

The Finance (Miscellaneous Provisions) Act 2023

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The Finance (Miscellaneous Provisions) Act 2023 (hereinafter referred to interchangeably as the “Act” or the “Finance Act 2023”) was gazetted in July 2023 to implement most of the measures announced in the National Budget 2023/24 themed ‘To Dare and To Care’. We believe that these measures were carefully crafted to further open the economy to foreign talent and investors as well as consolidate Mauritius as one of the most trusted jurisdictions for business whilst maintaining the social fabric.

Our Newsletter comprises a hand-picked selection of the changes brought by the Act, that we believe are of relevance to our valued clients and readers. If you would like to discuss on how these measures will impact your current or upcoming business structures or projects, please write to us on bd@mitcoworld.com

This newsletter should not be construed as legal / tax advice. We recommend that professional advice be sought for the interpretation of any of the specific items listed and detailed therein.

Global Business/Financial Services		
Legislations	Amendments brought in by the Finance Act 2023	MITCO Remarks
Companies Act 2001	The definition of “service address” has been amended to specify the location to be in Mauritius while previously this was unspecified. A Service Address now means the address at which documents may be served in Mauritius and includes the address of a registered office in Mauritius.	For a Global Business Company (GBC) and Authorised Company (AC), the Service Address will usually be its registered office address. It will be recalled as per the Fourteenth Schedule of the CA 2001, the registered office address of the GBC/AC shall be that of its Management Company.
	A public listed company is now required to have a minimum of 25% of women on its board of directors. Previously the CA 2001 only required at least 1 woman to be appointed to the board of such a company.	A GBC is exempted from this requirement.
	New provision has been included with regards to resignation or the death of the last remaining director. The shareholders’ meeting considering resignation/appointment of new directors shall be held: <ul style="list-style-type: none"> - Within 1 month of the intention to resign; or - Within 1 month of the death of last remaining director/appointment of one or more directors 	This amendment is applicable for GBC/AC
	The deadline for the board of directors to send annual report to all shareholders has been extended to 21 days before the annual meeting. Previously the deadline was 14 days.	A GBC/AC is exempted from this requirement.
	The annual report can now be in a any form (i.e. it can be electronic) but the shareholders may retain the right to receive a hard copy of the annual report or financial statements within a reasonable time.	
	Meeting of shareholders may be held in such manner as the Registrar of Companies (ROC) may approve. Voting at a meeting of shareholders can now be done via electronic means.	This amendment is applicable for GBC/AC

Global Business/Financial Services

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<p>Financial Services Act 2007</p>	<p>AML/CFT A new definition has been inserted for “AML/CFT”. Previously there was no such definition.</p> <p>AML/CFT means the “Financial Intelligence and Anti-Money Laundering Act”, the United Nations (Financial Prohibitions Arms Embargo Travel Ban) Sanctions Act or any regulations or guidelines issued under the above-mentioned legislations.</p> <p>The Financial Services Commission (FSC) is now empowered to give directions to any person to ensure compliance with AML/CFT legislation.</p> <p>If a licensee fails to take such measures required under the AML/CFT legislations, the FSC may order that an investigation be conducted into the business/part of business or its associate. The FSC may authorise an investigator to conduct such an exercise.</p> <p>Contravention of AML/CFT legislation can now lead to disciplinary proceedings undertaken by the FSC.</p> <p>Administrative Penalties Termination of a license by the FSC is now possible if administration penalties are not settled. A notice of not less than 90 days will be provided by the FSC to the licensee.</p> <p>Compliance Report: licensees are now required to submit an independent compliance report on such terms and conditions as may be determined by the FSC.</p> <p>Filing of documents with the FSC: licensees can now file documents with the FSC in electronic format.</p> <p>No limitation for recovery: recovery of annual fees and charges is no longer restricted by any other law relating to limitation of action.</p>	<p>There is now no ambiguity on the possible actions that the FSC may take in instance of licensees’ non-compliance to AML/CFT legislations.</p>
<p>Securities Act 2005</p>	<p>Closed-end Fund (CEF) and Collective Investment Schemes (CIS) can now invest funds in “money market instruments or debt instruments including loans, debt obligation or similar instrument.</p> <p>Previously CEF and CIS could invest in a portfolio of securities as defined under the Securities Act 2005, financial or non-financial assets, or real property, as may be approved by the FSC.</p>	<p>Prior to the Finance Act 2023, a CEF/CIS could not explicitly invest in loans unless these were in the form of Securities (for instance loan stocks, bonds, debentures, debentures stock, convertible bonds). Now it makes it easier for CEF/CIS to give loans to their investee companies via a simple loan agreement. This could be of particular relevance and interest to CEF/CIS targeting investment in start-up companies.</p> <p>It is further noted that the Income Tax Act has been amended such that the partial exemption on interest income earned by CEF/CIS is increased from 80% to 95% (bringing the effective tax rate on interest income to a maximum of 0.75%) – see Key Tax Measures further below.</p>

