

**EXPLANATORY NOTES ON THE MAIN PROVISIONS TO
BE INCLUDED IN THE FINANCE BILL AND THE
ECONOMIC AND FINANCIAL MEASURES BILL AND
REGULATIONS, AND ON OTHER BUDGET MEASURES**

A. TAXES AND DUTIES

1. AFFORDABLE HOUSING FOR MIDDLE INCOME HOUSEHOLDS

➤ VAT

A household with monthly income not exceeding Rs 50,000 will be entitled to a refund in connection with the VAT charged by a building contractor for construction of his new residential unit costing less than Rs 2.5 million, provided he is VAT registered.

The VAT refund Scheme will also apply in the case of purchase of an apartment from a property developer but the quantum of VAT to be refunded will be based on a set formula.

In both cases, the household will be able to obtain VAT refund up to a total amount of Rs 300,000.

➤ Land Transfer Tax and Registration Duty

The Construction of Housing Estates Scheme introduced two years ago to give a boost to housing construction and which is lapsing this December is being extended for another period of one year.

Under that Scheme, any a housing estate construction project with at least 5 units for which the selling price does not exceed Rs 4 million will be exempted from payment of:

- both land transfer tax and registration duty on purchase of land for the project; and
- land transfer tax on the transfer of a residential unit.

Two key conditions are that:

- construction of the units is completed not later than 31 December 2015; and
- sale of residential units prior or during construction is effected by way of 'Vente en l'Etat Futur d'Achèvement - VEFA'.

2. CLEAN AND GREEN ENVIRONMENT

➤ Refund for Collection and Export of Plastic P.E.T. Bottle Waste

A graduated refund scheme is being introduced with a view to encouraging recycling companies to increase collection rate of used plastic P.E.T bottles for export and remove them from our waste stream. The quantum of the refund will be:-

- Rs 15 per kilo exported in excess 1,000 tons; and
- Rs 20 per kilo exported in excess of 1,500 tons.

This scheme will be operational as from 1 January 2014 and the refund will be made on proof of export.

➤ **Promoting Energy Efficient Household Appliances**

As from 1st January 2014, the 25% excise duty introduced last year on energy inefficient products will be extended to cover household room air conditioners, tumble dryers and electric lamps. Currently, the duty is applicable only on household refrigerators, electric ovens and dishwashers.

➤ **Photovoltaic Panels**

VAT is being removed on photovoltaic panels by making it an exempt supply.

➤ **Fireworks**

Excise duty is being introduced on firecrackers and fireworks at the rate of 30%.

➤ **Environment Protection Fee on mobile/smart phone.**

The Environment Protection Regulations will be amended to provide for:

- an increase in the Environment Protection Fee on a mobile/smart phone from Rs 50 to Rs 70; and
- a full exemption from the Fee for a mobile/smart phone with an import value below Rs 1,000.

Both measures will take effect as from 1 January 2014.

3. MOTOR VEHICLES

➤ **Motorcycles**

The 45% rate of excise duty on motor cycles of cylinder capacity between 201 to 250 c.c. is being removed with immediate effect. Motorcycles of less than 200 c.c. are already duty-free.

➤ **CO₂ Levy/Rebate on Motor Cars**

The CO₂ levy/rebate scheme was introduced in July 2011 to align our vehicle taxation system with the Maurice Ile Durable (MID) vision. To this end, our motor vehicle taxation system was modified to reflect the Polluter Pay Principle and take into account the CO₂ emission standard. To achieve this objective, a revenue-neutral levy rebate system, (similar to the French system of 'bonus/malus écologique') was put in place, under which a motor car buyer pays an additional amount as penalty per gramme of CO₂ per kilometer (g/km) emission above a set threshold of 158 g/km. On the other hand, the buyer receives a rebate if the CO₂ standard emission of his motor car is below the CO₂ threshold of 158 gramme per km.

Two major issues arose during implementation:-

- The system has not been revenue neutral as initially intended; and

- the legal requirement to produce certification based on Regulation No 101 of the Economic Commission for Europe of the United Nations (UN/ECE) has not been fully complied with.

