

**ANNEX**

**TO**

**THE BUDGET SPEECH**

**2016 – 2017**

**BUDGET MEASURES**

**EXPLANATORY NOTES**

**MAIN PROVISIONS TO BE INCLUDED IN -**

**THE FINANCE (MISCELLANEOUS PROVISIONS) BILL 2016**

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## PART A - TAXATION AND PUBLIC FINANCE

### A.1. Income Tax

#### (a) Income Exemption Thresholds

Increase in the income exemption thresholds by Rs 10,000 effective as from income year starting on 1<sup>st</sup> July 2016.

	FROM	TO
Individual with no dependent	Rs 285,000	Rs 295,000
Individual with one dependent	Rs 395,000	Rs 405,000
Individual with two dependents	Rs 455,000	Rs 465,000
Individual with three or more dependents	Rs 495,000	Rs 505,000
Retired/disabled person with no dependent	Rs 335,000	Rs 345,000
Retired/disabled person with dependents	Rs 445,000	Rs 455,000

#### (b) Other Exemptions and Reliefs

##### *(i) Additional Exemption - Child Pursuing Tertiary Education*

Currently, a taxpayer can claim an additional exemption of up to Rs 135,000 in respect of a dependent child who is pursuing tertiary education if the amount of tuition fees payable to the education institution exceeds Rs 44,500. This criteria is lowered to Rs 34,800.

##### *(ii) Interest relief on secured housing loan*

A first-time home-owner is allowed to deduct from his taxable income the interests he paid on a secured housing loan that was contracted on or after 1<sup>st</sup> July 2006. As from the income year 2016/17, this date restriction is removed.

*(iii) The Income Eligibility Criteria*

The income eligibility criteria for a taxpayer to benefit from the above 2 deductions namely the additional exemption in respect of a child pursuing tertiary education and interest relief on secured housing loan is raised from Rs 2 million to Rs 4 million.

*(iv) Exempt Income*

Emoluments derived by a seafarer employed on a vessel registered in Mauritius or on a foreign vessel will be exempted from income tax.

A co-operative society will be exempted from payment of income tax in respect of income derived from non-sugar agricultural activities.

**(c) Income Tax holiday**

*(i) SMEs*

An 8-year income tax holiday is presently granted to a newly incorporated small company registered with the Small and Medium Enterprises Development Authority (SMEDA) and qualifying under a scheme approved by Government under section 5A of the Small and Medium Enterprises Development Authority Act.

Currently, qualifying activities approved by Government are as follows:

- ICT and other export services
- manufacturing
- bio-farming and other value added agri-business activities
- aqua-culture and other value added ocean economy related activities
- renewable and green energy
- handicrafts
- other productive sectors that will create employment

The 8-year tax holiday in respect of business income is being extended to new enterprises set up by individuals or co-operative societies qualifying under the scheme and registered with SMEDA.

Existing enterprises registered with SMEDA with a turnover of less than Rs 10 million and engaged in qualifying activities under the same scheme will be given a 4-year tax holiday in respect of their business income. The tax holiday will start as from the year of assessment 2016/17.

*(ii) Global Business Companies*

- Corporate tax holiday of 8 years to a Global Headquarters Administration company licensed by the Financial Services Commission (FSC) and meeting conditions of minimum employment and substance.
- Corporate tax holiday of 5 years to a company providing Treasury Management Centre services licensed by FSC and meeting conditions of minimum employment and substance.
- Personal income tax holiday of 5 years to an Asset and Fund Manager licensed by the FSC and managing a minimum asset base of USD 100 million.
- Personal and corporate tax holiday of 5 years to Foreign Ultra High Net Worth Individuals' investing a minimum of USD 25 million in Mauritius.
- Corporate tax holiday of 5 years to law firms which set up their regional offices in Mauritius to provide legal advisory and international arbitration services to global business clients.
- Corporate tax holiday of 5 years for investment banks issued with an 'Investment Banking and Corporate Advisory Licence' and regulated by the FSC.
- Corporate tax holiday of 5 years to Overseas Family Corporations licensed by the FSC.

*(iii) Industrial Fishing Companies*

An 8 - year tax holiday will be introduced under a new incentive scheme to attract industrial fishing companies.

**(d) Investment Tax Credit**

An investment tax credit of 5 percent over 3 years (i.e. 15% in total) is granted in respect of expenditure in new plant and machinery (excluding motor cars) to companies engaged in the manufacturing of textiles; wearing apparels; computers, electronic or optical products; electrical equipment; furniture; jewellery and bijouterie; medical and dental instruments, devices and supplies; pharmaceuticals or medicinal chemicals; ships and boats; or in the production of films.

With effect from financial year 2016/17, the investment tax credit is being amended as follows:

- (i) the minimum amount of investment of Rs 100 million in a year to qualify for the credit is being removed;
- (ii) the number of years any unrelieved investment tax credit may be carried forward is being extended;
- (iii) the investment window is being extended up to the financial year 2019/20; and
- (iv) a company engaged in the manufacturing of textiles; wearing apparels; ships and boats; computers; pharmaceuticals; or in the production of film will benefit from an enhanced rate of investment tax credit of 15 percent over 3 years, that is the company will be allowed to offset against its tax liability 45 percent of the amount of capital expenditure incurred on new plant and machinery.

Furthermore, the enhanced investment tax credit of 15 percent per annum over 3 years will also apply in respect of the investment made by a company in the share capital of a subsidiary company engaged primarily in the setting up and management of an accredited business incubator capped at Rs 20 million investment.



**(e) Carry Forward of Unrelieved Income Tax Losses**

The transfer of accumulated losses from an acquiree company to an acquiring company is currently allowed on the takeover or a merger of a **manufacturing company** provided that conditions relating to safeguard of employment are complied with.

This facility will be extended to cover:

- (i) cases where the acquiree company is not dissolved but remains in operation as a going concern; and
- (ii) the takeover of a company or transfer of undertaking which has been deemed to be in the public interest under the Land (Duties and Taxes) Act

**A.2. Property Taxes**

**(a) Exemption from Registration Duty on Acquisition of a Newly-Built Dwelling**

A Mauritian who acquires a newly built dwelling during the period from 1<sup>st</sup> September 2016 to 30<sup>th</sup> June 2020 for an amount not exceeding Rs 6 million will be eligible to full exemption from registration duty.

The exemption will also be granted if the dwelling is purchased on the basis of a plan or during construction (i.e. under vente à terme or vente en l'état futur d'achèvement).

This exemption will not apply to a property on Pas Géométriques or within the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme or Invest Hotel Scheme.

**(b) Exemption from Land Transfer Tax to a promoter undertaking construction of housing projects for Mauritians.**

The upper limit of Rs 4 million of the value of a residence in a project registered with the Mauritius Revenue Authority (MRA) under the Construction of Housing Estate Scheme is being raised to Rs 6 million.

This amendment will allow promoters to build and sell residential units of up to Rs 6 million free of land transfer tax provided the sale is made to a Mauritian before 30<sup>th</sup> June 2020. No registration duty and land transfer tax is payable on acquisition of land for such a project.

Moreover, it is clarified that, this Scheme will not apply to a property on Pas Géométriques or within the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme or Invest Hotel Scheme.

**(c) Exemption from Registration Duty to first time buyers acquiring land for building his house**

The first time buyer exemption in relation to acquisition of bare residential land is being amended as follows:

- (i) the registration duty exemption will apply in respect of the **first** Rs 2 million of land value provided the acreage does not exceed 20 perches instead of the current limit of Rs 1.5 million on value of land;
- (ii) a Mauritian who in the past may have purchased a residential property but did not own any as at 29<sup>th</sup> July 2016 will qualify as a first time buyer; and
- (iii) no age restriction will apply.

