



JUNE 2022 – MAURITIUS 2022/2023 BUDGET SPEECH

It is important that employers note the following:

2022/2023 Budget speech and tax changes

On Tuesday, 7 June 2022 the Minister of Finance, Economic Planning and Development presented the 2022/2023 National Budget.

The Budget aims to set the foundation for a resurgence of the economy to pre-pandemic levels while continuing to show solidarity to the people of Mauritius to mitigate the effects of the increase in cost of living as a result of the ongoing war between Russia and Ukraine.

Economic highlights:

- GDP growth for the 2022/23 financial year is expected to be 8.5%.
- A budget deficit of 4% is expected for 2022/2023.
- Public debt is expected to fall below 80% of GDP.
- Total expenditure will amount to Rs 172.9 billion while revenue will be of Rs 150 billion.

Tax administration measures:

- Reintroduction of the Tax Arrears Settlement Scheme (TASS), whereby a full waiver of penalties and interest will be given, provided that all tax has been settled by 31 March 2023 and provided that the taxpayer registers him/herself under the Scheme by 31 December 2022.
- Increase of the rate of tax deduction at source (TDS) from 3% to 5% on services provided by professionals and from 5% to 7.5% on rent paid to a resident.
- Introduction of TDS at 3% on consultancy fees.
- The Income Tax Act will be amended to allow Mauritius to enter into international arrangements for alternative dispute resolution, with a view to resolving cross-border tax disputes and implementing the internationally agreed standards to prevent base erosion and profit shifting.

Income tax measures:

- Introduction of a domestic minimum top-up tax of 15% on resident companies in Mauritius forming part of multinational enterprise groups having a global annual revenue of at least EUR 750 million.
- As from July 2022, an individual earning up to Rs 700,000 will be taxed at 10%, and those earning between Rs 700,000 to Rs 975,000 will be taxed at 12.5%.

Annual Net Income	Tax Rate
Up to Rs 700,000	10%
From Rs 700,001 to Rs 975,000	12.5%

Above Rs 975,000 (Solidarity Levy may apply where the annual leviable income exceeds Rs 3 million)	15% and Solidarity Levy, if applicable
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- The allowable deduction/exemption on the following items has been increased:
 - In respect of a dependent child pursuing tertiary studies from 225,000 to Rs 500,000
 - Medical insurance allowance increases by Rs 5,000
 - Contribution to personal pension schemes increases by Rs 20,000
 - Donations to charitable institutions increase by Rs 20,000
 - Maximum allowance deduction for petrol or traveling allowance increases to Rs 20,000
 - Additional deductions on the amount incurred to purchase manufactured products from a small enterprise by a large manufacturer increase to 25%.

To view the budget speech, follow the [link](#).

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