To address these issues, the following measures are being taken, with effect from 9 November 2013:-

- The current CO₂ threshold is being lowered from 158 g/km to 150 g/km;
- Lower rates of rebate will be applicable in case the CO₂ measurement has not been done in conformity with Regulation No. 101. The rates for rebate will be as follows:-

CO ₂ Value	Rate of rebate (g/km)	
	In Conformity with Regulation No.101	<u>Not</u> in Conformity with Regulation No.101
Up to 90	Rs 3,000	Rs 1,000
91 to 150	Rs 1,000	Rs 350

As in previous changes in motor vehicle excise taxation, a transitional provision is being made. Current rates will still be applied on a motor car that is, by the change date, already in a bonded warehouse or has been shipped, or in respect of which an import permit has already been obtained. However, the motor car will have to be cleared from Customs on or before 31 January 2014.

➤ **Registration Duty on Transfer of Ownership of Motor Vehicles**

The rupee amounts of Registration Duty on motor vehicles were last revised in June 2006. Accordingly, with a view to maintaining their real value, those amounts motor vehicles will be increased by a general 30%, with effect as from 9 November 2013, except for a motor cycle of 250 c.c. or less.

➤ **VAT on Semi Low Floor Buses**

Value Added Tax is being removed on importation and acquisition of new semi low floor buses or chassis used for public transport.

4. BUSINESS/CITIZEN FACILITATION

➤ **Registration of Ownership of Motor-Vehicles**

To minimize hassles for motor vehicle buyers who have to go back and forth between government authorities, The National Transport Authority (NTA) will effectively be the single authority dealing with registration of car ownership. Responsibility for registration of ownership of motor-vehicles will be accordingly be transferred from the Registrar-General's Department to the NTA as from 1 July 2014. Appropriate legislative amendment will be brought to simplify the process of registration in relation to '*papier gage*' so that the general public can complete their transaction at one go at the NTA.

➤ **The Mauritius e-Registry Project**

The Registrar-General's Department (RGD) has launched the Mauritius e-Registry Project (MeRP) to scale up to e-services by harnessing the latest technologies and solutions that can provide integrated workflows and options for businesses, professionals and members of the public. Those stakeholders will have the possibility to submit their documents, effect payment and receive the registered document electronically. After implementation of the project, transactions will be done on a quasi-real time basis.

As part of the project, all deeds relating to immovable property kept at the Registrar-General's Department have already been scanned and stored in electronic format thereby reducing security risks associated with keeping hard copies. Searches on the electronic documents can also be effected by stakeholders at the Department rapidly and efficiently without the need to peruse voluminous books.

In order to make the new system operational, legislation will need to cater, inter alia, for scanning, e-submission of document, e-payment, e-registration and e-searches. In this respect, amendments will be brought in the Finance Bill, mainly to the following legislation:

- Affidavits of Prescription Act
- Inscription of Privileges and Mortgages Act
- Notaries Act
- Registration Duty Act
- Transcription and Mortgage Act

Steps will also be taken to modernize and simplify the various enactments relating to registration, transcription and inscription of deeds and documents.

5. CUSTOMS DUTY

➤ **Implementation of Mauritius International Commitments on Customs Tariffs**

- SADC Trade Protocol: Implementation of the final stage of tariff elimination.

As from 1st January 2014, no customs duty will be levied on a list of sensitive goods when originating from a SADC country. The main products are:-

- Black tea
- Spices
- Flour
- Salt
- Edible oil
- Margarine
- Electric filament and discharge lamps
- Safety glass
- Toilet paper in rolls

- Soap
 - Trays, dishes, plates, cups of paper
 - Dog and cat food
 - Tubes, pipes of iron and steel
 - Napkins and Napkins liners for babies
 - Doors, windows and their frames
 - Tableware and kitchenware
 - Paint
 - School stationary (box, files)
 - Printed postcards
 - Iron bars
 - Furniture
- Interim Economic Partnership Agreement with the European Union and Bilateral Free Trade Agreement with Turkey

2nd year of tariff liberalization process for intermediate goods.

