



BUDGET BRIEF

2025/2026



**BUILDING AN ECONOMY
THAT WORKS FOR ALL**



TABLE OF CONTENTS



EDITORIAL



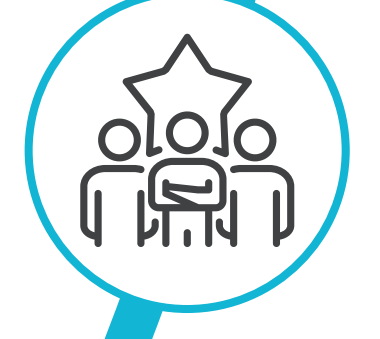
FISCAL HIGHLIGHTS



SOCIAL AND OTHER MEASURES



GOVERNMENT PROJECTS



OUR TEAM



KEY CONTACTS



DISCLAIMER



Building an economy that works for all



Reshad Guness
Tax Director

Dr the Hon Navinchandra Ramgoolam, Prime Minister and Minister of Finance, delivered his budget speech 2025/2026 on 05 June 2025 and announced a series of measures to achieve a resilient and robust economy.

The 2025-2026 budget outlines a detailed plan of action and policies based on three pillars, namely economic renewal, a new social order and fiscal consolidation.

In a bid to transform the economic model, the budget aims at implementing structural reforms. It is essential to unlock growth, manage external deficits, enhance productivity and increase investment to generate well-paid jobs.

The budget proposes relevant measures to promote higher education and encourage institutions to operate in Mauritius. In collaboration with private partners, a marketing strategy will be developed for the "Study Mauritius" brand to establish Mauritius as an education hub.

As part of the fiscal consolidation and reconstruction programme, the economic strategy will focus and prioritise investment, growth and protecting the vulnerable.

EDITORIAL

FISCAL HIGHLIGHTS



**INDIVIDUAL
TAX**



**TAX
ADMINISTRATION**



**CORPORATE
TAX**



**VALUE ADDED
TAX**

INDIVIDUAL TAX



Contribution	Price	Market	Value
45,104	54,000	15,000	20,000
229,200	220,000	15,000	20,000
31,928	45,000	15,000	20,000
50,859	325,000	15,000	20,000
585,090	702,015	15,000	20,000
1,072,211			

200,100	180,650
1,452,600	1,355,900
25,305	30,500
20,620	20,300
1,698,625	1,587,500
2,770,836	2,289,500

32,062
112,000
255,000
35,260
434,322

ERS' EQUITY
Financial Institution

INDIVIDUAL TAX

Personal Income Tax Rates and Bands as from 01st July 2025

Current tax rates and bands		New tax rates and bands	
Chargeable Income	Rate (%)	Chargeable Income	Rate (%)
First Rs 390,000	0	First Rs 500,000	0
Next Rs 40,000	2	Next Rs 500,000	10
Next Rs 40,000	4	Remainder	20
Next Rs 60,000	6		
Next Rs 60,000	8		
Next Rs 300,000	10		
Next Rs 300,000	12		
Next Rs 300,000	14		
Next Rs 400,000	16		
Next Rs 500,000	18		
Remainder	20		

- An employee or a self-employed individual aged between 18 and 28 years and earning up to Rs 1 million annually will be exempted from income tax on his or her emoluments or business income.
- A taxpayer will be able to claim in respect of a child with a disability, the full deduction for a dependent child irrespective of any financial assistance provided to the child under the National Pensions Act or the Social Contribution and Social Benefits Act.



INDIVIDUAL TAX

- An individual earning annual net income exceeding Rs 12 million, inclusive of dividend income, will be required to pay a Fair Share Contribution at the rate of 15% of his chargeable income after adding thereto any dividend income received during the year from domestic companies. The contribution will be collected under the PAYE system on income received by an individual as from 01st July 2025, and it will be applicable for 3 consecutive income years, i.e. up to 30th June 2028.