**(d) VAT Refund to a Mauritian constructing his house or buying a new residence from a Property Developer.**

The VAT refund scheme applicable on the construction of a new dwelling or acquisition of a newly built apartment is being amended as follows:

- (i) on production of relevant VAT receipts, the MRA will refund VAT incurred by a person on the construction of his house subject to a cap based on floor area;
- (ii) a person will be allowed to purchase a house from a property developer instead of being currently restricted to an apartment;

- (iii) the upper limit in relation to the cost of construction of a residence or the purchase price of a residence is being raised from Rs 2.5 million to Rs 4 million and size restriction is removed;
- (iv) the aggregate limit on the amount of refund will be raised from Rs 300,000 to Rs 500,000;
- (v) the household income eligibility threshold for the refund will be raised from Rs 650,000 per annum to Rs 2 million per annum;
- (vi) construction on top of an existing building will be allowed; and
- (vii) construction of a residential building or residential apartment must be completed by 30<sup>th</sup> June 2020.

No refund will be made in relation to a property on Pas Géométriques or within the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme, Invest Hotel Scheme or Smart City Scheme.

**(e) Exemption from Registration Duty on Registration of a Secured Housing Loan**

No registration duty will be payable on the registration of a secured housing loan contracted by a Mauritian if the loan amount is below Rs 2 million instead of the current threshold of Rs 1 million.

**(f) Exemption of Land Transfer Tax on the Provision of Social Housing to Employees**

An employer who provides free social housing to his employee on land not exceeding 7 perches, will be eligible to exemption from land transfer tax.

### A.3. Customs Duty

#### (a) Customs Tariff Rates

The following changes are being made in customs tariffs with effect as from 30<sup>th</sup> July 2016:

	From	To
Men's or boys' suits	Rs 165/unit	0%
Suit type jackets and blazers	Rs 130/unit	0%
Women's or girls' suits	Rs 65/unit	0%
Track suits	Rs 30/unit	0%
Trousers, breeches and shorts	Rs 30/unit	0%
Shirts, skirts, blouses, tops and dresses	Rs 30/unit	0%
T-shirts and singlets	Rs 15/unit	0%
Baby diapers	15%	0%
Baby wipes	30%	0%
Dolls and toys representing animals	15%	0%
Lighting sets	15%	0%
Table, kitchen and other household articles of aluminium, porcelain and china	15%	0%
Glass mirrors	15%	0%
Drinking glasses	15%	0%
Building materials of glass (glass cubes, paving blocks etc.)	15%	0%

	From	To
Coated wires and electrodes	15%	0%
Motor vehicle engines and parts thereof	15%	0%
Pumps for dispensing fuel or lubricants for filling stations or garages	15%	0%
Primary cells and batteries	15%	0%
Lead acid electric accumulators	15%	0%
Electric heating apparatus	15%	0%
Trailers and semi-trailers	15%	0%
Horses	Rs 30,000/unit	0%
Statuettes	10%	0%
Sugar	0%	15%
Spirituous products	15%	30%

### **(b) Exemptions**

The following will be exempted from customs duty:

- (i) materials used in the manufacture of medical devices; and
- (ii) lighting equipment used in film making.

## **A.4. Excise Duty**

### **(a) Alcoholic products**

Effective as from 30<sup>th</sup> July 2016, the following rates of excise duty on alcoholic products will be applicable:

	Current	New
Beer (per litre)	Rs 35.90	Rs 37.70
Spirit cooler (per litre)	Rs 44.70	Rs 49.20
Fruit wine (per litre)	Rs 27.80	Rs 30.60
Made wine (per litre)	Rs 59.50	Rs 65.50
Wine of grapes (per litre)		
In bulk for bottling purposes	Rs 95.70	Rs 105.30
In bottle	Rs 168.00	Rs 184.80
Champagne (per litre)	Rs 800.00	Rs 880.00
Rum (per litre of absolute alcohol)	Rs 471.00	Rs 518.10
Cane spirits (per litre of absolute alcohol)	Rs 471.00	Rs 518.10
Whisky (per litre of absolute alcohol)		
In bulk for bottling purposes	Rs 910.00	Rs 1,001.00
In bottle	Rs 1,455.00	Rs 1,600.50
Liqueur (per litre of absolute alcohol)	Rs 320.00	Rs 352.00

**(b) Tobacco products**

Effective as from 30<sup>th</sup> July 2016, the following rates of excise duty on tobacco products will be applicable:

	Current	New
Cigars (per kg)	Rs 12,845	Rs 16,056
Cigarillos (per thousand)	Rs 7,500	Rs 9,375
Cigarettes (per thousand)	Rs 3,717	Rs 4,646

**(c) Sugar sweetened beverages**

Presently, an excise duty of 3 cents per gram on sugar content is applicable on aerated beverages, syrups and fruit drinks. With effect from 1<sup>st</sup> October 2016, the duty is being extended to cover milk-based products such as “Perette”, “Yop” and “Dahi”, juices and other sweetened beverages.

**(d) Energy inefficient appliances**

The 25 percent levy on inefficient products is being extended to cover washing machines, mercury vapour lamps, sodium high pressure lamps and metal halide lamps.

In addition, to ensure that the appliances on the market are more efficient, the threshold for the application of the levy is being revised upwards. The measure will be effective as from 1<sup>st</sup> February 2017.

**(e) Pesticides**

A 15 percent levy is being introduced with effect from 30<sup>th</sup> July 2016, on insecticides, herbicides and fruit ripeners to curb their excessive use.

**A.5. Motor Vehicles**

**(a) Suspension of the CO<sub>2</sub> levy/rebate scheme**

A number of operational and litigation issues have hindered the proper functioning of the CO<sub>2</sub> levy/rebate scheme on motor cars, including different standards for the measurement of CO<sub>2</sub> emission and unreliable CO<sub>2</sub> values for the computation of the amount of levy or rebate. The CO<sub>2</sub> levy/rebate scheme is accordingly being suspended.

**(b) Rates of excise duty**

As a consequence of the suspension of the above scheme, the excise duty structure for motor cars will be adjusted as follows:

Type of motor car and cylinder capacity (c.c.)	Current	New
<b>Conventional motor cars:</b>		
Up to 550 c.c.	15%	0%
551 - 1,000 c.c.	55%	45%
1,001 - 1,600 c.c.	55%	50%
1,601 - 2,000 c.c.	75%	75% (no change)
Above 2,000 c.c.	100%	100% (no change)
<b>Hybrid motor cars:</b>		
Up to 1,600 c.c.	55%	25%
1,600 - 2,000 c.c.	75%	45%
Above 2,000 c.c.	100%	70%
<b>Electric cars:</b>		
Up to 180 Kw	25%	0%
Above 180 Kw	25%	25% (no change)

**(c) Determination of the import value of imported second hand motor cars**

The import value of a second hand motor car for excise duty purposes is based either (a) on the import value of a new motor car of the same make and model or (b) on the reference market price obtaining in the source country. In case of the latter, that market price is adjusted by a percentage factor (known as 'adjustment factor') to obtain the 'import value'. The new adjustment factor will be 5 percent instead of 25 percent (except for Thailand where it is 40 percent).

**(d) Depreciation for imported second-hand cars**

The maximum depreciation allowable in the determination of the import value of second-hand cars is being lowered from 56 percent to 50 percent.



**(e) Effective date**

The above measures will be effective as from 30<sup>th</sup> July 2016. However, for previous changes in motor vehicle taxation, a transitional provision is being made. The current regimes for CO<sub>2</sub> levy/rebate scheme, excise duty and adjustment factor will continue to apply to a motor car already in a bonded warehouse or which has already been shipped or in respect of which an application for import permit has already been made on or before 29<sup>th</sup> July 2016. However, the motor car will have to be cleared from Customs within 3 months.

