

Finance Act 2025

THE NEW TAX CON

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Personal Tax

Effective 1 July 2025, the personal income tax rates and bands have been revised as follows:

Chargeable Income	Rate
First Rs500,000	0%
Next Rs500,000	10%
Remainder	20%

Income support

Starting September 2025, a monthly income support of Rs10,000 will be provided to eligible individuals aged over 60 who have not yet reached retirement age.

To qualify, the individual must earn no more than Rs10,000 in that month. For couples, the combined monthly income must not exceed Rs20,000.

Personal deductions and reliefs

Effective 1 July 2025, the following personal deductions and reliefs have been removed:

- Deduction of wage paid to a household employee
- Relief for adoption of animals
- Angel investor allowance

Fair-Share Contribution for High-Income Individuals

Who Does It Apply To?

Effective from the income year beginning 1 July 2025, and for the following two income years, individuals whose net annual income exceeds Rs12 million will be subject to a Fair-Share Contribution.

1. The contribution is levied at a rate of 15% on the portion of income exceeding Rs12 million.
2. This includes:
 - Dividends received from resident companies and co-operative societies;
 - Shares of dividends from resident sociétés and successions.

Exemptions from Leviable Income

The following income types are excluded when calculating the amount subject to the Fair-Share Contribution:

1. Dividends and distributions received from a global business entity, Trusts and Foundations; and
2. Any lump sum by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury and paid:
 - By virtue of any enactment;
 - From a superannuation fund; and
 - Under a personal pension scheme approved by the Director General.

Reductions in penalties and interest (Effective as from 9 August 2025)

Penalty and Interest	Previous Rate	New Rate
Penalty for late payment of tax by individuals	5%	2.5%
Penalty for late payment of tax by individuals not in business	2%	1%
Interest on unpaid tax per month or part of month during which the tax remains unpaid	0.5%	0.25%

Corporate Tax



Qualified Domestic Minimum Top-Up Tax (“QDMTT”)

What is QDMTT?

The Qualified Domestic Minimum Top-Up Tax (QDMTT) is a new tax measure introduced in Mauritius, effective from 1 July 2025, as part of the global effort to implement the OECD’s Pillar Two rules under the Global Minimum Tax Framework. Its primary objective is to ensure that large multinational enterprises (MNEs) operating in Mauritius pay a minimum effective tax rate of 15% on their profits, thereby reducing tax base erosion and profit shifting.

Who Does It Apply To?

- Resident subsidiaries and holding companies of multinational groups operating in Mauritius.
- MNEs with annual consolidated revenue of at least €750 million in at least two of the last four fiscal years.
- The QDMTT applies only if the combined effective tax rate of the group’s entities in Mauritius is below 15%.

Certain entities are excluded from the QDMTT regime, including:

- Investment funds
- Pension funds
- Real estate investment vehicles
- Other entities as may be prescribed

How is It Calculated?

- The starting point for the QDMTT calculation is the financial accounting net income or loss.
- This figure is then adjusted based on prescribed rules and substance-based carve-outs.
- A special credit or relief may be granted against any QDMTT payable, subject to specific conditions.
- Although the Finance Act 2025 specifies the core applicability criteria and effective date, further guidance, such as the definition of covered persons, and other administrative requirements will be issued through future regulations.

Compliance Requirements

- The QDMTT return and payment must be submitted within 15 months from the end of the fiscal year.
- Non-compliance will attract interest and penalties.

Fair Share Contribution (“FSC”) for Corporates

Who Does It Apply To?

Effective from the income year beginning 1 July 2025, and for the following two income years, companies and banks in Mauritius, which have annual chargeable income exceeding Rs 24 million and supplies exceeding Rs 24 million in accounting year will be subject to the FSC on their chargeable income.

Certain entities are excluded from the scope of the corporate FSC, including:

- Global Business Licence companies
- Exempt companies and companies availing of tax holidays; and
- Income exempted from income tax.

FSC rates Companies (excluding banks)

Companies taxed at a rate of 15% will be subject to an additional 5% of their chargeable income, while those taxed at 3% will be subject to an additional 2% of their chargeable income.

Banks

A 5% tax is applied on chargeable income, with an additional 2.5% levied on income derived from transactions with residents, excluding global business entities.

Tax Ceiling

There is a tax ceiling for telecommunications companies and banks, whereby the aggregate of Fair Share Contribution, Additional Fair Share Contribution, Income Tax, CSR, CCR Levy, and Special Levy shall not exceed 35% of such company’s chargeable income.

