RG TAX Consulting

BUDGET BRIEF 2026/2027

Restoring Confidence in Public Finance

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EDITORIAL

Restoring Confidence in Public Finance

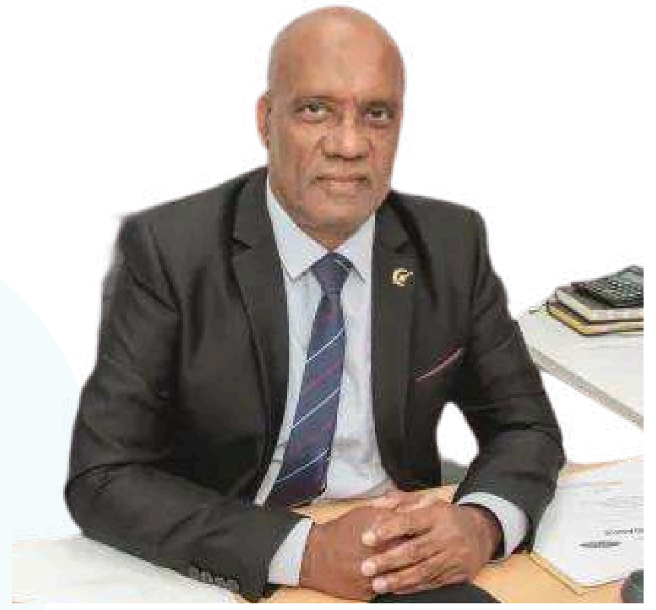
The Hon. Prime Minister and Minister of Finance presented the 2026/2027 budget on 19 June 2026 amidst international tensions, economic uncertainty and unpredictability.

To meet those challenges, the main focus of the budget lies on actions to reduce budget deficit and bring public debts to a more sustainable level.

The Government has announced measures aimed at achieving fiscal consolidation, through the imposition of additional taxes on products deemed harmful to health and by curbing public expenditure.

The budget introduces targeted social protection measures to support vulnerable groups and enhance social inclusion. In a spirit of balancing fairness and sustainability, the budget proposes substantial reforms to the existing pension system.

As always, the true test of the Budget will lie not in its announcements, but in the extent to which they are translated into effective legislation and implementation.



Reshad Guness

TAX DIRECTOR


TAX
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8%
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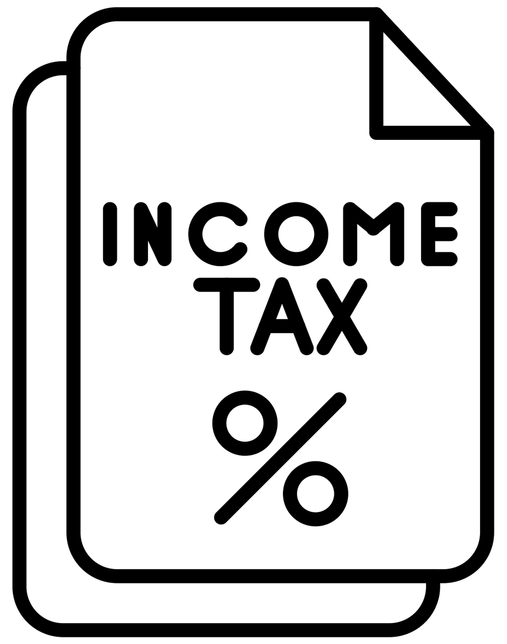
TAX
INCOME TAX
25%
25%
25%

INCOME TAX

- The exemption threshold on lump sum received as pension, retiring allowance or severance allownce will be raised from Rs 3 million to Rs 3.5 million.

- Regarding personal income tax, a new tax band has been introduced. The 20 percent tax rate will be applicable on the portion of chargeable income exceeding Rs 1 million up to Rs 12 million. Any chargeable income more than Rs 12 million will be taxed at the rate of 35 percent and this tax band will replace the fair share contribution for individuals.