**(f) Registration duty on electric vehicles**

The registration duty payable on an electric car is being lowered as follows:

<b>Electric engine power (kW)</b>	<b>Existing</b>	<b>New</b>
Not exceeding 27.5 kW	Rs 8,100	Rs 8,100
From 27.6 kW to 40.0 kW	Rs 16,300	
From 40.1 kW to 52.5 kW	Rs 26,000	
From 52.6 kW to 57.5 kW	Rs 32,500	
From 57.6 kW to 65.0 kW	Rs 39,000	
From 65.1 kW to 70.0 kW	Rs 58,500	
From 70.1 kW to 77.5 kW	Rs 58,500	Rs 16,300
From 77.6 kW to 95.0 kW	Rs 78,000	
From 95.1 kW to 102.5 kW	Rs 78,000	Rs 26,000
From 102.6 kW to 125.0 kW	Rs 97,500	
From 125.1 kW to 150.0 kW	Rs 97,500	Rs 32,500
From 150.1 kW to 180.0 kW	Rs 97,500	Rs 39,000
Exceeding 180.0 kW	Rs 97,500	Rs 97,500 (no change)

## **A.6. Value Added Tax**

### **(a) VAT is being removed on the following products:**

- Breakfast cereals
- Photovoltaic inverters/batteries
- CCTV camera systems, including CCTV digital video recorders
- Burglar alarm systems and sensors
- 3D printer
- locally manufactured bus bodies built on semi low-floor chassis
- Hospital beds with mechanical or electrical fittings
- Commode chairs with toilet bowls
- Briefs for incontinent persons
- Urinary and fecal incontinence bags
- Motor vehicles examination fee (fitness) for a period of one year
- Plant, machinery and equipment to be used in the exploration and mining of seabed minerals

### **(b) Entrance fee**

Entrance fee to an aquarium of international standard will be made zero-rated for VAT purposes for a defined period and subject to investment conditions.

### **(c) VAT Refund Scheme**

The list of equipment under the VAT Refund Scheme for small planters is being extended to include the following items:

- (i) Fencing and poles;
- (ii) Insect/bird proof nets;
- (iii) Protective masks;
- (iv) PH meters and EC meters; and
- (v) Bush cutters

## **A.7. Gambling**

The Gambling Regulatory Authority Act will be amended to:-

- (a) introduce a 2 percent levy on the net stakes of all licensees, except the Mauritius National Lottery Operator, to finance projects to be undertaken under the Responsible Gambling and Capacity Building Fund;
- (b) make provision for a number of Central Electronic Monitoring Systems to have multiple softwares for the purpose of recording, monitoring and control of lottery games, VLTs, gaming machines, limited payout machines, gambling activities and betting and gaming transactions;
- (c) set up the necessary legal and operational framework for the introduction of on-line betting games for non-resident and foreign punters. A tax of 30 percent will be imposed on winnings;
- (d) allow for new games to be organised in hotels for non-residents and foreigners;
- (e) increase the betting duty for bookmakers operating outside the racecourse from Rs 16,000 to Rs 30,000 in respect of each race meeting; and
- (f) set up a Lotto Fund to finance schemes or projects relating to promotion of sports, arts and culture and protection of national heritage.

## **A.8. Tax Administration**

### **(a) Tax Administration: General**

#### *(i) Collection of Social Security Contributions by MRA*

Employers currently at the end of each month remit, PAYE withheld on emoluments of employees, to the MRA and pay their pension contributions to the National Pensions Fund and National Savings Fund as well as the Training Levy through the Ministry of Social Security, National Solidarity and Reform Institutions. In order to reduce the hassles to employers, this collection function is being centralised at the level of MRA. The MRA will collect at no cost to the

Ministry, the social security contributions of employers. This will allow employers to benefit from the wide ranging e-services and e-payment facilities developed by the MRA.

At the same time, Government will benefit from the single and harmonised collection system in terms of reduced cost, enhanced compliance, MRA audits and recovery of arrears by both the MRA and the Ministry of Social Security.

A joint MRA and Ministry of Social Security Committee is working on the implementation modalities.

*(ii) Recovery of Registrar-General's Department Tax Arrears by MRA*

Pending the integration of the Registrar-General's Department under the MRA announced in the Budget Speech, appropriate legislative amendments will be made to use the more extensive and efficient powers of the MRA to recover arrears of revenue on behalf of the Registrar-General's Department.

*(iii) Alternative Dispute Resolution*

An Alternative Dispute Resolution mechanism will be set up at the level of MRA to expedite tax appeal cases exceeding Rs 10 million with the exception of disputes relating to Customs and Excise. A taxpayer who is aggrieved by the decision of MRA to raise an assessment or who has appealed to the Assessment Review Committee, the Supreme Court or the Privy Council may apply for the dispute to be dealt under the Alternative Dispute Resolution mechanism.

If the Director-General agrees to the request based on established criteria, he will set up an Alternative Dispute Resolution Panel chaired by a person who has not been involved in the dispute. There will be 2 other members, one of whom will be from the Attorney-General's Office. Any appeal at the level of the Assessment Review Committee, Supreme Court or Privy Council will continue concurrently.

Upon an agreement being reached with the panel, it will be final, conclusive and binding on the parties and the taxpayer will be required to withdraw his appeal before any other appeal body.

If no agreement is reached within 6 months, the dispute will continue to follow the normal objection and appeal process.

*(iv) Definition of 'Fraud' for the purpose of Revenue Administration*

For the purpose of administering revenue laws, 'fraud' will be defined to include cases of non-submission of tax returns. This will allow MRA to raise assessments beyond the 3 years statutory limit in case a tax payer has not submitted a tax return provided the MRA obtains the authorisation of the Independent Tax Panel under the Assessment Review Committee.

*(v) Tax Clearance Certificate from MRA before allocation of Government contracts exceeding Rs 5 million*

The Public Procurement Regulations will be amended to require a contractor to provide a tax clearance certificate from the MRA confirming that he has filed his tax returns and paid tax before being allocated government contracts exceeding Rs 5 million.

**(b) Tax Administration: Income Tax**

*(i) Tax Deduction at Source (TDS)*

Tax deduction at source will be extended to:

- (a) services provided by accountants and tax advisers; and
- (b) management fees paid to individuals.

As regards tax deduction at source applicable on non-resident entertainers and sportspersons, the 10 percent withholding rate will be made final and an individual will also be required to withhold tax in relation thereto.

*(ii) Statement of Assets and Liabilities by High Net Worth Individuals*

The MRA will be allowed to request an individual with net income exceeding Rs 15 million in a year or having assets exceeding Rs 50 million to submit a Statement of Assets and Liabilities.

*(iii) Time limit for Submission of Amended Income Tax Returns*

A time limit of 2 years is being introduced for submission of amended income tax returns both by individuals and corporates. However, this time limit will not apply to arrears of emoluments paid by an employer. In such cases, an employee will be allowed to submit amended income tax returns to offset emoluments accruing in those years against any unused income exemption threshold and other deductions.

*(iv) Filing of PAYE returns by employers*

An employer will be required to give to MRA in its monthly PAYE return the amount of PAYE withheld per employee together with his National Identity Number. Likewise, in the return for tax deduction at source, the Business Registration Number or National Identity Number of the payee will be required.

Furthermore, in the annual return of employees, an employer will be required to give details on income paid to all employees, irrespective of whether PAYE has been deducted or not.

*(v) Penalties*

- A penalty will be introduced on losses or refund over-claimed.
- The reduced penalty provisions granted to a small enterprise having a turnover not exceeding Rs 10 million will also apply to individuals who are not in business. The maximum amount of penalty will be accordingly reduced from Rs 20,000 to Rs 5,000 and the penalty in case of late payment of taxes will be lowered from 5 percent to 2 percent.
- A taxpayer will henceforth be allowed in his income tax return to express doubt about the interpretation and application of the law regarding any item

to be included in his income tax return and the taxpayer will be treated as having made a full and true disclosure. Such a disclosure will grant the taxpayer protection from penalties and interest in respect of that particular item where a genuine doubt has been expressed.

- The tax residency certificate fee applicable to an individual will be fixed at Rs 1,000.
- Instead of an income tax return, only a declaration will be required for companies which are not in operation. This facility will not apply to a company holding a Category 1 Global Business Licence or a trust.

