



TO DARE & TO CARE

ECONOMIC DEVELOPMENT BOARD

NEWSLETTER BUDGET 2023 - 2024



EDITORIAL



KEN POONOOSAMY

CHIEF EXECUTIVE OFFICER
ECONOMIC DEVELOPMENT BOARD

MESSAGE OF THE CEO

Dear Valued Stakeholders,

The Economic Development Board is pleased to present to you its Newsletter on the National Budget 2023-2024.

The Budget Speech 2023-2024, delivered by Dr. The Hon. Renganaden Padayachy has leveraged on the hard fought and remarkable economic fundamentals for the outgoing fiscal year, to re-affirm Government's strategies and policies to maintain economic recovery and drive forward the transformation of Mauritius into a modern, sustainable and resilient country.


Despite the COVID-19 pandemic and other significant headwinds such as geopolitical tensions, global supply chain crisis and inflationary pressures which continue to impact economies around the world, the Mauritian economy has made a stronger than expected recovery in 2022. The economic fundamentals were restored to pre-covid levels. We achieved an economic growth of 8.7%, registered inflows of Foreign Direct Investment (FDI) to the tune of MUR 27 billion, generated tourism receipts of MUR 64.8 billion and exported goods and services of a value of over MUR 320 billion.

This year's Budget builds on these foundations to achieve higher and more ambitious economic objectives, in particular securing GDP growth at 8 % for the incoming fiscal year. Government revenue for the fiscal year 2023-2024 is expected to be MUR 179 billion and expenditure is forecasted at MUR 200 billion, resulting in a deficit of 2.9 % of GDP. Public Debt is expected to fall to 79% of GDP in 2023 and is planned to be further brought down to 71.5 % by June 2024.

In continuity with previous fiscal exercises, this inclusive Budget focuses on helping families, lower-income groups, as well as businesses, without losing focus on the country's resilience and longer-term needs in an everchanging economic and geopolitical landscape. The tax reforms are clearly the centrepiece of this year's Budget.

The restructuring of the Income Tax regime is one key and bold fiscal reform aimed at restoring the economy's competitiveness and bringing about fairness and equity for earners. Income Tax will be imposed through the introduction of a marginal step application of the rates, leading to a reduction in total income tax paid. This reduction in income tax is expected to spur labour supply and increase consumption, thereby contributing to an increase of 0.6% in GDP and creating more than 16,000 jobs.

The social side of this budget also seeks to address the spending power of a considerable tier of the population and lessen the hard-hitting impacts of inflation, with targeted support and allowances to cushion the effects of continuous increases in the costs of living. Other considerable and assertive measures have been outlined, which notably include raising the minimum salary threshold to Rs 15,000. The panoply of social measures is expected to contribute 1.2 % to GDP growth.



Long-term measures and targets as well as incentives for Mauritius to prioritise environmental, social and corporate governance (ESG) have been announced. This will bring sustainability to the fore of our future development and economic strategy. Considerable importance is also being given to climate change policies.

Business facilitation and improvement of the investment climate are given substantial importance in view of achieving higher levels of investment and maintaining the momentum of the economic recovery. New initiatives and reforms will be triggered to further improve our 'Doing Business environment', notably with the streamlining of the procedures for the obtention of work permit for foreign workers.

The review of the occupation permit for professionals will bridge talent gaps, addressing jobs and skillset needs of companies. The Budget charts a new way forward for the skilling and reskilling of employees by enhancing the learning and development ecosystem. The "silence is consent" principle is introduced to ensure swift processing of permits and licences.

Innovation continues to be an important way forward with new schemes and enhancements to existing ones to drive innovation and new capabilities as well as quality for our enterprises, MSMEs and workforce. This will help to safeguard our competitive position in the face of new challenges.

The review of legal frameworks to strengthen our Financial Services sector will further consolidate our position as an International Financial Centre of repute and contribute to attract more international players in our jurisdiction.

The EDB will be the lynchpin of these endeavours and will be at the forefront of improving our business environment, leading reforms into actionable frameworks and strategy recommendations, facilitating and attracting investment, and marketing our destination as a prime and reputable choice for investors aggressively, in close collaboration with all stakeholders.

Over the past few years our resilience was tested and we did not yield. Now the time is ripe for Mauritius to position itself for the upturn and capture new opportunities for growth aligned to Government's long-term vision for an Inclusive, High Income and Sustainable Economy.

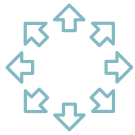
In keeping with tradition, this special edition of EDB's Newsletter provides a summary of the measures by sector as well as our comprehensive analysis of these measures on our economy.

On this note, I wish you a pleasant reading.

KEN POONOOSAMY

CHIEF EXECUTIVE OFFICER
ECONOMIC DEVELOPMENT BOARD

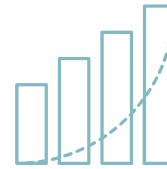
BUDGET 2023 IN FIGURES 2024



EXPENDITURE
Rs 200 Bn

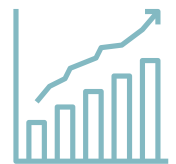


INVESTMENT RATE
21.3%
(20.9% in 2022/23)

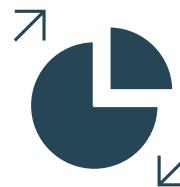
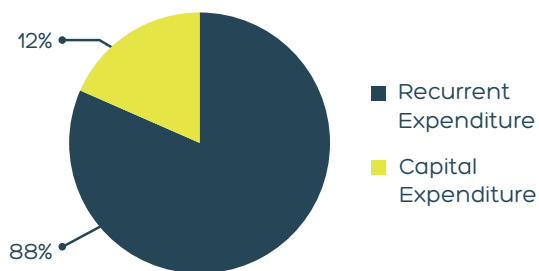


**REAL GDP
GROWTH RATE**
8%
(8.7% in 2022/23)

**GDP CURRENT
MARKET PRICES**
Rs 570 Bn
(Rs 544 Bn in 2021/22)

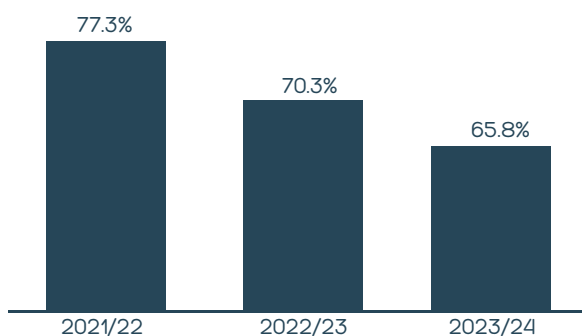


EXPENDITURE BREAKDOWN

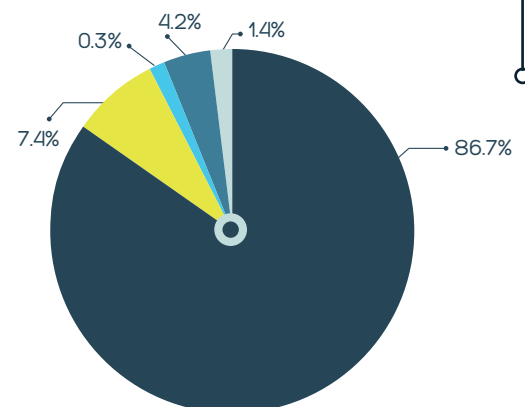


BUDGET BALANCE
-2.9%
OF GDP
(-3.9 % in 2022/23)

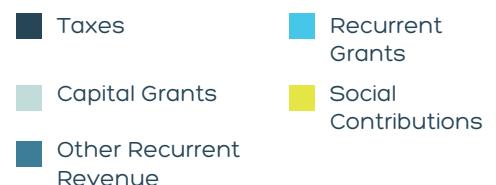
PUBLIC SECTOR NET DEBT (AS % OF GDP)



REVENUE BREAKDOWN



REVENUE
Rs 179 Bn





ECONOMIC OUTLOOK

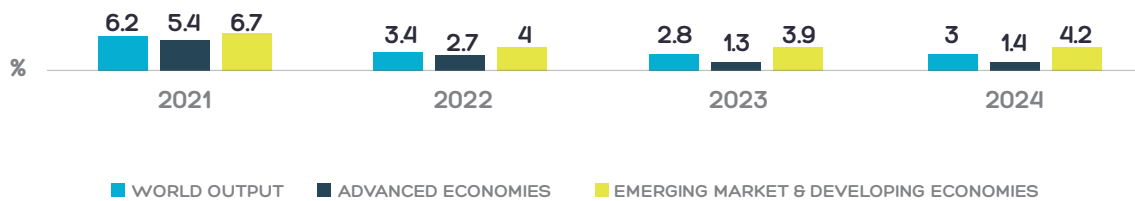


ECONOMIC OUTLOOK

Global economic activity was severely impacted in 2022 as a result of synchronized monetary policy tightening to fight rising inflation and mutually reinforcing shocks namely the COVID-19 pandemic and disruptions from the on-going war in Ukraine. Policymakers around the globe faced numerous challenges in mitigating their impacts on society, especially vulnerable groups.

According to the October 2022 IMF World Economic Outlook, the global economy was expected to grow by 2.7% in 2023, moderating from the 3.2% growth in 2022. The latest 2023 report has revised the growth rate for 2023 upward by 0.1% to 2.8% given a more positive outlook across the world. The world output for 2024 is anticipated to grow by 3.0%. Likewise, inflation is anticipated to be lower for 2023, averaging to 4.7% for Advanced Economies and 8.6% for Emerging Market and Developing Economies, as per the IMF WEO April 2023.

GLOBAL GDP GROWTH RATE



SOURCE: WEO, APRIL 2023, IMF
NOTE THAT DATA FOR 2023 AND 2024 ARE IMF PROJECTIONS
DATA FOR 2022 ARE ESTIMATES

The International Labour Organisation predicted that global unemployment is expected to remain above pre-COVID-19 levels until at least 2023, with global unemployment estimated to be at 208.2 million in 2023 compared to 205.2 million in 2022. World trade is expected to grow by 2.4% in 2023, a slower rate than in 2022, due to high energy prices, rising interest rates and sustained inflation.

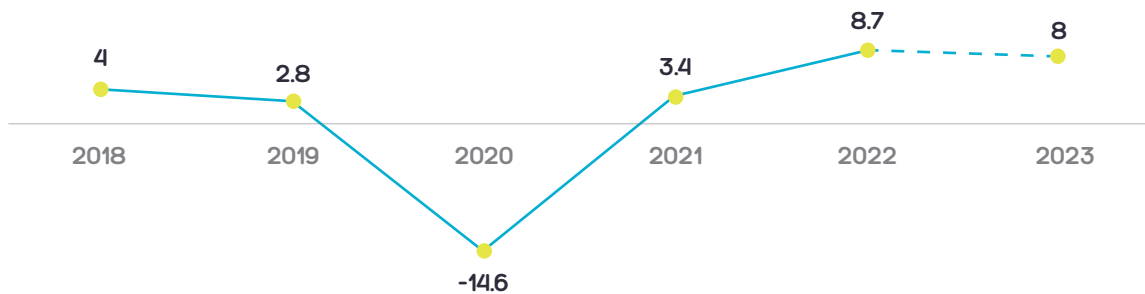


ECONOMIC OUTLOOK

| GROWTH

GDP growth for Mauritius rebounded to 8.7% in 2022, the highest recorded rate in the last decade, fuelled by increased activities in the manufacturing and construction sectors in 2022, coupled with a full recovery of the tourism sector. Statistics Mauritius forecasted real GDP growth rate to be around 5.0 % for 2023, while the IMF is forecasting a growth rate of 4.6% in 2023. Taking into consideration measures announced in this budget, growth rate for the financial year 2023/24 is expected to be at 8%.

GDP GROWTH RATE (%)



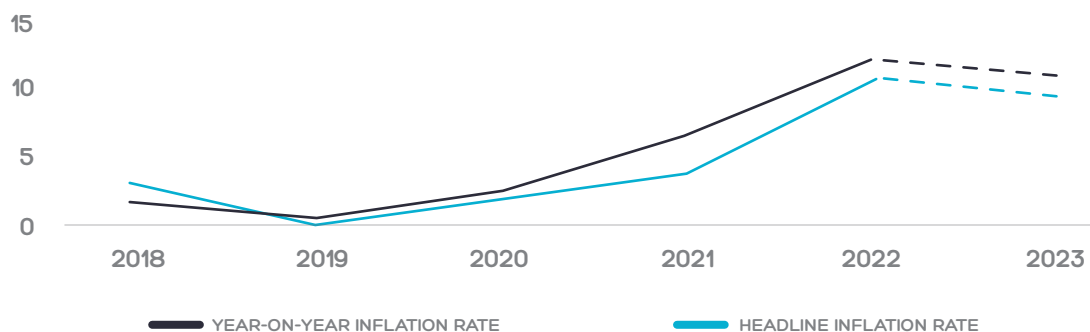
SOURCE: MAR 2023, STATISTICS MAURITIUS

Unemployment in Mauritius stood at 7.7% for 2022 as compared to 9.8% for 2021 thereby confirming recovery of the economy. Nevertheless, youth unemployment remains high and labour shortage in some key sectors remains a major issue.

| INFLATION

Inflation has been rising across various economies, largely due to rising food and energy prices as well as supply chain disruptions, and Mauritius was not spared. Year on year inflation stood at 11% in February 2023, compared to 9% in February 2022. Headline inflation for the 12 months ending February 2023 stood at 11.3% compared to 5.2% for the 12 months ending February 2022. The IMF projected consumer prices to increase by 9.5% for the year 2023 in Mauritius.

