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Budget Highlights 2012

4 November 2011

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Foreword

A prudent, pragmatic and tax friendly budget

... for the greater good

At a time when the global economy is slowly recovering from the recent financial crisis amidst a sluggish European zone and the rebalancing of global economic activity, the Mauritian population was gratified with a budget speech which presented pragmatic measures to reinforce the government's economic and social agenda. In highlighting the need to promote growth and attract FDI, the 2012 Budget has refreshingly abolished certain taxes to reinstate the status of Mauritius as a low tax jurisdiction. In the current economic context, one could not expect wonders from this budget exercise, but it was reassuring to note a mix of favourable business incentives and social integration measures.

The 2012 Budget confirmed the government's pro-business stance and its commitment to social justice. Several budgetary measures have been announced, namely: the continued access to low cost housing for the lower income groups; the removal of taxes on dividends; interest and capital gains; the abolition of municipal tenant's tax; easier access to SME financing at favourable interest rates; and various economic incentives such as favourable VAT related measures or the creation of low rental clusters dedicated to micro enterprises.

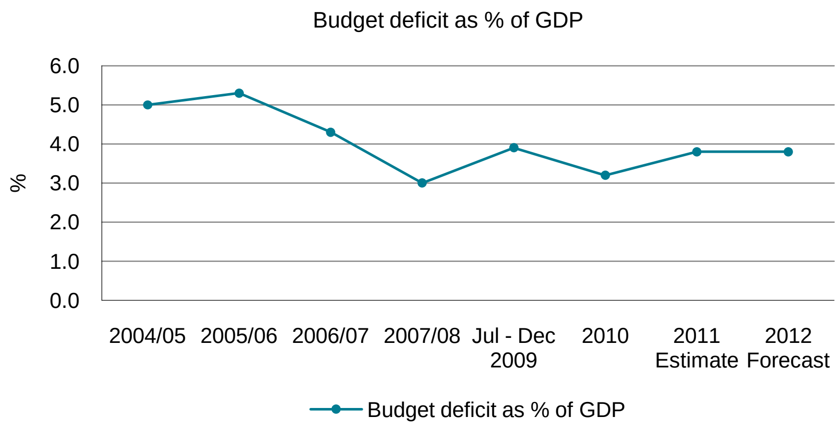
However, in the context of the new world order which is affecting our export markets, business facilitation on its own will not suffice to ensure a sustainable growth path. To steer the country through the crisis, the Honourable Minister has announced a Resilience Plan made up of four strategies being: Supporting enterprises at the microeconomic level; More government spending on infrastructure; Financial system stability; and Coherent macroeconomic response. In addition, the 2012 Budget also confirmed the government's efforts to promote Mauritius as an investment hub, and invest in skilling programmes aimed at improving the productivity and competitiveness of key sectors including construction, tourism, financial services and healthcare.

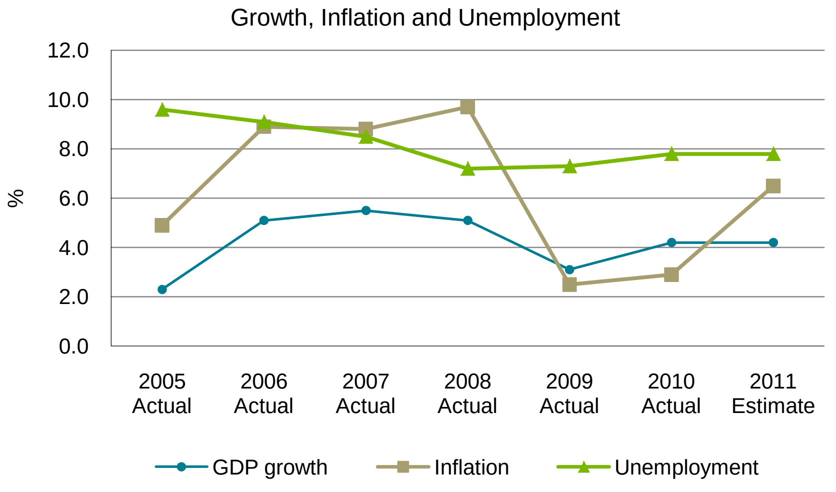
Although, the 2012 budget is full of good intentions and will certainly restore confidence in the country's status as a tax friendly jurisdiction, one has to be weary of what lies ahead. For instance, the government has reaffirmed its intention to disengage from current loss making state owned operations for the unlocking of funds for capital investment. The government's ability to achieve its budgetary measures has to be visible, and as stakeholders we hope that the innovative implementation "plan" presented by the Honourable Minister reflects the will to successfully convert the intentions into timely actions.