**(c) Tax Administration: Customs**

- (i) Any vessel engaged in the delivery of bunker fuel within the port limit will be exempted from excise duty and VAT as in the case for export of bunker fuel.
- (ii) In line with the provisions of the COMESA Customs Management Regulations, the time limit for payment of duties and taxes in respect of a validated Bill of Entry is being reduced from 21 to 14 days. Presently, some 98 percent of payments are effected within 14 days.
- (iii) A 5 percent penalty and 0.5 percent interest per month will be charged for late payment of unpaid duty, as is currently applicable in other revenue laws.
- (iv) With a view to enhancing agency cooperation through sharing of information, the Customs Act will be amended to authorise the MRA to provide information on import and export data to a public agency, parastatal body or any authorised body.
- (v) To facilitate the processing of documents before the arrival of goods by operators in the logistics sector, including shipping lines, freight forwarders and MRA Customs, the master of a ship will henceforth be required to submit a manifest within 24 hours after loading in each port of departure instead of a full and complete manifest 24 hours before the arrival of goods.

- (vi) Presently, a fee of Rs 300 is charged in respect of **each amendment** made to a manifest. Henceforth, the fee to amend a manifest will be on **a consignment basis**, irrespective of the number of amendments made.
- (vii) Notice of auctioning of goods by the Mauritius Revenue Authority (MRA) will be posted in its website. Bidding for goods will be made electronically through a customs e-auction system.
- (viii) Clearance of goods suspected to be counterfeit by the MRA will be suspended for up to 21 days instead of 3 days to allow sufficient time for the MRA to inform the owner or authorized user and for the latter to respond accordingly.
- (ix) The period of warehousing of goods will be reduced phase-wise from 42 months to 33 months as from 1 September 2016 and to 24 months as from 1<sup>st</sup> September 2017. A grandfathering provision will be made for goods warehoused before 1<sup>st</sup> September 2016.
- (x) The duties and obligations of a freight forwarding agent and broker relating to the clearance of goods will be clearly defined in regulations.
- (xi) Provisions relating to cross border transportation of currency will be reviewed.
- (xii) The time limit to initiate proceedings for the recovery of taxes and penalties under the customs laws, which is presently 5 years, is being removed.
- (xiii) The automation of the warehousing process of goods implemented in bonded warehouses last year is being extended to cover shops under the Deferred Duty and Tax Scheme and Duty-Free shops.
- (xiv) The procedure for compounding of customs offences is being aligned with other revenue laws. A Committee, chaired by the Director-General of the MRA and comprising three senior officers, will decide on cases which may be considered for compounding and submit its conclusions to the Director of Public Prosecutions for his recommendations.



- (xv) It will be mandatory for payment of customs duty, excise duty and VAT amount to Rs 50,000 or more to be effected electronically. This will reduce cost and dwell time for both operators and the customs administrations.
- (xvi) In case of death of a beneficiary of duty exemption facilities on a motor vehicle and transfer of the motor vehicle in the name of his heirs within the 4-year duty liability period, the heirs will not be liable to pay remaining proportionate excise duties, provided that the motor vehicle is not disposed of within that period.

**(d) Tax Administration: Excise**

- (i) The definitions of alcoholic beverage, cider, perry and sparkling wine are being aligned with the definitions in the Food Regulations.
- (ii) In line with the requirements of our export market, the minimum ageing period for rum to be considered as “matured” is being reduced from 3 to 2 years.
- (iii) A distiller-bottler will be allowed to manufacture combustible fuels and other bio-fuels from residual of alcohol.
- (iv) In line with the one-stop-shop concept, liquor licences in respect of tourism activities (hotels, guest houses, tourist residences, restaurants etc.) will be issued by the Tourism Authority instead of the MRA.
- (v) The automation of the warehousing process of goods implemented in bonded warehouses last year is being extended to cover excise warehouses.

**(e) Tax Administration: Value Added Tax**

- (i) It is being clarified that where there is a supply of a good or service, the supply will be subject to VAT even if an invoice has not been issued nor payment made.
- (ii) In order to ensure a level playing field between domestic and foreign businesses providing services in Mauritius, non VAT-registered persons

who source services from abroad will be required to incorporate VAT on the services sourced and remit same to MRA. This will not apply to a bank carrying on business wholly and exclusively with non-residents and a licensee under the Financial Services Act.

- (iii) Where a person voluntarily deregisters or his registration is cancelled, the MRA will not claim VAT on the stock of goods held and will not refund any excess of input tax over output tax for the last taxable period.
- (iv) To discourage excessive claim of input tax, a penalty of 20 percent of the amount over-claimed is being introduced. The penalty will not exceed Rs 100,000.
- (v) The amount payable by a taxpayer at the time of lodging an objection to a tax claim made by the MRA is being reviewed.

## **A.9. Public Debt Management Act**

The Public Debt Management Act will be amended to provide:

- (a) that proceeds from the issuance of securities to support monetary policy objectives will be deposited at the Bank of Mauritius and used only for redemption of such securities;
- (b) for reviewing the debt management strategy annually on a rolling basis and making it public; and
- (c) the purposes for which borrowings can be made on behalf of Government.

## **A.10. Public Financial Management**

### **(a) Performance Management and Reporting**

#### *(i) E-budgeting*

The budget preparation and monitoring process is being modernised. The e-budgeting system will be fully deployed in all Ministries/Departments during the year.

*(ii) Performance information*

The key actions, the key performance indicators (KPIs) as well as the targets set for the financial year for each Ministry/Department are specified in the Budget Estimates document. Each Ministry/ Department will also be required to set additional KPIs for its internal performance management and put in place an effective performance monitoring and reporting system

*(iii) Dashboard and Scorecard*

The e-budgeting system has a Business Intelligence Module which, associated with the Treasury Accounting System (TAS), will enable an Accounting Officer to follow on-line the financial as well as the non-financial performance of the Ministry/Department. In particular, the Module provides a dashboard which generates a visual representation of progress towards attainment of set objectives and deliverables.

*(iv) Annual Reporting*

As required in the Finance and Audit (Amendment) Act 2015, every Ministry/Department will have to submit an Annual Report on Performance to the Minister of Finance and Economic Development (MOFED) by October 2017 in respect of its performance (financial & non-financial) for the fiscal year 2016/17 as well as on its strategic direction in respect of the following 3 fiscal years.

The Annual Report on Performance will focus on achievements of the Ministry/ Department in relation to Government Programme and implementations progress in respect of budget measures and the key actions outlined in the Budget Estimates Document. In this context, guidelines on the preparation of the performance report will be issued by MOFED by October 2016.

To ease the process and develop capacity on performance reporting, selected Ministries/Departments will be assisted to prepare their reports for fiscal year 2015/16 on a pilot basis.

**(b) Public Sector Efficiency Bureau**

*(i) Expenditure Reviews*

The Public Sector Efficiency Bureau will be re-engineered to assist Ministries/ Departments review their spending plans with a view to reducing wasteful expenditures and promoting efficient use of taxpayer's money. It will also carry out financial management audit and system reviews to ensure effective public service delivery.

*(ii) Expert Skills*

A scheme will be set up to enable Ministries/ Departments attract specialized skills for the implementation of the Government Programme. Moreover, with a view to improving public service delivery, Ministries/ Departments will also be able to attract and retain technical/professional services in other priority areas.

In particular, the services of dedicated Chief Information Officers will be retained on contract basis to support Ministries/ Departments in the management and implementation of their e-projects.

**(c) Institutional Reforms**

A major reform programme of public sector bodies covering para-statal and public corporations will be launched.

Organisations having similar roles and functions will be consolidated for greater synergies and more effective service delivery and avoiding unnecessary duplication.

All loss making and heavily indebted public sector bodies will be required to submit their turnaround plan to MOFED by October this year.

The **Public Enterprise Information Management System** (PIMS), transferred from the Office of Public Sector Governance (OPSG) to MOFED, will be upgraded into a dynamic database to capture updated financial and non-financial information in respect of public enterprises for timely and regular monitoring of their

performance and better assessment of their fiscal risks. All relevant stakeholders will have access to PIMS.

Furthermore, a Manual for Corporate Governance for State-Owned Enterprises (SOEs) will be developed to guide them in the implementation of best practices on corporate governance and thus improve their effectiveness.