6. EXCISE DUTY

➤ Tobacco Products

The rate of excise duty on tobacco products is being increased with immediate effect, as follows:-

	<u>From</u>	<u>To</u>
Cigars (Rs per kg)	12,236	12,845
Cigarillos (Rs)	12,236 per kilo	7,500 per thousand
Cigarettes (Rs per thousand)	3,540	3,717

➤ Alcoholic Products

Excise duty on alcoholic products is being increased by 5% with immediate effect, as follows:-

	<u>From</u>	<u>To</u>
Beer (Rs per litre)	34.20	35.90
Fruit wine (Rs per litre)	26.50	27.80
Made wine (Rs per litre)	56.70	59.50
Wine of grapes (Rs per litre)		
<i>In bulk for bottling purposes</i>	<i>91.10</i>	<i>95.70</i>
<i>In bottle</i>	<i>160.00</i>	<i>168.00</i>
Champagne (Rs per litre)	760.00	800.00

	<u>From</u>	<u>To</u>
Spirit cooler (Rs per litre)	42.55	44.70
Rum (Rs per litre of absolute alcohol)	448.50	471.00
Cane spirits (Rs per litre of absolute alcohol)	448.50	471.00
Whisky (Rs per litre of absolute alcohol)		
<i>In bulk for bottling purposes</i>	<i>866.00</i>	<i>910.00</i>
<i>In bottle</i>	<i>1,386.00</i>	<i>1,455.00</i>
Liqueur (Rs per litre of absolute alcohol)	304.00	320.00

➤ **Amendment to definition of “liqueur” and “Beer”**

The definition of “liqueur” is being amended to clarify that sweeteners include sugar and honey.

The definition of “beer” is being aligned with international standards with the elimination of reference to the upper limit of alcoholic strength of 9 per cent.

➤ **Sugar Content of Soft Drinks**

The rate of excise duty on sugar content of soft drinks is being increased from 2 cents to 3 cents per gram, with immediate effect.

7. VALUE ADDED TAX

➤ **Zero-Rated Goods**

The following VAT exempt products are being made zero-rated:-

- Meat (pork, beef, mutton etc.), fresh or frozen
- Canned or preserved meat and fish
- Sausages
- Milk, buttermilk, curdled milk
- Butter
- Cheese and curd
- Honey
- Soya bean
- Tea
- Spices
- Rice

➤ **Exempt Goods**

VAT is being removed on the following products:-

- Medical, surgical or laboratory sterilizer
- X-ray film and photographic plates for medical purposes
- Bio-pesticides
- Growing medium for plants, i.e coco peat and substrate

➤ **Exempt Services**

The Finance Bill will provide for extension of the VAT exemption on services provided by banks in respect of credit cards or debit cards to a company engaged wholly and exclusively in the provision of e-commerce services to a person residing outside Mauritius (item 10 (a) of the Ninth Schedule of the VAT Act) to cover similar services provided by non- banking financial institutions.

➤ **VAT Refund Scheme for Small Planters, Fishermen, Breeders, Apiculturists, and Bakers**

The scheme became operational in January 2012 and was intended to end in December 2013. Following positive response from stakeholders, the VAT refund scheme is being made permanent.

➤ **Clawback of VAT on building**

The provision on clawback of VAT applicable on building sold before the twentieth year is being reviewed, where a transfer is made between VAT registered persons.

➤ **Collection of VAT at Wholesale Level**

VAT in respect of mineral waters, aerated waters, soft drinks and alcoholic drinks will be collected at the wholesale level, as in the case of petroleum products. The change will not have any impact on the price of these products.

8. PROPERTY TAXATION

➤ **General Rate of Land Transfer Tax and Registration Duty**

Presently, on the transfer of an immovable property, the applicable rate of Land Transfer Tax is either 5% or 10%, depending on the number of years the property has been owned whilst the rate of registration duty is 5%.

A single rate of land transfer tax of 5% will henceforth be applicable on deeds presented for registration on or after 1st January 2014.

➤ **Integrated Resort Scheme (IRS) and Real Estate Scheme (RES)**

The rate of registration duty on acquisition of an IRS/RES residence and land transfer tax on resale is being harmonised as follows:

	<u>From</u>	<u>To</u>
IRS		
Land Transfer Tax on resale of residential property	USD 50,000	USD 50,000 or 5%, whichever is the higher
RES		
Registration duty on acquisition of residential property	USD 25,000	USD 25,000 or 5% whichever is the higher.
Land Transfer Tax on resale of residential property	USD 25,000	USD 25,000 or 5% whichever is the higher.

