

17 September 2026

Alert



THE FINANCE ACT 2026 ACT NO. 14 OF 2026

This Alert provides an analysis of the changes that are the subject matter of the Finance Act 2026 ("FA 2026") insofar as it concerns the Income Tax Act ("ITA"), the Land (Duties and Taxes) Act ("LDTA"), the Mauritius Revenue Authority Act ("MRAA"), Registration Duty Act ("RDA") and the Value Added Tax Act ("VATA").

Where appropriate we have also highlighted any changes that have been dealt with under the Economic and Financial Measures (Miscellaneous Provisions) Act 2026 ("EFMMPA 2026").

Personal tax

We noted that the tax bracket of 35% will not be limited to the tax year ending on 30 June 2027 ("TY 2027") and the year ending 30 June 2028 ("TY 2028"), despite the Prime Minister's announcement that the new tax bracket was to replace the fair share contribution ("FSC") for individuals.

While the FSC brought Mauritian-sourced dividend income within the charge to tax, it was intended to apply for three tax years, with the last year being TY 2028. We do not consider that the exclusion of such dividend income from the new tax bracket, and the resulting loss of tax over TY 2027 and TY 2028, can explain the permanent introduction of the new 35% tax rate.

Utilisation of tax credits against Corporate Climate Responsibility levy

As previously advised, we do not welcome the denial of foreign tax credit ("FTC") against the Corporate Climate Responsibility levy ("CCR levy"). On the contrary, we consider that the FTC should be creditable against the Corporate Social Responsibility ("CSR") in all cases.

With the current legislative framework, we may well end up with an undesirable outcome where the Mauritian tax is higher than the global minimum tax: an example is dividend income from a significant shareholding from a non-resident company.

The policy decision to allow investment tax credit ("ITC") against the CCRL and not any foreign tax is not consistent with the financial considerations. We must not ignore the underlying characteristics of the FTC and ITC, whereby the ITC is an extra tax benefit. This is not the case for FTC, particularly where tax is suffered and/or spared.

The fact that the income may be sourced from a treaty partner country does not automatically mean that the foreign tax is creditable against the CCR levy. There are also many instances where the FTC is computed in accordance with the Mauritian tax laws, irrespective of the fact that the income is sourced from treaty partner countries.

We should not ignore cases where the treaty partner country does not respect the relevant tax treaty. We may therefore end up with a scenario where the withholding tax is based on the domestic law of the treaty partner country and the withholding tax for the purposes of the base rate of 15% and the CCR levy is limited to the maximum rate prescribed under the relevant tax treaty.

The foreign tax under a tax treaty will be creditable against the CCR levy if: (a) the company is within the scope of the relevant tax treaty; (b) the foreign tax is within the scope of the relevant tax treaty; (c) the foreign tax has not been fully utilised against the base rate of 15% and/or any CSR. The amount to be credited against the CCR levy is limited to the CCR levy with respect to the foreign income in question.

We also consider that FTC may still apply in the case where 80% of the relevant income has been treated as exempt. In such a case, the foreign tax has to be restricted to reflect the fact that the net taxable income on the relevant income has been limited to 20%

Taxation of non-resident ICT service providers with no presence in Mauritius

Whilst we agree that the Government is allowed to decide on tax policy matters, we maintain the view that such policy decisions should not distort the fundamentals of our tax system and should not be implemented with the sole aim of increasing revenues from income tax.

We are concerned with the widening of the scope of the Mauritian tax to income of non-resident with no whatsoever presence in Mauritius from certain ICT services.

In addition to the fact that any Mauritian tax withheld may not qualify for credit in the country where the income is taxed the non-resident may incur a loss and the verification of the allowable expense will be a challenging exercise given the fact that the expenses are incurred outside of Mauritius.

Overall, the policy to shift the taxing right to the jurisdiction of the customer requires a uniform approach by all countries so that the income is not taxed more than once and there is a minimum alignment with the taxable profit.

We also do not understand the basis of the introduction of a withholding tax at the rate of 5% on payments for advertising, promotional, endorsement or marketing services carried out through social media platforms, digital content or any other similar electronic means.

Exclusion of export of live animals from the incentive rate

The exclusion of the export of live animals from the incentive rate of 3% implies that the Government is deliberately imposing a high tax rate on companies that satisfies the substantial activities beyond reasonable doubt. Yet the taxable profits from international trading are still subject to the incentive rate of 3%, irrespective of the fact that the core income generating activities may not be in Mauritius.

Given that the fees for the export of primates under section 46A of the Native Terrestrial Biodiversity and National Parks Act have not been reviewed and is still US\$ 400 per primate, the aggregate of the tax liability and the fee gives rise to an unduly high effective tax rate.

Deemed time of supply of 3 months

The introduction of a deemed time of supply rule has significant implications from an implementation, cash flow and fairness perspective.

This measure ignores business realities and its enforcement by the MRA will likely give rise to disputes since commercial decisions may involve a significant degree of subjectivity.

Supply of services by non-residents

Whilst we welcome the fact that a non-resident service provider providing digital and electronic services to solely registered persons are not required to register for VAT, we consider that the case where a non-resident service provider provides services to both registered and non-registered persons should also have been dealt with.

We do not consider that it was appropriate to repeal section 14A(5) of the Value Added Tax Act ("VATA"). We reiterate the fact that the better approach is to apply the reverse charge mechanism to both registered and non-registered persons.

Introduction of new Insurance Premium Tax

The new Insurance Premium Tax at the rate of 5% on premiums on general insurance business policies does not imply that the insurance companies will be considered as registered persons for the purposes of VATA.

Review of Mauritian tax system

At paragraph 281 of the Budget Speech, the Prime Minister referred to the set up of a High-Level Committee under the aegis of the Ministry of Finance to fundamentally review our tax system with a view to enhancing its fairness, efficiency and international competitiveness. The Committee is supposed to include tax experts, the IMF and international experts.

We reiterate the need for a consultative approach with a wide range of meaningful stakeholders. Such a review should not be limited to direct tax and should also consider other relevant taxes such as land transfer tax and registration duty.

Two immediate areas that warrant significant reviews are (a) the powers of the MRA; and (b) the various compliance obligations that have increased over the past two decades.

Yours faithfully



Ryaad Owodally
Director
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A. PERSONAL TAX

1. New tax bracket and effective repeal of fair share contribution

Section 7(b) and 7(v) of FA 2026

Affected persons	Individuals
Paragraph reference in BS	280
First year of application	Year ending 30 June 2027
Section reference in ITA	16C and PART I of the First Schedule

The Fair Share Contribution ("FSC") will not apply to individuals for the year ending 30 June 2027 ("TY 2027") and the year ending 30 June 2028 ("TY 2028") so that dividends from Mauritian resident companies will be fully exempt from tax from TY 2027.

Where the yearly chargeable income of an individual exceeds Rs 12million, the individual will be subject to the tax rate of 35% as from the TY 2027. The 35% tax rate is not limited to the TY 2027 and TY 2028, unlike the FSC. Any statutory termination payments effected in TY 2027 and any subsequent tax years may be subject to the tax rate of 35%. Such statutory termination payments are completely outside the scope of the FSC.

The impact of this change for a year depends in the main on the following for a year: (a) chargeable income; (b) statutory termination payment; (c) Mauritian sourced dividends; and (d) foreign tax imposed or spared from non-treaty partner countries. The overall impact will further be influenced by quantum of those four factors.

An individual with solely Mauritian sourced dividends not exceeding Rs 12million in a year is not affected given that he will not be liable to any FSC for TY 2026 and the dividends are exempt for FY 2027. If the Mauritian source dividend is Rs 20,000,000 for TY 2026, the FSC is computed at Rs 1,200,000, being 15% of the excess of Rs 20,000,000 over the FSC threshold of Rs 12,000,000. The effective rate of the FSC on the gross dividend of Rs 20,000,000 is computed at 6%. However, the individual would not be liable to any income tax on the dividend income in TY 2027, as depicted in the below table.

	Fair Share Contribution	Income tax
	Rs	
<i>Yearly Mauritian sourced dividends</i>		
Scenario A: Rs 11,500,000	Nil	Exempt
Scenario B: Rs 20,000,000	1,200,000	Exempt

If the income of an individual consists solely of foreign source income from a non-treaty partner country that has been subject to foreign tax, he is better off with the change given the fact that the foreign tax will qualify as credit. Annex 1 provides two worked examples.

2. Exempt portion of termination payments

Section 7(w)(i)(B) and 28(13) of FA 2026

Affected persons	Individuals
Paragraph reference in Annex	1.1(b)
Effective date	19 June 2026
Section reference in ITA	Item 6 of Sub-part A of Part II of the Second Schedule

The maximum exempt portion of any statutory and non-statutory termination payments have been increased from Rs 3million to Rs 3.5million as from 19 June 2026. The effective date of 19 June 2026 implies that within the TY 2026, the maximum portion of the exemption will be based on either Rs 3million and Rs 3.5million.