Global Business/Financial Services

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<p>Variable Capital Companies Act 2022</p>	<p>The scope of the Variable Capital Company (VCC) has been widened to also include the activities of family office. The VCC can now operate as a family office through a special purpose vehicle (SPV).</p> <p>It will be recalled that prior to the Finance Act 2023, the primary object of the VCC, which was first introduced in April 2022, was to operate as a fund via its sub-funds and SPVs.</p>	<p>The widening of the scope of activities of the VCC is welcome. It is understood that the FSC will issue rules to give effect to this Act and the newly introduced change (FSC Rules).</p>
<p>Virtual Asset and Initial Token Offerings Services Act 2021 (VAITOS Act 2021)</p>	<p>A Virtual Asset Custodian, holding a class “R” licence, may hold custody of securities tokens. It will be recalled that Securities tokens are precluded from the definition of “Virtual Assets”.</p> <p>An issuer of initial token offerings is now not required to submit an approval letter, in respect to the initial token offerings, issued by the virtual asset exchange or its equivalent as part of its registration process with the FSC.</p> <p>Any licensee holding a Custodian (Digital Assets) under the Financial Services Act 2007 will be deemed to be licensed as a Class “R” Virtual Asset Custodian as from 6 August 2023. Previously, there was a requirement for the holder of the Custodian (Digital Assets) had to file an application with the FSC to be licensed as a virtual asset service provider within 18 months of the commencement of the VAITOS Act 2021</p>	<p>Mauritius is one of the few jurisdictions across the world that has a well-regulated framework for service providers and investors wishing to operate within the Virtual Assets space. The recent amendments enhance the jurisdiction’s offerings.</p>

Work & Live in Mauritius		
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<p>The Economic Development Board Act 2017</p>	<p>Premium Investor Scheme (PIS)</p> <p>Projects eligible for the PIS now include the following:</p> <ul style="list-style-type: none"> - The manufacture of material for renewable energy technologies - A minimum investment of Mur 500 million (circa USD 11 million) in: <ul style="list-style-type: none"> (i) The acquisition or taking over of the whole/part of a government undertaking (ii) The acquisition of +50% of shareholding held directly/indirectly by government in a company (iii) A project implemented under an appropriate ESG framework and having met a minimum ESG score as certified by a recognized rating agency <p>The Premium Investors Scheme entitles eligible applicants to certain incentives that are negotiable with the Economic Development Board (EDB)</p>	<p>It will be recalled that the Incentives are negotiable with the EDB under the purview of the Minister of Finance and may include the following:</p> <ul style="list-style-type: none"> - rebates, exemptions and preferential rates, in relation to taxes, duties, fees, charges and levies under any enactment; - facilities, grants and exemptions in relation to – <ul style="list-style-type: none"> i. land and buildings; ii. infrastructure and public facilities; iii. utilities; and iv. labour requirements, including foreign labour. <p>Post the Finance Act 2023, the complete list of projects eligible for PIS is as follows:</p> <ul style="list-style-type: none"> A. Relates to the manufacture of : <ul style="list-style-type: none"> a. Pharmaceuticals; or b. Medical devices; or c. Manufacture of materials for renewable energy technologies B. Involves a minimum investment of Mur 500 million (circa USD 11 million) in: <ul style="list-style-type: none"> a. Emerging sectors b. Pioneering industries and first movers c. Innovative technologies and industries d. The acquisition or taking over of the whole/part of a government undertaking e. The acquisition of +50% of shareholding held directly/indirectly by government in a company f. A project implemented under an appropriate ESG framework and having met a minimum ESG score as certified by a recognized rating agency g. such targeted economic activities as the Minister may approve.