➤ **Morcellement Fee**

The morcellement fee payable in respect of residential morcellements is being increased as follows:

<u>From</u>	<u>To</u>
Residential morcellement- Rs 10 per m ²	Residential morcellement of less than 8 lots – Rs 15 per m ² Residential morcellement of 8 lots or more – Rs 30 per m ²
Commercial or industrial morcellement- Rs 10 per m ²	Unchanged

If a morcellement is for mixed-use, the morcellement fee payable for the residential component will be calculated by reference to the acreage earmarked for residential purposes and Rs 30 per m² would be the applicable rate.

The increase in the fee would be applicable to new morcellements, i.e., where an application for a morcellement permit has been made after 8 November 2013.

➤ **Financing of residential morcellement projects**

Promoters of a morcellement are currently allowed, upon receipt of a letter of intent from the Morcellement Board and after furnishing a bank guarantee, to take deposits from prospective buyers to finance the estimated value of infrastructural works. This facility is being removed for residential morcellements.

➤ **Transitional Provision For ‘Société Civile Immobilière d’Attribution’**

A transitional provision is being provided in respect of the new taxation rules introduced last year regarding property development structured through a ‘Société Civile Immobilière d’Attribution’.

The taxation rules prevailing before 22 December 2012 will apply to transfer of immovable property through a 'Société Civile Immobilière d'Attribution' if the société has been formed prior to that date. However, no refunds will be made for transfers which have been effected during the period from 22 December 2012 to 31 December 2013.

9. PERSONAL INCOME TAX

➤ Increase In Income Exemption Thresholds

	<u>From</u>	<u>To</u>
Individual with no dependent	Rs 270,000	Rs 275,000
Individual with one dependent	Rs 380,000	Rs 385,000
Individual with two dependents	Rs 440,000	Rs 445,000
Individual with three or more dependents	Rs 480,000	Rs 485,000
Retired person with no dependent	Rs 320,000	Rs 325,000
Retired person with one or more dependents	Rs 430,000	Rs 435,000

➤ Cash In Lieu of Passage Benefits

Passage benefits up to 6% of basic salary are exempt from income tax. It is being clarified that the exemption covers the amendments brought in the 2013 Report of the Errors, Omissions and Anomalies Committee to the passage benefit scheme for public officers.

➤ Car Benefit

Value of benefit-in-kind for income tax purposes of a company or official car used for official or business and private purposes will be increased as follows:

	(Monthly Taxable Amount)	
<u>Cylinder Capacity</u>	<u>From</u>	<u>To</u>
Up to 1600cc	Rs 9,000	Rs 9,500
1601 to 2000cc	Rs 10,125	Rs 10,750
Above 2000cc	Rs 11,250	Rs 12,000

➤ Accommodation Benefit Provided by Hotels

	(Monthly Taxable Amount)	
	<u>From</u>	<u>To</u>
<u>Full Board and lodging</u>		
Single	Rs 11,000	Rs 11,500
Married	Rs 15,000	Rs 15,700
Managing and supervisory staff	Rs 4,200	Rs 4,400
Other staff	Rs 2,100	Rs 2,200

➤ **Tax Deduction at Source (TDS)**

The scope of TDS will be extended to cover:

- certain consultancy and management services; and
- interest payments made by financial institutions and other companies to an individual where such interest is taxable.

10. CORPORATE INCOME TAX

➤ **Accelerated Depreciation/Annual allowances provisions**

	<u>From</u>	<u>To</u>
Acquisition of patent	5% (straight line)	25% (reducing balance)

➤ **Special Levy on Banks**

The method for calculating the special levy applicable to banks is being reviewed. The levy will be 10% of chargeable income instead of a proportion of turnover and book profits for Segment A banking activities. The levy on Segment B banking is being left unchanged.

The new formula will be applicable in respect of returns submitted as from 1 January 2014 and will be applicable for 2 years.

➤ **Shipping Income**

It is being clarified that the statutory exemption granted in respect of income derived by the owner of a foreign ship from its operation includes income obtained from the charter of such ships.

➤ **Private Freeport Developer**

Holders of a Private Freeport Developer License will be brought at par with Freeport Operators regarding income tax exemption. The exemption will exclude income derived from sale on the local market or any specified manufacturing or processing activities. The income tax regime for holders of Third Party Freeport Developer License will remain unchanged.

