



Navigating to a
Better Future
Mauritius Budget
2021-2022



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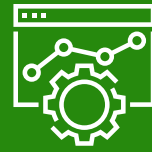
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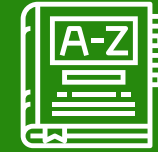
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Navigating to a Better Future

Mauritius Budget 2021 – 2022

11 June 2021

Promoting Recovery, Revival and Resilience

Dr the Honourable Renganaden Padayachy, Finance Minister, has delivered his second Budget Speech in a challenging context marked by the continued prevalence of COVID-19 worldwide, including in major trading partners of Mauritius. He has presented a roadmap for taking the national economy out of the current fragile and unbalanced growth environment, towards long-term resilient growth based on investment and confidence revival, as well as a new economic architecture centred on renewable energy and green industry.

Since the last budget, the authorities have pursued, and even extended, unconventional support policies to safeguard economic livelihood of people and stability of the financial system. In parallel, commendable efforts have been made to procure COVID-19 vaccines for the Mauritian population, with the objective of attaining herd immunity by the end of 2021. However, upkeeping of public health through lockdowns and border restrictions has unsurprisingly, had adverse impact on the economic standing of the country, culminating in a downgrade of Mauritius by Moody's in March 2021 on account of weakening of fiscal and economic strength.

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The IMF is currently projecting the global economy to grow by 6.0% in 2021, up from a contraction of 3.3% last year. However, divergent recoveries underlie this projection, with advanced economies better poised to bounce back faster, given their wider fiscal space that has been enabling more effective support measures and given their easier access to vaccines. With regard to monetary policy, at their latest policy meetings held on 27 – 28 April and 10 June respectively, the Fed and the ECB have pledged to maintain an accommodative stance and to pursue their asset purchase programmes designed to provide liquidity and support their macroeconomies, with a view to bolster employment creation and achieve pre-COVID activity levels soon. The Fed has, however, hinted that asset purchases may be tapered should the economy show rapid progress – in this context the upcoming meeting next week on 15 – 16 June should shed additional light on the future direction of policy and consequently, on the trajectory of the US dollar.

On the domestic front, economic growth was already decelerating prior to COVID-19, which in turn triggered a contraction of 15.2% in 2020, with nearly a third (4.7%) emanating from tourism sector. The authorities are currently projecting a growth of 9% for 2021/22. Headline inflation, which has been declining since 2017, experienced an increase from 0.5% in 2019 to 2.5% in 2020 despite lower economic activity, highlighting cost push pressures. Unemployment rate trended downward since 2015 and reached a 10-year low of 6.7% in 2019, but then rose to near double-digit (9.2%) in 2020, despite consequential support measures from the authorities. After almost a decade, the Current Account Deficit to GDP ratio breached into double-digit territory (12.0%) in 2020, driven mainly by the drying-up of tourism earnings. Public sector indebtedness has been on the rise, with Public Debt to GDP peaking at 91% at March 2021. Increasing prevalence of external debt since Dec 2019 signals potential vulnerability in debt servicing, more so if rupee depreciation accelerates. After reaching a low of 4.9% in 2019, Non-Performing Loans to Total Loans rebounded to 6.1% at September 2020,

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reflecting impact of COVID-19. Extension of support measures by the Bank of Mauritius for a further year should uphold this key asset quality indicator. Budget Deficit to GDP evolved in a stable range of 3% – 3.5% up to 2018, rocketed to 13.6% in 2019/20, mainly due to COVID-19 response, but is projected to decline to 5.0% in 2021/22.

This budget proposes an important government infrastructure investment programme to the tune of MUR 65 billion over the next 3 years, reasserts commitment to construct 12,000 houses by 2024, and plans to enhance the transport infrastructure network. These have the potential to crowd-in much needed private investment, which has lately not exceeded 15% of GDP. Diverse policies have been announced to incentivise the shift to renewable energy with a view to promote durable development. As from 15 July 2021, Mauritius will start accepting vaccinated tourists with a view to revive the hard-hit tourism industry. The UNDP is collaborating with the authorities to cater for new segments and the Invest Hotel Scheme is being relaxed to attract long-stay tourists.

The authorities will upgrade financial sector legislation, further empower regulators in their fight against financial crime, and remain committed to work towards FATF compliance. Digitisation initiatives have been announced, including in Blockchain and AI space, and notably a pilot project by the Central Bank on a Digital Rupee. The country is further opening-up to foreigners through relaxation of permits and investment schemes. Agricultural operators including planters, farmers and fishermen will benefit from financial facilities, to enhance food security. Biotech and pharmaceutical manufacturing will be promoted, same for housing ownership and digitisation of the Mauritian economy. To ensure inclusive development, educational infrastructure will be upgraded while social schemes will be widened and deepened.

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Revenue measures in the budget include an additional levy of Rs 2 per litre of Mogas and Gas Oil to finance vaccination programmes, a 10% increase in excise duty for alcohol and tobacco products, increase of 2% in taxes and duties on betting for horseracing. The underlying philosophy appears to be that this budget would eventually be financed by the expected upturn in economic activity spurred by the numerous incentives and schemes outlined.

By Jameel Khadaroo
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Economic snapshots



Economic snapshots

2021 Highlights

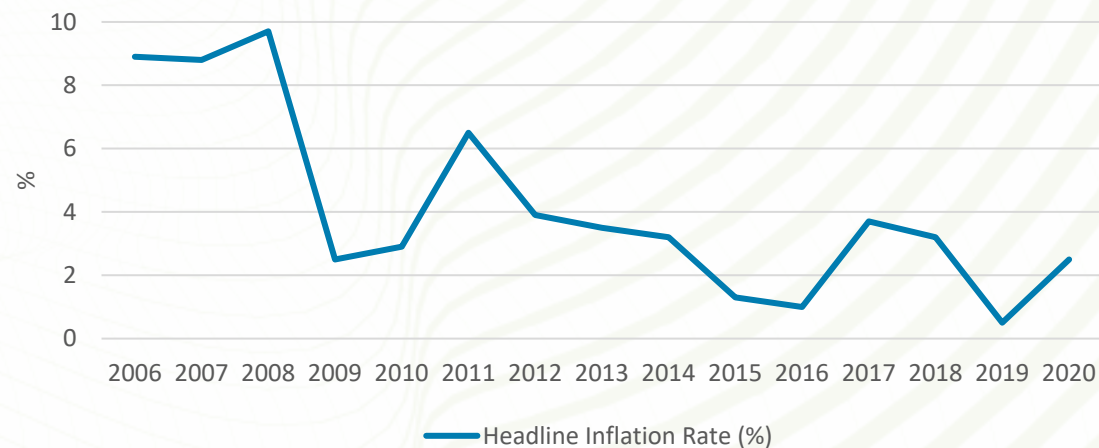
Economic growth (%) and inflation (%)



- Economic growth was already on a declining trend prior to COVID-19.
- COVID-19 led to an economic contraction of 15.2 percent in 2020.
- Real GDP growth is expected to rebound into positive territory from 2021/22, stabilising at 6 percent thereafter.