INFLATION RATE (%)



SOURCE: STATISTICS MAURITIUS, IMF

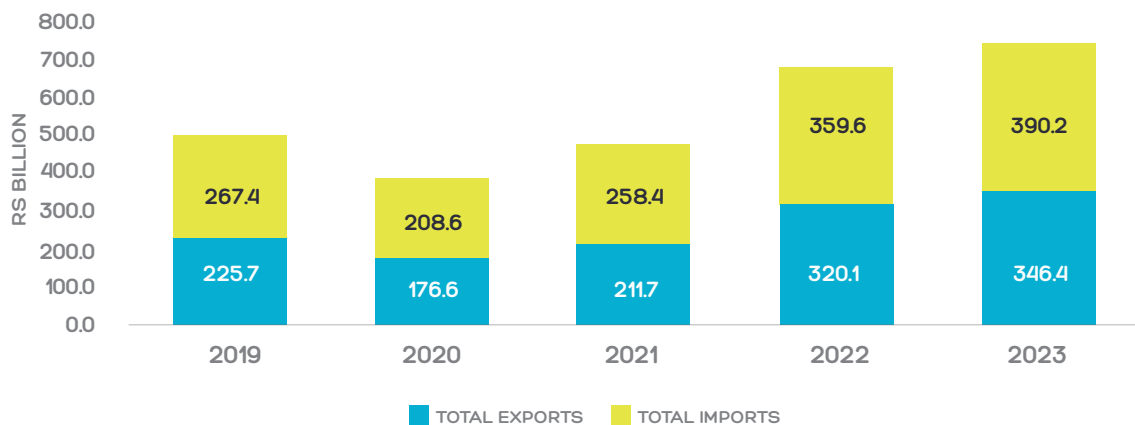


ECONOMIC OUTLOOK

TRADE

Total trade for the year 2022 amounted to Rs. 678 billion, out of which total exports represented 47% and total imports 53%, leaving a trade deficit of around Rs. 39.6 billion. Total exports of goods and services for the year 2022 witnessed a growth of 51.2%, increasing from Rs. 211.7 billion in 2021 to Rs. 320.1 billion in 2022. Total imports for the same year stood at Rs. 359.6 billion, representing a 39.2% increase over its preceding year. According to Statistics Mauritius' latest projections, total exports of goods and services for year 2023 would be around Rs 346.4 billion and total imports around Rs 390.2 billion.

EXPORTS & IMPORTS

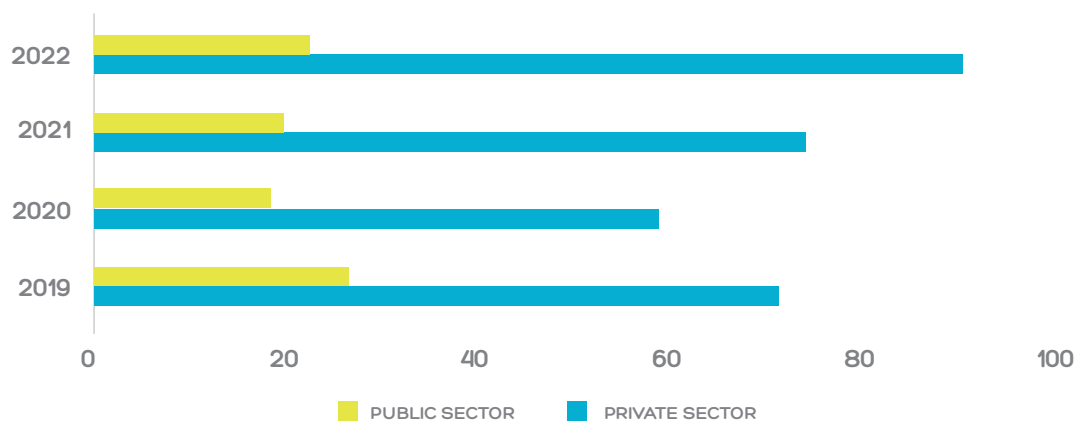


SOURCE: STATISTICS MAURITIUS

GROSS FIXED CAPITAL FORMATION (GFCF)

Mauritius GFCF for the year 2022 stood at Rs. 112.8 billion, including private sector investment at Rs. 90.3 billion and public investment at Rs. 22.5 billion, representing a growth rate of 20.2% for 2022 as compared to 22% in 2021. According to Statistics Mauritius, projections for the year 2023 will be around Rs 125.9 billion for GFCF.

GFCF (RS BILLION)



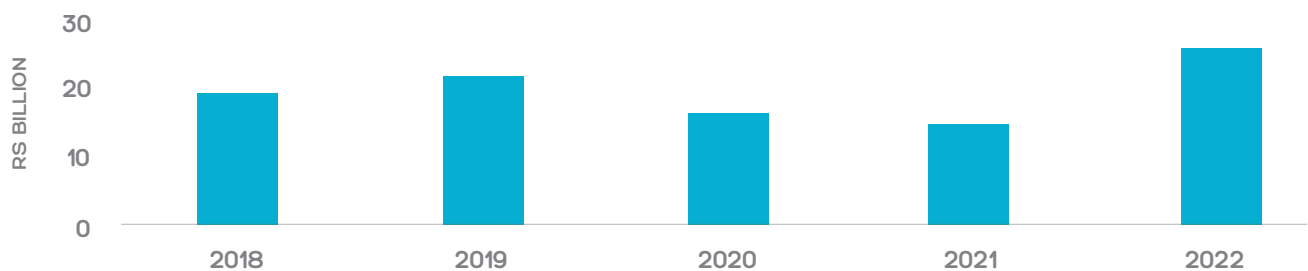
SOURCE: STATISTICS MAURITIUS



| FOREIGN DIRECT INVESTMENT

FDI published by the Bank of Mauritius for the year 2022 stood at Rs. 27 billion, with main market sources being France and South Africa. Real estate activities account for 54.7% of gross direct investment flows, followed by Education (13.4%).

FOREIGN DIRECT INVESTMENT



SOURCE: BOM

| TOURIST ARRIVALS

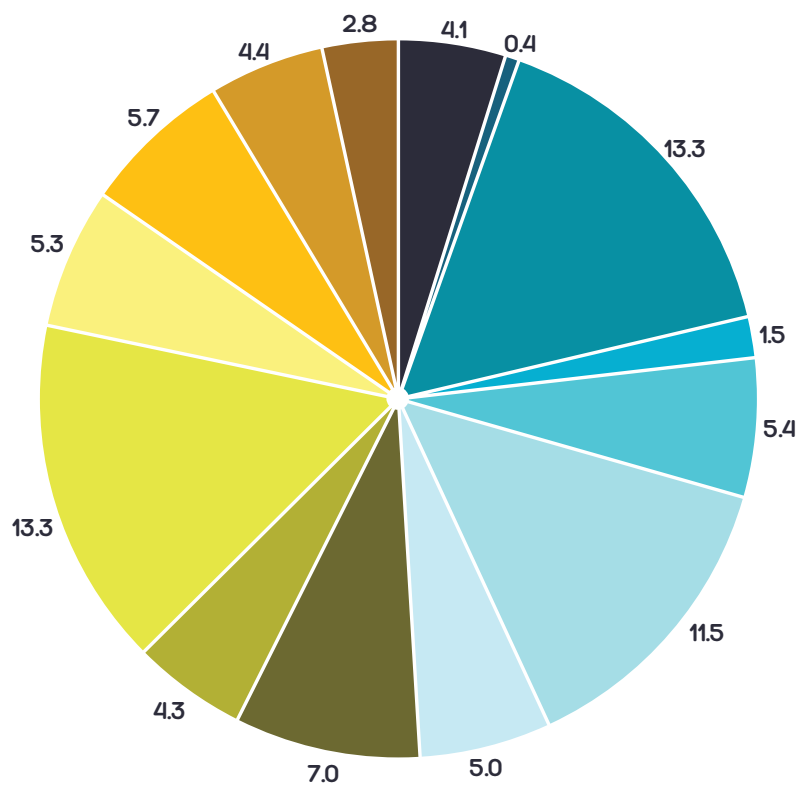
For the year 2022, tourist arrivals increased significantly to 997,290 as compared to 179,780 in 2021, recording an increase of 454.7%. It is to be noted that tourist arrivals for the year 2022 was mostly concentrated in the third quarter, recording an arrival of 358,958 tourists, representing 36% of the year's total arrivals. For the first two months of 2023, tourist arrivals reached 199,534 which shows a good kick off for the year. Tourist arrival for the month of January and February 2023 increased by 169% and 74%, respectively, over the corresponding months of 2022.



SECTORAL ANALYSIS

The manufacturing sector as well as the financial and insurance sectors amounted to 13% of the Gross Value Added each, followed by the wholesale and retail trade (11.5%). The electricity and accommodation and food services sectors experienced the highest growth for the period.

GVA BY SECTOR



- SUGARCANE AND OTHER AGRICULTURE
- MINING AND QUARRYING
- MANUFACTURING
- ELECTRICITY
- CONSTRUCTION
- WHOLESALE & RETAIL TRADE
- TRANSPORTATION AND STORAGE
- ACCOMMODATION AND FOOD SERVICE ACTIVITIES
- INFORMATION AND COMMUNICATION
- FINANCIAL AND INSURANCE ACTIVITIES
- REAL ESTATE ACTIVITIES
- PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES
- EDUCATION
- ARTS, ENTERTAINMENT AND RECREATION



ANALYSIS OF THE BUDGET



ANALYSIS OF THE BUDGET

ECONOMIC ANALYSIS OF BUDGET

The Budget speech 2023-2024 has leveraged on the strong economic performance of the previous fiscal year and the forthcoming global economic challenges awaiting Mauritius, to firmly establish the drive of the government to maintain economic recovery and build capabilities for long-term growth. This budget also focusses on sustainable development with several measures on renewable energy, emission reduction, income redistribution and cost of living support. Given the prevailing world economic situation, our economy has witnessed a remarkable growth of 8.7% in 2022, with FDI achieving record levels at Rs 27 billion, tourism receipts back to pre-covid level of Rs 64 billion, and exports of goods and services exceeding pre-Covid level with of a value exceeding Rs 320 billion.

This section offers an economic impact analysis of the key measures included in the budget. All the analysis are conducted using EDB's in-house econometric and Computable General Equilibrium (CGE) models. The following group of measures are included.

- Investment in the Green economy
- Social measures related to household
- Income tax reform
- Labour shortages

Investment in the Green Economy

This budget has consolidated and extended the Green Transformation Package announced in the previous budget with new measures such as:

- The introduction of renewable energy schemes
- Installation of 32 MW of floating solar PV systems at Tamarind Falls
- Development of a Pump Storage hydropower plant
- Setting up of a 1 MW Ocean Thermal Energy Conversion (OTEC) power plant on a pilot basis

The aim is to ensure that we achieve our target of renewable energy mix of 60 percent by 2030.

This program is expected to generate around Rs 30 billion of investment over the next 3 years, which will in turn boost GDP and employment in addition to reducing emissions. Generating energy from renewable sources rely significantly less on imported fossil fuels, which will help to improve our balance of trade deficit and have a positive effect on GDP. EDB has estimated that the Green Transformation Package is expected to increase GDP by 3.15 percent per year.

Change in Income Tax Rate

The income tax reform is one key and bold fiscal reform aimed at restoring the economy's competitiveness and bring about fairness and equity for earners. Several changes in the income tax were introduced, such as:

- The Solidarity levy is being abolished.
- The tax rate is now applied on a stepwise marginal tax basis unlike the previous linear basis. This means that the income tax paid is more equitable.
- The tax structure now consists of eleven tax brackets as opposed to three previously.

The reduction in income tax is expected to spur labour supply and increase consumption, which would contribute to an increase of 0.6% to GDP and create more than 16,000 jobs.



ANALYSIS OF THE BUDGET

Cost of Living measures

There is a range of other measures aiming to help the population to cope with the recent surge in cost of living. These include:

- Increase in the Basic Pensions by Rs 1,000 to Rs 11,000
- The CSG allowance of Rs 1,000 for individuals earning less than Rs 50,000, with an additional Rs 1,000 for those earning less than Rs 25,000
- Monthly housing loan relief of Rs 1,000 of loans less than Rs 5 million
- The "Revenu Minimum Garanti" of Rs 15,000
- The Independence Scheme of Rs 20,000 for those reaching 18 years of age
- The monthly child support of Rs 2,000 for children of up to 3 years
- A 'Prime à l'Emploi' benefit of Rs 15,000 to all youth and women currently searching for a job on top of the current unemployment benefit.

These measures will add a total of Rs 10.3 billion to the disposable income of households primarily at the bottom end of income scale which tend to have a high propensity to consume. Accounting for leakages due to imports and financing of the policy, the injection of Rs 10.3 billion in the economy could add up to 1.2% to GDP.

Addressing Labour Shortages

In recent joint research by the EDB and Maurice Stratégie on the labour market in Mauritius, it was found that labour shortage is acute and widespread across all sectors of the economy. The magnitude of labour shortage ranges from 11.6% in the tourism sector to 1.7% in the health sector. Using EDB's macroeconomic model, it was found that the current labour shortage could cost the economy up to 5.3% in terms of GDP loss. In light of these issues, this budget has proposed several reforms to streamline the application of both Work Permits and Occupation Permit. These policies will solve part of the labour shortages in Mauritius and will take some time to be fully implemented and reaping the full benefit. It is thus guesstimated that the policy could add up to 2.5% to GDP in the coming financial year.



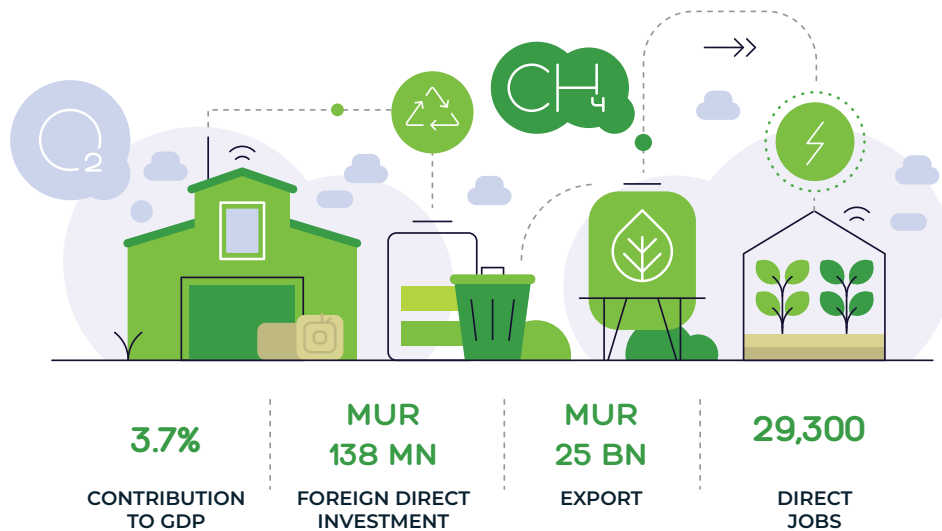
SECTORAL MEASURES



AGRO-INDUSTRY

The Agricultural sector has evolved over the years to a high-valued added, diversified and efficient industry. Recent advancements in the sector include the development of an integrated agri-hub providing serviced land to farmers with integrated state-of-the-art technology, development of an agri-incubator for adequate mentoring on innovative sustainable cultivation practices, investment in indoor farming, hydroponics, aquaponics, shelter farming and container farming systems, investment in nutraceutical and the production of bio-products.

