



DEDICATED PROFESSIONALS
AT YOUR SERVICE

Special Newsletter - Budget 2005/2006



Editorial

Dear Readers,

The Mauritius 2005/2006 budget was presented by Honourable Pravind Jugnauth, Minister of Finance and Economic Development on 4 April 2005.

We are pleased to present this special issue of our newsletter highlighting some of the salient points that would be of interest to you.

The measures that have been announced will be implemented in the Finance Act 2005 that will contain the detailed provisions. These will be communicated to you in due course. The full text of the budget speech is available on <http://mof.gov.mu/budget.htm>.

Jimmy Wong

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Disclaimer

Tax Reforms

In line with its long term vision to transform Mauritius into a high-income economy, the Minister introduced a number of measures to support higher growth rate and improve quality of life. The most important measure is the extensive reduction of duties with the aim of making Mauritius a fully duty-free island.

The "Duty-free" Paradise

- Mauritius will be transformed into a Duty Free Island which will create a shopping paradise for tourists;
- The Duty Free Island Project will be phased over a period of four years;
- Customs duties on not less than 1,800 items ranging from daily products of consumption to Hi-tech appliances and motor vehicles have already been reduced or abolished;
- A Shopping Mall Scheme will be set up to encourage and facilitate the development of modern integrated business, including shopping and leisure centres. The scheme will also provide incentives such as land conversion facilities, simplified procedures for acquisition of land and property by non-citizens and favourable tax regimes.

Personal relief and allowances

The following changes will be brought to the Income Tax Act 1995 in respect of personal relief and allowances:

Income Year Ending 30 June		2005 Rs	2006 Rs
1	Basic personal deduction	80,000	85,000
2	Deduction for dependent spouse	65,000	85,000
3	Deduction for handicapped person including dependent child	50,000	70,000
4	Emoluments relief	Maximum deduction 125,000	135,000
5	Deduction for medical expenses	Maximum deduction { 20,000	25,000
	Expenses incurred in Mauritius		
	Expenses incurred outside Mauritius	30,000	35,000

Financial Services

- The Financial Services Development Act 2001 will be amended to enable Management Companies to provide both administration and management services to non-Mauritian entities;
- The introduction of the new Securities Act 2005 will provide Mauritius with a modern and sophisticated regulatory framework for collective investment schemes.

Facilitating Investment

- To revamp the Scheme for Attracting Professionals in Emerging Sectors (SAPES) and attract high-level talents in all sectors, and not just emerging sectors;
- For foreign promoters and for high-level profile expatriates and talents, the Ministry of Labour will issue the work permit in less than one week after the effective date of the submission of the application.

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