Budget Outturn 2011	Budget deficit of 3.8% of GDP Revenue of Rs69.2 Billion Current expenditure of Rs72.9 Billion Capital expenditure of Rs8.6 Billion Public sector debt of 54.2% of GDP (2010: 60.7%)

Budget Outlook 2012

Government revenue	Rs76.9 Billion (21.8% of GDP)
Government expenditure	Rs90.5 Billion (25.6% of GDP)
Budget deficit	Rs13.6 Billion (3.8% of GDP)





Tax Administration	
	■ A Revenue and Valuation Appeal Tribunal to be set up to speed up decisions on appeal ■ A Voluntary Disclosure of Income Arrangement (VDIA) to run for period January 2012 to June 2012 whereby no penalty is applicable on income declared under the scheme and no interest will apply if the tax is paid before 30 June 2012 ■ A Tax Arrears Settlement Scheme (TASS) to run until end of June 2012 towards recovery of long outstanding arrears prior to 1 July 2006, with full waiver of collecting penalties and 75% waiver of assessing penalties ■ Expeditious Dispute Resolution of Tax (EDRT) scheme towards settlement of tax debts by a special unit of the MRA. This unit will review tax assessed in cases where taxpayer was unable to dispute the tax claim due to failure to pay the 30% of tax assessed on objection, non production of full records or non-attendance. Penalties to be waived. ■ Incentive Scheme for VAT Registration to run for period January 2012 to June 2012 for persons in business, service providers and professionals not already registered for VAT. Concession includes payment of VAT due only for the last 2 years from the date of registration after deducting input tax. No penalty will apply and no interest will apply if VAT is paid before 30 June 2012 ■ Possibility for Global Business Companies to pay tax in Singapore dollar, South African rand, Swiss franc and any other approved convertible foreign currency in addition to existing US dollar, Euro and GB pound sterling. Same facility to be extended to other companies ■ New administrative penalties to be applicable in addition to fines for non submission of annual tax returns ■ MRA to raise assessments on persons not withholding/remitting tax deduction at source ■ Individuals with annual total income exceeding Rs2 Million to file income tax return electronically ■ Possibility for excess corporate tax paid to be offset against future tax liability under the Advance Payment System ■ Executive directors in a private company to be accountable and liable for non payment of VAT to MRA on same basis as income tax ■ Temporary closure of business extended to cases where claims remained unpaid ■ Companies submitting electronic VAT returns to submit particulars of sales to traders ■ Annual income tax return to provide for registration of household employee and payment of annual NPF contribution in one go by employers without additional interest or penalty. MRA to issue an annual income statement to each employee ■ Possibility for municipalities to voluntarily outsource their tax collection to the MRA ■ Collection of advertising structure fee to be transferred from Local Authorities to the MRA