* Forecast (Fiscal Year : July – June)

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

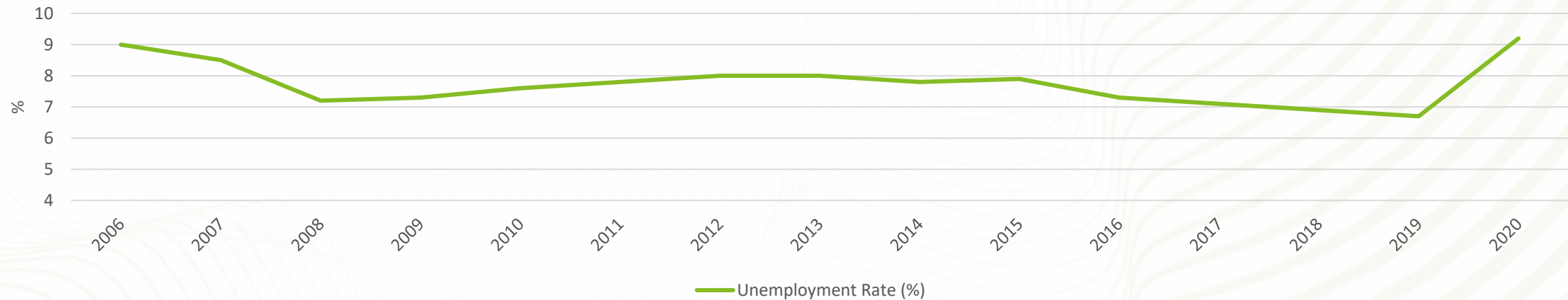


- Headline inflation has been decreasing overall, prior to COVID-19.
- The rise from 0.5 percent in 2019 to 2.5 percent in 2020 marks a potential reversal in inflation trend, driven by cost-push pressures.
- Of note, inflation has increased in 2020 despite considerable economic contraction.

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Unemployment rate (%)



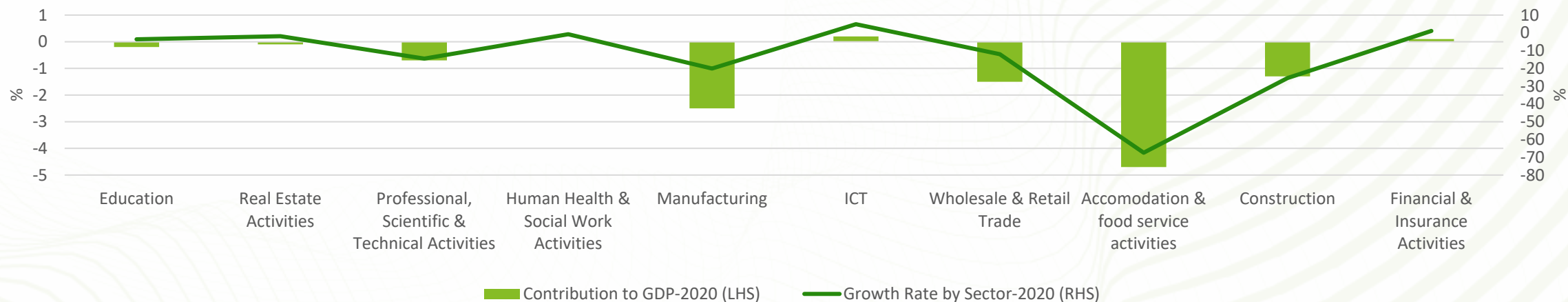
- Unemployment rate has been on a downtrend since 2015, reaching a 10-year low of 6.7 percent in 2019.
- With COVID-19, unemployment rose to 9.2 percent in 2020, higher than the levels experienced in the aftermath of the 2007-08 global financial crisis.
- This rise occurred amidst consequential support measures from the authorities.

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Contribution to GVA growth (%) and sectoral growth rate (%) of major sectors - 2020



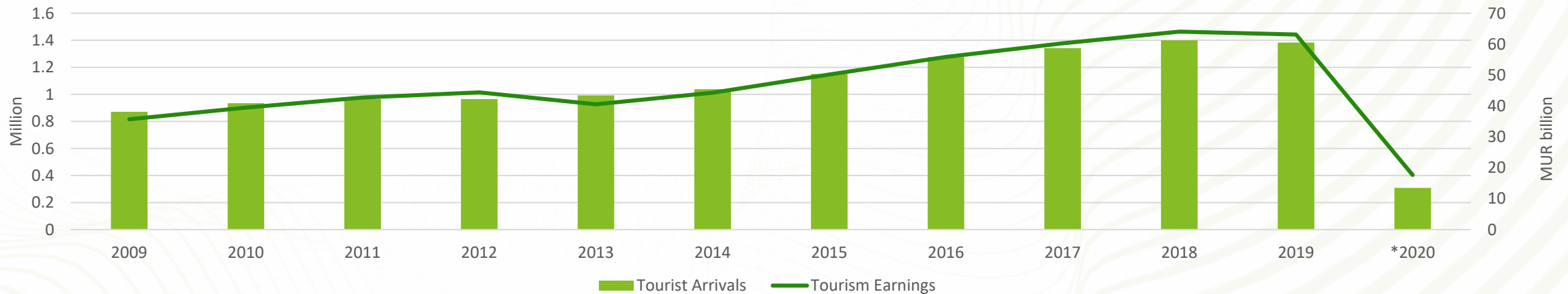
- Accommodation and food service activities (essentially tourism) accounted for nearly a third of the drop in GVA (4.7 percent out of 15.2 percent) in 2020.
- ICT and financial and insurance are the rare sectors that experienced an increase in GVA amidst COVID-19.
- The FATF grey list and EU black list, as well as emerging regional competition, constitute pressing challenges for the financial sector in 2021.

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Tourist arrivals in million (LHS) and tourism earnings in MUR billion (RHS)



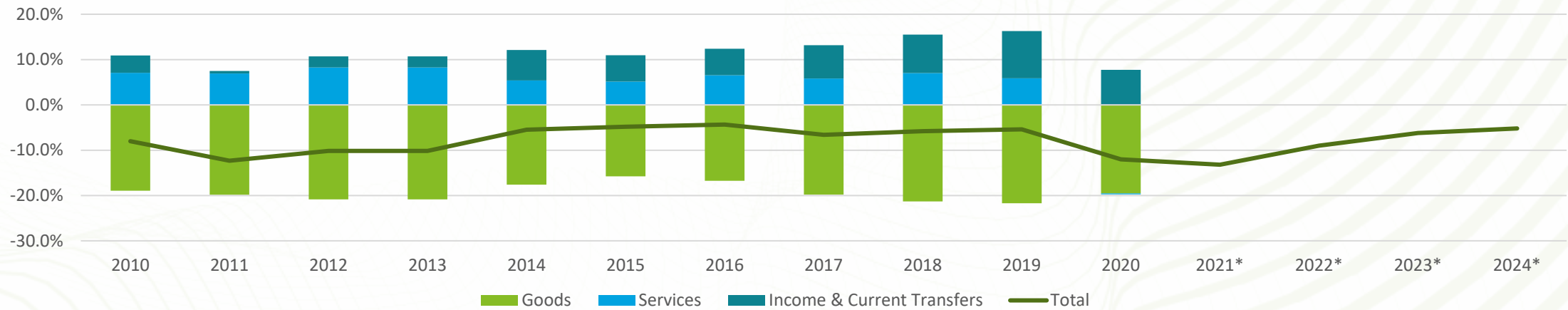
- After steady increases in tourist arrivals and tourism earnings over the past decade, a deep reversal occurred in 2020 due to COVID-19.
- For 2021Q1, only 2,772 tourists visited Mauritius, compared to 304,842 for 2020 in the same quarter.
- A rebound in tourism activity is critical for restoration of key indicators such as unemployment rate and current account balance.

