreign dividend, the taxable income may include underlying tax so that a company with a foreign dividend of less than Rs 24 million may be subject to the FSC. There may be a shift for such companies to apply the 80% exemption instead of the foreign tax credit mechanism. We consider that a company may adopt any approach which minimises its overall tax burden.

This is a welcomed measure since it implies that the FSC can be mitigated by foreign tax credit to the extent that the FSC arises from foreign source income. However, the full benefit of this measure would be reaped if the FSC is taken into consideration in the determination of the final tax payable where a company is subject to AMT.



Proposed measures

Affected person:	Companies
Effective date:	Year of assessment 2026/2027
Reference in the NBS or Annex to the NBS:	Paragraph 1.11 of the Annex
Financial impact:	Low to high
Conditions:	(i) Expected turnover of Rs 50m (ii) Expected taxable profit
Limitations:	No limitations
Other implications:	No other implications

The effective date should be clarified given the fact that the Annex refers to financial years and the CCRL is based on the year of assessment.

Companies are now required to remit:

- (i) 25% of their expected CCRL as in their APS returns for the year of assessment 2026/2027 and the remaining at the time of filing its corporate tax returns.
- (ii) 50% of their expected CCRL in their APS returns for the year of assessment 2027/2028 and the remaining at the time of filing its corporate tax returns.
- (iii) 75% of their expected CCRL in their APS returns for the year of assessment 2028/2029 and the remaining at the time of filing its corporate tax returns.
- (iv) 100% of their expected CCRL in their APS returns for the year of assessment 2029/2030.

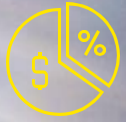
CCR Levy payable in advance under APS returns

Our analysis:

This measure puts an additional pressure on the cash flow capacity.

Implementation challenges:

The test for CCRL is whether the company has an exempt and taxable income of at least Rs 50m. Where the yearly income does not exceed the Rs 50m threshold, the company will have paid CCRL in excess. We hope the MRA will apply a pragmatic approach on the refund process of CCRL paid during the year. Alternatively, the company should be allowed to utilise the CCRL against its corporate tax and CSR liability.



Proposed measures

1. Services provided by holder of management licence will be reclassified from zero-rated to exempt

The provision of services to (i) GBL corporation, (ii) trusts and foundations with predominantly non-resident settlors and founders respectively, will be exempt instead of zero-rated.

Management companies will no longer be able to claim any input tax credit. The VAT incurred will be an additional cost. Such companies may be required to deregister for VAT purposes and may be subject to a VAT audit.

2. Payment services provided to entities holding GBL will be zero-rated

3. Electronic books will be exempt from VAT

4. Payment of VAT in foreign currency

Hotel or tourist residence registered for VAT purposes will be required to settle half of their VAT liability in foreign currency.

While this measure appears to align the currency of remittance for income tax and VAT, it does not address cases where the person makes supplies primarily in Mauritian Rupee. Hence, the practical aspects of this proposal should be considered before its implementation.

5. Common salt will be made zero-rated for VAT purposes

Common salt imported was previously exempted for VAT purposes and is now zero-rated. Common salt produced locally remains zero-rated.

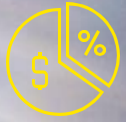
6. Postal services reclassified from zero-rated to exempt supply

7. Introduction of VAT exemption on entrance fee to any sports events under the responsibility of National Sports Federation

Though the entrance fee will be exempt, the related input tax on services and on goods not received by way of donation will not be deductible so that the financial impact may not be significant.

8. Introduction of VAT exemption on goods related to sports activities received as donation from abroad to National Sports Federation

No VAT will apply on goods received as donations by a National Sports Federation. VAT will apply in other cases.



Proposed measures

Affected person:	All registered persons
Effective date:	To be confirmed
Reference in the NBS or Annex to the NBS:	Paragraph 9.3(a) of the Annex
Financial impact:	Low to high
Limitations:	It depends on the relevant business

Introduction of new subsection in section 5 of the VATA

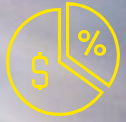
The general rule on the time of supply is the earlier of the issue of an invoice or receipt of payment. This measure seeks to introduce a deemed supply rule where no invoice or payment has been received. The supply is deemed to arise within 3 months after the goods are delivered or the services are performed.

Our analysis:

In instances where invoices are not issued or payment does not occur within 3 months, a registered person may face a significant cash outlay.

