



Mauritius Budget 2026/27 Synopsis

A prudent budget coherent with last
year



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“ A prudent budget coherent with last year ”

In his second budget speech since re-election, Honourable Navin Ramgoolam remains very consistent with the direction taken last year: reduce the budget deficit by using a combination of fiscal consolidation, curtailing spending and reducing waste while aiming at not slowing down the economy. The reduction of the ratio of Public Sector debt to GDP from 88% now to 80% by June 2029 is a priority.

The highlight this year is the pension reform, started last year, where we do away with the principle of universal pension for all. This takes courage but was required given the cliff we are facing in terms of pension costs as our population keeps ageing.

Welfare measures to promote the birth rate are radical, with up to one year maternity leave and six weeks of paternity leave, matching the standards of the most developed nations. However, when added to the 12 days of menstrual leave per annum and the Sunday public holidays now being carried over to Monday, these go against the need for more productivity.

The key messaging in this budget is positive: encourage start-ups and entrepreneurs, move towards AI and digitalisation, remove investment constraints, strengthen the banking environment through modern laws, reengineer our traditional sectors while investing heavily in our port, road network, water infrastructure and education.

Our tax system remains fairly stable, with fair share contribution being replaced by higher personal income tax rates, meaning the announced 3-year window probably becomes permanent.

Overall, a budget that timidly seeks to create new economic sectors over time. The environment is stable with Government playing its facilitation role. It is now up to the private sector to invest confidently, innovate and bring the growth we all need.



Gerald Lincoln
Country Managing Partner



Stability & Inclusion

- Price Stabilisation Fund contribution of MUR2.0bn to subsidise basic foods
- Extension of subsidies to a wider basket of consumer products
- Water security allocated budget of MUR6.4bn over next 3 years for national water catchment capacity and delivery improvements
- Targeted production of 405MW of green energy over next 5 years
- Climate resilience supported through a MUR4.0bn Coastal Erosion Adaptation Programme
- Social housing backed by MUR2.0bn (Phase 1 8k social housing project)
- MUR1.5bn for healthcare infrastructure and MUR0.7bn for police fleet modernisation and equipment
- Road connectivity budget of MUR2.0bn for the M4 Motorway linking Forbach to the airport
- MUR100m yearly over 3 years to rehabilitate 500ha of land for 250kT production by 2030

Growth engines

- Start-up and SME growth supported through a Start-Up Act, 10-year income tax holiday from start of operations, EDB Accelerator Scheme
- Set up a high-tech Special Economic Zone (SEZ) with an ambition of increasing related exports from USD 1.5bn to USD 3.0bn within five years
- Port capacity expanded through the MUR 48bn "Island Container Terminal Project" under a G2G arrangement with India
- Strategic port projects of MUR7.0bn through strategic investment by the Mauritius Ports Authority and Cargo Handling Corporation Ltd
- Airport modernisation supported by MUR2.7bn for expansion, modernisation and a digital Border Control System
- Tourism transformation backed by a MUR1.0bn allocation, including support to the MTPA
- Eco-integrated tourism villages, destination marketing, École Hôtelière revamp and an E-Visa system for non-citizens
- Planned legislative reforms, including new Bank of Mauritius Act, Banking Act, Resolution Regime and Financial Services Act.

