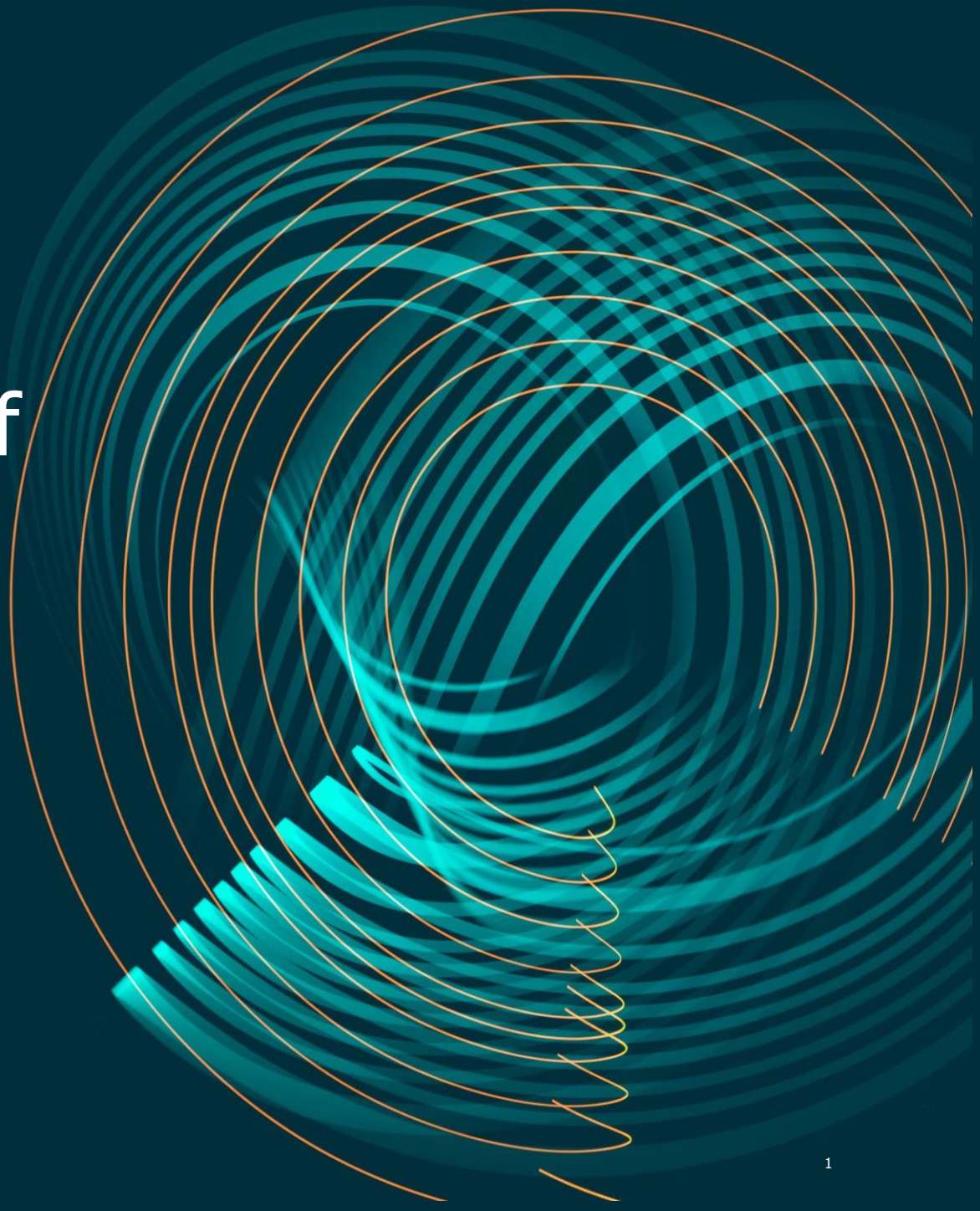
Nexia Mauritius

Mauritius Budget Brief 2025 - 2026

"FROM ABYSS TO PROSPERITY: REBUILDING THE BRIDGE TO THE FUTURE"

05th June 2025



We have set out in this document the main measures announced by the Prime Minister and Minister of Finance, Economic Planning and Development which are likely to impact on our clients' business and personal affairs.

These measures are subject to amendment during the passing of the Finance Bill.

Although this brief will assist you in understanding the likely effects of this year's budget, you are advised to contact us before taking any action.

Nexia Baker & Arenson
Chartered Accountants
05th June 2025

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OVERVIEW

On June 5, 2025, Prime Minister and Minister of Finance Navinchandra Ramgoolam presented his first budget, titled *"From Abyss to Prosperity: Rebuilding the Bridge to the Future."* The budget was expected to address structural economic imbalances , including the budget deficit, trade deficit, and national debt, while also driving export-oriented growth.

The Prime Minister outlined key economic challenges, emphasizing that debt servicing has reached Rs 21.8 billion annually, a trajectory that requires urgent corrective measures. Bold decisions were necessary to reverse these trends, forming the foundation of the budget's three pillars:

i. **Economic Renewal**
ii. **A New Social Order**
iii. **Fiscal Consolidation**

A. Economic Renewal & Growth Strategies

The budget identifies new growth avenues, including investment in:

i. Renewable energy
ii. Blue economy
iii. Waste-to-wealth initiatives

Traditional industries (tourism, agriculture, food, financial services, and banking) remain integral, with diverse measures aimed at boosting economic activity.

Additionally, the Economic Development Board (EDB) now focuses on "Innovative Mauritius" and productive investments, moving away from IRS, PDS, and Smart City projects.

Rs 128 billion has been set allocated for infrastructure development, including transport, drainage, and electricity projects for the next five years.

The budget highlights inflation management as a priority, acknowledging its impact on lower-income groups. With inflation successfully controlled at 2.6% as of April 2025, the Bank of Mauritius has been tasked with ensuring monetary stability to preserve purchasing power.

B. Social Welfare & Support Measures

To shield vulnerable groups, several social initiatives were introduced, and existing allowances and schemes have been extended up to 2027, including:

i. Rs 660 million to support 7,000 households under the Social Register of Mauritius.
ii. Expanded social housing programs to improve living conditions.
iii. Healthcare reforms ensuring better medical accessibility.

Despite budgetary constraints, maintaining a strong social safety net is commendable.

C. Fiscal Discipline & Taxation

Fiscal discipline was widely anticipated to bring tax increases and benefit reductions, though the budget adopts a measured approach given fiscal realities.

Key tax measures include:

i. 20% income tax for earnings above Rs 1 million annually.
ii. 35% tax rate for individuals earning Rs 12 million or more annually.
iii. Basic Retirement Pension eligibility increased to 65 years, aimed at long-term government savings.

Final Thoughts

Expectations were high for bold and potentially unpopular decisions aimed at restoring fiscal discipline for the first budget of the new government, particularly given the fragile state of the economy. Although the 2025–2026 Budget aimed to introduce a new economic model that balances growth, social protection, and fiscal responsibility to secure Mauritius' future, it fell short in several key areas. While some initiatives were announced, there was a clear lack of targeted support for priority economic sectors. Additionally, the absence of detailed implementation plans for major initiatives has done little to boost investor confidence or outline a clear path to economic recovery. Only time will reveal whether the proposed strategies can truly lay the foundation for long-term prosperity.