INDIVIDUAL TAX

Car Benefit	Monthly Taxable Benefits (Rs)	
	From	To
Cylinder Capacity -		<u>Car costing not more than Rs 3 million</u>
	▪ up to 1,600cc	9,500
	▪ 1,601 to 2,000cc	10,750
▪ above 2,000cc	12,000	15,000
Electric Car	N/A	13,500
Car costing –		<u>Car costing more than Rs 3 million</u>
	▪ more than Rs 3 million up to Rs 5 million	N/A
	▪ more than Rs 5 million up to Rs 8 million	N/A
	▪ more than Rs 8 million	N/A

Donations to charitable institutions will no longer be an allowable deduction as from 01 July 2025.



CORPORATE TAX

Corporate Tax



CORPORATE TAX

- A corporate entity will be allowed to spend up to 50% of its CSR Fund instead of a maximum of 25% presently.
- A Virtual Asset Service Provider licensed by the FSC under the Virtual Asset and Initial Token Offering Services Act 2021, engaged in the exchange, transfer, safekeeping, and administration of virtual assets, will be allowed to claim partial exemption of 80% on income derived from such activities, subject to compliance with substance requirements. A bank will not be eligible to claim a partial exemption on foreign-source dividends.
- Corporates having annual chargeable income above Rs 24 million will be required to pay a Fair Share Contribution at the rate of 5% of chargeable income if they are subject to the standard tax rate of 15%; 5% of chargeable income for banks including on income derived by banks from transactions with non-residents and Global Business Companies; and 2% of chargeable income if they are subject to the reduced tax rate of 3%. The contribution will not be applicable to: companies holding a Global Business Licence; companies exempt from payment of income tax or which have been granted tax holidays; and income exempted from income tax.



CORPORATE TAX

- Corporates will not be allowed to offset any unused tax credits, such as the foreign tax credit, against the contribution payable.
- The 4-year income tax holiday granted to an SME on conversion from a sole trader or partnership into a company will no longer be allowed where the SME is: providing professional services; a tourism operator; or a training institution.



VALUE ADDED TAX (VAT)



VALUE ADDED TAX

- Suppliers having a turnover of more than Rs 100 million are in the process of connecting seamlessly with the MRA e-invoicing server. During the financial year 2025-26, suppliers making a turnover of more than Rs 80 million will join the e-invoicing system.
- It will be clarified that credit for input tax on rented parking is disallowed, except in respect of motor vehicles used in the furtherance of a business.
- It will be clarified that, where a supply is made to a foreigner who is outside Mauritius at the time the service is performed, VAT will be applicable if the service is utilised in Mauritius.
- A holder of a Pleasure Craft Licence issued by the Tourism Authority will be required to compulsorily register for VAT purposes irrespective of his turnover. This will be applicable to a pleasure craft used for commercial purposes.



VALUE ADDED TAX

- The fine for failure to register for VAT purposes; failure to submit a VAT return and pay any tax due; or submission of false returns, books, records, VAT invoices, documents or information with intent to evade VAT will henceforth be an amount not exceeding Rs 1 million instead of an amount not exceeding treble the amount of tax involved.
- If in a deed relating to the transfer of both movable and immovable property, a valuation of each item of the movable property has not been made, land transfer tax will be levied at the rate of 5% on the aggregate value of all properties.
- Businesses will be required to compulsorily register for VAT purposes upon making a turnover of taxable supplies exceeding **Rs 3 million instead of Rs 6 million** with effect from 01st October 2025.
- The VAT Refund Scheme on the construction of a residential building or the purchase of a residential apartment or house from a property developer will end on 30th June 2025 and will not be reconducted.