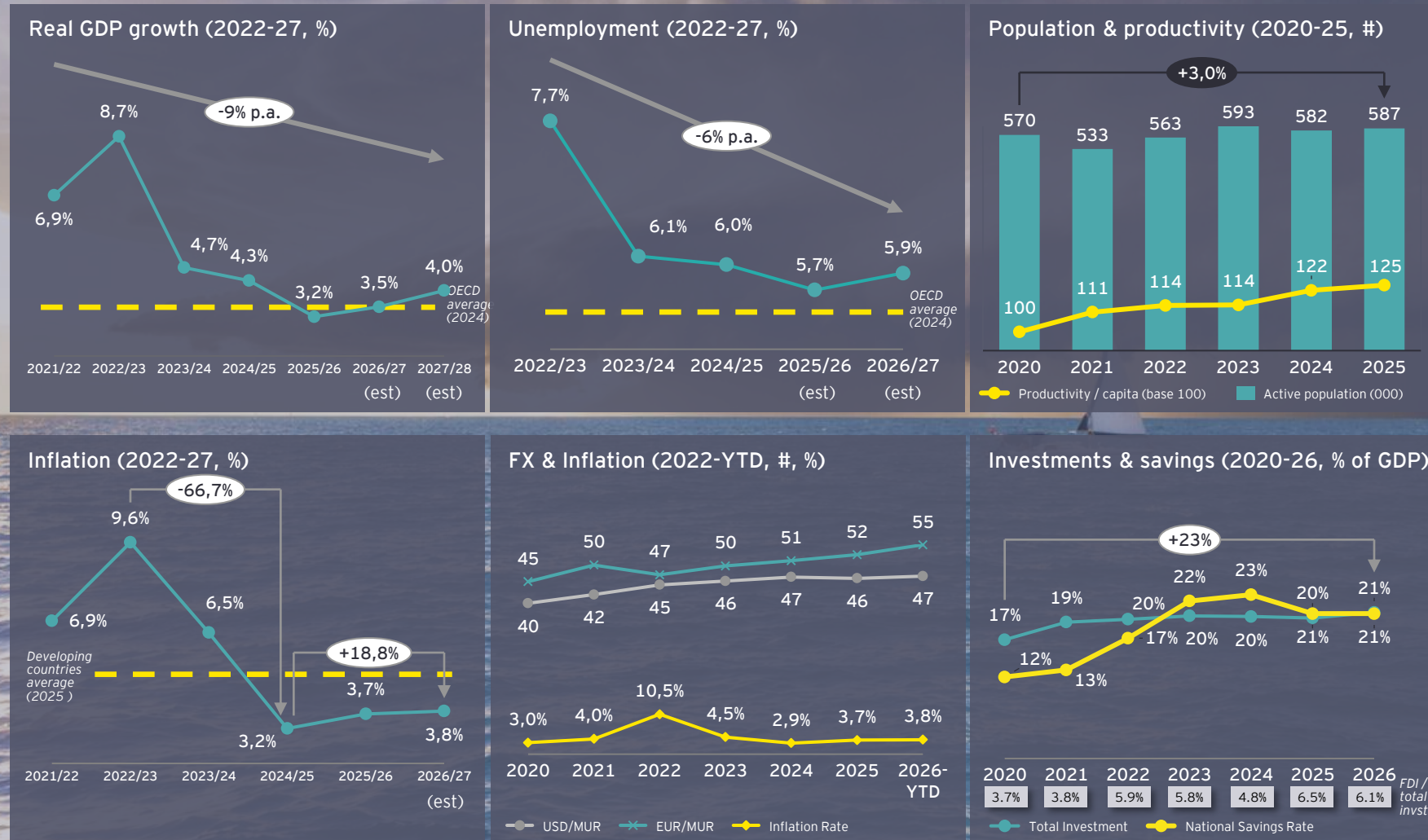
Future readiness

- Digital and AI skills expanded through a target to enable and train 50,000 Mauritians in practical AI use
- National AI Learning Platform complemented by cybersecurity measures including a cyber forensic lab, cybersecurity survey and ISMS across Government
- Circular economy advanced through MUR150m for waste-to-wealth programme and the Circular Economy Bill
- 60% renewable energy target by 2035, 15% increase in CEB buyback tariff and 25% subsidy for rooftop solar PV
- Blue economy and food security supported through MUR41m for two high-capacity hatcheries and a plan to increase local fish production from 5k tons to 15k tons over three years
- Formulation of a comprehensive migration policy and establishing a National e-diaspora platform aimed at attracting foreign talent and Mauritian diaspora



Growth has stabilised. A mix of supply side measures and new pillars of growth are required

Key economic indicators



Comments

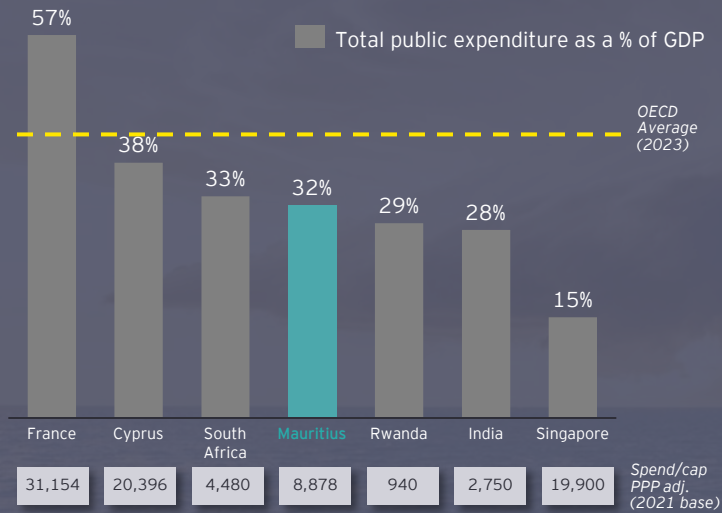
- Almost every indicator is reassuring, with ~3.2% growth, ~5.7% unemployment, ~3.7% inflation - Mauritius performs as a stable economy.
- Together, the indicators describe a structural ceiling: growth has stabilised, unemployment won't drop below ~5.7%, and the currency keeps eroding even as inflation is tamed.
- Persistent depreciation of MUR against USD & EUR signals purchasing-power erosion and constrained banking FX liquidity, limiting FX access for corporates and individuals.
- On the supply side, the workforce is no longer growing (growth driven by foreign workers reaching 48k at 11% CAGR 2020-25, further supported by new measures), and productivity growth is decelerating.
- Investment is nearing savings, with ~70% FDI flowing into real estate.
- While announced measures alleviate near-term needs, surpassing the ceiling will require time and new growth drivers.



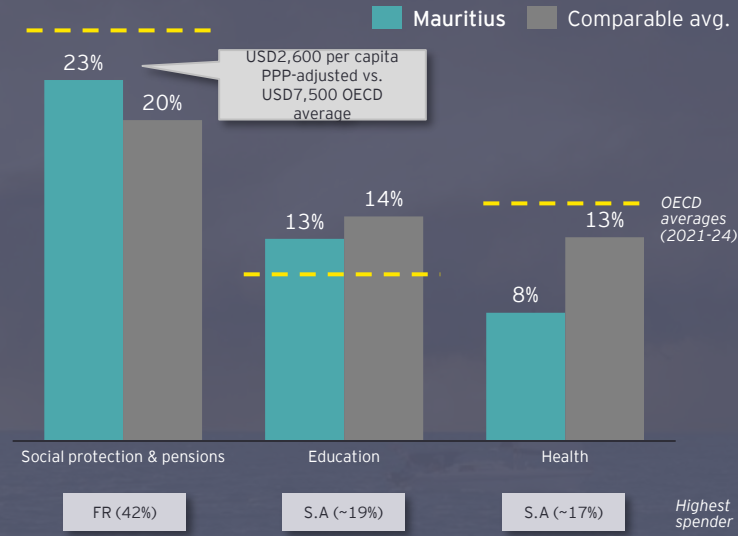
“ On size, mix and composition, Mauritius’s budget remains weighted towards OPEX, but investment has increased (10% vs 8% FY25/26)

Public spending size, mix & composition

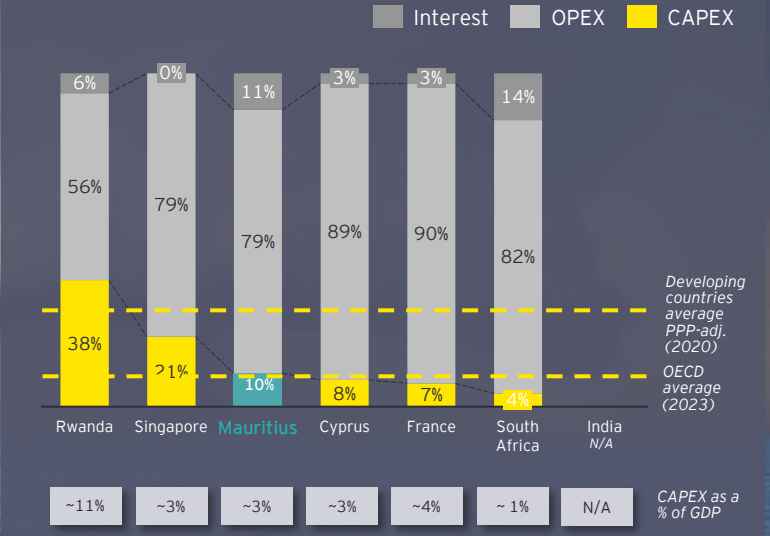
Government size & spending per capita PPP adj. (2024/26¹, % of GDP, USD)



Spending allocation mix (2023/26, % total spending)



CAPEX spending (2022/26, % total spending, approx.)



