Mauritius Budget 2023/2024

Fiscal analysis

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Executive summary

Foreword

This executive summary provides our views on the salient features of the fiscal measures announced by the Minister of Finance, Economic Planning and Development (the "Minister") in his fourth Budget.

We welcome the fact that dividends from Mauritian resident companies will no longer be subject to tax for certain Mauritian resident individuals as it is consistent with the principle of single taxation and coherent with the fact that all shareholders should be treated on an equal footing.

Though the introduction of a progressive system for individuals has its advantages, a maximum rate of 17% would have placed individuals and companies on a level playing field. Also, having a similar rate for all persons reduces the risk for structures that seek to achieve a tax arbitrage.

We have taken note of various corporate tax incentives for certain companies, such as an investment tax credit of 15% for three years to manufacturing companies on new plant and machinery and double deduction on expenses incurred on market research and product development which should benefit companies in a taxpaying position. Mauritius forms part of the Organisation for Economic Cooperation and Development ("OECD")/G20 Inclusive Framework ("IF") on the Base Erosion and Profit Shifting Project. In that respect, the law was amended last year to empower the Mauritius Revenue Authority ("MRA") to require a company that forms part of a large MNE group to pay a Qualified Domestic Minimum Top-up Tax ("QDMTT"). A QDMTT is defined in Article 10 of the Global Anti-Base Erosion Rules that was approved by the IF on 14 December 2021. The effect of the corporate tax incentives announced by the Minister may be cancelled by the application of the QDMTT for a company that forms part of a large MNE group.

The change in the tax basis of banks with retrospective effect was unexpected. This measure was not announced by the Minister in his speech and it is found in the Explanatory Notes ("EN") to the speech. The legitimacy of such a measure may be challenged. An alternative tax that seeks to apply the QDMTT to banks would have been understandable on the basis that it would have ensured (a) that any QDMTT is collected by Mauritius; and (b) a minimum parity on the corporate tax liability of banks.

According to the EN the MRA will be allowed to enlist the services of a suitable expert in a technical field to determine the tax liability of a person. The scope of this measure needs to be further clarified so that the taxpayer is not at a disadvantage.

We welcome the measure to review the tax appeal system and the proposed legislative amendments to improve the current appeal procedures. This is an area that requires substantial consultation given the fact that the MRA has wide-ranging powers and many recent legislative changes have not been in favour of the aggrieved parties. However, a review of the appeal system is not in itself meaningful if one does not understand the root cause of various assessments. Regrettably, certain MRA audits negatively impact on the ease of doing business in Mauritius. This requires immediate corrective action so that the legislative amendments should first of all address the manner the MRA conducts its audits. If no legislative and administrative actions are implemented in the life cycle of an audit, the long-term survival of Mauritius in the international scene will be further prejudiced.

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Fiscal analysis

Personal tax

Budget proposal

Introduction of progressive income tax rates

- Affected persons: Individuals
- Financial impact: Medium to high
- Tax rate table in Appendix 1
- Comparative table in Appendix 2

Our point of view

- The progressive tax system aims to increase the tax home pay of certain categories of taxpayers.
- The effective tax rate ("ETR") for an individual with an annual chargeable income of up to Rs 2,390,000 is 11%.
- To the extent that an individual has only foreign source income which is remitted to Mauritius and which has been subject to foreign tax, the impact of the change may be limited.
- It does not appear that the proposed measure would affect the cumulative basis under which the PAYE system currently operates. However, this measure does require significant changes in the payroll system. It is hoped that the commencement date of this measure is applied after careful considerations.
- Non-resident individuals with Mauritian sourced income were not liable to solidarity levy and were taxed at a maximum rate of 15%. Under the proposed progressive system, a portion of their income may be taxed at a rate exceeding 15%, unless the amending legislation provides for a separate rate of tax for non-resident individuals.

