Bhurtun Chambers

Following the Budget Speech 2021/2022, the Finance (Miscellaneous Provisions) Bill (No. XIII of 2021) is now set for First Reading on Tuesday 20 July 2021, according to the Order Paper of the Mauritius National Assembly.

Some of the important amendments proposed to be brought by the said Bill are as follows:

1. **The Mauritius Revenue Authority Act**
   a. The Director General or the Registrar General may give notice, through a registered usher, to a Public Officer who is not in service to attend a Hearing. Non-compliance by the Public Officer will amount to a criminal offence.
   b. Elimination of the Independent Tax Panel
   c. Extension of times in relation to the Covid-19 period
   d. Scheme for waiving of penalties and interests relating to tax arrears outstanding as at 31 October 2020

2. **Income Tax Act**
   a. Deduction from net income of an individual of donations made electronically to charitable institutions
   b. Manufacturing companies engaged in medical, biotechnology or pharmaceutical sector and Higher Education Institutes set up in Mauritius liable to pay income tax at the rate of 3 percent subject to specific conditions.
   c. Trusts described in subsection 46(2) will no longer be entitled to

deposit declarations of non-residence to be exempt.

d. Exemptions relating to Foundations under subsections 49A(2) and (3) repealed.
e. The arm's length test under section 75 has been extended to apply to businesses conducted from Mauritius. It is to be noted that the Assessment Review Committee had, in the Finding in the matter of Bay Lines v Director General of the Mauritius Revenue Authority, concluded that section 75, as it currently stands, does not apply to companies holding Global Business Licences.
f. For income derived from investment in shares to be considered as income derived from Mauritius, the said shares would have to be in a company resident in Mauritius.
g. In relation to Acts or things in respect of a period before 3 years of assessment preceding that year of assessment, authorisation will no longer be sought before the Independent Tax Panel, but rather to be dealt with at the level of the Director General himself.
h. A person may be required by the Director General to give information or explanation through teleconferencing.
i. The amount of additional exemption given to individuals in relation to dependents following full-time courses is independent of whether the course is followed in or outside Mauritius. Such exemption will also no longer be dependent on the amount of income of the individual or his spouse.

3. **Value Added Tax Act**

   a. The Director General will no longer be require to get authorisation from the Independent Tax Panel to proceed outside the limitation period provided in section 28A, in cases where he is of the opinion that there is fraud, wilful neglect or non-submission of return.

   b. The Director General may require a person to attend a meeting through teleconferencing.

   c. Fraud will no longer be the only ground on which the Director General would be entitled to raise assessments beyond a period of 4 years. Wilful neglect and non-submission of certain returns are proposed as additional grounds.

   d. In relation to VAT refund on house construction:

      i. The maximum amount of VAT refund would be decreased from Rs500,000 to Rs300,000.

      ii. The cost of construction or purchase should not exceed Rs3million (presently Rs5million)

      iii. The aggregate annual net income of the Applicant and that of spouse should not exceed Rs1million (presently Rs3.5million)

      iv. It is also proposed that such refund would be allowable on first construction only.

   e. Some specific persons holding Investment Certificates from the Economic Development Board have been included as exempt persons.

   f. Although Items 11 and 13 of the Ninth Schedule have been deleted, no corresponding amendments have been brought to section 66

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