- At 32% - as a % of GDP - our public sector is as large as South Africa’s and nears Cyprus’s.
- The Government has indicated government contribution would remain unchanged, but the focus would be on more effective spending and delivery.

- While health and education are broadly in line with developing peers, social protection mirror some European levels (e.g., Ireland at 24%) and approach OECD averages, yet deliver only 1/2 of the value even after cost-of-living adjustments. Structural reforms announced seek to contain potential future increases in allocation on pensions.

- CAPEX at 10% of government spend is significantly below that of fast-investing Rwanda and Singapore; meanwhile interest now represents 11% of Government spend and absorbs more than the CAPEX envelope.
- The level of CAPEX is currently too low and not coherent with our long-term growth ambitions.

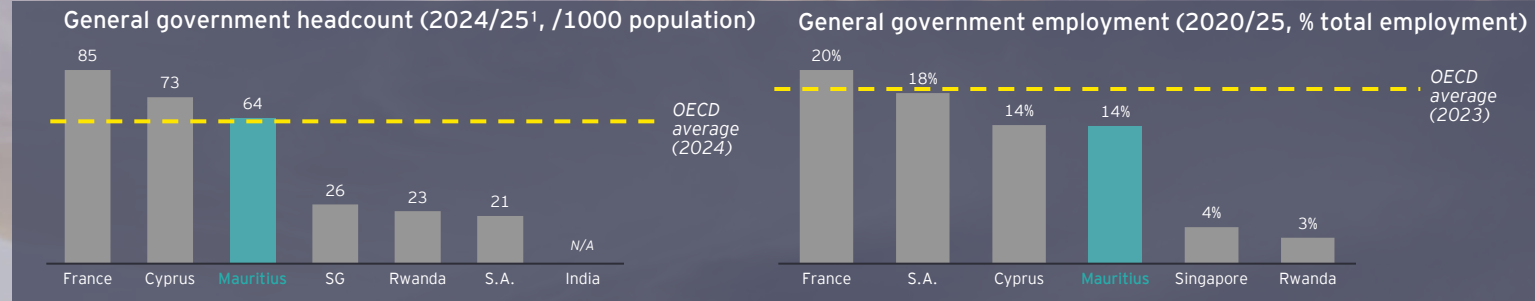


Public service relative to population size is in line with OECD average, but allocation across services is uneven in regards to doctors and police

Workforce size, mix & efficiency

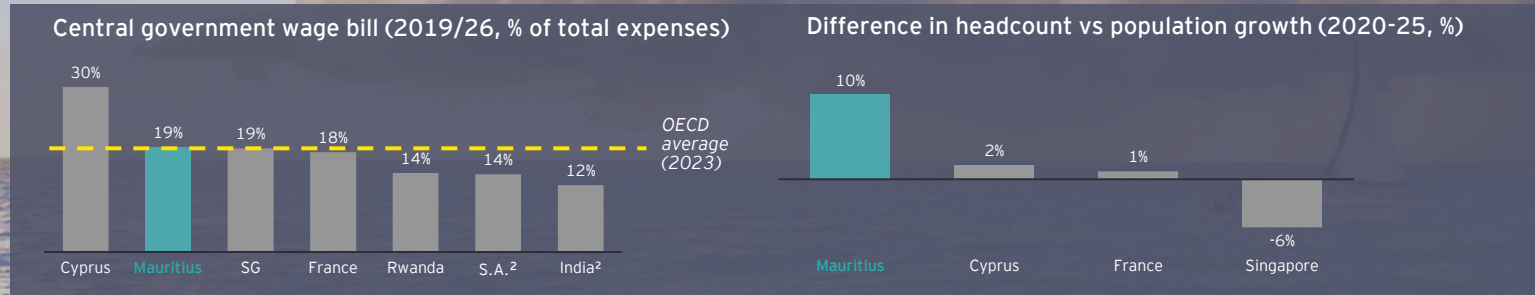
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Public service



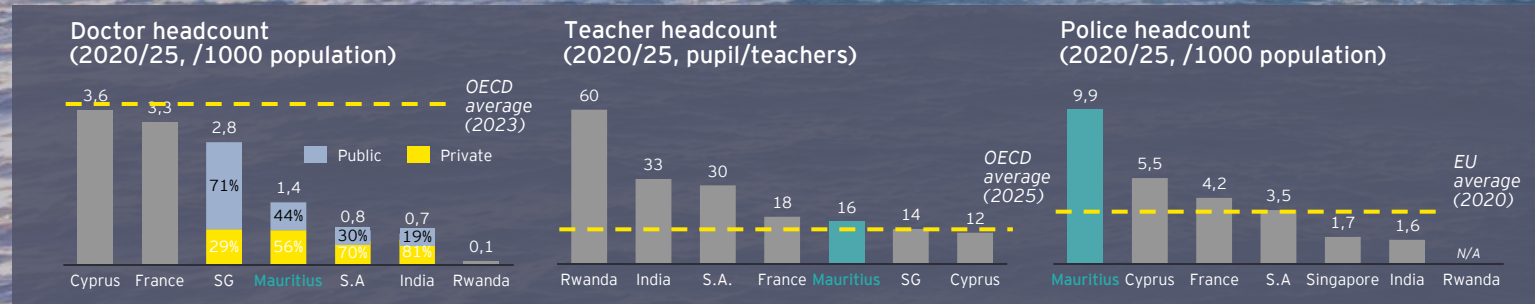
- Mauritius runs a developed country size public workforce relative to population, in line with the OECD average.
- For an economy of Mauritius's scale, the level is defensible only if matched by service output, yet it will continue to rise with new measures and infrastructure projects announced.

