

NEWS with Nicky

WHAT SOUTH AFRICANS
NEED TO KNOW ABOUT
THE MAURITIUS BUDGET



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OPENING OF BORDERS AND A FOCUS ON RECOVERY

It is with great excitement that Mauritius has set out plans to reopen its borders in a phased approach for international **travel as from 15 July (with the need for 14 days quarantine) and as from 1 October 2021 (without need of quarantine)** To find out more, [CLICK HERE](#)



What stood out from the recent Mauritian Budget Speech by Dr the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development, to the National Assembly, on 4 June 2020 were the 3 featured strategies to get the economy back on track -

RECOVERY - REVIVAL - RESILIENCE

The Budget, delivered on 11 June 2021, focused on getting the Mauritian economy **restarted after the Covid induced economic crisis** saw the economy contract by 15%.

Measures were announced to **restructure the economy** with an aim to stabilize declining macroeconomic indicators, **boost investment**, develop new sectors of the economy and consolidate existing ones.

Key areas that are of specific interest to South Africans, doing business in Mauritius, or looking to relocate were also addressed and below is a summary on the tax changes and permit categories.



LIVE & WORK IN MAURITIUS



OCCUPATION PERMIT

- ☞ A professional holding an occupation permit (“OP”) is permitted to change occupations without reapplying.
- ☞ The validity of the OP (Professional) (“OPP”) has been extended from 3 years to 10 years.
- ☞ The spouse of an OP holder is permitted to work in Mauritius without the need for a separate application.
- ☞ The maximum age limit of 24 years for dependents will be waived.
- ☞ The requirement for OP applicants to arrive in Mauritius on a business visa to be issued with a permit be waived. A non-citizen will be eligible for an OP irrespective of his visa category issued upon arrival in Mauritius.
- ☞ Introduction of a new category under the Occupation Permit Regime, the 10-Year Family Occupation Permit for those contributing USD 250,000 to the COVID-19 Projects Development Fund.
- ☞ The EDB will set up a dedicated concierge service to provide a seamless experience to investors and retirees entering Mauritius.
- ☞ A non-citizen who purchases or otherwise acquires an apartment used, or available for use, as residence, in a building of at least 2 floors above ground floor, for at least USD 375,000 will be issued with a residence permit, including his dependents. and exempted from the requirement of a work or occupation permit.



PREMIUM VISA

A Premium Visa Scheme has been developed with the goal of encouraging eligible foreigners to come to Mauritius for a long stay of at least one year, with the option of renewal.

To make this Scheme more appealing and to minimize any administrative barriers, a holder of a Premium Visa who stays in the Republic of Mauritius for 183 days or more shall be liable to income tax as follows:

- Mauritian-sourced income will be taxed on a remittance basis per tax year;
- Money spent in Mauritius through the use of a foreign credit or debit card will be deemed to have been remitted to Mauritius;
- Income brought and deposited in a bank account in Mauritius is subject to tax except if a declaration is made by the holder of a Premium Visa that the required tax has been paid thereon in his country of origin or residence. This excludes accumulated capital prior to arrival and capital gains, which are in any event not taxable.



INTEGRATED RESORT SCHEME (IRS) / REAL ESTATE SCHEME (RES)

- ☞ Registration duty on the sale of an IRS or RES residential property will be levied at the rate of 5% or USD 70,000 whichever lower



NEW INCENTIVES FRAMEWORK FOR COMPANIES REGISTERED WITH THE EDB

Companies will benefit by registering with the EDB under three certificates.

TAX INCENTIVES INTRODUCED FOR CERTIFICATE HOLDERS AS FOLLOWS:



INVESTMENT CERTIFICATES

(for companies engaged in specified sectors)

- ✓ **8** years income tax holiday for new companies
- ✓ **5%** tax credit over three years with respect to the capital expenditure incurred by manufacturing companies on new plant and machinery until 30 June 2023



EXPORT DEVELOPMENT CERTIFICATE

- ✓ Income tax of **3%** on export of goods



PREMIUM INVESTOR CERTIFICATE

- ✓ Tax concessions to be negotiated with the EDB, subject to having a minimum investment level of MUR 500 million, except for pharmaceuticals



TAX



CORPORATE TAX

- Standard rate of **15%**
- No dividends tax
- Existence of activity specific **8-year** tax holidays
- Partial exemption exists in respect of certain financial services
- Procurement companies' tax at **3%**



PERSONAL TAX

- Standard rate of **15%**
- Solidarity levy of **25%** in respect of taxable income and exempt dividends where taxable income exceeds Rs3 million.
- Solidarity Levy may not exceed **10%** of chargeable income
- No CGT or estate duty



FINANCIAL SECTOR

- Enhancing compliance on ***AML/CFT** matters and completion of implementation of ***FATF** action

**Anti-money laundering / Combating the Financing of Terrorism
Financial Action Task Force

DISCLAIMER

The Budget proposals may be amended significantly before enactment. The content of this summary is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. In such cases specialist advice should be taken.