➤ **Fees paid to non-residents**

The Income Tax Act will be amended to treat all fees derived by non-residents from Mauritius at par with fees derived by residents, whether the services are provided in Mauritius or from outside Mauritius taking into account provisions of DTAs where applicable. Apart from widening our tax base, this measure will ensure that our local professionals are not placed at a disadvantage compared to their foreign counterparts and will put our country on a level playing field with treaty partners that have adopted such a regime.

➤ **Merger/Takeovers of Manufacturing Companies**

The provisions introduced in the Land (Duties and Taxes) Act to encourage the takeover or merger of manufacturing companies whilst at the same time preserving employment in those companies is coming to an end in 31 December 2013.

There is also a related provision in the Income Tax Act which allows the transfer of accumulated unrelieved tax losses from an ailing manufacturing company following a takeover or merger by another manufacturing company subject to conditions relating to safeguard of employment. This incentive is not time bound.

These provisions were introduced to facilitate the merger or takeover of companies that are not doing so well and where there are risks to employment. At the same time the enlarged company will benefit from economies of scale and a greater market share thus making it more resilient to external shocks.

The exemption from land duties and taxes is now being made a recurrent feature. However, it will only apply in respect of the merger or takeover of an ailing manufacturing company which has accumulated income tax losses and on the same terms and conditions relating to safeguard of employment as provided for under the Income Tax Act.

Corporate Social Responsibility (CSR)

➤ **Sociétés**

CSR (2%) will apply to resident sociétés on their net profits adjusted for income tax purposes that is excluding exempt income. The modus operandi will be similar to CSR on companies.

11. GAMBLING

➤ **Gambling**

The Gambling Regulatory Authority Act is being amended to specify the conditions to be applicable for the operation of Limited Payout Machines.

Betting duty is being extended to cover bets on football matches. The rate per outlet will be Rs 24,000 per week.

MRA is testing on a pilot basis Electronic Fiscal Device in the cash register of horse-racing bookmakers to capture data on a real time basis. It is planned that the EFD will be extended to cover all horse-racing bookmakers and football bookmakers by June 2014.

Provision is being made to allow for an occasional licence to be issued to organizers of wedding and other events.

➤ **Increase in fixed duties/fees**

- The fixed amount of registration duty is being increased from Rs 200 to Rs 300.
- Stamp duty and transcription fee are being merged and increased by 30%.

➤ **Shooting and Fishing Lease Tax**

The amendments to the shooting and fishing lease tax are as follows:

- the tax is being doubled to Rs 470 per hectare per annum;
- the responsibility for collection and enforcement of the tax is being transferred to MRA; and
- the powers of the Minister to order the remission or refund of tax are being repealed.

12. TAX ADMINISTRATION

➤ **Tax Administration Bill**

A Tax Administration Bill will be introduced. The main purpose of this Bill is to consolidate, streamline and incorporate common and repetitive administrative provisions under revenue laws, especially the Income Tax, Valued Added Tax and Gambling Regulatory Authority Acts into a single piece of legislation. At the same time, these provisions would be updated in light of best international practice with a view to facilitating tax administration and ensuring better compliance by taxpayers. The Bill will also provide for the regulation of tax representatives and tax agents.

➤ **MRA staffing**

To further strengthen the fight against tax evasion and fraud and promote higher tax compliance, MRA will recruit some 58 additional trainee officers.

➤ **Customs Administrative Penalty System**

The Customs Administrative Penalty System has been re-assessed after consultations with stakeholders with a view to simplifying the process. The changes are as follows:

- penalty will not apply in case of voluntary revision of original declaration due to error by the declarant prior to detection by MRA;
- Appropriate administrative arrangements will be made to deal with waiver of penalty and interest under the Customs Act, Customs Tariff Act and Excise Act;
- the 50% penalty imposed in case of underpayment of duties and taxes is presently paid at the time of clearance of the goods prior to a representation being lodged at the “Objections, Appeals and Dispute Resolutions” Department of the Mauritius Revenue Authority. Given the heavy financial burden imposed importers, henceforth the 50% penalty will be payable only after final determination of the case; and
- the schedule relating to compoundable offences is being revisited.

➤ **Simplified tax returns for small businesses**

MRA will implement a simplified income tax return for corporate businesses with a turnover of up to Rs 10 million. As a result, the record keeping requirements for those businesses will be simplified. MRA will publish necessary guidelines to comply with the simplified record keeping requirements.