Income Tax - Corporate	■ Companies with turnover below Rs2 Million per annum to be exempted from filing quarterly returns and pay tax under the Advance Payment System (APS) ■ Existing solidarity levy on telecommunication companies extended to end 2013 ■ Solidarity levy extended to management companies at 10% of their chargeable income, applicable for the two years ending 2013 ■ Double deduction for overseas marketing and promotional expenses to companies engaged in tourism and export activities abolished as from January 2012 ■ A Protected Cell Company is required to file financial statements with the registrar of Companies for each cell and pay tax on a cell basis ■ Banks to be allowed to claim bad debts in respect of SMEs as deductible expenses without having prior recourse to legal action ■ Corporate Social Responsibility (CSR) to be computed on 2% of chargeable income instead of 2% book profit ■ Tax holiday of freeport operators due to end in 2013 to continue indefinitely ■ Companies employing high level athletes allowed to pay 50% of their wages through their CSR fund
Income Tax - Personal	■ Abolition of solidarity income tax on dividends and interest income as from January 2012 ■ Increase in Income Exemption Threshold effective as from January 2012:

	From	To
Individual with no dependent	Rs255,000	Rs270,000
Individual with one dependent	Rs365,000	Rs380,000
Individual with two dependents	Rs425,000	Rs440,000
Individual with three or more dependents	Rs465,000	Rs480,000
Retired person with no dependent	Rs305,000	Rs320,000
Retired person with one or more dependents	Rs415,000	Rs430,000

- Taxation of fringe benefits (car benefits, accommodation, housing benefit) has been reviewed as from January 2012 (Annex 1)
- Self employed taxpayers having a turnover, income from profession, vocation or occupation or rental income not exceeding the threshold of Rs2 Million per annum, no longer required to file CPS returns and pay tax on a quarterly basis

Tax Deduction at Source (TDS)	■ TDS extended to: – Mechanical and electrical work in respect of contractors and subcontractors – Services provided by doctors, dentists, attorneys, solicitors, barristers and legal consultant – All payments made to non-residents for services performed in Mauritius except where such persons are exempted from tax under a double taxation avoidance agreement – Interest paid by persons other than financial institutions and companies in the Global Business sector to non-residents – Rent collected by a tour operator or other intermediary on behalf of property owners
Indirect Taxes - VAT	■ Full refund of VAT paid on equipment purchased in 2012 by registered producers in the agro-industrial and fisheries sector. These relate to: – Agricultural and horticultural appliances for spraying liquids or powders – Smoking-out apparatus for bee-keeping – Ploughs – Harrows, weeders and hoes – Manure spreaders and fertilisers distributors – Harvesting and threshing machinery – Milking machines – Dairy machinery – Poultry incubators and brooders – Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables – Machinery for the preparation of fruits, nuts or vegetables – Hand tools (including spades, forks, rakes, secateurs etc..) – Agricultural plastic crates – Heavy-duty high-pressure cleaning equipment – Heavy-duty water pumping equipment – Outboard and inboard motors of less than 25 hp – VHF telecommunications radio – Equipment used in fishing vessels (off lagoon) ■ The following items to be moved from taxable supplies to exempt supplies: – Life jackets – Anti-smoking gum – Cosmetic surgery – Construction of social housing by Housing Development Trusts

Indirect Taxes - Duties	■ Land transfer tax removed in the case of: - Sale of immovable property by financial institutions relating to debt recovery, provided the property is sold within 12 months from acquisition date - Construction of housing estates comprising of at least 5 units, at a maximum price of Rs2.5 Million ■ First time buyer exempted from registration duty on purchasing a home under housing estate scheme ■ Abolition of inscription fees levied on registered loans to SMEs ■ Removal of registration duty ranging from Rs1,000 to Rs10,000 on loans up to Rs1 Million ■ Removal of inscription fee of Rs200 payable on registration of secured loan ■ Donation duty aligned to registration duty at 5% ■ Complete abolition of custom duty in beauty care, shoes and other footwear and on tyres (Annex 2) ■ Abolition of 80% duty remission to tour operators and car hire companies on purchase of limousine- type motor vehicles ■ Excise duty amended (Annex 2 - 3)
Other Taxes	■ Abolition of Municipal Tenant's Tax as from January 2012 ■ Abolition of capital gains tax on sale of immovable property effective as from 5 November 2011 ■ Environment protection fee to be payable only by profitable hotels, guest houses and tourist residences for 2012 ■ Advertising structure fee applicable to billboards to be reviewed effective by 1 January 2012