Adequacy



- The wage bill absorbs 19% of total expenditure, in line also with the OECD average.
- Public sector headcount growth, however has exceeded population growth by +10%.

Mix



- Staffing is uneven where health is thin (*lower if looking at public sector doctors*) and below every advanced comparator, education is adequate and policing is the heavy (3x EU avg) - further reinforced by newly announced policy agencies.
- Better outcomes from public spending can come from reallocation.

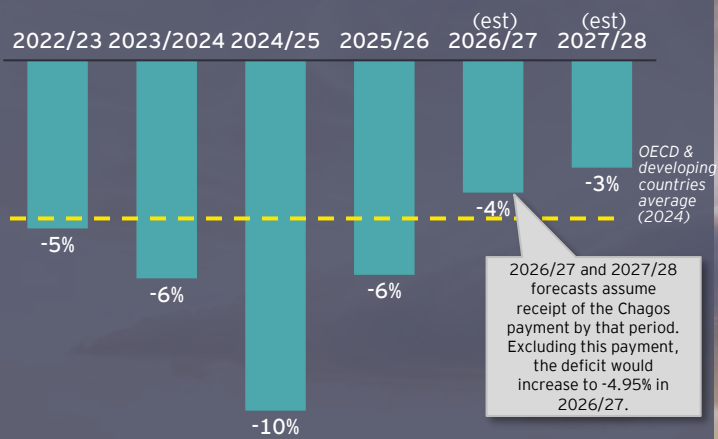




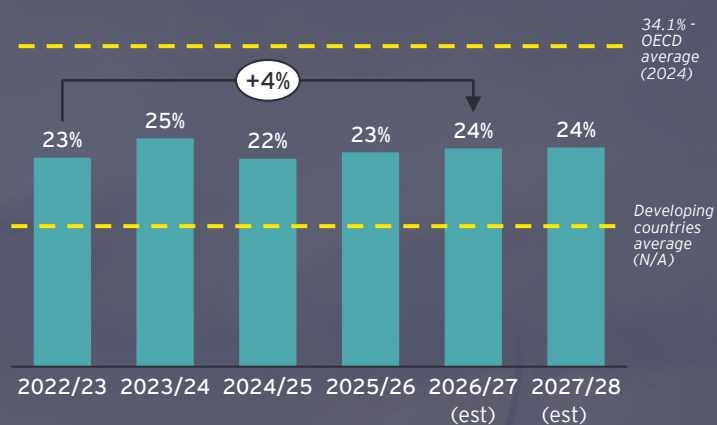
The fiscal consolidation path is supported by reductions in the fiscal deficit and public debt, although external imbalances remain elevated, even if improving

Key fiscal indicators

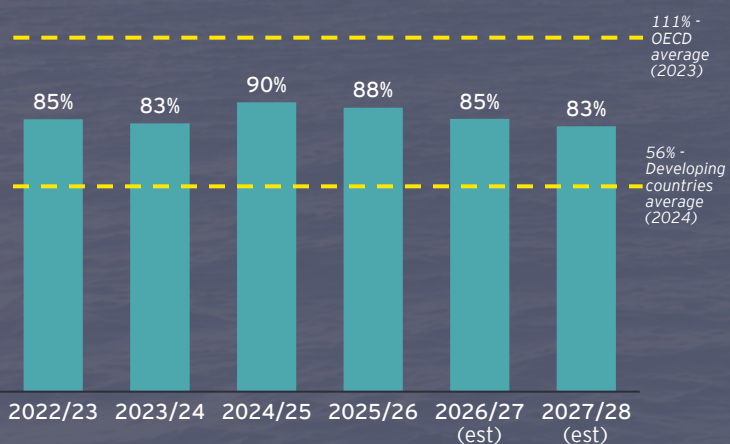
Budget deficit (2022-27, % of GDP)



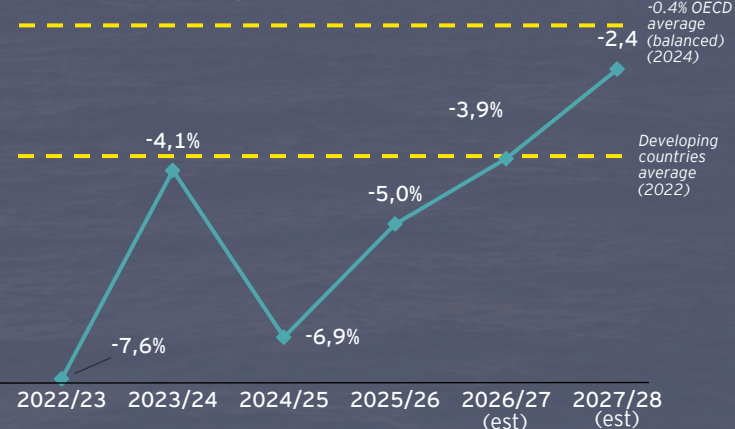
Tax-to-GDP ratio (2022-27, % of GDP)



Public debt (2022-2027, % of GDP)



Current account surplus/deficit (2022-27, % of GDP)



