



**STEVEN & ASSOCIATES**  
A GLOBAL LEGAL ADVISORY LAW FIRM

# BUDGET HIGHLIGHTS

## 2020 - 2021

STEVEN & ASSOCIATES LAW FIRM NEWSLETTER

ISSUE 21 11 JUNE

MAURITIUS

### CONTENT

---

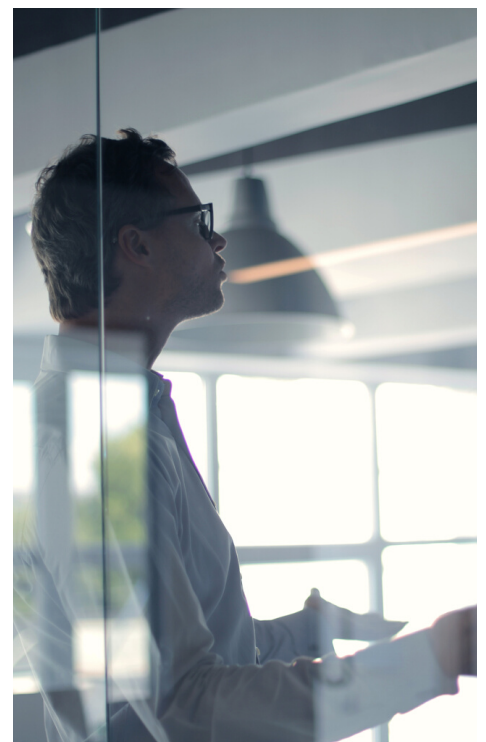
Strategies for job security, unemployment benefits, pension schemes and taxation

---

Investment incentives

---

Enhancing the environment of doing Business in Mauritius



## EMPLOYMENT

The National cash flow has faced drastic changes because of the Covid-19 Pandemic resulting in the Budget 2020-2021 to accommodate major alterations in terms of expenditure to improve the situation of Mauritian workers.

- MUR 15 billion will be deployed for a minimum monthly aid of MUR 5,100 for the upcoming 6 months to people facing technical unemployment.
- To reinforce job security post Covid-19 period, a protection order has been introduced to prevent abusive termination.

- To align the definition of “earnings” with that Remuneration Regulations, the Workers’ Rights Act will be amended accordingly.
- Strengthening Laws to reduce discrimination and violence at the workplace

Employees Earnings	End of Year Rewards
Employees Earning up to MUR 100,000	End of Year Bonus
Employees earning more than MUR 100,000	End of Year Gratuity

- A grant of MUR 15,000 will be given to acknowledge the hard work and dedication of the Health Sector workers and the police officers who have provided their services during the Covid-19 period.
- Transition of unemployment benefits will be increased to improve income securities of laid-off workers.



# TAXATION

## Income Tax

The income tax exemption threshold will be increased as from 1st July 2020. The table below illustrates the change:



Category	From (MUR)	To (MUR)	Increase (MUR)
Individual with no dependent	310,000	325,000	15,000
Individual with 1 dependent	420,000	435,000	15,000
Individual with 2 dependents	500,000	515,000	15,000
Individual with 3 dependents	550,000	600,000	50,000
Individual with 4 or more dependents	600,000	680,000	80,000
Retired/disabled person with no dependent	360,000	375,000	15,000
Retired/disabled person with dependents	470,000	485,000	15,000

- In case, a taxpayer declares a bedridden next to kin as a dependent, his tax will be reduced by MUR 80,000 to MUR 110,000 annually.
- Increase in the level of tax for high income earners following a rise of 20% in the solidarity levy in excess of an income of MUR 3 million.
- If firms invested in Plant and machinery during the Covid-19 period, they will have double taxation deduction on their investment.

## Corporate Tax

- A levy will be applicable to corporates with an annual gross revenue exceeding MUR 500 millions and will be applicable as shown in the table below:

Insurance Companies	Financial Institutions	Service Providers
0.3 %	0.3 %	0.3 %

Real Estate Companies	Other Companies	Tourism Industry Companies	Companies with Global Business License
0.3 %	0.1 %	Not applicable	Not applicable

- Solidarity levy introduced in 2009 on telephone service providers will be made permanent on the following basis:



<b>Profit making companies</b>	5 % of accounting profit & 1.5 % turnover
<b>Non-profit companies</b>	1.5 % turnover

## PENSIONS

The Government introduced the new system of Contribution Sociale Generalisée to improve the sustainability of the pension system.