**(d) Fiscal Risks Assessment Matrix**

Fiscal risks and contingent liabilities arising from the implementation of projects, legal claims, pension liabilities and Government guarantees will be closely monitored and evaluated by the MOFED.

In particular, the Public Private Partnership Fiscal Risk Assessment Model (P-FRAM), which is a diagnostic tool, will be used to assess the potential fiscal risks associated with Build, Operate and Transfer (BOT) and Public Private Partnership (PPP) project in developing the Fiscal Risk Assessment Matrix.

**(e) Statutory Bodies (Accounts and Audit) Act**

The Statutory Bodies (Accounts & Audit) Act will be amended to allow a Statutory Body to transfer exceptional operating surplus or accumulated revenue reserve arising from special circumstances to the Consolidated Fund.

**(f) Asset Register**

An Asset Register will be developed and maintained by the Treasury to improve recording of public assets. This will help in the determination of the public assets value, budgeting for asset management including acquisition, upgrading, maintenance and disposal. It will manage the accounting and reporting of assets in Government.

**(g) Public Investment Management Framework**

The Public Investment Management Framework is further being enhanced. Such reforms will centre on improving speed of implementation, transparency in procurement and obtaining value for money from capital projects.

**(h) Asset Management**

The public sector is facing a challenge in the management and preservation of its physical infrastructure and asset. There is a gap in the system wherein after an asset has been acquired, there is no proper framework for its preservation and maintenance. A Multi-disciplinary Team will be constituted to develop a framework for asset management based on best practices and standards.

**(i) Maintenance Expenditure Plan**

With a view to preserving the useful economic life and avoiding early deterioration of public assets, Ministries/Departments will have to prepare and submit their yearly maintenance expenditure plan to the Multi-disciplinary Team on asset management.

**(j) Project Implementation Unit**

In order to manage the planning and implementation of capital projects, Project Implementation Units (PIUs) will be set up initially in 5 large Ministries/Departments.

**(k) Improving and Expediting Procurement**

*(i) Framework Agreement*

Ministries/Departments will have the option to procure the services of consultants and contractors, outside the public sector, for the implementation of projects costing up to Rs 25 Million under Framework Agreements.

*(ii) Use of Operating Lease*

Ministries/Departments will be allowed to procure assets under the Operating Lease Method for better efficiency.

**PART B - OTHER BUDGET MEASURES****B.1. Banking****(a) National Payment Systems Bill**

A National Payment Systems Bill will be introduced to provide for a comprehensive legislation on payment systems in Mauritius and the setting up of a National Payment Switch, among others.

**(b) Deposit Insurance Scheme**

A Deposit Insurance Scheme legislation will be introduced to protect depositors and guarantee the repayment of their deposits to such extent as may be feasible, in case of failure of a bank or non-bank deposit taking institution licensed by the Bank of Mauritius.

**(c) Asset Management Company**

Enactment of a legislation to set up an Asset Management Company which will take over, in a phased manner, non-performing loans from banks which have been secured by residential and commercial property.

**(d) Bank of Mauritius Act**

The Bank of Mauritius Act will be amended to:

- (i) grant central authority over bank holding companies and allow the Bank of Mauritius (BoM) to monitor intra group transactions and those between the group entities and related parties;
- (ii) abolish the Banking Services Review Panel;
- (iii) include the Minister of Financial Services, Good Governance and Institutional Reforms as a member of the Financial Stability Committee;
- (iv) allow the reproduction of currency notes, bank notes and coins for educational and informational purposes;

- (v) provide for currency notes and coins to be issued after concurrence, instead of consultation, of the Minister of Finance; and
- (vi) allow the BoM to:
  - (a) grant advances to financial institutions and such other entities only against securities issued by Government or the BoM instead of *“against such guarantee as the Board may determine”*;
  - (b) lease its old building to public agencies. The BoM Act currently prohibits BoM to purchase or lease immovable property;
  - (c) extend the power to execute documents of the BoM to the Secretary and such other officers as may be approved by the Board;
  - (d) issue Rules without approval of the Minister as is the case for the Financial Services Commission;
  - (e) coordinate and collaborate with the Financial Services Commission and Statistics Mauritius with a view to harmonising the rules and practices governing the collection, compilation and distribution of statistics; and
  - (f) use data maintained in the Mauritius Credit Information Bureau for supervisory purposes and financial stability assessment.

**(e) Banking Act**

The Banking Act will be amended:

- (i) to remove “investment banking business” from the definition of “bank” so that only the Financial Services Commission (FSC) regulates this business. Consequential amendments will also be made to the Financial Services Act accordingly;
- (ii) to require a foreign bank willing to establish a branch or a subsidiary in Mauritius, to provide a statement of no objection from the regulatory



authority in the applicant's country for the foreign bank to carry out banking business in Mauritius;

- (iii) to remove the supervision of credit unions from the purview of the Bank of Mauritius;
- (iv) for subsidiaries of financial institutions incorporated outside Mauritius to submit to the BoM within one month after publication, a copy of their audited annual consolidated financial statements;
- (v) to make it mandatory for banks to rotate audit firms every 5 years instead of partners in a firm of auditors;
- (vi) to allow a financial institution to make disclosures to its parent company or head office with regard to its affairs and client portfolio;
- (vii) to provide for a receiver to discontinue the operations of a bank which has been placed into receivership instead of continuing its operations as may be done currently;
- (viii) to disallow the receiver from restoring the financial institution back to its Board of Directors, since the latter bears the responsibility of bringing the financial institution into receivership;
- (ix) to enable a simplified licensing procedure for a temporary financial institution to take over the assets and liabilities of a financial institution which has been put into receivership by the BoM;
- (x) to restore the operation of a temporary financial institution to a maximum of 2 years instead of being determined by the central bank;
- (xi) to provide for the provisions of the Banking Act to prevail in the event of any conflict or inconsistency with provisions of other laws, other than the Bank of Mauritius Act; and

(xii) to empower the BoM to :-

- (a) issue specific guidelines and/or instructions to ultimate and/or intermediate financial holding companies incorporated in Mauritius that have at least one subsidiary that is a bank or a non-bank deposit taking institutions which is classified as systemically important;
- (b) refuse an application for a banking licence from a group which already has a banking licence and is predominantly engaged in banking activities; and
- (c) carry out an independent valuation of the assets of a bank which holds collateral.

The fees payable by money changers under the Banking (Processing and Licence Fees) Regulations will be reviewed.

## **B.2. Non-Bank Financial Services**

### **(a) Enhancing business facilitation**

To enhance business facilitation, a standardised centralised online KYC database will be introduced for the non-bank financial services sector. This database will be managed by the Financial Services Commission and service providers in the non-bank financial services sector will have access to the database to facilitate execution of transactions.

For enhanced substance, the spectrum of products and services provided by the jurisdiction will be broadened by:

- (i) setting up Treasury Centres and Regional Headquarters;
- (ii) developing Mauritius as the Renminbi clearing centre for the African region to capture trade, investment and financial flows between Africa and China; and
- (iii) promoting Mauritius as a centre for clearing of African currencies and securities.

**(b) Financial Services Act**

The Financial Services Act will be amended to allow the Financial Services Commission to:-

- (i) issue a new Global Legal Advisory Licence to cater for flagship international law firms to set up their regional offices and operations in Mauritius to provide legal advisory services on international and domestic transactions. These law firms will not be allowed to litigate in Mauritius;
- (ii) introduce a Family Corporation licence to allow high net worth foreigners and their dependents to benefit from residency;
- (iii) introduce Online Licensing in order to reduce the lead time in the application process for licensees; and
- (iv) regulate securities for Preferential Offer Rules including Private Placement Schemes for 25 investors or more who individually invest Rs 1 million. Private placements, as approved by the FSC, will also be allowed to list on the local exchange.

**(c) Financial Reporting Act**

The Financial Reporting Act will be amended:-

- (i) to introduce a mandatory audit firm rotation policy of every 7 years for listed entities;
- (ii) to introduce the concept of penalties and fines on licensees of the Financial Reporting Council (FRC); and
- (iii) to provide for a line of reporting by the National Committee on Corporate Governance to the FRC.

