2025-2026

Mauritius budget highlights

Financial services

APEX

Dear client,

The Mauritius budget highlights 2025 outlines the key fiscal, economic, and policy measures announced for the upcoming financial year.

Strategic focus areas

- Economic resilience: Measures to stabilise the economy amid global volatility
- Inclusive growth: Support for vulnerable communities and SMEs
- Sustainability and innovation: Emphasis on green energy, AI, and R&D
- Fiscal consolidation: New tax instruments to broaden the revenue base

This year's budget focuses on strengthening economic resilience, promoting inclusive growth, and accelerating the country's transition to a sustainable, innovative-driven economy, along with the introduction of bold fiscal consolidation measures.

Key highlights include tax and regulatory reforms, incentives for SMEs and startups, targeted investments in infrastructure, healthcare, and education, as well as initiatives to support green energy and digital transformation. The budget also introduces measures aimed at supporting vulnerable communities and enhancing social inclusion.

We hope you find these updates useful for your planning and decision-making in the year ahead.

If you have any questions or would like a more detailed analysis, please do not hesitate to get in touch. We would be pleased to assist.

Best regards

Apex Mauritius Desk

Our views on the budget

The 2025 budget is the first budget under the newly elected government and focuses heavily on reshaping the Mauritian economy towards a better and more resilient future. The main pillars are innovation-driven measures with a focus on research and development and artificial intelligence, repurposing and upskilling of resources, and the adoption of new fiscal consolidation.

Several measures have been proposed aiming at promoting the Mauritius International Financial Centre ("MIFC") such as the development of a new Africa strategy positioning Mauritius as a platform for Africa-bound investments, the introduction of dedicated licensing frameworks for wealth management and family offices and the recognition of electronic bills of exchange and trade documents ensuring facilitation of end-to-end digital trade finance.

Streamlined processes at the level of the Financial Services Commission with regard to licensing requirements and fast-track systems, as well as the introduction of a e-judiciary system, are most welcome and provide comfort to investors towards easier means of doing business in Mauritius.

However, in times of such a volatile and ever-changing tax landscape, the new budget steers towards adopting bold tax policies to enhance revenue. The budget targets mostly high-income earners and more profitable companies in certain sectors with the introduction of an Alternative Minimum Tax, Fair Share Contribution, and revised personal tax rates and bands. These new taxes and contributions are not applicable to global business companies, and no additional burden is imposed on top of existing levies.

In line with international tax practices, a top-up tax of 15% will be applicable to resident subsidiaries and holding companies of MNEs resident in Mauritius. MNEs will need to review their current structures to assess their tax obligation in jurisdictions where they operate.

Our views on the budget

The introduction of an 80% exemption for licensed Virtual Asset Service Providers, subject to meeting prescribed substance conditions, encourages investments in the Fintech sector backed by additional income tax exemptions from last year's budget.

Amidst the challenging tax aspects, the new government tried to balance the fiscal consideration with social resilience through the introduction of certain tax amnesty schemes with a view to allowing taxpayers to minimise tax penalties and interest. The statute of limitations for tax audits has also been reduced to 2 years which is a relief.

Overall, we believe that Mauritius stands at a crossroads, with opportunities to solidify its economic gains and address structural vulnerabilities. However, whilst we see the intention of the new government towards growth and rebuilding the future, we hope for more clarity on the measures.

By aligning policy measures with these objectives, Mauritius can chart a path toward a resilient and prosperous future.

Mauritius is positioning itself as a regional financial hub and an innovation-driven economy. The budget reflects a careful balance between revenue generation, investment attraction, and social equity. However, the success of these reforms will depend on regulatory clarity, implementation efficiency, and stakeholder engagement.

Key economic outlook 2026/2027

4%

Real GDP growth rate

21.2%

Investment rate

3.5%

Inflation rate
(2,6% in April 2025)

84.8%

Public sector Gross debt (% of GDP)

Financial services and Investment climate

APEX

- Mauritius IFC development
  The following measures were announced towards developing the MIFC:
  - Development of a new Africa investment strategy positioning Mauritius as a platform for Africa-bound investments
  - Setting up of a dedicated licensing framework for wealth management and family offices to offer integrated services ranging from investment advisory to succession planning.
  - Positioning Mauritius as a trusted regional trade hub with the introduction of a new Electronic Trade Documents Bill, providing legal recognition of digital bills of exchange and trade instruments
  - Introduction of Bullion banking as a new private banking activity to allow licensed banks to buy, hold, store, or sell gold and other precious metals
  - Conducting of a Financial Sector Assessment Program (FSAP) to be made with the International Monetary Fund ("IMF") and the World Bank for a comprehensive evaluation of the soundness of the financial sector as well as the quality of the regulatory and supervisory framework in line with international best practices.