Personal tax

Budget proposal

Solidarity Levy repealed

- Affected persons: Resident individuals with an annual leviable income of more than Rs 3million
- Effective date: 1 July 2023
- Financial impact: Medium to high

Our point of view

- This measure is welcomed as it eliminates the effect of economic double taxation since dividends are generally paid out of profits which have already been subject to corporate income tax. On the other hand, foreign dividends may be eligible for foreign tax credit.
- We consider that the measure will be effective as from the year ending 30 June 2023, irrespective of the fact that the Minister refers to "this year" at paragraph 379 of his speech.
- With the proposed change, all shareholders are treated on an equal footing. For example, resident and non-resident shareholders are both exempt from tax on the dividends distributed by resident companies.
- We consider that it is acceptable tax planning if a company distributes a dividend in July 2023 instead of June 2023 so that the shareholder is not liable to the solidarity levy.

Corporate tax

Budget proposal

Change in tax basis of banks

- The tax rate of banks will be reviewed so that banks are liable to tax at a flat tax rate of 15% on their chargeable income in excess of Rs 1.5 billion.
- Currently, the tax rate for banks is as follows:
  - 5% on the first Rs 1.5 billion of the chargeable income;
  - 15% on the excess of chargeable income for the base year over Rs 1.5 billion;
  - 5% on the remainder provided that the bank meets certain prescribed conditions.

Our point of view

The change in the tax basis of banks was not expected, particularly given the fact that (a) the change applied with retrospective effect; and (b) the regulations on the prescribed conditions were issued in 2020 and applied for only the years of assessment 2020/2021 and 2021/2022. This measure was not announced as part of the Budget speech (the "speech") and formed part of the Explanatory Notes to the speech.

- The tax rate of 15% on the chargeable income in excess of Rs 1.5 billion and the change in the rate of special levy imply that there will be an increase in the Current Effective Tax Rate ("ETR") of banks. For example in Appendices 3 and 4, the ETR increase by 4.5%.
- The new basis will apply as from the year of assessment 2022/2023 so that banks which had their year end in March 2022, June 2022 and September 2022 may have to submit an amended corporate tax return ("CTR") to reflect the change in the tax rate. The legitimacy of the retrospective nature of the measure may be challenged.
- Where an amended CTR is submitted for the previous year, we hope that the relevant interest and penalties on any underpayment of tax would be waived. The interaction of this change with the foreign tax credit mechanism does not appear to have been addressed in the proposal and should be evaluated further.
- We believe that an alternative tax that seeks to apply the QDMTT to banks would be appropriate on the basis that it would have ensured (a) that any QDMTT is collected by Mauritius; and (b) a minimum parity on the corporate tax liability of banks.
- The new basis is not expected to affect the CSR liability of banks on the basis that the CSR is computed on the chargeable income arising on transactions with residents.

Corporate tax

Budget proposal

Special levy for banks under the Value Added Tax Act

- The rate of the special levy on banks will be aligned to 5.5% for all banks on their operating income from transactions with residents.
- Currently, a bank with a leviable income from its transactions with residents ("leviable income") of more than Rs 1.2 billion is liable to the special levy at the rate of 5.5% whilst a bank whose leviable income exceeds Rs 1.2 billion is liable to the special levy at the rate of 4.5%.

Our point of view

This measure ensures a level playing field among banks on their liability to the special levy, which would continue to be computed on the leviable income of banks from their transactions with residents.

- While the effective date of this measure has not been announced, we consider that the new rate of the special levy should apply on a prospective basis.
- It is expected that the change in the rate would still not apply to a bank which has incurred a loss in an accounting period.
- Currently, the special levy is restricted to 1.5 times the special levy for the year of assessment 2017/2018 (the "maximum levy") so that the change in the rate of the special levy should not impact on the maximum levy.
- We consider that the levy is a covered tax for the purposes of the Global Anti-Base Erosion ("GloBE") Rules that was approved by the OECD/G20 Inclusive Framework on the BEPS Project. Irrespective of the fact that the levy is the subject matter of the VATA, we consider that it is a considered as a covered tax within the meaning of Article 4.2.1 of the GloBE Rules.

Corporate tax

Budget proposal

95% exemption of interest income

- **Affected persons :** CIS and Close Ended Fund
- **Effective date :** Not announced
- **Financial impact :** High

Our point of view

- The 95% exemption applies only on interest income.
- To the extent that a company does not comply with the CIGA and related conditions, the exemption will not apply.
- In view of the current approach of the MRA in the application of the exemption, further clarity should be provided on the CIGA requirements for CIS and Close Ended Fund.