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Current account balance (% of GDP)



- The current account deficit ratio, in 2020, breached into double-digit territory (to 12 percent) after nearly a decade.
- This has basically been driven by the drying-up of tourism earnings amidst COVID-19 management.
- Current account is forecasted to improve continuously from 2021/22, upon the revival of tourism earnings, to reach pre-COVID-19 levels by 2023/24.

* Forecast (Fiscal Year: July – June)

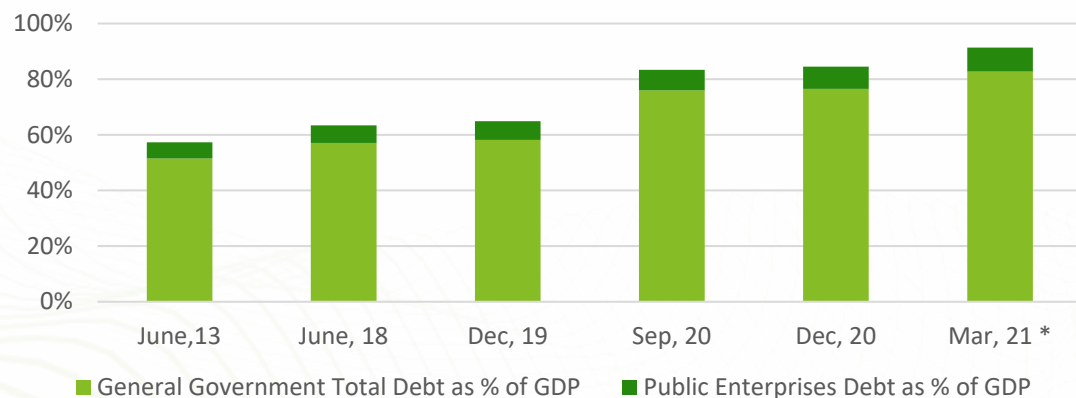
Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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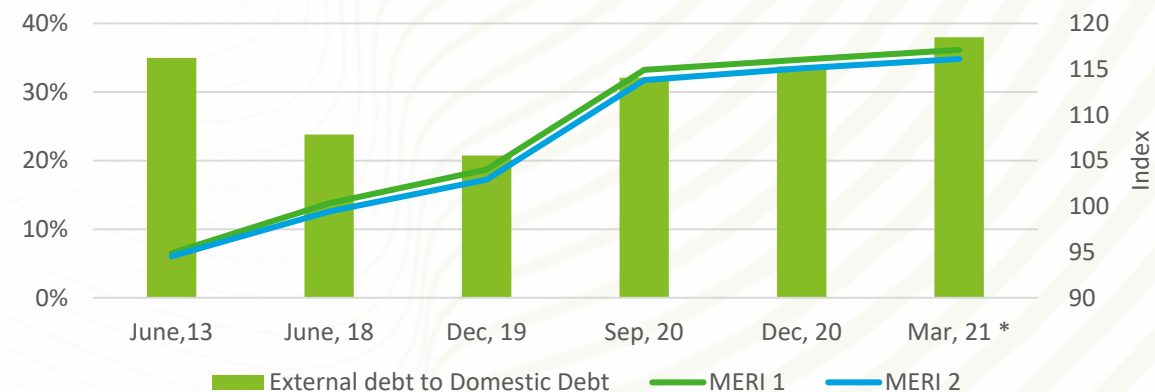
Public debt and Mauritius Exchange Rate Index (MERI)

Public debt (% of GDP)



- Public sector indebtedness has been on the rise over the past decade.
- With COVID-19 and the ensuing economic contraction, the public debt to GDP ratio has risen to 91 percent as of March 2021.

External debt to domestic debt ratio (LHS) and MERI (RHS)



- In the wake of COVID-19, the Mauritian Rupee broadly experienced depreciation against major foreign currencies.
- Increasing ratio of external to domestic debt since Dec 2019 signals potential vulnerability in debt servicing, more so if rupee depreciation accelerates.

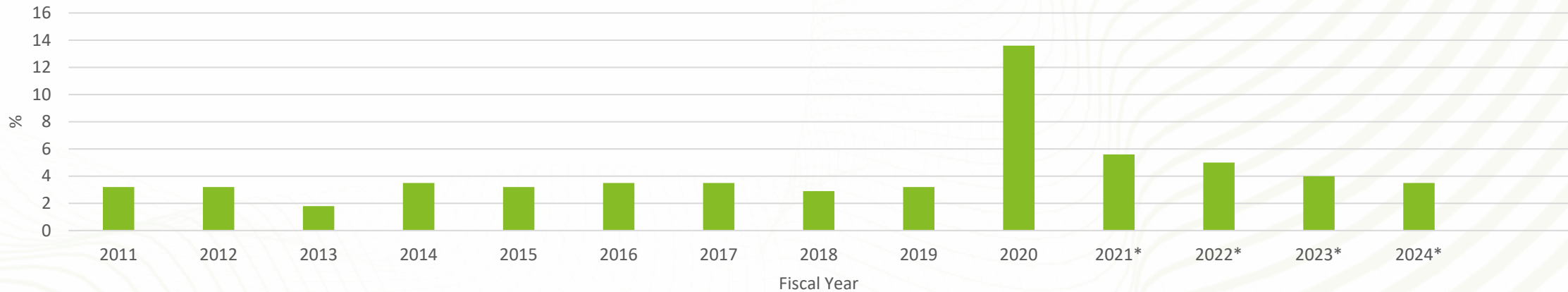
* Provisional Figure

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Budget deficit (% of GDP)



- Budget deficit to GDP has been evolving in a stable range of 3 percent to 3.5 percent until 2018, but rocketed to 13.6 percent in 2019/20.
- Pre-COVID-19 levels are expected to be reached by 2023/24, after a sustained decline.

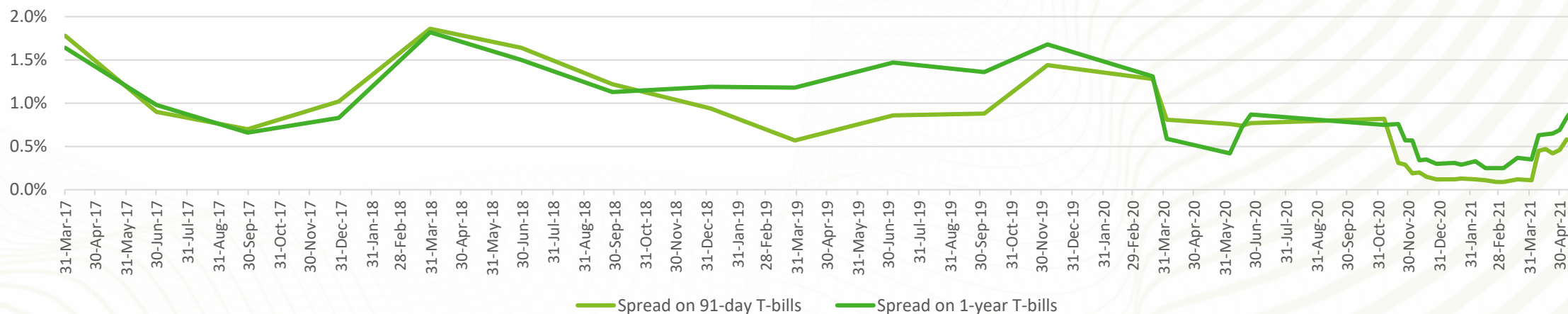
* Forecast (Fiscal Year: July – June)

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Spread on Mauritius and US T-Bills (%)



- After a diving trend from Dec 2019 to late 2020, the yield spreads between Mauritius and US T-Bills have been reversing course since Apr 2021.
- This reversal, implying higher borrowing rates for Mauritius on treasury securities, may be linked to the downgrading by Moody's in March 2021.
- The yield spreads do not appear to have stabilised yet.