FISCAL MEASURES

INDIVIDUALS

Tax Rates

- The new tax rates for the fiscal year ended 30 June 2026 are as follows:

Tax chargeable income	Rate %
First Rs 500,000	0
Next Rs 500,000	10%
Remainder	20%

- There has been a reduction of tax bands from 11 to 3.

Persons aged between 18 and 28 years

- Individual aged between 18 and 28 years an earning up to Rs 1M annually, will be exempted from income tax.

Deductions

- Full deduction for a dependent child irrespective of any financial assistance under the National Pensions Act or the Social Contribution and Social Benefits Act.

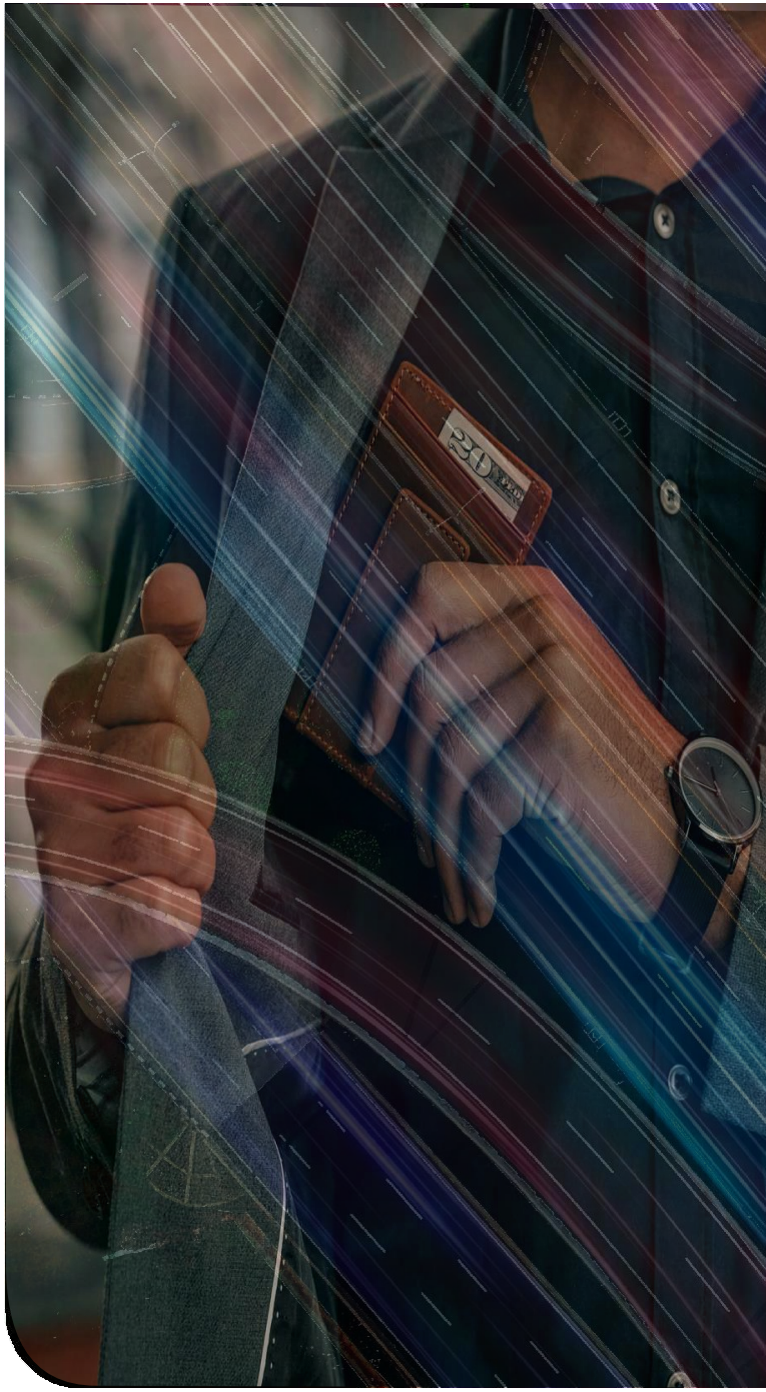
- The following deductions will be removed as from 1st July 2025:

  i. Wage paid to household employee;
  ii. Angel investor allowance;
  iii. Relief for adoption of animals; and
  iv. Donation to charitable institutions.

Fair share contribution on High Income earners

- Any person earning annual net income exceeding Rs 12M inclusive of dividend income, received from domestic companies, will pay an additional fair share contribution of 15% of the net income (chargeable income plus dividend income).

- This will be applicable as from 01 July 2025 for three income years.



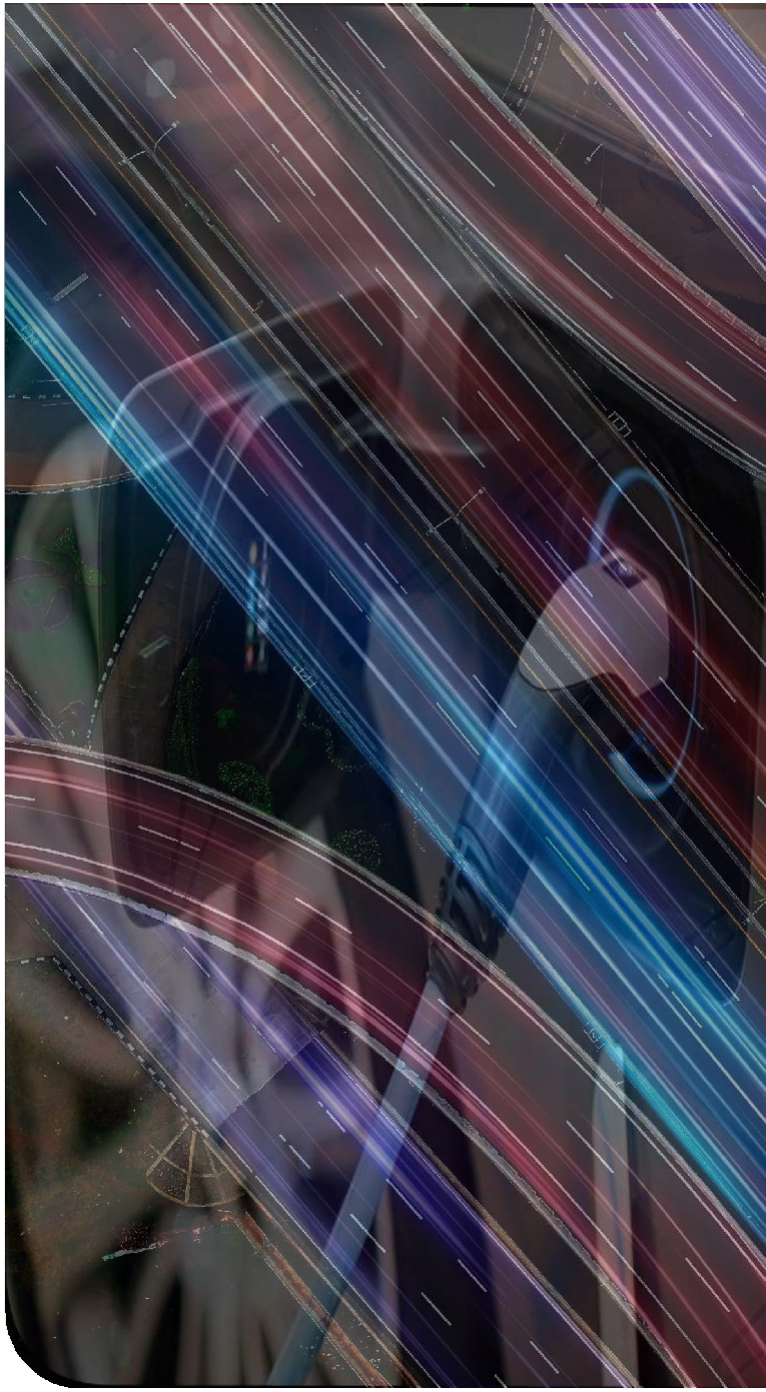
FISCAL MEASURES

INDIVIDUALS

Taxation on car benefit

- New taxation on car benefit as follows:

Car Benefit	Monthly Taxable Benefits (Rs)	
	From	To
Cylinder Capacity -		**Car costing Rs 3 million or less**
▪ up to 1,600cc	9,500	12,000
▪ 1,601 to 2,000cc	10,750	13,500
▪ above 2,000cc	12,000	15,000
Electric Car	N/A	13,500
Car costing -		**Car costing more than Rs 3 million**
▪ more than Rs 3 million up to Rs 5 million	N/A	25,000
▪ more than Rs 5 million up to Rs 8 million	N/A	35,000
▪ more than Rs 8 million	N/A	50,000



FISCAL MEASURES

CORPORATE

Fair share contribution

- Fair share contribution up to 30 June 2028 will apply on companies having chargeable income above Rs 24M as follows:

Category of companies	Fair share contribution rate
Chargeable income tax rate of 15%	5%
Banks transaction with Non-residents and Global Business Companies	5%
Chargeable income taxed at the rate 3%	2%

- The fair share contribution will not be applicable to:
  - GBL companies
  - Companies exempt from payment of income tax
  - Income exempted from income tax
- Banks will have an additional contribution of 2.5 % of their chargeable income from domestic operations.
- No offsetting of any unused tax credits on contribution payable.

Alternative Minimum Tax (AMT)

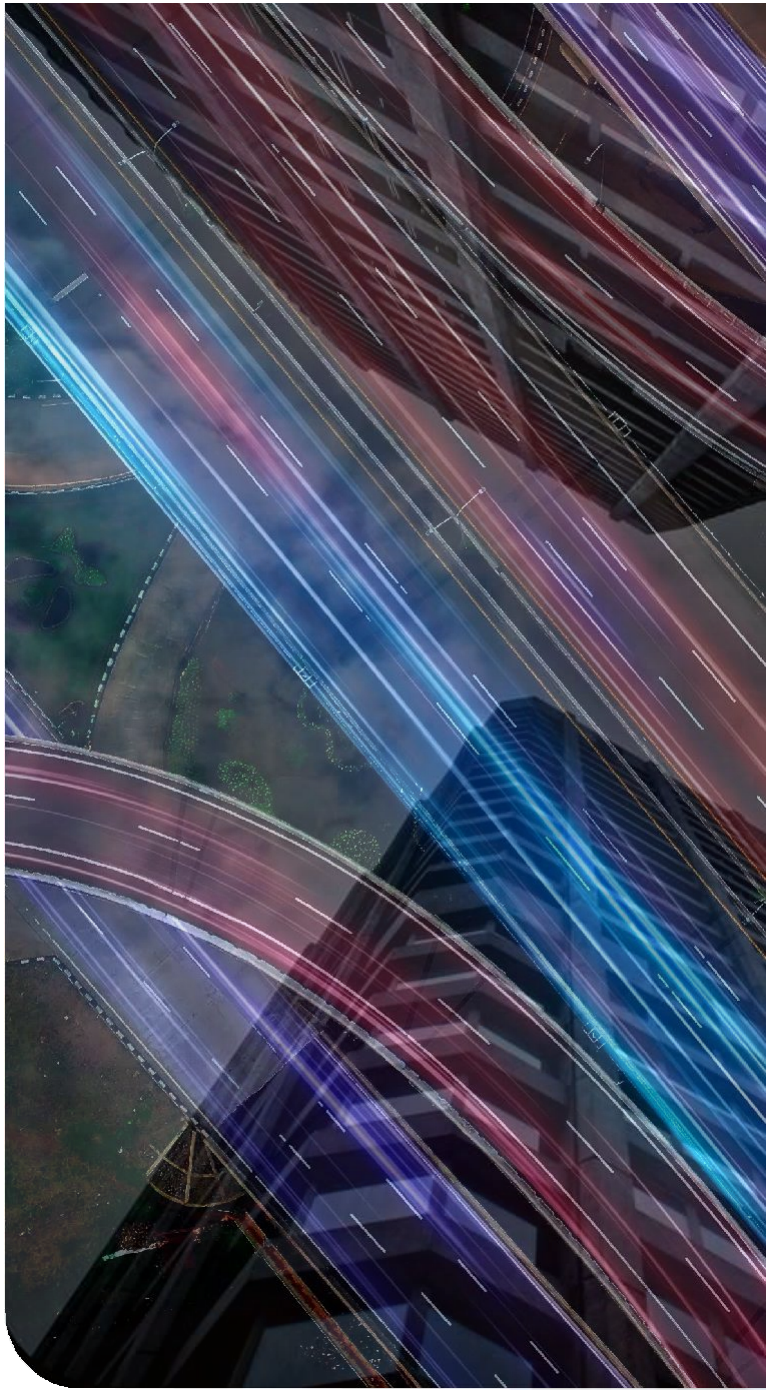
- Introduction of AMT for companies operating in certain sectors, if taxable income is less than 10% of its book profits.
- The Company will be required to pay 10% of its book profits instead of 15%.
- Book profit will be adjusted for capital gains or losses and dividends received from resident companies.

AMT applicable to the following sectors:

- hotels;
- insurance companies;
- companies engaged in financial intermediation activities;
- companies engaged in real estate activities; and
- telecommunication companies.

The AMT will not be applicable to:

- companies holding a Global Business Licence; and
- companies exempt from payment of income tax or which have been granted tax holidays.



FISCAL MEASURES

CORPORATE

Corporate Social Responsibility (CSR)

- Companies will be allowed to spend 50% of its CSR Fund instead of 25%.

Tax credit

- Investment tax credit of 5% over 3 years to small business or service providers with annual turnover not exceeding Rs 10M on cost of acquisition of new equipment not exceeding Rs 500,000 in a year.

- This tax credit will not apply on motor vehicles.

Partial exemption

- 80% exemption on income derived by Virtual Asset Service Provider engaged in the exchange, transfers, safekeeping and administration of virtual assets.

- A bank will not be eligible to claim partial exemption on Foreign source dividend.

Allowable deductions for SME'S

- The following double or triple deductions will be allowable only to small and medium companies (Turnover less than Rs 100M):

  – Emoluments and training costs paid in respect of an employee in Rodrigues.
  – Emoluments paid to a woman paid under the Prime à l'Emploi Scheme.
  – Cost of setting up a crèche or Child Day Care Centre for its employees.
  – Expenditure on acquisition of patents and franchises;
  – Expenditure on acquisition of specialised software and systems.
  – Expenditure on financing, sponsorship, marketing or distribution costs of a film.
  – 150% of expenditure on filing fees in respect of an application to a recognised arbitration institution in Mauritius.
  – Donation, capped at Rs 1 million, to a charitable institution or NGO involved in specified activities.