Legislations	Amendments brought in by the Finance Act 2023	MITCO Remarks
	<p>Occupation Permits (OP)</p> <p>Investor OP (main): Investor now submits a certified bank statement from his country of origin or residence, showing sufficient proof of funds and a written undertaking that USD 50,000 will be wired to his/her Mauritian bank account within 60 days of issuance of OP. Previously the investor had to present evidence of transfer of funds prior to issue of the OP.</p> <p>Investor OP (machine & equipment): Investor now submits a certified bank statement from his country of origin or residence, showing sufficient proof of funds and a written undertaking that USD 25,000 will be wired to his/her Mauritian bank account within 60 days of issuance of OP. The equivalent of the remaining USD 25,000 shall be in high technology machine as equipment. Previously the investor had to present evidence of transfer of funds prior to issue of the OP.</p> <p>Professional OP: The monthly basic salary requirement has been reduced to MUR 30,000 (circa USD 670) for <u>all</u> sectors. Previously the basic salary requirement of MUR 30,000 (circa USD 670) was restricted to certain sectors such as ICT, BPO, Pharmaceutical manufacturing, Food processing, Fund accounting & compliance services and MUR 60,000 (circa USD 1,340) for all other sectors.</p> <p>Young Professional OP: This OP is now accessible to <u>all</u> expat students who have completed at least an undergraduate degree in a local tertiary education institute recognized by the Higher Education Commission of Mauritius or having completed an internationally recognised professional certification, equivalent to at least an undergraduate degree, dispensed by a registered institution in Mauritius. Previously this category of OP was restricted to selected fields of study only such as Architecture & Design, Artificial Intelligence, Biotechnology, Communications & Media, Creative industries etc.</p> <p>Self-employed OP: The self-employed now submits a certified bank statement from his country of origin or residence, showing sufficient proof of funds and a written undertaking that USD 35,000 will be wired to his/her Mauritian bank account within 60 days of issuance of OP. Previously the self-employed had to present evidence of transfer of funds prior to issue of the OP.</p> <p>Retired non-citizens: The applicant now submits a certified bank statement from his country of origin or residence, showing a minimum amount of USD 18,000 or a guaranteed minimum monthly income of USD 1,500. Previously an initial transfer of at least USD 1,500 had to be done at the time of the issue of the permit.</p>	<p>These new series of measures aim at easing the approval process for OP and residence permits and aligns to the government’s strategy of attracting investors and professionals to work and live in Mauritius. From a personal income tax perspective, the newly introduced Progressive tax system and the abolition of the Solidarity Levy (please see the Key Tax Measures further down this newsletter), provides further incentives to those expats who are tax resident in Mauritius.</p>
	<p>National Contact Point (NCP)</p> <p>The NCP will be set up for Responsible Business Conduct for the purpose of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.</p>	<p>-</p>

Work & Live in Mauritius

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Immigration Act 2022	<p>The definition of “Young Professional” has been updated to align to the change made to the Economic Development Board Act 2017 i.e. it now covers all fields of study. (see “Young Professional OP” further above).</p> <p>Non-citizens investing a minimum of USD 375,000 in the newly introduced “Sustainable City Scheme” will be eligible for a residence permit.</p> <p>Senior non-citizens (i.e. those aged above 50 years) are eligible for a residence permit if they acquire a residential property under the Property Development Scheme related to senior living for a minimum of USD 200,000. The spouse, dependent children and parent of the applicant will also be eligible to apply for a residence permit as dependent.</p>	<p>We await more information/guidelines from the EDB regarding the Sustainable City Scheme.</p>
Non-Citizens (Property Restriction) Act	<p>No certificate authorizing a non-citizen to hold, dispose of, purchase or otherwise acquire the property is required from the Minister for the following:</p> <ul style="list-style-type: none"> - non-citizens acquiring a property under the Sustainable City Scheme - non-citizens who are not yet resident in Mauritius, acquiring one property of not less than USD 500,000 subject to the payment of additional duty leviable 	<p>Non-citizens now have access to more property investment opportunities both under specified schemes and outside of the said schemes. The applicants are eligible to apply for residence permits with the EDB subject to meeting the relevant conditions.</p>
Non-Citizens (Employment Restriction) Act	<p>Work permits:</p> <p>The application for new work permits or renewal of existing work permits will be done on the National Electronic Licensing System (NELS) as from 1 October 2023 and 31 January 2024 respectively.</p> <p>Applications filed on the NELS will be considered as approved within 30 days of the filing of the complete application unless a notification advising that application is still under consideration is issued by the Ministry.</p>	-