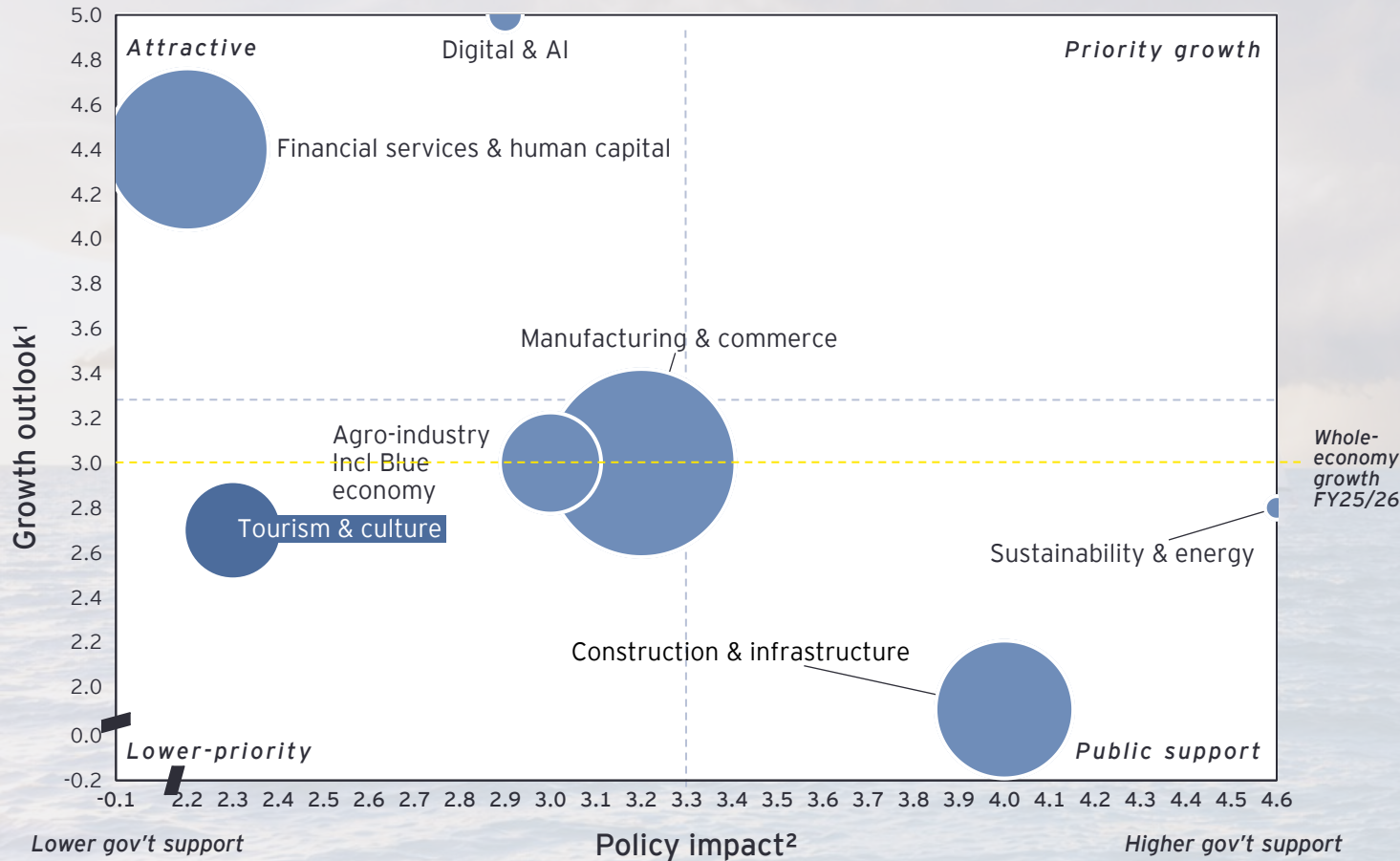
Comments

- Fiscal repair is real with budget deficit falling, and debt with it (both being below the OECD average) - on paper, a textbook consolidation.
- But the adjustment lands on the wrong lines: the tax take is rising, yet the proceeds fund deficit reductions and social protection increases. The books are being balanced by holding back investments and human-capital spend.
- Hence, consolidation is half revenue, half compression - the restraint falls on the very functions that should have driven the next cycle of growth.
- The external account improves, the current-account deficit narrows from ~-5%, with an expected gradual path toward rebalancing and reduced reliance on external financing.



“ Government measures support sectors with lower growth rates;
No major new transformative sector is being championed

Theme analysis - growth outlook vs policy impact



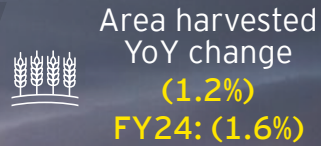
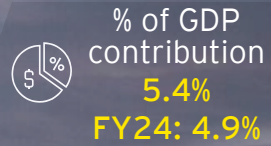
Comments

- The analysis does not reveal a clear long-term growth model; no theme combines a high growth outlook with strong government policy support, leaving the high priority- high growth quadrant effectively empty.
- The heaviest support is directed towards construction and the broader public-support themes, which sit below the whole-economy growth line, so fiscal weight is concentrated on lower-outlook activity.
- Key growth anchors (e.g., financial services, human capital, digital/AI) combine strong outlook with moderate policy impact, remain under-leveraged relative to potential, but grow without incremental government support.
- Taken together, government measures are more consistent with supporting weaker sectors and rebalancing the economy than with allocating resources towards the activities that would define the economy a decade out (excluding infrastructure spend).

Legend: Bubble size = % of GDP



Agro-industry



Food security and reduced import dependence remains on Government's agenda

Budget highlights

- **Food security & agricultural production**
 - "25 by 35" Food Security Programme to exceed 25% local food production by 2035.
 - MUR100m yearly over 3 years to rehabilitate 500 hectares to attain 250,000 tonnes of sugar production by 2030.
 - 50% replantation grant (up to MUR 25k) for small tea planters to increase tea production by 50% by 2029.
- **Promoting livestock & agricultural resilience**
 - Introduction of a Forest Bill and Group Forestry Project.
 - MUR 197m for livestock development, including farm infrastructure upgrades, feed subsidies, livestock incentives and a modern veterinary hospital.
- **Blue economy**
 - High-value aquaculture and seaweed farming are being developed through feed rebates, hatchery investment, and the establishment of 28 farming zones, targeting a tripling of production from 5,000 to 15,000 tons over three years.
 - Construction of a new and modern fishing port
 - Establishment of an Ocean research ecosystem including Ocean Studies Centre, Ocean Technology Incubator and a coordinated research framework.

Our point of view

- The expansion of our sugar and tea production facilities will bring much needed foreign currencies. However, the success of these measures will boil down to attracting people back to these activities. A tall order.
- Legislation to protect natural resources will help maintain our unique flora and fauna for future generations.
- The investment in developing our food production capacities is critical at securing food security and reducing reliance on imported productions. The recent events in the Middle East are the latest signals encouraging self-sufficiency.