Regulatory Framework	
	■ The Financial Services Commission (FSC) to be empowered to sign the International Organisation for Securities Commission Memorandum of Understanding Amendments to be made to the Bank of Mauritius Act, Financial Services Act and Securities Act to allow the disclosure of information to the FSC ■ New legal framework to be set up to promote the following vehicles: – Foundations – Private Occupational Pensions – New concept of Trusts ■ More emphasis laid down by the Government to safeguard the India/Mauritius Double Taxation Avoidance Agreement ■ The "Code Civil Mauricien" to be amended to address leasing of both immovable and movable property, with special emphasis on finance leasing ■ Legislation pertaining to the insurance sector which previously would have allowed local assets to be insured with an insurance company abroad in 2013 to be repealed ■ The Banking Act to be amended to allow: – Financial institutions not having a website to publish financial statements in at least 3 daily newspapers – Alignment with the Borrowers Protection Act with respect to disclosure of information on credit facilities granted to an individual – Alignment with the Companies Act regarding appointment of auditors at annual meetings of a financial institution – Service providers to make declaration of confidentiality – Provision for "The Enforcement Authority" to be set up under the Asset Recovery Act 2011 to allow financial institutions to disclose information to the Enforcement Authority – The Central Bank to apply penalties on non-bank deposit taking institutions – Bills of Exchange Act to be amended to give effect to the Cheque Truncation System ■ The Borrowers Protection Act to be amended to enable banks' option of issuing loan statements electronically ■ The Limited Partnerships Act to be amended to clarify if the limited partnership can operate in or outside Mauritius or both

Small and Medium Enterprises (SMEs)	

Small and Medium Enterprises (SMEs)

- Rs3 Billion to be made available for the next 3 years by the banking sector as follows:
  - New overdrafts and bank loans as well as renewal of existing facilities to be made at interest rate of 3% above the repo rate, i.e, 8.5%
  - All processing costs and related charges to be waived
  - Equity Fund to provide a guarantee instrument to offer risk cover amounting to 35% of every loan and overdraft
- New loans to SMEs at DBM also to be capped at the repo rate plus 3%, i.e, 8.5%
- Charges to be reduced to cover only pro0cessing costs of Rs1,000
- Construction of an additional 175 units of at least 500 square feet in industrial estates at five sites
- Discount of 50% on rental in the first 3 years
- At least 2 SMEs to be in short list of restricted bidding for procurement of up to Rs5 Million
- At least 1 SME to be in short list for low value procurement of up to Rs500,000 per contract subject to restricted bids
- Bidding documents to be simplified to encourage SMEs to submit bids
- Entrepreneurs with an innovative proposal approved by the Mauritius Business Growth Scheme to be granted Rs20,000 a month to cover living expenses
- A grant of Rs100,000 per annum to be provided to SME to finance their participation in international fairs
- Design of a Resilience Plan for the next 3 years covering enterprises of all sizes but with a special focus on SMEs, infrastructure development and job creation
- Resilience Plan made up of 4 strategies:
  - Strategy 1: Supporting enterprises at the microeconomic level
    - Committing Rs7.3 Billion to a National Resilience Fund (NRF)
    - Resources from NRF to be used to broaden the reach of the Leasing for Equipment Modernisation Scheme (LEMS) and to improve them
    - All facilities under the Leasing for Equipment Modernisation Scheme (LEMS) to be extended to December 2014 to all industries, including traders with turnover not exceeding Rs50 Million
    - Introduction of a guarantee scheme under the NRF to enable SMEs to get insurance cover on their exports as well as on local sales
    - NRF to also be used as follows: overseas promotion campaigns; youth employment programme; subsidised airfare to Rodrigues; transformation of DBM; participation of SMEs in fairs; Film Incentive Framework and Equity Fund to support corporate restructuring
  - Strategy 2: More Government spending on infrastructure
    - Injection of Rs21.2 Billion next year in the economy for key infrastructure projects
    - Keeping Rs1.5 Billion of the planned amount for projects approved and not yet ready for execution
  - Strategy 3: Financial system stability
    - IMF to make recommendations for a well-coordinated watch on the stability of the financial system
  - Strategy 4: Coherent macroeconomic response
    - Setting up the necessary mechanism for determining, with the Bank of Mauritius, the accepted range of the rate of inflation. The Monetary Policy Committee to decide on how to keep inflation within that agreed range