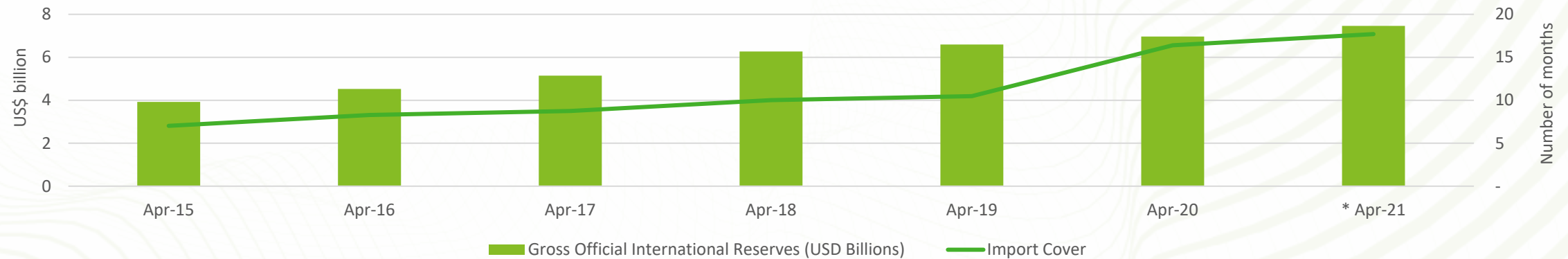
Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Gross Official International Reserves (US\$ billion) and import cover (months)

Gross Official International Reserves (LHS) and import cover (RHS)



- Gross Official International Reserves have steadily increased to almost reach US\$7.5 billion in April 2021.
- Import cover has correspondingly increased to reach 17.7 months.
- Gross Official International Reserves are forecasted to steadily increase further to US\$8.58 billion by 2023/24.

* Provisional Figure

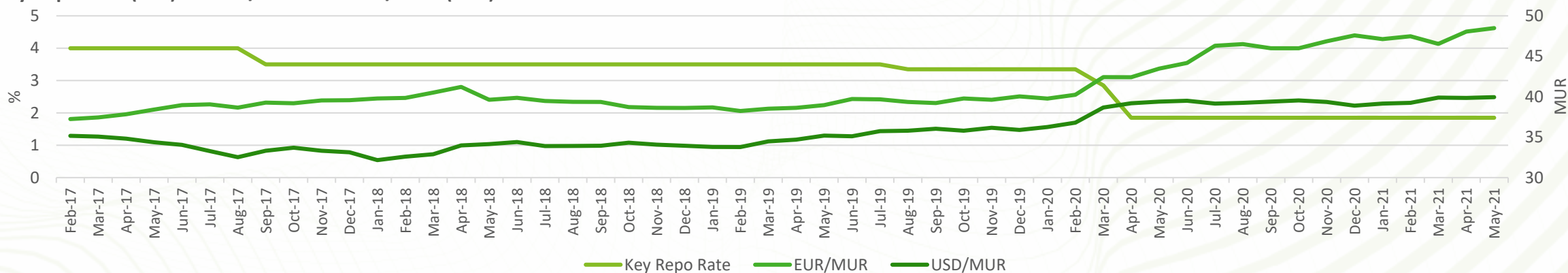
Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Key Repo Rate (KRR) (%) and MUR Exchange Rates (MUR)

Key Repo Rate (LHS) vs. EUR/MUR and USD/MUR (RHS)



- Key Repo Rate was reduced by 100 bps on 16 April 2020 to mitigate the adverse effects of the COVID-19 crisis on Mauritius' economic growth.
- The Mauritian Rupee has experienced a depreciating trend since early 2020; more so against EUR.

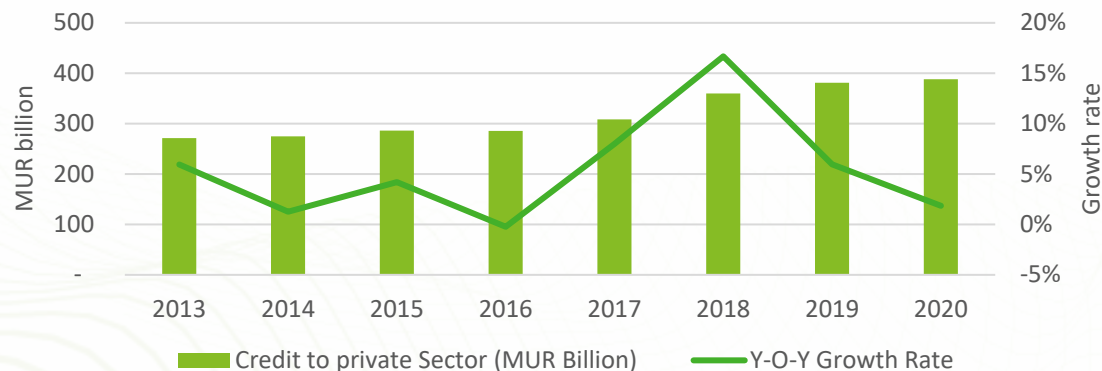
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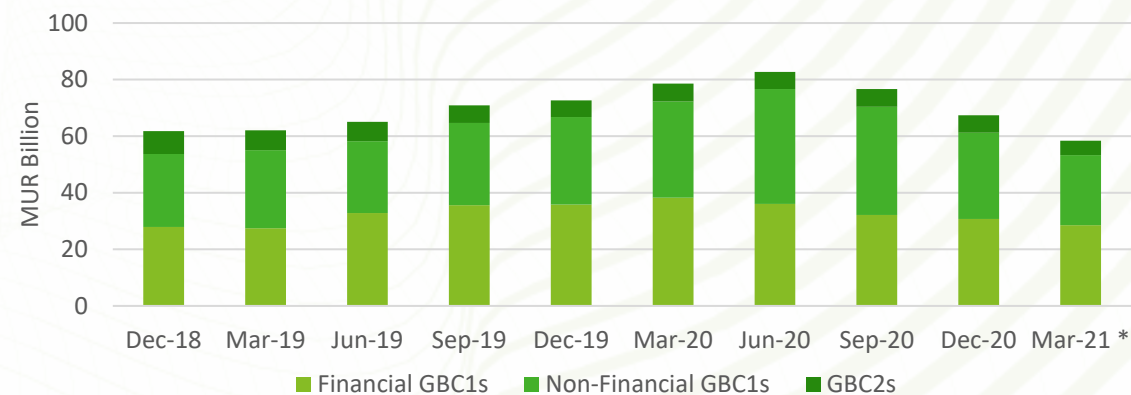
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Credit to private sector and to Global Business Companies (GBCs)

Credit to private sector (LHS) and YOY growth rate (%)



Credit to GBCs (MUR Billion)



- Overall credit to private sector, inclusive of GBCs, has been on an uptrend, reaching MUR 388 billion in Dec 2020, albeit a lower growth of 2 percent against 6 percent in 2019.
- The above credit resilience emanates from the domestic segment.

- Credit to GBCs witnessed a clear reversal as from Jun 2020, falling steadily from MUR 82.6 billion to MUR 58.4 billion in Mar 2021.
- A speedy resolution to the listing of Mauritius on FATF grey list and EU black list would be important to reignite credit to GBCs.