We consider that the effective date of the measure is based on the date of the payment and not the date of the execution of any agreement, like a negotiated compensation under section 42 of the Employment Rights Act or a retiring allowance. The payment date under a commutation of a pension under an enactment, a superannuation fund or a personal pension scheme will generally be predetermined. In such cases, it is still the payment date that will be relevant, irrespective of the fact that the liability occurred before 19 June 2026.

3. An individual holding a golden visa

Section 7(a)(iii) and 7(k) of FA 2026

Affected persons	Non-citizens
Paragraph reference in Annex	12.1
First year of application	Year ending 30 June 2027
Section reference in ITA	2, 73B and 74A

A holder of a golden visa will be treated on an equivalent basis as an individual holding a premium visa for income tax purposes. For this purpose, the golden visa will be issued to a foreign national under on the recommendations of the Economic Development Board. A liability to Mauritian tax arises on any deposits effected in any Mauritian bank account: such a liability does not arise if the deposits have been taxed in either the country of origin or residence of the individual.

4. Emoluments of the President and Vice-President

Section 7(w)(i)(a) of FA 2026

Affected persons	Individuals
Paragraph reference in BS	322
First year of application	Year ending 30 June 2027
Section reference in ITA	Item 1 of Sub-part A of the Second Schedule

The emoluments of the President and Vice-President are no longer exempt from tax as from TY 2027. The repeal of this exemption also impacts on any perquisites provided to the president and the vice president.

5. Emoluments of a qualifying non-citizen

Section 7(w)(i)(C) of FA 2026

Affected persons	Foreign nationals engaged in photovoltaic systems
Paragraph reference in Annexure	1.1(a)
First year of application	Year ending 30 June 2027
Section reference in ITA	New item 22 in Sub-part A of Part II of the Second Schedule

The employment income of a foreign national who is an employee of a company engaged in the manufacture of solar photovoltaic systems is tax exempt for a total period of four years. In determining the number of years, we consider that it would be inappropriate to count the first tax year as a full year unless the individual starts his employment on the first day of the tax year. Otherwise, we will have an outcome where an individual will benefit from the exemption for a total period of less than 4 years.

The exemption is limited to individual whose duties are wholly and exclusively the installation, commissioning or operation of a manufacturing plant engaged in the production of solar photovoltaic systems. We consider that administrative duties that are directly linked to the aforesaid duties should not itself disqualify an individual from the scope of the exemption. Likewise, the supervision by the individual of the duties should not itself imply that the employee is not engaged in the performance of the duties in view of the output of the duties.

The foreign nationals in question should also examine the tax impact arising in any other relevant countries, like their country of residence or origin. In the event that the income will be taxed in another country and there is no corresponding relief to reflect the fact that (a) the income is Mauritian sourced; and (b) there is an exemption for ecological reasons, the incentive may be partly or wholly eroded.

6. Disturbance allowance to a public officer

Section 7 (w)(i)(C) of FA 2026

Affected persons

Individuals

Paragraph reference in Annex

1.1 (c)

First year of application

Year ending 30 June 2027

Section reference in ITA

New item 23 in Sub-part A of Part II of the Second Schedule

Disturbance allowance is exempt as from TY 2027 if it is paid to a public officer whose terms and conditions of service are governed by the Report of the Pay Research Bureau and who is serving on a tour of service in Rodrigues or the Outer Islands. We consider that the exemption should not be limited to public officers so that all employees are treated on an equal footing.

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B. BUSINESS TAXATION

1. ICT services: expanding the scope of the Mauritian tax system

Section 7(l), 7(o), 7(p) and 7(y) of FA 2026

Affected persons	Non resident ICT service providers
Paragraph reference in Annex	1.6 and 9.2.2(a)
First year of application	12 August 2026
Section reference in ITA	74(j), 74(4), 111B, 111C and Sixth Schedule

Non-resident service providers are now within the scope of the Mauritian tax system if they provide certain specific ICT services in Mauritius. For this purpose, the ICT services are (a) supply of software, software licences, software applications and software maintenance services; or (b) distance maintenance of programmes and ICT equipment. The fact that the non-resident service providers do not have any place of business in Mauritius is not relevant.

The compliance obligations for the service providers may give rise to practical challenges in view of the fact that the fact that all the activities are performed outside of Mauritius. The fact that the expenses are incurred outside of Mauritius may well lead to a discussion on the attribution methodology, particularly if there is an overall loss in the country where the service provider is taxed. If ever any tax has been withheld under the new section 111B(o) of the ITA, the tax may not qualify for foreign tax credit in the country of residence of the service provider.

Tax is required to be withheld at source if the payment exceeds Rs 300,000.

Depending on the contractual arrangements, the Mauritian party may have to bear the 1% withholding tax.

Where the right to tax rests with a treaty partner country, the Mauritian party should keep the relevant evidence in support of the fact that no withholding tax applies under the specific tax treaty.

The non-resident service providers may have already been registered for Value Added Tax ("VAT") purposes further to the section 14A and 14B of the Value Added Tax Act in the light of the amendment made by section 61(c) of the Finance Act 2025. As a commercial gesture, the Mauritian parties may engage with the respective suppliers so that all areas of compliance are considered in a timely manner.

2. Corporate Climate Responsibility levy

Section 25(d) of FA 2026

Affected persons	Companies and partnerships
Paragraph reference in Annex	1.11
Effective date	12 August 2026
Section reference in ITA	50O(2) and new 50O(5)

We have already emphasised that we do not welcome the denial of foreign tax credit ("FTC") against the Corporate Climate Responsibility levy ("CCR levy"). This change in law increases the overall tax burden of the resident and may well discourage the use of Mauritian based companies. Whilst we noted that FTC is available under a tax treaty, we consider that there was really no need to change the law where a person wishes to invoke a tax treaty.

Annex 2 sets out some practical examples. Where a company is also liable to CSR and FSC, it may instead consider the 80% exemption. We wish to emphasise on the fact that no grossing up for underlying tax purposes is required if 80% of a foreign dividend is treated as exempt. On the same basis, any common expense is allocated based on the dividend before the grossing up exercise for the underlying tax.

The investment tax credit ("ITC") applicable to manufacturing companies is in addition to the annual allowance and hence we consider that it stands to reason that the ITC should not have been

creditable against the CCR levy. On the contrary, we noted that the amending laws still permit the reduction of the CCR levy by the ITC. In our considered view, this gives rise to a policy inconsistency. Foreign tax credit, regardless of whether the income originates from a treaty partner country, represents a relief for tax suffered and/or spared on the relevant income. Yet it is not available against the CCR levy if the foreign income arises from a non-treaty partner country. By contrast the ITC, which does not arise from tax suffered but is instead a statutory incentive, may be utilised against the CCR levy. It is therefore difficult to identify a principled basis for permitting the latter while denying relief for tax suffered and/or spared in another country.

The CCR levy will be paid under the quarterly system and is based on either the taxable profit for the preceding year or the tax result for the relevant quarter. Pursuant to the transitional provisions, the tax under the quarterly payment system is reduced over a phased approach.

A company may be penalised from a cash flow standpoint if it pays CCR levy under the quarterly payment systems and the yearly gross and exempt income is less than the Rs 50million threshold. We are hoping that in such cases, the utilisation of the CCR levy against the corporate tax and CSR will not pose any challenge given the fact that the CCR levy is an income tax for all intents and purposes.

3. Deduction of tax at source for non-traditional marketing services

Section 7(o), 7(p) and 7(y) of FA 2026

Affected persons	Businesses and non-residents
Paragraph reference in Annex	9.2.2 (b)
Effective date	12 August 2026
Section reference in ITA	New 111B(p), 111C(4) and Sixth Schedule

Payments made by any person for advertising, promotional, endorsement, or marketing, or marketing services carried out through social media platforms, digital content or any other similar electronic means will be subject to a withholding tax rate of 5%.

Unlike non-resident ICT providers, the sourcing principle under section 74 of the ITA has not been amended.

Given that the Deduction of Tax at Source mechanism is fundamentally premised on the fact that it applies to Mauritian sourced income, its legitimacy may be challenged in the context of payments to non-resident service providers.

Where the service provider is based in a treaty partner country, the payments would continue to be made on a gross basis.

The tax deducted at source may not qualify for credit in the country where the income is treated as taxable. If credit is permissible, the 5% tax deducted may not be fully deductible if the related corporate tax on the income is not enough.

The tax deducted at source is not a final tax and a non-resident may wish to submit an annual tax return if it wishes.

Depending on the contractual arrangement, the Mauritian party may be required to bear the tax so that the cost is increased by a fraction of 5/95. With a payment of Rs 10million, the additional cost is computed at Rs 526,395.