- MSME'S and start-ups will be eligible for a tax deduction of up to MUR 150K in respect of qualifying investment made in AI technologies.

FISCAL MEASURES

CORPORATE

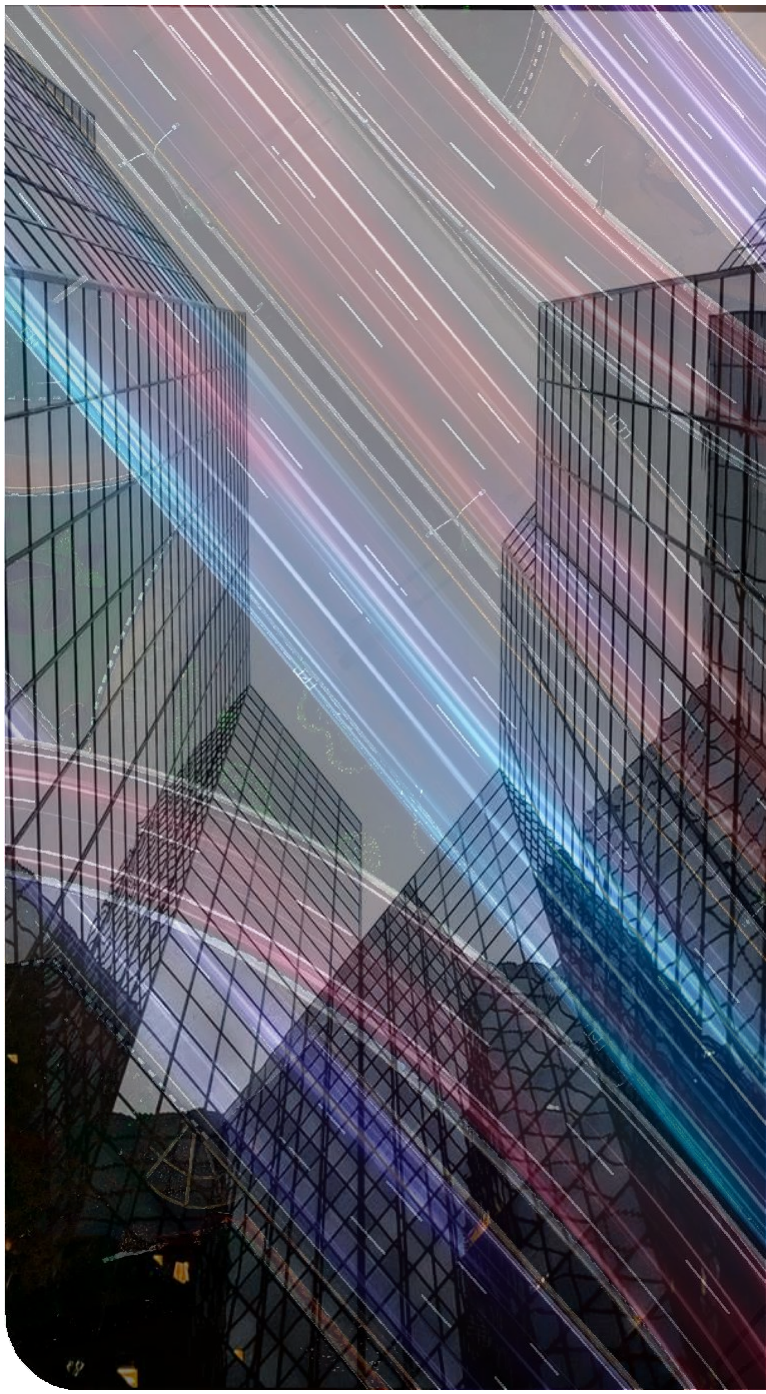
Others

- Removal of 4-year income tax holiday for conversion from sole trader/partnership into a company where the SME is:

  i. Providing professional services;
  ii. A tourism operator
  iii. A training institutions

- Introduction of Qualified domestic minimum Top up tax (QDMTT) on income derived by resident subsidiaries and holding companies of multi-National Enterprises resident in Mauritius as from 1st July 2025.

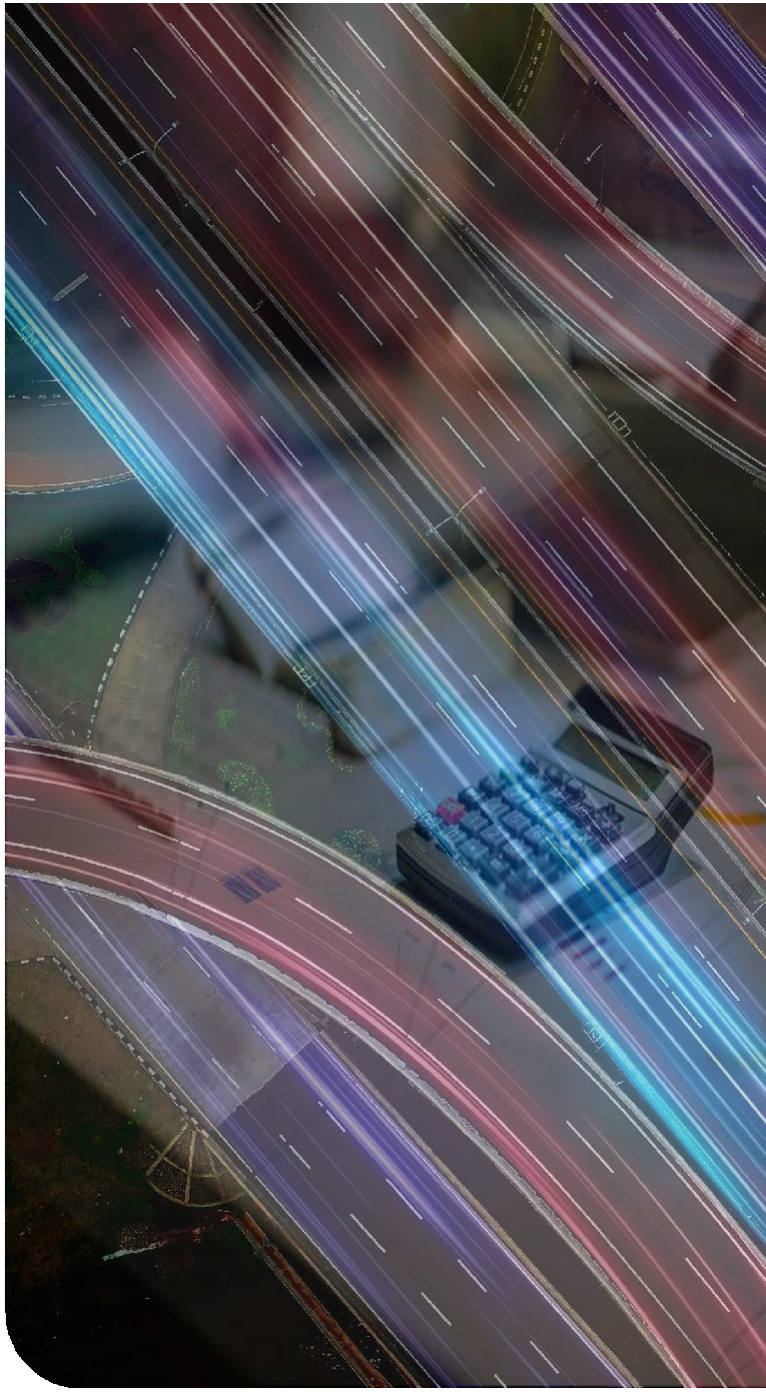
- QDMTT is applicable if the resident subsidiary is being taxed at an effective rate of less than 15% in a jurisdiction.