* Provisional Figure

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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2021 Highlights

Asset quality

Non-performing loans to total loans (%)



- Non-performing loans to total loans decreased from a high of 7.8 percent in 2016 to a low of 4.9 percent in 2019.
- However, there has been a reversal with an estimated ratio of 6.1 percent in Sep 2020, reflecting the impact of COVID-19.
- Unwinding of support measures would be expected to lead to further deterioration of this ratio.

* Sep 2020 Figures

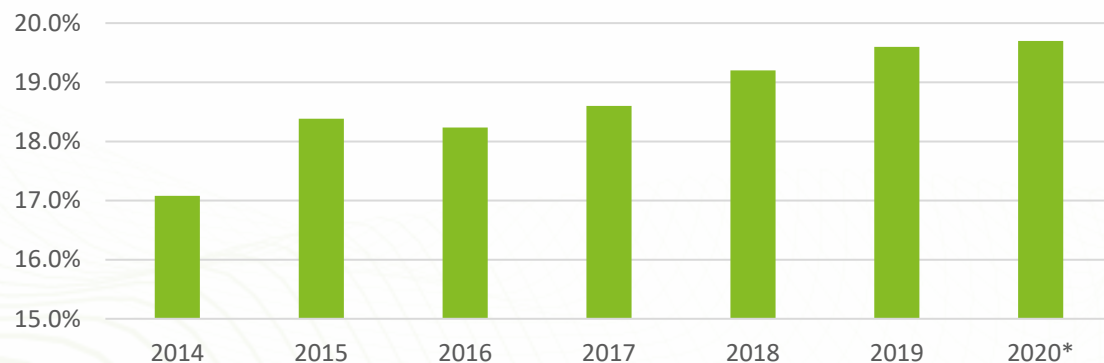
Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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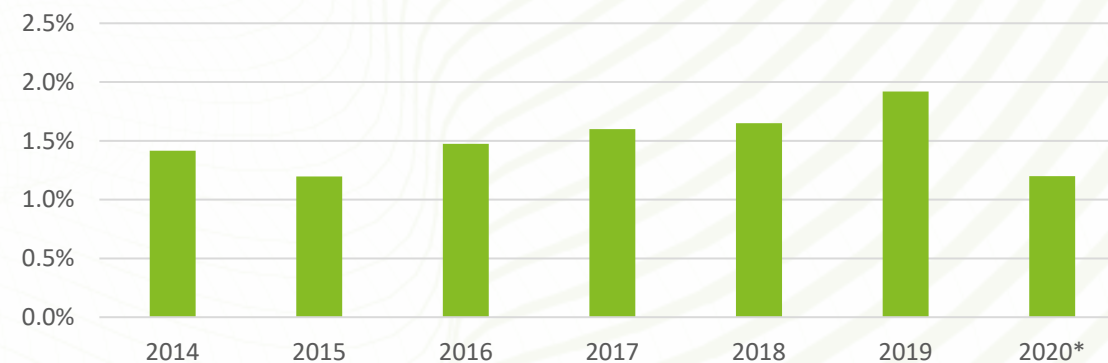
Banking sector: Capital base and profitability

Regulatory capital to risk-weighted assets (%)



- Regulatory capital has maintained an upward trend, in spite of COVID-19, reaching 19.7 percent in Sep 2020.
- Impact assessment on Capital Adequacy Ratios (CARs) in the event of unwinding support measures, would be useful.

Return on assets (%)



- Return on assets fell from a peak of 1.9 percent in 2019 to an estimated low of 1.2 percent in 2020, reflecting the COVID-19 impact.
- This is potentially a situation of higher risk but lower return.

* Sep 2020 Figures

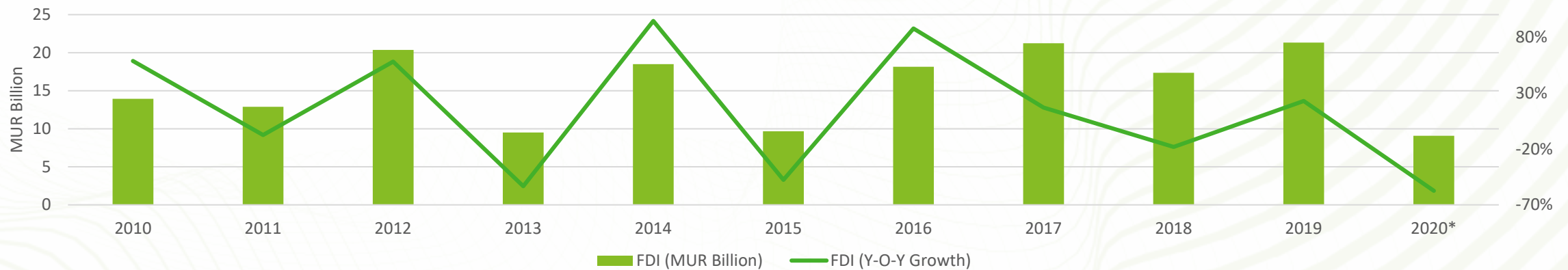
Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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FDI (LHS) and FDI YOY growth rate (RHS)

FDI (MUR billion) vs. FDI (YOY growth rate - RHS)



- FDI for the first three quarters of 2020, was markedly lower than the FDI for the first three quarters of 2019; MUR 9.08 billion against MUR 15.2 billion.

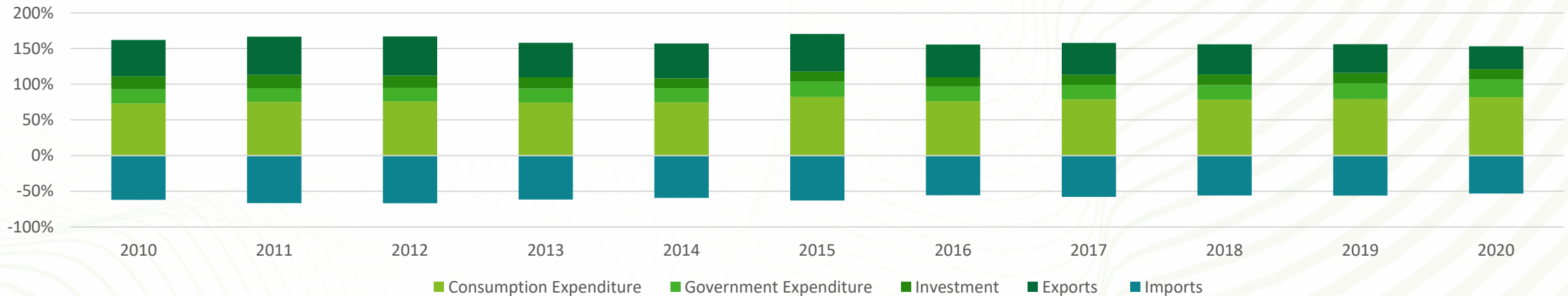
* First three quarters of 2020

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

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Aggregate expenditure (% of GDP)



- Mauritius' economic growth model has, over the past decade, focalised on consumption at the expense of investment and exports, as witnessed by their respective evolution over time as a percentage of GDP.
- Structural policies targeting private investment and exports would be useful to reignite the anaemic growth engine of Mauritius.

