

Tax & Regulatory Alert

COVID-19: Economic, tax, and other fiscal stimulus measures in Mauritius

Contents

<u>Foreword</u>	3
<u>Financial stimulus measures in response to COVID-19</u>	4
<u>Measures by Bank of Mauritius</u>	7
<u>Tax measures</u>	9
<u>Administrative measures</u>	10
<u>Mobility considerations</u>	12
<u>Social intervention</u>	13
<u>Contacts</u>	14

Foreword

The World Health Organization (WHO) declared the new coronavirus 2019 (COVID-19) as a pandemic on 11 March 2020, and the unprecedented nature of COVID-19 has compelled the Mauritius Government to actively implement numerous measures and address the impact of COVID-19 on its constituents. The COVID-19 pandemic has been affecting major economic and financial markets, and virtually all industries are facing challenges associated with the economic conditions resulting from the prolonged pandemic. As COVID-19 increases in both magnitude and duration, entities are experiencing conditions often associated with a general economic downturn.

The depth and extent of measures are evolving rapidly, with new or enhanced measures been released virtually during the past six weeks. On 1 May 2020, the prime minister announced the extension of the lockdown until 1 June 2020 with partial deconfinement for certain activities scheduled from 15 May 2020. A COVID-19 bill is expected to be issued imminently to pave the way for easing the national lockdown and accompany the staggered deconfinement.

This publication summarises the key supportive measures aimed at various stakeholders of the island, announced or substantially enacted by our government so far.

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Financial stimulus measures in response to COVID-19

Several measures have been introduced by the government to support economic operators across all sectors impacted by COVID-19.

MUR 9 billion COVID-19 financial support

An amount of MUR 9 billion has been earmarked in accordance with the *Plan de Soutien aux Entreprises* to provide support at:

Macroeconomic and cross-sectoral levels

- Financial support
- Labour
- Small and Medium Enterprises (SME) sector

Sectoral levels

- Tourism
- Manufacturing and trade
- Agro-industry
- Health sector

MUR 5 billion targeted credit facility

A special relief amount of MUR 5 billion to be provided to economic operators, including SMEs, in all sectors of activities to meet cash flow and working capital requirements.

Facilities will be made available through commercial banks from 23 March 2020 to 31 July 2020, under the following conditions:

- Interest to be capped at 1.5 percent per annum
- Two-year repayment period
- Moratorium of six months on capital and interest repayments

Government Wage Assistance Scheme (GWAS)

Eligible employers to benefit from financial support for salaries for both Mauritians and expatriates under GWAS as follows:

March 2020

For every employee with basic salary in March 2020	Basis	Assistance per employee (Rs)
From MUR 9,700 to MUR 25,000	15-days wages	From MUR 4,850 to MUR 12,500
From MUR 25,000 to MUR 50,000	Fixed amount	MUR 12,500
Above MUR 50,000	NIL	NIL

April 2020

For every employee with basic salary in April 2020	Basis	Assistance per employee (Rs)
From MUR 9,700 to MUR 25,000	One month wages	From MUR 9,700 to MUR 25,000
From MUR 25,000 to MUR 50,000	Fixed amount	MUR 25,000
Above MUR 50,000	NIL	NIL

May 2020

On 1 May 2020, the Minister of Finance, Economic Planning and Development, Dr Padayachy, announced that the GWAS will be extended for the month of May 2020.

Financial stimulus measures in response to COVID-19

Breakdown of stimulus measures

Investment Support Programme Limited (ISP)

The ISP, a body under the aegis of the Ministry of Finance, Economic Planning and Development that supports businesses through financial, leasing, and factoring schemes, has provided additional support in the form of reduced interest rates and guarantee as follows:

SME Factoring Scheme

Enterprises with annual turnover of up to MUR 50 million will benefit from a reduced interest rate of 2.5 percent instead of 3.9 percent.

Leasing Equipment Modernisation Scheme (LEMS I, II, III)

Enterprises with annual turnover ranging between MUR 50 million and MUR 1.5 billion will benefit from a reduced interest rate starting as from 2.5 percent.

Corporate Guarantees to banks

ISP Ltd will issue corporate guarantee to banks to enable them to grant loans to companies affected by COVID-19, on a case-to-case basis.

SIC Equity Participation Scheme

Businesses may obtain additional fund in the form of additional equity by issuing preference shares to State Investment Corporation.

Available to enterprises with annual turnover exceeding **MUR 250 million**

SME Equity Fund Ltd

The SME Equity Fund Ltd will reduce its minimum return dividend rate requirement on equity/quasi-equity financing from 6 percent to 3 percent up to 31 December 2020.

Applicable to entities with annual turnover of up to MUR 250 million

Financial stimulus measures in response to COVID-19

Breakdown of stimulus measures (cont'd)



Development Bank of Mauritius Ltd

DBM Ltd has introduced some measures for enterprises having annual turnover of up to MUR 10 million to help reduce liquidity and cash flow pressures.