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4. Investment tax credit on qualifying capital expenditure

Section 7(u)(i) of FA 2026

Affected persons	Manufacturing companies
Paragraph reference in Annex	1.8
Year of application	July 2026 to 30 June 2029
Section reference in ITA	161A

The ITC applicable to manufacturing companies on capital expenditure incurred on new plant and machinery, artificial intelligence and patents will also apply to expenses incurred between 1 July 2026 and 30 June 2029.

This measure may well be a catalyst to manufacturing companies in view of the fact that the company is able to realise a permanent benefit, particularly in cases it has taxable profits. We wish to advise that the ITC is not allowable against the CSR and the FSC and as explained above it is deductible against the CCR levy.

The benefit of the ITC may be reduced for a manufacturing company that is subject to the Qualified Domestic Minimum Top-up Tax.

5. Export of live animals

Section 7(b) and 7(v) of FA 2026

Affected persons	Companies engaged in export of live animals
Paragraph reference in Annex	1.2
Effective date	12 August 2026
Section reference in ITA	2

The effective removal of the export of live animals as an activity that qualifies for the rate of 3% implies that there will be an increase of 12% on the corporate tax rate and the FSC will be based on a rate of 5% instead of 2%. We highlight that the profits still arise from exports from Mauritius and furthermore, the level of substantial activities of such companies are superior to other export-based companies.

At the same time, the fee for the export of monkeys under section 46A of the Native Terrestrial Biodiversity and National Parks Act have not been reviewed and is still US\$ 400 per monkey.

The effective date of 12 August 2026 may give rise to a debate on the computation of the taxable profit. A time apportionment methodology has the significant advantage in terms of simplicity and significantly reduced risk of manipulation. Another approach is to consider the date the live animals have been exported. Such an exercise may prove to be time-consuming, and the direct cost should also be computed on a similar basis. It is doubtful if there are any benefits to implement such an exercise. In the event that this approach is preferred, the relevant evidence should be robust to mitigate any potential challenge.

6. Fiscal incentives to a holder of an AI City Scheme Certificate

Section 15(d) of EFMMPA 2026

Affected persons	Holder of an AI City Scheme Certificate
Paragraph reference in Annex	12.2
First year of application	12 August 2026
Section reference in EDBA	New 14AA(6)(a)

The scope of any fiscal and non-fiscal incentives of a holder of an AI City Scheme Certificate under the new Sub-part AA of the Economic Development Act will be prescribed by way of regulations. Given the fact that the incentives will be prescribed by way of regulations, the scope of the fiscal incentives will be determined by the relevant Ministers.

We consider that the fiscal incentives will also apply to any tax and duty under the Land (Duties and Taxes) Act and the Registration Duty Act. Depending on the fact pattern, the incentives may not be required in view of the existing exemptions and the possibility to seek a remission of the duty and tax is under sections 46 and 47 of the LDTA and RDA respectively.

7. Income of a start-up enterprise set up on or after 19 June 2026

Section 7(w)(ii)(D) of FA 2026

Affected persons	Individuals
Paragraph reference in BS	36
First year of application	Basis year starting on or after 19 June 2026
Section reference in ITA	New item 63 in Sub-part C of Part II of the Second Schedule

An exemption of 10 years as from the from the year the company starts operation applies if all the following conditions apply: (a) the enterprise is set up on or after 19 June 2026; (b) the enterprise is managed in Mauritius; (c) the enterprise conducts its business operations in Mauritius or Africa; (d) the enterprise is a start-up falling under the National SME Incubator Scheme of the Mauritius Research and Innovation Council and is supported by an accredited incubator; and (e) the enterprise has a yearly turnover not exceeding Rs 100million.

8. Exemption to licensees under the Captive Insurance Act

Section 7(w)(ii)(A) of FA 2026

Affected persons	Licensees of captive Insurance
Paragraph reference in Annex	1.3
First year of application	Year ending 30 June 2027
Section reference in ITA	Item 28 of Sub-part C of Part II of the Second Schedule

An additional exemption period of a maximum of 5 years has been granted to licensees under the Captive Insurance Act where the licence has been issued before 19 June 2026. Though the amending laws do not specifically refer to the prescribed conditions, we consider that compliance with the conditions imposed by the Financial Services Commisision are still mandatory for the purposes of the exemption.

9. Computing the number of tax exempt years for companies with investment certificates

Section 7(w)(ii)(B) of FA 2026

Affected persons	Companies with an investment certificate
Paragraph reference in Annex	1.1(d)
Effective date	12 August 2026
Section reference in ITA	Item 56 of Sub-part C of Part II of the Second Schedule

The 8 years exemption for a company that has been granted an investment certificate by the Economic Development Board is based on the date the company starts its operations and not the date of incorporation.

We welcome this measure as it ensures that the initial years during which the company is not in operation are not taken into account for the purposes of computing the 8 years of exemption.

We also wish to emphasise that the law should have been amended further to cater for the cases of tax losses. The company should not be in a worse off position as a result of the exemption.

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10. Definition of “global business entity”

Section 7(a)(ii) of FA 2026

Affected persons	Various entities
Paragraph reference in Annex	1.4
First year of application	Year ending 30 June 2027
Section reference in ITA	2

A foundation will be classified as a “global business entity” if the founder and beneficiaries are either non-residents or hold Global Business Licences: furthermore, their activities must be carried out outside of Mauritius. On the same basis a trust will also be classified as a “global business entity” if the settlor and beneficiaries are either non-residents or hold Global Business Licences: here also the purpose of the trust has to be executed outside of Mauritius. A new paragraph has been inserted to specifically cater for cases of a trustee of a unit trust scheme who is a non-resident or who holds a Global Business Licence.

This change is effective as from the year of assessment 2027/2028. It does not impact on the distribution made during the year ended 30 June 2026 so that a distribution made by a trust to its Mauritian resident beneficiaries will be effectively outside the scope of the FSC. The FSC may impact the excluded entities on their taxable profits up to 30 June 2028.

11. Corporate Social Responsibility

Section 7(c) of FA 2026

Affected persons	Companies and partnerships
Paragraph reference in Annex	1.14
First year of application	Year ending 30 June 2027
Section reference in ITA	50L(2)(a)

The portion of the liability to Corporate Social Responsibility to be remitted to the MRA will be 75% as from January 2027.

Contribution to finance a programme that has started before 1 January 2019 is still possible if prior approval of the National Social Inclusion Foundation was obtained so that in such cases, this measure will effectively not apply.

12. Expenditure incurred by hotels on cleaning, renovation and embellishment works

Section 7(i) of FA 2026

Affected persons	Hotel operating companies
Paragraph reference in Annex	1.12(a)
First year of application	Year of assessment 2027/2028
Section reference in ITA	67H

The 150% deduction incurred by hotels on cleaning, renovation and embellishment works in the public realm will no longer be available as from the year of assessment 2027/2028. Such expenses may be deductible as a business expense or qualify for annual allowances.

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13. Joint tertiary education with African universities

Section 7(h) of FA 2026

Affected persons	Companies
Paragraph reference in Annex	1.12(b)
First year of application	Year of assessment 2027/2028
Section reference in ITA	67Q

The 200% deduction applicable to a higher education institution registered under the Higher Education Act on the costs relating to the conclusion of a contract with an African University to provide joint tertiary education for the final year of a course in Mauritius no longer applies as from the year of assessment 2027/2028.

14. Meaning of principal officer

Section 7(n) of FA 2026

Affected persons	Individuals
Paragraph reference in Annex	9.2.1
Effective date	12 August 2026
Section reference in ITA	81(6)

A definition has been included for a principal officer. The definition is consistent with the one used in the Value Added Tax Act. The definition implies that a principal officer does not include a non-executive director, unless such a director controls the powers of the Board of directors.

Separately, a company may be considered as a having its central management and control outside of Mauritius, where the principal officer is a non-resident. Such cases should be further evaluated, particularly from the perspective of the country of residence of the principal officer.

15. Excluded person for the purposes of the QDMTT

Section 7(e) (ii) of FA 2026

Affected persons	Covered persons under Sub-Part AF of Part IV
Paragraph reference in Annex	1.9(a)(i)
First year of application	Year of assessment 2025/2026
Section reference in ITA	50P

An investment fund and real estate investment vehicle will be treated as an excluded person if the investment fund and real estate investment vehicle, as the case may be, is the ultimate parent entity.

This measure ensures that the ITA is consistent with Article 1 of the Global Anti-Base Erosion Model Rules (the "Model Rules"). This change ensures that the application of the QDMTT in Mauritius does not give rise to a better outcome than the Model Rules.