Sources: Statistics Mauritius, Bank of Mauritius, MoFEPD and Budget Speech 2021/2022

Tax and Regulatory Measures

- Corporate tax
- Personal tax
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Tax holidays for family office, fund and asset managers

- Extension of income tax holiday for family offices as well as fund and asset managers from 5 to 10 years

Reduced income tax rate of 3 percent

- Reduced income tax rate of 3 percent extended to:
 - Companies engaged in the medical, biotechnology, and pharmaceutical sectors
 - Private universities set-up in Mauritius

Dividend payment

- Dividend payment by a non-resident to another non-resident not taxable in Mauritius

Partial exemption

- Partial exemption now extended to:
 - Licensed investment dealers
 - Activities relating to the leasing of locomotives and trains including rail leasing

Incentives to companies registered with the EDB

Tax incentives introduced for certificate holders as follows:

- Investment certificates (for companies engaged in specified sectors)
 - Eight-year income tax holiday for new companies
 - 5 percent 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 percent 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

Double deductions

- Double deduction available on:
 - Acquisition of specialised software and systems
 - Expenses incurred by private health institutions in relation to international accreditation
- Transitional provision for double deduction available on qualifying R&D expenditure extended to June 2027

110 percent deduction on products manufactured locally by SMEs

- 110 percent deduction available to enterprises with respect to purchase of products manufactured locally by SMEs

Tax credit

- Full tax credit on the costs of acquisition of patents by biotechnology and pharmaceutical companies

Contributions to COVID-19 Vaccination Programme Fund

- Contributions made by enterprises to the COVID-19 Vaccination Programme Fund to be allowed as deduction

Foundations and trusts

- Income tax legislation to be amended to ensure compliance with OECD standards, including substantial activity requirements from foundations and trusts benefitting from preferential tax regime

Advance Payment System (APS)

- Computation of tax under APS to cater for companies subject to a lower corporate tax rate than the standard rate of 15 percent

Investment tax credit

- Manufacturing companies allowed to carry forward unrelieved investment tax credit for a period of 10 years

Corporate Social Responsibility

- Exemption from payment of CSR by small enterprises eligible for presumptive tax at the rate of 1 percent of turnover
- Restoration of a building designated as a national heritage under the National Heritage Fund Act 2003 to be included on the list of specified priority areas of intervention for CSR purposes

Gambling levy

- Levy payable by gambling operators to be treated as non-deductible for income tax purposes

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Premium Visa Scheme

- The holder of a Premium Visa, spending 183 days or more in Mauritius, to be taxed in Mauritius on a remittance basis
- Money spent in Mauritius through the use of foreign credit or debit cards by Premium Visa holders will not be deemed to have been remitted to Mauritius
- Income brought and deposited in a Mauritius bank account subject to tax, unless the holder declares that the required tax has been paid thereon in his country of origin or residence

The above amendments to the scheme to apply retrospectively as from 1 November 2020

Income tax exemption on emoluments of asset/fund manager

Exemption on emoluments of asset/fund manager extended from 5 to 10 years

Additional exemption for child pursuing tertiary education

Exemption with respect to a child pursuing tertiary education increased to MUR 225,000, and restrictions on place of study and income of household removed

Medical insurance relief

Increase in relief for medical insurance premiums from:

- MUR 15,000 to MUR 20,000 for an individual and his first dependent
- MUR 10,000 to MUR 15,000 for other dependents

Contribution to individual pension scheme

Exemption of up to MUR 30,000 on contribution to an individual pension scheme

Contributions to COVID-19 Vaccination Programme Fund

- Amount contributed by individuals to the COVID-19 Vaccination Programme Fund to be allowed as tax deduction upon submission of income tax return
- Carry forward of any unrelieved deduction by an individual allowed for two years

Self-employed assistance scheme

- The self-employed assistance scheme to apply only to self-employed individuals paying CSG as from 1 July 2021
- Submission of income tax returns by self-employed individuals required under the scheme
- MRA to provide simplified tax returns for self-employed individuals with income not exceeding the basic income exemption threshold



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Zero rated

Zero-rating extended to:

- Plant, machinery, and equipment and purpose-built building and plant and equipment constructed by companies holding investment certificates for research and development in the field of health care, nursing, and residential care services
- Animals for the purpose of training, breeding, and re-export
- Preparation and supply of cooked or uncooked dumplings to final consumers

VAT exemption

Exempt body of person extended to include:

- Developers for constructions made in the Biotechnology and Pharmaceutical industry
- The National Empowerment Foundation and the New Social Living Development Ltd with respect to social housing
- Holders of investment certificates registered with the EDB for the purchase of plant, machinery, and equipment and construction of purpose-built building and plant and equipment for research and development

Other taxes



Other taxes

Land Transfer Tax and Registration Duty

- Tax on transfer of leasehold rights on state land reduced from 20 percent to 10 percent from 1 July 2021 for a period of two years for hotels
- Transfer of leasehold rights with respect to residential units developed on state land for senior living under the Property Development Scheme exempted from transfer tax
- Registration duty and land transfer tax exemption for:
 - Developers in the biotechnology and pharmaceutical industry
 - Construction and expansion of student campuses
- Registration duty exemption threshold for first-time buyers revised to first MUR 5 million of cost of a built-up residential property
- Registration duty exemption for businesses engaged in livestock production and animal breeding

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Excise Duty

- Excise duty increased by 10 percent on alcoholic drinks and cigarettes
- Motor vehicles
 - Extension of excise duty rebate scheme on motor vehicles up to 30 June 2022
 - Abolishment of 5 percent excise duty on electric vans of up to 180 kW used for the transport of goods
 - Beneficiary of duty-exempted motor vehicle allowed to benefit from another duty-exempted motor vehicle within a period of four years, provided that the full amount of duties and taxes exempted on the current motor vehicle is reimbursed

Other measures

- Additional levy of MUR 2 per litre of Mogas and gas oil from 1 July 2021 to finance costs of COVID-19 vaccines
- An individual buying a house, apartment, or land to construct his residence in the financial year 2021/2022 to benefit from a refund of 5 percent of the cost of the property, up to a maximum of MUR 500,000
- An individual contracting a home loan to construct a residence to benefit from a refund of 5 percent of the home loan, up to a maximum of MUR 500,000

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Income Tax Act

- Monetary thresholds for the submission of financial transaction statements by banks, non-bank deposit-taking institutions, insurance companies, and money changers reduced by half
- MRA empowered to request information from taxpayers electronically and conduct virtual meetings with taxpayers
- MRA to clarify through regulations the types of records to be kept by businesses at their premises
- Introduction of penalties for companies failing to comply with MRA requests relating to exchange of information
- Time limit of 30 days for issuance of income tax ruling to start from the date of receipt of all information requested by MRA

VAT Act

- Time limit of 30 days for issuance of VAT ruling to start from the date of submission of all documents and information requested by MRA

Customs Act

- Non-payment of duties and taxes by the due date under the Deferred Payment Scheme to attract penalty and interest

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Mauritius Revenue Act

- Amendment to the MRA Act to compel attendance and production of documents before ARC by any person, including a retired Government officer
- Taxpayers allowed to make representations to the ARC without any payment, where objection was lapsed due to failure in producing requested information
- Alignment of definition of money laundering under the MRA Act with that of the FIAMLA
- Authorisation of the Independent Tax Panel not required for MRA to issue assessments for cases relating to fraud or non-submission of tax returns by the taxpayer

Tax Arrears Settlement Scheme (TASS)

- TASS reintroduced for arrears under income tax, VAT, and gambling tax
- Taxpayers to register by 30 June 2021 and settle arrears by 31 December 2021
- For SMEs, the scheme to remain open until December 2021