Agro-Industry and Fishing	■ Increase in budget for Ministry of Agro Industry and Food Security to Rs2.6 Billion ■ The Sugar Insurance Fund Board (SIFB) to grant a 70% discount on premiums due for 2011, reducing cost by around Rs3,000 per arpent ■ The SIFB to offer new policies as from next year that should bring further cuts in the premiums ■ Payment of 80% advance to sugar planters maintained as soon as their crops are sent to the mill ■ Commitment of Rs310 Million for continuing the programme of re-grouping small planters, de-rocking their lands and providing irrigation wherever needed ■ Framework to be put in place to enable production of sugar cane ethanol for blending with gasoline ■ The stakeholders of the sugar industry to hold 35% of the equity of the ethanol company. Government to facilitate the acquisition of the shares through the Cane Democratisation Fund ■ Financing of seed purchases for greater supply of potatoes, onions and garlic by the Agricultural Marketing Board ■ Commitment of resources to improve market intelligence to farmers to avoid under and over production ■ Increase in budget for food security by about 50% to Rs150 Million of which Rs22 Million allocated to Rodrigues ■ Introduction of new freight rebate scheme involving a 25% cost-subsidy element to be shared equally between producers and exporters of non-sugar agricultural products ■ Fair Trade certification facilities to be extended to all sectors of the economy for cooperatives and other federations ■ Commitment of Rs10 Million to release at least 300,000 fish fingerlings and thousands of sea cucumbers in the lagoons in various areas and create coral farms and reef sanctuaries ■ Exchange programme to be put in place with Rodrigues Fisheries Protection Service to share knowledge and skills
Tourism	■ Mauritius to maintain its worldwide image for quality tourism by re-adopting a three-prolonged strategy focussed on: Attractiveness, Visibility and Accessibility ■ Development of an official rating system by the Tourism Authority in collaboration with tour operators ■ Introduction of voluntary Green certification by the Tourism Authority ■ Allocation Rs25 Million to Tourism Authority to resume cleaning and embellishment programme ■ Allocation of Rs13.5 Million for the MSPCA to control population of stray dogs ■ More promotion campaigns in traditional market and exploit growing potentials of new markets

ICT	■ 2nd undersea fibre optic cable, LION 2 to be operational by mid-2012, ensuring continuity of service at all times ■ Opening connectivity to give long distance telecom operators the right of access to connect to international gateways via the two landing stations ■ ICT Act to be amended to allow the ICT Authority to intervene more effectively to ensure competitive pricing of services and lowering prices of internet ■ Occupation permits to be given to workers in the ICT/BPO sectors earning more than Rs30,000 ■ Submarine fibre cable to connect Rodrigues to Mauritius, estimated at Rs600 Million
Training	■ Introduction of Sponsored Pre-job Training Initiative ■ Contribution to HRDC by employers to be available to train existing employees and prepare youth for employment under following conditions: - Duration of training not to exceed 6 months - HRDC to pay 60% and prospective employer to pay 40% of the training costs - Stipend of Rs6,000 per month per trainee to be paid on a 50:50 cost sharing basis ■ Commission for Democratisation of the Economy to work with relevant Ministries to implement a pilot programme to empower vulnerable women through small scale farming projects ■ Central School of Nursing to be reorganised and expanded, private nursing schools encouraged to be set up, and Medical Council Act to be amended to review criteria for registration of general practitioners and specialists ■ Rs87 Million committed for the pre-registration training of some 375 qualified medical graduates from both local and foreign universities ■ Training courses in hospitality on cruise ships to be run by Sir Gaëtan Duval Hotel School ■ Courses on basic marine safety, fire fighting and elementary first aid to be offered by the Mauritius Maritime Training Academy ■ Necessary legal amendments to be done in 2012 to ensure pensions and associated benefits are fully portable ■ Reviewing of procedures to speed up granting of student visas ■ Foreign students allowed to take up employment on a part time basis for up to 20 hours a week except in the security sector ■ SLDC to reserve land next to the Knowledge Triangle in Réduit for campuses of renowned foreign tertiary education institutions
Sustainable Development	■ Rs318 Million allocated to Maurice Ile Durable (MID) initiative for 2012 - Rs118 Million for renewable energy - Rs100 Million for solar water heaters - Rs100 Million for MID Fund ■ Rs468 Million invested to replace 145 metres of water pipes ■ Rs1.4 Billion invested to connect some 5,000 additional houses to the public sewer system ■ Rs95 Million committed to address environmental degradation

