

BUDGET 2008/09

The 2008/2009 Budget presented by the Minister of Finance and Economic Development is structured to make Mauritius an AMIGO island which is 'attractive, modern, inclusive, green and open'.

Budget Estimates & Features for 2008/09

Total Expenditure forecast is Rs. 70.6 Billion representing 25.1% of GDP

Total Revenue forecast is Rs. 61.6 Billion representing 21.9% of GDP

Forecasted Budget deficit is Rs. 9.0 Billion representing 3.3% of GDP

Features

- Forecast GDP Growth rate of 6.2% for 2008/09 as compared to 5.5% in year 2007/08
- Forecast per capita income of US \$ 7000 by end 2008
- Unemployment reduced to 8.5% in 2008
- Foreign Direct Investment (FDI) is forecasted to reach Rs.15 Billion this year
- Inflation reduced to 8.8% for 2007/2008 from 10.7% in 2006/07
- A rise in savings rate of above 20% of GDP
- Reduction in budget deficit from 3.8% to 3.3% of GDP
- Improvement in imports cover from 33 to 36 weeks
- Innovative infrastructural and social expenditure proposed

Business Facilitation

- New legislation will be passed to encourage cross border transactions in securities, options, swaps and derivatives in order to improve efficiency and risk management.
- The Bank of Mauritius will regulate financial leasing activities of commercial banks.
- Non-Bank Financial Institutions will be able to grant credit with the Amended Bank of Mauritius Act.
- Banking Act will be amended to allow banks to transact business after normal working hours and public holidays.
- The Board of Investment will reduce the number of Business licenses required with the help of World Bank to alleviate cumbersome.
- The import and export permit documentation will be simplified.
- Time taken to settle commercial disputes will be reduced from 2 years to 7 months.
- Reduce time frame to register a property from 210 days to 15 working days.
- Reduction in the number of imports and exports permits to the essential minimum by 1st July 2009.
- Owners of business vehicles will be able to renew their license at post office as well.
- Investors with annual business turnover exceeding Rs. 15 billion for three consecutive years may apply for Permanent Residence regardless of when the business commenced.

FISCAL MEASURES**Value Added Tax**

VAT is removed on pharmaceutical products.

Customs Tariff

- Customs duty is removed on almost all foodstuffs.
- Reduction of duty on is applicable on:
 - Toiletry and personal care products such as soaps, shampoos, deodorants; Household interior goods such as doors, windows, blinds, paints; Clothing and footwear; School and office supplies, etc.

Personal income and corporate tax still remain at 15% but with a rise in the Income Exemption thresholds.

Personal Income Tax - Income Exemption Threshold

| | Category | Year of Assessment | | Tax savings Rs. | No Tax on monthly emoluments Rs. | duty |
|--------|---------------------------------|--------------------|------------------|--------------------|-------------------------------------|------|
| | | 2008/2009 Rs. | 2007/2008 Rs. | | | |
| Excise | A- Individual with no dependent | 240,000 | 215,000 | 3,750 | 18,462 | |
| | B- Individual with 1 dependent | 350,000 | 325,000 | 3,750 | 26,923 | |
| | C- Individual with 2 dependents | 410,000 | 385,000 | 3,750 | 31,538 | |
| | D- Individual with 3 dependents | 450,000 | 425,000 | 3,750 | 34,615 | |

- Several items will be shifted from customs duty to Excise duty at the same rate;
- As from 1st July 2008, excise duty will be levied on both local and imported products.

Registration Duty

- Rate of registration duty payable on acquisition of an IRS (Integrated Resort Scheme) residence will be the higher of either 5% of the value of the property or US \$ 70,000.

Transfer of shares

- Land transfer tax will be charged on the transfer of shares in companies holding immovable property.
- New rates of land transfer tax are introduced for large transactions where value of the land exceeds Rs. 50 million and this is described hereunder:

| | |
|---|--------------------------|
| | <i>New rate proposed</i> |
| Transfer made within 5 years | 15% |
| Other cases (land held for more than 5 years) | 10% |

MISCELLANEOUS MEASURES

Infrastructure – a few key developments

- Some Rs. 125 Billion will be invested in public infrastructure in the next decade. Government will invest in new roads and bridges and maintain, upgrade existing networks.
- Rs. 1 Billion will be injected in Airports of Mauritius Ltd (AML) to support airport expansion.
- Mauritius Ports Authority plans to invest Rs. 750 million to implement a Cruise Terminal and develop sea-food hub activities.
- Mauritius Telecom will purchase additional capacity on SAFE (South Africa Far East) cable at a cost of Rs. 2 billion so that almost everyone has access to high speed internet of a least 512 Kbs.

Education

An estimated Rs. 1 Billion will be injected for Human Resource Development, Knowledge and Arts. Substantial investment is made to increase enrolment ratio at tertiary level.

Re-introduction of Summer Time

Adoption of Summer Time in Mauritius whereby the clock will be moved forward one hour from 1st November 2008 to 21st March 2009.