➤ **Submission of corporate tax returns**

Corporate tax returns for companies having accounting year ending on 30 June may be submitted up to 15 January of the following year where there is no tax payable.

➤ **Harmonisation of payment dates**

The payment dates for the various taxes and other remittances to the MRA will be harmonized as far as possible to enable block payment by taxpayers thus simplifying electronic transfers.

➤ **Arrears payment scheme – Registrar-General's Department**

An Arrears Payment Scheme will be introduced at the Registrar-General's Department. Persons who owe money to the department as at 8 November 2013 will be able to settle the amount due free of penalty provided they effect the payment on or before 30 June 2014. Those persons who have cases pending before the objection unit or the Assessment Review Committee may remove their case and settle the amount free of penalty.

After that date, the Registrar-General will use all its powers to recover arrears of revenue. In this respect, an inscription taken on behalf of Government will not be time barred.

➤ **Penalty – Registration Duty**

The penalties imposed in connection with registration duty and stamp duty for late submission of documents will be streamlined and harmonised.

13. OTHER AMENDMENTS

➤ **Payments to sugar cane planters**

Presently, all distillers-bottlers using molasses as raw material for the production of rum and other alcoholic drinks pay a contribution to the Mauritius Sugar Syndicate for distribution to planters during the crop year. The Mauritius Cane Industry Authority Act is being amended to ensure that all distillers-bottlers make the contribution, irrespective of the raw material being used.

➤ **Secured Transactions**

Amendments to the Code Civil Mauricien will be brought through a stand-alone Code Civil Mauricien (Amendment) Bill to implement the Secured Transactions Reform. The objective of the reform is to promote the use of movables including intangible assets as collateral to

further give access to credit, especially to small and medium enterprises. A movable collateral registry will also be implemented by the Registrar-General.

Furthermore, some shortcomings relating to the system of fixed and floating charges will also be addressed. For instance, statutory provisions will be included to ensure erasure of an inscription upon settlement of the debt and the value of security taken as guarantee should be in proportion to the loan granted.

➤ **Registration of transfer of Pleasure Crafts**

Relevant amendments will be brought to the Tourism Authority Act and the Registration Duty Act to:

- make it compulsory for all documents witnessing the transfer of pleasure crafts to be registered with the Registrar-General; and
- to lay down the amount of registration payable on the transfer of pleasure crafts in a specific schedule to the Registration Duty Act.

➤ **Trade Facilitation**

Presently, the master of a vessel or his agent is required to give a bond with at least one surety before loading of bunker fuel to the effect that it will not be unloaded in Mauritius waters without prior authorization of the Mauritius Revenue Authority. Henceforth, only a written undertaking will be required.

Only one surety will be required instead of two sureties from proprietor or occupier of an approved warehouse.

Anti-fouling paint, ships spares and accessories, marine oil, lubricants to be solely used for servicing or maintenance of ships and carried out under customs control will be free of duty, excise duty and taxes.

➤ **Contribution to Consolidated Fund for Hotel Projects**

In order to promote scaling-up of tourism development projects, the financial contribution to the Consolidated Fund (formerly to the Tourism Fund) will not be payable by a lessee on the change in purpose of a lease of State land for the development of a hotel on that land provided that:

- the lease agreement was signed before 8 November 2013 for any purpose other than a hotel project;
- the application for the change in purpose of the lease to a hotel project is made to the Ministry of Housing and Lands before 30 June 2014; and
- the hotel starts its operations after 1 January 2016.

➤ **Miscellaneous**

Some other provisions in revenue laws and other legislation will be fine-tuned, clarified, streamlined and loopholes plugged.