FISCAL MEASURES

VALUE ADDED TAX

- Compulsory registration for VAT purposes by companies having turnover exceeding Rs 3 M as from October 2025.
- Holder of pleasure craft licence for commercial purpose issued by the tourism authority to be registered for Vat.
- Threshold for eligibility to non-payment of VAT on the imports of capital goods reduced from RS 1M to Rs 500,000.
- The turnover threshold for joining the MRA e-invoicing system reduced from Rs 100M to Rs 80M.
- As from 1st January 2026, specified digital or electronic services provided by foreigners will be subject to VAT.
- Input VAT on rented parking now disallowed except for motor vehicles used in furtherance of business.
- The following products will made zero-rated for VAT purposes:
  - fruit and vegetable purées for infants;
  - canned vegetables such as tomatoes and mushroom;
  - frozen packed vegetables such as potatoes, beans, spinach and mixed vegetables; and
  - hairdressing services;
  - CCTV systems.
- Vat refund scheme to small planters on harvesting services.
- VAT refund scheme on the construction of a residential building apartment or house will end on 30th June 2025.
- Fee payable for Vat ruling increased from:
  - Rs 2,000 to Rs 3,000 for individuals
  - Rs 10,000 to Rs 15,000 for any other persons



FISCAL MEASURES

OTHER TAXES

Excise/customs Duty

- Increase in excise duty on tobacco and alcoholic products.
- Excise/customs duty on vehicles as follows:

(A) Motor Cars

Motor Cars	Conventional	Non-Plug-in Hybrid	Plug-in Hybrid
551 - 1,000 cc	45%	25%	15%
1,001 - 1,600 cc	55%	35%	25%
1,601 - 2,000 cc	75%	55%	35%
Above 2,000 cc	100%	75%	55%

(B) Electric Cars

Electric Cars	Rate of Excise Duty
Up to 180 kW	15%
Above 180 kW	25%

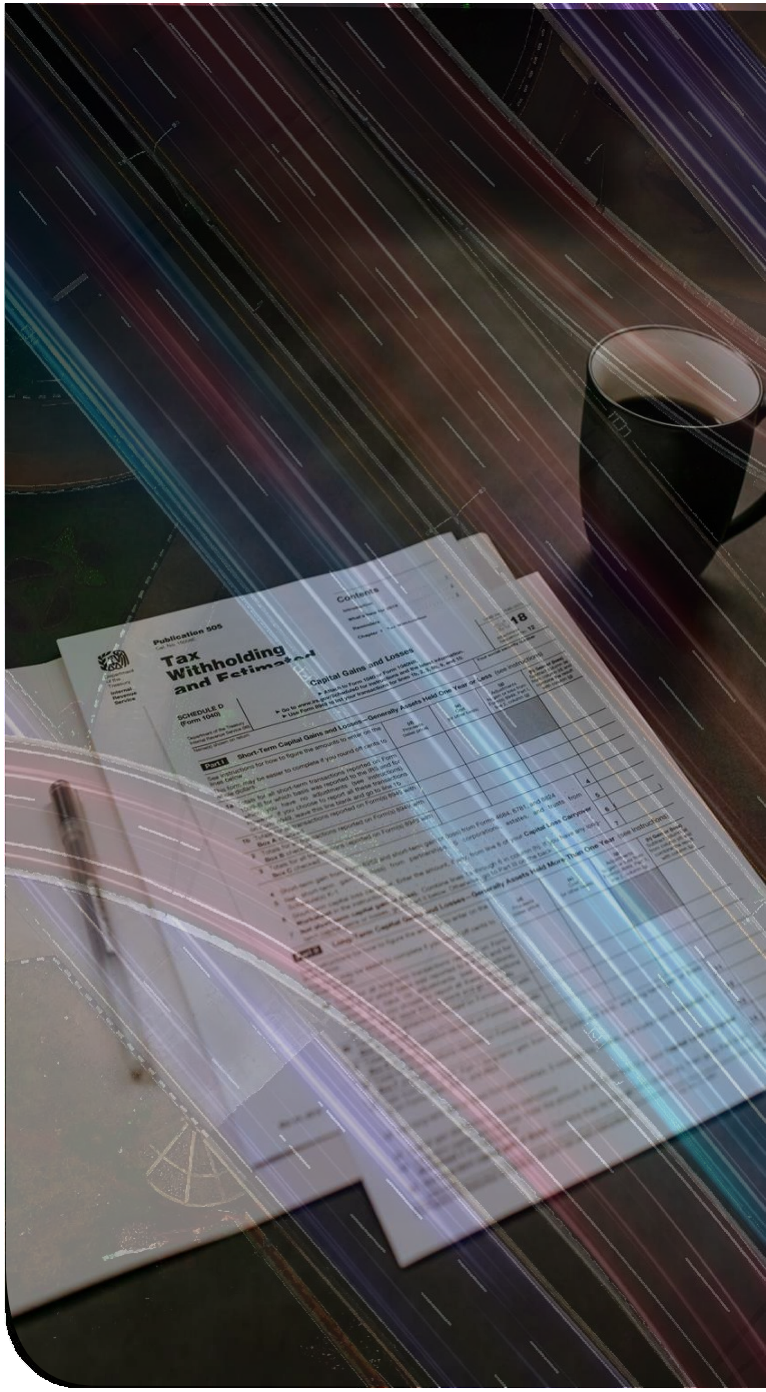
- Negative excise duty for electric vehicles will end on 30 June 2025.

Registration Duty

- Abolition of registration duty on sale and transfer of domestic pre-owned vehicles.
- Registration duty increased by 30% on vehicles first registration in Mauritius.

Motor Vehicle licence

- Motor Vehicle licence will be increased as from 1st July 2025.



