

Budget 2022-23

July 2022





Agenda

Budget Analysis

- **Economy at a glance**
- **Budget Overview**
- **Sector Measures**

Taxation

- **Corporate**
- **Individual**
- **Administration**



Economy at a Glance

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Economy at a glance

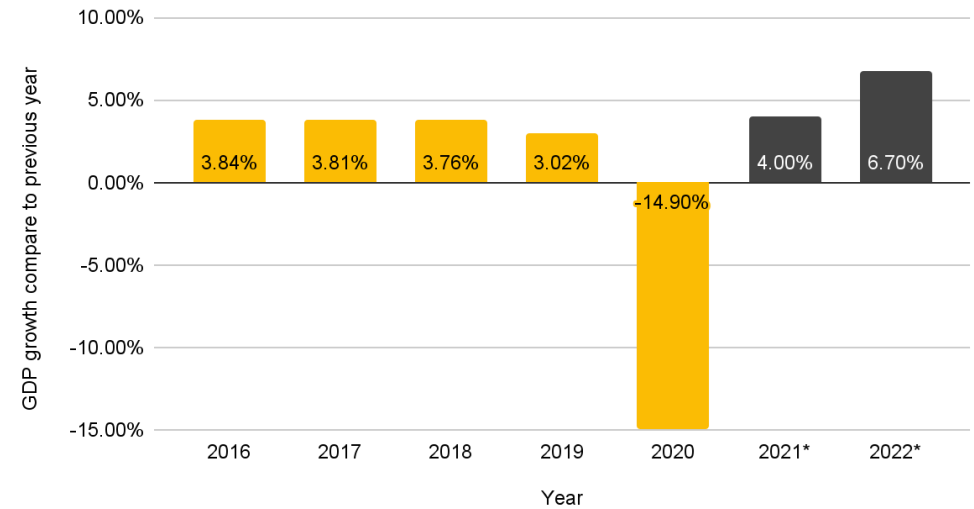


GDP

Growth 8.5%

Year 2022-23

**Mauritius: Growth rate of the real domestic product (GDP) from 2016 to 2026
(Compare to previous years)**



Economy at a glance



GDP

Growth 8.5%

Year 2022-23

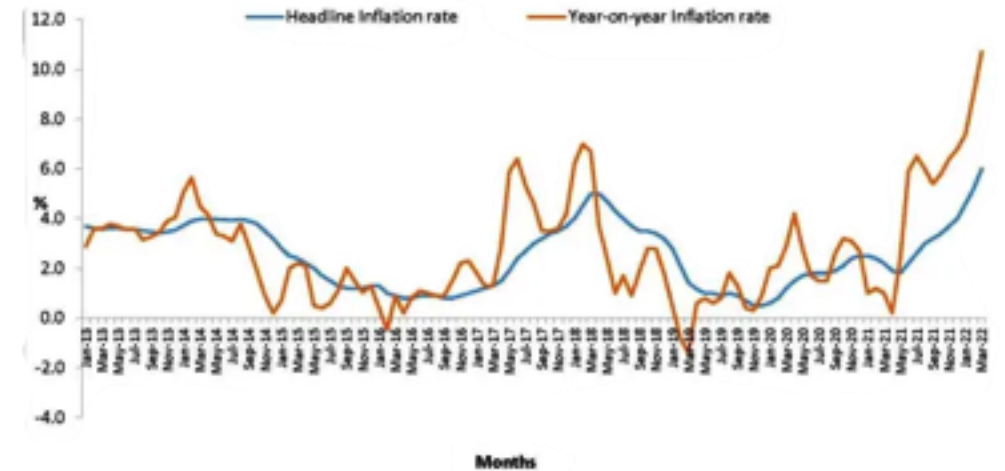


CPI

10.7%

31 Dec 2021 (YoY)

Headline and year-on-year inflation rate January 2013 to March 2022



Economy at a glance



GDP

Growth 8.5%

Year 2022-23



CPI

10.7%

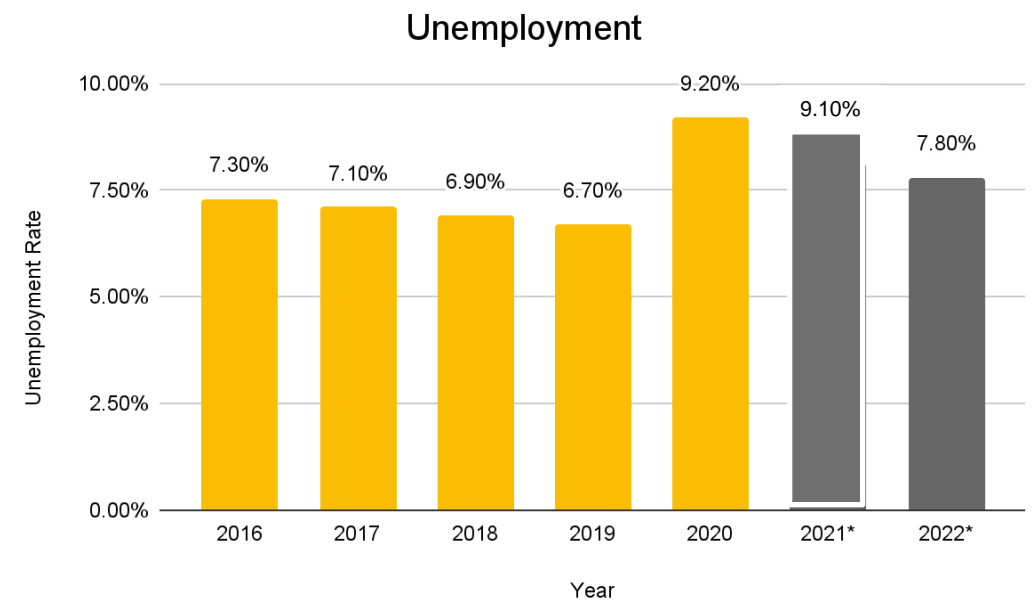
31 Dec 2021 (YoY)