B. FINANCIAL SERVICES

1. PONZI SCHEMES

In the wake of the recent Ponzi scams, the following amendments will be brought to strengthen our legal framework and deter fraudulent persons to carry out illicit activities: -

- A Serious Fraud Office together with a Financial Crime Coordination Committee (FCCC) will be set up.
- The Criminal Code will be amended to prohibit the conduct of Ponzi/pyramid schemes.
- To provide for the Bank of Mauritius to license all money lenders and cooperatives credit unions managing funds beyond a certain threshold
- The Bank of Mauritius will be empowered:
 - To order a person suspected in engaging in activities under the Banking Laws without a licence to call at the Bank to be examined orally; and
 - To issue warning alerts to inform the public of the companies which may be taking deposits without a licence.
- To provide in the definition of “banking business” under the Banking Act, the issue and acceptance of cheque, i.e, the offering of payment instrument, an activity which those engaging in illicit or shadow banking activities cannot do.
- To allow the Bank of Mauritius to have access to data held electronically in computer or other electronic devices of a financial institution in order to prevent tampering or hiding of critical information.
- To extend the powers of the Financial Services Commission (FSC) to enable it to investigate breach of the laws under its administration by any person instead of only its licensees or persons ought to be licensed by FSC.
- The Data Protection Act will be amended to allow an investigatory authority under the Financial Intelligence and Anti-Money Laundering Act to be provided with data held at the Records Office with regards to convictions of persons suspected of Money Laundering offences while pursuing a money laundering investigation. Currently, such data constitute “sensitive personal data” under the Data Protection Act.
- Other regulatory, law enforcement and public bodies will be allowed to have access to the Mauritius Credit Information Bureau (MCIB) for the purpose of assisting them in the performance of their duties and for ad-hoc purposes such as profile checking.
- The Financial Intelligence and Anti-Money Laundering Act will be amended:
 - For any supervisory authority to have access to a copy of the suspicious transaction report to assist in the discharge of its compliance functions only.
 - To provide for a definition of ‘established customer’ and to clarify the definition of ‘exempt transaction’

2. The **Banking Act** will be amended to reflect the following:
 - The duty of confidentiality imposed under Section 64 of the Banking Act shall not apply where information is required by the central bank for the purpose of assisting the FSC in the discharge of its functions or obligations. This is a requirement by the International Organisations of Securities Commissions (IOSCO).
 - With regard to the transfer of undertaking by banks, to allow the parent holding companies of banks which have been required to restructure their institution under S32A, to make use of the word 'bank' on such terms and conditions as the Bank may decide.
 - To impose a licence fee on banks which has recourse to agents to extend their operations, namely providing basic banking services, without the need for them to open a branch.
 - To provide the Bank of Mauritius with the power to grant approval to foreign banks to open a representative office in Mauritius.
 - To provide for financial institutions falling under the purview of the central bank to engage in the buying and selling of their pool of assets in order to enable them to package and sell their loans among others (securitization).

3. **The Bank of Mauritius Act** will be amended:
 - To provide the Bank of Mauritius with powers to regulate the reproduction of currency notes and coins for advertisement purposes, among others.
 - To empower the Bank of Mauritius to issue rules, codes, standards as well as register and deregister dealers authorized to deal in the money and foreign exchange market, for better regulation and supervision.

4. The **Companies Act** will be amended for fine-tuning purposes with regard to:
 - registration of documents
 - transfer of shares and debentures
 - approval for appointment of secretary by foundations
 - reservation of company names that is strictly identical to a name which has already been reserved
 - removal from register where the company has failed to pay its registration fees or file its annual return
 - the Certificate of current standing issued by the Registrar to include a statement as to whether the company has submitted its annual returns together with related documents and also as to whether the company is in receivership or administration.
 - harmonization with the Financial Reporting Act.

5. The **Financial Reporting Act** will be amended to:
 - allow the Financial Reporting Council to issue Code of Practice to regulate the auditing profession as well as the Public Interest Entities.
 - exempt public sector accountants from the payment of renewal fees.

6. The **Statutory Bodies (Accounts and Audit) Act** will be amended to broaden the definition of Public Interest Entities to include the statutory bodies which are Government Business Enterprises.

7. The **Insolvency Act** will be amended for :
 - the final meeting and dissolution in voluntary winding up of a company, where the company has only one shareholder, that shareholder shall constitute a quorum.
 - a shareholder's voluntary winding up or a creditor's voluntary winding up, the books of the company has to be retained for a period of 3 years.
 - a debtor who is declared bankrupt before the commencement of the Insolvency Act to be discharged from bankruptcy.