Social	

Social

- Basic Retirement Pension per month to increase to:

	From	To
60 – 89 years	Rs3,146	Rs3,350
90 – 99 years	Rs9,357	Rs9,975
100 years and above	Rs10,621	Rs11,320

- Government to pay the share of the contribution to the National Pension Fund and Transitional Unemployment Benefit for those earning up to Rs3,000
- Rs2,400 per annum per housing unit for syndic in 44 NHDC estates
- Set up of not-for-profit Housing Development Trusts for financing housing development
  - 1/3 of cost to be funded from CSR fund of companies
  - Government to pay 1/3 of cost and provide offsite infrastructure
  - final 1/3 cost to be borne by families earning less than Rs10,000
- NHDC to construct 1,000 units under same condition as the Housing Development Trusts
- Rs1.5 Billion to Social Housing Development Fund
- Crèche and kindergarden facilities to employees earning less than Rs12,000 per month funded from CSR contributions
- Summer School Programme for CPE
- Extension of pre-vocational education programme up to 16 years
- Grant under Overseas Treatment Scheme increased from Rs200,000 to Rs500,000
- Expenditure on campaigns for prevention of Non-Communicable Diseases set as 4th CSR priority
- Possibility for employees to use their monthly NSF contribution towards payment of private health insurance
- Airfares to Rodrigues subsidised till end of December 2012

Other	
	■ Rs1.4 Billion over the next 3 years granted to Police Department for the purchase of: - New Dornier aircraft - Fast attack boats - Vehicles - 300 more CCTV cameras ■ Setting up of regulatory framework to ensure international standards and environment norms are met for marinas ■ Introduction of legal framework encouraging the setting up of a film industry to attract international film producers ■ Government to contribute 25% to agreed expenses incurred in Mauritius with respect to production of a film. BOI to accompany investors in this new venture ■ Rs107 Million for creation of 3 additional district councils ■ Administration of pension fund of local authorities entrusted to SICOM ■ Government to widen the network of Double Taxation Avoidance Agreements and Investment Promotion and Protection Agreements with African states starting with Algeria, Angola, Burkina Faso, Tanzania and South Sudan ■ Legislation to be amended to allow Permanent Residence holders to purchase an apartment ■ Government to disinvest from its commercial assets including The Casinos, Domaine Les Pailles Properties, Port-Louis Waterfront Retail Outlets, and The Belle-Mare Tourist Village ■ Assistance from Singapore to review the organisation and functioning of the Mauritius Tourism Promotion Authority ■ Government to search for a specialised Private Financial Institution to transform the DBM into a Micro, Small and Medium Enterprise Bank ■ IFC assistance in identifying a Strategic Partner to develop cargo handling operations and transform Mauritius into a transhipment hub ■ A Civil Service College to begin operations by outsourcing courses on motivation and leadership