Budget proposal

Investment tax credit

- **Affected persons :** Manufacturing companies
- **Financial impact :** High
- **Conditions :** Motor cars are excluded
- **Other implications:** A manufacturing company has been defined as a company which derives income from manufacturing activities in Mauritius. Currently, companies engaged in the production of alcoholic drinks are specifically excluded from the definition of manufacturing companies.

Our point of view

- The annual investment tax credit ("ITC") is computed at 15% on the cost of any non-current assets and applies for a maximum of 3 years so that the maximum ITC on any asset is computed at 45%.
- The ITC is in addition to any annual allowances.
- Any unutilised ITC may be carried forward over 10 years.
- The impact of the ITC may be limited to the extent that a company has tax losses.
- The CSR charge cannot be mitigated by the ITC.
- The interaction of the ITC and foreign tax credit should be assessed.
- It has been clarified that the ITC would apply on plant and machinery acquired by companies engaged in the production of alcoholic drinks to the extent that these plant and machinery are not utilised to produce the alcoholic drinks. The measure ensures that the ITC is applied without any unintended discrimination.

Budget proposal

Double deduction on cost of setting up child care centre

Our point of view

- A taxpayer will be allowed to deduct twice the amount of any expenditure on the cost of setting up child care centre.
- The set up costs are generally capitalised for tax purposes so that the impact on annual allowances should be assessed for a company having tax losses.

Corporate tax

Budget proposal

Triple deduction for donation to NGO

- **Affected persons :** Companies donating to NGOs involved in supporting persons with health issues and disabilities, protection of street children and rehabilitation programmes will be allowed a triple deduction on their contribution up to a maximum of Rs 1M.

Double deduction on the cost of new campuses or local training institutions partnering with their African counterparts.

Our point of view

- Donations are generally not allowed for tax purposes.
- In certain cases, companies may reduce the amount payable as CSR charge to the MRA where they make certain contributions to qualified NGOs.
- In the present case, the interaction between the triple deductions and the CSR contributions should be evaluated.
- The amending legislation should clarify on the documentary evidences to be kept by the company and the NGO so that the deductibility is not denied by the MRA.
- In case the triple deduction is denied and the taxpayer donated the maximum amount of Rs 1M, an additional tax liability of Rs 170,000 inclusive of the CSR charge would arise.

- A company providing tertiary education may deduct from its gross income twice the amount of any direct expenditure when partnering with African counterparts including the capital expenditure relating to the setting up of new campuses or local training institutions.
- The extra deduction will be beneficial if the entity has taxable profit and/or is able to fully utilise any tax loss originating from the extra-deduction.
- The company will be required to keep the supporting documentation to substantiate the expenditure.

Corporate tax

Budget proposal

Triple deduction for emoluments and related expenses related to the employment of disabled individuals

- **Affected persons :** Companies employing disabled person
- **Financial impact :** High

Double deduction for companies employing women under *Prime L'Emploi Scheme (the "scheme")*

- **Affected persons :** Companies that opted to employ individuals under the scheme
- **Financial impact :** High

Interest income on bonds, debentures or sukuks

- Qualifying interest will include debt instruments issued by an overseas entity.
- Approval of the MRA is still required.

Our point of view

- This measure aims to encourage companies to employ disabled individuals.

- Where a company employs a woman under the scheme and who is disabled, it appears that the company will be able to claim 5 times the emoluments defrayed.
- Where a company is in a tax loss position, the extra deduction will be subject to the 5 years restriction.

Interest income on bonds, debentures or sukuks

- The amending laws should clarify on the scope of the exemption where the issuer of the debt instruments invest directly in the green bonds, debentures or sukuks in relation to a green project carried out outside of Mauritius.
- The exemption will not benefit a company engaged in the life insurance business considering that such a company is liable to a minimum tax computed at 10% of its profits attributable to its shareholders.

