



Extracts of Budget Speech 2015

MAURITIUS AT THE CROSSROAD

Measures Related to the Financial Services Sector *(para 98...)*

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Para	Measures announced in the Budget Speech 2015
IV.	SMEs - ‘ Île Maurice Nation D’entrepreneurs’ : The SME Bank
33	Launching of the Small and Medium Enterprises Bank (SME Bank) to provide seed capital to entrepreneurs without any need for personal guarantee. An amount of Rs 10 billion will be made available to the Bank over the next five years, starting with a share capital of Rs 200 million and a line of credit of Rs 2 billion from Government for its first year of operation. The SME Bank will be located on the ground floor of SICOM Tower at Ebene.
VI.	Business Facilitation and Investment Climate
62	After dealing with investment, employment and training, let me come to the issue of business facilitation. To generate the kind of investment that will generate a growth rate exceeding 5 per cent will require a conducive business environment, one that is free of cumbersome procedures, and that will allow for fast decision making.
63	To this end, greater powers will be given to the Fast Track Committee to expedite the approval process and facilitate the implementation of major investment projects.
84	Third, Government is taking a more liberal approach to open air access.
85	Thus, starting October 2015 Austrian Airlines will operate one weekly flight to Mauritius.
86	And, as from December 2015, Lufthansa will operate two weekly flights to Mauritius.
87	Government will negotiate with airline companies for stopovers in Mauritius on the UK-Australia route.
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VII.	A Sound, Stable and Inclusive Financial Services Sector
98	As regards the financial services sector our measures and policies are aimed at consolidating and diversifying both our product base and markets, this includes:
99	Government will introduce a special Financial Sector Incentive Scheme to attract international Asset and Fund Managers to relocate their front-office operations in Mauritius.
100	The Financial Services Promotion Agency will be reactivated for more effective promotion campaigns, especially to diversify our Global Business activities in Africa.
101	A Financial Services Institute is being set up at Réduit to provide specialised training courses that are focused on the actual needs of the industry.

Para	Measures announced in the Budget Speech 2015
102	To revitalise the secondary market for Government Securities, the Bank of Mauritius will provide market makers with an exit mechanism.
103	The Income Tax Act is being amended to exempt non-resident corporate bond holders from withholding tax.
104	The Insurance Act will be amended to enable the issue of insurance policy documents in digital format.
105	The clear statement made by Prime Minister Modi during his last visit in Mauritius has reassured all stakeholders in the global business sector that India will do nothing to harm this sector. We will cooperate fully with Indian authorities to bring to a fruitful conclusion our discussions on outstanding issues relating to the Double Taxation Avoidance Agreement.
106	Concerning the ocean economy, a new Petroleum Bill will be introduced shortly to provide the legal and fiscal framework for exploration and exploitation of hydro-carbon resources in our Exclusive Economic Zone.
107	Government is also setting up a National Ocean Council to ensure better coordination among all stakeholders both public and private to implement the Ocean Economy project.
X.	Opening Mauritius To The World
137	I now turn to our economic partnership with Africa and the crucial role which this partnership will play in future.
138	Our first action will be to redefine the role of the Mauritius Africa Fund which will concentrate on the development of Special Economic Zones (SEZ) in various African countries. Three countries namely Madagascar, Ghana and Senegal have already expressed their intention to work with Mauritius on the above projects.
139	Second, we are setting up a regional shipping line to expand regional trade and the role of our port in the region.
140	The Board of Investment will be posting 8 Trade and Investment Managers in strategic cities around the world, that include Beijing, Geneva, Pretoria, London, Moscow, Mumbai, New York, and Paris. They will be based in our embassies.
XII.	Law and Order
184	Providing for the recruitment of specialist forensic accountants and analysts as well as computer and mobile phone experts to improve police investigations.

Para	Measures announced in the Budget Speech 2015
185	An independent Police Complaints Commission will be set up that will be presided by a former Judge of the Supreme Court to ensure that fundamental human rights of citizens are respected.
Consumer Protection	
204	Setting up an Office of Ombudsperson on Financial Institutions which will deal with complaints received and recommend appropriate remedial action.
204	The Bank of Mauritius is planning to implement the report on abuses of commercial banks released recently.
XIII.	Diaspora
246	Many families in Mauritius have sons and daughters who have chosen to stay abroad after their studies. Many of them are highly qualified and experienced professionals. The State has invested in them and their departure constitutes a brain drain and a loss for their country and their family.
247	<p>Proposing an exceptionally bold package of incentives to attract them back to our country. I am pleased to announce the following measures to encourage the Mauritian diaspora abroad to return and serve our country.</p> <ul style="list-style-type: none"> • First, an exemption from income tax for a full period of ten years on all their income including worldwide income. • Second, an exemption from payment of customs duties of up to a maximum of Rs 2 million on a car that can be purchased in Mauritius or abroad. • Third, they will be entitled to bring back their personal belongings without payment of customs duties and VAT. All Mauritians holding a Mauritian passport as well as their children, whether they have a Mauritian passport or not, are eligible to apply. Those who do not have a Mauritian passport will be granted a permanent residence permit. • All professionals who have worked a minimum of ten years abroad are eligible. • The Board of Investment will manage the whole scheme.
XIV.	Macroeconomic Policies And Taxation
248	The Bank of Mauritius will have full independence in formulating and implementing both exchange rate and monetary policies. We are strengthening coordination between the Bank and my Ministry so as to ensure that at all times we have a consistent macroeconomic policy mix.
261	The exemption threshold on the lump sum received as pension, retiring allowance or severance allowance is being raised from Rs 1.5 million to Rs 2 million.