For banks, this 35% cap applies only to income from transactions with residents, excluding those involving global business entities.

Tax Credits Denied

Corporates and banks will not be permitted to apply any unused tax credits, including foreign tax credits, to offset the FSC payable.

Alternative Minimum Tax (AMT)

What is the AMT?

The Alternative Minimum Tax (AMT) is a new corporate tax measure introduced in the Budget and Finance Act 2025–2026 to ensure that companies in certain profitable sectors contribute a fair and consistent share of tax.

Who Will Be Affected?

Effective from the Year of Assessment starting 1 July 2026, the AMT will apply to companies operating in the following specified sectors:

- Hotels
- Insurance companies
- Financial intermediation
- Real estate activities
- Telecommunications

How Does It Work?

- If a company’s **normal tax payable** (before foreign tax credits) is **less than 10%** of its adjusted book profit, it will be required to pay tax equal to **10% of that adjusted book profit**.
- Adjusted book profit refers to accounting profits after adjusting for local dividends and capital gains or losses recognised in the Income Statement

Tax Credits Denied

AMT cannot be offset against unused tax credits, including foreign tax credits.

Who Is Exempt?

The AMT will not apply to:

- Global Business Licence (GBL) holders
- Exempt bodies or persons
- Companies benefiting from tax holidays or income tax exemptions

Special Rule for Life Insurance Companies

For companies engaged in life insurance business, the tax payable will be the greater of:

- The AMT liability, or
- The normal tax payable or 10% of the relevant profit

Payment and Compliance

Companies under the **Advance Payment System (APS)** must pay:

- 25% of the AMT liability in each of the three APS quarters
- The remaining 25% with the final annual return
- Companies **not under APS** must pay the full AMT liability under their annual return
- The AMT shall be construed as income tax.

Updated Definition of Global Business Entity in the Income Tax Act

The definition of a global business entity has been expanded to include:

- a company holding Global Business Licence (GBL)Insurance companies
- a non-resident Societe holding a GBL
- a cell of a Protected Cell holding a GBL
- A Foundation
- a Trust or a Trustee or a unit trust scheme and an
- Authorised company.

The resulting effect of the revised definition is the exclusion of dividends received from Trusts and Foundations when determining the amount subject to the Fair-Share Contribution.

Partial Exemption Regime

Virtual Asset Service Providers

- Effective from the Year of Assessment beginning 1 July 2026, the 80% tax exemption will be extended to income earned by companies licensed as Virtual Asset Service Providers, provided the income is derived from licensed activities and the company meets the prescribed substance requirements.

Banks

- Banks will no longer be entitled to claim the exemption on foreign dividend income.

Interest Income

- Effective from the 9 August 2025, it will be specified that the 80% tax exemption on interest income will be granted provided the income-generating activity of the company meets the prescribed substance requirements

Income tax holidays to Small and Medium Enterprise (SMEs)

Starting from the Year of Assessment beginning 1 July 2026, eligible Small and Medium Enterprises (SMEs) will benefit from a 4-year income tax holiday. This incentive is aimed at supporting the growth and sustainability of SMEs across Mauritius.

Exclusions

- The tax holiday will not apply to SMEs engaged in the following activities:
- Information and communication technologies
- Financial services
- Professional services
- Activities requiring a tourist enterprise licence
- Training services

Note: Only companies registered as SMEs will qualify for this tax holiday.

Double deductions on Artificial Intelligence (AI) technologies

To encourage digital transformation, the government has introduced a double tax deduction for companies investing in Artificial Intelligence (AI) technologies, effective from the Year of Assessment starting 1 July 2025.

Eligibility Criteria

Applicable to companies with annual turnover not exceeding Rs100 million.

Scope of Deduction

- Capital expenditure on AI technologies (in addition to the annual allowance).
- Recurrent expenditure for acquiring rights to use AI technologies (in addition to the standard corporate tax deduction).
- Cap: The total double deduction is limited to Rs150,000.

Investment Tax Credit (ITC) Effective as from 9 August 2025:

Applicability

Available to qualifying small enterprises and specified service providers with annual turnover not exceeding Rs10 million.

Incentive

A 5% annual tax credit on capital expenditure (up to Rs500,000) incurred on new equipment, excluding motor vehicles.

Claim Period

The credit is claimable in the year of acquisition and the two subsequent income years.