- Regulatory and supervisory frameworks
  - FSC to deploy a unified e-licensing platform integrated with the Centralised KYC Repository and "Known to the Commission" features with real-time application dashboard and AI-powered virtual assistance
  - Review of FSC's annual fees to reflect changing market conditions
  - A national Roadmap to prepare the Mauritius IFC for the Eastern and Southern Africa Anti-Money Laundering Group ("ESAAMLG") Mutual Evaluation in 2027 covering AML/CFT strategy implementation, risk assessments, new legislations to address gaps, and deployment of financial intelligence software
  - Launch of specialised AML/CFT capacity-building programmes for public and private sector professionals

Corporate Tax

- Partial exemption regime
  80% exemption for licensed Virtual Asset Service Providers engaged in the exchange, transfer, safekeeping, and administration of virtual assets, subject to meeting the required substance conditions.

- Qualified Domestic Minimum Top-Up Tax ("QDMTT")
  Effective from the year of assessment 2026-2027, a top-up tax to ensure a minimum, effective tax rate of 15% will be applicable to resident parents or subsidiaries of MNEs *(companies having an annual consolidated revenue of EUR 750 million or more).*It is, however, expected that appropriate measures will be introduced to retain the competitiveness of the Mauritius IFC, including how the other taxes and levies applicable under the tax laws will be considered as a covered tax for the purpose of the top-up tax.

- Alternative Minimum Tax ("AMT")

AMT has been introduced for operating in specific sectors such as hospitality, insurance, real estate, and telecommunications. AMT will apply instead of normal tax if the tax liability, after having taken all the eligible deductions but prior to claiming any tax credit, is less than 10% of the book profits. AMT cannot be offset against any foreign tax credit.

The AMT will not be applicable to companies holding a GBL and companies which are exempt from payment of income tax or have been granted tax holidays.

- Arm's length principle

With increasing tax litigations on the arm's length principle, the budget proposes for new scope and methodology of the arm's length principle together with long awaited regulations to be published. We hope to obtain more guidelines on any transfer pricing reporting or compliance obligations for companies in Mauritius with adequate threshold.

Tax administration and compliance

- Tax Dispute Settlement Scheme ("TDSS")
  Introduction of a one off TDSS scheme for tax cases under dispute at the Assessment Review Committee ("ARC"), Supreme Court, or Privy Council with a 100% waiver of penalties and interest. We however believe that this would apply only where taxpayer agrees to the assessment and should be broadened to cater for settlement of cases with the MRA.

- Voluntary Disclosure Settlement Scheme ("VDSS")
  Under this scheme, taxpayers will benefit from a 100% waiver of penalties and interest in cases of undeclared or under declared income for the year of assessment 2024-2025 and prior years, excluding returns that are due in June 2025.

- Tax Arrears Settlement Scheme ("TASS")
  Taxpayers having a tax debt as at June 30, 2025 may benefit from a full waiver of penalties and interest under TASS subject to registration by 30 November 2025 and settlement of taxes by March 31, 2026.

- Power to raise assessments
  The statute of limitations for the MRA to raise assessments will be limited to a period of only two years, except in exceptional circumstances.

- Payment of tax in foreign currency
  Businesses which receive at least 50% of their annual turnover in foreign currency will be required to pay their tax in foreign currency.

- Charitable institutions
  The status of Charitable institutions such as charitable trusts and foundations may be revoked if the charitable objects are no longer met. Charitable institutions should therefore periodically review their status to ensure their charitable status as well as associated tax exemption.

VAT and indirect taxes

- VAT on supply to foreigners
  VAT will be applicable on a supply of service made to a foreigner who is outside Mauritius at the time the service is performed and where service is utilised in Mauritius. This measure departs from the current zero-rated status for services provided to a person who belongs to a country other than Mauritius and who is outside Mauritius at the time the services are provided. The VAT Act previously considers the destination of the supplies to foreigners rather than the consumption base.

- Compulsory VAT registration
  Businesses having a turnover exceeding Rs 3 million (instead of Rs 6 million) will now be required to compulsorily register for VAT and abide by VAT compliance obligations with effect from October 1, 2025.

- VAT on digital services
  Specified digital or electronic services provided by foreign suppliers will be subject to VAT as from January 1, 2026. Although this measure was introduced in previous budgets, the relevant regulations and applicability were awaited. We await more guidelines on the application of the same and more details on the specified digital and electronic services.