Unemployment Rate

7.8%

Year 2022



Economy at a glance



GDP

Growth 8.5%

Year 2022-23



CPI

10.7%

31 Dec 2021 (YoY)



Unemployment Rate

7.8%

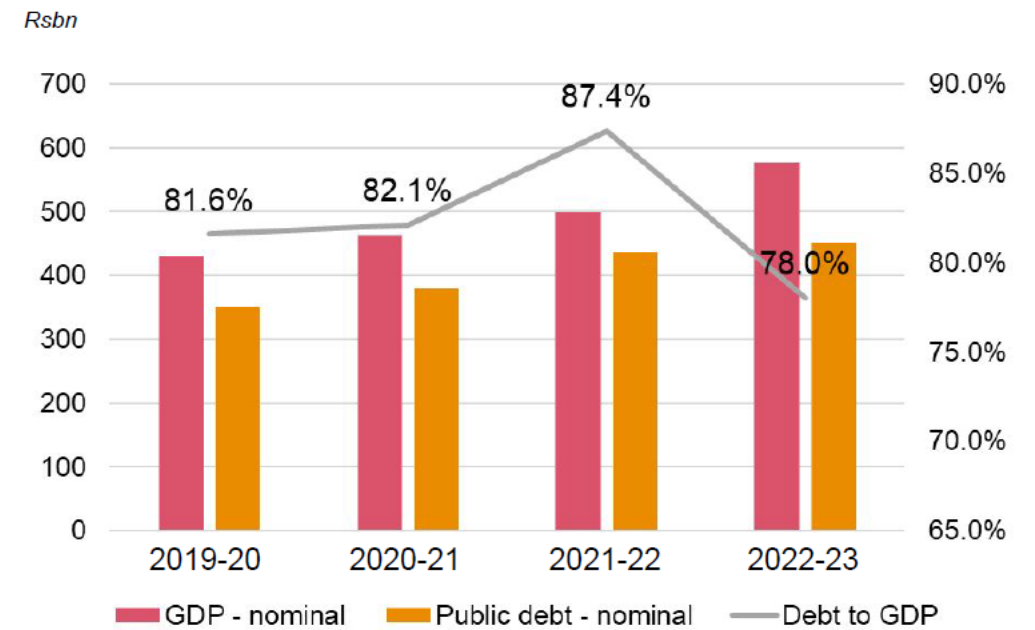
Year 2022



Public Sector Debt

87.4%

30 June 2022



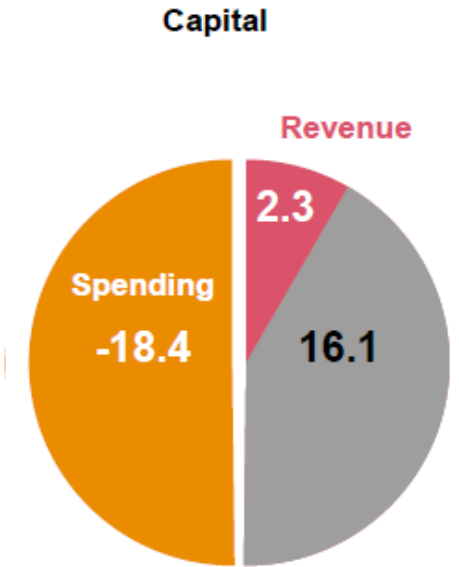
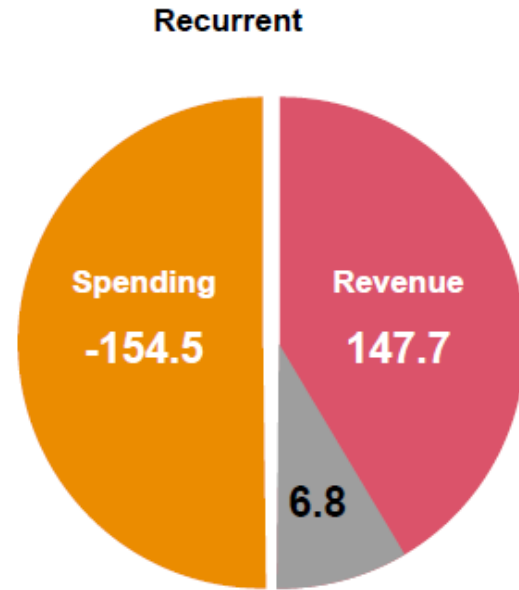
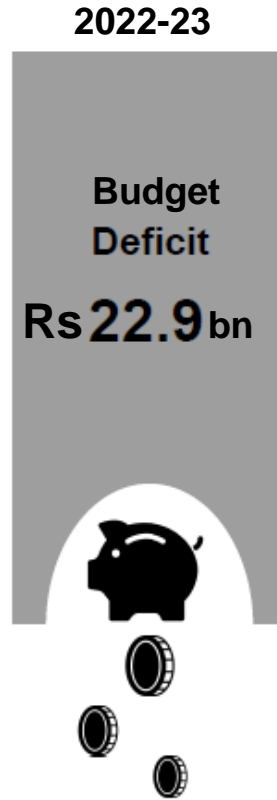
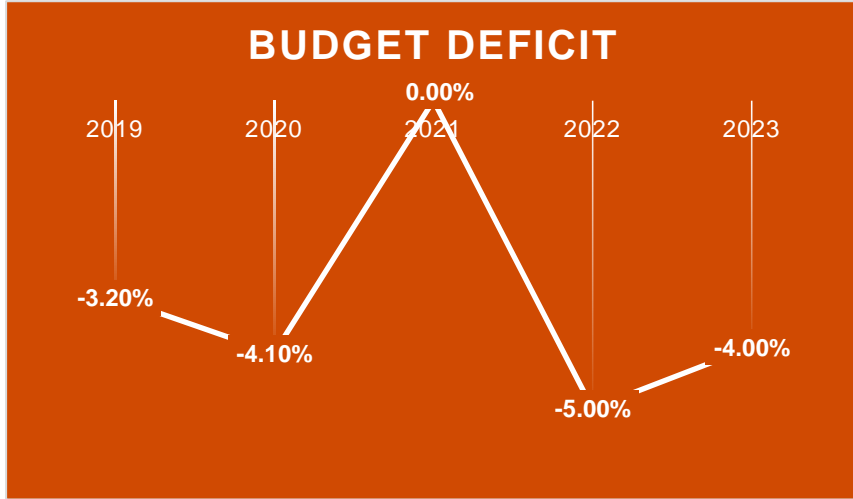