FISCAL MEASURES

OTHER TAXES

Registration duty and Land transfer tax

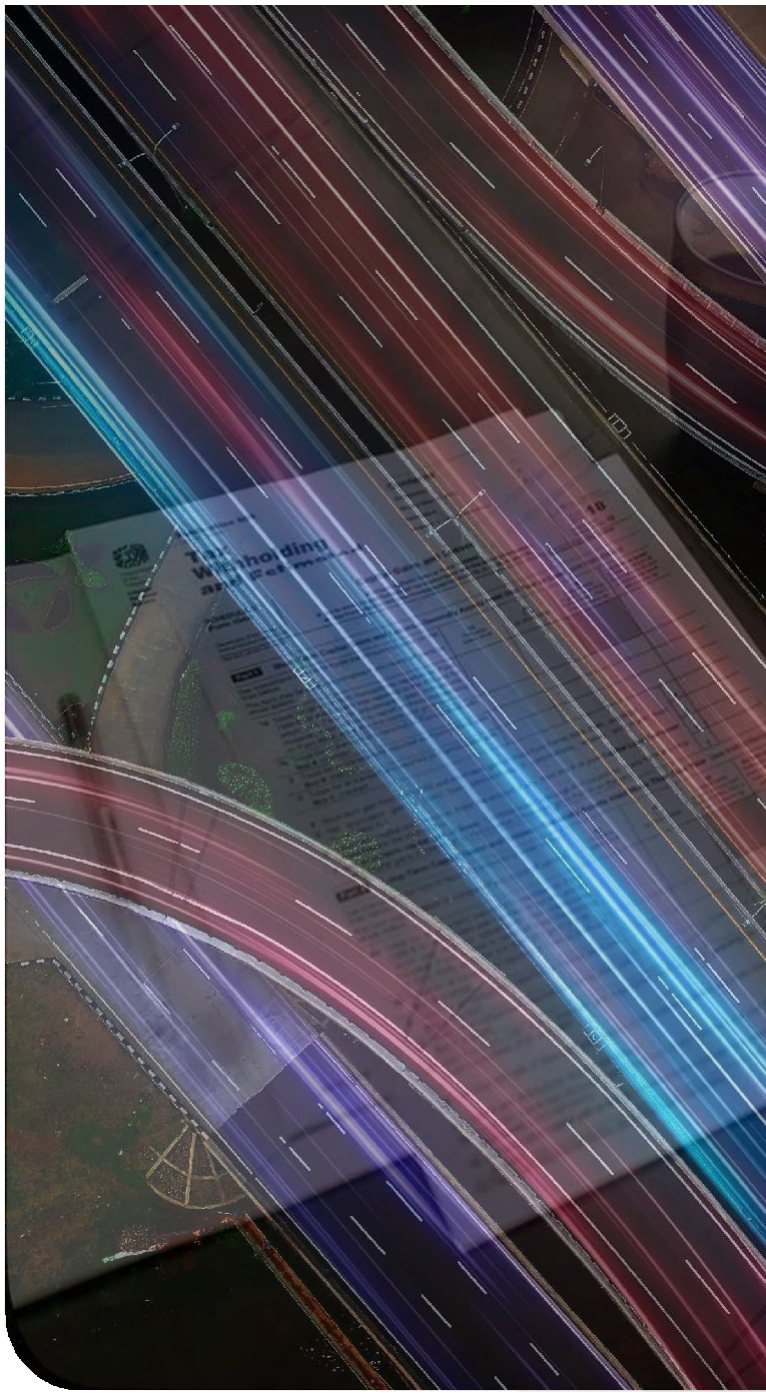
- Registration duty and land transfer tax increased from 5 % to 10% on the value of property for a non-citizen acquiring a residential property on the following:

  i. Smart City Scheme;
  ii. Property Development Scheme;
  iii. Integrated Resort Scheme;
  iv. Real Estate Scheme; and
  v. Invest Hotel Scheme.

The new rate will also apply on the acquisition of a building of at least 2 floors above ground floor.

Resale of residential property by a Non-citizen

- Land transfer tax will be based on the higher of 10% of the value of the property or 30% on the gain realized on the resale of the property.



FISCAL MEASURES

TAX ADMINISTRATION

Tax Dispute Settlement Scheme (TDSS)

- Full waiver of penalties and interests where the taxpayer withdraws his case at the ARC, supreme court or Privy Council.
- The Scheme, will be operational up to 31st March 2026, applicable to cases under litigation as at 5th June 2025 and the tax due is paid by 31 March 2026.

Voluntary Disclosure Settlement Scheme (VDSS)

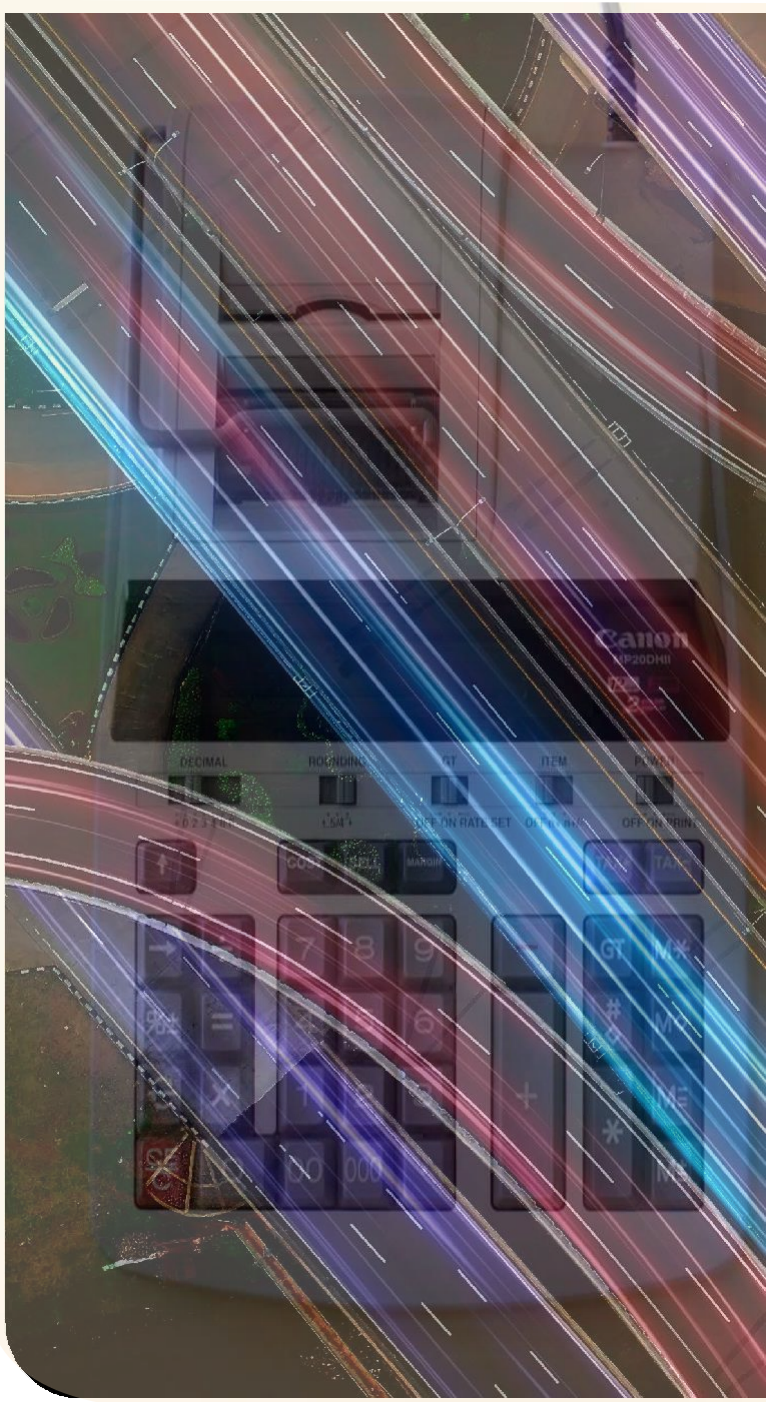
- Full waiver of penalties and interests for tax payers for income/tax supplies not declared or under declared.
- The scheme will be operational up to 31st March 2026 and all payments should have been made by 31st March 2026.
- Applicable for income not declared or under declared of income for the Year of Assessment 2024/25 and prior years, excluding returns that are due in June 2025.
- For VAT purposes, applicable for taxable supplies for the period ended 30th April 2025 and prior periods.