Manufacturing & commerce

Export of goods
MUR 109bn
(FY24: MUR 110bn)

Manufacturing growth
FY25 3.2%
(FY24: 1.5%)

“ Attracting investment through ease of doing business

Budget highlights

▪ Commerce

- Streamline business licensing through an Economic Development Board (EDB) led review and introduction of a Business Facilitation Bill. Introduces silent agreement principle.
- Fast-track approvals via an AI-enabled digital platform to be implemented by the EDB.
- Under the Purchasing Power Shield, strengthen purchasing power through bulk procurement of essential goods by the State Trading Corporation (STC) and an additional MUR 2bn allocation to the Price Stabilisation Fund.

▪ Manufacturing

- Introduces an Industrial Policy and Industry Bill to address structural challenges.
- Set up a high-tech Special Economic Zone (SEZ) with targeted incentives schemes to attract investment in AI and advanced manufacturing and double exports to MUR 5bn over five years.
- Investment tax credit of 15% over 3 years (i.e. 45% in total) granted to manufacturing companies on expenditure in plan and machinery, AI solutions and patents (excluding motor cars).
- 10-year income tax holiday for startups.

Our point of view

- Clear initiatives to encourage investment.
- Introduction of the Business Facilitation Bill, licensing reforms and EDB-led AI digital platform to streamline approvals for investments. However, the positive outcome of this initiatives also depend on the effective execution across authorities.
- Price control measures to limit inflation on basic foodstuff.
- To reduce the budget deficit Government policies, including tax incentives, aim to address structural challenges to reposition Mauritius as an export-oriented manufacturing hub.
- The proposed Start-Up Act, SME Bill, 10-year income tax holiday for startups and EDB accelerator signal a stronger push to develop the domestic entrepreneurial base.



Arrivals
1.44m
(FY24: 1.38m)



Receipts
MUR 103.4b
(FY24: MUR 93.6b)



Budget highlights

- **Tourism positioning and marketing**
 - MUR 1bn allocated to support tourism transformation, including MUR 490m to the MTPA for destination marketing
 - Redefining Mauritius' tourism positioning through the development of eco-integrated tourism villages across regions, showcasing heritage, cuisine, culture and inland experiences to position Mauritius as a multi-experience destination.
 - Increased investment in destination marketing and visibility through promotional campaigns to expand into emerging markets while reinforcing presence in traditional markets.
- **Easing visitor access**
 - Digital E-Visa system for all non-citizens to apply prior travel and biometric e-Gates to improve passenger processing and border security.
 - Rodrigues distinct appeal as a tourist destination to be preserved and enhanced through the new runway
 - Ecole Hôtelière Sir Gaetan Duval to be revamped, to address staff shortages and skills gaps in the tourism industry.
 - MUR 4bn earmarked under the coastal Erosion Adaptation Programme.
- **Cultural heritage**
 - MUR 100m for the complete rehabilitation of the National History Museum at Mahebourg.
 - MUR 124m for the upliftment of the Le Morne Cultural Landscape.

Our point of view

Tourism remains resilient with continued growth in arrivals and revenues; however, MUR depreciation may partially inflate headline performance.

- We see an urgent need to accelerate the restructuring of the tourism sector, particularly formalising the non-hotel accommodation segment. We welcome initiatives such as the development of "eco-integrated villages," which support the repositioning of Mauritius as a diversified cultural and experiential destination.
- Efforts to reposition Mauritius as a lifestyle destination should be further accelerated, with a clear focus on attracting higher-value, longer-stay segments such as digital nomads, retirees and wellness travellers. This direction is essential to drive higher cumulative spend per visitor.
- We welcome the introduction of a digital e-visa platform to ease access and stimulate demand. However, greater clarity on execution and timelines is needed, particularly as similar measures were announced in the previous budget. Notwithstanding this, the initiative marks a positive step towards establishing a seamless, end-to-end digital guest journey.
- The planned revamp of the École Hôtelière Sir Gaëtan Duval is a critical enabler for the sector. It is expected to strengthen training incentives, support the retention of Mauritian talent, and reinforce the distinctive authenticity and service excellence that define the Mauritian tourism offering.
- Finally, the emphasis on coastal protection measures is strongly welcomed. These are vital to safeguarding tourism assets, strengthening climate resilience, and preserving the long-term attractiveness and sustainability of Mauritius as a premier destination.



Budget highlights

- **Renewable Energy and Climate Mitigation**
 - Project of 405MW of renewable energy over next 5 yrs - 80 MW Agrivoltaics, 220 MW Renewable Energy Hybrid Facilities (REHF) and expansion of 15 MW Wind Farm.
 - 15% increase in solar electricity buy-back tariff, from Rs 4.20 to Rs 4.83 per unit and 25% subsidy for installation of solar panels with battery capped at Rs 75,000 per household.
- **Circular Economy**
 - Waste-to-Wealth - MUR150 million for a programme to strengthen national waste management.
- **Biodiversity and Ecosystems**
 - MUR4 billion under the Coastal Erosion Adaptation Programme (expected to rehabilitate more than 11.5 kilometres/17 sites).
- **Corporate Sustainability-related Reporting**
 - The Financial Reporting Council will introduce relevant Sustainability-related reporting standards.

Our point of view

- A clear roadmap to achieve the 60% Renewable Energy target by 2035, with an appropriate mix of renewable energy sources and supplemented by battery storage.
- Empower households to become prosumer of electricity. However, the 15% increase in feed in traffic is advantageous for households under the net-metering scheme and this does not align with the objective of increasing adoption of BESS (Battery Energy Storage Systems) for increased autonomy from the grid.
- The Circular Economy Bill will complement the Waste Management and Resource Recovery Act 2023, thus, ensuring that the solid waste stream are channelled toward revenue and job generating activities of the Green Economy. However, this needs to be accompanied by proper expertise and infrastructure development and the sums allocated seem light.
- Preservation of our natural capital in the face of increasingly severe climate events hence increasing our resilience to Climate Change, however the National Adaptation Plan is not yet published.
- The introduction of IFRS S1 & S2 sustainability-related reporting standards in our jurisdiction will facilitate the access to funding - both locally and internationally - towards sustainable activities.