- It will be clarified that the requirement for a company to have supplies exceeding Rs 24 million or registered for Value Added Tax (VAT) will no longer apply for the purposes of determining liability to the Fair Share Contribution. The criterion of chargeable income exceeding Rs 24 million in an accounting year will continue to apply.



INCOME TAX

- An investment tax credit of 15 percent over 3 years (i.e. 45% in total) is granted to a manufacturing company in respect of expenditure incurred on the acquisition of new plant and machinery (excluding motor cars), artificial intelligence solutions and patents. Any unrelieved investment tax credit may be carried forward over 10 years.ts or grandparents.

- The definition of core income-generating activities for an Investment Adviser or an Asset Manager to benefit from the partial exemption regime will be broadened to include the management of non-securities instruments such as loan receivables, mortgage-backed exposures and invoice financing portfolios.

VALUE ADDED TAX

VAT

- Where a VAT-registered person is engaged in the provision of accommodation services in a hotel or tourist residence, he will be required to remit 50% VAT in foreign currency.

- The time period for requesting unclaimed input VAT credits will be reduced from 36 months to 24 months from the date the credit should have originally been claimed.

VAT

- The supply of goods and services is deemed to take place at the time an invoice or VAT invoice is issued or at the time payment is received by the supplier, whichever is earlier. To provide greater certainty for VAT purposes, where neither an invoice or VAT invoice has been issued nor payment received, the time of supply will be deemed to occur three months after the goods are delivered or the services performed.

TAX ADMINISTRATION

GENERAL TAX ADMINISTRATION

- The Mauritius Revenue Authority (MRA) will be empowered to raise an assessment beyond the statutory time limit, in case of fraud or wilful neglect.

- The MRA will introduce a framework to facilitate the early resolution of tax matters. Under the framework, the MRA and a taxpayer may enter into a written Compliance Agreement regarding the taxpayer's liability under any Revenue Law prior to the issuance of an assessment or claim. The agreement will specify the matters agreed between the parties, amount of tax and interest payable and the terms of payment which will be binding on both parties.

GENERAL TAX ADMINISTRATION

- The scope of Tax Deduction at Source (TDS) will be broadened to cover payments made by a company to a:

- – resident or a non-resident service provider under a single contract where the payment exceeds Rs 300,000 and is for the supply of software, software licences, software applications and software maintenance services or distance maintenance of programmes and equipment. TDS will apply at a rate of 1%; and

- – person providing advertising, promotional, endorsement, digital content or marketing services through social media platforms or other similar electronic means. TDS will apply at a rate of 5%.

GENERAL TAX ADMINISTRATION

- To harmonise the treatment of a taxpayer lodging an appeal before the Revenue Tribunal, the amount payable on appeal against a determination of the Registrar-General or a claim of the Director-General under the Customs Act, the Customs Tariff Act and the Excise Act will be at 5 percent of the amount claimed or Rs 5 million, whichever is lower.

OTHER TAXES

PROPERTY TAX

- Tax Relief: Government raises exemption for registration duty for first-time homebuyers.
- Tax-Free Land limit raised to Rs 3 Million for first-time buyers.
- Tax exemptions for first-time homebuyers raised to Rs 6 Million.
- More support for farmers: New tax exemption rules now apply to Agricultural Land.

EXCISE DUTY

- A 10% tax will be levied on alcohol and cigarettes, though prices for beer, wine, and spirits will remain unchanged. Additionally, a 15% sugar tax per gram will be applied to sweet products.
- Effective 1st October 2026, the Rs 2 excise duty currently levied strictly on PET beverage bottles will be extended to encompass all plastic bottles, irrespective of their contents.
- Starting January 2027, a 5% tax will apply to all new and renewed short-term general insurance policies.

SOCIAL AND OTHER MEASURES

LAW & ORDER

ARTIFICIAL INTELLIGENCE (AI)

SOCIAL SUPPORT

EDUCATION

EMPLOYMENT

ENERGY & PUBLIC UTILITIES

OTHER INITIATIVES

LAW & ORDER

- Law enforcement agencies, including the Police Force and the Special Mobile Force (SMF), are actively intensifying operations to curb theft and suppress illegal street racing.