To further develop the sector, “les assises de l’agriculture” was organised in February 2023 to foster collaboration between key stakeholders and a five-year growth roadmap was drafted.



BUDGET MEASURES

CROP SECTOR

- Grant of 50%, up to a maximum of Rs 500,000 for the construction of up to two sheltered farms.
- 50% subsidy for purchase of fertilisers.
- 75% subsidy on potato seeds to SMEs and cooperatives.
- Grant of Rs 250,000 for purchase of equipment by small planters.
- Grant of Rs 300,000 to cooperatives for acquisition of equipment to boost local production.
- 75% subsidy on seeds for Cabbage, Calabash, Pumpkin, Cucumber and Carrot.
- 50% grant up to a maximum of Rs 300,000 for SMEs and cooperatives engaged in potato processing.
- Rs 200,000 grant for the setting up of a seedling production unit by cooperative societies.

- Maximum grant of Rs 25,000 for micro gardens.

TEA SECTOR

- Increase in the winter allowance to tea growers by 25% to Rs 2.50 per kg.

FINANCIAL SUPPORT

- Introduction of a new agricultural loan scheme by DBM at 3.5 % interest rate with a maximum ceiling of Rs 10 million.
- Extension of the Crop Replantation Scheme at an annual preferential rate of 2.5% to biomass and afforestation.
- DBM Ltd will write-off long outstanding loans of more than 20 years and loans of deceased planters.



BUDGET MEASURES - CONT.

CANE SECTOR

- Rs 75 million under the Cane Replantation Scheme.
- Cane Revolving Fund Scheme increased to Rs 500 million.
- Rs 22 million earmarked for the maintenance of irrigation networks in Pointe-aux-Piments, St-Felix and Plaisance.
- For planters producing up to 60 tons of sugar:
 - 50 % subsidy on purchase of fertilisers.
 - payment of the premium to the Sugar Insurance Fund Board.
 - financial assistance of Rs 150,000 for purchase of drip irrigation system.
- Waive CESS in respect of crop 2023.

BIOMASS FRAMEWORK & RENEWABLE ENERGY

- Introduction of the renewable energy scheme for the agricultural sector.
- Funds allocated for the operationalisation of the Biomass Framework.
- Cane trash and woody biomass will also be remunerated at Rs 3.50/kWh similar to bagasse.

LIVESTOCK SECTOR

- Grant of Rs 225,000 for the purchase of cows. Grant extended to goats, pigs and sheep;
- Subsidy of Rs 1,000 on the cost of private veterinary services.
- Financial assistance of Rs 200,000 for construction and upgrading of sheds and purchase of goats and sheep; and
- The grant of Rs 10 000 payable to calf breeders.

- DBM will write-off long outstanding loans of more than 20 years and loans of deceased breeders.
- Subsidy of Rs 15 per kilogram on animal feed.
- Amendment of Meat Act to allow the Mauritius Meat Authority to:
 - purchase or import livestock for slaughter and / or resale.
 - import animals for breeding which can be resold to other stakeholders such as the Food and Agricultural Research and Extension Institute (FAREI) and Animal Production Division (APD).

MAN POWER

- Job contractors will be encouraged to recruit a pool of agricultural workers subject to compliance with conditions such as lodging and accommodation as well as registration of the job contractors.

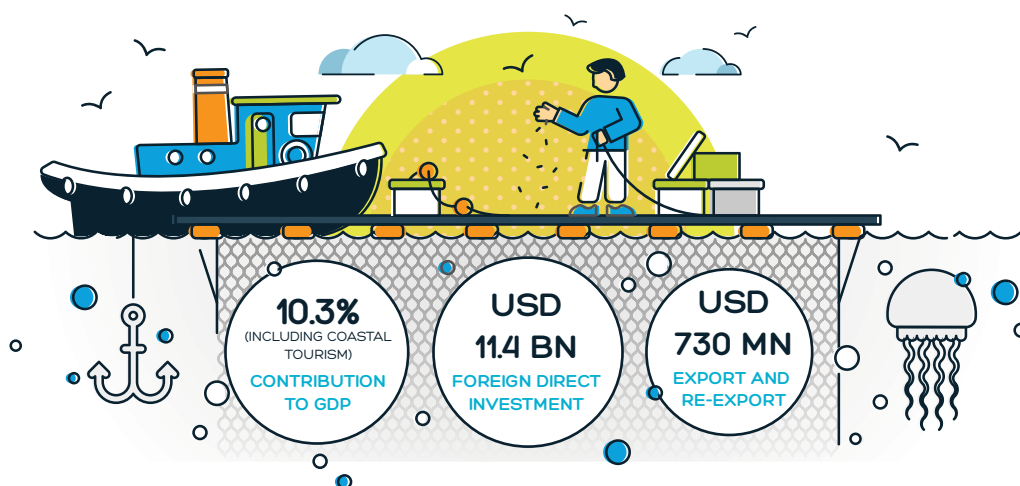
INTEGRATED MODERN AGRICULTURAL MORCELLEMENT SCHEME

- Introduction of a non-refundable processing fee of Rs 25 000.



The Ocean Economy includes fisheries, seafood processing, aquaculture, marine services, port activities and bunkering amongst others and remains a promising sector for Mauritius. The EDB remains committed to enhancing the visibility of Mauritius as an emerging jurisdiction for ship registration. Key projects implemented in 2022 include:

- ✓ Bunker One, a leading international bunker company with a barge of 15,000 Mt and on shore storage of 20,000 Mt started operations in Mauritius;
- ✓ 15 longliners were registered, thereby increasing and diversifying our catch levels; and
- ✓ New Fisheries were implemented in the SIOFA region.



BUDGET MEASURES

INCREASING SEAFOOD PRODUCTION

- Provision of exploratory licenses to companies willing to conduct assessment of untapped resources in our waters.
- Review of the Aquaculture Policy for the implementation of new in-lagoon aquaculture projects to encourage sustainable aquaculture.
- Facilitating access to technologies including Artificial Intelligence to fishermen to provide digital information on sea conditions to modernise the fisheries industry and increase the productivity and catch of fishermen.
- Increasing the grant for acquisition of semi-industrial fishing boats by registered cooperatives from Rs 4 million to Rs 6 million.

SUPPORTING LOCAL FISHERMEN

- Support to small fishers to increase their produce as follows:
 - Rs 2,500 for the purchase of hooks and fishing materials;
 - Rs 5,000 for the purchase of materials to construct fish traps; and
 - Rs 300,000 instead of Rs 200,000 for the acquisition of canottes.
- Installation of solar powered lights at jetties to facilitate navigation at night for fishers.
- Replacement of 8 Fish Aggregating Devices around the island.
- Upgrading of the following infrastructures:
 - Fisheries Posts at Poste Lafayette, La Preneuse, Mahebourg, Riambel and Grand River South East; and
 - Jetties and Slipways at Trou d'Eau Douce, Grand Gaube, Poudre d'Or, Bain des Dames, Pointe aux Sables and Case Noyale.

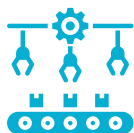


BUDGET MEASURES - CONT.

- Alleviating the financial difficulties of fishermen and their families:
 - The DBM will write-off long outstanding loans of more than 20 years and loans of deceased fishermen.
 - Increasing the lump sum paid to fishermen aged 65 and above from Rs 52,500 to Rs 100,000 if they return their fishermen card or transfer it.
 - Increasing the compensation for associations returning their licenses from Rs 105,000 to Rs 200,000.
 - Increasing the daily Bad Weather Allowance for fishers from Rs 575 to Rs 650.
 - Provision of a grant of 50 percent for construction of hatchery for shrimp farming up to a maximum of Rs 500,000.

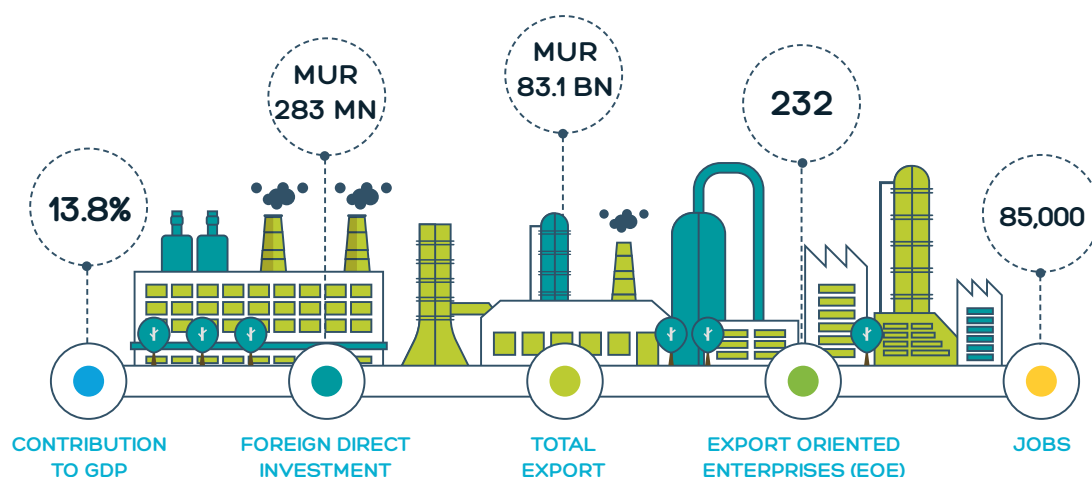
SHIP REGISTRY REGIME

- Revamping of the Ship Registry Regime to promote Mauritius as an International Open Flag Registry Centre.



MANUFACTURING

Mauritius has earned a good reputation as a high quality and reliable supplier through its adherence to international quality and sustainability standards, constant innovation, and excellent customer service in different sectors such as textile and apparel, jewellery and light engineering. Mauritius is now diversifying its activities to manufacture more complex products such as high precision moulding, aluminium profiles, architectural glass and electronic goods amongst others. Emphasis is being laid on capital and technology intensive industries to manufacture better quality products at competitive prices. As per UNCTAD Productive Capacities Index 2021, Mauritius stood first in Africa, as the most advanced economy of the region in terms of transformation.



BUDGET MEASURES

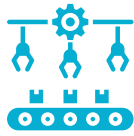
ENCOURAGING LOCAL PRODUCTION AND CONSUMPTION

- Introduction of an “En route vers le Made in Moris” programme for some 120 SMEs over a period of 3 years to build their capacity towards joining the label.
- Allocation of a “Made in Moris” dedicated area at the Mauritius Duty Free Paradise at the airport.
- Procurement of at least 50 percent of all biscuits, uniforms, edible oil, margarine, tea, juice, and yogurt from local manufacturers.

BOOSTING THE MANUFACTURING SECTOR

- Extending the investment tax credit to all manufacturing companies for the next 3 years.
- Renewal of the Africa Warehouse Scheme for a period of 3 years to cover expenses in relation to warehousing, expertise and export consulting.

- Maintaining the freight Rebate Scheme meant for goods produced locally and exported to Africa by sea.
- Maintaining the trade Promotion and Marketing Scheme to manufacturers for exports by air to eligible markets.
- The double deduction granted to a manufacturing company in respect of the expenditure incurred on market research and product development will no longer be restricted to the African market. This additional facility is restricted to companies having an annual turnover not exceeding Rs 500 million.
- Waiving of freight charges on containers from Rodrigues to Mauritius for agricultural products including onions, chillis, coffee beans and lemons.
- 50 percent reduction in export port charges and Export Credit Guarantee Scheme maintained for the next fiscal year.
- The existing legal framework on industrial development for the setting up of Special Economic Zones will be updated.



MANUFACTURING

BUDGET MEASURES - CONT.

TOWARDS A GREENER MANUFACTURING SECTOR

- Investments linked to production of materials for renewable energy technologies will henceforth benefit from incentives under the Premium Investor Certificate.
- 50% waiver on the increase in electricity prices for the next two years for companies moving towards 100 percent renewable energy.

GEOGRAPHICAL INDICATION

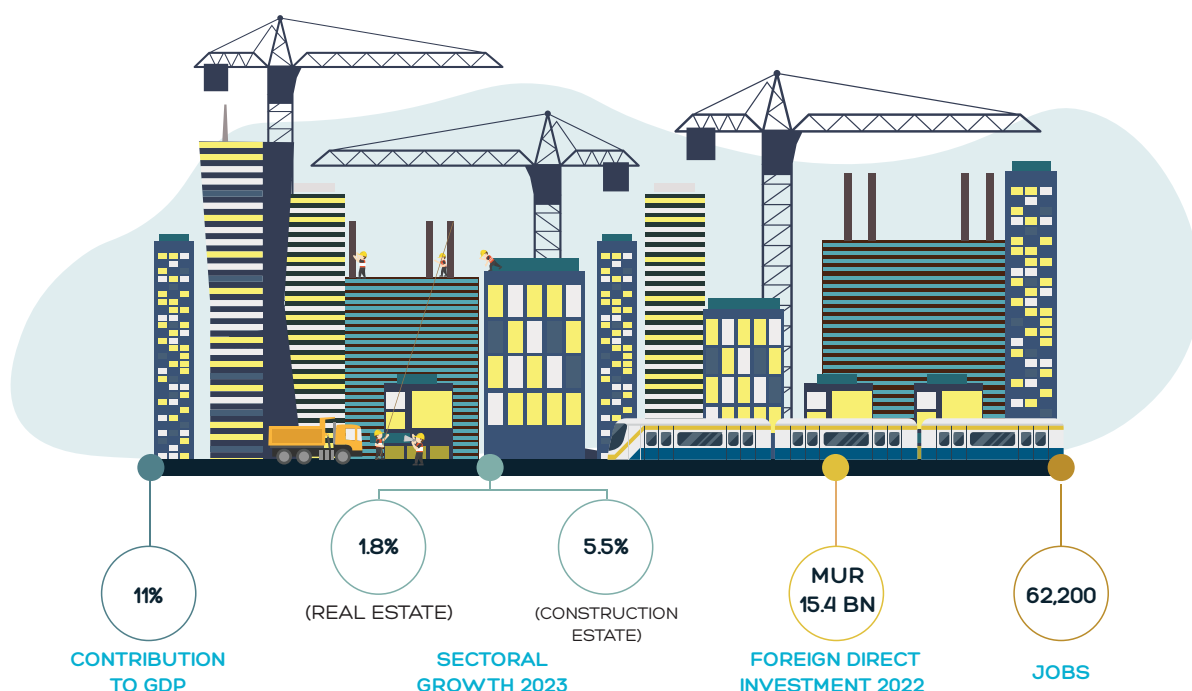
- EDB will work towards implementing a Geographical Indication label for Rodriguan Coffee.
- The EDB will come up with a framework for the protection of the Mauritian brand, products, and signs inherent to the historical, cultural and contextual values of Mauritius.