Corporate tax

Budget proposal

Reduced corporate tax rate at 3%

- **Affected persons :** Companies engaged in the sale of aviation fuel to an airline
- **Effective date :** Not announced
- **Financial impact :** Medium

Reduction of tax rate for solidarity levy on Telephony Service Providers

Affected persons : Provider of public fixed or mobile telecommunication networks and services includes information and communication services such as value added services and mobile internet; but does not include a provider engaged exclusively in the provision of internet services or internet telephony services or international long distance services as referred to in the ICTA

- **Effective date :** This has not been announced
- **Financial impact : High**

Our point of view

- A company engaged in sale of fuel to an airline company will benefit a reduced income tax rate of 3%.
- It does not appear that the residency of the airline company is qualified.
- We hope that the rate of 3% would also be extended to bunkering for vessels.
- The introduction of the QMDTT may mitigate the impact of the reduction in the rate if the company forms part of a large MNE Group.

- The solidarity levy is calculated at the aggregate of 5% of the preceding year's accounting profit and 1.5% of the preceding year's turnover.
- The rate applicable on the turnover has been reduced from 1.5% to 1%.
- The levy was not applicable where the telephony service provider had a loss in the preceding year.
- Under the proposed measure, the telephony service provider will be liable to the solidarity levy. Clarity is required on the manner in which the levy will be computed taking into consideration the accounting losses.

Value added tax

Budget proposal

Removal of VAT and custom duty on glass-ceramic blocks for dental use
Removal of VAT on medical grade silicone
Removal of VAT on musical instruments

- Affected person: Final consumers
- Effective date: Not announced
- Financial impact: Recovery of input VAT
- Other stakeholders: VAT registered suppliers

Reclassification of instruments and appliances with HS Code 90.18 from exempt to zero rated

- Affected person: Final consumers
- Effective date: Not announced
- Financial impact: Recovery of input VAT
- Other stakeholders: VAT registered suppliers

Our point of view

- It is hoped that these goods are classified as zero rated supplies so that the maximum benefits can be reaped.
- To the extent that the goods are classified as zero rated, a VAT registered supplier will generally be able to recoup the related input VAT.
- The amending laws may be cross referenced to the First Schedule to the Customs Tariff Act ("CTA"). In this respect, we do not consider that any parts for musical instruments under item 92.09 of the First Schedule to CTA will fall within the scope of the budget proposal.
- The recovery of input tax will be denied if the goods are classified as exempt supplies for VAT purposes.

- This is an ideal scenario whereby the VAT registered supplier is able to recover the input VAT and the consumer does not pay any VAT.
- A VAT registered supplier making both taxable supply and exempt supply will be able to recover a higher proportion of indirect input VAT.
- A VAT registered person making zero rated supplies may claim repayment for input VAT; however care must be taken as claiming the repayment as a wrongful refund of VAT will give rise to penalty and interest.
- A person who wishes to register for VAT purposes as a result of this measure needs to assess the cost of complying with the law against the potential VAT savings.

Value added tax

Budget proposal

VAT exemption extended to construction for primary and secondary education

- Affected persons: Providers of primary and secondary education
- Effective date: Not announced
- Financial impact: Recovery of input VAT
- Other stakeholders: VAT registered suppliers

E-invoicing project

- The MRA will launch a developer's portal to test the Electronic Billing System ("EBS") supplied by vendors to ensure the EBS connect seamlessly with the MRA's server and invoices generated are in a standard e-invoicing format

Our point of view

- The EN is silent on whether the providers of primary and secondary education will be required to hold an Investment Certificate issued by the Economic Development Board under the Economic Development Board Act.
- The exemption will benefit the providers of primary and secondary educational services since these services are exempt under the VATA so that they cannot recover the input tax on the construction of the building.
- The supply will still be considered as a taxable supply so that any VAT registered supplier will be able to recover the corresponding input VAT.
- Given that no VAT is charged on the relevant supply but the supply is a taxable supply, the supply may be effectively considered as a zero rated supply.

This measure is in line with the phase-wise implementation of the MRA's e-invoicing project and is being aligned to the significant leaps made by other jurisdictions in their e-invoicing requirements. We hope that a consultative approach will be adopted so that any practical challenges may be dealt with on a proactive basis . To date no regulations have been issued.