Usage Condition

The equipment must be directly employed in the company's business operations.

Carry Forward

Unutilised ITC may be carried forward for up to five consecutive years.

Banks

Precious Metals

Effective from the year of assessment commencing 1 July 2026, banks will no longer benefit from the tax exemption on gains derived from the sale of gold, silver, or platinum held for at least six months.

Tax Deducted at Source (“TDS”)

Effective from the year of assessment commencing 1 July 2026, TDS at a rate of 10% will apply to payments made to non-resident entertainers or sportspersons, regardless of their annual turnover.

Financial support schemes

- Effective from 9 August 2025, a monthly Salary Compensation 2025 payable during the period from January to June 2025 as follows:

Enterprise	Monthly Salary Compensation
Eligible employee of a charitable institution, NGO, religious body or trade union	Rs610
SME, export-oriented enterprise, bus operator or light rail operator providing public transport Enterprise operating in the Business Process Outsourcing, security, cleaning services or construction sectors, with turnover below Rs750m in the year of assessment 2023/2024	Rs610 or Rs305 per eligible employee (depending on profitability of the enterprise)

Financial support schemes

- Effective as from 9 August 2025, the National Minimum Wage and Salary Compensation will be introduced for export-oriented enterprises, irrespective of profitability, as follows:

Employee	Monthly Compensation
Employees earning national minimum wage	Rs2,333 from January to December 2025, including a bonus in December 2025
	Rs1,167 from January to December 2026, including a bonus in December 2026
Employees earning basic salary above minimum wage but not exceeding Rs50,000 monthly	Maximum of Rs1,333 from January 2025 to December 2025, including a bonus in December 2025
	Maximum of Rs667 from January 2026 to December 2026, including a bonus in December 2026

Renewal and phasing out of schemes and allowances

- Renewal of Revenu Minimum Garanti Allowance and Equal Chance Allowance up to 30 June 2027 (including a bonus for the months of December 2025 and 2026). The monthly allowance will be as follows:

Allowance	Monthly Allowance	
	July 2025 -June 2026	July 2026 - June 2027
Revenu Minimum Garanti Allowance	Maximum of Rs890	Maximum of Rs1,890
Equal Chance Allowance	Rs2,000	Rs2,000

Renewal and phasing out of schemes and allowances

1. The following CSG-related allowances will be renewed and gradually phased out over the next two years, ending on 30 June 2027:
 - Income Allowance
 - Child Allowance
 - School Allowance
 - Pregnancy Care Allowance
 - Maternity Allowance
2. The Independence Allowance will be payable where the eligible youth is registered on the Social Register of Mauritius (SRM).

Beneficiaries under the SRM will continue to benefit from the monthly allowances as follows:

Monthly income	Monthly allowance		
	Individual on SRM	Individual not on SRM	
CSG Income Allowance		July 2025 – June 2026	July 2026 - June 2027
Less than Rs20,000	Rs3,000	Rs2,000	Rs1,000
Rs20,001 – Rs 25,000	Rs2,500	Rs1,667	Rs833
Rs25,001 – Rs30,000	Rs2,000	Rs1,333	Rs667
Rs30,001 – Rs50,000	Rs1,500	Rs1,000	Rs500
Other allowances		July 2025 – June 2026	July 2026 - June 2027
Child Allowance	Rs2,500 per child	Rs1,667 per child	Rs833 per child
School Allowance	Rs2,000 per child	Rs1,333 per child	Rs667 per child
Maternity Allowance (9 months)	Rs2,000	Rs1,333	Rs667
One-off allowance			
Pregnancy Care Allowance	Rs3,000	Rs2,000	Rs1,000
Independence Allowance		Rs20,000	

Value added Tax

Compulsory VAT registration

- The VAT registration threshold decreased from Rs6m to Rs3m.
- A holder of a Pleasure Craft Licence issued by the Tourism Authority.
- Freight forwarding agents (previously clearing and forwarding agents were required to compulsorily register).
- Foreign supplier of digital and electronic services.

VAT on specified digital services

- Specified digital or electronic services provided by foreign suppliers will be subject to VAT.
- The supplier will also be required to submit a return and list of taxable supplies made after the end of every taxable period.

Foreign supplier means any person who:

- has no permanent establishment in Mauritius or has his place of abode outside Mauritius; and
- supplies, in the course of his business, digital or electronic services to a person in Mauritius.