16. Definition of fiscal year

Section 7 (e) (ii) of FA 2026

Affected persons	Covered persons under Sub-Part AF of Part IV
Paragraph reference in Annex	1.9(a)(iii)
First year of application	Year of assessment 2025/2026
Section reference in ITA	50P

The change in law reflects the fact that the calendar year is treated as the fiscal year in the event that the ultimate parent entity does not prepare financial statements and are not within the scope of paragraph (a), (b) or (c) of the definition of "consolidated financial statements" under section 50P of the Act.

17. Definition of financial accounting net income or loss

Section 7(e) of FA 2026

Affected persons	Covered persons under Sub-Part AF of Part IV
Paragraph reference in Annex	1.9(a)(ii)
First year of application	Year of assessment 2025/2026
Section reference in ITA	50P

The amendment seeks to clarify that the consolidated adjustments required to eliminate related party transactions.

18. Time limit to submit QDMTT tax return

Section 7(f) of FA 2026

Affected persons	Covered persons under Sub-Part AF of Part IV
Paragraph reference in Annex	1.9 (a)(iv)
First year of application	Year of assessment 2025/2026
Section reference in ITA	50W

This is a refinement to the law and in our view was not required.

19. Penalty and interest

Section 7(g) of FA 2026

Affected persons	Covered persons under Sub-Part AF of Part IV
Paragraph reference in Annex	1.9(c)
First year of application	Year of assessment 2025/2026
Section reference in ITA	50X

The penalty for late payment of tax has been reduced from 5% to 2.5%.

20. Amendment to QDMT tax return

Section 7(h) of FA 2026

Affected persons	Covered persons under Sub-Part AF of Part IV
Paragraph reference in Annex	1.9(b)
First year of application	Year of assessment 2025/2026
Section reference in ITA	50Y

The time limit to submit an amended QDMTT tax return has been increased from 2 to 3 years of assessment preceding the year of assessment the QDMTT return is submitted.

21. Statement of utility transactions

Section 7(q) of FA 2026

Affected persons	Central Electricity Board and Central Water Authority
Paragraph reference in Annex	9.2.3 (a)
First year of application	Year ending 30 June 2027
Section reference in ITA	New section 123G

The Central Electricity Board and the Central Water Authority will be required to submit electronically an annual statement to the MRA of all customers whose total amount payable exceeds Rs 100,000 in any given tax year. Where appropriate, the statement will include the National Identity Card ("NIC") number of the relevant individuals and the business registration number ("BRN") of any person other than an individual. If the meter is registered in the name of another person, the name of that person

should also be included. The statement should also include the address where the property is situated and such other particulars the MRA may require in the statement.

22. Statement of insured vehicles

Section 7(q) of FA 2026

Affected persons	A company engaged in the general insurance business
Paragraph reference in Annex	9.2.3 (b)
First year of application	Year ending 30 June 2027
Section reference in ITA	New section 123H

An insurance company will be required to submit electronically an annual statement in respect of motor vehicles where the sum insured exceeds Rs 2million, specifying the amount insured and the name of the policy holder.

Where appropriate, the statement will include the NIC number of the relevant individuals and in the case of a non-citizen the identification number issued by the immigration officer and his passport number. In other cases, the BRN of the person should be provided. The other information required to be submitted in the yearly statement is (a) the full name of the insurance policy holder; (b) the sum insured; (c) the registration number of the vehicle; (d) the make and model of the vehicle; and (e) the insurance premium. The statement may include such other particulars as it may require.

A maximum penalty of Rs 50,000 may apply on conviction for failure to provide the yearly statement.

23. Access to civil status information

Section 7(b) and 7(v) of FA 2026

Affected persons	Individuals
Paragraph reference in Annex	9.2.3 (c)
First year of application	Year ending 30 June 2027
Section reference in ITA	New section 123J

The MRA will have electronic access to the system of the Registrar of Civil Status for the purpose of obtaining information in the Civil Status Database or the Central Population Database.

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C. VALUE ADDED TAX ACT

1. Definition of “online marketplace”

Section 25(a) and (u)(ii) of FA 2026

Affected persons	Non-residents
Paragraph reference in Annex	6(d)
Effective date	12 August 2026
Section reference in VATA	2 and new item 8 in the Tenth Schedule

This measure seeks to expand the scope of the activities covered for the purposes of digital or electronic services provided by non-residents. For this purpose, online marketplace is defined as a digital platform connecting or facilitating electronic transactions and interactions, whether directly or indirectly, between sellers and buyers for the supply of goods or services. It specifically includes a website, web-based portal or gateway, applications store, digital distribution platform or any other similar platform. A platform which solely processes payments electronically is not within the scope of the definition.

The commission, fee or other consideration receivable by operators of online market-place will be within the scope of the definition. The application of this measure should not imply that the character of the main supply is changed so that the any exempt or zero-rated supplies would not be standard rated with the application of this measure.

Practical challenges may arise if the non-resident does not separately disclose the consideration attributable to his intermediary role.

2. Registration of non-resident service providers

Section 25 (g)(ii) of FA 2026

Affected persons	Non-resident service providers
Paragraph reference in Annex	6(c)
Effective date	12 August 2026
Section reference in VATA	New paragraph (c) in section 15(2)

Registration will not be required if the services are rendered exclusively to VAT registered persons. Whilst we welcome this measure, we also consider that the law should have addressed cases where the non-resident provides services to both registered and non-registered persons.

We are hoping that non-resident service providers that are already registered for VAT will not encounter any significant challenge to be able to terminate their registration.

3. Time of supply: introduction of an overriding rule

Section 25(b) of FA 2026

Affected persons	Registered persons
Paragraph reference in Annex	9.3(a)
Effective date	1 October 2026
Section reference in VATA	New subsections 5(1)(c), 5(2)(c) and 5(3)(iii)

A supply of goods or services will deem to take place 3 months after the goods are supplied or the services are performed. This change will apply to cases where the time of supply occurs after three months after the actual supply occurred.

The change also applies to exempt and zero-rated supplies and is not restricted to standard rated supplies. The change may therefore have an impact on the computation of the indirect input tax and the proportion of any VAT refund. The amendment will not impact on the computation of the indirect input tax where an alternative approach that is not based on the time of supply has been approved by the MRA under section 21(3)(d) of VATA and Regulation 8A.

In the context of supplies under a hire purchase agreement, the change does not apply given the fact that the supply is deemed to arise at the time the hire purchase agreement is signed. We do not consider that in practice that the goods will be delivered beyond a period of 3 months after the execution of the hire purchase agreement.

This change will lead to a cash flow disadvantage where the agreed time of payment by the parties is after three months. There may also be cases where the debtor refuses to pay the registered persons based on valid commercial reasons.

Practical challenges may also arise in determining the time a service is completed and the value to be ascribed to the supply where the service is of a continuous nature.

The biggest drawback of this measure is its verification whereby a lack of understanding of the business operations may lead to an outcome largely inconsistent with the commercial arrangements. The access to confidential business information is also a significant area of concern and a registered person may be compelled not to disclose any contract with any third parties, including the MRA or any other statutory authority.

The reconciliation of the values reported in the VAT return with the turnover recognised in the financial statements will also have to consider cases where the values reported in the VAT return is based on a time that is not consistent with the recognition criteria for accounting purposes.

In our view, this measure appears insufficiently grounded in commercial reality and may result in VAT liabilities arising by reference to an arbitrary timeframe, irrespective of the contractual terms and circumstances of the underlying transaction.

4. Deferred payment of VAT on importation

Sections 2(b)(i) and 25 (c) of FA 2026

Affected persons	Registerer persons
Paragraph reference in Annex	9.4(i)
Effective date	1 October 2026
Section reference in VATA	9A(3) and new section 9(4)

This change implies that any deferred VAT not reported as output tax in the correct taxable period should be reported in the subsequent taxable period. A penalty of Rs 10,000 will also apply and is dealt with under section 9B(2A) of the Customs Act.

Section 9B(2A) of the Customs Act was itself introduced by section 2(b)(i) of the FA 2026. The penalty of Rs 10,000 will be the subject matter of a written notice and the registered person is allowed to object to the notice under section 24A(3) of the Customs Act.

5. Payment of VAT in foreign currency

Section 25(e) of FA 2026

Affected persons	Registered persons engaged in hospitality
Paragraph reference in Annex	6(f)
First year of application	1 October 2026
Section reference in VATA	New section 12(1A)(aa) and 12(1A)(b)

Any registered person engaged in the provision of accommodation services in a hotel or tourist accommodation residence and receives payment of more than 50% in either Euros, GBP, Singapore dollars, South African rands, Swiss francs or US dollar or in any other approved foreign currency, the VAT return should be prepared in that currency and 50% of the tax should also be paid in that specific foreign currency.

Where there is an excess VAT, we consider that the question of preparing the VAT return in a foreign currency does not apply.

This requirement applies if the registered person is engaged in the provision of accommodation services and tourist residence, irrespective of the portion of the supplies for such services in the relevant taxable period.