Implementation challenges:

Where the deemed supply rule apply, registered persons should be able to substantiate the actual time the relevant supply occurs. Practical challenges are bound to arise for supply of continuous services where delivery spans over a taxable period. Registered persons will be compelled to issue invoices as soon as is practicable and the determination of the time a service is performed may give rise to a detailed audit by the MRA.



Proposed measures

Affected person:	All insured parties in respect of short-term general insurance
Effective date:	1 January 2027
Reference in the NBS or Annex to the NBS:	Paragraph 277 of the NBS
Financial impact:	Low to moderate

Introduction of a 5% Insurance Premium Tax on short-term general insurance

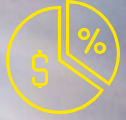
Our analysis:

Insurance services are exempt from VAT.

We presume that the application of the Insurance Premium Tax (“IPT”) will be dealt with in the Insurance Act.

It appears that the IPT will be confined to short-term general insurance and not to life insurance policies and will be passed on to the insured person.

The IPT is deductible in the hands of the insured where it relates to the insurance of assets used in the context of its gross taxable income.



Proposed measures

1. Occupation permit to be issued under the professional category will be consolidated into a single category.

The monthly basic salary threshold for all professionals will be Rs 50,000 so that there is no need to distinguish between a Professional Pass and an Expert Pass.

2. Introduction of a fee of USD 50 for the application of a residence permit for the non- citizen spouse of a Mauritian citizen.

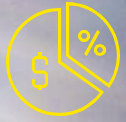
This will increase cost for the new couple.

3. Residence permit will be issued in either digital, card or paper-based format.

This is a welcoming measure that will expedite the application process.

4. Introduction of digital system for foreign nationals prior to travelling to Mauritius

This is also a measure that will significantly reduce the processing time.



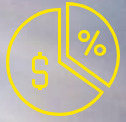
Appendix 1

Tax rate and bands

Chargeable income for the year ending 30 June 2026	%
First Rs 500,000	0
Next Rs 500,000	10
Remainder	20

Tax rate and bands

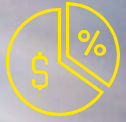
Chargeable income for the year ending 30 June 2027	%
First Rs 500,000	0
Next Rs 500,000	10
Next Rs 11,000,000	20
Remainder	35



Appendix 2

Illustrative example: Personal tax computation

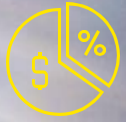
Year ending 30 June 2026	Person A	Person B	Person C	Person D	Person E
			Rs		
Net employment income	750,000	7,500,000	15,000,000	25,000,000	-
Lump sum from a superannuation fund		3,500,000			
Exempt portion of lump sum from superannuation fund		3,000,000			
Taxable portion of lump sum from superannuation fund		500,000			
Foreign tax on foreign dividend	1,000	2,500	6,500		
Gross foreign dividend income	10,000	15,000	65,000		
Expenses	(2,500)	(3,500)	(75,000)		
Foreign dividend net of allowable expense	7,500	11,500	(10,000)		
Net income	757,500	8,011,500	15,000,000	25,000,000	
Mauritian sourced dividend income from non-global business entities	25,000	250,000	10,000,000	15,000,000	75,000,000
Expenses	(10,000)	(10,000)	(2,500,000)	(2,500,000)	(5,000,000)
Net dividend income	15,000	240,000	7,500,000	12,500,000	70,000,000
Deduction for dependent child	(110,000)	(110,000)	(110,000)	(110,000)	
Chargeable income	647,500	7,901,500	14,890,000	24,890,000	



Appendix 2

Illustrative example: Personal tax computation (Continued)

Year ending 30 June 2026	Person A	Person B	Person C	Person D	Person E
			Rs		
Chargeable income	647,500	7,901,500	14,890,000	24,890,000	
First Rs 500,000 at 0%					
Next Rs 500,000 at 10%	14,750	50,000	50,000	50,000	
Excess at 20%		1,380,300	2,778,000	4,778,000	
	14,750	1,430,300	2,828,000	4,828,000	
<i>Fair Share Contribution Income Threshold</i>					
Net income: as above	757,500	8,011,500	15,000,000	25,000,000	
Lump sum from superannuation fund		(500,000)			
Adjusted net income	757,500	7,511,500	15,000,000	25,000,000	
Mauritian sourced dividends from non-global business entities	25,000	250,000	10,000,000	15,000,000	75,000,000
	782,500	7,761,500	25,000,000	40,000,000	75,000,000
<u>Computation of leviable income</u>					
Chargeable income: as above			14,890,000	24,890,000	
Taxable portion of lump sum from superannuation fund			-	-	
Adjusted chargeable income			14,890,000	24,890,000	