Key Tax Measures

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<p>The Income Tax Act 1995</p>	<p>Corporate Tax</p> <p>The Partial Exemption on interest income earned by Closed-end Funds (CEF) and Collective Investment Schemes (CIS) will be increased from 80% to 95%, thus bringing the effective tax rate on this income stream to a maximum of 0.75%</p> <p>The exemption of interest has been extended to bonds, debentures or sukuks issued by an overseas entity to finance renewable energy projects.</p> <p>Protected Cell Company (PCC) – Where a PCC has made an election to present separate financial statements in respect of each of its cells, the Mauritius Revenue Authority (MRA) may not recover income tax due by a specific cell from: the cellular assets of another cell of the PCC or the non-cellular assets of the PCC except where such assets are directly attributable to that specific cell.</p> <p>Variable Capital Company (VCC) – Where a VCC has made an election to present separate financial statements for each of its sub-funds or special purpose vehicles (SPVs), the MRA may not recover income tax due by a specific sub-fund/SPV from: the assets of another sub-fund or SPV or from the assets of the VCC where such assets are directly attributable to another sub-fund or SPV of the VCC.</p>	<p>This measure along with the widening of the scope of activities of CEF/CIS under the Securities Act 2005 (whereby CEF/CIS can now invest in money market instruments such as loan – see section above), further increases the attractiveness of the Mauritius International Financial Centre especially for fund managers wishing to invest in debt.</p>																																
	<p>Personal Income Tax</p> <p>The complete overhaul of the previous personal income tax regime and introduction of a Progressive Tax System effective as from 1 July 2023 marks another milestone for the jurisdiction:</p> <table border="1" data-bbox="360 927 931 1262"> <thead> <tr> <th>Annual Net Income (MUR)</th> <th>Tax Rate %</th> </tr> </thead> <tbody> <tr> <td>0 – 390,000</td> <td>0</td> </tr> <tr> <td>390,001 – 430,000</td> <td>2</td> </tr> <tr> <td>430,001 – 470,000</td> <td>4</td> </tr> <tr> <td>470,001 – 530,000</td> <td>6</td> </tr> <tr> <td>530,001 – 590,000</td> <td>8</td> </tr> <tr> <td>590,001 – 890,000</td> <td>10</td> </tr> <tr> <td>890,001 – 1,190,000</td> <td>12</td> </tr> <tr> <td>1,190,001 – 1,490,000</td> <td>14</td> </tr> <tr> <td>1,490,001 – 1,890,000</td> <td>16</td> </tr> <tr> <td>1,890,001 – 2,390,000</td> <td>18</td> </tr> <tr> <td>Above 2,390,001</td> <td>20</td> </tr> </tbody> </table> <p>Abolition of Solidarity Levy</p> <p>The highly controverted Solidarity Levy, under which a levy of 25% was imposed on the concerned taxpayers on their leviable income (including dividends received from resident companies) in excess of MUR3M (circa. USD 66,700) capped at 10% of their net income, has now been abolished.</p>	Annual Net Income (MUR)	Tax Rate %	0 – 390,000	0	390,001 – 430,000	2	430,001 – 470,000	4	470,001 – 530,000	6	530,001 – 590,000	8	590,001 – 890,000	10	890,001 – 1,190,000	12	1,190,001 – 1,490,000	14	1,490,001 – 1,890,000	16	1,890,001 – 2,390,000	18	Above 2,390,001	20	<p>The new tax system is expected to allow taxpayers more disposable income amidst the soaring cost of living. Previously the tax system was as follows:</p> <table border="1" data-bbox="1568 994 2139 1134"> <thead> <tr> <th>Annual Net Income (MUR)</th> <th>Tax Rate %</th> </tr> </thead> <tbody> <tr> <td>Below 700,000 (subject to income exemption threshold)</td> <td>10</td> </tr> <tr> <td>700,001 – 975,000</td> <td>12.5</td> </tr> <tr> <td>Above 975,000</td> <td>15</td> </tr> </tbody> </table> <p>This is welcome move and will provide for a fairer and more transparent tax imposition.</p>	Annual Net Income (MUR)	Tax Rate %	Below 700,000 (subject to income exemption threshold)	10	700,001 – 975,000	12.5	Above 975,000	15
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