Tax Arrears Settlement Scheme (TASS)

- Full waiver of penalties and interests for tax payer having a tax debt at 30 June 2025.
- Tax payer should register by 30th November 2025 and full settlement of tax by 31st March 2026.

Others

- MRA will raise assessments in respect of past two years only, except in exceptional circumstances.
- Penalty and interests will be capped up to 100% of the amount of tax due.
- Tax to be paid in foreign currency for businesses having at least 50% of their annual turnover in foreign currency.
- Collaboration of the MRA with the Corporate and Business Registration Department to establish a single payment and receipt window at the level of the MRA.



FISCAL MEASURES

TAX ADMINISTRATION

Others

- No penalty for a late submission of Statement of Income under the current payment system.
- Companies to deduct TDS on services provided by non-resident entertainer or sportsperson irrespective of their turnover.
- Ticket number of a winning ticket to be provided in the statement of winnings provided by an operator holding a licence from GRA.
- Fees for income tax ruling increase from :

  i. Rs 2,000 to Rs 3,000 for individuals
  ii. Rs 10,000 to Rs 50,000 for companies

- The Director General may revoke the status of a charitable institutions if it no longer meets its charitable objects.

SECTORAL MEASURES

FINANCIAL SERVICES

- Introduction of Bullion Banking as a new authorized private banking activity.
- Setting up of a licensing framework for wealth Management and Family Offices to offer integrated services.
- Introduction of a new legislation to recognise electronic bills of exchange and trade documents.
- Amendments to the Financial Services Act:

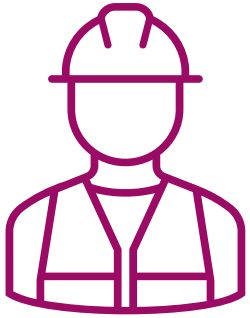
  i. Allow FSC to conduct special investigation upon request of foreign regulators.
  ii. Enable the issuance or transfer of shares to existing shareholders, without requiring the approval of the FSC, provided there is no change in control.
  iii. Approval of the FSC is not required for exempt licensees listed on securities exchanges, other than those in Mauritius when the transfer of shares do not result in a change in control.
  iv. Holders of Global Business License should always have at least 2 directors and the FSC must be informed of any change in directors within 7 days.

- Amendment to the Financial Reporting Act to align the definition of Public Interest Entity with International best practice.
- Deployment of E-Licensing platform integrated with centralised KYC by the FSC.

SECTORAL MEASURES

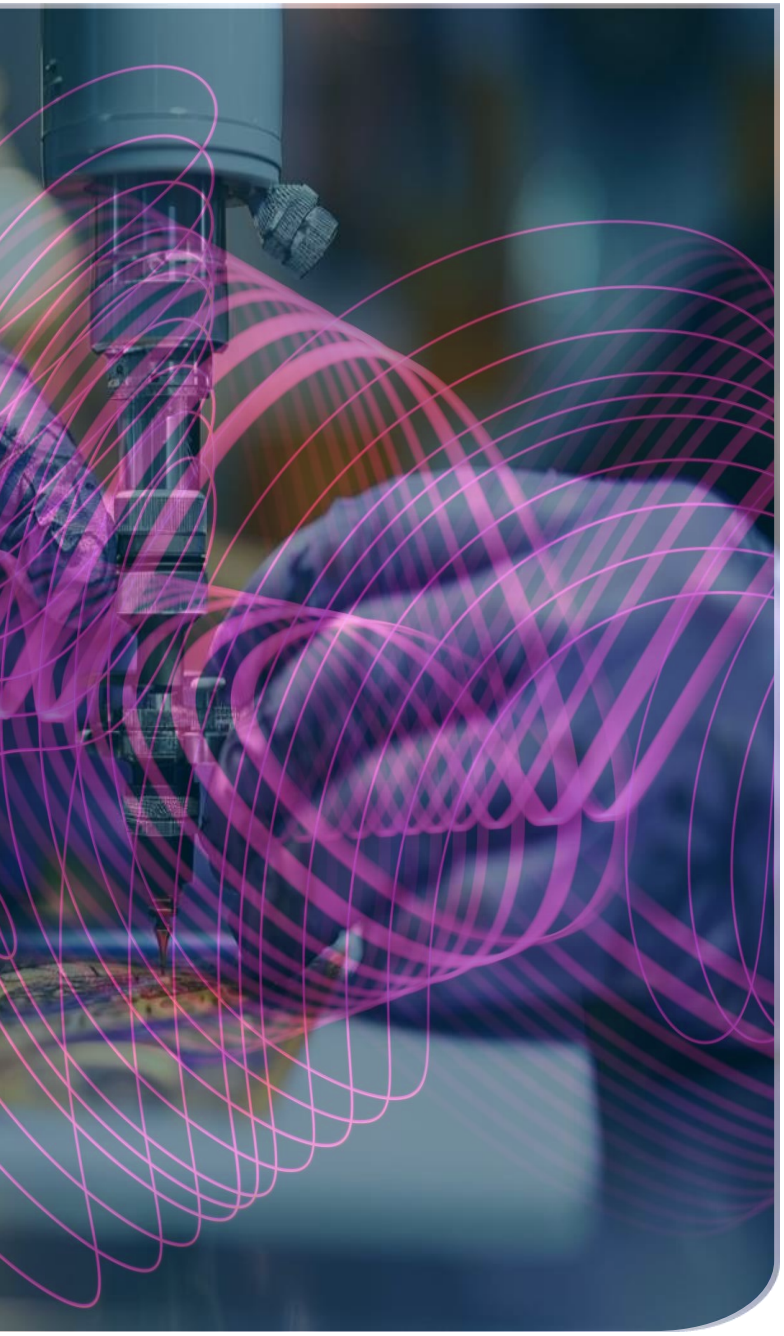
CONSTRUCTION

- Construction Industry Authority Act amended to align the submission of the annual estimates of the revenue and expenditure with the Statutory Bodies (Accounts and Audit) Act.
- Rs 128 billions of investments for the next five years in infrastructure development, including housing, transport, water, wastewater, solid waste, land drainage and electricity.
- Implementation of Motorway M4 project in 2 phases connecting Forbach to Pont Blanc and then extending to Bel Air.
- Ring road phase 2 project connecting ring road phase 1 with Vallee Pitot and Tranquebar.



AGRICULTURE

- Allocation of Rs 800m to support farmers, planters and breeders through various schemes and assistance programmes.
- Provide access to Artificial Intelligence for producers of food which are SMEs.
- Subsidy on seeds granted to potato and onion planters will be reduced from 75% to 50%.



SECTORAL MEASURES

MANUFACTURING AND SMES

- Public contract for works costing between Rs 30 million and Rs 50 million will be reserved for Medium Enterprises.
- The threshold of Rs 30m will be raised to Rs 50m for an SME to benefit from the 30% margin of preference in respect of public work contracts.
- Establishment of an Industrial Policy Coordination Committee to play a central role in steering and accelerating the implementation of productivity-enhancing initiatives.

TOURISM

- E-Gates at the Airport.
- Rs 900 million allocated to the Ministry of Tourism for FY 2025–2026 for a smarter, resilient, more sustainable and inclusive tourism.
- Tourist Fee of €3 per night with effect from 01st October 2025.
- A tourist under the age of 12 years will be exempted from the tourist fee.