**(d) Borrowers Protection Act**

The Borrowers Protection Act will be amended to increase the maximum sum under a credit agreement from the current limit of Rs 2 million to Rs 3 million.

### **B.3. Business Facilitation**

#### **(a) Facilitation of investment projects**

Investors who wish to operate a private hospital, nursing home or residential care home shall register with the Board of Investment and benefit from the business facilitation services provided by the latter. The Investment Promotion Act will be amended accordingly.

#### **(b) BLP on-line system**

The BLP online system is being upgraded to enable applications for Building and Land Use Permits (BLP) to be submitted and processed electronically and determined within the statutory time frame of 14 working days. The construction plans and drawings supporting an application will also be submitted by electronic or other technological means and will be mandatory for non-residential constructions.

#### **(c) Compliance Certificate by Local Authorities**

The Building Control Act will be amended for the compliance certificate to be issued within 5 working days from the date of application.

#### **(d) Outline Planning Permission or Building and Land Use Permit**

The Local Government Act will be amended to streamline the process for issuing an Outline Planning Permission or a Building and Land Use Permit. Approval of the Minister of Local Government will only be required for development of land or construction of a building for use as a place of public worship.

#### **(e) Occupation Permit by Investors and Self-Employed and a Residence Permit by Retired non-citizens**

The current process for dealing with applications for Occupation Permits (OP) will be reviewed through the OP online system without prior registration of business or transfer of funds and be issued with an approval in principle subject to complying with the set criteria. Validation of the proposed business activity and required checks on the person will be carried out upstream.

Successful applicants will receive an approval in principle following which they will travel to Mauritius to complete the compulsory procedures before being issued with the Occupation Permit or Residence Permit.

**(f) Occupation Permit application form**

The application form for Occupation Permit which is presently in English will be made bilingual (English and French) similar to the application form for a passport. A single form will be filled in by the applicant for an Occupation Permit for himself and a Residence Permit for his dependents.

**(g) Opening up of the economy**

In the context of the opening up of the economy to foreign investors, the scope of the criteria for registration as an investor is being extended as follows:

- (i) Presently, an investor must have an annual turnover of at least Rs 4 million in each of the three years for which an occupation permit is granted to him. Given that this threshold may not be attained in the initial year of operation, the criterion is reviewed such that the turnover for the first year should be at least Rs 2 million and cumulative turnover for the subsequent two years is at least Rs 10 million.
- (ii) Investors who were already operating in Mauritius but not registered with the Board of Investment for a period of at least three years preceding an application for Occupation Permit will be able to do so provided the net asset value of their business is at least USD 100,000 and the cumulative turnover for the last three years was at least Rs 12 million with a minimum of at least Rs 2 million in any one year.
- (iii) Similarly, applicants under the investor category who have inherited a business, in case of death or incapacity of the previous investor, can register with the Board of Investment provided the net asset value of the business is at least USD 100,000 and the cumulative turnover for the last three years was at least Rs 12 million with a minimum of at least Rs 2 million in any one year.

**(h) Acquisition of property for business purposes**

Companies in which non-citizens in total do not hold more than 25 percent of the shareholding will not be required to seek the approval of the Prime Minister's Office when there is a transfer of property.

**(i) Sharing of information**

In order to enhance the exchange of information, the business registration card will also be issued in its electronic form. As such, public as well as private sector agencies shall no longer request a person to produce a copy of a business registration card. They will have online access to relevant information to ascertain the particulars of registration of businesses. Furthermore, in order to fasten the processing of applications, public sector agencies shall upon mutual agreement share information relating to businesses among themselves. The Business Registration Act will be amended accordingly.

**(j) Review of the Licensing system in the Tourism Sector**

The licensing system for the activities carried out in the tourism sector is being rationalised and consolidated for further facilitation.

- (i) The validity of the Pleasure Craft Licence is being extended from one to three years.
- (ii) The 3 categories of licences, namely, Pleasure Craft Licence, Boathouse Licence, and Surfing Licence will also allow an operator to conduct other sea related activities, as may be approved by the Tourism Authority.
- (iii) One single licence, consolidating activities of similar nature will be introduced thereby eliminating the requirement to apply for several separate licences to operate one single activity. The list will be determined by the Tourism Authority.
- (iv) A selection of tourist establishments will be required to apply for only one licence at the Tourism Authority to operate and sell liquor and other alcoholic beverages for consumption on the premises. As such, the requirement to

apply for a separate licence at the MRA to sell liquor and other alcoholic beverages, by a number of tourist establishments, is therefore eliminated.

- (v) The list of licence issued by the Tourism Authority is being reviewed to remove few activities which no more require an authorisation from the Tourism Authority.

The Tourism Authority Act will be amended accordingly.

**(k) Building Control Act**

The Building Control Act will be amended to:

- (i) emphasise that plans and drawings supporting an application for permit with respect to a proposed construction work be submitted electronically, by an architect or engineer, to the relevant local authority;
- (ii) provide for a risk-based inspection system; and
- (iii) reduce the time frame for the issue of a compliance certificate from 10 to 5 working days from the date of application.

**(l) Sugar Industry Efficiency Act**

Sugar Industry Efficiency Act will be amended to allow for electronic submission of applications for land conversion.

Under the Smart City Scheme, land conversion tax is payable on conversion of agricultural land for residential development. If a land owner wishes to use land conversion rights obtained under the Sugar Industry Efficiency Act in a smart city project, that part of his entitlement will be reduced by a factor. The same factor will apply if such land conversion rights have already been exercised but the land owner obtains authorization to relocate the rights to a site located within a smart city area.

**(m) Morcellement Act**

The Morcellement Act will be amended for morcellement permit to be issued within 5 working days from the date of approval by the Morcellement Board.

**(n) Local Government Act**

The Local Government Act will be amended to-

- (i) simplify the application process for an Outline Planning Permission and a building and land use permit by:
  - (a) enabling the application to be made electronically or other technological means as the Chief Executive may determine; and
  - (b) requiring the applicant to submit only one original copy of an application to the Permits and Business Monitoring Committee;
- (ii) introduce a new provision to require the Secretary of the Permits and Business Monitoring Committee to assess the completeness of an application for an Outline Planning Permission and a building and land use permit, in accordance with the guidelines. Time frames to assess the completeness of an application by the Secretary, to notify the applicant in case of incomplete applications and referring the complete applications to the members of the Permits and Business Monitoring Committee have also been set;
- (iii) remove the requirement for obtaining the stand of the Executive Committee in the process of determining an application for an Outline Planning Permission and a Building and Land Use Permit;
- (iv) require the approval of the Minister of Local Government only for development of land or construction of a building for use as a place of public worship;
- (v) review the provisions pertaining to the valuation lists as provided for under the repealed Local Government Act 1989 with a view to enabling local authorities to levy general rates until the cadastral value of a property is determine in accordance with an appropriate enactment; and
- (vi) allow municipal councils to sell the municipal land to the sitting tenants who have their housing units thereon.



**(o) Info Highway**

Data sharing will be promoted across Government through the operation of an Info Highway which will facilitate exchange of data among Ministries and Departments. This will reduce duplication of data to a minimum, with obvious cost and efficiency gains for all stakeholders.

Currently two Government Departments, namely the Civil Status Division of the Prime Minister's Office and the Ministry of Social Security, National Solidarity and Reform Institutions are exchanging data over the Info Highway, resulting in a much more efficient processing of pensions. Similarly, other Government departments will exchange data in a more efficient manner thereby reducing the administrative burden on citizens and businesses.

The full potential of the Info Highway will be realised when data is captured only once so that citizens and businesses are not required to submit the same information each and every time they interact with a public agency. Public agencies will also be able to leverage on the Info Highway to operate e-services, a more convenient mode of interacting with Government than the traditional counter services.

For the financial year 2016/17, some 10 systems will be integrated through the Info Highway.