CONSTRUCTION

The real estate sector, in tandem with the construction sector, offer diversified asset classes and are well positioned on the global property market. In 2022, private sector investments in the construction and real estate sectors stood at MUR 38 billion, whereas FDI in the real estate sector witnessed an impressive growth with over 600 sales under regulated schemes amounting to MUR 15.4 billion.

The real estate sector and construction sectors are expected to grow in 2023 with large private investment projects in office, commercial, mixed-use and residential buildings including the Montebello Mall, Ferney Smart City, Decathlon, Motor showroom, Harmonie Villas, Secret Villas, Le Peninsula, LP Residences, Phoenix Gardens, Afrasia Tower, Anahita Beau Champ residential, Savannah (Les Sentiers), United Docks Tower 100, US Embassy Campus, Telfair Development amongst others.



BUDGET MEASURES

- **The Home Ownership Scheme** will be extended to 30 June 2024.
- Home Loan Payment Scheme for a person contracting a secured housing loan will be extended to 30 June 2024.
- Registration duty will be levied on transfer of shares for value exceeding Rs 200,000 and will be taxed on the value of shares transferred when a person is acquiring more than 20% of the share capital in a company.
- Reduction in annual rental in respect of a socio-economic project implemented on State land leased by a statutory body or a Government-owned company.
- The radius **under the Transit Oriented Scheme** will be increased from 500m to 1 km of metro stations.
- **Annual Rental** payment facility will be provided on a case-to-case basis to lessees of State land facing financial difficulties.
- **The Premium Investor Scheme** will be extended to cover investors taking over or acquiring the whole or part of a Government undertaking including by way of acquisition of shares in a Government-owned company.
- The time limit for the acquisition of **one plot of serviced land** by resident non-citizens in a smart city or a PDS project is extended up to 30 June 2026.



BUDGET MEASURES - CONT.

- A non-citizen, holder of a resident permit or occupation permit as main applicant, will be allowed to acquire only **one** residential property **outside of schemes** (Smart City and PDS) for a price exceeding USD 500,000 and subject to payment of an additional registration duty of 10% provided that the property does not exceed 1.25 arpents and is not located on State land.
- A residence permit to a retired non-citizen and his family will be granted on the acquisition of a property in a **PDS project relating to senior living** where the acquisition price exceeds USD 200,000.
- A non-citizen and his family will be granted a residence permit on the acquisition of residential property of a minimum price of USD 375,000 under the new **Sustainable City Scheme**.
- The PDS Social Fund (contribution of Rs 200,000 per unit sold) and the Smart City Scheme Social Fund (contribution of Rs 25,000 per unit sold), including existing balances, will be transferred to the National Resilience Fund.
- A new legal framework with respect to the provisions of '**Vente en L'état Futur D'achèvement**' and to regulate the functions of syndic will be worked out by EDB and La Chambre des Notaires.
- A cost sharing mechanism with respect to extending the grid infrastructure to supply electricity to major projects under a **Developer Contribution Framework** will be introduced.
- **Construction Industry Development Board Act** will be amended to allow for the collaboration between foreign and local contractors and consultants.

- A non-refundable processing fee would be applicable:

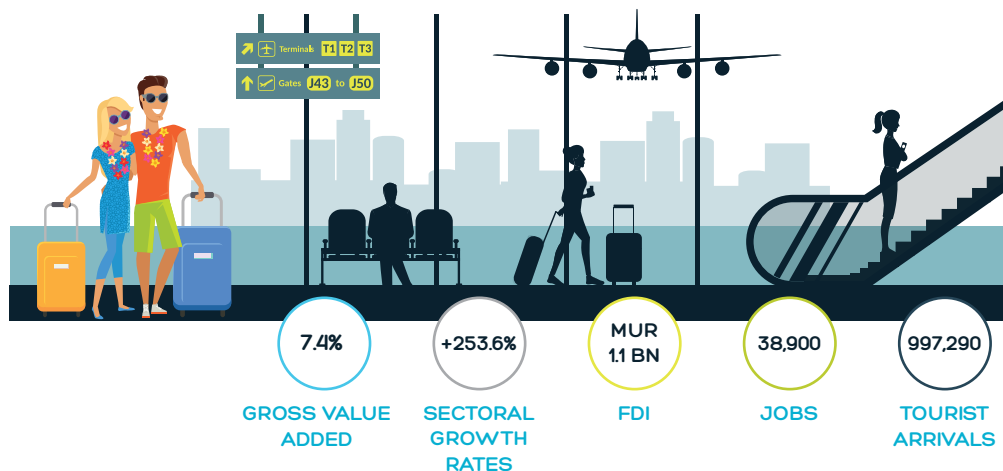
Smart City Scheme	Rs 1 million
Property Development Scheme	Rs 500,000
Invest Hotel Scheme	Rs 500,000
Premium Investor Certificate	Rs 50,000
Acquisitions under IRS, RES, PDS, IHS and Smart City	Rs 25,000
Apartments (G+2)	Rs 25,000
Residence Permits	Rs 25,000



TOURISM

The tourism sector showed strong signs of recovery, with arrivals reaching 72.1% of pre-pandemic levels. Total arrivals for 2022 was 997,290 tourists and earnings amounted to USD 1.48 Bn. The first quarter of 2023 has exhibited the same optimistic trends with tourist arrivals for the period January to March 2023 amounting to 305,197 compared to 352,305 in 2019 quarter 1.

The tourism sector is expected to grow with arrivals in 2023 being restored to the pre-covid 2019 level of 1.4 million. Private sector investment continues to grow with major developments in the tourism accommodation segment by Hilton Garden Inn, Stella Di Mare Resorts and RIU Le Morne for 2023.



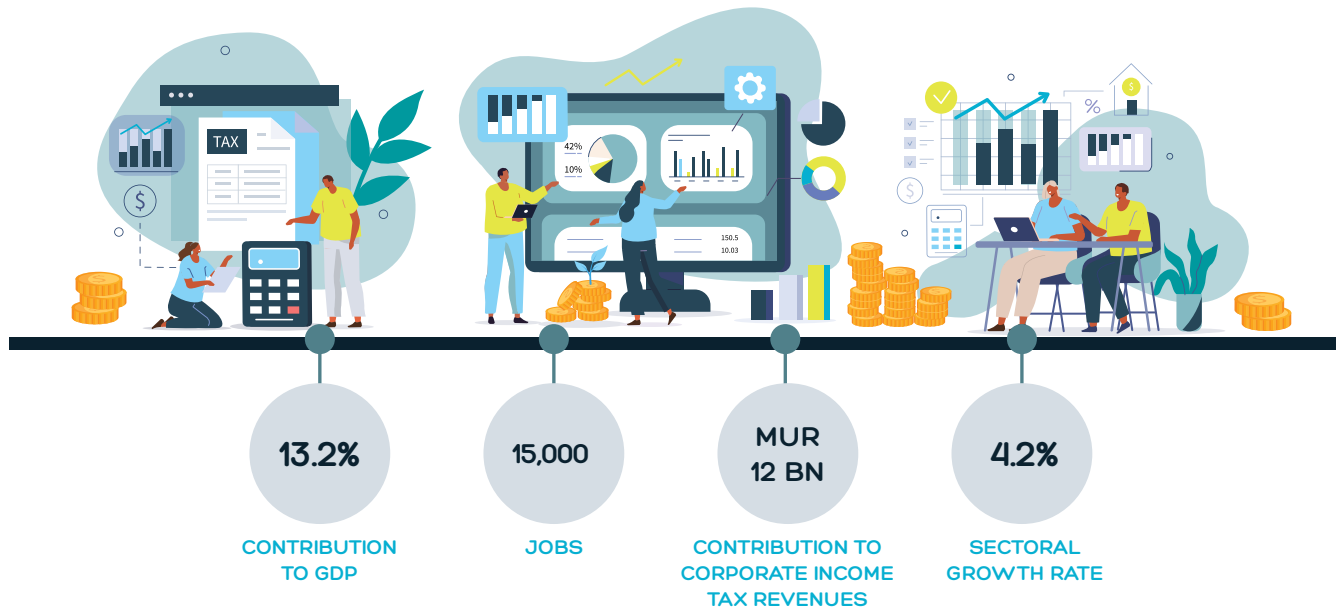
BUDGET MEASURES

- The 38 existing licences for registration of different activities in the tourism sector will be streamlined.
- Destination Marketing Budget of MTPA increased from Rs 400 million to Rs 500 million.
- The mandate of the Tourism Authority will be strengthened and transformed from being mainly a licensing authority to an agency that promotes quality control and quality assurance.
- A Sustainable Tourism Unit will be established within the Tourism Authority with the objective of assisting tourism stakeholders to contribute towards Mauritius becoming Green Certified by 2030.
- The Tourism Authority Act will be amended to remove the restriction on the number of restaurants a hotel can have under a Tourism Accommodation Certificate.
- An Automatic Identification System will be introduced at the level of the Tourism Authority to better monitor movements of pleasure crafts for safety and security purposes.
- To improve the visibility of the hospitality industry, the amount under the Participation in International Fairs SME Refund Scheme will be increased by 25 percent to Rs 250,000.
- To encourage use of tertiary treated effluents for the irrigation of lawns, golf courses, green space at hotels, IRS and shopping malls, a National Water Usage Policy will be introduced.
- Medical patients and up to two accompanying carers as well as retirees will be eligible for a premium visa.



FINANCIAL SERVICES

Over the last 3 decades, Mauritius has built an excellent reputation as a platform of choice, substance, and repute for cross-border investments. Pursuing on its path towards enhancing substance, along with increasing the breadth and depth of the Mauritius IFC, the Government of Mauritius has introduced the Virtual Asset and Initial Token Offering Services Act 2021, Variable Capital Companies Act in 2022 and the Structured Investment-Linked Insurance Business Rules. Mauritius is the sixth jurisdiction globally which has achieved "Compliant" or "Largely Compliant" on all 40 FATF Recommendations.



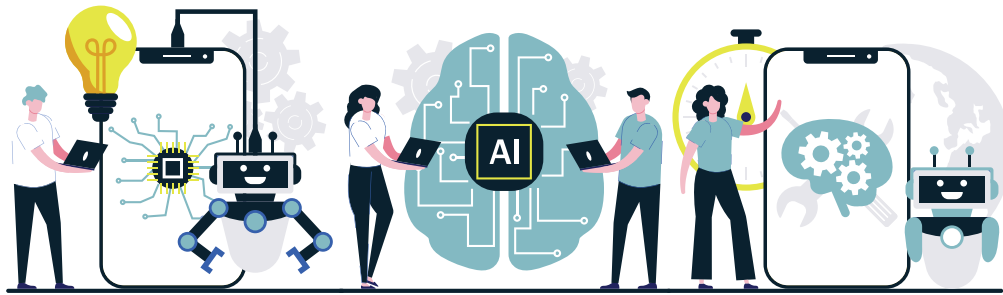
BUDGET MEASURES

- In order to consolidate the position of the Mauritius IFC:
 - The promotional and marketing budget of the EDB is increased by Rs 100 million.
 - Extension of the Variable Capital Companies scope to allow family offices and wealth management.
 - A new framework for the licensing and operations of Electronic Money Institutions (EMI) will be introduced.
 - Introduction of a wealth manager and family office licence under private banking.
 - Partial exemption granted on Interest by a CIS increased from 80% to 95%.
 - Development of a Carbon Trading framework for blue and green bonds.
 - Digital rupee to be rolled out on a pilot basis.
- Young Professional Occupation Permit opened to all fields of study.
- Introduction of a whistleblowing Act and necessary amendments will be brought to the AML/CFT legislations to ensure highest international standards.



ICT

The ICT industry has exhibited rapid evolution over the years be it in terms of geographical expansion, new client acquisition or adoption of innovative models to offer a considerably wider spectrum of services. Investment in the sector spans from traditional areas to high-end, emerging, value-added services such as AI/ Machine Learning, RPA, Data Analytics and IOT among others. Ground station has been identified as a new growth pole for the ICT sector, with OneWeb, the second biggest satellite provider, setting up a company in Mauritius in 2022. A Digital Industries Academy was set up in 2022 to provide training in view to curb labour shortage in the sector.



BUDGET MEASURES

- New campuses or local training institutions partnering with their African counterparts allowed a double deduction on their costs.
- Local service companies to benefit from the margin of preference of 40%.
- Extension of MauPass to the corporate sector for digital service access for employees.
- Introduction of a Carbon Neutral Scheme for the ICT sector by CEB.
- Extension of the Young Professional Occupation Permit to all fields of study.
- ICTA to recognise Certifications including DocuSign and Adobe Sign.
- The Solidarity Levy applicable on the Turnover component of Telephony Service Providers will now be taxed at 1% instead of 1.5%
- Use of the digitally signed e-payslip available through the 'MoKloud' platform for application of loan facilities.
- Support the establishment of high-end research and development centre through an 18-month International Expert Training Visa.
- Amendment of the Public Procurement Act and its Regulations to classify proof of Concept as a market survey tool.
- Setting up of the Island Service platform to bring the informal service sector under one roof.
- Training of 2,000 individuals in fields such as agro-industry, construction, ICT/BPO, health and social care and renewable energy amongst others.
- Amendment to the Independent Broadcasting Authority Act allowing foreign investors to invest in companies holding a Subscription Television Direct to Home Satellite Broadcasting and Rebroadcasting Licence.