8. To comply with the Financial Action Task Force (FATF) Recommendations, the **Financial Intelligence and Anti Money Laundering Act** will be amended for:
 - Financial institutions to be provided with a feedback following the submission of a Suspicious Transaction Report (STR) with the Financial Intelligence Unit (FIU).
 - To empower the FIU to request for further information from banks, financial institutions, cash dealers or members of the relevant professions or occupations which would be binding on the institution concerned.
 - To clarify that no STR shall be admissible as evidence in any court.
 - To consolidate the independence of the Director of the FIU in line with FATF Recommendations and to redefine the functions of the Board of FIU.
 - For members of the relevant profession or occupation to have an obligation to furnish to the FIU all such information and produce such records or documents as may be required by the FIU.
 - To allow the FIU to carry out inspection of the books and records on the business premises of a member of a relevant profession or occupation at any time, so as to ascertain whether the latter is complying or has complied with the requirements of the Act or regulations made under the Act or guidelines issued by the FIU.
 - To empower the respective supervisory authorities of the relevant professions or occupations to request further information, to carry out on-site inspections and investigations, to give directions and to take disciplinary actions.

- 9. The Financial Services Act** will be amended to
- review the contribution formula of the FSC to the Consolidated Fund.
 - provide greater flexibility for Global Business Companies to deal with residents.
- 10. The Sale by Auction Act** will be amended:
- To empower the Minister to make regulations in the manner in which an application has to be made and the terms and conditions of new licences as auctioneers.
 - To increase the limit on the number of auctioneers in order to bring in more competition.
- 11. The Sugar Industry Pension Fund Act** will be amended for the Sugar Industry Pension Fund Board to include a representative of the Ex-employees who have retired and are now pensioners of SIPP.
- 12. The Jewellery Act** will be amended for the Central bank to seek the assistance of jewelers to sell minted gold bars on its behalf.

C. OTHER LEGISLATIONS

1. Public Procurement Act

In line with Government objective to continuously improve the public procurement system, a number of changes will be brought to the Public Procurement Act, mainly to

- enable other Public Bodies such as Statutory Bodies, departments and entities designated by Government of Mauritius to undertake procurement under G2G agreement;
- allow the Procurement Policy Office (PPO) to issue guidelines in relation to the due diligence exercise to be undertaken for procurement under G2G agreement;
- introduce a process to handle abnormally low bids;
- allow procurement of consultancy services through open advertised bidding process without the need for Expressions of Interest;
- provide for the Central Procurement Board (CPB) to approve the award of major contracts under Direct Procurement;
- review the system of recruitment of staff for the CPB;
- provide for the PPO and the CPB to submit their Annual Report to the Parliament; and
- improve the procedures of the Independent Review Panel to expedite their decision making process.

Regulations will be passed for the Annual Procurement Plans for the next financial year to be submitted at latest by 31 December of the current financial year.

PPO will issue Directives/Circulars to clarify situations where “Emergency Procurement” may be applied, guide Public Bodies on procedures to follow in situation where variation in contract arises, establish parameters underlying consultants liabilities in contracts and guide Public Bodies to undertake due diligence with respect to procurement under G2G agreement.

The current **PPP framework** will be reviewed with the assistance of the African Development Bank to make it more conducive to private investment. Moreover, capacity in the public sector will be strengthened to ensure successful engagement with the private sector to structure and develop projects

2. The Competition Act will be amended with a view to strengthening the institutional framework governing the operations of the Competition Commission.

3. The Employment Rights Act will be amended to provide for the definition of “earnings” and other clarifications in the Act.

4. Amendment will be made to the **Interpretation and General Clauses Act** to the effect that where an enactment specifically provides for the Permanent Secretary or the Supervising Officer of a Ministry to act as Chairperson or member of a statutory corporation or any board, committee or similar body, an officer other than the Permanent Secretary or Supervising Officer may be appointed as Chairperson or member by the Minister to whom the responsibility for the corporation or body is assigned.

5. Appropriate amendments will be brought to the relevant sections of the **Pensions Act** to clarify provisions in respect of the Defined Contribution (DC) Pension Scheme introduced in the public sector in respect of new entrants as from 01 January 2013.

6. The National Pensions Act will be amended to provide for:-

- Refund of non-citizen employee contributions to the National Pensions Fund, upon termination of the non-citizen’s employment in Mauritius;
- Extending filing of returns on an annual basis as is currently the case for private household employers, in respect of certain categories of employers as may be approved by the Minister; and
- Clarifying the term ‘records’ to include ‘electronic records’.