- Where the EBS of companies is not compatible with the MRA's server, we consider that these companies will have to rely on "approved" Government Authorised vendors to transmit business transaction data that they process to the MRA in real time.
- More specifically, MNEs may have developed their own EBS and we are hoping that the MRA will adopt a collaborative approach in such cases.

Tax administration

Budget proposal

Reintroduction of TASS

- The previous scheme applied to tax under the ITA, VATA, GRAA due as at 7 June 2022.
- To benefit from the scheme, an application is required to be made by 31 December 2023.
- The waiver of the interests and penalties applies provided that the tax is paid in full by 31 March 2024.

Recovery of tax due by cells in a PCC or VCC

- Tax due by a cell cannot be recovered from another cell.

Our point of view

Reintroduction of TASS:

- The scheme will cover tax due under the ITA, VATA and GRAA.
- It appears that the measure will apply to any outstanding amount at any point of time. We hope that this will be clarified in the Mauritius Revenue Authority Act at the time the measure is enacted.
- The measure is welcomed where the taxpayer is agreeable to the pure tax due.
- We consider that a full waiver should also apply to cases that are resolved through a mutual agreement by the taxpayer and the MRA.

Recovery of tax due by cells in a PCC or VCC:

- This measure offers additional protection for the shareholders in each of the cells of a PCC/VCC.
- It appears that the above restriction applies irrespective of the fact that the entity has elected to be taxed on a cellular basis.
- The effective date of this measure has not been announced.

Tax administration

Budget proposal

Power to require information

- The provisions of the ICTA and DPA will not apply to the request of the Director-General of the MRA to request certain information.

Our point of view

- Section 123 of the ITA already confers wide powers to the MRA in so far as requests for information are concerned.
- The non-compliance to such a request may entail significant fine.
- The information collected under section 123 of the ITA has been used exclusively for raising assessments in certain cases although the, MRA is required to apply the best of his judgement standard when an assessment is issued
- The proposed measure may pose various risks, including the manner in which personal and sensitive data should be handled and processed in line with the current requirements of international GDPR standards.
- The legal ramifications of this measure should be understood and discussed with the relevant stakeholders.

Budget proposal

Amendments to the DTS mechanism

- Payment of fees to panel beaters and spray painters for repairs of motor vehicles of policy holders by insurance companies will be subject to a withholding tax rate of 3%.
- Payment to interior decorator/designer will also be subject to a withholding tax rate of 5%.

Our point of view

- The effective date of this measure has not been announced.
- The measure increases administrative burden for insurance companies and seeks to ensure that panel beaters and spray painters are compliant with their tax obligations.
- It is hoped that the obligations to withhold tax on payment to interior decorator/designer will not apply to payment made by individuals, unless the individuals make such payments in the ordinary course of their business.
- The recipients of the relevant services will receive their income net of any withholding tax, unless the tax is Rs 500 or less. They should ensure that they have the relevant certificates to be able to deduct the tax withheld by the relevant payers.

Tax administration - Value added tax

Budget proposal

Clarification that input VAT can be claimed by a VAT registered person who has done a voluntary registration

Our point of view

- We do not consider that an amendment is required in the VATA since the law provides that a VAT registered person is eligible to claim input VAT.
- Currently, the VATA provides that input tax on goods forming part of trading stock and capital goods may be claimed provided (a) the goods were acquired within a period not exceeding 3 months immediately preceding the date of registration and (b) an inventory list duly certified by a qualified auditor is submitted to the MRA.
- It would be useful to understand the interaction of this measure with the current provision. We consider that the logical approach is to allow the input tax the person has incurred on all its trading stocks and fixed assets at the date of registration.

Other matters

Budget proposal

Fall in the price of Mogas

- The price of Mogas will decrease to Rs 69 per litre as from 3 June 2023.
- The table in Appendix 5 illustrates the price structure of Mogas and Gasoil at the previous retail prices.