CoPI
6.9%
(FY24: 6.2%)



Sector growth
(2.1%)
(FY24: 9.7%)



MUR c.68bn investments
in infrastructure

Budget highlights

- Port Development
 - MUR 48bn earmarked for Island Container Terminal project under a G2G arrangement with India.
 - Additional strategic port projects worth approximately MUR 7bn underway.
- Airport Infrastructure
 - MUR 2.7bn to expand/modernise the airport including introduction of biometric e-gates and digital border control systems.
 - Construction of new runway in Rodrigues.
- Other Public Infrastructure
 - MUR6.4bn over the next 3 years to improve national water catchment capacity and delivery system, including construction of the Riviere des Anguilles Dam.
 - MUR 2bn for the M4 motorway linking Forbach to the airport.
 - MUR1.5bn to modernise and expand healthcare infrastructure, including construction of new SSRN Hospital.
 - Urban regeneration programme (residential, tourism, commercial and entertainment) over 41 acres alongside the Harbour Bridge development.

Our point of view

- Port Development
 - We welcome the focus on modernising the port infrastructure. It will be important to ensure timely implementation to deliver the intended improvements and enhance the port efficiency. We have lost competitive advantage in recent years.
- Airport Infrastructure
 - The improvement of the airport infrastructure will ensure a smoother experience and enhance the image of Mauritius as a tourist destination.
- Other Public Infrastructure
 - The measures around the water catchment and distribution will hopefully improve our water accessibility and security to Mauritian households.
 - Improving the overall public healthcare system is welcome.



Sectoral growth
FY25: 5.0%
(FY24: 4.9%)



Enabling Fintech while protecting growth

Budget highlights

- Planned legislative reforms, including new Bank of Mauritius Act, Banking Act, Resolution Regime and Financial Services Act.
- Focus on consolidating Mauritius' position as a trusted IFC and ensure readiness for the 2027 Mutual Evaluation by ESAAMLG.
- Strengthening the fintech ecosystem through enhanced regulatory frameworks, including a National FinTech Governance Committee (NFGC), streamlined licensing and passporting regime, and the introduction of new flexible licences to support innovation and position Mauritius as a regional wealth management hub.
- Introducing an Open Banking Framework to allow secure sharing of customer financial data between sector players.
- Broadening of the partial exemption regime for investment advisers and asset managers to include management of non-securities instruments such as loan receivables, mortgage-backed exposures and invoice financing portfolios.

Our point of view

- The planned legislative reforms are expected to modernise and reposition the financial sector by addressing increasing digitalisation, strengthening AML/CFT and prudential standards, and enabling the integration of fintech, open banking and digital assets within a more comprehensive supervisory framework.
- NFGC and the streamlined licensing/passporting frameworks will provide long-needed coordination and regulatory clarity. Success will depend on clear mandates and sustained regulatory capacity to avoid duplication or delays across institutions.
- Adoption of the OECD Crypto-Asset Reporting Framework, enhanced AML/CFT powers and the use of SupTech and AI reinforce Mauritius standing as a globally aligned financial centre. Ongoing updates and demonstrable effectiveness will be required as global standards continue to evolve.
- Cross-border supervisory cooperation and technology-enabled oversight will strengthen systemic resilience. These tools require skilled supervisors, strong data governance and cyber resilience to avoid new operational or concentration risks.
- As digital finance expands, maintaining robust cyber security, data protection and operational resilience will be essential to protect consumers, secure critical systems and preserve Mauritius' reputation as a trusted financial centre.



Human capital

Unemployment
rate %
FY25: 5.7%
(FY24: 6.0%)



Female activity
rate %
49.6%
(FY24: 48.8%)



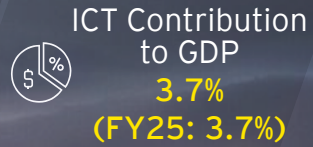
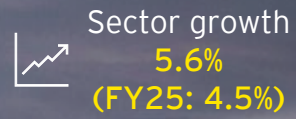
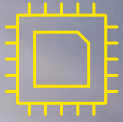
Shaping a future ready workforce

Budget highlights

- Formulation of a comprehensive migration policy aimed at attracting foreign talent and addressing labour shortages, as well as mitigating skills mismatches in the domestic market.
- Establishment of a National e-Diaspora Platform to mobilise and leverage Mauritian expertise residing abroad.
- Rationalisation of ministries with overlapping mandates to enhance operational efficiency, streamline decision-making processes, and optimise resource allocation.
- Expansion of AI-enabled learning across the education system, building on the successful pilot implemented in 10 schools, with a view to nationwide rollout.
- Introduction of measures to encourage the retention of graduates and skilled individuals in support of domestic labour market needs, including foreign students who can now work 30 hours a week during their holidays and stay beyond their studies.
- Pension reform measures providing that, as from 1 January 2027, the Basic Retirement Pension (BRP) will be replaced by the State Age Pension (SAP), alongside a progressive realignment of the eligibility age with the statutory retirement age of 65, while introducing greater flexibility within the framework.

Our point of view

- The Budget signals a welcome shift toward more action-oriented labour market reforms, with a clear emphasis on talent attraction, diaspora engagement, and strengthening the national training framework. These priorities are well aligned with Mauritius' ambition to enhance its competitiveness as a knowledge-based and services-led economy.
- The increase in trainee and graduate stipends is a positive signal, particularly in narrowing the gap between training support and entry-level wages. However, the uplift remains modest relative to private sector compensation and international opportunities, meaning retention of top talent may still be constrained without broader structural incentives.
- The enhancement of the Graduate Training for Employment Skills programme is more impactful from a productivity standpoint, as it strengthens the school-to-work transition and improves employability. The key success factor will be alignment with sectors facing acute skills shortages. Enabling foreign students to work addresses labour shortages.
- On pension reform, means testing was necessary. The shift from BRP to SAP with greater flexibility is a notable evolution. It suggests a move toward balancing fiscal sustainability with social protection. Flexibility in eligibility could support labour force participation among older workers, but clarity on transition rules and benefit adequacy will be critical to avoid uncertainty and ensure public confidence.
- Overall, while these reforms are directionally sound, their effectiveness will depend on execution, targeting, and complementary policies aimed at productivity, wage competitiveness, and economic diversification.