Regulatory



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Regulatory measures

- Protected cell structure extended to domestic companies
- Set up of a regulatory framework to facilitate banking institutions establish their shared services centres in Mauritius
- Launching of FSC online licensing platform from 1 July 2021
- Establishment of a Financial Crime Commission for the effective management in the fight against financial crime
- Amendment to the Business Registration Act to cater for issuance of electronic business registration card
- Introduction of rules by the SEM for the setting up of Special Purpose Acquisition Companies
- Non-provision of beneficial ownership information under partnership legislations to result in the removal from ROC register
- Amendment to the Insolvency legislation to cater to developments in insolvency practices with a view to safeguard businesses impacted by COVID-19
- Introduction of a 10-year Family Occupation Permit for those contributing US\$250,000 to the COVID-19 Projects Development Fund

Sectoral measures



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Sectoral measures

Infrastructure

- Announcement of a three-year national flood management programme to the tune of MUR 11.7 billion
- Implementation of projects amounting to MUR 4 billion for public amenities, tourist sites, and renewable energy projects
- Construction of the Rivière des Anguilles Dam and its water treatment plant to the tune of MUR 9.4 billion
- Investment of MUR 1 billion by the Mauritius Investment Corporation (MIC) in Rodrigues to tackle water shortage
- Further investment of MUR 3.2 billion over the next three years to expand water storage and treatment facilities
- Construction of 3,310 social housing units in the upcoming financial year
- Provision of MUR 4.5 billion for the extension of the metro from Rose Hill to Reduit, through Ebene
- Investment of MUR 5.7 billion over the next three years, in addition to the MUR 1 billion under the Economic Recovery Programme in community development projects across Mauritius to improve the quality of life of our citizens
- Earmarking of MUR 22 billion for land transport projects including roads and the Metro Express
- Investment of MUR 8 billion in the development of Urban Terminals at Vacoas, Rose Hill, Quatre Bornes, and Curepipe
- Setting up of a MUR 5 billion modernisation and transformation fund, which will be managed by a new Industrial Financial Institution (IFI)
- Benefits from leasing facilities at a preferential rate of 2.5 percent per annum over an extended period of up to nine years, and reduction of the annual interest rate for the existing Leasing Equipment Modernisation Scheme (LEMS)
- Investment of approximately MUR 577 million for the promotion of sports, physical activity, and leisure



Sectoral measures

Tourism

- Opening the frontier from 15 July 2021 to all vaccinated visitors for resort tourism (14 days quarantine with a negative PCR test)
- Allowing vaccinated tourists with a negative PCR test on Mauritian territory without any restrictions from 1 October 2021
- Assisting Mauritius Tourism Promotion Authority (MTPA) with a total amount of MUR 420 million for the promotion of Mauritius
- Extension of the Wage Assistance and Self-Employed Assistance Scheme to tourism-related companies for a three-month period up to September 2021
- Deferring the payment of lease on state lands to June 2022
- Waiving the rental fee of counters by hotels and operators at the airport from April to September 2021
- Introduction of a Tourism Business Continuity loan for SMEs at a rate of 0.5 percent per annum by the DBM
- Amendment of the Invest Hotel Scheme to:
 - i. Allow the sale of up to 80 percent units with the possibility for the owner of a room to stay for a maximum of six months annually; and
 - ii. Reduce the minimum selling price of a standalone villa from US\$500,000 to US\$375,000.



Sectoral measures

Manufacturing

- Launch of a Trade Development and Intelligence Cell at EDB, which will operate as a one-stop desk for all trade-related matters
- Introduction of an Export Development Programme to improve export readiness of enterprises
- Extension of the Freight Rebate Scheme until June 2022
- Extension of two more years for the 50 percent reduction in port dues and terminal handling charges for export
- Launch of an e-export directory by the EDB to display to the world, products manufactured by Mauritian entrepreneurs
- Authorisation to third-party freeport developers to rent space to an enterprise, outside of the freeport zone, for manufacturing and storage of goods
- Increase from 10 percent to 40 percent, within a period of one year, of the minimum shelf space for locally manufactured products
- Increase of the bid preference of 20 percent to 30 percent for products such as tea, fruit juices, margarine, and medical gas produced locally
- Adoption of a Mauritius-first policy for the procurement of sanitisers, masks, PPEs, medical devices and medical gas, amongst others



Sectoral measures

Business facilitation

- Grant to owners under the IHS to occupy their units for a total period of 180 days instead of 90 days per year
- Availability of a number of incentives for new companies upon registration with the EDB for any one of three certificates, namely, Investment Certificate, Export Development Certificate, and Premium Investor Certificate, to promote business activities.
- Extension of Export Credit Insurance Scheme to freeport operators heavily impacted by COVID-19
- Premium Investor Certificate allowing companies investing at least MUR 500 million to benefit from negotiable incentives, upon recommendation of a technical committee and approval by the minister.
- Obtention of business support and advisory services for businesses registered with the EDB



Sectoral measures

Open economy

- Extension of the validity of occupation permit for professionals from three to 10 years
- Permission granted to spouses of occupation permit holders, whereby, they can invest or work in Mauritius without applying for occupation permit and work permit
- Partnership of the EDB with international firms with expertise in residence planning to attract high-network individuals in Mauritius
- Possibility for non-citizen holding occupation permit to switch jobs without a new application to EDB
- Eligibility of a non-citizen for an occupation permit, irrespective of the visa category upon arrival in Mauritius
- Permission for a non-citizen to acquire a residence in a building of at least two floors above ground, provided that the purchase price is not less than US\$375,000
- Extension to 20-year period for the holders of 10-year permanent residence permit
- Permission to holders of residence permit to investor, professional, and retired schemes



Sectoral measures

Education

- Provision of MUR 17 billion in the budget for the education sector, including the upgrade and embellishment of school infrastructure
- Increasing grants to NGOs running SEN schools to the tune of MUR 151 million
- Setting up of resource and development units to facilitate access to paramedical services and therapy
- Modernisation of the Technical and Vocational Education and Training (TVET)
- Investment to the tune of MUR 33 million to support online learning in local universities
- Provision of a work permit and Young Professional Occupation Permit upon graduation to international students
- Setting up of the Emerging Technologies Council to enhance the research landscape in new technologies such as Blockchain, AI, and IoT
- Provision of training and reskilling to some 10,000 individuals to cater for unemployment



Sectoral measures

Financial services

- Amendment of relevant legislations to meet requirements of the FATF recommendations on AML-CFT
- Setting up of the Financial Crimes Divisions at the Supreme Court and the Intermediate Court to ensure financial crimes are dealt with speedily
- Grant of legal force to the AML/CFT Core Group under the FIAMLA
- Enactment of a new legislation for virtual assets
- Deployment by the BOM of a Central Bank Digital Currency, The Digital Rupee, on a pilot basis
- Initiation of an open-lab for banking and payment solutions and a FinTech innovation lab by the Bank of Mauritius and the Financial Services Commission (FSC), respectively, to promote entrepreneurship
- Implementation of a digitalised, centralised information exchange system to facilitate motor insurance claim recoveries
- Launch of the FSC One platform as an online licensing portal from 1 July 2021
- Introduction of rules by the Stock Exchange of Mauritius (SEM) for the setting up of Special Purpose Acquisition Companies



Sectoral measures

Healthcare

- Increase of the public health budget to MUR 14.5 billion, which includes the construction of a cancer centre, hospital, mediclinics, and the acquisition of high-tech medical equipment
- Provision of seed capital to the tune of MUR 1 billion to the Mauritius Institute of Biotechnology for the setting up of a manufacturing plant for the local production of COVID-19 vaccines and other pharmaceutical products
- Eligibility to a premium certificate for companies engaged in the manufacture of pharmaceuticals and medical devices