TAX ADMINISTRATION



TAX ADMINISTRATION

- The MRA will introduce a one-off TDSS (Tax Dispute Settlement Scheme (TDSS)) to reduce the backlog of tax cases under dispute or litigation at the Assessment Review Committee, the Supreme Court or the Privy Council. Under this Scheme, a taxpayer who withdraws his case at the Assessment Review Committee, the Supreme Court or the Privy Council and has a tax claim will benefit from a full (100%) waiver of penalties and interests. The Scheme will be in operation up to 31st March 2026 and will apply to cases under litigation as at 05th June 2025. A taxpayer will only benefit from the scheme if the tax due is paid by 31st March 2026.
- The second one-off scheme, which will be operated by the MRA, is the VDSS, which will encourage taxpayers who have not declared or under-declared income or taxable supplies in the past to come forward and regularise their tax affairs. Under this Scheme, a taxpayer will benefit from a full (100%) waiver of penalties and interests. The VDSS will be in operation up to 31st March 2026, and all payments should have been made by 31st March 2026.
- The Tax Arrears Settlement Scheme will be renewed to encourage taxpayers to settle their debts. Under the Scheme, a taxpayer having a tax debt, as of 30th June 2025, will benefit from a full (100%) waiver of penalties and interests. Under the TASS, a taxpayer should register by 30th November 2025 and will have to settle the tax payments in full by 31st March 2026. It will apply to tax arrears outstanding as at 30th June 2025.



TAX ADMINISTRATION

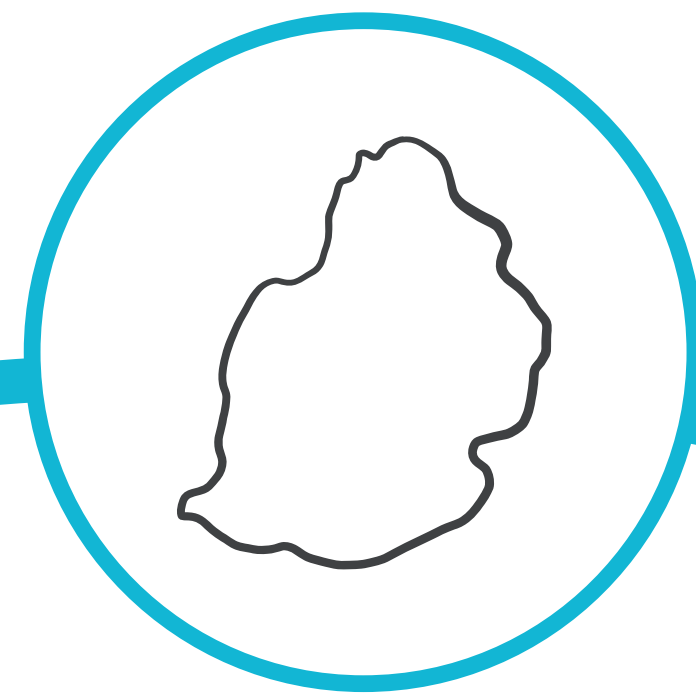
- The powers of the MRA to raise assessments in respect of past years will be restricted to only two years, except in exceptional circumstances.
- Penalty and interest will be capped at 100% of the amount of tax due.
- No penalty will apply where a person fails to submit a Statement of Income under the Current Payment System on the due date.
- The MRA will work with the Corporate and Business Registration Department towards having a single payment and receipt window at the level of the MRA.



SOCIAL AND OTHER MEASURES



WORK & LIVE
IN MAURITIUS



SOCIAL
SUPPORT



**SOCIAL AND
OTHER MEASURES**



DEMERIT
GOODS

SOCIAL SUPPORT

- **The government will reimburse taxi fares for children with autism spectrum disorders and ADHD.**
- **The tax (VAT) on baby food, canned goods, and select frozen foods will be removed to mitigate the effects of inflation on households.**
- **Social benefits for children, pregnancy, and related assistance will continue to be provided, with plans for their gradual phase-out by 2027.**
- **Gradual phase-out of social benefits, with temporary maintenance until 2027.**