SECTORAL MEASURES

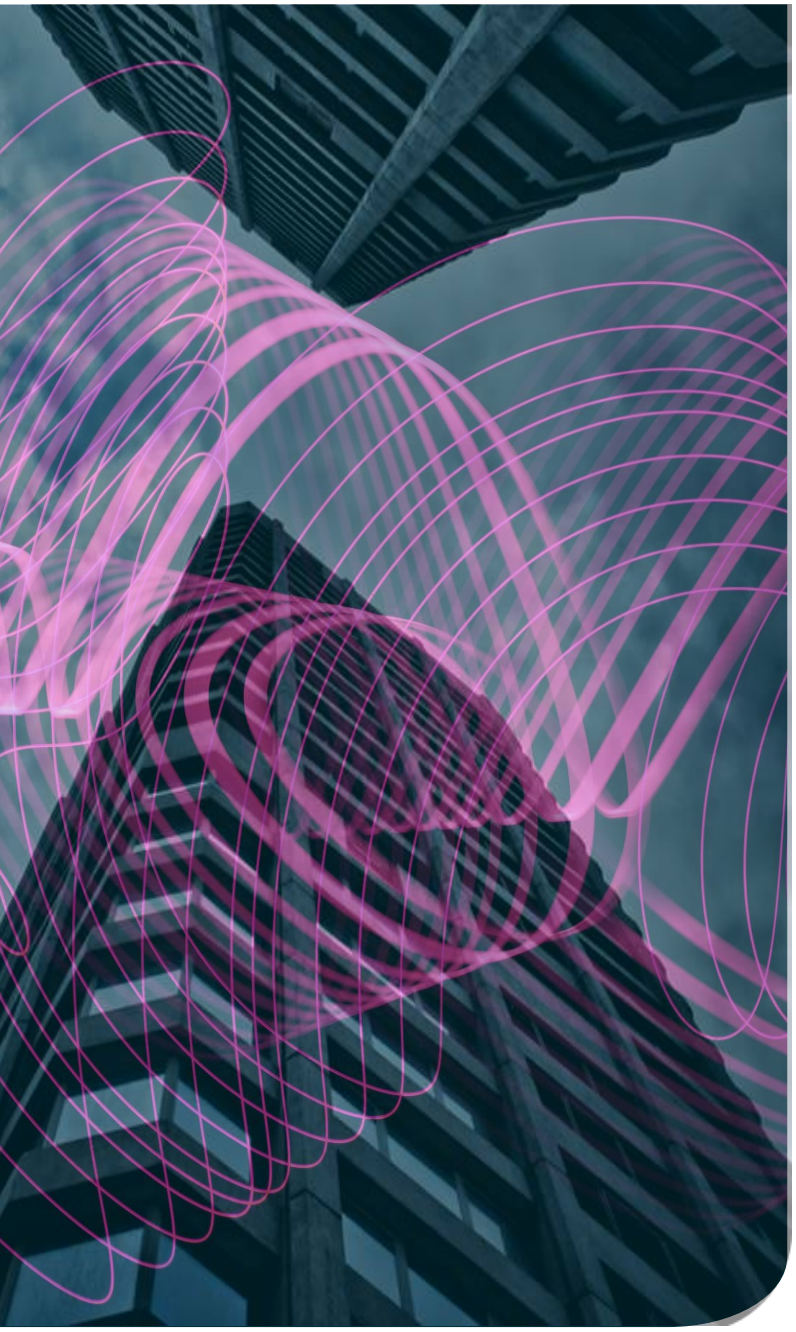
OTHERS

Social Benefits

- Basic pension is increased by Rs 1,000, effective January 2025.
- The eligibility age for the Basic pension is being raised to 65 years.
- Basic pension beneficiaries travelling abroad for medical treatment exceeding 6 months (within any 12-month period) may continue to receive their pension, subject to the recommendations of the Medical Board.
- Free internet connection will be provided to households on the Social Register.
- Payment of the Independence Allowance will come to an end as from 01 July 2025 (save for a beneficiary under the Social Register).
- The *Prime a L'emploi* Scheme, the Home Ownership Scheme and the Home Loan Payment Scheme are ending on 30 June 2025.
- The following allowances and schemes will phase out by June 2027:
  - CSG Income Allowance
  - CSG Child Allowance
  - CSG School Allowance
  - Pregnancy Care Allowance
  - Maternity Allowance
  - Housing Loan Relief
  - Revenu Minimum Garantie Allowance
  - Equal Chance Allowance

• New CSG income allowance as follows:

Monthly income derived by an individual	Monthly Allowance	
	July 2025 to June 2026	July 2026 to June 2027
Not exceeding Rs 20,000	Rs 2,000	Rs 1,000
Above Rs 20,000 but not exceeding Rs 25,000	Rs 1,667	Rs 833
Above Rs 25,000 but not exceeding Rs 30,000	Rs 1,333	Rs 667
Above Rs 30,000 but not exceeding Rs 50,000	Rs 1,000	Rs 500



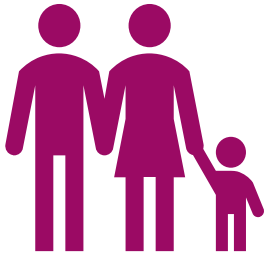
SECTORAL MEASURES

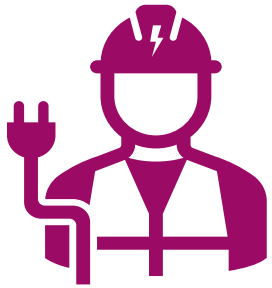
OTHERS

Social Benefits (continued)

- New other allowances as follows:

Allowances	Monthly Allowance	
	July 2025 to June 2026	July 2026 to June 2027
CSG Child Allowance	Rs 1,667 per child	Rs 833 per child
CSG School Allowance	Rs 1,333 per child	Rs 667 per child
Housing Loan Relief Scheme	Rs 667	Rs 333
Maternity Allowance (9 months)	Rs 1,333	Rs 667
Revenu Minimum Garantie Allowance	Maximum of Rs 890	Maximum of Rs 1,890
Equal Chance Allowance	Rs 2,000	Rs 2,000
One-off Allowance		
Pregnancy Care Allowance	Rs 2,000	Rs 1,000





Employment

- A Flexible Work Arrangement will be introduced to offer flexible and hybrid options, aimed at supporting and encouraging greater participation of women in the workforce
- The Workers' Rights Act will be amended to extend the current leave entitlement, allowing workers to take leave to care for a spouse with health issues.

Foreign Labour

- A fast-track and simplified rules-based system managed by the Economic Development Board will be implemented to expedite the work permit process for foreign workers.

Nexia Mauritius

FIRM PROFILE

Nexia Baker & Arenson is a leading audit, accounting, and business advisory firm with a solid track record in delivering outstanding professional services in Mauritius since 2001. Nexia Baker & Arenson is a member of Nexia, a top 10 global network of accounting and consulting firms. When you choose our firm, you get a more responsive, personalised, and partner-led service. Through our network, we are able to deliver cross-border services and provide effective local and global solutions.

Our Team

Swaraj Ochit	Senior Partner	Prakash Bucktawutsing	Associate Director
Jean Michel Chung	Partner	Mubeen Namdarkhan	Associate Director
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