Para	Measures announced in the Budget Speech 2015
	Annex to Budget Speech 2015: Part A Taxation and Public Finance
	<p>Lump Sum Income Currently, the first Rs 1.5 million of the lump sum received as commutation of pension, retiring allowance or severance allowance is exempt from income tax. The exempt income threshold will be raised from Rs 1.5 million to Rs 2 million, with effect as from 1st July 2015.</p>
	<p>Miscellaneous Tax Measures Interest Income: Interest received by a non-resident company from debentures quoted on the stock exchange will be exempted from income tax.</p>
	Annex to Budget Speech 2015: Part B: Other Legislative Amendments
	<p><i>Bank of Mauritius Act</i> The Bank of Mauritius Act will be amended to:</p> <ul style="list-style-type: none"> (a) enable the Bank to: <ul style="list-style-type: none"> (i) participate in the launching of the Gold Fund; (ii) create reserves for monetary purposes or such other specific purposes as may be determined by the Bank in conformity with applicable International Accounting Principles and best international practices; (iii) make use of the Special Reserve Fund for liquidity management purposes; (iv) regulate and supervise the ultimate intermediate financial holding companies that have at least one subsidiary that is a financial institution licenced by the Bank of Mauritius; (v) demonetise the one cent coin; and (vi) regulate the payment systems in Mauritius. (b) require every member of the Monetary Policy Committee (MPC) other than the Governor and the Deputy Governors to take an oath of confidentiality; (c) vest the Chairman of the MPC with a casting vote which he may use in the event of an equality of votes at any meeting of the MPC; and (d) replace the Bank Review Panel by an alternative review mechanism.

Para	Measures announced in the Budget Speech 2015
	<p>Banking Act The Banking Act will be amended to -</p> <ul style="list-style-type: none"> (i) exempt foreign banks providing loans to Global Business Licenced companies and specified entities such as the new SME Bank from the need of having a Money Lender licence; (ii) extend the places at which banks can offer their services; (iii) extend the provision on annual licence fee to all holders of a licence under the Act; (iv) enable the Bank of Mauritius, in case of emergency, to declare part of a day as a bank holiday; (v) require that all displays of information by Bank should have the prior approval of the Bank of Mauritius; and (vi) implement a Bank Resolution Mechanism for banks in crisis situation.
	<p>Insurance Act The Insurance Act will be amended to enable the issue of policy documents in digital format.</p> <p>Presently, only commercial marine pleasure craft operators are required to subscribe to a third party insurance policy as part of their licensing requirements. Third Party Insurance will henceforth be made compulsory for all marine pleasure crafts whether for pleasure or commercial use.</p>
	<p>Code Civil Mauricien Code Civil Mauricien will be amended to clarify that when the repayment of a loan, made by an authorised institution, exceeds three years, the loan agreement may include a provision for the capitalization of accrued interest.</p>
	<p>Companies Act and Statutory Bodies (Accounts and Audit) Act The Companies Act will be amended to allow for –</p> <ul style="list-style-type: none"> (i) electronic filing of documents and electronic payment of fees falling under the administration of the Corporate and Business Registration Department; and (ii) correction of typographical or clerical errors in documents filed with the Registrar of Companies without the need for companies to make multiple filings.
	<p>Foundations Act and Limited Partnerships Act To facilitate settlement, compounding of offences will also be allowed for Foundations and limited partnerships as is the case for companies. The Foundations Act and Limited Partnerships Act will be amended accordingly to allow for compounding as well as electronic filing of documents and electronic payment of fees.</p> <p>The Registrar of Limited Partnerships will also be empowered to issue a Certificate of Current Standing for limited partnerships.</p>

Para	Measures announced in the Budget Speech 2015
	<p><i>Investment Promotion Act</i> The Investment Promotion Act will be amended to empower the Investment Projects Fast Track Committee to fast track morcellement permits and Building and Land Use permits in addition to the EIA Licence and authorisation for Land Conversion. Moreover, provision will be made for public bodies to consult the Board of Investment on the review of systems, procedures and guidelines in the context of ease of doing business.</p> <p>To facilitate the processing of morcellement permits, EIA Licences and authorisations for land conversion, the relevant enactments will be amended to allow applicants to attend meetings for the purposes of giving clarifications and explanations relating to their applications.</p>
	<p><i>Code de Commerce</i> The Code de Commerce will be amended to empower the Registrar of Companies to strike off a société which has not been renewed after its expiry and for non-payment of fees and charges.</p>
	<p><i>Freeport Act</i> The Freeport Act will be amended to clarify the meaning of “support services”. Moreover, the Schedule to the Freeport Act will be simplified and a new freeport activity, namely global trading, will be added. Global trading refers to the international buying and selling of tradable commodities without the commodities being physically landed in Mauritius.</p>
	<p><i>Pension Act and the Statutory Bodies Pension Fund Act</i> Certain amendments will be made to Pension Act consequential to the PRB Report and also to review the composition of the Public Pensions Advisory Committee with a view to ensuring a better representation of the different interest groups.</p> <p>Appropriate amendments will be made to the Statutory Bodies Pension Fund Act to enable to merging of various funds and safeguarding pension benefits of employees of statutory bodies.</p>
	<p><i>Local Government Act</i> Government will work out a plan for the setting up of a centralised system at the level of the Ministry of Local Government for the rapid determination of all applications for building and land use permits. This will also allow for a consistent approach in processing applications.</p>

Financial Services Commission
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