- A total of Rs 14.2 billion has been allocated to the police force to reinforce law and order. Out of this funding, Rs 125 million will be utilized to modernize the police vehicle fleet, while another Rs 131 million is dedicated to acquiring updated operational equipment.

LAW & ORDER

- Rs 80 million allocated to the NADC to boost the fight against drug abuse.
- Inter-ministerial cooperation: Rs 50 million granted to develop a unified strategic plan against drug abuse.
- Rs 456 million allocated to the ADSU. Resources placed at its disposal for surveillance. Ad hoc allowances increase from Rs 2,000 to Rs 5,000. Tests can be analyzed in other laboratories.

ARTIFICIAL INTELLIGENCE (AI)

- Mauritius will engage in discussions with American corporations to foster the development of Artificial Intelligence.

- Artificial Intelligence courses will be introduced into the school curriculum. Additionally, an allocation of Rs 25 million has been earmarked for the development of an AI platform, alongside Rs 13 million for a specialized forensic laboratory.

- The development of AI will focus on three strategic axes: high-level international cooperation to enhance connectivity between Mauritius, the Indian Subcontinent, and South Africa; the deployment of cloud-based AI solutions; and dedicated investment in capacity building, aiming to upskill 50,000 citizens.

ARTIFICIAL INTELLIGENCE (AI)

- Implementation of biometric technology and border control tools for arriving passengers at SSR International Airport (Plaisance)

SOCIAL SUPPORT

- The pension eligibility age has been lowered to 60 for individuals with incomes up to Rs 50,000.
- A leave provided on the Monday following a public holiday falling on a Sunday.
- Implementation of 12 months maternity leave and 4 to 6 weeks of paternity leave.
- An investment of Rs 2 billion has been earmarked for the construction of 8,000 social housing units.
- An allocation of Rs 10 million has been designated for shelters, halfway homes, and foster family support.
- Macaroni, corned beef, canned tuna... products targeted by new subsidies.
- Implementation of new measures aimed at safeguarding women and children.

- NADC to launch a rehabilitation program for individuals with substance abuse disorders.
- Establishment of a technical committee to review financial assistance and support for persons with disabilities.
- Establishment of two specialized geriatric units within all public hospital facilities.
- Introduction of a Retirement Savings Bond tailored for middle-income earners.
- An education budget of Rs 2.6 billion has been allocated, including Rs 133 million for school textbooks and the establishment of school-based units for children with special needs.
- 15 more psychologists for children with dyslexia and other learning difficulties.

EDUCATION

EDUCATION

- Implementation of technical vocational streams for Grade 10 and 11 students.
- Implementation of an electronic visa system by the Economic Development Board (EDB) for international students.
- Measures will be introduced to incentivize local graduates to remain in Mauritius and curb brain drain.
- Implementation of measures aimed at preventing and deterring school violence and bullying.

EDUCATION

- An education budget of Rs 2.6 billion has been allocated, including Rs 133 million for school textbooks and the establishment of school-based units for children with special needs.

EMPLOYMENT

- Skills Interface Platform, a new platform being designed to help match job seekers with right skills.

- EDB creates a new platform to attract talented professionals back to the country.

Energy & Public Utilities

- Renewable Energy Transition: 1,000 households with photovoltaic panels can now consume 100% of the clean energy they produce.

- Power Infrastructure Expansion: Government issues a request for proposals (RFP) for a 220-megawatt electricity generation project.

- Green Building Regulations: Self-generated power becomes mandatory for all new constructions.

- Mauritian households eligible for up to Rs 75,000 grant for solar panel installation.