Occupation permit/work permit processes and conditions streamlined

- The monthly basic salary threshold for a professional to apply for an occupation permit is reduced from Rs 60,000 to Rs 30,000.
- The applicant of an occupation permit is now allowed a continuous business visa of 120 days without having to leave the Mauritian territory.
- The condition to have a local bank account is removed.
- The Young Professional Occupation Permit is no longer restricted to the activities listed in the Schedule to the Immigration Act.
- Work permit applications will be made solely on the e-licensing platform.
- A silent is consent principle of 4 weeks for work permit applications.
- Companies with a good track record will benefit from streamlined process through a new tier system.
- Non citizens on a tourist or business visa will be allowed to apply for a work permit.

Our point of view

- At this stage, we are not aware on the adjustments to be made to the current pricing structure to reflect the decrease in the retail price of Mogas.
- It does not appear that the price of Gasoil will be amended.

- The effective date of these measures have not been announced.
- It does not appear that the reduction in the minimum threshold would depend on the activities of the employer.
- The measures are welcomed since it reduces the delays in the issuance of certain permits and eases the process for foreign nationals to work in Mauritius.

Appendix 1 – Tax rate table

Annual chargeable income	Increments	Tax rate	Tax	Effective tax
	Rs	%	Rs	%
0 - 390,000	390,000	-	-	
390,001 - 430,000	40,000	2	800	0
430,001 - 470,000	40,000	4	2,400	1
470,001 - 530,000	60,000	6	6,000	1
530,001 - 590,000	60,000	8	10,800	2
590,001 - 890,000	300,000	10	40,800	5
890,001 - 1,190,000	300,000	12	76,800	6
1,190,001 - 1,490,000	300,000	14	118,800	8
1,490,001 - 1,890,000	400,000	16	182,800	10
1,890,001 - 2,390,000	500,000	18	272,800	11
Above 2,390,001	-	20	-	-

Appendix 2 – Comparative of maximum tax and effective tax rate with change in tax regime

Annual chargeable income	Maximum Tax		Effective tax rate	
	Existing	New	Existing	New
	Rs		%	
Up to Rs 700,000	70,000	21,800	10	3.1
Up to Rs 975,000	121,875	51,000	12.5	5.2
Up to Rs 3,000,000	450,000	343,800	15.0	11.5
Up to Rs 4,000,000 (For example only)	700,000	543,800	17.5	13.6

Assumptions

No Income Exemption Threshold

Resident individual who is liable to solidarity levy at the rate of 10% for leviable income exceeding Rs 3 million

Leviable income is equal to chargeable income

Appendix 3 – Current provisions for banks

		Segment A	Segment B	Total
		25%	75%	100%
			Rs	
Chargeable income		1,000,000,000	3,000,000,000	4,000,000,000
Split of chargeable income				
- First Rs 1.5 bn of the chargeable income				1,500,000,000
- Up to chargeable income of the base year				500,000,000
- Remaining portion of the chargeable income				2,000,000,000
				4,000,000,000
Tax liability - First Rs 1.5bn of the chargeable income	5%			75,000,000
- Up to chargeable income of base year	15%			75,000,000
- Remaining portion of chargeable income	5%			100,000,000
				250,000,000
CSR on Segment A transactions				20,000,000
Special levy				
Leviable income		2,000,000,000		
4.5% of leviable income	A	90,000,000		
Special levy in base year		80,000,000		
1.5 times special levy in base year	B	120,000,000		
Lower of A and B				90,000,000
Total tax liability				360,000,000

Appendix 4 – Proposed basis for banks

		Segment A	Segment B	Total
		25%	75%	100%
			Rs	
Chargeable income		1,000,000,000	3,000,000,000	4,000,000,000
Split of chargeable income				
- First Rs 1.5 bn of chargeable income				1,500,000,000
- Remaining portion of chargeable income				2,500,000,000
				4,000,000,000
Tax liability - First Rs 1.5 bn of chargeable income	5%			75,000,000
- Remaining portion of chargeable income	15%			375,000,000
				450,000,000
CSR on Segment A transactions				20,000,000
Special levy				
Leviable income		2,000,000,000		
5.5% of leviable income	A	110,000,000		
Special levy in base year		80,000,000		
1.5 times special levy in base year	B	120,000,000		
Lower of A and B				110,000,000
Total tax liability				580,000,000

Appendix 5 – Price structure of Mogas and Gasoil with effect 12 May 2023 (1/2)