Budget Overview



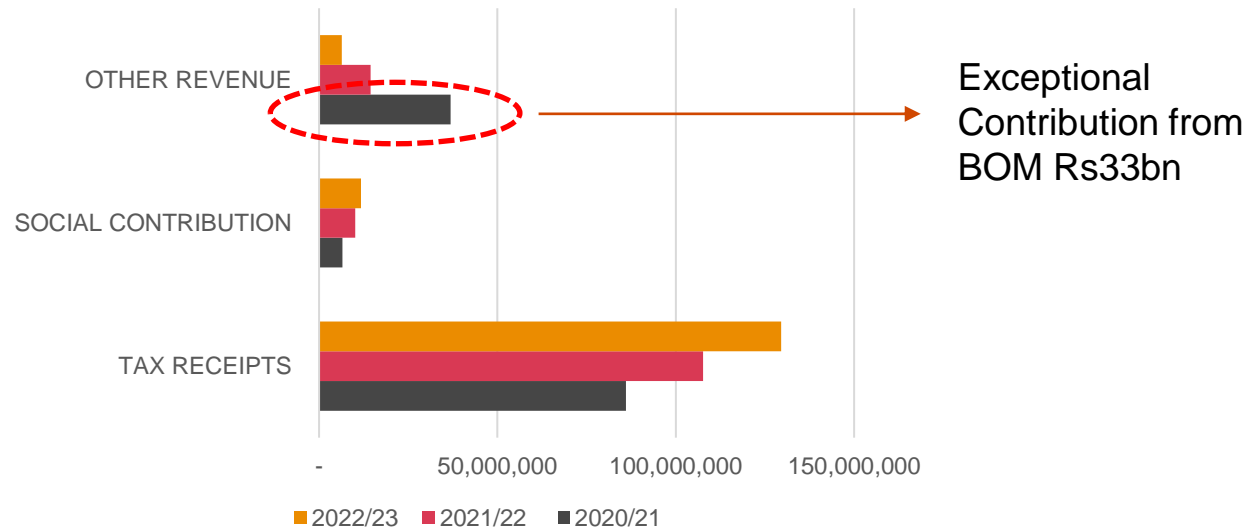
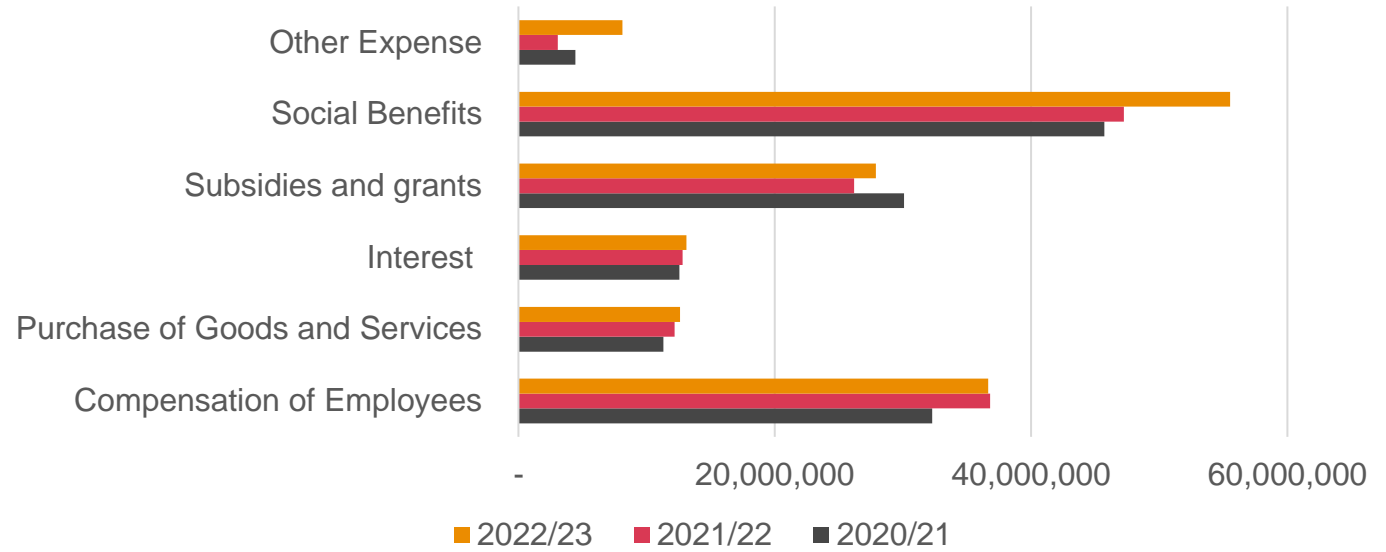
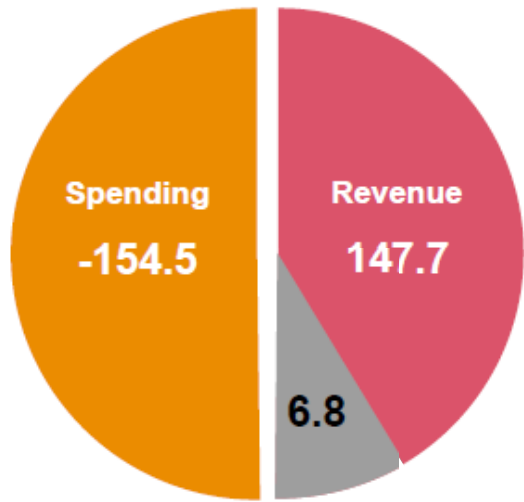
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Budget Overview