Energy & Public Utilities

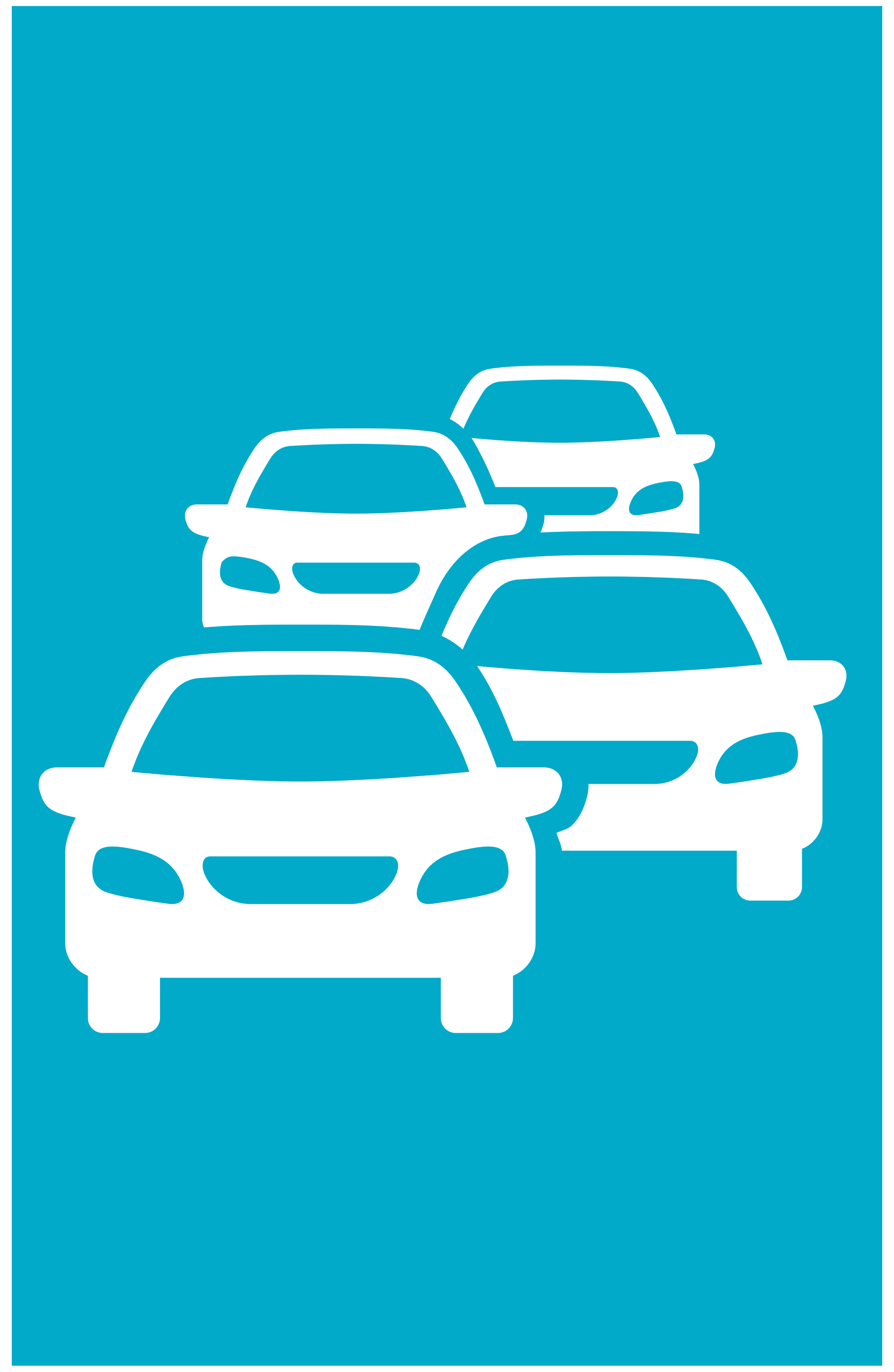
- 11,000 households to receive water tank assistance through a Rs 175 million budget allocation.

- Households feeding solar power back into the grid will see a 15% increase in their feed-in tariff, which goes up from Rs 4.20 to Rs 4.83 per unit to help lower monthly bills.