Annex 1

Fringe Benefits - Updated

	(monthly taxable amount) From	To
(i) Car Benefits		
A. Car is used for official or business and private purposes		(50% increase)
Up to 1600cc	Rs4,000	Rs6,000
1601 to 2000cc	Rs4,500	Rs6,750
Above 2000 cc	Rs5,000	Rs7,500
B. Car is used exclusively for private purposes		
Up to 1600cc	Rs12,000	(Subsumed in category A above)
1601 to 2000cc	Rs13,500	
Above 2000 cc	Rs 15,000	
(ii) Accommodation Benefit provided by hotels		
A. Full Board and lodging		(100% increase)
Single	Rs5,000	Rs10,000
Married	Rs7,000	Rs14,000
A. Accommodation for		
Managing and supervisory staff	Rs2,000	Rs4,000
Other staff	Rs1,000	Rs2,000
(iii) Housing Benefit		
Where property is rented by the employer		
Unfurnished	15% of employee's total emoluments or actual rent paid whichever is the lower	Actual rent paid
Furnished	20% of employee's total emoluments or actual rent paid whichever is the lower	Actual rent paid

Annex 2

Decrease in Customs Duties

	From	To
BEAUTY CARE		
Perfumes, eau de toilette and deodorants	15%	0%
Lip and eye make up	15%	0%
Manicure and pedicure preparations (including nail polish, nail varnish remover)	15%	0%
Powders	15%	0%
Shampoos	15%	0%
Hair lacquers	15%	0%
Preparations for waving or straightening of hair	15%	0%
Hair removing appliances	15%	0%
Pre-shave, shaving or after shave creams, foams and lotions	15%	0%
Electric shavers	15%	0%
FOOTWEAR		
Shoes and other footwear (per pair)	Rs7 – Rs80	0
OTHERS		
Check-out counters	30%	0%
Tyres	30%	0%

Increase in Excise Duties

	From	To
ALCOHOLIC PRODUCTS		
Beer (per litre)	Rs22.80	Rs29.75
Fruit wine (per litre)	Rs8.40	Rs25.20
Made wine (per litre)	Rs18	Rs54
Spirit cooler (per litre)	Rs28.50	Rs37
Rum (per litre of absolute alcohol)	Rs300	Rs390
Cane spirits (per litre of absolute alcohol)	Rs300	Rs390
Wine of grapes (per litre)		
In bulk for bottling purposes	Rs72	Rs79.20
In bottle	Rs126	Rs139
Champagne (per litre)	Rs600	Rs660
Whisky (per litre of absolute alcohol)		
In bulk for bottling purposes	Rs750	Rs825
In bottle	Rs1,200	Rs1,320

Changes in Excise Duties

	From	To
(a) Mopeds and motorcycles		
Up to 50 cc	15%	0%
Between 51 cc and 125 cc	30%	0%
Above 450 cc	45%	100%
Electric motor cycles of less than 3.75 kw	7.5%	0%
(b) Lorries		
Refrigerated lorries	10%	0%
(c) Outboard motors		
Outboard motors of more than 140 hp	0%	50%
(d) Tobacco products		
Cigars (per kg)	Rs9,500	Rs10,925
Cigarettes (pack of 20)	Rs55	Rs63.20

Income Tax

	From	To
(a) Increase in Income Exemption Thresholds		
Individual with no dependent	Rs255,000	Rs270,000
Individual with one dependent	Rs365,000	Rs380,000
Individual with two dependents	Rs425,000	Rs440,000
Individual with three or more dependents	Rs465,000	Rs480,000
Retired person with no dependent	Rs305,000	Rs320,000
Retired person with one or more dependents	Rs415,000	Rs430,000

	From	To
(b) Abolition of Solidarity Income Tax on dividends and interest income		
Individual having taxable income, interest and dividends income above Rs2 Million	10% of dividends and interest income as from income year 2011	Nil as from income year 2012
Tax deduction at source on bank deposits exceeding Rs 5 million	10%	Nil as from January 2012