Digital or electronic service means services supplied by:

- a foreign supplier over the internet or an electronic network which is reliant on the internet; or
- a foreign supplier and is dependent on information technology for its supply.

VAT invoices will not be required by:

- Foreign suppliers supplying digital or electronics services; and
- A bank in respect of its banking transactions with non-residents and global business licence.

No credit for input tax will be available on:

- The rental of parking space for motor cars and other motor vehicles except those used for the furtherance of the business; and
- The supply of digital or electronic services.

Removal of Special Levy cap on banks

- Cap of 1.5 times of levy paid by a bank in the year of assessment 2017-2018 will be removed.

Exempt items

- Services offered to foreign vessels by the Mauritius Ports Authority will be treated as exempt supplies.

Extension of zero-rated items

- **Zero-rate VAT extended to:**
 - a. fruit and vegetable purées for infants;
 - b. canned vegetables such as tomatoes and mushroom;
 - c. frozen packed vegetables such as potatoes, beans, spinach and mixed vegetables;
 - d. hairdressing services; and
 - e. CCTV systems
 - f. Services provided by licensed shipping agents to owners of foreign ships excluding crew members and passengers



Smart city scheme

Grandfathering of fiscal incentives

Smart City companies that were issued a letter of comfort prior to 5 June 2025 will continue to benefit from the existing tax incentives:

Incentives

- Exemption from land conversion tax.
- Exemption from registration duty and land transfer tax on land or immovable property transfers.
- Exemption from customs duty on imported furniture, machinery, and construction materials.
- Exemption from morcellement fees.
- 8-year income tax holiday for new Smart City Certificate holders.
- Accelerated annual allowance on eligible capital expenditure.

Where a smart city company was issued a letter of comfort on or after 5 June 2025, the tax incentives will be restricted to projects relating to public road or public transport station/terminal.

Existing Projects

The following incentives will continue to apply:

- VAT repayment for:
 - All smart city companies or developers until 30 June 2027 on buildings and infrastructure;
 - Projects relating to the construction of public transport station/terminal on buildings, capital goods and construction of public roads for a period not exceeding 8 years from the date of the Smart City Certificate; or
 - Projects involving the construction of public roads or roads made available to the general public.
- The 8-year income tax holiday where:
 - A Smart City Certificate was issued prior to 5 June 2025; or
 - The project relates to the construction of a public transport station or terminal.

A customs duty exemption applicable to goods imported for the construction of a public transport station or terminal.



Other Taxes

Acquisition and Resale of Residential Property by Non-Citizens

Effective 1 July 2026, registration duty on the acquisition of residential property by non-citizens under EDB schemes will increase from 5% to 10% of property value.

The change applies to:

- Smart City Scheme
- Property Development Scheme (PDS)
- Integrated Resort Scheme (IRS)
- Real Estate Scheme (RES)
- Invest Hotel Scheme (IHS)
- Apartments in buildings with at least two floors above ground

Increase in Land Transfer Tax

Effective 1 July 2026, the land transfer tax will increase from 5% to 10% on the acquisition of residential property by a non-citizen, whether:

- purchased from a citizen under any of the aforementioned EDB schemes or as qualifies as luxury apartments; or
- acquired through resale from another non-citizen, where the property was initially purchased under the same schemes.

Tourist fee

- Effective 01 October 2025, a Tourist Fee of €3 per night applies for tourists staying in registered tourist accommodations.
- Accommodation managers will be responsible for collecting the fee and submitting it electronically to the MRA through a prescribed return detailing:
 - a. Number of tourists (distinguishing those under 12 years old);
 - b. The number of other residents;
 - c. Amount of tourist fees payable and collected; and
 - d. Any other relevant information.
- Late remittance will attract a 10% penalty and 1% monthly interest (or part thereof).
- Non-compliance for failure to submit the return or false return may attract a fine not exceeding Rs500,000 or imprisonment (not exceeding 5 years).



Motor Vehicle Excise Duty

- As from 6 June 2025, revised excise and customs duties apply to motor vehicles, determined by engine capacity and vehicle type (i.e. conventional, non-plug-in hybrid, and plug-in hybrid).
- In addition, electric vehicles with a power output of up to 180kW will be subject to a 15% duty, while those exceeding 180kW will attract a duty rate of 25%.

