



Dear Readers

We are pleased to share with you some of the measures announced in the recent budget speech. Much emphasis is being placed on job preservation and infrastructure projects to boost the economy.

As regards the Financial Services industry whilst new products and initiatives have been announced, there are also some proposals to review certain aspects of disclosure by Category 2 Global Business Licence Companies. The implementation of this proposal will no doubt involve obtaining the views of the industry from a practical and commercial perspective.

**Jimmy Wong**  
*Managing Director*

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**Budget 2009**

The Vice Prime Minister and Minister of Finance and Economic Empowerment, the Honourable Dr. Rama Krishna Sithanen delivered his Budget speech on the 22<sup>nd</sup> May 2009. The theme of the budget is "SAVING JOBS-PROTECTING PEOPLE-PREPARING FOR RECOVERY". This budget includes massive investments in public infrastructure and a comprehensive set of policies and measures to enhance competitiveness in order to deliver on the following priorities:

1. Saving jobs
2. Protecting People
3. Preparing for recovery.

The major features of this budget can be summarised as follows:

**Fiscal Measures**

**Income Tax**

- Tax year will be merged with calendar year as from 1<sup>st</sup> Jan 2010.
- Personal Income tax for the transitional period July 2009 to Dec 2009 shall be payable by 5<sup>th</sup> April 2010.
- The Mauritius Revenue Authority (MRA) and the Financial Services Commission (FSC) will sign a Memorandum of Understanding (MOU) to respond swiftly to demands from foreign tax authorities for information on Global Business Companies.
- Income Tax Act shall be amended to allow for exchange of information on persons and companies who are not considered as tax resident for tax treaty purposes.

**Registration Duty**

- Small and medium enterprises shifting to corporate status shall benefit from exemption of registration duty of 5% on immovable properties transferred as equity into the new company.
- A fixed registration fee of USD 70,000 for investors acquiring a non-IRS villa for the purposes of leaseback.
- Registration duty for electric cars is reduced by 50%.

**Excise Duty**

- Excise duties, road tax and registration fees have been reduced by 50% on purchase of electric cars.
- Excise duty of Rs 1 per aluminium can used for soft and alcoholic drinks has been levied as from 23<sup>rd</sup> May 2009.

### **Land Transfer Tax**

- Land transfer tax has been lowered to 5% until December 2010.
- Suspension of 5% additional tax on transfer of land until December 2010.
- Cash flow relief provided to IRS/RES promoters and developers. 25% of the land transfer tax to be paid at the time of signature and a bank guarantee for the remaining to the Registrar-General, payable in 3 instalments over a period of 18 months.

### **Value Added Tax**

- There is no change in the value added tax rate of 15%.
- Refund of VAT to Non Governmental Organisations on construction under programmes approved by the National Empowerment Foundation (NEF).

## **Non Fiscal Measures**

### **Financial Services**

- Promote Islamic Finance and various Islamic Finance Instruments which are shari'ah compliant.
- FSC to request wider information relating to Category 2 Global Business Companies like business plans, filing of financial summaries, etc.
- Strengthening of the monetary policy Committee by expanding its membership.

### **Corporate Social Responsibility**

- A solidarity levy of 5% of profits and 1.5% of turnover on profitable fixed and mobile phone service providers for the next 2 financial years.
- Increase of special levy on profitable banks to 1% of turnover plus 3.4% of profits for the 2 financial years.
- All profitable firms to either spend 2% of their profits on CSR activities approved by Government or transfer these funds to Government.

### **Integrated Resort Scheme (IRS) / Real Estate Scheme (RES)**

- Authorisation for non citizen to contract loan in Mauritian rupees in excess of USD 500,000 to purchase villas under the IRS/RES scheme.
- Authorisation of IRS developer to sell 25% of his residential plots as serviced land subject to various conditions.
- Provision of cash flow relief to IRS/RES promoters by allowing Land Transfer Tax to be paid in instalments.

### **Infrastructure**

- Investment of Rs 450 million in the Local Infrastructure Fund (LIF) for improving infrastructure facilities and amenities in towns and villages.
- Allocation of Rs 100 million from the MID fund to co-finance the cleaning-up of NHDC housing estates and the rehabilitation of the water, electricity and waste water infrastructure.
- Massive investment in the construction of roads and public infrastructure.

## Tourism

- Individual foreigners and Mauritian investors to be allowed to acquire hotel rooms and villas to help in financing of new hotel projects.
- Suspension of payments on increase in rental for small hotels on less than one hectare of land and less than 50 bedrooms through to December 2010.
- Suspension of travel tax to Rodrigues until December 2010.

## Other Measures

- Reduction of Ministers salary by Rs 10,000 a month for the period from July 2009 to December 2010.
- Directors to apply stringent solvency test before distribution of dividends.
- Grant of Rs 500 million given to State Investment Corporation to purchase assets from distressed companies to ease liquidity.
- Entertainment allowances paid to advisors, chairpersons, directors and other executive key staffs to be suspended till 31<sup>st</sup> December 2010.

## ECONOMIC REVIEW

	Year 2006	Year 2007	Year 2008	Year 2009
GDP at market prices (Rs in billion)	206	235	265	279
GDP Growth Rate (%)	5.1	5.4	5.3	2.5
Per Capita GDP at market prices (Rs in million)	164,669	186,769	208,570	218,280
Unemployment Rate (%)	9.1	8.5	7.2	7.9
Inflation Rate (%)	5.1	10.7	8.8	6.9
Savings Rate (% of GDP)	17.1	21.2	16.7	14.7
Investment Rate (% of GDP)	24.3	25.1	24.5	24.5
Balance of Visible Trade (Rs in billion) - CY	(41.5)	(51.3)	(64.2)	(65.7)
Overall balance of payments (Rs in billion) – CY	(4.6)	13.9	4.6	(4.3)
Budget Deficit (% of GDP)	5.3	4.3	3.3	3.9

Source: CSO & MCB estimates.

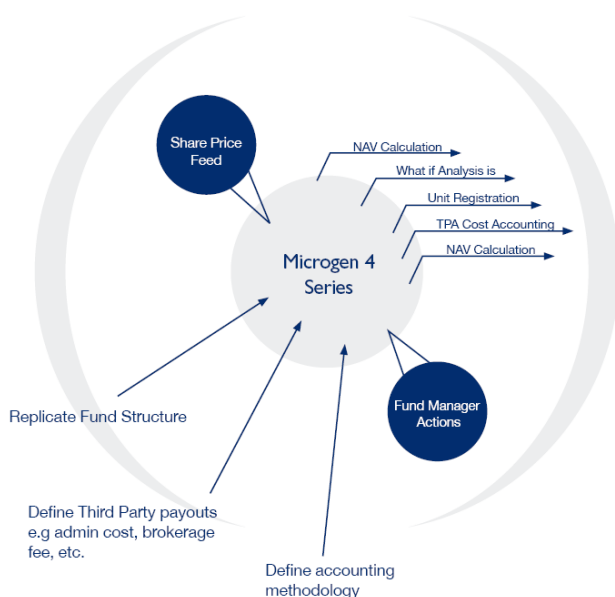
## THIRD PARTY FUND ADMINISTRATION

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- Fund accounting (NAV)
- Financial accounting
- Compliance
- Registrar and transfer agency
- Reporting and client services

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### Microgen 4 Series Powers DTOS Funds Services



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