Annex 4

INCOME TAX CALCULATION	Scenario 1 (Income less than Rs2 Million	Scenario 1 (Income less than Rs2 Million)	Scenario 2 (Income more than Rs2 Million)	Scenario 2 (Income more than Rs2 Million)
Income Year	**2011**	**2012**	**2011**	**2012**
Period Covered	**Jan-Dec 2011**	**Jan-Dec 2012**	**Jan-Dec 2011**	**Jan-Dec 2012**
Salary	1,080,000	1,080,000	2,600,000	2,600,000
Bonus	90,000	90,000	100,000	100,000
Interest Income (1)	10,000	10,000	10,000	10,000
Dividend Income (local) (2)	100,000	100,000	100,000	100,000
Car Benefit (3)	48,000	72,000	48,000	72,000
Total Income	1,328,000	1,352,000	2,858,000	2,882,000
Less Exempt Income	(110,000)	(110,000)	(110,000)	(110,000)
Total Net Income	1,218,000	1,242,000	2,748,000	2,772,000
Less deductions:				
IET (Category C) (4)	(425,000)	(440,000)	(425,000)	(440,000)
Mortgage Interest (5)	(120,000)	(120,000)	-	-
Tuition Fees (6)	(205,000)	(205,000)	-	-
Chargeable Income	468,000	477,000	2,323,000	2,332,000
Tax at 15%	70,200	71,550	348,450	349,800
Solidarity Income Tax (10% of exempt income)	-	-	11,000	-
Total Tax payable	70,200	71,550	359,450	349,800
Tax Savings		1,350		9,650

Calculations based on the following assumptions

1 Received bank interest income of Rs10,000 in 2011 and 2012

2 Received local dividend income of Rs100,000 in 2011 and 2012

3 Use of car up to 1600cc

4 Married with two dependents

5 First time home owner loan taken out in January 2011. Mortgage interest payment of Rs150,000 in 2011 (restricted to Rs120,000)

6 Tuition fees of Rs100,000 for child studying in Mauritius (exemption of Rs80,000) and Rs175,000 for child studying overseas (exemption of Rs125,000)

Annex 5

SELECTED ECONOMIC INDICATORS							
		2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Estimate
GDP per capita	Rs	145,260	164,172	191,602	196,629	206,970	223,600
GDP growth	%	5.1	5.5	5.1	3.1	4.2	4.2
Inflation	%	8.9	8.8	9.7	2.5	2.9	6.5
Unemployment	%	9.1	8.5	7.2	7.3	7.8	7.8
Budget Deficit / GDP	%	5.3	4.3	3.0	3.9	3.2	3.8
Total Investment / GDP	%	24.3	25.1	24.6	26.2	24.9	24.4
Private Investment / GDP	%	16.6	19.6	20.4	19.5	18.8	17.9
Savings / GDP	%	17.1	21.2	16.6	13.9	15.5	16.0
Consumption / GDP	%	84.7	83.5	87.7	88.2	87.6	87.5
FDI Inflows	Rs Billion	7.2	11.5	11.4	8.8	13.9	3.4*
Balance of Payments Surplus	Rs Billion	-4.5	13.8	4.6	12.1	6.2	3.0
Tourist Arrivals		788,276	906,971	930,456	871,356	934,827	980,000
Sectoral growth rates:							
Financial Services	%	7.0	7.5	10.1	3.8	4.3	5.7
Manufacturing	%	4.0	2.2	3.2	2.1	2.1	3.5
Construction	%	5.2	15.2	11.6	6.2	4.3	0
Agriculture	%	0.6	-5.2	3.0	8.8	-1.3	-1.3

Sources: Central Statistics Office, Bank of Mauritius, Budget Speech

**January to June*

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The above information has been extracted from the budget speech delivered by the Vice-Prime Minister and Minister of Finance and Economic Development, The Honourable Xavier Luc Duval to the National Assembly on 04 November 2011.

The Budget proposals may be amended significantly before enactment. The content of this summary is intended to provide a general guide to the subject matter and should not be regarded as a basis for ascertaining liability to tax or determining investment strategy in specific circumstances. In such cases specialist advice should be taken.