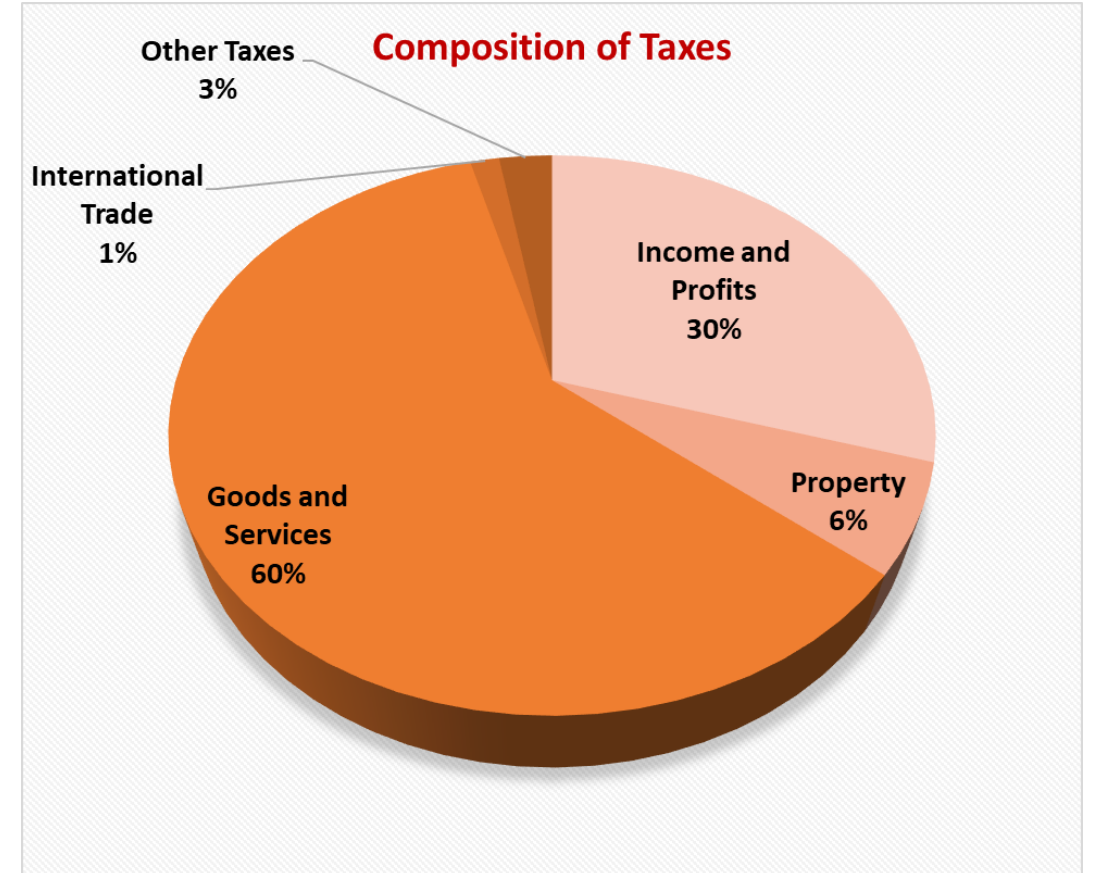