Revolving Credit Fund

Interest free loan up to 31 December 2020

A Revolving Credit Fund of MUR 200 million has been established by DBM Ltd to ease cash flow/working capital difficulties with the following features:

- Eligible to enterprises with annual turnover of up to MUR 10 million
- Working capital facility of up to a maximum of MUR 1 million
- Maximum repayment period of 2 years
- Interest free up to 31 December 2020; interest rate 6 percent per annum, thereafter

Enterprise Modernisation Scheme

Enterprises having an annual turnover of up to MUR 10 million to benefit from a reduced interest rate 2.5 percent instead of 3.5 percent up to 31 December 2020 and a grant of 15 percent up to a maximum of MUR 150,000.

Measures by Bank of Mauritius

The Bank of Mauritius (BOM) has introduced some measures that would help cushion taxpayers as they try to adjust to the realities of COVID-19.

Special Foreign Currency (USD) Line of Credit

Special Foreign Currency (USD) Line of Credit of USD 300 million to operators, including SMEs, having foreign currency earnings. The line of credit is available through commercial banks from 24 March 2020 to 30 June 2020, with repayment period of two years effective as from disbursement date. Funds will be provided to commercial banks at six-month USD Libor.

Swap Arrangement USD/MUR

Introduction of a USD/MUR swap arrangement, for an initial amount of USD 100 million, with commercial banks to support import-oriented businesses. Swap arrangement to be effective from 24 March 2020 to 30 June 2020.

Easing of banking guidelines

The *Guideline on Credit Impairment Measurement and Income Recognition*, that was introduced in January 2020, has been put on hold to allow commercial banks to support enterprises facing cash flow and working capital difficulties in the context of COVID-19.

Issue of a 2020 savings bond

Introduction of a 2.5 percent two-year savings bond for an amount of MUR 5 Billion as from 23 March 2020.

Bonds will be issued at par in multiples of MUR 25,000 up to a maximum investment of MUR 1,000,000 per investor and will only be available to resident individuals and NGOs.

Reduction of Cash Reserve Ratio

Temporary reduction of Cash Reserve Ratio (CRR) for commercial banks from 9 percent to 8 percent to allow banks to further assist businesses directly impacted by COVID-19.

Amount released through reduction in CRR to be held in a special account at the BOM.

Reduction in Key Repo Rate

Reduction of Key Repo Rate to 1.85 percent per annum, effective as from 16 April 2020.

Measures by Bank of Mauritius

Moratorium on capital and interest repayment on existing loans



Category	Moratorium
Economic operators (excluding SMEs)	Six months on capital repayments starting 23 March 2020
SMEs	Six months on both capital and interest repayments as from 23 March 2020
Households with monthly basic salary not exceeding MUR 50,000 and having a household loan	Six months on capital repayments as from 1 April 2020 The Bank of Mauritius will pay interest on outstanding household loans for the period 1 April 2020 to 30 June 2020. This will not take into account any arrears on the capital and interest accrued on household loan prior to 1 April 2020.
Households with monthly basic salary exceeding MUR 50,000	Six months on capital repayments as from 1 April 2020
Individuals with monthly basic salary not exceeding MUR 50,000	Six months on both capital and interest repayments as from 1 April 2020

Notes:

- Household defined as husband and wife jointly or a single parent
- Household loans and loans granted to individual to include all existing rupee loans, which have been disbursed by a commercial bank. Overdrafts, credit cards, and other credit facilities are not included

Tax measures

Mauritius Revenue Authority

The Mauritius Revenue Authority (MRA) announced a series of measures to support taxpayers in view of the COVID-19 outbreak.

Some of the key measures include the following:

No penalty or interest will be charged on late submission of tax returns or late payment of tax, which were initially due during the lockdown period prevailing in Mauritius.

Companies affected by COVID-19 will be entitled to double tax deduction for their investment made in plant and machinery for the period 1 March 2020 to 30 June 2020.

Individuals and companies making donation/contribution in COVID-19 Solidarity Fund will be eligible to claim deduction for the amount contributed at the time of filing their tax returns for the income year concerned.

Any unrelieved deduction in an income year may be carried forward for a period of two income years.

The MRA has exceptionally extended the due date for the transmission of FATCA information to the MRA, regarding the filing obligations under FATCA from 31 July to 30 September 2020.



Administrative measures

1. Registrar of Companies

Online facilities for online incorporation and online filing are being maintained during the confinement period.

Documents submitted to the Registrar of Companies (ROC) prior to 19 March 2020 may not have been processed and updated on the online CBRD-system. In such a case, companies are requested to resubmit these documents by email to relevant ROC department.

Extension for filing due during confinement

A two-month extension from the lifting of the confinement for filing of Financial Statements, which were initially due during the confinement period are being provided to stakeholders.

For any other document other than Financial Statements initially due for filing during the confinement period, a one-month extension from the lifting of the confinement is being granted.