HEALTHCARE AND LIFE SCIENCES

The healthcare services, life sciences and medical device manufacturing are key sectors within the bio industry. New sectors such as the pharmaceutical manufacturing, medical tourism, and wellness are also expanding and are potential sources of long-term growth in the sector. In terms of opportunities, there is scope to invest in multi-speciality hospitals, non-communicable diseases research centres, pharmaceutical, nutraceutical and medical devices manufacturing companies, clinical research organisations and wellness centric companies.

Some key ventures that would commence operation and/or implementation in 2023 include specialised cancer treatment, robotics surgery and generic pharmaceutical and cosmetics manufacturing.



BUDGET MEASURES

LIFE SCIENCES AND BIOTECHNOLOGY

- The Human Tissue Act will be amended to enable in-vitro fertilization
- All applications under the Clinical Research Regulatory Council (CRRC) will be processed within a maximum period of 15 days
- The Investment Certificate issued by EDB will cover wellness related activities, including traditional medicine; and
- Companies manufacturing medical devices will be taxed at 3%.
- Clinical Trials Act
 - Creation of a combined ethics and scientific sub-committee of the Clinical Research Regulatory Council (CRRC) to assess the welfare, safety and health of human subjects as well as consider all the scientific parameters to ensure that the clinical trial being proposed meet international safety standards
- Amendment to the composition of the Board of the CRRC; and
- Provision for a maximum period of 15 days to process all applications.
- Dental Council Act
 - The Dental Council Act will be amended to enlarge the composition of the Dental Council consistent with the Medical Council Act.
- Economic Development Board Act
 - The Economic Development Board Act will be amended to enable the EDB to act as the Secretariat of the Clinical Research Regulatory Council.
- Human Tissue (Removal, Preservation and Transplant) Act
 - The Human Tissue (Removal, Preservation and Transplant) Act will be fully proclaimed by August 2023 to allow for transplant of renal parts.
- Medical Council Act
 - The Medical Council Act will be amended to empower the Medical Council to establish Clinical Guidelines intended to optimizing patient-care; and



HEALTHCARE AND LIFE SCIENCES

BUDGET MEASURES

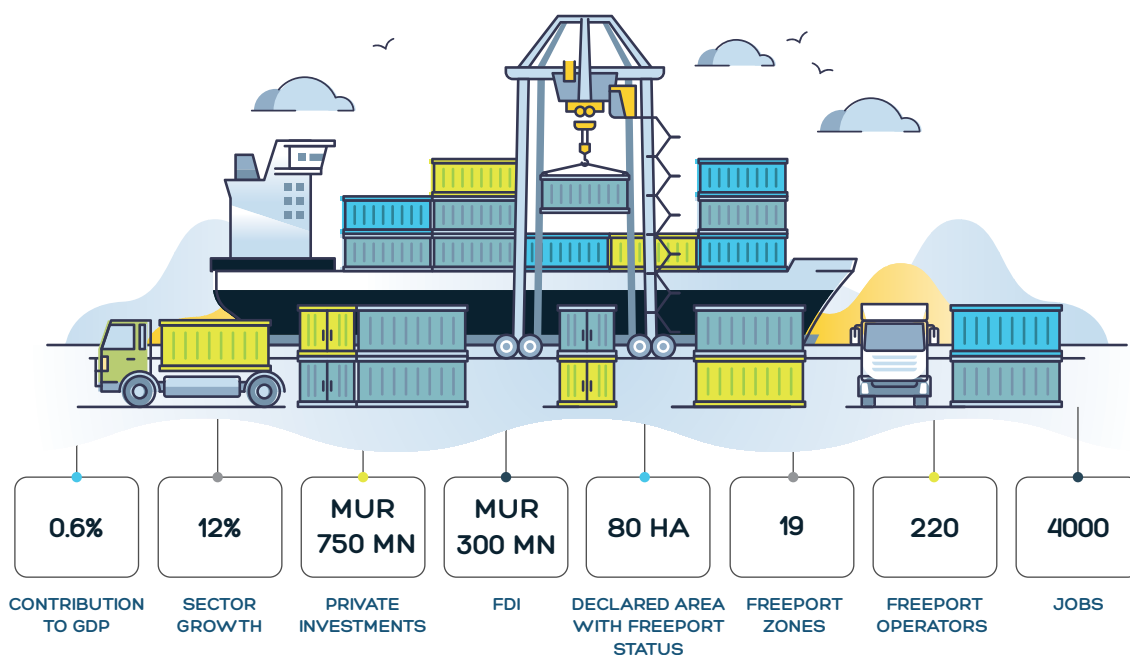
- Provide for the terms of office of the Disciplinary Tribunal.
- Nursing Council Act
 - The Nursing Council Act will be amended to provide that the Council will also comprise 15 persons elected among registered nurses or midwives, instead of 12 persons, in line with the Schedule to the Act.
- Pharmacy Act
 - The Pharmacy Act will be amended to cater for and facilitate the development of the local pharmaceutical manufacturing sector in Mauritius.
- Value Added Tax (VAT)
 - VAT and custom duty will be removed on glass-ceramic blocks for dental use.
 - VAT will be removed on medical grade silicone.



FREEPORT AND LOGISTICS

After 30 years, the Mauritius Freeport has progressively expanded from 300,000 m² in 2018 to over 500,000 m² of modern infrastructure including warehouses, processing, and industrial units. The Mauritius Freeport was ranked among the top ten worldwide for the fDI's Global Free Zones in 2022 and 1st in Africa for two consecutive years, thereby strengthening the position of the Mauritius Freeport as an international value addition platform linking Africa, Asia and Europe.

Projects relating to warehousing, logistics facilities, office spaces, loading bay, bulk storage, cold room, processing units and open yard storage were implemented in 2022 at the Riche Terre Business and Industrial Park along with the JINFEI Industrial Zone. This has covered a surface area of more than 108,505 m² with an investment of MUR 985 million.



BUDGET MEASURES

- Refining and minting of precious metals as new freeport authorized activities.
- Freight Rebate Scheme and Trade Promotion and Marketing Scheme extended up to June 2024
- Export Credit Guarantee Scheme extended up to June 2024



EDUCATION

In line with its objective of having an innovation-driven economy, Government is aiming at positioning Mauritius as the leading quality education hub for the region. The development of Mauritius as a regional hub for high quality education and training will act as a catalyst in broadening the Mauritian economy, and in providing the necessary support to the existing and upcoming sectors. Mauritius is recognised for its quality education and is attracting an increasing number of international students with the numbers increasing from 3679 in 2021 to 4500 in 2022.



BUDGET MEASURES

EDUCATION

- The Young Professional Occupation Permit will be opened to all fields of study
- VAT exemption for the construction of a building for provision of tertiary education will be extended to primary and secondary education
- Allocation of a double deduction on costs incurred by new campuses or local training institutions partnering with their African counterparts
- Introduction of a double deduction on the cost of setting up a childcare centre
- Free pre-primary education provided to all children as from the 1st of January 2024

TRAINING

- Training of 2,000 individuals in fields such as agro-industry, construction, ICT/BPO, health and social care and renewable energy amongst others.
- Extension of the Dual Training Programme up to a Certificate level to facilitate the training of workers in the export sector
- Introduction of an 18-month International Expert Training Visa to support the establishment of high-end research and development centres
- Amendments in the Mauritius Qualifications Authority Act to approve and recognise micro-credentials in Technical and Vocational Education and Training

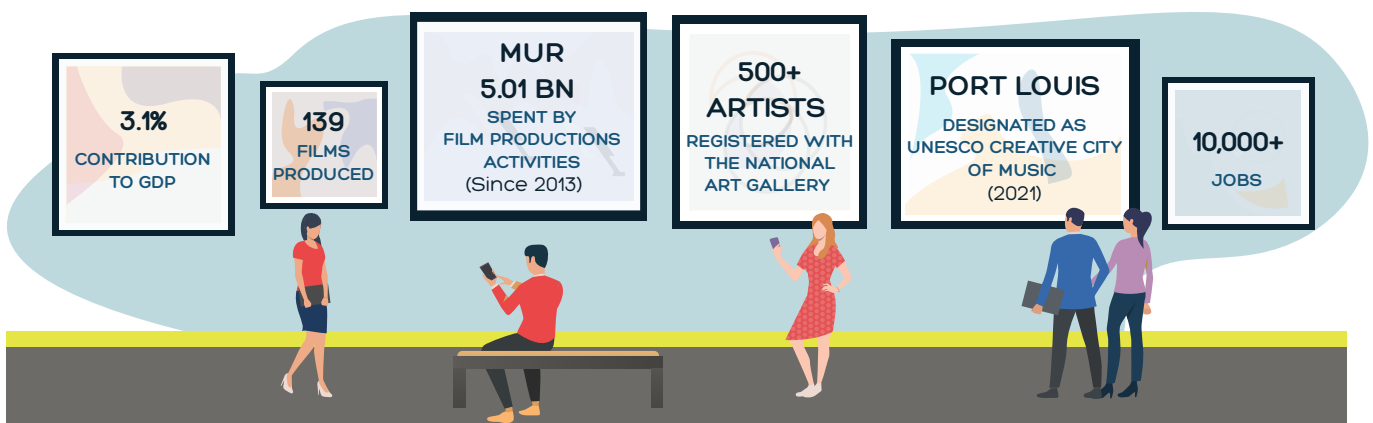


ARTS AND CULTURE

The creative industry in Mauritius refers to economic activities that are concerned with the generation and commercialization of creativity, ideas, knowledge and information from industries such as design, music, publishing, architecture, film and video, crafts, visual arts, fashion, TV and radio, advertising, literature, computer games and the performing arts. Several financial assistance schemes are available to local artists in the form of grants supporting film productions as well as funding to participate in international shows and events. The strategy for the next five years is to consolidate existing activities while focusing on new ventures such as digital animation, high end Museums and immersive Art experience.

Key projects implemented in 2022 include:

- ✓ A Family Entertainment Centre comprising of a Car Museum and involving an investment of MUR 4.6 Bn was developed. 150 rare and iconic vintage cars will be exhibited.
- ✓ A House of Digital Art entailing an investment of around MUR 200 million was created.



BUDGET MEASURES

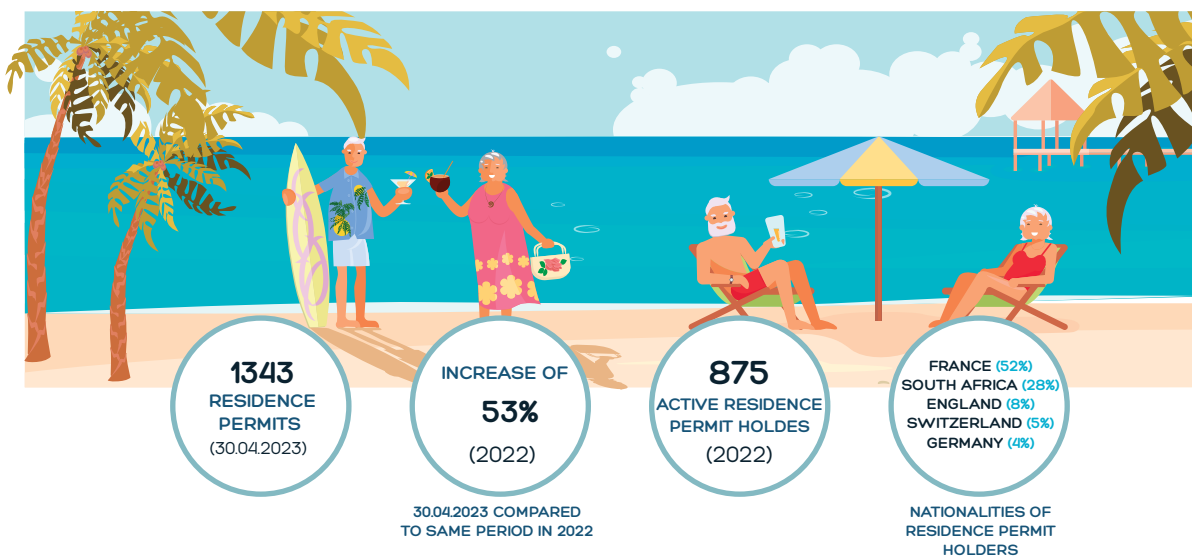
ENCOURAGING CREATIVE ARTS AND SUPPORTING ARTISTS

- A long-term strategy and action plan to unlock the potential of the creative arts and cultural heritage sector will be developed.
- A Professional in the Arts Council will be set-up as a one-stop-shop facility
- Registered artists will be provided with a pension scheme for their retirement
- Professionals who have gained recognition at national or international level will benefit from a State Recognition Allowance Scheme.
- Eligible artists will benefit from an increase of 15 percent grant under the National Arts Fund
- An "Atelier des Auteurs" will be organised by the EDB
- Rs 10,000 will be provided to all secondary schools for the purchase of books from local authors
- The grant for the production of music albums will be increased to Rs 50,000.
- There will be an investment of Rs 80 million to upgrade the Anjalay Coopen Stadium to host concerts.
- The Ministry of Arts, and Cultural Heritage together with EDB will organise the Fête de la Musique
- VAT on all musical instruments will be removed
- The threshold percentage amount that an artist will benefit, in respect of the value of his project, will be increased from -
 - 75% to 90% under Emerging Talents Grant, with a maximum amount of Rs 300,000
 - 60% to 75% under Production Grant, with a maximum amount of Rs 800,000
 - 75% to 90% under Capacity Building Grant, with a maximum amount of Rs 300,000
 - 65% to 90% under Research Grant, with a ceiling of Rs 500,000
 - 60% to 75% under Digital Creative Art Grant, with a ceiling of Rs 500,000



SILVER ECONOMY

The silver economy segment has helped to diversify the tourism industry, increase domestic consumption, boost the real estate sector and attract foreign talents. In line with Government's vision to boost and position Mauritius as a preferred destination to retire, international marketing and advertising campaigns were undertaken notably on Euronews and TF1, inflight videos on Emirates and Air Mauritius and participation in specialized conferences and roadshows in France, UK, the DACH region, Monaco, and South Africa. The EDB is also attracting operators to enhance the ecosystem for healthcare facilities and senior residences, amongst others.