Financial services legislative aspects

- Financial Services Act amended to:
  - Empower the FSC to conduct special investigations at the request of foreign supervisory institutions.
  - Allow issuance or transfer of shares by a licensee to existing shareholders without FSC approval, provided it does not trigger a change in control.
  - Exempt licensees listed on non-Mauritius securities exchanges from FSC approval for share transfers not resulting in control changes.
  - Enable FSC to investigate unlicensed persons who should have been licensed.
  - Empower the Chief Executive to give written directions to relevant persons and licensees for orderly administration.
  - Mandate Global Business Licence holders to maintain at least 2 directors and inform the FSC of changes within 7 days.
  - FSC to review annual licence fees to reflect market conditions.

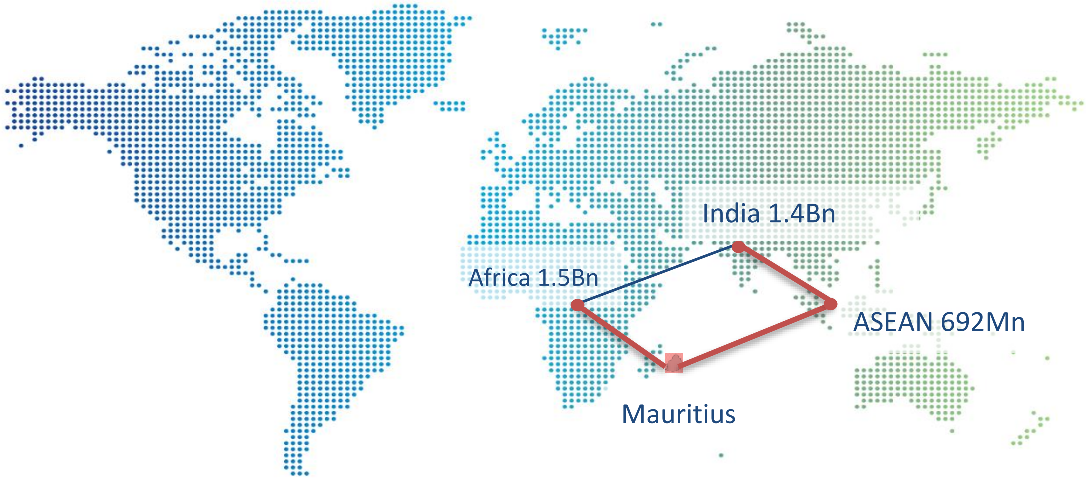
- Data Protection Act:
  Amended to align fully with international and regional standards, including the Council of Europe Convention and the EU GDPR.

- Companies Act amended to:
  - All Public Interest Entities ("PIEs") must now prepare an annual report within 6 months of their balance sheet date, irrespective of turnover
  - Simplify requirements for Debenture Holders' Representatives to lower issuance costs and align with international best practices.
  - Require Companies, Partnerships, and Foundations to keep written declarations from beneficial/ultimate beneficial owners, with owners responsible for updates. Existing entities have until June 30, 2026, to comply.

Financial services legislative aspects

- Banking Act:
  - Broaden BOM's regulatory scope to include foreign exchange swaps and other transactions construed as buying/selling foreign currency by licensed dealers. Also, align provisions relating to the powers of conservator and receiver to offer assets/shares of financial institutions for sale without consent of a financial institution or any of its shareholders.
- United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act ("UNSA") amended to:
  - Enable the National Sanction Committee ("NSC") to become a body corporate.
  - Mandate the Financial Crimes Commission ("FCC") to manage funds/assets of listed and designated parties through its Asset Recovery and Management Division.
  - Allow FCC to apply to a Designated Judge for an order to realise funds/assets of a designated party.
  - Include an additional UN Security Council resolution related to Haiti.
- Financial Reporting Act:
  Amended to align the definition of a public interest entity with international best practices.
- National payment System Act amended:
  To define "account information services"," money remittance", "payment account" and "payment initiation services" to support the licensing, supervision and regulation of payment service providers thereunder.
- Private Pension Schemes Act:
  Amended to empower the FSC to approve sponsoring employers joining existing private pension schemes.
- Non-Citizens (Property Restriction) Act:
  The Non-Citizens (Property Restriction) Act will be amended to cater for a non-citizen or a person not resident in Mauritius to deal with shares or other securities on a securities exchange established under the Securities Act, thereby removing reference to the repealed Stock Exchange Act.

Thank you



Mauritius is strategically located at the heart of two major emerging continents, Africa and Asia, and the ASEAN region, which account for more than 76% of the global population and steady economic growth.

Looking east, MIFC has an array of DTAAs with Sri Lanka, Bangladesh, India, China, Hong Kong, Thailand, and another 17 with African countries.