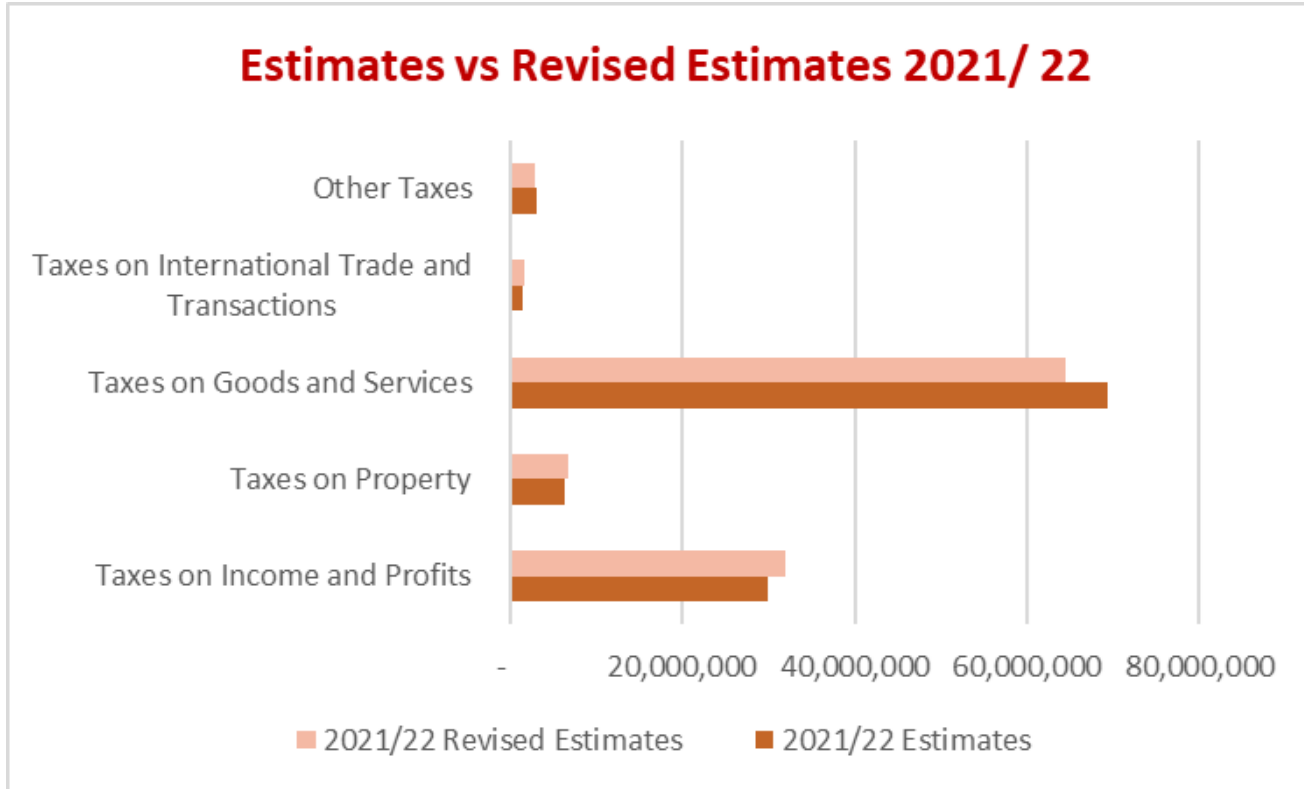
Budget Overview