Scenario	Mogas	Gasoil	Note
Reference Price - USD per metric ton/barrel	865.4700	94.3100	1
CIF - USD per litre	0.7712	0.7078	2
Exchange rate - Rs/USD	46.0800	46.0800	
	Rs/litre		
CIF- Rs per litre	35.5369	32.6154	2
Excise duty - Rs per litre	12.2000	4.7000	3
Contribution to Road Development Authority	1.8500	1.7500	4
Contribution to Rodrigues Transportation and Storage	0.4100	0.4100	4
Contribution to the Construction of storage facilities for petroleum products	0.6500	0.5000	4
Contribution to Subsidy on liquefied petroleum gas (LPG), Flour and Rice	7.2000	7.2000	4
STC's Operational Expenses	0.3500	0.4000	
Adjustment		(4.3906)	
Fund to Price Stabilisation Account (PSA)	1.8179	-	5
TRANSFER PRICE TO OIL COMPANIES (A)	60.0148	43.1848	
Oil Companies' Operational Expenses and Wholesale Margin (B)	2.3500	2.1800	
VAT (15%* (A+B+C))	9.6652	7.1152	6
WHOLESALE PRICE	72.0300	52.4800	
Retail Margin (C)	2.0700	2.0700	
RETAIL PRICE (Price at Petrol Service Station)	74.1000	54.5500	

Source: State Trading Corporation website

Appendix 5 – Explanatory notes (2/2)

Note 1: The reference price is the average of the Platts prices for the 3 months prior to and 3 months subsequent to the computation of the retail price of petroleum product under the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011. Platts price means the benchmark price of oil determined by Platts, a division of the McGraw-Hill Companies (NYSE-MHP), which is a global information provider for oil and metal.

Note 2: "CIF" means cost, insurance and freight. It is the sum of the reference price of the petroleum product, the premium paid to the supplier, freight and insurance.

Note 3: The excise duty per litre for Mogas (HS code 2710.19.19) and Gas Oil (HS Code 2710.19.50) is as per Part I -Excisable goods imported into or manufactured in Mauritius of the First Schedule of the Excise Act.

Note 4: This is as per the Fourth schedule-Contributions on petroleum products of the Consumer Protection (Price and Supplies Control) Act.

Note 5: There are 2 separate PSAs for Mogas and Gas Oil. Any surplus/deficit in respect of every tanker of Mogas and Gas Oil is transferred to the PSA. Windfall gain arising out of an increase in the retail price as well as windfall loss arising out of a decrease in the retail price, are dealt with in the PSAs.

Note 6: VAT is charged on the sum of the transfer price to oil companies, oil companies' operational expenses and wholesale margin and the retail margin.

Glossary

Assessment Review Committee	ARC
Base Erosion and Profit Shifting	BEPS
Core Income Generating Activities	CIGA
Corporate Social Responsibility	CSR
Deduction of Tax at Source	DTS
Double Taxation Avoidance Agreement	DTAA
Economic Development Board	EDB
Finance (Miscellaneous Provisions) Act	FMPA
Finance (Miscellaneous Provisions) Bill	FMPB
Gambling and Regulatory Authority Act	GRAA
Gambling Regulatory Authority	GRA
General Data Protection Regulation	GDPR
Income Tax Act 1995	ITA
Information and Communication Technologies Act	ICTA
Integrated Modern Agricultural Morcellement Scheme	IMAMS
Mauritius Revenue Authority	MRA
Multinational Enterprise	MNE
National Savings Fund Act	NSFA
Organisation for Economic Corporation and Development	OECD
Pay As You Earn	PAYE
Privy Council	PC
Protected Cell Company	PCC
Rupees	Rs
Small and Medium Enterprises	SMEs
Small and Medium Enterprises Act 2017	SME Act
Social Contribution and Social Benefits Act	SCSBA
Supreme Court	SC
Tax Arrears Settlement Scheme	TASS
Tertiary Education Commission	TEC
Transport Oriented Scheme	TOS
United States Dollar	USD
Value Added Tax	VAT
Value Added Tax Act 1998	VATA
Variable Capital Company	VCC

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