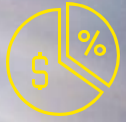


Appendix 2

Illustrative example: Personal tax computation (Continued)

Year ending 30 June 2026

	Person A	Person B	Person C	Person D	Person E
			Rs		
Mauritian sourced dividends from non-global business entities			10,000,000	15,000,000	75,000,000
Gross Mauritian sourced dividends			24,890,000	39,890,000	75,000,000
Excluded portion of leviable income			(12,000,000)	(12,000,000)	(12,000,000)
Leviable income			12,890,000	27,890,000	63,000,000
At 15%			1,933,500	4,183,500	9,450,000
Total tax before any foreign tax credit	14,750	1,430,300	4,761,500	9,011,500	9,450,000
<u>Foreign tax credit</u>					
Mauritian tax on foreign source income	146	2,053			
Foreign tax	1,000	2,500	6,500		
Lower of Mauritian tax and foreign tax	(146)	(2,053)			
Tax after foreign tax credit	14,604	1,428,247	4,761,500	9,011,500	9,450,000
<u>Computation of total tax</u>					
Mauritian tax	14,604	1,428,247	4,761,500	9,011,500	9,450,000
Foreign tax	1,000	2,500	6,500		
	15,604	1,430,747	4,768,000	9,011,500	9,450,000

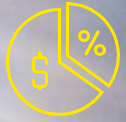


Appendix 2

Illustrative example: Personal tax computation (Continued)

Year ending 30 June 2026

	Person A	Person B	Person C	Person D	Person E
			Rs		
<u>Allocation of total tax</u>					
Net employment income	14,604	1,338,981	3,984,682	7,438,361	
Lump sum from superannuation fund		89,265			
Foreign dividend	1,000	2,500	6,500		
Mauritian sourced dividend			776,818	1,573,139	9,450,000
	15,604	1,430,747	4,768,000	9,011,500	9,450,000
<u>Computation of effective tax rate</u>					
Net employment income	1.95	17.85	26.56	29.75	Not applicable
Lump sum from superannuation fund	Not applicable	2.55	Not applicable	Not applicable	Not applicable
Net foreign dividend	13.33	21.74	-65.00	Not applicable	Not applicable
Net Mauritian sourced dividends	Not applicable	Not applicable	10.36	12.59	13.50

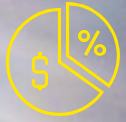


Appendix 2

Illustrative example: Personal tax computation

Year ending 30 June 2027

	Person A	Person B	Person C	Person D	Person E
	Rs				
Net employment income	750,000	7,500,000	15,000,000	25,000,000	-
Lump sum from a superannuation fund		3,500,000			
Exempt portion of lump sum from superannuation fund		3,500,000			
Taxable portion of lump sum from superannuation fund		-			
Foreign tax on foreign dividend	1,000	2,500	6,500		
Gross foreign dividend income	10,000	15,000	65,000		
Expenses	(2,500)	(3,500)	(75,000)		
Foreign dividend net of allowable expense	7,500	11,500	(10,000)		
Net income	757,500	7,511,500	15,000,000	25,000,000	
Mauritian sourced dividend income from non-global business entities	25,000	250,000	10,000,000	15,000,000	75,000,000
Expenses	(10,000)	(10,000)	(2,500,000)	(2,500,000)	(5,000,000)
Net dividend income	15,000	240,000	7,500,000	12,500,000	70,000,000
Deduction for dependent child	(110,000)	(110,000)	(110,000)	(110,000)	
Chargeable income	647,500	7,401,500	14,890,000	24,890,000	

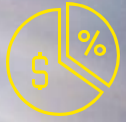


Appendix 2

Illustrative example: Personal tax computation (Continued)

Year ending 30 June 2027

	Person A	Person B	Person C	Person D	Person E
	Rs				
Chargeable income	647,500	7,401,500	14,890,000	24,890,000	
First Rs 500,000 at 0%	-	-	-	-	
Next Rs 500,000 at 10%	14,750	50,000	50,000	50,000	
Next Rs 11,000,000 at 20%	-	1,280,300	2,200,000	2,200,000	
Excess at 20%	-	-	1,011,500	4,511,500	
Total tax before any foreign tax credit	14,750	1,330,300	3,261,000	6,761,500	-
<u>Foreign tax credit</u>					
Mauritian tax on foreign source income	146	2,037	-	-	
Foreign tax	1,000	2,500	6,500		
Lower of Mauritian tax and foreign tax	(146)	(2,037)	-		
Tax after foreign tax credit	14,604	1,328,263	3,261,500	6,761,500	-
<u>Computation of total tax</u>					
Mauritian tax	14,604	1,328,263	3,261,500	6,761,500	
Foreign tax	1,000	2,500	6,500		
	15,604	1,330,763	3,268,000	6,761,500	-