Issue of certificate by ROC

Only electronic certificates will be available during confinement. E-signed certificate will be issued upon uplifting of confinement.

Certificate of current standing is being sent by email. Original certificate will be provided after the confinement period.

Insolvency service

Insolvency practitioners and companies may send insolvency related document by email to ROC. Original documents must be sent to ROC after the confinement period.

Administrative measures

2. Financial Services Commission

No administrative penalty will be charged on late filing and reporting obligations for the following:

- Due by end March 2020 because of confinement, provided that these obligations are filed on or before 30 June 2020; and
- Due in April, May and June 2020, provided these obligations are met by due dates per table 1 and 2.



Table 1: Entities registered as reporting issuers

Accounts type	Year/Period/Quarter ended	Extended deadline
Annual reports/audited financial statements	31 January 2020/ 29 February 2020/ 31 March 2020	31 July 2020
Quarterly financial statements	29 February 2020	15 May 2020
	31 March 2020	15 June 2020

Table 2: Entities, other than reporting issuers, licensed and authorised by the FSC

Accounts type	Year/Period/Quarter ended	Extended deadline
Annual reports/audited financial statements	31 October 2019/ 30 November 2019/ 31 January 2020/ 29 February 2020	30 June 2020
Interim financial statements	29 February 2020/ 31 March 2020	30 June 2020

3. Stock Exchange of Mauritius

The deadline for publication of financial statements for listed companies has been extended as follows:

Accounts type	Period ended	Extended deadline
Yearly	31 December 2019	30 June 2020
Quarterly	31 March 2020	15 July 2020

Mobility considerations

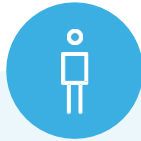
The Prevention and Mitigation of Infectious Disease (Coronavirus) Regulations 2020 was issued to co-ordinate and implement a nationwide response to the threat posed by the COVID-19 pandemic.



Lockdown

The country has been in lockdown from 19 March 2020. Following a series of extensions, the prime minister announced on 1 May 2020 that the lockdown will be extended until 1 June 2020. However, certain activities may start from 15 May 2020.

The public was urged to be self-disciplined and cooperate with the authorities. They should not go outdoors unless strictly necessary to avail urgent medical treatment, essential supplies, foodstuff, medicine, or any other item essential for their subsistence or livelihood.



Mandatory quarantine

In accordance with the Prevention and Mitigation of Infectious Disease (Coronavirus) Regulations 2020, any person infected or suspected of being infected with COVID-19 shall be isolated or quarantined for further screening assessments for a period of 14 days.

In the interest of public health, several areas across Mauritius have been restricted and certain designated quarantined centres include resorts and hotels.



Border control

Effective 19 March 2020, and pursuant to the Quarantine (Quarantinable Diseases) Regulations 2020, conveyance may be prohibited from entering, transiting and exiting Mauritius by order of the minister on account of public health.



Occupation/ residence permit extension

Following Cabinet decisions taken on 13 March 2020, all work permits that would expire in the year 2020 would be automatically extended up to 31 December 2021.

The Economic Development Board (EDB) has also announced a temporary extension of three months for occupation/residence permit e-applicants whose business/tourist visas and current occupation/residence permits have expired during the curfew order.



Travel restriction

A ban on international travel is currently in force in Mauritius, except for sanctioned repatriation efforts.



Social intervention

Solidarity fund

A COVID-19 Solidarity Fund had been set up to provide support to the population and the community affected by the COVID-19 pandemic. On 2 May 2020, the Framework and Operating Guidelines has been published and the online application portal is now operational. More details on the guidelines can be accessed on the [MRA website](#).

Donations made by both individuals and enterprises into the Solidarity Fund will be deductible for tax purposes.

Financial support to self-employed

Introduction of a Self-Employed Assistance Scheme (SEAS), through the MRA, to assist self-employed persons who have suffered loss of revenue as a consequence of the lockdown instated by the government. Any individual in business or tradesperson operating in the informal sector, who is a Mauritian national above the age of 18, and who have been in business for the past three months, shall qualify for the scheme.

Financial support under the SEAS provided as follows during the lockdown period:

Period	Financial support per applicant
16 March to 15 April	MUR 5,100
16 April to 30 April	MUR 2,550
May 2020	To be announced*

- The minister of finance announced that the SEAS will be extended for May 2020 further to extension of the curfew order until 1 June 2020.

Price control

The Consumer Protection (Price and Supplies Control) Act 1998 and the Consumer Protection (Consumer Goods) (Maximum Mark-Up) Regulations 1998 have been amended with effect from 20 March 2020 to regulate price of specified essential food items and sanitary products.

VAT rate on protective masks, other breathing appliances and hand sanitisers has been reduced from 15 percent to 0 percent, effective from 24 March 2020.

Contacts

If you would like to discuss the impact of these changes on your business and how you can leverage the opportunities that they offer, please reach out to us:



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