<b>National Pension Fund (Old)</b>	<b>Contribution Sociale Generalisée (New)</b>
<b>Individual Accounts</b>	Contributive, Collective pool
<b>Contributions:</b> 3 % by employee 6 % by employer	<b>Contributions:</b>  Earning up to MUR 50,000 monthly:  1.5 % by employee 3 % by employer  Earning more than MUR 50,000 monthly:  3 % by employee 6 % by employer
<b>Contribution up to a ceiling of MUR 18,740 monthly</b>	<b>Ceiling removed. Contribution is on total basic salary</b>
<b>Contribution by self-employed is voluntary</b>	<b>Contribution of MUR 150 by self-employed is now compulsory</b>

## INVESTMENT

Post the Covid-19 period, we are facing another crisis which is a shock to our economy. Investors, professionals and retirees have found themselves in a situation of high uncertainty regarding their investments. Economic recovery in this case will only be possible if there are massive investments. This budget has addressed this situation and has provided them with the necessary visibility and certainty by providing them better incentives.

Keeping in mind, the aim of increasing investment in order to remedy the situation, this 2020–2021 budget has come up with the following measures:

### Occupation Permit

- Validity up to 10 years renewable
- Minimum level of investment reduced to USD 50,000
- Requirements of minimum turnover and investment for innovator occupation permit abolished

- Extension of minimum salary of MUR 30,000 to other sectors
- Investment in other ventures will be allowed without any shareholding restrictions
- Only EDB will be responsible to process applications

### Dependents of Occupation Permit Holders

- No permit required for a spouse of an occupation permit holder to invest or work in Mauritius
- Parents of occupation permit holder will be allowed to live in Mauritius

### Residence Permit

- Holder of residence permit no longer require any occupation or work permit to invest and work in Mauritius
- Minimum level of investment reduced to USD 375,000 for a holder of an immovable property
- Retired foreigners and holder of residence permit may invest in other venture without any shareholding restrictions
- Eligibility for Permanent Residence permit if they have held a residence permit for 3 consecutive years
- Validity for retired non-citizens will be for 10 years period

### Acquisition of Property

- To improve on the level of investment, foreigners with residence permit, occupation permit, or permanent residence permit will be allowed to acquire one plot of serviced land not exceeding 2100m<sup>2</sup> for residential purposes within smart cities.
- This measure's validity is for a period of 2 years ending 30th June 2022.
- Construction will have to be completed within 5 years.

### Permanent Residence Permit

- Minimum level of investment will be reduced to USD 375,000
- Validity will be extended to 20 years
- Occupation permit holder will be eligible for Permanent Residence Permit if they have been holder of the permit for 3 consecutive years

# EASE OF DOING BUSINESS

Mauritius forms part of the top ranking economies in the world with the ease of doing business, following reforms brought about by the Government for the past 3 years. In the Doing Business Report 2020, Mauritius was ranked 13th. The ultimate aim is to improve on the business environment by adopting modern and more focused measures.

With the aim of facilitating businesses, E-Services will be provided. The Covid-19 period has given rise to a new wave of digitalization in Mauritius. During the sanitary curfew period, the use of internet banking, online shopping had become a trend in Mauritius even though traditional services in those places were available with really strict measures imposed. Even businesses were being conducted online in order to reduce the possibility of human contact.

With the E-Services, the Government aims at providing:

1. Development of an Integrated Single Window for Trade to connect all stakeholders within the port community.
2. Introduction of a Maritime Single Window by the Mauritius Ports Authority to facilitate vessel clearances and reduce administrative bottlenecks at the port.
3. The Corporate and Business Registration Department (CBRD) will become the central repository for all business information and licences through a digital platform.
4. All deeds for registration of property shall be submitted through the Mauritius e-Registry System.
5. Investment in a new Land Use and Valuation Information Management System (LAVIMS) based on Blockchain technology.
6. Development in a new online system for services delivered by the National Land Transport Authority.
7. The implementation of the Centralised-KYC project by the Bank of Mauritius will be expedited.
8. The Bank of Mauritius will also upgrade the Mauritius Credit Information Bureau (MCIB) to provide credit score of potential borrowers.
9. The e-Procurement System will become mandatory for all public sector bodies.



To reboot the economy and reduce the cost of doing business in Mauritius after Corona virus crisis, the Government will be reviewing its decision to reduce the fees of re-instating companies from MUR 15,000 to MUR 5,000 and the application fee for a Building and Land Use Permit will be waived.

## CONTACT

INFO@STEVENANDASSOCIATES.COM

TEL: +230 468 7700

FAX: +230 468 6800

1ST FLOOR, MTML SQUARE,

63 CYBERCITY

EBENE, MAURITIUS