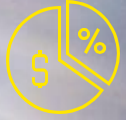


Appendix 2

Illustrative example: Personal tax computation (Continued)

Year ending 30 June 2027

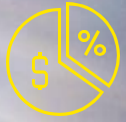
	Person A	Person B	Person C	Person D	Person E
	Rs				
<u>Allocation of total tax</u>					
Net employment income	14,604	1,328,263	3,261,500	6,761,500	
Lump sum from superannuation fund					
Foreign dividend	1,000	2,500	6,500		
Mauritian sourced dividend					
	15,604	1,330,763	3,268,000	6,751,500	
<u>Computation of effective tax rate</u>					
Net employment income	1.95	17.71	21.74	27.05	Not applicable
Lump sum from superannuation fund	Not applicable	-	Not applicable	Not applicable	Not applicable
Net foreign dividend	13.33	21.74	-65.00	Not applicable	Not applicable
Net Mauritian sourced dividends	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable



Appendix 3

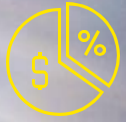
Offences relating to non-compliance for VAT purposes

	Current	Proposed	-
	Fines		Other implications
	Rs		
Non-submission of information to MRA	-	100,000	Imprisonment for a term not exceeding 2 years
Failure to produce books and records or grant access to electronic devices or obstruct an officer during an inspection	200,000	500,000	-
Failure to issue a fiscal invoice	10,000 per month capped at Rs 200,000	5,000 per day capped at 1,000,000	-
Failure to use e-invoicing system	200,000	500,000	Imprisonment for a term not exceeding 2 years



Glossary

Advance Payment System	APS	Financial Services Act	FSA
Arm's Length Principle	ALP	Financial Services Commission	Commission
Artificial Intelligence	AI	Foreign Tax Credit	FTC
Assessment Review Committee	ARC	Gambling and Regulatory Authority Act	GRAA
Base Erosion Profit Shifting	BEPS	Global Anti-Base Erosion	GloBE
Captive Insurance Act 2015	CIA2015	Global Business Licence	GBL
Close End Fund	CEF	High Net Worth Individual	HNWI
Collective Investment Scheme	CIS	Income Tax Act 1995	ITA
Contribution Sociale Generalisee	CSG	Integrated Resort Scheme	IRS
Core Income Generating Activities	CIGA	Invest Hotel Scheme	HIS
Corporate Climate Responsibility Levy	CCRL	Investment Tax Credit	ITC
Corporate Social Responsibility	CSR	Land Transfer Tax	LTT
Deduction of Tax at Source	DTS	Mauritius Revenue Authority	MRA
Double Tax Avoidance Agreement	DTAA	Million	m
Economic Development Board	EDB	Multinational Enterprise	MNE
Effective Tax Rate	ETR	National Budget Speech	NBS
Fair Share Contribution	FSC	National Pension Act	NPA
Finance and Miscellaneous Provision Act	FMPA	National Pension Fund	NPF



Glossary

National Savings Fund Act	NSFA	Smart City Scheme	SCS
National Security Fund	NSF	Social Contribution and Social Benefits Act	SCSBA
Non-Governmental Organisation	NGO	Stock Exchange of Mauritius Ltd	SEM
Objections, Appeal and Dispute Resolution Department	OADR	Supreme Court	SC
Organisation for Economic Corporation and Development	OECD	Tax Arrears Settlement Scheme	TASS
Pay As You Earn	PAYE	Transfer pricing	TP
Portable Retirement Gratuity Fund	PRGF	United States Dollar	USD
Prime a L'emploi Scheme	PLAL	Value Added Tax	VAT
Privy Council	PC	Value Added Tax Act 1998	VATA
Property Development Scheme	PDS	Withholding Tax	WHT
Qualified Domestic Minimum Top Up Tax	QDMTT	Worker's Rights Act	WRA
Real Estate Scheme	RES	Year Of Assessment	YOA
Registration Duty	RD		
Retired Non-Citizen	RNC		
Rupees	Rs		
Small and Medium Enterprise	SME		

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