We consider that the receipt of payment should be limited to the receipt from trade receivables: a shareholder loan in a foreign currency should in our view be ignored for the purpose of the 50% threshold.

The registered person should as a first step compute its total receipts in the taxable period in question and then compare the portion of the receipts from the foreign currencies to the total receipts to ascertain if the receipt from one specific foreign currency exceeds 50% of the total receipts. For this purpose, we consider that the rate of exchange on the date of the receipt should be used. The registered person should therefore have the relevant system in place to be able to perform this exercise.

If the total receipt from one currency ("VAT FC") converted in Rs exceeds 50% of the total receipts, 50% of the VAT payment should be made in the VAT FC. For this purpose, it is the VAT payable after any adjustment that should be considered. Given the fact that the VAT return is prepared in Mauritian Rupee, 50% of the net payment should be converted in the VAT FC. For this purpose, the rate of exchange on the date of payment may be appropriate if applied on a consistent basis.

From a cash flow standpoint, a registered person may have to purchase the VAT reporting currency to be able to comply with this measure. The foreign currency receipts may have well been used to settle other financial obligations. Hence, the measure may lead to additional financing cost, in addition to the increased administrative rigour.

6. Appointment of a tax representative

Section 25(f)(i) and (ii) of FA 2026

Affected persons	Non-resident service providers of digital and electronic services
Paragraph reference in Annex	6(c)(ii)
First year of application	12 August 2026
Section reference in VATA	14A(2) and (3)

The appointment of a tax agent if the yearly supplies of the non-resident service provider exceed the mandatory yearly threshold of Rs 3million is no longer required. We welcome this measure given the fact that the tax agent may have been liable to financial liabilities for reasons that are totally outside of his control.

7. Supplies made by non-resident to solely registered persons

Section 25(g)(iii) of FA 2026

Affected persons	Non-resident service provider of digital services and electronic services
Paragraph reference in Annex	6 (c) (i)
Effective date	12 August 2026
Section reference in VATA	New 15(2)(c)

A foreign service provider will not be required to register for VAT if the supplies are made exclusively to registered persons.

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8. Interaction with the reverse charge mechanism

Section 25(f)(iii) of FA 2026

Affected persons	Non-resident service provider of digital services and electronic services
Effective date	12 August 2026
Section reference in VATA	14A(5)

This change was not the subject matter of the Budget Speech and the Annex. We do not consider that this amendment is justified, particularly as it did not cause any whatsoever prejudice

We have more than once advised that the reverse charge mechanism is the better approach. It also ensures that the legitimacy of the input tax is preserved without the need to have an invoice.

9. Penalty for failure to issue fiscal invoices

Section 25(h) of FA 2026

Affected persons	Persons falling within PART VA
Paragraph reference in Annex	9.3 (c) (iii)
Effective date	12 August 2026
Section reference in VATA	20B(1) and (2)(b)

The penalty has been increased from Rs 10,000 per month to Rs 5,000 per day and the maximum penalty has been increased from Rs 200,000 to Rs 1million if the failure occurs for any consecutive period of 12 months. The penalty should be paid within 28 days from the receipt of the issue of the claim by the MRA.

10. Failure to join the e-invoicing system

Section 25(i) of FA 2026

Affected persons	Persons falling within PART VA
Paragraph reference in Annex	9.3(c)(iv)
First year of application	12 August 2026
Section reference in VATA	20E

The fine to join the e-invoicing system has been increased from Rs 200,000 to Rs 500,000 and the maximum term of imprisonment has been increased from 12 months to 24 months. This section is limited to cases of convictions.

11. Input tax not previously considered

Section 25(j) of FA 2026

Affected persons	Registered persons
Paragraph reference in Annex	9.3(b)
First year of application	12 August 2026
Section reference in ITA	21(6)

The time limit of 36 months has been reduced to 24 months.

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12. Relevance of supplies for the purpose of the Fair Share Contribution

Section 25 (o) of FA 2026

Affected persons	Companies with yearly supplies below Rs 24million
Paragraph reference in Annex	1.5
Effective date	12 August 2026
Section reference in VATA	53N(1)

The supplies of an entity will no longer be relevant for the purposes of ascertaining whether a liability to FSC arises.

The effective date of 12 August 2026 implies that the supplies for August 2026 have to be apportioned.

13. Power to require information

Section 25(k) of FA 2026

Affected persons	Registered persons
Paragraph reference in Annex	9.3 (c)
First year of application	12 August 2026
Section reference in VATA	New subsection 28(3)

If a person fails to comply with a request for information, a maximum penalty of Rs 100,000 and imprisonment of 2 years shall apply on conviction.

14. Power to inspect books, records and goods

Section 25(l) of FA 2026

Affected persons	Taxable persons
Paragraph reference in Annex	9.3(c)(ii)
Effective date	12 August 2026
Section reference in VATA	32

The penalty for non-compliance has been increased from Rs 200,000 to Rs 500,000.

15. Power to access computers and other electronic devices

Section 25 of FA 2026

Affected persons	Taxable persons
Paragraph reference in Annex	9.3(c)(ii)
Effective date	12 August 2026
Section reference in VATA	32A

The penalty for non-compliance has been increased from Rs 200,000 to Rs 500,000.

16. Common salt produced in Mauritius

Section 25 (r)(i) and (s)(i)(C) of FA 2026

Affected persons	Final consumers and registered persons
Paragraph reference in Annex	6(i)
Effective date	12 August 2026
Section reference in VATA	Item 2(n) of the Fifth Schedule

Imported common salt is zero rated and no longer exempt from VAT. The proportion of indirect input attributable to the turnover of taxable supplies of a trader will be higher and depends on the extent of the value of such supplies.

17. Postal services and services provided by a person holding a Postal Services Licence under the Postal Services Act in connection with payment of pension and utility bills

Section 25(s)(iii)(b) of FA 2026

Affected persons	Holder of a Postal Services Licence
Paragraph reference in Annex	6(j)
Effective date	12 August 2026
Section reference in VATA	New paragraph 1A in item 7 of the Fifth Schedule

The outcome of this change is the best scenario considering that the consumer will not pay VAT and the service provider will not charge any VAT. The service provider should ensure that it computed the correct amount of input tax and has all the requisites evidence in support of any input tax. Otherwise, the benefit of this measure may be severely prejudiced.

18. Goods imported under the transshipment procedures

Section 25(r)(ii) of FA 2026

Affected persons	Registered persons and importers
Paragraph reference in BS	Not mentioned
Effective date	12 August 2026
Section reference in VATA	Item 21 of the First Schedule

This amendment seeks to align item 21 with the Customs Act.

19. Bonafide passengers

Section 25(r)(iii) of FA 2026

Affected persons	Passengers
Paragraph reference in BS	Not mentioned
Effective date	12 August 2026
Section reference in VATA	Item 23A of the First Schedule

This amendment is a correction to the law in view of Item 23 of the First Schedule.

20. Entrance fees to any event in respect of any disciplines

Section 25(r)(v) of FA 2026

Affected persons	Sport organisers and their customers
Paragraph reference in Annex	6(l)
Effective date	12 August 2026
Section reference in VATA	Item 45 of the First Schedule

We welcome this change as it ensures consistency amongst all disciplines that are within the aegis of the National Sports Federation.

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21. Lancets and glucometer

Section 25 (r)(vi) of FA 2026

Affected persons	Registered persons
Paragraph reference in Annex	Not specifically mentioned
Effective date	12 August 2026
Section reference in VATA	Item 54 of the First Schedule

This amendment is the result of various changes in the First Schedule to the Customs Act.

22. Services provided by a holder of a management licence

Section 25(xiii) and (s)(ii) of FA 2026

Affected persons	A holder of a management licence
Paragraph reference in Annex	6(a)
Effective date	1 October 2026
Section reference in VATA	New item 97 in the First Schedule

Services provided by a holder of a management licence to entities holding a Global Business Licence, a trust whose settlor and the majority of beneficiaries are non-residents; or a foundation whose founder and the majority of beneficiaries are non-residents will be exempt. Registration of a holder of a management licence is mandatory in most cases. Any company that wishes to cease its registration should carefully consider the potential ramifications.

The fact that such companies may now be engaged in mixed supplies imply that the input tax has to be apportioned, and the application of the reverse charge mechanism will imply that the cost to non-resident service providers will be higher, unless the services provided by the non-residents are exempt.

23. Electronic books

Section 25(s)(i)(B)(I) of FA 2026

Affected persons	Individuals
Paragraph reference in Annex	6(e)
First year of application	12 August 2026
Section reference in VATA	Paragraph (i) of Item 2 of the Fifth Schedule

Electronic books are now zero rated, though the Annex to the Budget Speech provided that such books would be exempted.

This is a welcome measure as it places the treatment of electronic and printed books on an equal footing.