Recurrent Budget

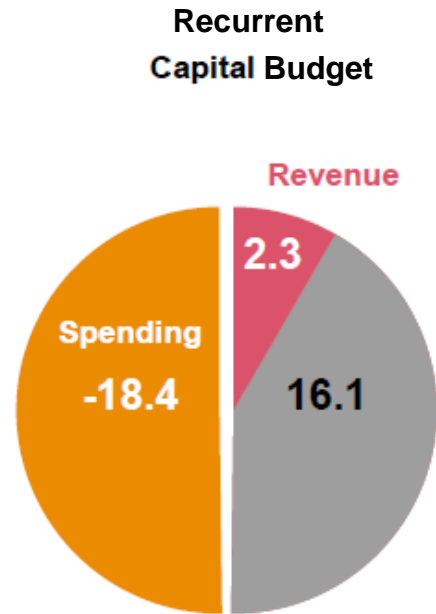


Budget Overview

Tax Receipts Analysis



Budget Overview



Capital Expenditure	18,391
Acquisition of Non-Financial Assets	12,252
Grants to Parastatal Bodies/Local Authorities/RRA	2,477
Transfer to Special Funds	2,000
Other Transfers	1,462
Contingencies	200

	2020/21	2020/21 Revised
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Table C1: Summary of Special and Other Extra-Budgetary Funds

Rs Million

	Balance as at 30 June 2022	2022/2023 Estimates		
		Receipts	Payments	Balance as at 30 June 2023
National Resilience Fund	6,007	21	5,781	247
National Environment and Climate Change Fund	2,462	78	1,781	760
Lotto Fund	197	246	438	5
COVID-19 Projects Development Fund	26,692	100	11,609	15,184
COVID-19 Solidarity Fund	168	2,500	2,658	10
National COVID-19 Vaccination Programme Fund	729	1,000	1,000	729
Total	36,256	3,945	23,266	16,935

Capital Revenue	30,020	28,450
Capital Grants	3,020	1,450
Exceptional Contribution from Bank of Mauritius	27,000	27,000
Capital Expenditure	30,020	43,700
Acquisition of Non-Financial Assets	9,543	7,967
Grants to Parastatal Bodies/Local Authorities/RRA	2,823	2,292
Transfer to Special Funds	15,000	31,700
Other Transfers	2,456	1,742
Contingencies	200	-
Capital Balance	-	-15,250
Capital Balance as % of GDP	-	-3.5%



Sector Measures



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Sector Measures

Public Infrastructure



Green Mauritius

Green Transformation Package to increase our share of electricity supply from local renewable sources



Disaster Management

Rs3.8bn earmarked to continue the National Flood Management Programme



Healthcare

Rs2.5bn earmarked for modernizing the health infrastructure



Water Supply

Investment of Rs1bn in water distribution projects

Financial Services



Measure 1

Introduction of a domestic minimum top-up tax to resident companies of large multinationals to ensure that they are taxed at minimum of 15%



Measure 2

Adapting the legislative framework for the convergence of the domestic and global business regime

Hospitality



Rs1bn allocated

for the rehabilitation of beaches, lagoons and coral reefs



Marketing budget of Rs400m

allocated to the MTPA

Manufacturing



Two regional feeder vessels

To facilitate exports to key routes



Rs5bn venture capital fund set-up by MIC

To support SMEs



Rs5bn allocated by DBM

To support SMEs



Freight Rebate Scheme

Extended to June 2023

Real Estate



Food Processing Units

Investment of Rs400m by the DBM for the setup of 2 food security clusters



Sale by Levy comprehensive reform

Includes the new condition that the mise à prix shall not be less than 90% of the value of the property