Sectoral measures

Agriculture

- Allocation of a remuneration of MUR 3,300 per ton of sugar for bagasse to all planters and producers
- Provision of a guaranteed price of MUR 25,000 per ton for planters producing up to 60 tons of sugar for Crop 2021
- Waiving of the insurance premium payable to Sugar Insurance Fund Board by planters producing up to 60 tons of sugar for crop 2021
- Provision of a 50 percent subsidy on fertilisers for Crop 2021 for planters producing up to 60 tons of sugar
- Assistance with a 50 percent refund on the costs related to certification, testing, and accreditation with a view to achieve standards such as Bonsucro
- Provision of around 1,000 arpents of land by Landscape through the Centralised Digital Land Bank to private growers
- Provision of MUR 36 million to renew the fleet of tractors of the Agricultural Management Unit under the MCIA
- Extension of the Sheltered Farming Scheme to charitable institutions, primary schools, and colleges
- Increasing the maximum loan under the DBM Backyard Gardening Loan Scheme from MUR 20,000 to MUR 100,000
- Assistance of loan schemes from the DBM:
 - i. MUR 100,000 interest-free loan for cashflow issues
 - ii. 0.5 percent COVID-19 Special Support Scheme of up to MUR 1 million



Sectoral measures

Information, Communication, and Technology

- Launch of a Digital Industries Academy by the EDB with trainees benefitting from a total stipend of up to MUR 15,000, equally shared between HRDC and the private sector
- Eligibility for digital transformation initiatives and business advisory services under the training fund of the Human Resources Development Council
- Introduction of mobile and contactless payment systems by the government, starting with the Registrar-General, NLTA, and the Companies Division



Sectoral measures

Energy

- Produce 60 percent of our country's energy needs from green sources by 2030 and phase out the use of coal totally before 2030
- Investment of some MUR 5.3 billion by the CEB over the next three years in increased battery capacity, Gas Insulated Switchgear (GIS) substations, and a solar farm of 10 MW at Tamarind Falls, Henrietta
- Request for proposal by the CEB to set up a MUR 2.4 billion in a 40 MW wind farm
- Incentivising the use of electric vehicles by making its purchase duty-free, reducing registration duty, and road tax.
- Removal of the 5 percent excise duty on electric vans of up to 180 kW used for the transport of goods
- Allowing owners of electric vehicles to install a photo voltaic system, not exceeding 10 kW, to charge their vehicles and export any surplus to the grid
- Purchase of 25 electric buses for the NTC to renew its fleet



Sectoral measures

Entrepreneurship

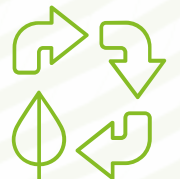
- Provision of a rebate of up to 30 percent on the annual rental of industrial space to SMEs engaged in the manufacturing sector over the next three years
- Construction of an SME industrial park of 5,000 square metres
- Allocation of 20 percent of spaces in upcoming parks, rent-free, to start-ups for the first three years of operation
- Eligibility by SMEs for MUR 100,000 interest-free loan for cash flow issues and a 0.5 percent COVID-19 Special Support Scheme of up to MUR 1 million
- Earmarking of an amount of MUR 1 billion by the DBM to provide loan facilities of up to MUR 5 million to retailers with turnover of up to MUR 250 million at a concessional rate of 3.5 percent per annum
- Launch of an online marketplace by the EDB for start-ups to showcase their products and services



Sectoral measures

Sustainable development

- Allocation of MUR 2.2 billion to the National Environment Fund (NEF)
- Investment of some MUR 1.2 billion over the next three years for the rehabilitation and protection of our coastlines against the consequences of climate change
- Earmarking of MUR 790 million for cleaning, embellishment, and solid waste management
- Provision of some MUR 200 million to promote the circular economy



Sectoral measures

Social welfare

- Allocation of MUR 10.3 billion to the police force
- Provision of a grant of some MUR 845 million to NGOs for a more inclusive society
- Refund of up to MUR 500,000 of the cost for the acquisition of any residence or land in the country and the construction cost of a house
- Extension of the subsidy imposed on the price of white flour for 25 kg bags to MUR 155.50 for one additional year
- Provision for an additional subsidy of MUR 19.50 per 25 kg bag to align the price of wheat flour to that of white flour
- Waiver on the payment of MITD exam fees for children registered under the Social Register of Mauritius for financial year 2021/2022 and provision of free optical glasses for those up to 21 years of age
- Upgrade of facilities in four major public beaches to make them accessible for the disabled
- Increase of the maximum exemption of a child pursuing tertiary education to MUR 225,000 irrespective of the place of study and total income of the household
- Provision of a one-off voucher of MUR 500 to children aged 15 to 18 to buy books



Sectoral measures

Rodrigues and outer islands

- Investment of MUR 4 billion for the construction of a runway at Plaine Corail Airport over the next three years by Airport of Mauritius Ltd
- Investment of MUR 1 billion by MIC for the provision of regular water distribution
- Provision of MUR 200 million for the construction of track roads around Rodrigues
- Reduction of cost of freight between Mauritius and Rodrigues by 20 percent
- Provision of subsidy on Special Rodrigues Holiday Package and subsidy on airfare to support the tourism industry
- Provision for a new jetty and airstrip to be completed in Agalega



Sectoral measures

Other measures

- Provision of leasing facilities at an annual interest rate of 2.5 percent for acquisition of semi-industrial fishing vessels up to a maximum of MUR 10 million by the IFI
- Earmarking MUR 2 billion, in addition to 12,000 social housing units being constructed, to support the purchase of residential land and property, as well as the construction of housing units by individuals
- Creation of new employment opportunities for some 4,450 people in the police force, education sector, and health care sector
- Broadening and deepening skills and talent in the arts and culture ecosystem
- Provision of MUR 50 million for the implementation of Phase II of the Intercontinental Slavery Museum Project over two years



Glossary



Glossary

AI	Artificial Intelligence
AML/CFT	Anti-Money Laundering/Combatting the Financing of Terrorism
APS	Advance Payment System
ARC	Assessment Review Committee
BOM	Bank of Mauritius
CEB	Central Electricity Board
CSG	Contribution Sociale Généralisée
CSR	Corporate Social Responsibility
DBM	Development Bank of Mauritius
EDB	Economic Development Board
FIAMLA	Financial Intelligence and Anti-Money Laundering Act
FSC	Financial Services Commission
GIS	Gas Insulated Switchgear
HRDC	Human Resources Development Council
IFI	Industrial Financial Institution

IHS	Invest Hotel Scheme
IoT	Internet of Things
kW	Kilowatt
LEMS	Leasing Equipment Modernisation Scheme
MCIA	Mauritius Cane Industry Authority
MIC	Mauritius Investment Corporation
MITD	Mauritius Institute of Training and Development
MRA	Mauritius Revenue Authority
MTPA	Mauritius Tourism Promotion Authority
MUR	Mauritian Rupee
MW	Megawatt
NEF	National Environment Fund
NGO	Non-Governmental Organisation
NLTA	National Land and Transport Authority
NTC	National Transport Corporation

Glossary

OECD	Organisation of Economic Co-operation and Development
PPE	Personal Protective Equipment
R&D	Research and Development
ROC	Registrar of Companies
SEM	Stock Exchange of Mauritius
SEN	Special Education Needs
SME	Small and Medium Enterprise
TASS	Tax Arrears Settlement Scheme
TVET	Technical and Vocational Education and Training
USD	United States Dollar
VAT	Value-Added Tax

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