24. Exemption on goods received from abroad not intended for resale

Section 25(t)(i) of FA 2026

Affected persons	NGO
Paragraph reference in Annex	6(g)
First year of application	12 August 2026
Section reference in VATA	Item 2 of the Ninth Schedule

The exemption applicable to benevolent and charitable institutions have been extended to cases where the benevolent and charitable institutions benefits from funding from the National Social Inclusion Foundation.

25. Exemption to an event organiser approved by the Economic Development Board

Section 25(t)(ii) of FA 2026

Affected persons	Approved event organisers
Paragraph reference in Annex	6(h)
Effective date	12 August 2026
Section reference in VATA	Item 31 of the Ninth Schedule

The scope for the qualifying event now includes wedding, international events, international television and film award events. Championships or leagues organised by regional or international federations are excluded.

26. Exemption on goods received as donations from abroad for sport activities

Section 25 (t)(iii) of FA 2026

Affected persons	Registered Sports Federations
Paragraph reference in Annex	6(m)
Effective date	12 August 2026
Section reference in VATA	New item 32 in the Ninth Schedule

Goods received as donations from abroad for use in connection with sport activities are exempt for any National Sports Federation ("Federation") registered under the Sports Act.

The exemption does not apply to goods received as donations from a registered person in Mauritius. However, any goods given as part of a marketing strategy should not be treated as a supply for the registered person. The deductibility for the input tax will be based on the supplies of the registered person: any input tax on any goods provided to a Federation as part of a marketing strategy should be fully deductible if the turnover of the registered person consists solely of taxable supplies. The registered person should be able to demonstrate the business purpose of the gift.

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D. LAND (DUTIES AND TAXES) ACT

1. Additional duty on transfer of certain residential properties to a non-citizen

Section 9(a)(ii) and (d) of FA 2026

Affected persons	Transferors of certain residential properties
Paragraph reference in BS	182
Effective date	12 August 2026
Section reference in LDТА	New subsection 11(a) and new Part IV in the Seventh Schedule

Any transfer of residential property located on a State land or on Pas Géométriques to a non-citizen is subject to an additional duty of 10% and is payable by the transferor. The additional duty of 10% does not apply if a presale agreement in respect of the residential property has been executed prior to 19 June 2026 and drawn up and signed before a notary. For this purpose, a presale agreement means a transaction executed under the *vente en l'état future d'achèvement, les contrats de reservation préliminaire* pursuant to Article 1601-38 of the Code Civil Mauricien and a *promesse de vente* under Article 1589 of the Code Civile Mauricien.

2. Payment of duty and tax on appeal to the Revenue Tribunal

Section 9(b) of FA 2026

Affected persons	Aggrieved persons
Paragraph reference in BS	9.8.1
Effective date	12 August 2026
Section reference in LDТА	28(4)

The amount to be paid to the Registrar General on an appeal to the Revenue Tribunal is now limited to Rs 5million and is welcomed.

3. Transfer made by the National Housing Development Company Ltd or the New Social Living Development Ltd to a syndicat de co-opriétaires

Section 9(e) of FA 2026

Affected persons	NHDC, NSLD and syndicats de co-opriétaires
Paragraph reference in Annex	8.1
Effective date	12 August 2026
Section reference in LDТА	New paragraph (viic) in item (e) of the Eight Schedule

This amendment is welcomed in the light of the underlying purpose of the National Housing Development Company Ltd and the New Social Living Development Ltd. Any change in the ownership of any freehold or leasehold direct or indirect interest in any immovable property is thus exempt.

4. Remission of tax

Section 9(c) of FA 2026

Affected persons	Transferors of any interest in immovable property
Paragraph reference in Annex	9.7.2
Effective date	12 August 2026
Section reference in LDТА	46

This amendment seeks to ensure that it is the Ministry responsible for the subject of Finance and not the Minister that will be the involved party for the purposes of the remission of any duty under section 47 of the RDA and not the Minister. With this change, we expect that the remission process will be significantly quickened.

E. REGISTRATION DUTY ACT

1. Registration duty on a transfer to a non-citizen

Section 16(b) and 16(e)(i) of FA 2026

Affected persons	Non-citizens
Paragraph reference in Annex	8.4
First year of application	1 July 2026
Section reference in RDA	3(1G) and paragraph K of Part I of the First Schedule

The registration duty rate of 10% introduced by sections 49 (c)(i) and 49(g)(i) of the Finance Act 2025 on a transfer to a non-citizen on or after 1 July 2026 pursuant to the EDB Property Scheme or under section 3(3)(c)(v) of the Non-Citizens (Property Restriction) Act has been repealed.

2. Derogation from liability to duty

Section 16 (c) of FA 2026

Affected persons	Transferees of qualifying immovable properties
Paragraph reference in Annex	
Effective date	12 August 2026
Section reference in RDA	27(3)(a),(b) and 27(5)(a), (b) and 27(7)

The maximum duty reduction for either a transfer of bare land or the right to construct a residential building on top of an existing building on a freehold land together with the *quote-part* has been increased from Rs 125,000 to Rs 150,000. Likewise, the maximum duty reduction under section 27(5)(a) of the RDA has been increased from Rs 250,000 to Rs 300,000. The amendment also ensures that the fact the transferee may own any agricultural land will not impact on the reduction. Where the conditions relating to the reduction is not satisfied the Registrar-General is also legally empowered to recover the duty from the transferee.

3. Remission of duty

Section 16 (d) of FA 2026

Affected persons	Transferees of immovable properties
Paragraph reference in Annex	9.7.2
Effective date	12 August 2026
Section reference in RDA	47(1) and (3)

This amendment is logical in view of the corresponding change to section 46 (c) of the LDTA, referred to above, and seeks to ensure that it is the Ministry responsible for the subject of Finance that will be the involved party for the purposes of the remission of any duty under section 47 of the RDA and not the Minister. With this change, we expect that the remission process will be significantly quickened.

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F. MAURITIUS REVENUE AUTHORITY ACT

1. Compliance agreement

Section 10(a) and (b) of FA 2026

Affected persons	Any person
Paragraph reference in Annex	9.1.3.
Effective date	12 August 2026
Section reference in MRAA	2 and new section 7BA

A compliance agreement may be executed with a person before any of the following events: (a) the issue of an assessment; (b) the issue of a claim; (or) the issue of a notice of determination. The agreement shall cover the following:

- The matters agreed by the parties;
- The amount of tax, penalties, surcharges and interest payable;
- A declaration by the person on the fact that he has truly and fully disclosed all material facts relevant to the determination of his tax liability;
- The terms of any payment on any balance of tax, penalties, surcharges and interest;
- Any other agreed particulars;

The agreement should be signed by both the person or his duly authorised representative and the MRA.

A person will be deemed to have waived his right of appeal against any course of action that is the subject matter of the agreement. The agreement shall be final, conclusive and binding on the parties, unless, the MRA either becomes in possession of any material information at the time the agreement was executed or the person has failed to disclose material information at the time the agreement was executed.

2. Confidentiality

Section 10 (c) of FA 2026

Affected persons	
Paragraph reference in BS	
Effective date	12 August 2026
Section reference in MRAA	New subsection 13(2)(ada)

The MRA will be empowered to exchange confidential information with the Ministry responsible for the subject of consumer protection, on a person supplying goods or services as an e-commerce trader, and who is not registered under the Business Registration Act.

3. Stay of assessment or claim

Section 10(d) of FA 2026

Affected persons	Tourist enterprises as defined in the Tourism Authority Act
Paragraph reference in Annex	9.1.2
First year of application	12 August 2026
Section reference in MRAA	15A

The possibility to stay an assessment or claim has been extended to section 9I of the Tourism Authority Act.

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4. Tax agent

Section 10(e) FA 2026

Affected persons

Individuals wishing to be recognised as tax agent

Paragraph reference in BS

Not mentioned

First year of application

12 August 2026

Section reference in MRAA

New sub-sections 17D(a)(B)(v) and 17D(a)(B)(vi)

The person should satisfy the committee that he has a minimum of 3 years' experience and also complies with the prescribed conditions.

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Example 1

In this example, the income of the resident individual comprises solely of foreign source income from a country with which Mauritius does not have a tax treaty. In the example, the individual does not have any personal reliefs and deductions and the foreign source income of Rs 20,000,000 has been subject to tax at the rate of 25%.