SOCIAL SUPPORT

CSG INCOME ALLOWANCE

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



SOCIAL SUPPORT

OTHER ALLOWANCES

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

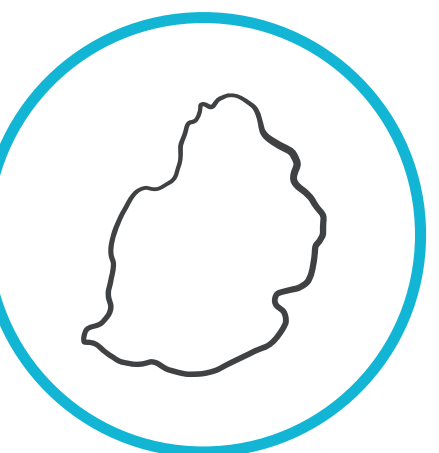


WORK AND LIVE IN MAURITIUS



WORK & LIVE IN MAURITIUS

- **The following schemes ending on 30th June 2025 will not be renewed:**
 - (i) Prime à L'emploi Scheme under the Income Tax Act - no new applications shall be accepted after 05th June 2025. Allowances will continue for eligible employees approved by MRA on or before 05th June 2025.**
 - (ii) Home Ownership Scheme and Home Loan Payment Scheme under the Registration Duty Act.**
 - **Free internet for families listed in the Social Register.**
 - **The retirement pension eligibility age will increase from 60 to 65 over five years.**



WORK & LIVE IN MAURITIUS

- **Work permits for foreign workers will be issued more quickly to address the labour shortage.**
- **Women entrepreneurs in SMEs now have an 18-month grace period, up from 12 months, and the loan ceiling increased to Rs 1.2 million from Rs 500,000.**
- **Rs 800 million will be allocated for farmers, breeders, and planters.**
- **Full-time employees will receive a guaranteed monthly income of Rs 20,000.**



DEMERIT GOODS & EXCISE DUTIES



D E M E R I T

DEMERIT GOODS & EXCISE DUTIES

- **The government has announced a 10% increase in excise duty to reduce alcohol and cigarette consumption.**
- **As from 1st July , there will be a 30% increase in registration duty on new vehicles, and re-registration fees will be abolished**
- **As from 1st October, sugar and ice cream products will be subject to excise duties.**



DEMERIT GOODS & EXCISE DUTIES

- Excise duty on vehicles returns June 6, 2025, as below :

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

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



GOVERNMENT PROJECTS



GOVERNMENT PROJECTS

- **A Parallel Import Framework will be implemented to reduce the cost of medicines.**
- **Data Protection Act will be based on the European model.**
- **The Government will invest Rs 205 million in road safety improvements.**
- **Safe City cameras will be used more to enhance traffic management and detect violations.**



GOVERNMENT PROJECTS

- **The Prime Minister and Minister of Finance pledged to start building the Rivière-des-Anguilles Dam to address water issues.**
- **E-Gates at Plaisance International Airport are set to enhance tourist arrivals and boost the tourism sector.**
- **Rs 900 million will be allocated to the Ministry of Tourism for this project.**



GOVERNMENT PROJECTS

- **Rs 200 million has been allocated to each ministry for research promotion.**
- **A fund allocation of Rs 800 M has been allocated for planters.**
- **Agalega: Rs 25 million has been allocated for island development.**
- **Education: a university residence will be provided for Mauritian and international students in Réduit.**
- **Road Safety: The points-based licensing system will be implemented in January 2026.**



GOVERNMENT PROJECTS

- **Rs 128 billion will be invested over 5 years in sanitation, housing, transport, waste management, water distribution, drainage, and electricity projects.**
- **Police Force: Rs 200 million will be allocated for building the Mauritius Disciplined Forces Academy, for police officer training.**
- **Rs 70 million will be allocated to Drug Agency for anti-drug efforts.**
- **Starting from 1 January 2026, digital or electronic services provided by foreign providers will incur VAT.**
- **Diaspora Scheme: New opportunities for contributing to Mauritius' development.**



GOVERNMENT PROJECTS

- **Rs 30 billion will be allocated for renewable energy investments.**
- **Rs 900 million will be allocated to the Ministry of Tourism.**
- **Introduction of electronic gates at the airport.**
- **The implementation of the M4 Motorway will be carried out in two phases. Additionally, the Ring Road Project will commence in phase 2.**
- **The CSG will be replaced by the National Pensions Fund.**



OUR DEDICATED
MANAGEMENT TEAM



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TAX DIRECTOR



Sehzaad Bauboo
ACCOUNTING DIRECTOR



Eershad Guness
MANAGER,
TAX AND ACCOUNTING



Narmeen Dooboory
ASSISTANT MANAGER,
TAX

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Guness**



**Mrs Faizah
Guness**



**Nazia
Gawsee Dadard**



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