Budget 2015-2016

Our overview

23 March 2015
Table of contents

1. Main objectives
2. High investment and high employment
3. Training and human resource development
4. Business facilitation and investment climate
5. Sectoral review
6. Opening the world to Mauritius
7. The Marshall plan against poverty
8. Ensuring transparency and good governance
9. Attracting foreign based Mauritian professionals
10. Fiscal measures
Main objectives
Main objectives

1. Steer the economy towards a path of high investment and high employment;
2. Secure long term sustainable development; and
3. Achieve greater equity and social justice; and
4. Promote transparency and good governance in the management of public affairs
High investment and high employment
High investment and high employment

13 Mega Projects

- Unlock 13 employment-rich mega-projects
- Eight of the 13 projects will be based on the “Smart City” Concept
- Main characteristics of “Smart City” concept;
  - Environment friendly;
  - Self-generation of energy and water;
  - Modern transportation; and
  - Less traffic congestion across the island.
- It is expected that the 13 megaprojects will increase foreign direct investment, thereby acting as a catalyst to employment creation
High investment and high employment (cont’nd)

► Small and Medium Enterprises (“SME”)
  ► Launching of the SME bank;
  ► Set up of a One-Stop-Shop to provide under one roof all the support, financing and information, as well as the delivery of all permits and licences;
  ► Access to working capital will be ensured by the State Bank of Mauritius to young entrepreneurs;
  ► SMEDA will operate a fast track mechanism to ensure that all permits and approvals are delivered within a minimum delay;
  ► New SMEDA will be empowered to collect trade fees on behalf of local authorities;
  ► Registered SMEs will be exempt from tax for a period of 8 years; and
  ► Creation of 7 more SME parks
High investment and high employment (cont’nd)

► Transforming the Port Louis Harbour
  ► Transformation of the Port Louis Harbour from a destination port to a regional hub
  ► Port Louis will be connected to all the ports in the region and many more beyond our region so that it will become a key contributor to the development of the ocean economy
  ► Offshore bunkering activities will start before the end of the year
  ► Storage facilities for onshore bunkering are being significantly expanded
High investment and high employment (cont’nd)

▶ Restructuring IRS/RES
  ◆ Adverse impact of IRS/RES projects recognised
  ◆ In-depth analysis is being carried out by Government on the weaknesses of the IRS and RES
  ◆ Aim is to design a single scheme that would provide a wide range of opportunities for locals and foreigners
  ◆ New scheme will be implemented through regulations issued under the Investment Promotion Act
  ◆ New Planning Policy Guidelines will also come in force
Training and human resource development
Training and human resource development

Use of three campuses under construction:

- The Reduit campus will be used to house a Polytechnic offering courses in middle management, ICT and related fields.
- The Montagne Blanche campus will be reserved for a Polytechnic offering courses mainly in tourism and hotel management.
- The Pamplemousses campus will offer courses mainly in health care for nurses, technicians and trained personnel.
Training and human resource development (cont’nd)

► The University of Mauritius and other qualified institutions will develop tailor-made crash courses in fields with high job prospects to enhance the opportunities for “gradues chomeurs”

► Review of the role and functions of the Mauritius Institute of Training and Development to put more emphasis on training plumbers, electricians, welders, masons and other technicians

► Set up of “Chambre des Metiers” to provide greater recognition to the skills and competencies of trade persons and other technicians
Business facilitation and investment climate
Business facilitation and investment climate

- Greater powers will be given to the Fast Track Committee at the MOFED to expedite the approval process for major projects
- Abolish a total of 70 permits that are no longer relevant
- Renewal of some types of licenses and permits will become automatic on payment of the relevant fee
- Possibility for renewing licenses for a maximum period of 3 years
- Operators in the tourism sector will be given the possibility of an omnibus permit for their various activities
- Wage policy may be amended so that it does not hamper investment
Sectoral review
Sectoral review

► Agro industry and fishing
  ► Various measures to encourage the production of bio food

► Manufacturing
  ► Set up of inter-ministerial committee to look at the issue of tariff protection

► Tourism
  ► Government is adopting a liberal approach on air access

► ICT
  ► ICT Skills Development Programme will be extended to cover training for unemployed youths

► Financial services
  ► Various measures aimed at diversifying both our product base and markets
Opening the world to Mauritius
Opening the world to Mauritius

► Redefine the role of the Mauritius Africa Fund (“MAF”)
  ► MAF will concentrate on Special Economic Zones (“SEZ”) in various African countries
  ► Madagascar, Ghana and Senegal have already expressed their intention to work with Mauritius on in the MAF project

► Set up of a regional shipping line to expand regional trade and the role of the Mauritian ports

► The Board of Investment will be posting 8 Trade and Investment Managers in strategies cities in the world: such cities include Beijing, Geneva, Pretoria, London, Moscow, Mumbai, New York and Paris
The Marshall plan against poverty
The Marshall plan against poverty

► Introduction of the “parrainage” concept
  ► Institutions that are contributing to CSR will be allowed to take under their responsibility a “cite ouvrière” that will take the short term, medium and long term of the cite in question

► Revisit the CSR structure
  ► Companies will be allowed to decide on how to fulfill their CSR obligations
  ► Hence, all existing CSR guidelines will be removed
Ensuring transparency and good governance
Ensuring transparency and good governance

► Transparency in job recruitment is being implemented at all levels
► All contracts will be allocated after full and transparent tender procedures: the Public Procurement Act will be amended. The Central Procurement Board will be restructured
► A Digital State Land Register will be compiled and made public: it will provide data on all lands already leased as well as unallocated state lands that may be developed
► Allocation of lands will be made on a transparent basis
Attracting foreign based professionals
Attracting foreign based professionals

- Measures to attract Mauritian citizens who are currently abroad:
  - Exemption from income tax for a full period of ten years;
  - Exemption from customs duties up to a maximum of Rs 2million for a car purchased in Mauritius or abroad;
  - No customs duties and VAT on personal belongings that are brought back to Mauritius
  - Professionals who have worked a minimum of ten years abroad are eligible for the fiscal benefits
  - The whole process will be managed by the Board of Investment
Fiscal measures
Tax administration

► Reduction of 30% to 10% of deposit required to lodge an objection to an assessment issued by the MRA or the Registrar-General’s Department

► The statutory time limit to issue an assessment is being reduced from 5 to 4 years

► Approval of the Assessment Review Committee is mandatory if an additional assessment is issued after the 4 years period
Tax measures

► All the Income Exemption Threshold will be increased by Rs 10,000 as from the year ending 30 June 2016

► The additional deduction for children studying tertiary studies is being increased to Rs 135,000 for children studying in Mauritius or abroad: the number of years the deduction can be claimed is also increased from 3 to 6 years

► The cap of Rs 120,000 as well as the time limit of 5 years for interest relief are being abolished

► The termination exemption, lump sump received as pension, retiring allowance or severance allowance, is being increased from Rs 1.5 million to Rs 2 million
Disclaimer

► The information in this pack is intended to provide only a general outline of the subject covered. It should not be regarded as comprehensive or sufficient for making decisions, nor should it be used in place of professional advice.

► Accordingly, Ernst & Young accepts no responsibility for loss arising from any action taken or not taken by anyone using this pack.

► Further, the information in this pack will have been supplemented by matters arising from any oral presentation by us, and should be considered in the light of this additional information.

► If you require any further information or explanations, or specific advice, please contact us and we will be happy to discuss matters further.
EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

© 2015 EYGM Limited.
All Rights Reserved.

EY refers to the global organization and/or one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organisation can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.