BUDGET MEASURES

- Medical patients and retirees as well as up to two accompanying caretakers will be eligible for a premium visa.
- Retired non-citizens applying for Residence Permit will not be required to open a local bank account in the initial stage.
- Foreign retirees above 60 years old will have access to medical insurance.
- Foreign retirees will be allowed to take up employment in specific sectors.
- The Immigration Act will be amended to grant a residence permit to a retired non-citizen and his family on the acquisition of a property in a PDS project relating to senior living provided that :
 - (i) the acquisition price exceeds USD 200,000
 - (ii) the non-citizen is aged above 50 years old
- The FSC will issue guidelines to insurance companies to cater for retirees including foreign retirees and to ascertain that new risks are being properly reinsured and ring-fenced.

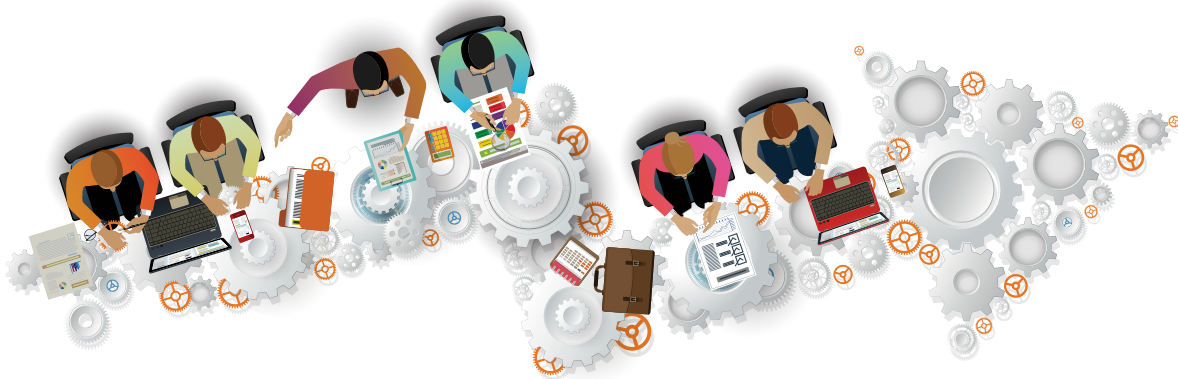


PRODUCTIVITY ENHANCEMENT



Mauritius has accomplished impactful reforms over the years to improve its business climate and create an 'eco-system' conducive to investment and trade. In the former World Bank's Doing Business report, Mauritius progressed to the 13th place in 2020. The streamlining of procedures and the automation of licensing permits have contributed to reducing bureaucratic obstacles, costs of doing business and time constraints thus driving the efficiency of institutions.

The government is currently undertaking the Regulatory Review project which seeks to further strengthen regulatory practices in selected sectors including land use, construction, tourism, health care, life sciences, trade and logistics. Focus will also be laid on the new Business Ready (B-READY), replacing the former Doing Business Report, which is an international benchmarking project providing a quantitative assessment of the business environment for private sector development.



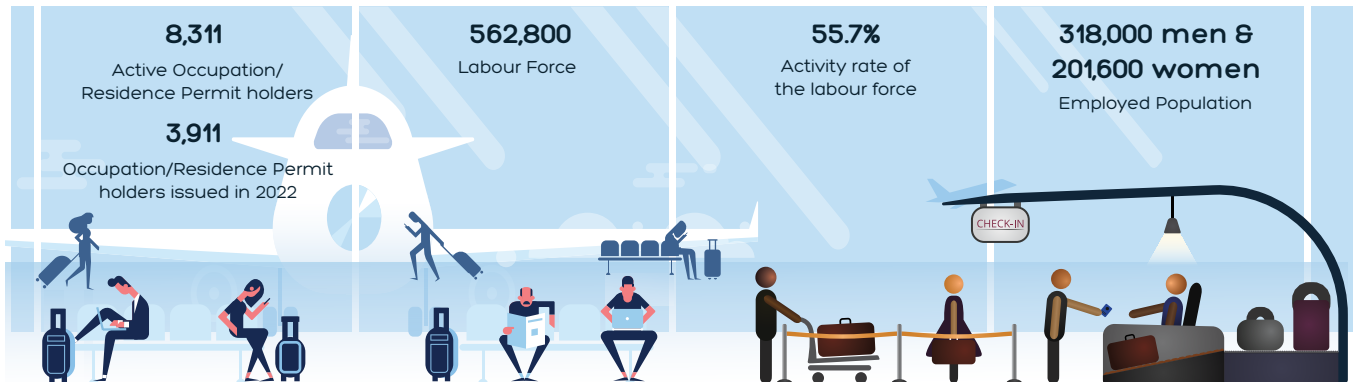
BUDGET MEASURES

- Implementation of a unique identification number for companies and businesses, which will be used across all government agencies for the purpose of VAT, Tax or employee registration.
- Setting up of a B-Ready Coordination Committee under the chairmanship of the Ministry of Finance, Economic Planning and Development to coordinate and ensure implementation of reforms under the new framework of the World Bank in respect of the ease of doing business.
- Introduction of a National Contact Point to promote Responsible Business Conduct and handle cases as a non-judicial grievance mechanism.
- Review of the composition of the Permits and Business Monitoring Committee within Local Authorities to provide for 2 additional members for each committee.
- Extension and enhancement of the National Electronic Licensing System (NELS)
 - Introduction of a tracking system to enable applicants to track the progress of their respective applications
- Mandatory application of work permits through NELS
- Automation of the residence permit application process
- Adoption of e-signatures including DocuSign and Adobe Sign.



ADDRESSING LABOUR SHORTAGES

In recent joint research by the EDB and Maurice Stratégie on the labour market in Mauritius, it is found that labour shortage is acute and widespread across all sectors of the economy. The magnitude of labour shortage ranges from 11.6% in the tourism sector to 1.7% in the health sector. Using EDB's macroeconomic model, it is found that the current labour shortage could cost the economy up to 5.3% in terms of GDP loss. The shortage is likely to be accentuated with the gradual ageing of the population as per official projections. This long-term situation lays emphasis on the need for foreign labour alongside increasing women participation.



OP/RP by category: Professional (76%); Retired non-citizens (11%); Investors (9%); Self-employed (4%)

BUDGET MEASURES

OCCUPATION PERMIT

- The monthly basic salary threshold for Occupation Permit for Professionals will be reduced to Rs 30,000, irrespective to sectors.
- Applicants for Occupation Permit will be granted a business visa of 120 days without the need for them to leave Mauritius to submit an application.
- Retired non-citizens applying for Residence Permit will not be required, in the initial stage, to open a local bank account. Instead, a certified bank statement from the applicant's country of origin or residence showing proof of funds would be accepted together with a written undertaking to open a local bank account in two months' time.
- The initial investment requirement of USD 50,000 for investors and USD 35,000 for self-employed will be exempted at the time of issuance of permits. They will be required to show evidence of transfer of funds within 4 weeks of issuance of permits and post monitoring will be carried out.
- The Young Professional Occupation Permit will be open to applicants in all fields of study.

- Introduction of the "silent is consent" provision of 4 weeks for registration of foreign professionals with professional bodies including the Medical, Dental, Veterinary and Allied Health Professionals Councils.
- Reviewing the composition and process of the Medical, Dental, Veterinary and Allied Health Professionals Councils.

WORK PERMIT

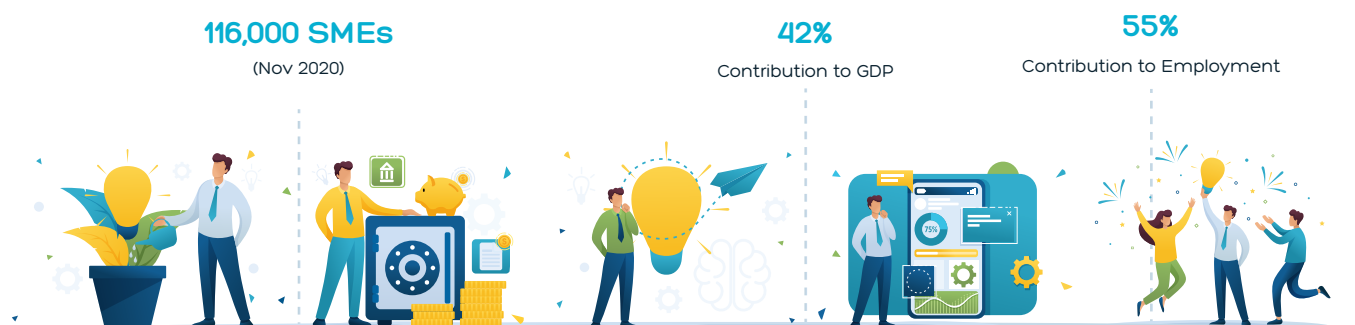
- Introduction of a "silent is consent" principle of 4 weeks for Work Permit applications.
- The ratio of foreign to local employees to be abolished for specific sectors.
- Non-citizens on a tourist or business visa will be allowed to apply for a Work Permit.
- Introduction of a new tier system allowing companies with a good track record to avail from a streamlined process to recruit foreign labour under a Work Permit.
- Application for Work Permit to be made solely on the National Electronic Licensing System (NELS).



SMALL AND MEDIUM ENTERPRISES

Small and Medium Enterprises (SMEs) act as a crucial engine for economic growth and employment in Mauritius. Bestowed with innovative and breakthrough ideas, SMEs are well-known for their flexibility and proactiveness.

Amidst the COVID 19 pandemic, various schemes were introduced to improve the competitiveness of SMEs and safeguard employment. Likewise, the EDB was mandated to implement the SME refund Scheme, which concerns international promotion of SMEs. In 2022, this Scheme has benefitted 100 SMEs and for the period of Jan-May 2023 50 enterprises applied for the SME Refund Scheme.



BUDGET MEASURES

FINANCIAL SUPPORT UNDER DBM LTD

- The SME interest free loan scheme and the Covid-19 Special Support Scheme have been extended up to June 2024.
- Outstanding loans of more than 20 years and loans of deceased micro entrepreneurs will be written off.
- Introduction of a Green Energy Loan scheme to SMEs for the production of electricity on the rooftop of their buildings up to a maximum amount of Rs 1 million
- DBM Ltd will extend its loan to SMEs up to Rs 25 million at a concessional rate of 3.5 percent per annum.

FINANCIAL ASSISTANCE

- A salary compensation of Rs 500 to be paid to SMEs.
- The SME Employment Scheme will be extended for another year.

AGRICULTURAL SMEs

- A subsidy of 75% on potato seeds will be provided to SMEs and cooperatives.
- A grant of 50% up to a maximum of Rs 300,000 for SMEs and cooperatives engaged in potato processing

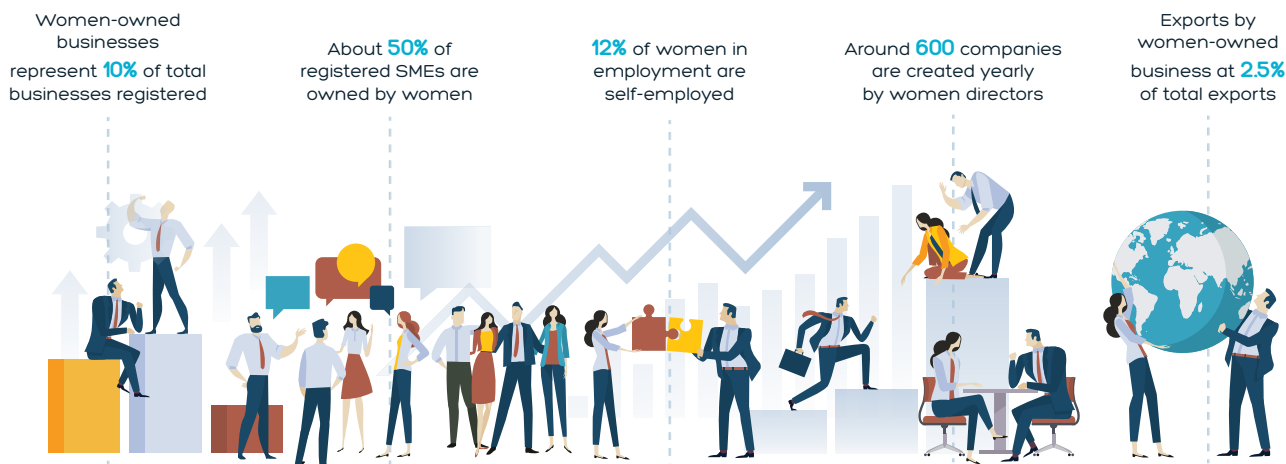
SUPPORTING OUR SMES

- A 30 % margin of preference will be provided to SMEs.
- Public contracts below Rs 30 million will be reserved for micro and small enterprises.
- Micro-enterprises will be allowed to bid for contracts of up to Rs 1 million without a minimum turnover requirement.
- Introduction of the Construction Contracts (Special Provisions) Bill to support small contractors in their working capital.
- Amount under the Participation in International Fairs SME Refund Scheme to be increased by 25% to Rs 250,000.
- Extension of SME Refund Scheme to Rodriguan SMEs participating in trade fairs.
- The Industrial Finance Corporation of Mauritius (Equity) Ltd will provide equity financing including preferential shares to SMEs to make them bankable for credit finance by commercial banks.
- The Ministry of Industrial Development, SMEs and Cooperatives will implement a handholding programme to support some 120 SMEs over the next 3 years towards certification under the 'Made in Moris' label.



WOMEN ENTREPRENEURS

Empowering women in the economic and social spheres is not only a fundamental human right but also forms part of the key United Nations sustainable development goals for delivering on the promise of an inclusive society for Mauritius. Women exporters registered with SME Mauritius tend to perform well in high growth sectors from software development to creative industries, jewellery, detergents, IT, and professional services, thereby opening opportunities for business scalability in the region. Women-owned businesses remain present on traditional export markets, namely Europe, Madagascar, Reunion and South Africa. Very often, women entrepreneurs already have managerial skills, personal savings and networking, allowing them to reach a phase of fast expansion.