		Year ended 30 June	
		2026	2027
		Rs	
Chargeable income		20,000,000	20,000,000
First Rs 500,000 at 0%		-	-
Next Rs 500,000 at 10%		50,000	50,000
Next Rs 11,000,000 at 20%		2,200,000	2,200,000
Excess of Rs 8,000,000 at 20%		1,600,000	
Excess of 8,000,000 at 35%			2,800,000
		3,850,000	5,050,000
Fair Share Contribution			
Rs 8,000,000 at 15%		1,200,000	
	[X]	5,050,000	5,050,000
Foreign tax credit			
Mauritian tax	[A]	3,850,000	5,050,000
Foreign tax	[B]	5,000,000	5,000,000
Lower of [A] and [B]	[C]	3,850,000	5,000,000
Unrelieved foreign tax			
Foreign tax		5,000,000	5,000,000
Foreign tax credit	[C]	3,850,000	5,000,000
Unrelieved portion of foreign tax		1,150,000	
Residual liability in Mauritius	[X]-[C]	1,200,000	50,000
		%	
Proportion of residual tax		6	0.25

Example 2

The facts are identical to Example 1, with the exception that the individual has also a yearly employment income of Rs 20,000,000.

		Year ended 30 June	
		2026	2027
		Rs	
Emoluments		15,000,000	15,000,000
Foreign source income		20,000,000	20,000,000
Chargeable income		35,000,000	35,000,000
First Rs 500,000 at 0%		-	-
Next Rs 500,000 at 10%		50,000	50,000
Next Rs 11,000,000 at 20%		2,200,000	2,200,000
Excess of Rs 23,000,000 at 20%		4,600,000	
Excess of Rs 23,000,000 at 35%			8,050,000
		6,850,000	10,300,000
Fair Share Contribution			
Rs 23,000,000 at 15%		3,450,000	
	[X]	10,300,000	10,300,000
Foreign tax credit			
Mauritian tax	[A]	3,914,286	5,885,714
Foreign tax	[B]	5,000,000	5,000,000
Lower of [A] and [B]	[C]	3,914,286	5,000,000
Unrelieved foreign tax			
Foreign tax		5,000,000	5,000,000
Foreign tax credit		3,914,286	5,000,000
Unrelieved portion of foreign tax		1,085,714	
Residual liability	[X]-[C]	6,385,714	5,300,000
Attributable to:			
Emoluments		4,414,285	4,414,286
Foreign source income		1,971,429	885,714
		6,385,714	5,300,000
Proportion of residual tax		%	
Emoluments		29.4	29.4
Foreign source income		9.85	4.43

Example 1

A Mauritian company ("M Co") holding a Global Business Licence under the Financial Services Act has net dividend income of Rs 71,250,000 from an Indian resident company ("I Co"). The shareholding of M Co in I Co is 15%. The underlying tax rate has been computed at 20% and the total allowable expenses of M Co is Rs 3,750,000. The relevant computations are depicted below:

	Rs
Net dividend income	71,250,000
Indian withholding tax	3,750,000
	<u>75,000,000</u>
Underlying tax at 20%	18,750,000
Dividend as grossed up by underlying tax	<u>93,750,000</u>
Expenses	3,750,000
Taxable profit	<u><u>90,000,000</u></u>
Base rate of 15%	13,500,000
Foreign tax credit	
<i>Computation of foreign tax</i>	
Withholding tax	3,750,000
Underlying tax	18,750,000
	<u>22,500,000</u>
Mauritian tax on divided income	13,500,000
Foreign tax credit	13,500,000
Residual tax in Mauritius	<u>-</u>
<i>Utilisation of foreign tax</i>	
Total foreign tax	22,500,000
Foreign tax credit	13,500,000
	<u>9,000,000</u>
Computation of CCR levy	
2% of Rs 90,000,000	1,800,000
Credit against CCR levy	
Remaining amount of foreign tax	9,000,000
CCR levy	1,800,000
	<u>1,800,000</u>
Residual CCR levy	<u></u>

Example 2

The facts are the same as in Example 1, except that M Co has also dividend income from a Singapore resident company in connection with a shareholding of 1%.

	Jurisdiction of source		
	India	Singapore	Total
	Rs		
Net dividend income	71,250,000	12,000,000	83,250,000
Withholding tax	3,750,000		3,750,000
Dividend as grossed up by withholding tax	75,000,000	12,000,000	87,000,000
Underlying tax at 20%	18,750,000		18,750,000
Dividend as grossed up by underlying tax	93,750,000	12,000,000	105,750,000
Expenses	3,232,759	517,241	3,750,000
Taxable profit	90,517,241	11,482,759	102,000,000
Base rate of 15%			15,300,000
Foreign tax credit			
<i>Computation of foreign tax</i>			
Withholding tax			3,750,000
Underlying tax			18,750,000
			22,500,000
Mauritian tax on total foreign income			15,300,000
Foreign tax credit			15,300,000
Residual tax in Mauritius			-
<i>Utilisation of foreign tax</i>			
Total foreign tax			22,500,000
Foreign tax credit			15,300,000
Remaining foreign tax			7,200,000
CCR levy: 2% of taxable profit	1,810,345	229,655	2,040,000
Credit against CCR levy			
Unutilised foreign tax	7,200,000		3,750,000
CCR levy on Indian dividend	1,810,345		1,810,345
	1,810,345		1,810,345
Residual CCR levy		229,655	229,655

Example 3

The facts are identical to Example 1, with the exception that M Co does not hold a GBL under the FSA so that it is liable to CSR and the FSC.

	<u>Rs</u>
Net dividend income	71,250,000
Indian withholding tax	<u>3,750,000</u>
	75,000,000
Underlying tax at 20%	18,750,000
Dividend as grossed up by underlying tax	<u>93,750,000</u>
Expenses	(3,750,000)
Taxable profit	<u>90,000,000</u>
Base rate of 15%	13,500,000
Foreign tax credit	
Computation of foreign tax	
Withholding tax	3,750,000
Underlying tax	18,750,000
	<u>22,500,000</u>
Mauritian tax on divided income	13,500,000
Foreign tax credit	13,500,000
Residual tax in Mauritius	<u>-</u>
<i>Utilisation of foreign tax</i>	
Total foreign tax	22,500,000
Foreign tax credit	<u>13,500,000</u>
	9,000,000
Corporate Social Responsibility	
2% of Rs 90,000,000	1,800,000
Remaining amount of foreign tax	9,000,000
CSR credit	<u>1,800,000</u>
Residual CSR	<u>-</u>
Computation of CCR levy	
2% of Rs 90,000,000	1,800,000
Remaining amount of foreign tax after CSR	7,200,000
CCR levy credit	<u>1,800,000</u>
Residual CCR levy	<u>-</u>
Fair Share Contribution	
5% of Rs 90,000,000	4,500,000
Remaining amount of foreign tax after CSR and CCR levy	5,400,000
FSC credit	<u>4,500,000</u>
Residual FSC	<u>-</u>

Example 4

The facts are identical to Example 2, with the exception that M Co does not hold a GBL under the FSA so that it is liable to CSR and the FSC.

	Jurisdiction of source		
	India	Singapore	Total
	Rs		
Net dividend income	71,250,000	12,000,000	83,250,000
Withholding tax	3,750,000		3,750,000
Dividend as grossed up by withholding tax	75,000,000	12,000,000	87,000,000
Underlying tax at 20%	18,750,000		18,750,000
Dividend as grossed up by underlying tax	93,750,000	12,000,000	105,750,000
Expenses	3,232,759	517,241	3,750,000
Taxable profit	90,517,241	11,482,759	102,000,000
Base rate of 15%	13,577,586	1,722,414	15,300,000
Foreign tax credit			
Computation of foreign tax			
Withholding tax			3,750,000
Underlying tax			18,750,000
			22,500,000
Mauritian tax on total foreign income			15,300,000
Foreign tax credit			15,300,000
Residual tax in Mauritius			-
<i>Utilisation of foreign tax</i>			
Total foreign tax			22,500,000
Credit against base rate			15,300,000
Remaining amount of foreign tax			7,200,000
CSR	1,810,345	229,655	2,040,000
Credit against CSR			
Unutilised foreign tax	7,200,000		
CSR on Indian dividend	1,810,345		
CSR credit	1,810,345		1,810,345
Residual CSR		229,655	229,655
CCR levy	1,810,345	229,655	2,040,000
Credit against CCR levy			
Unutilised foreign tax after CSR	5,389,655		
CCR levy on Indian dividend	1,810,345		
CCR levy credit	1,810,345		1,810,345
Residual CCR levy	-	229,655	229,655

FSC	4,525,862	574,138	5,100,000
Credit against FSC			
Unutilised foreign tax after CSR and CCR levy	3,579,310		
FSC on Indian dividend	4,525,862		
FSC credit	<u>3,579,310</u>		<u>3,579,310</u>
Residual FSC	946,552	<u>574,138</u>	<u>1,520,690</u>
<i>Summary of payables</i>			
Base rate	-	-	-
CSR	-	229,655	229,655
CCR levy	-	229,655	229,655
FSC	<u>946,552</u>	<u>574,138</u>	<u>1,520,690</u>
	<u>946,552</u>	<u>1,033,448</u>	<u>1,980,000</u>
<i>Application of foreign tax</i>			
Base rate	13,577,586	1,722,414	15,300,000
CSR	1,810,345		1,810,345
CCR levy	1,810,345		1,810,345
FSC	<u>3,579,310</u>		<u>3,579,310</u>
	<u>20,777,586</u>	<u>1,722,414</u>	<u>22,500,000</u>