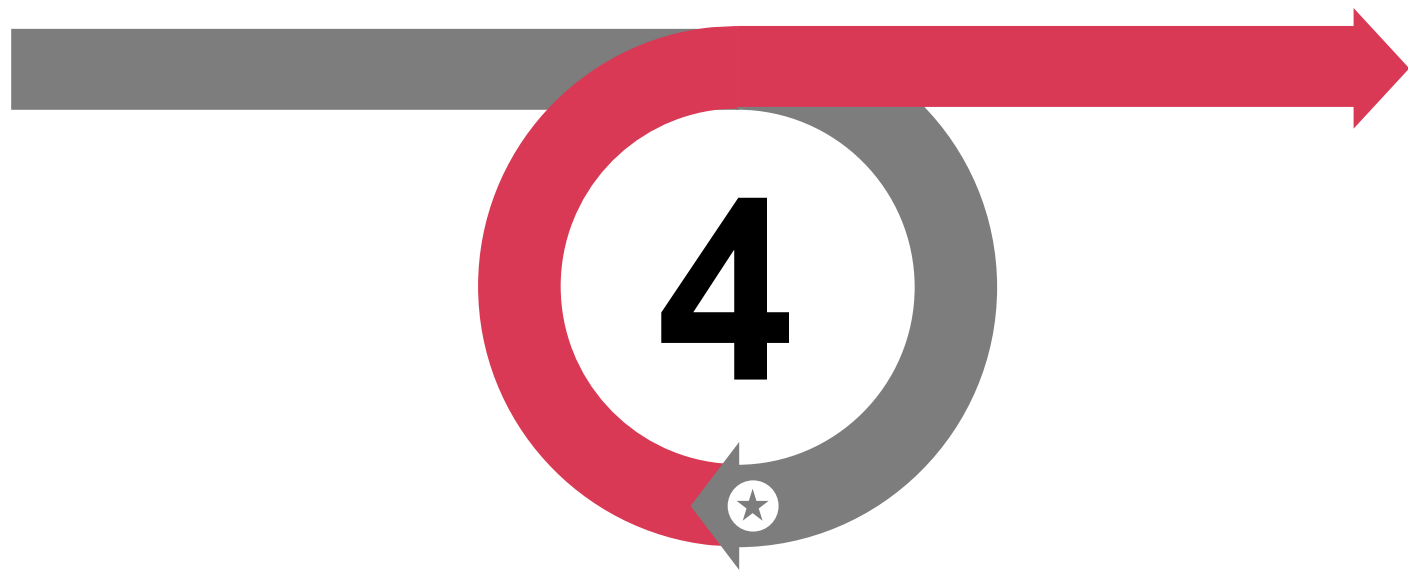
Integrated Modern Agricultural Morcellement Scheme

8-year tax holiday, exemption from Registration Duty and from land conversion tax



Residence Permit Holders

Can acquire a residential property of a minimum of USD350,000 outside the existing schemes, subject to a 10% contribution made to the Solidarity Fund



Company



Global Minimum Tax



- Introduction of a 15% domestic minimum top-up tax under Pillar 2
- applicable to MNEs with group turnover > EUR750m



Digital economy



- Power to make regulations to implement OECD Pillar 1 & Pillar 2 initiatives

Freeport Companies



8-year tax holiday granted to newly set up freeport operators or developers with an investment of at least Rs50m provided that the companies:

- start operations on or after 1 July 2022; and
- meet substance requirements



Premium Visa Scheme



Foreign employers of Premium Visa holders will not, in respect of that employee, be subject to corporate tax and social security contributions.

SME targeted measures

Revised SME turnover threshold

	New range
Micro-Enterprise	Rs 2 - 10m
Small Enterprise	Rs 10 - 30m
Medium Enterprise	Rs 30 - 100m

Additional deduction:

- Tax deduction available to large manufacturers on purchases of locally manufactured products from small enterprises will be increased from 110% to 125%.

Waiver of penalties:

- Waiver of penalties for late submission of returns and late payment of tax for the years 2020 and 2021 which remain outstanding as at 25 March 2022.

Refund of salary compensation:

- Salary compensation paid by a non-export oriented SME to its employees, for the period up to 30 June 2022, will be refunded as follows:

Basic wage threshold	Maximum monthly refund
Up to Rs13,500	Rs500 per employee
Rs13,501 to Rs 50,775	Rs400 per employee

Effective retrospective: as from 1 January 2022





Individual



Tax deductions and exemptions

1

Exemption for dependent pursuing tertiary education increased to Rs 500,000 and covers both undergraduate and postgraduate courses.

2

Medical insurance premiums increased to Rs 25,000 for individual and first dependent and increased to Rs 20,000 for every other dependent.

3

Tax deduction up to Rs 50,000 for contributions to personal pension scheme and donations to approved NGOs, including religious bodies.

4

Tax deduction in respect of bedridden next of kin also applicable to spouses, irrespective of any financial assistance received by the bedridden spouses.

5

Tax exemption for petrol or travelling allowance increased to Rs 20,000.

6

Tax allowance available on amount invested by angel investors providing seed equity financing to SMEs.



- Janette earns the following income:
 - Salary of Rs 2.5m per annum
 - Travelling allowance of Rs 30,000 per month
- She incurs the following expenses:
 - University fees of Rs 1M for her child
 - Medical insurance premium:Rs 30,000
 - Personal pension contributions:Rs 70,000
 - Donations to NGOs: 70,000



Items	YE 30 June 2022	YE 30 June 2023
Salary	2,500,000	2,500,000
Travelling allowance	360,000	360,000
Net income	2,860,000	2,860,000
IET	(435,000)	(435,000)
Travelling allowance	(138,000)	(240,000)
Dependent pursuing tertiary education	(225,000)	(500,000)
Medical insurance premiums	(20,000)	(25,000)
Pension	(30,000)	(50,000)
Donations	(30,000)	(50,000)
Chargeable income	1,982,000	1,560,000
Tax at 15%	297,300	234,000
Tax Savings		21.2%

New Tax Rates



As from income year 2022-2023, new tax bands and tax rates introduced as follows:

Annual net income	Tax rate
Up to Rs 700,000	10%
Rs 700,000 - Rs 975,000	12.5%
> Rs 975,000	15% (plus Solidarity Levy, where applicable)



Illustration - new tax rate of 12.5%

Jack and Bill work at EDF Ltd.