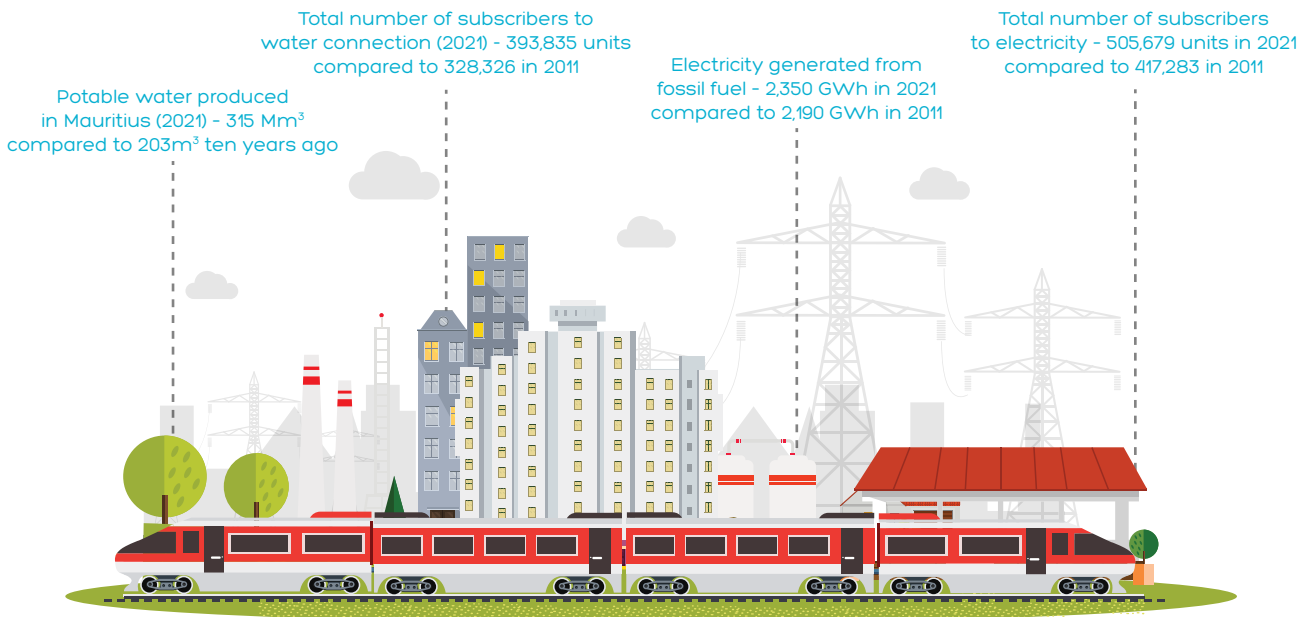
BUDGET MEASURES

- Introduction of "Prime à L'emploi" of Rs 15,000 for all youth and women recruited.
- Listed companies required to have a minimum of 25% of women on their boards.
- Women owned MSMEs to benefit from a 10% increase in the margin of preference for public procurement of goods.
- Government to monthly contribute Rs 15,000 for a period of two years for newly employed women or those who have been unemployed for at least a year under the 'Prime à L'Emploi' Scheme.
- Role of National Women Entrepreneur Council to be reviewed as the apex institution for women entrepreneurs.



INFRASTRUCTURE DEVELOPMENT

Infrastructure development relates to the construction of basic foundational services to stimulate economic growth and improve the quality of life. Many developed countries have gone through intensive infrastructure building that improved the efficiency and competitiveness of their economies. Infrastructure development includes public expenditure on transport, water, and energy as well as modern infrastructure development in digital infrastructure, green infrastructure, and resilience.



BUDGET MEASURES

FLOOD MANAGEMENT

- Rs 2.8 billion to be spent on the construction of 157 drain projects

WATER DISTRIBUTION

- Rs 3 billion invested for the replacement of some 500 km of defective pipes over 3 years
- Rs 200 million allocated for the construction of new and upgrading of existing water treatment plants
- Construction of service reservoirs at Cluny, Riche-en-Eau, Salazie, Eau Bouille and Fayence announced last year to be operational by December 2023
- Construction of ten new service reservoirs over the next three years with a capacity of 3,000 m³

WASTEWATER MANAGEMENT

- Investment of some Rs 1.3 billion for implementation of sewerage infrastructure projects

ROAD NETWORK

- Investment of Rs 3.4 billion in the upgrading and extension of road network system over 60 kms
- Rs 360 million allocated for the completion of the A1-M1 linking Coromandel and Soreze by end of December 2023
- Rs 420 million earmarked for the completion of road construction projects over the next year
- Rs 760 million allocated for new road network projects
- Rs 600 million earmarked for the rehabilitation, maintenance and upgrading of roads across the island



INFRASTRUCTURE DEVELOPMENT

BUDGET MEASURES - CONT.

GREEN INFRASTRUCTURE

- Metro express line further extended to connect St Pierre and La Vigie by October 2024
- New roads including La Vigie-La Brasserie-Beau Songes Link Road, the new Bypasses at Verdun, St Pierre and Bois Cheri, as well as Savanne Road to have cycle lanes
- Rs 278 million allocated for beach rehabilitation works, lagoons and coral reefs programme
- Rehabilitation works ongoing for 2 km of coastline in the south east of the island, namely at Bois des Amourettes and from Bambous Virieux to Anse Jonchée
- Provision for the rehabilitation of another 20 km of eroded shoreline at 21 priority sites over the next 5 years
- Remedial works at Bain Boeuf, Mont Choisy, Le Morne, Grand Sable and Baie du Cap to prevent coastal erosion
- Landslide rehabilitation works at Rivière des Creoles along A15 Road, Rivière des Anguilles Bridge and along B103 Road at Chamarel
- Upgrading of beach access, cleaning of lagoons and other infrastructural amenities
- Earmarking Rs 523 million for cleaning and embellishment projects
- Rs 115 million for cleaning and embellishment of public and other sites across the island, including places of worship, rivers, children's playgrounds, health tracks as well as for bulky wastes collection

RODRIGUES INFRASTRUCTURE

- Investment of Rs 7.7 billion in the construction of a new runway project at Plaine Corail Airport
- Rs 130 million for the construction of 30 km of track roads around the island of Rodrigues
- Rs 117 million provided for the construction and rehabilitation of dams and reservoirs
- Injection of Rs 10 million for the deployment of the Rainwater Harvesting Scheme in Rodrigues

SOCIAL HOUSING AND COMMUNITY DEVELOPMENT

- 306 social housing units at La Valette and Mare d'Albert to be completed by December 2023
- 8,000 housing units to be constructed in the next 18 months
- Provision of Rs 40 million for the removal of asbestos and rehabilitation of Ex-CHA houses
- Works for the construction of Community Wellness Centres at St Pierre and St Aubin to start soon
- Rs 500 million will be provided to upgrade some 70 primary schools to make them more vibrant



RODRIGUES

Rodrigues is an island of 108 km² located at about 560 km East of Mauritius. Since October 2001, the island of Rodrigues has an autonomous status within the Republic of Mauritius with its own Regional Assembly and an Executive Council for the framing and implementation of its socio-economic policies. The traditional economic sectors of Rodrigues are mainly agriculture, agro-processing, livestock, tourism, fisheries, and handicrafts. The tourism industry is one of Rodrigues's primary sources of income and economic activities. The island began its digital transformation with the operationalization of the MARS cable.

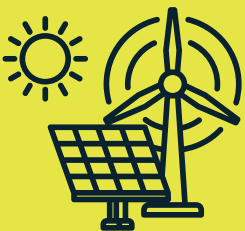


BUDGET MEASURES

- The Service to Mauritius Scheme will be extended to include Rodriguan born university leavers to be posted in Mauritius or Rodrigues.
- The SME Refund Scheme and the SME International Fairs Refund Scheme will be extended to Rodriguan SMEs participating in trade fairs.
- Freight charges on containers from Rodrigues to Mauritius for agricultural products including onions, chillis, coffee beans and lemons are being waived.
- The subsidy on animal feed and the promotion of sheltered farming and smart agriculture schemes available to farmers in Mauritius are being extended to Rodriguan farmers.
- To further improve connectivity between Mauritius and Rodrigues, investment will be done for the operationalization of 2 new vessels which will cater for 50 passengers as well as cargo.
- A new vessel connecting Mauritius and Rodrigues will be operational as from October 2023 and in the meantime, a vessel will be chartered up to September 2023.
- Zero-rated VAT treatment for water supplied, infrastructure works and renting out of meters will be extended to the Rodrigues Public Utilities Corporation.
- The subsidy on Special Rodrigues Holiday Package and Subsidy on Airfare from Rodrigues is being maintained until September 2024.
- Rs 7.7 billion earmarked for the construction of a new 2.1 km long runway at Plaine Corail Airport.



**THINK
GREEN**



**THE GREEN
ECONOMY**

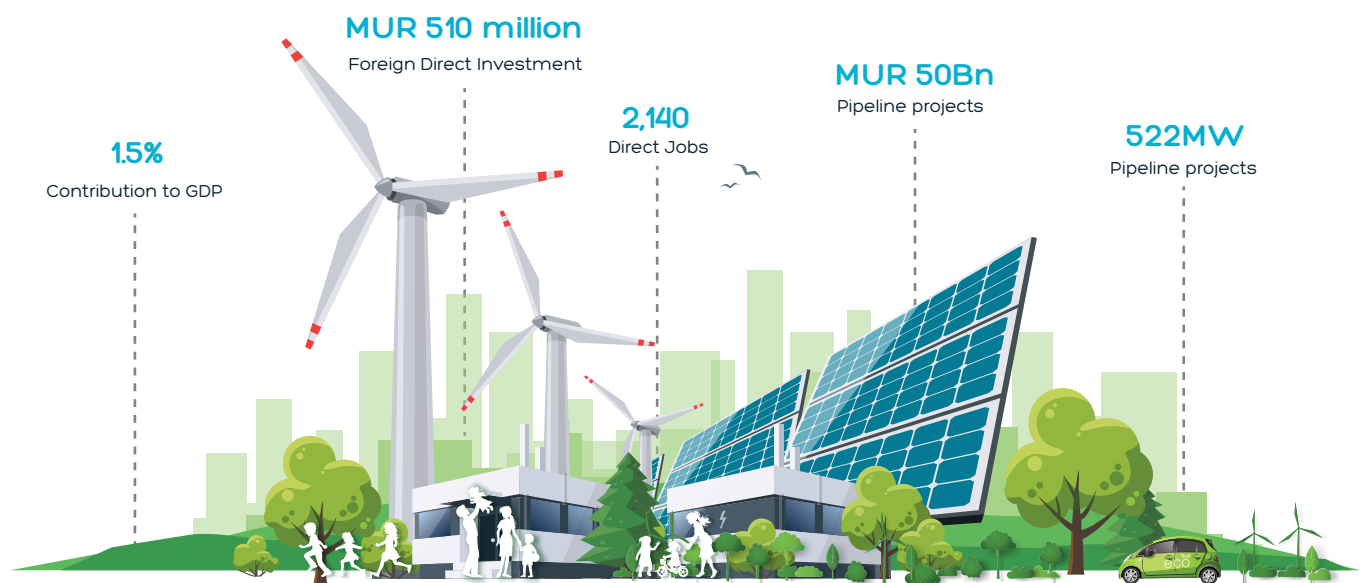


RENEWABLE ENERGY

The energy sector is emerging as an important pillar of the economy with projects aiming to raise the contribution of renewable energy in the electricity mix at 34.5% by 2025. Several investment projects are lined up including the development of utility scale projects above 5MW of installed capacity, solar PV farms, wind farms, base load replacement for coal, small and medium size projects under the Medium Distributed Generated System, waste management, wastewater management, electronic vehicle solutions and energy efficiency.

Key projects implemented in 2022 include:

- ✓ A pilot renewable energy project was tested on grid by Skysails
- ✓ To support the electric vehicle strategy, e-motion was inceptioned and has deployed fast charging infrastructures in over 20 sites.



BUDGET MEASURES

ENERGY

- Operationalisation of the Biomass Framework with cane trash and woody biomass to be remunerated at the same price of bagasse at Rs. 3.50.
- Production of materials for renewable energy technologies to benefit from incentives under the Premium Investor Certificate.
- 50% waiver on the increase in electricity prices for the next two years for companies moving towards 100 percent renewable energy in the manufacturing sector.
- Provision of 75 % subsidy to companies in the manufacturing sector to conduct energy audits.
- Carbon Neutral Scheme extended to the ICT sector.
- Introduction of renewable energy schemes for hotels, commercial centres, shopping malls and the agricultural sector.
- Installation of 32 MW of floating solar PV systems at Tamarind Falls.
- Social housing units will be fitted with roof top solar PV kits with beneficiary families to be granted a monthly free 75 Kwh of electricity.
- Eco-village project to be implemented by CEB in different location with deserving households to be equipped with a 2 Kw solar kit providing for a monthly 100 Kwh of free electricity
- 33 Megawatt of solar PV systems to be commissioned by June 2024 at different locations.



RENEWABLE ENERGY

BUDGET MEASURES - CONT.