**B.4. Freeport**

Amendments will be brought to the Freeport Act as follows:

- (a) With respect to manufacturing activities, the restriction of 80 percent of the annual export value towards Africa for all export activities undertaken in the Freeport is being reduced to 50 percent;
- (b) A new legislative framework will be worked out by the Board of Investment to enable the transition from a Freeport to a Free Zone concept; and
- (c) To review the Second Schedule to cater for companies incorporated in Mauritius and providing freeport related services outside Mauritius such as

advisory, marketing, engineering, project management, technical support and related services.

## **B.5. Social Benefits**

### **(a) Harmonization of Income threshold for eligibility of in-kind assistance under Social Aid**

The monthly household income threshold for eligibility for all in-kind social assistance will be Rs 30,000.

### **(b) Introduction of a widower's contributory pension under NPF to eliminate gender discrimination**

In line with current policy to provide gender neutral services, a widower's contributory pension is being introduced to enable widowers' to benefit from pensions under NPF in respect of their spouses' contributions.

### **(c) Payment of National Savings Fund lump sum at age 60**

The National Savings Fund Act will be amended to enable contributors of NSF, who retire before or stop being in employment before the age of 60, to encash their lump sum payments at 60.

### **(d) Refund of Contributions to Non-Citizens**

Provision will be made for refund in case of death of non-citizens who have contributed towards the NPF, to the surviving spouse or the legal representative of the deceased insured person.

## **B.6. Agro- Industry**

### **(a) Blending of Ethanol with MOGAS**

The Ministry of Agro Industry and Food Security will prepare a policy framework, which will be ready before end-June 2017, on, inter-alia, the use of ethanol produced from molasses and the mandatory blending of the ethanol with MOGAS.

**(b) Insurance Premium waiver for 2016 crop**

Financial resources equivalent to the total amount of insurance premium payable by planters with up to 60 tons of sugar accrued in respect of the 2016 sugar crop will be made available to the Sugar Insurance Fund Board (SIFB).

**(c) Abolition of the Shooting and Fishing Lease Tax**

The Shooting and Fishing Lease Tax will be abolished as a consequence of the review of the lease rental of state land.

Amendment will be brought to the Shooting and Fishing Lease Act to provide for eco-tourism activities.

**B.7. Healthcare and Medical Tourism**

To give a boost to the healthcare sector along with medical tourism and encourage the export of our healthcare activities, the following measures will be adopted:

- (a) Fast-tracking of visa applications for patients seeking treatment in Mauritius;
- (b) VAT will be exempted on the construction of a purpose-built building for a nursing home under the Private Health Institution Act and a residential care home under the Residential Care Homes Act; and
- (c) The life rights concept is being extended to developers of residential care homes, retirement villages, and other similar facilities outside Smart Cities. This will encourage retirees to live and retire in Mauritius.

**B.8. Lease of State Lands**

**(a) Moratorium on Rental**

A moratorium on rental is being granted to lessees who have been allocated State lands far from infrastructure networks. Those lessees are currently being required to pay rent even if they are unable to implement their project.

As a consequence, State lands at Les Salines (Black River) and Palmar are yet to be serviced with infrastructure (access road, electricity and water). A lessee in

those regions is accordingly required to contribute with other co-lessees under a cost-sharing mechanism to connect the site with existing infrastructure networks.

However, implementation of the cost-sharing takes time since, on a specific site, there are several lessees, with different project types, implementation time schedules and infrastructure requirements. Rental is currently payable even if the cost-sharing mechanism is yet to be implemented.

In order to rectify this unfair situation, rent will become payable when State lands leased by the Ministry of Housing and Lands have vehicular access allowing construction works to start. Lessees who have already paid rent will be allowed to offset past rentals paid against future rental liability.

**(b) Facilities for hotel reconstruction and renovation**

A scheme was operational during the financial years 2013 and 2014 whereby a hotel on State Lands that closes to undergo renovation or reconstruction was granted a reduction of 50 percent in its rental payable in respect of its lease for a maximum of one year provided that:

- (i) the hotel had opted for a fresh lease under the Industrial Lease Policy; and
- (ii) the hotel safeguards employment, including the terms of service of all employees during the period of renovation/reconstruction

This scheme is being renewed for 2 years that is covering renovation/reconstruction which starts in the financial years 2016-2017 or 2017-2018.

**B.9. Nine-Year Continuous Basic Education Programme**

The introduction of Nine-Years Continuous Basic Education (NYCBE) entails the elimination of the CPE examination as from 2017, the introduction of early support programme as from the foundation year, new assessments namely the Primary School Achievement Certificate and the National Certificate of Education, the setting up of Academies, award of regional scholarships at the end of the secondary cycle and the reinforcement of the Technical and Vocational Education and Training (TVET) sector among others.

The Education Act will be amended in order to provide for the phased implementation of the NYCBE project and transitional arrangements, including the new educational structure, introduction of new assessment, TVET reforms, offer of regional scholarships and development of the Special Education Needs Sector, among others.

The objectives of the amendments will be to provide for:

- (a) a new educational structure for the nine year schooling with new denominations, levels and assessments and this will entail consequential amendments as a result of the new Regulations made in 2015 with regard to changing “Standard/Form” to “Grade” and “CPE examination” to “Primary School Achievement Certificate (PSAC) assessment”; as well as new definitions such as PSAC, National Certificate of Education, Assessment and Academy among others;
- (b) regional scholarships that would be introduced in the context of NYCBE;
- (c) reforms in the Technical and Vocational Education and Training sector with regard to new pathways after Grade 9;
- (d) phased implementation of the reforms which will call for transitional arrangements; and
- (e) Enhanced system governance and accountability for learning outcomes through a closer inspection and quality assurance of the teaching-learning process in the private secondary schools sub sector by restoring pedagogical inspection powers to the Private Secondary Schools Authority (PSSA) to empower the Authority to inspect, control and monitor the quality of education dispensed in private secondary schools.

Relevant amendments in the context of providing an all-inclusive and quality education in the primary and secondary education sub-sectors by including a definition of Special Education Needs sub-sector in the Education Act and making provision for registration and support to Special Education Needs schools.

## **B.10. Fraud Bill**

The introduction of a Fraud Bill is envisaged to deal with cases, including, dishonesty, deception, falsification, concealment and false representation leading to financial prejudice.

## **PART C - OTHER LEGISLATIONS**

### **C.1. Civil Aviation Act**

The Civil Aviation Act will be amended to –

- (a) allow for the payment of Passenger Solidarity Fee to the Consolidated Fund;  
and
- (b) transfer to the Consolidated Fund any amount in the Deposit Account with the Accountant General that has not been transferred to International Drug Purchase Facility (IDPF)-UNIT AID Trust Fund.

### **C.2. Code Civil Mauricien**

The Code Civil Mauricien will be amended to bring clarification to the application of Article 2202-6 and Article 1154 of the Code Civil Mauricien regarding capitalisation of interest.

### **C.3. Companies Act**

The Companies Act will be amended to allow:

- (a) the Registrar to notify an applicant within 5 working days in respect of a refusal to register a document submitted for registration;
- (b) electronic document issued by the Registrar to be admissible in legal proceedings;
- (c) the Registrar to provide such data and information from records stored in the Companies and Businesses Registration Integrated System (CBRIS) upon payment of a fee;

- (d) to enable the Registrar of Companies to issue electronic documents such as certificate of incorporation online;
- (e) appointment of an administrator instead of a liquidator in the event of winding up a limited life company. The Administrator need not be a registered Insolvency Practitioner;
- (f) Registrar to remove a company from the Register where an objection lodged before 1<sup>st</sup> July 2009 has not been withdrawn; and
- (g) for a process where undisposed funds available when companies are being removed from the Register to be vested in a Companies Surplus Account or the Curator as the case may be.

#### **C.4. Co-operatives Act**

The Co-operatives Act will be amended to provide for Co-operative Credit Unions to implement Anti-Money Laundering policies and to comply with the Financial Intelligence and Anti-Money Laundering Act.

#### **C.5. Electricity Act**

With a view to increase the participation of small and medium power producers from renewable sources, the Electricity Act will be amended to accelerate the processing and granting of permits to those producers.