They both earn a salary of Rs 695,000 during the year ending 30 June 2023.

Bill earns a bonus of Rs 10,000 during the year.



Items	Jack	Bill
Salary	695,000	695,000
Bonus		10,000
Net income	695,000	705,000
Less IET	(325,000)	(325,000)
Chargeable income	370,000	380,000
Tax Rate	10%	12.5%
Tax	37,000	47,500
Disposable income	658,000	657,500

Property Tax

Refund of 5% of the cost of the property up to a maximum of Rs500,000 extended up to 30 June 2023.

Refund of 5% of the housing loan amount, up to a maximum of Rs500,000, until 30 June 2023

Excise Duty

Excise duty rebate scheme on motor vehicles extended up to 30 June 2023.

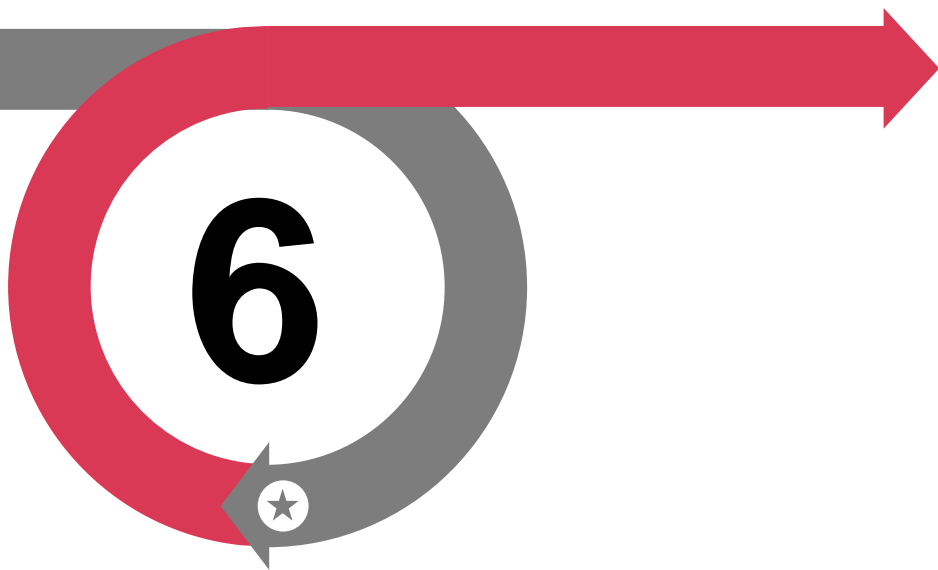
Motor Vehicles	Excise Duty Rebate
Up to 1,000 cc	40%
Above 1,000 cc, including double/single space cabin vehicle and van	30%

All hybrid and electrical vehicles will be duty-free as from 1 July 2022.

Other

8-year tax holiday to planters engaged in sustainable agricultural practices registered with Economic Development Board (“EBD”)

Abolition of municipal tax on the family home as from 1 July 2022.



Tax Administration

Tax Deduction at Source (TDS)

The TDS rate has increased.

New TDS rate	
Professional services (see examples)	3% to 5%
Rent	5% to 7.5%

Extension of TDS at **3%** on the following services

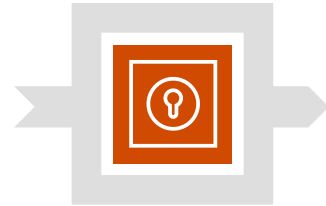
Services
Consultancy services
Security services and cleaning services
Pest management services
Payment of fees made by insurance companies to motor surveyors and mechanics for repairs of motor vehicles of policy holders.

E.g. Professional services

Accountant or accounting firm
Barrister or solicitor
Engineer
Medical service provider
Property valuer/Quantity surveyor



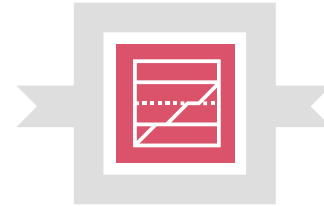
Powers of the MRA



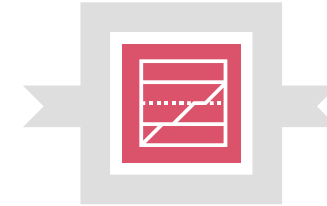
Power to require information from the stock exchange



E-publication of names of companies not submitting returns for Corporate Tax and VAT



MRA empowered to register a person who fails to compulsorily register for VAT



Taxpayer denied the right to submit books & records at ARC level where objection lapses due to failure to provide information, books and records

Thank you

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