OTHER INITIATIVES

HEALTH

ENVIRONMENT



MOTOR VEHICLES

SPORT, ART, AND CULTURE

Blue Economy

PENSIONS

HEALTH

- AI Training and Education for Healthcare Professionals.
- Fighting Leptospirosis: Fines reaching Rs 400,000 to ensure Public Health Compliance.
- Biocontrol Innovation: Sterile mosquitoes bred to fight Chikungunya spread.
- Public Hospital upgrades: Reforms aim for better Healthcare.
- New Visiting Doctor Scheme to welcome foreign specialists to local hospitals.

ENVIRONMENT

- Rs 4 Billion will be allocated to fix Coastal Erosion.

- Bringing back “Maurice Ile Durable” : Mauritius restarts its long-term Sustainable Island Plan.


29456
CW 48461
71368
397GP
16892
CG77YB GP
GAUTENG
CR 3932
ABP 3649
ZIMBABWE
CT 16010
CEA 8411
CK 26283
SMILE
DB2 8VW GP
GAUTENG
JOURNEY
ACK 2960
CCM 5159
CFA 2949
CY 96054
HAPPINESS
GOLD 1-WP
CK 40068
BH 96 HV GP
GAUTENG
CF 2224-009
FREEDOM
PA 169-029
CAM 5550
CLS 865
JOY
CJ 9817
CEM 5469
CEM 14042
CFM 75497

MOTOR VEHICLES

- An owner of a motor vehicle who has opted for the assignment of an old registration mark or acquired a personalised registration mark, instead of the current registration mark that would have been mandatorily assigned to the vehicle, will henceforth be liable to pay, concurrently with the payment of his Motor Vehicle Licence, the following annual fees.

Registration Mark	Annual Fee (Rs)
Old Registration Mark	
Any number between 1 and 10,000	
(i) Only 1 Number	10,000
(ii) Any number between 10 and 10,000	5,000
Any combination of:	
(i) a letter from A to Z followed by a number between 1 and 9999	2,000
(ii) 2 letters from AA to ZZ followed by a number between 1 and 9999	3,000
Personalised Registration Mark	
Any combination of:	
(i) 3 letters followed by any number between 1 and 9999	5,000
(ii) 4 letters followed by any number between 1 and 9999	7,500
(iii) 5 letters followed by any number between 1 and 9999	10,000
(iv) 6 letters followed by any number between 1 and 999	12,500
(v) 7 letters followed by any number between 1 and 99	15,000
(vi) 8 letters followed by any number between 1 and 9	17,500
Grouping of alphabets up to 9 letters	25,000

SPORTS, ART, AND CULTURE

- Construction of two swimming pools in Flacq and Triolet, alongside the renovation and upgrading of the Maryse Justin and Auguste Vollaire stadiums.

- An allocation of Rs 110.5 million has been earmarked to fund athletes' preparation and participation in regional and international sports tournaments.

BLUE ECONOMY

- The Economic Development Board (EDB) is set to issue a Request for Proposals (RFP) for the development of 28 coastal fish ponds (barrachois).

- The University of Mauritius plans to establish a new faculty dedicated to ocean research.

- Government announces a 30% reduction on imported fish feed.


PENSION

Pensions

- As part of the 2026-2027 Budget pension reforms, the 'Basic Retirement Pension' will officially be renamed the 'State Age Pension' (SAP) starting January 1, 2027. The benefit remains accessible to all eligible citizens from age 60, but a major change means seniors can now continue working past 60 without losing their pension payouts.

- Under the new pension reforms introduced in the 2026-2027 Budget, pension payouts will now be means-tested based on monthly income. Individuals earning less than Rs 14,000 per month will qualify for a full pension, while those earning up to Rs 50,000 per month will receive a partial pension.

Pensions

- Continuing the pension adjustments in the 2026-2027 Budget, high earners exceeding the standard income thresholds will still receive a baseline minimum pension of Rs 1,000 per month. Meanwhile, couples whose combined monthly income is under Rs 100,000 will maintain their pension eligibility, though a 25% reduction will be applied to their joint payout.

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