- Development of a Pump Storage hydropower plant between Mare Longue and Tamarind Falls Reservoirs
- Setting up of a 1 megawatt Ocean Thermal Energy Conversion (OTEC) power plant on a pilot basis.
- Installation of solar PV of 6 MW on the rooftop of 200 state schools across the island.
- Airports of Mauritius Ltd to incept a 14 MW solar photovoltaic system in line with the greening of the airport.
- Extension of Green Energy Loan Scheme to SMEs for installation of roof top R.E facilities by DBM for an amount up to 1 million.
- Energy Efficiency Management Office (EEMO) and the Mauritius Renewable Energy Agency (MARENA) to be merged into a single institution for enhanced synergy in the sector
- Preparation of a strategic plan for the deployment of green hydrogen in various sectors.
- Amendment of CIDB ACT to provide for a new category of registration for foreign contractors implementing utility scale RE projects to fast track projects implementation

SUSTAINABILITY

- Exemption of interest income derived from bonds to finance renewable energy projects will be extended to all sustainable projects
- The Bank of Mauritius will develop a Carbon Trading framework for both blue and green credits.
- With an objective of transforming Mauritius into a Green-Certified Destination by 2030, the Tourism Authority will be reformed with a focus on fostering sustainable tourism development.
- Pulling down of the Emmanuel Anquetil Building to incept the Emmanuel Anquetil Park which will provide a natural setting with dedicated areas for outdoor leisure, recreational activities, musical performances and artists.
- Solar powered street lighting to replace LED and other lighting.
- Moving towards a fully green and clean bus transport system by 2035:
 - 30 % subsidy up to a maximum of Rs 3.5 million on the purchase of electric buses by bus companies will be provided.
 - Concessional loans at a rate of 2% will be granted for the purchase of fully electric buses.
- The negative Excise Duty will be extended on electric vehicles of 10% up to June 2024.



SOCIAL INCLUSIVENESS

Social policy continues to be one of Government's priorities and is seen as a means to adapt to structural vulnerabilities and ensure a more resilient economy. Government's timely response to both the COVID-19 pandemic and the Russian-Ukrainian war have succeeded in limiting the negative impacts to the economy and to democracy.

MUR 10,875

National Minimum wage for a worker employed in an export enterprise, other than a part time worker

MUR 11,575

National Minimum wage for any other worker, other than a part-time worker

36.8

Gini Index
(source World Bank 2017)



BUDGET MEASURES

SOCIAL AID

- Extension of the eligibility threshold for registration under the social register of Mauritius from Rs 3000 to Rs 3,575 for an adult; and from Rs 1,500 to Rs 2,500 for a child.
- Increase of the maximum household income threshold from Rs 10,500 to Rs 14,650 as from 1st July 2023.
- Extension of the eligibility threshold to be registered under the National Database for Vulnerable Groups from Rs 4000 to Rs 4,600 for an adult; and from Rs 2,000 to Rs 3,220 for a child.
- Support under the National Database for Vulnerable Groups to households earning a monthly income above Rs 14,650 and not exceeding Rs 18,860.
- Increase of the Crèche Allowance for SRM beneficiaries from Rs 2,000 to Rs 3,000.
- Vulnerable households earning a monthly income of up to Rs. 35,000 will benefit from assistance to buy wheelchairs, spectacles, hearing aids and dentures.
- Monthly incontinence allowance of Rs 1,800 to patients suffering from cancer of prostate, cancer of bladder, Alzheimer's and stroke.

- The CSG allowance of Rs 1,000 for individuals earning less than Rs 50,000, with an additional Rs 1,000 for those earning less than Rs 25,000
- Introduction of a « Revenu Minimum Garanti » of Rs 15,000
- Rs 1,000 monthly to individuals who have contracted loans of up to Rs 5 million for the purchase of their home.
- Payment of a monthly child support of Rs 2,000

DECENT HOUSING

- Completion of 306 social housing units by December 2023.
- Construction of 8,000 housing units in the next 18 months on 39 sites across the island.
- Extension of the Home Ownership Scheme and the Home Loan Scheme for another year.
- Increase of the maximum grant under the 'Casting of Roof Slabs Grant' Scheme and 'Purchases of Building Materials' Scheme from:
 - Rs 100,000 to Rs 130,000 for households earning up to Rs 15,000 monthly;



SOCIAL INCLUSIVENESS

BUDGET MEASURES - CONT.

- Rs 50,000 to Rs 100,000 for households earning up to Rs 20,000 monthly; and
- Rs 75,000 to households earning from Rs 20,001 to Rs 30,000 monthly.
- Rehabilitation of NHDC Housing Estates

WELFARE FOR THE CHILDREN AND YOUNG ADULTS

- Government will cover the full cost of:
 - overseas treatment for patients up to the age of 17 years
 - cancer care and treatment in foreign hospitals and local private hospitals for children diagnosed with cancer
- Increase of the monthly allowance under the Foster Care Scheme in respect of a child to Rs 12,000
- Introduction of an enhanced allowance of Rs 15,000 for a child with special needs
- Increase of the monthly child allowance paid to beneficiaries of Basic Widow's Pension, Basic Invalidity Pension and Survivor's Pension to Rs 2,000
- Increase of the household income ceiling to qualify for Multiple Birth Allowance of Rs 3,272 per month for a child to Rs 390,000 per annum
- Grant of Rs 20,000 to young adults on reaching 18 years

WELFARE FOR THE ELDERLY AND INVALID

- Increase of Basic Retirement Pension, Basic Widow's Pension, Basic Invalidity Pension and Basic Orphan's Pension to Rs 11,000
- Grant of Basic Invalidity Pension of Rs 11,000 to individuals who have been amputated or who have lost their arm, leg or hand



FISCAL MEASURES

Fiscal measures are important to promote growth by incentivising various economic activities such as investment and exports. They are also used for income distribution such as progressive income tax. Fiscal measures are a source of government revenue to provide for infrastructural projects and expenditures on welfare state such as education and health. In the last fiscal year 2021-2022, total taxes collected by the Mauritius Revenue Authority was Rs 112.6 billion representing a growth of 26% over the previous fiscal year. The major sources of government revenue collected from taxes in fiscal year 2021-2022 were the VAT, representing 34% of all taxes collected followed by excise duties (18%), corporate tax (15%) and personal income tax (12%).



BUDGET MEASURES

INCOME TAX

- The annual chargeable income of an individual will be taxed as follows:
 - Zero percent on the first Rs 390,000.
 - 2 percent on the next Rs 40,000, that is for the surplus income between Rs 390,001 and Rs 430,000.
 - 4 percent on the next Rs 40,000, that is for the surplus between Rs 430,001 and Rs 470,000.
 - 6 percent for the next Rs 60,000, that is for the surplus between Rs 470,001 and Rs 530,000.
 - 8 percent for the next Rs 60,000, that is for the surplus between Rs 530,001 and Rs 590,000.
 - 10 percent for the next Rs 300,000, that is for the surplus between Rs 590,001 and Rs 890,000.
 - 12 percent for the next Rs 300,000, that is for the surplus between Rs 890,001 and Rs 1,190,000.
 - 14 percent for the next Rs 300,000, that is for the surplus between Rs 1,190,001 and Rs 1,490,000.

- 16 percent for the next Rs 400,000, that is for the surplus between Rs 1,490,001 and Rs 1,890,000.
- 18 percent for the next Rs 500,000, that is for the surplus between Rs 1,890,001 and Rs 2,390,000. and
- 20 percent on the surplus income above Rs 2,390,000.
- As from the 1st of July 2023, an individual with no dependent with a chargeable income up to Rs 30,000 monthly, that is Rs 390,000 annually will not pay any income tax.

INCOME TAX OTHER EXEMPTIONS AND RELIEFS - EXEMPT INCOME

- The partial exemption granted in respect of interest earned by a Collective Investment Scheme or a Closed End Fund established in Mauritius will be increased from 80% to 95%.
- Interest income derived from bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects ("Green Bonds") approved by the Director-General of the Mauritius Revenue Authority (MRA) will be exempted.



FISCAL MEASURES

BUDGET MEASURES - CONT.

- The income tax holiday granted to Mauri-Facilities Management Co. Ltd, which has been given additional responsibilities under the National Clean-up Campaign, will be increased by an additional 5 years.
- Profits derived from the sale of aviation fuel to an airline will be considered as an export of goods and therefore subject to tax at the reduced rate of 3%.
- The rate of the levy applicable to the turnover component of telephony service providers will be reduced from 15% to 1%.

TAXATION OF BANKS

- Banks will be taxed -
 - 5 % on chargeable income up to Rs 15 billion and
 - 15% on chargeable income above Rs 15 billion.
- The rate of the levy will be aligned to 5.5% for all banks.

INVESTMENT TAX CREDIT

- An investment tax credit of 15% over 3 years (i.e. 45% in total) is being granted to manufacturing companies in respect of expenditure incurred on new plant and machinery (excluding motor cars). The investment window will be extended up to the financial year (FY) 2025/2026. Any unrelieved investment tax credit may be carried forward over 10 years.
- Companies engaged in the manufacture of both alcoholic and non-alcoholic beverages will be allowed to claim the investment tax credit on expenditure incurred on new plant and machinery used exclusively for the production of non-alcoholic drinks.
- The double deduction granted to a manufacturing company in respect of expenditure incurred on market research and product development will no longer be restricted to the African market. This additional facility is restricted to companies having an annual turnover not exceeding Rs 500 million.

- Double Deduction of Expenditure Incurred on an approved film project - A tax relief of 200% of amount spent by local companies participating in the financing, sponsorship or marketing and/or distribution of an approved film project, under the Film Rebate Scheme, intended for theatrical or media streaming release. The approved film should be produced at least 90% in Mauritius.
- Waiver of COVID-19 Levy - All outstanding debts of the COVID-19 levy as at 20 January 2023 inclusive of penalties and interest will be waived.

FINANCIAL ASSISTANCE TO SPECIFIED ENTERPRISES

- The Income Tax Act will be amended to implement the decision of Government to provide a monthly financial assistance for payment of salary compensation 2023 of -
 - Rs 250 or Rs 500 per eligible employee of a Small and Medium Enterprise (SME) including an expatriate employee depending on the profitability of the enterprise
 - Rs 300 per eligible employee of an Export Oriented Enterprise including an expatriate employee
 - Rs 500 per eligible employee of a large public bus operator including an expatriate employee. This assistance will be payable to an SME and an Export Oriented Enterprise during the period from January 2023 to June 2024, including a double payment in December 2023. For a large public bus operator, financial assistance will be provided during the period from January 2023 to December 2023, including a double payment in December 2023.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- Rs 200 million of the CSR amount collected by the MRA will be transferred to the Solidarity Fund annually as from FY 2023/2024



FISCAL MEASURES

BUDGET MEASURES - CONT.

REGISTRATION DUTY

- No registration duty or fee shall be payable in respect of any document signed or executed by the Financial Intelligence Unit under which it is a beneficiary.

EXCISE DUTY

- Effective as from 3 June 2023, the following rates of excise duty on alcoholic products will be applicable.

PRODUCT	CURRENT	NEW
Beer (per litre)		
Up to 9 degrees	Rs 48.00	Rs 52.80
Above 9 degrees	Rs 66.65	Rs 73.30
Spirit cooler (per litre)	Rs 62.60	Rs 68.85
Fruit wine (per litre)	Rs 38.85	Rs 42.75
Made wine (per litre)	Rs 83.30	Rs 91.65
Wine of grapes (per litre)		
In bulk for bottling purposes	Rs 134.00	Rs 147.40
In bottle	Rs 234.75	Rs 258.25
Champagne (per litre)	Rs 1,118.00	Rs 1,229.80
Rum (per litre of absolute alcohol)	Rs 658.25	Rs 724.10
Cane spirits (per litre of absolute alcohol)	Rs 658.25	Rs 724.10
Whisky (per litre of absolute alcohol)		
In bulk for bottling purposes	Rs 1,271.60	Rs 1,398.75
In bottle	Rs 2,032.80	Rs 2,236.10
Liqueur (per litre of absolute alcohol)	Rs 447.25	Rs 492.00

TOBACCO PRODUCTS

- Effective as from 3 June 2023, the following rates of excise duty on tobacco products will be applicable:

PRODUCT	CURRENT	NEW
Cigars (per kg)	Rs 21,373	Rs 23,510
Cigarillos (per thousand)	Rs 12,480	Rs 13,728
Cigarettes (per thousand)	Rs 6,188	Rs 6,807

EXCISE LICENCES FEES FOR WHOLESALE/RETAIL SALE OF ALCOHOLIC PRODUCTS

- The annual licence fees for the sale of alcoholic products will be increased as follows -
 - wholesale dealer: from Rs 6,000 to Rs 18,000; and
 - retailer: from Rs 1,000 - Rs 6,000 to Rs 2,000 - Rs 12,000.

MOTOR VEHICLES

- The current Excise/Customs Duty Rebate Scheme on motor vehicles will be extended for a further period of one year up to 30 June 2024. The rebate scheme is applicable as follows-
 - a motor car up to 1,000 cc: 55% rebate on the excise duty payable on the motor car; and
 - a motor car above 1,000 cc, double/single space cabin vehicle, van or bus: 45% rebate on the excise/customs duty payable on the motor vehicle.



FISCAL MEASURES

BUDGET MEASURES - CONT.

- The Negative Excise Duty Scheme to encourage the purchase of electric vehicles will be extended for a further period of one year up to 30 June 2024. The Scheme provides for a refund of 10% of the value of importation up to a maximum of Rs 200,000 on the purchase of an electric vehicle by -
 - an individual purchasing an electric vehicle irrespective of the electric motor power; and
 - a company purchasing an electric vehicle of up to 180 kilowatt.
- Local Recycling of Waste PET Bottles into Reusable Goods - The rate of refund payable for waste PET bottles recycled into reusable goods will be increased from Rs 15 per kg to Rs 30 per kg to encourage local recycling.

VALUE ADDED TAX (VAT)

- VAT and custom duty will be removed on glass-ceramic blocks for dental use.
- VAT will be removed on: Noodles; Toothpastes; Toothbrushes; Baby wipes; Baby diapers; Baby powder; Baby cream; Breast pumps; Infant feeding bottles; Exercise books; Pencils; Crayons; Erasers; Walking sticks; Incontinence mattress pads and on medical grade silicone.
- The VAT exemption granted on the construction of a purpose-built building for the provision of tertiary education will be extended to construction for primary and secondary education.
- Provision will be made to exempt from the payment of VAT, customs duty and excise duty any contractor engaged in the construction of social housing units under a Social Housing project implemented by New Social Living Development Ltd. The tax exemptions will be applicable on the procurement of goods (excluding vehicles), works, consultancy services and other related services.
- Instruments and appliances used in medical, surgical, dental or veterinary sciences, of HS Code 90.18, will be made zero-rated for VAT purposes instead of VAT exempt.

ECONOMIC DEVELOPMENT BOARD

NEWSLETTER BUDGET 2023 - 2024



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