Motor Car Capacity	Coventional	Non-Plug-In Hybrid	Plug-In Hybrid
551 – 1,000cc	45%	25%	15%
1,001 – 1,600cc	55%	35%	25%
1,601 – 2000cc	75%	55%	35%
Above 2,000cc	100%	75%	55%

Registration Duty on vehicles

- Effective 01 July 2025, Registration Duty has been abolished on the sale and transfer of domestic pre-owned vehicles.
- For first registrations, duty will be increased by 30%.

Motor Vehicle Licence Fees

- Effective 1 July 2025, the 50% concessional rate previously granted on hybrid and electric vehicles has been removed. These vehicles will now be subject to the full licence fee applicable to their corresponding class of conventional vehicles. However, the 3-month and 6-month instalment options for licence fee payments will remain available.

Sugar Content Excise Duty

- Effective 01 October 2025, excise duty will double from 6 cents to 12 cents per gramme on:
 - i. Chocolates
 - ii. Ice cream

Tax Administration

Tax assessment period shortened.

As from 9 August 2025, the statutory time limit for issuing assessments under the Income Tax Act will be reduced to two years preceding the current year of assessment, unless exceptional circumstances apply.

Similarly, for VAT purposes, the Mauritius Revenue Authority will have up to two years from the end of the taxable period in which a return or statement is submitted to issue an assessment, except in cases involving exceptional circumstances.

Registration of tax agents

Individual Tax Agent	Corporate Tax Agent
Must be a citizen of Mauritius; and	Must be registered with the MIPA as a public accountant; or
Must be a member of the Mauritius Institute of Professional Accountants ("MIPA"), or may be a law practitioner;	The person nominated by the corporate tax agent satisfies the conditions as an individual tax agent.
Must have 3 years’ experience in dealing in accounting or tax matters in the employment of a member of MIPA or a person registered as a tax agent	
Must hold a relevant degree (taxation, accounting, economics, business management, or other as determined by the Committee).	

The registration of a tax agent or their nominee is valid for a maximum of 5 years.

Penalty and interest under the Income Tax Act (“ITA”)

With effect from the new fiscal period, the combined penalties and interest will be capped at 100% of the tax amount due.

Type	Before	Now
Submission of Statement of Income	Rs 2,000 per month (capped at Rs 6,000)	Nil
Penalty - late payment under CPS	5%	2.5%
Penalty – late payment of income tax	5%	2.5%
Penalty – late payment of income tax – small enterprise	2%	1%
Interest on late payment	1%	0.5%
Penalty for loss overclaimed	5%	2.5%

Tax Relief Schemes – Effective date 9 August 2025

With the intent to reduce the compliance burden on taxpayers and incentive them to pay their outstanding tax payable, the MRA has introduce two one-off schemes (i.e. Tax Dispute Settlement Scheme (TDSS) and Voluntary Disclosure Settlement Scheme (VDSS)) and extended the Tax Arrears Settlement Scheme (TASS).

These schemes offer a full 100% waiver of penalties and interest, incentivizing voluntary disclosure and prompt resolution of outstanding tax issues.

Scheme	Qualification Requirements	Deadlines
TDSS	The Scheme applies to cases under dispute or litigation at the ARC, the Supreme Court or Privy Council as of 05 June 2025.	Withdraw case and pay tax by 31 March 2026
VDSS	Undeclared/underdeclared income (YOA 2024/25 & any preceding years) or VAT (up to 30 April 2025)	Full disclosure and tax payment by 31 March 2026
TASS (Renewed)	Tax debt and tax arrears as of 30 June 2025	Register by 30 November and pays the tax amount in full by 31 March 2026

Arm’s length test

Effective from 9 August 2025, companies engaging in related party transactions will be required to prepare and keep records in such manner as may be prescribed.

Qualification Requirements	
Connected persons	Any 2 or more persons, where one controls, by reason of his relationship or otherwise with any other person, the business or income earning activity of the other, in Mauritius or from Mauritius.
Transaction	Any transaction or series of transactions, carried out directly or indirectly, between connected persons, whether enforceable or intended to been forceable, by legal proceedings; and Includes a transaction between a person and a cross-border business or other income earning activity of the same person.

Payment of tax to the MRA in foreign currency

Income Tax

- Companies, excluding global business licence companies (“GBLs”), which derive more than 50% of their gross income in any of the specified foreign currencies must pay tax in that currency.
- If a company earns more than 50% of its gross income in a combination of foreign currencies, it may choose any one of those currencies to pay its tax.
- Banks are required to remit, in Mauritian rupees, the portion of tax attributable to transactions with residents, excluding those conducted with GBL entities.

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