Application of FTC mechanism on Indian sourced dividend income and 80% exemption on dividend income from Singapore

	Jurisdiction of source		
	India	Singapore	Total
	Rs		
Net dividend income	71,250,000	12,000,000	83,250,000
Withholding tax	3,750,000		3,750,000
Dividend as grossed up by withholding tax	75,000,000	12,000,000	87,000,000
Underlying tax at 20%	18,750,000		18,750,000
Dividend as grossed up by underlying tax	93,750,000	12,000,000	105,750,000
Expenses	3,232,759	517,241	3,750,000
	90,517,241	11,482,759	102,000,000
80% of Singapore dividend income		9,186,207	9,186,207
Taxable profit	90,517,241	2,296,552	92,813,793
Base rate of 15%	13,577,586	344,483	13,922,069
Foreign tax credit			
Computation of foreign tax			
Withholding tax	3,750,000		
Underlying tax	18,750,000		
	22,500,000		
Mauritian tax on Indian source dividend	13,577,586		
Foreign tax credit	13,577,586		13,577,586
Residual tax in Mauritius		344,483	344,483
<i>Utilisation of foreign tax</i>			
Total foreign tax	22,500,000		
Credit against base rate	13,577,586		
Remaining amount of foreign tax	8,922,414		
CSR	1,810,345	45,931	1,855,736
Credit against CSR			
Unutilised foreign tax	8,922,414		
CSR on Indian dividend	1,810,345		
CSR credit	1,810,345		1,810,345
Residual CSR		45,931	45,931

CCR levy	1,810,345	45,931	1,855,736
Credit against CCR levy			
Unutilised foreign tax after CSR	7,112,079		
CCR levy on Indian dividend	1,810,345		
CCR levy credit	1,810,345		1,810,345
Residual CCR levy	-	45,931	45,931
FSC	4,525,862	114,827	4,640,689
Credit against FSC			
Unutilised foreign tax after CSR and CCR levy	5,301,724		
FSC on Indian dividend	4,525,862		
FSC credit	4,525,862		4,525,862
Residual FSC		114,827	114,827
<i>Summary of payables</i>			
Base rate	-	344,483	344,483
CSR	-	45,931	45,931
CCR levy	-	45,931	45,931
FSC	-	114,827	114,827
	-	551,172	551,172
<i>Application of foreign tax</i>			
Base rate	13,577,586		13,577,586
CSR	1,810,345		1,810,345
CCR levy	1,810,345		1,810,345
FSC	4,525,862		4,525,862
	21,724,138		21,724,138
Unrelieved foreign tax	775,862		775,862
	22,500,000		22,500,000

Application of 80% exemption to all income of the company without the tax treaty

	Jurisdiction of source		
	India	Singapore	Total
	Rs		
Net dividend income	71,250,000	12,000,000	83,250,000
Withholding tax	<u>3,750,000</u>		<u>3,750,000</u>
Dividend as grossed up by withholding tax	75,000,000	12,000,000	87,000,000
Expenses			3,750,000
Taxable profit before 80% exemption			83,250,000
80% thereon			66,600,000
Taxable profit			<u>16,650,000</u>
Base rate of 15%			2,497,500
CSR: 2% of Rs 16,650,000			333,000
CCR levy: 2% of Rs 16,650,000			333,000
FSC: 5% of Rs 16,650,000			<u>832,500</u>
			<u>3,996,000</u>

Application of 80% exemption with tax treaty on portion of taxable Indian sourced dividend

	Jurisdiction of source		
	India	Singapore	Total
	Rs		
Net dividend income	71,250,000	12,000,000	83,250,000
Withholding tax	3,750,000		3,750,000
Dividend as grossed up by withholding tax	75,000,000	12,000,000	87,000,000
Expenses	3,232,759	517,241	3,750,000
Taxable profit before 80% exemption	71,767,241	11,482,759	83,250,000
80% thereon	57,413,793	9,186,207	66,600,000
Taxable profit before application of treaty	14,353,448	2,296,552	16,650,000
Underlying tax on dividend at the rate of 20% 20/80 times 20% of Rs 75,000,000	3,750,000		3,750,000
Taxable profit	18,103,448	2,296,552	20,400,000
Base rate of 15%	2,715,517	344,483	3,060,000
Foreign tax credit			
Computation of foreign tax			
Withholding tax: 20% of Rs 3,750,000	750,000		
Underlying tax	3,750,000		
	4,500,000		
Mauritian tax on divided income	2,715,517		
Foreign tax credit	2,715,517		2,715,517
Residual tax in Mauritius	-	344,483	344,483
<i>Utilisation of foreign tax</i>			
Total foreign tax	4,500,000		
Foreign tax credit	2,715,517		
	1,784,483		
CSR: 2% of taxable profit	362,069	45,931	408,000
Remaining amount of foreign tax	1,784,483		
CSR credit	362,069		362,069
Residual CSR	-	45,931	45,931
CCR levy: 2% of taxable profit	362,069	45,931	408,000
Remaining amount of foreign tax after CSR	1,422,414		
CCR levy credit	362,069		362,069
Residual CCR levy	-	45,931	45,931

FSC: 5% of taxable profit	905,173	114,827	1,020,000
Remaining amount of foreign tax after CSR and CCR levy	1,060,345		
FSC credit	<u>905,173</u>		<u>905,173</u>
Residual FSC	<u>-</u>	<u>114,827</u>	<u>114,827</u>
	<u>-</u>	<u>551,172</u>	<u>551,172</u>

Example 5

The facts are identical to Example 3, except that the net dividend from I Co is Rs 35,625,000.

Application of FTC mechanism

	Jurisdiction of source		Total
	India	Singapore	
	Rs		
Net dividend income	35,625,000	12,000,000	47,625,000
Withholding tax	1,875,000		1,875,000
Dividend as grossed up by withholding tax	37,500,000	12,000,000	49,500,000
Underlying tax at 20%	9,375,000		9,375,000
Dividend as grossed up by underlying tax	46,875,000	12,000,000	58,875,000
Expenses	1,893,939	606,061	2,500,000
Taxable profit	44,981,061	11,393,939	56,375,000
Base rate of 15%	6,747,159	1,709,091	8,456,250
Foreign tax credit			
Computation of foreign tax			
Withholding tax			1,875,000
Underlying tax			9,375,000
			11,250,000
Mauritian tax on total foreign income			8,456,250
Foreign tax credit			8,456,250
Residual tax in Mauritius			-
<i>Utilisation of foreign tax</i>			
Total foreign tax			11,250,000
Credit against base rate			8,456,250
Remaining amount of foreign tax			2,793,750
CSR	899,621	227,879	1,127,500
Credit against CSR			
Unutilised foreign tax	2,793,750		2,793,750
CSR on Indian dividend	899,621		899,621
	899,621		899,621
Residual CSR		227,879	227,879
CCR levy	899,621	227,879	1,127,500
Credit against CCR levy			
Unutilised foreign tax after CSR	1,894,129		1,894,129
CCR levy on Indian dividend	899,621		1,810,345
Residual CCR levy	-	227,879	227,879

FSC	2,249,053	569,697	2,818,750
Credit against FSC			
Unutilised foreign tax after CSR and CCR levy	994,508		994,508
FSC on Indian dividend	2,249,053		2,249,053
	994,508		994,508
Residual FSC	<u>1,254,545</u>	<u>569,697</u>	<u>1,824,242</u>

Summary of payables

Base rate	-	-	-
CSR	-	227,879	227,879
CCR levy	-	227,879	227,879
FSC	1,254,545	569,697	1,824,242
	<u>1,254,455</u>	<u>1,025,455</u>	<u>2,280,000</u>

Application of foreign tax

Base rate		8,456,250
CSR		899,621
CCR levy		899,621
FSC		994,508
		<u>11,250,000</u>

Application of 80% exemption to all income of the company

	Jurisdiction of source		Total
	India	Singapore	
	Rs		
Net dividend income	35,625,000	12,000,000	47,625,000
Withholding tax	1,875,000		1,875,000
Dividend as grossed up by withholding tax	37,500,000	12,000,000	49,500,000
Expenses			2,500,000
Taxable profit before 80% exemption			47,000,000
80% thereon			37,600,000
Taxable profit			9,400,000
Base rate of 15%			1,410,000
CSR: 2% of Rs 9,400,000			188,000
CCR levy: 2% of Rs 9,400,000			188,000
FSC: 5% of Rs 9,400,000			470,000
			2,256,000

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