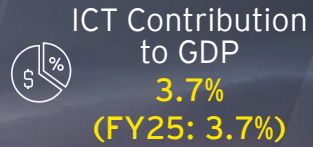
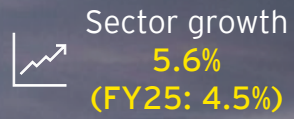
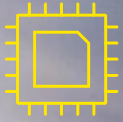
“ *Building AI capability at scale to deliver new skills, a future-ready workforce, better services, and a competitive digital economy.* ”

Budget highlights

- **Future Ready Economy with pillar 1 centred on Leveraging AI and Digitisation. Focused on 3 fronts:**
 - International subsea connectively programme to add a new layer of resilience to existing submarine cable infrastructure.
 - Positioning Mauritius as a trusted base for AI and cloud services.
 - Investing in our people focused on AI Upskilling at scale by training and equipping 50,000 Mauritians (including teachers, students, professionals, and public officers).
- **Responsible AI based on firm oversight and control over AI development and usage:**
 - National Intelligence Guideline for governance and responsible use of AI in higher education and in the civil services.
 - MUR13m investment for:
 - Cyber Forensic laboratory;
 - National cybersecurity survey;
 - Information Security Management Systems across government.

Our point of view

- AI is being positioned as a national priority, highlighting a clear shift to using AI to boost productivity and drive long-term economic growth. The Government’s strategy seeks to ensure Mauritius is not left behind in the AI economy, focusing on three core enablers: strengthening digital connectivity through subsea cable infrastructure, attracting and building AI and cloud capabilities, and positioning Mauritius as a trusted regional hub for the Indian Ocean and SADC region. Central to this agenda is a strong emphasis on human capital advancement, with large-scale ambitions to upskill 50,000 Mauritians in AI skills within a year—an objective that may prove overly ambitious given execution realities.
- Connectivity is central to the AI agenda, with stronger submarine cables and satellite capability expanding access. However, attracting sustained investment from global tech players remains difficult for a small island economy. Greater public-private and regional collaboration can help. Ultimately, success depends not just on infrastructure, but on resilience, responsible AI, and a strong value proposition that captures economic value locally.



“ *Building AI capability at scale to deliver new skills, a future-ready workforce, better services, and a competitive digital economy.* ”

Budget highlights

- AI-enabled digitalisation
 - AI-powered automation and multilingual chatbots on the National Electronic Licensing System.
 - AI-enabled digital tools within regulators to enhance service delivery.
 - Upgrade the Digital Interactive Virtual Assistant platform for public service access.
 - Establish a single digital SME platform for access to schemes and financing.
 - Roll out a digital border control system with biometric e-Gates.
 - Develop an Online Student Visa system and a centralised “Study in Mauritius” portal.
 - Introduce an e-judiciary platform to enhance efficiency and resilience.

Our point of view

- AI ambition is turned into citizen-facing services (licensing, chatbots, virtual assistant, SME platform, e-judiciary, biometric e-gates), which is where adoption becomes visible and trust is built. But the sustained value depends on reengineering the underlying workflows, not just layering automation on existing processes - digitising a slow process only makes a slow process faster to reach. Looking ahead, Mauritius has an opportunity to go further by using AI as a true differentiator—developing proprietary capabilities, data-driven platforms, and intellectual property that can be scaled and exported. By shifting from digitisation to innovation-led transformation, the country can strengthen its positioning and compete more effectively on the global stage.



Social measures



Price Stabilisation
MUR 12bn
(FY25: 10bn)



*Monday holiday,
Let's have gratin macaroni!*

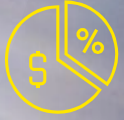
Budget highlights

- **Cost of living & essential living conditions**
 - Extension of subsidies to a wider basket of consumer goods (macaroni, luncheon meat, corned mutton, etc);
 - MUR2bn programme for low-income social housing;
 - MUR175m for household water tank installation.
- **Education & healthcare**
 - MUR133m for textbooks/materials targeting lower-income households;
 - Expansion of special needs and early intervention (ages 3-5) with therapists;
 - Healthcare boost with additional 2,220 medical staff and foreign medical expertise (MUR40m) to improve service quality;
 - Legal framework for cannabis consumption proposed before year end.
- **Welfare & social protection**
 - Targeted pension approach and flexible retirement age;
 - Higher poverty thresholds for SRM beneficiaries;
 - Up to annual 6% return on retirement savings for elderly;
 - 2 special geriatric wards per public hospital;
 - Maternity leaves to be extended to 1 year and paternity leaves to be extended to 6 weeks;
 - Public holidays falling on Sundays to be replaced on the following Monday.

Our point of view

- The hiring of foreign medical specialists to attend to the needs of patients who needed to travel to get access to specialized care is most welcome and will be more practical and cost-efficient.
- Extending the network of water tanks to more households is definitely part of the solution for water security.
- The legal framework for the usage of cannabis is the long-awaited project. We hope that the government will have the boldness to implement avant-garde laws.
- Are special needs specialists in education really available?
- The Government is now trying to finetune the controversial measure regarding pension eligibility age. The targeted approach disclosed this year still looks like a work in progress as the Minister awaits the final draft from the experts working thereon.

Overall continuity with previous budgets, combining cost-of-living relief and gradual expansion toward lower-middle-income households, alongside continued investment in public service capacity.



Budget highlights

- **Personal tax**
 - The exemption on termination payments has been increased from MUR3m to MUR3.5m. The exemption also applies to lump sum from superannuation funds and negotiated compensations under section 42 of the Employment Rights Act.
- **Repeal of Fair Share Contribution**
 - The Fair Share Contribution is being repealed so that Mauritian sourced dividends will no longer be taxed.
 - A maximum rate of 35% on chargeable income exceeding MUR12m will be applicable.
- **Corporate tax**
 - 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.
- **Tax rate on taxable profit on export of live animals**
 - The taxable profit on the export of live animals will be subject to the rate of 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**
 - A supply of services will be deemed to occur within 3 months after the delivery of the goods or performance of services where no invoice has been issued or payment has not been received.
 - The deemed time of supply 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.



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