#### **C.6. Mauritius Cane Industry Authority Act**

The Mauritius Cane Industry Authority Act will be amended to give effect to the recommendation contained in the Landell Mills Report to increase the contribution made by distiller-bottler from Rs 20 to Rs 40 per litre of absolute alcohol. The contribution is paid to the Mauritius Sugar Syndicate which distributes same to sugar planters.

### **C.7. Medical Council Act**

The Medical Council Act will be amended to provide for a prospective doctor to be assessed before his enlistment as a pre-registration intern with a view to ensuring that he has the required knowledge, standards, skills and competence.

### **C.8. Public Procurement Act**

The Public Procurement Act will be amended to provide for Public Bodies to seek prior approval of the Central Procurement Board before amending works contract where there are significant variations in contract value.

### **C.9. Public Private Partnership Act**

The Public Private Partnership Act will be amended to allow the BOT Projects Unit to oversee all matters pertaining to Public Private Partnership with a view to optimising use of resources.

### **C.10. Sugar Industry Pension Fund Act**

The Sugar Industry Pension Fund Act will be amended to enable the Sugar Industry Pension Fund to segregate assets of the different employers so that a member may claim against the assets of his employer but not against the assets of the Sugar Industry Pension Fund and those of the other employers. Segregation will provide legal certainty that the assets of each employer will be distinct and separate.

### **C.11. State Trading Corporation Act**

The State Trading Corporation Act will be amended to allow the Corporation, for the purposes of its activities, to acquire, hold or dispose of any interest in any corporate body.

### **C.12. Tourism Employees Welfare Fund Act**

The Tourism Employees Welfare Fund Act will be amended for any hotel or airport-based taxi operator to pay monthly contribution to the Tourism Employees Welfare Fund.



### **C.13. Transcription and Mortgage Act**

The Transcription and Mortgage Act will be amended to allow Independent Commission Against Corruption, Financial Intelligence Unit, Integrity Reporting Services Agency, Bank of Mauritius, Financial Services Commission and MRA to make searches on behalf of Government free of charge.

### **C.14. Miscellaneous**

Some technical amendments will be brought to clarify, fine-tune, plug loopholes and harmonise various provisions in revenue laws and other enactments.

## CLASSIFIED TRADES PROPOSED FOR EXEMPTION FROM PAYMENT OF TRADE FEES

*Criteria: Economic operators paying annual trade fees of Rs 5,000 or less will be exempted as from January 2017*

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
1	Agent in Animals	2,000	2,000
2	Aluminium/ metal welding workshop	3,000	3,000
3	Assembly of motor vehicles	3,000	3,000
4	Auctioneer keeping no auction room	4,500	5,000
5	Automotive Workshop <b>employing 10 persons or more</b>	5,000	5,000
6	Automotive Workshop <b>employing less than 10 persons</b>	3,000	3,000
7	Bakery	2,500	3,000
8	Beauty Care Centre	2,000	2,000
9	Billiard/Pool/Bowling House or Snooker (per table or alley)	2,500	2,500
10	Block/Slab/Tiles/Ceramic making, Stone/Coral crushing and other related activities <b>employing less than 10 persons</b>	4,500	5,000
11	Bookseller and stationery shops	3,500	3,500
12	Bread Seller	500	500
13	Breeder of animals (above 20 heads)	4,500	5,000
14	Caterer/Canteen <b>(employing less than 10 persons)</b>	3,000	3,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
15	Contractor for hire of audio equipment/decorative items	4,500	5,000
16	Contractor of motor vehicles – per motor vehicle	2,000	2,000
17	Copper/Tin Smith	1,000	1,000
18	Cybercafé	2,500	2,500
19	Day Care Centre/kindergarten	3,000	3,000
20	Dealer in bicycles and bicycles accessories	3,000	3,000
21	Dealer in fishing accessories and other marine equipment	5,000	<b>10,000</b>
22	Dealer in ready made goods	3,500	3,500
23	Dental mechanic	4,500	5,000
24	Distributor of general merchandise	3,500	3,500
25	Engraver, including ‘tombaliste’	500	500
26	Establishment for recording/sale/hire of audio, video cassette, compact discs and other recording/storage devices	5,000	5,000
27	Film making studio	5,000	5,000
28	Florist	2,000	2,000
29	Gas Seller (Retailer)	500	500
30	General Retailer – Foodstuff and Non Foodstuff	2,200	2,500

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
31	Health club, sports centre and/or wellness centre (including gym and spa)	2,500	3,000
32	Industry not classified elsewhere in this Part <b>(employing less than 10 persons)</b>	4,500	5,000
33	Job Contractor (Other than Grade A, B, C, D or E)	5,000	5,000
34	Launderette	3,000	3,000
35	Libraries and archives activities	3,000	3,000
36	Maker/Seller of clocks and watches	700	1,000
37	Manufacturer and/or Seller of handicraft products <b>(employing less than 10 persons)</b>	1,000	1,000
38	Manufacturer of candles <b>(employing less than 10 persons)</b>	1,000	1,000
39	Manufacturer of food items (self-employed)	500	500
40	Manufacturer of footwear <b>(employing less than 10 persons)</b>	5,000	5,000
41	Manufacturer of furniture and cabinet <b>(employing less than 10 persons)</b>	1,500	3,000
42	Manufacturer of salt	5,000	5,000
43	Matrimonial Agency	4,500	5,000
44	Medical Laboratory (including outlets)	5,000	5,000
45	Modeling Agency	3,000	5,000
46	Museum/Art Gallery	3,000	3,000
47	Owner of bus for public transport (per bus)	800	1,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
48	Owner of fishing business including banian	2,000	2,000
49	Owner of goods vehicle (Carrier's 'B') (per vehicle)	800	1,000
50	Owner of towing services (per vehicle)	5,000	5,000
51	Packing enterprise of foodstuff and/or non foodstuff	2,000	2,000
52	Paid parking spaces for motor vehicles (per slot)	1,500	1,500
53	Panel beating and/or paint workshop	2,000	2,000
54	Pastry shop/manufacturer	2,000	2,000
55	Pest control service provider	2,000	2,000
56	Photographer/Cameramen/Photo Studio	2,000	2,000
57	Plant Nursery	1,000	1,000
58	Poultry pen - 25 to 500 birds	3,000	3,000
59	Printing industry <b>(employing 10 persons or more)</b>	4,500	5,000
60	Printing industry <b>(employing less than 10 persons)</b>	2,500	3,000
61	Private enterprise offering courier service	5,000	5,000
62	Repair/Assembly for repair of bicycles and motorcycles	1,000	1,000
63	Sawmill	5,000	5,000
64	School Bus Operator (per vehicle)	800	1,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
65	Screen printing/serigraphie	1,200	1,200
66	Seller of food stuff and non-food stuff (mobile), except on public beaches	800	1,500
67	Seller of fruits/vegetables	500	1,000
68	Seller of milk/milk products	300	300
69	Seller of poultry, meat, fish and allied products	2,000	2,000
70	Seller of traditional medicines/Ayurvedic products	500	500
71	Shoe mender	200	200
72	Skating/Karting centre	4,000	4,000
73	Store and warehouse (less than 50m <sup>2</sup> )	4,000	4,000
74	Tailor ( <b>employing 10 persons or more</b> )	4,000	4,000
75	Tailor ( <b>employing less than 10 persons</b> )	500	500
76	Taxi/Carrier A (per Taxi)	500	500
77	Undertaker	1,000	1,000
78	Upholsterer	1,500	1,500
79	Victualler (see Note (2) below)	2,500	3,000
80	Washing of vehicles	2,500	5,000
81	Workshop for repair of chemical appliances, refrigerators and other electrical, mechanical appliances	2,000	2,000

<b>SN</b>	<b>Classified Trades</b>	<b>Municipal Fees (Rs)</b>	<b>District Council fees (Rs)</b>
82	Workshop for repair/assembly of computers and other electronic and electrical appliances	2,000	2,000
83	Workshop for vulcanization, retreading and repair of tyres and wheel balancing	3,000	3,000
84	Workshop not elsewhere classified	2,000	2,000