

The Mauritius Equation: Re-imagined

With the Government of Mauritius prioritising the return of the island nation to a positive trajectory of development in the new normal, this article tells us how measures announced under Budget 2021-22 have done much to restore investor confidence and attract entrepreneurs, with innovations such as the Premium Investor Certificate, FinTech Innovation Hub, and Premium Visa scheme.

The novel coronavirus pandemic presents arguably one of the most significant public sanitary crises in living memory, with its impacts being felt on a global scale, touching both social and economic realms, and sparing no community, nation, or other social unit. In this overwhelming state of health emergency, Governments around the world have had to take drastic measures such as nationwide lockdowns, curfews, and the closing of borders.

Mauritius was not spared as well, and buoyant economic pillars suddenly required extensive intervention and had to strive to survive on a day-to-day basis. Along with this came the importance of scouting for new opportunities, more than ever before, by using technological advancements and charting new levels of resilience to adapt to this new normal.

Reversing the strong headwinds induced by the pandemic and launching the nation back on its positive development strategy has been the overriding priority of the Government of Mauritius. Accordingly, the 2020/2021 Budget Speech of Dr. the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development, which was delivered shortly after Mauritius' first wave, was entitled "Our New Normal". The Honourable Minister sought to steer the economy out of this unforeseen predicament as well as bolster economic recovery with major considerations towards achieving self-sufficiency, financial support to companies, and a set of more than 150 measures to assist in the economic recovery.

This year's Budget 2021/2022 further cements the bold reforms announced last year and fosters hope

and renewed aspirations for several sectors, including the tourism sector. Entitled "Better Together", the Budget 2021/2022 was delivered by the Honourable Minister of Finance, Economic Planning and Development in June 2021, and established a three-pronged approach that focuses on the three Rs, namely, Recovery, Revival and Resilience, to ensure sustainable recovery from the pandemic and long-term economic transformation. The saving of livelihoods, protection of jobs, and restoration of competitiveness in key sectors have been imperatives for the Government.

Mauritius has forged a strong reputation as an international financial centre (IFC) over the years and the financial services sector has, despite a changing and convoluted business environment during the pandemic, registered a growth rate of 1.1%. It was, therefore, important to further support the sector and the business environment, and bring in the necessary add-ons to ensure its attractiveness lives on.

Progress on the AML/CFT front

The Budget proposed a series of institutional amendments to enhance our AML-CFT framework, which is currently being assessed by the Financial Action Task Force (FATF) after the inclusion of Mauritius in the list of "Jurisdictions Under Increased Monitoring". Building on the regulatory and policy announcements, and following the work undertaken by the competent authorities in Mauritius, the FATF has, at its June 2021 Plenary session, endorsed the substantial and expeditious progress made by Mauritius to consolidate the jurisdiction's AML/CFT regime and warranted an onsite inspection to validate it. The FATF's onsite assessors were in Mauritius from the 13th to 15th of September 2021,



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and the next Plenary Session will be held from the 17th to 22nd of October 2021.

It is noteworthy that Mauritius has significantly completed the FATF Action Plan well ahead of the agreed deadline of January 2022 with a myriad of reforms undertaken at the highest level of the country, including an Inter-Ministerial Committee chaired by the Honourable Prime Minister, a High-level multi stakeholder Core Group under the chairmanship of the Financial Secretary, a dedicated sub-committee led by the Director General of the Independent Commission Against Corruption, and a Mauritius delegation led by the Governor of the Bank of Mauritius to present and defend the progress made by Mauritius.

This endorsement by the FATF bears testimony to the host of bold policies and measures undertaken by the Government of Mauritius, in honouring its political commitment and in adhering to the highest international standards in combating money laundering and terrorism financing.

Opening up to the global community

As the global pandemic rages on, Mauritius has been witnessing growing demands from international professionals and entrepreneurs looking to relocate to a COVID-safe environment for work, leisure, or retirement. Accordingly, the Government introduced the Premium Visa scheme that makes it possible for citizens from over 110 countries to come to Mauritius

as tourists, digital nomads, retirees, investors, business professionals, or parents of children studying in Mauritius. The idea behind it is to bring into reality the "Working from Home" to "Working from Mauritius" concept.

Moreover, to grease the wheels of our reopening strategy and to attract new talents, amendments have been brought to the Occupation Permit and Permanent Residence Scheme to adapt to the modern market trends.

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International students enrolled in a recognised educational institution in Mauritius will benefit from a work permit for 20 hours per week. The validity of a young professional Occupation Permit upon graduation will henceforth be, initially, for a period of 10 years. Additionally, the monthly salary applicable to Occupation Permit holders in financial services has been brought down to MUR 30,000 (or around USD 710) per month while the validity of Occupation Permits for Professionals has been extended from 3 years to 10 years.

GOVERNMENT

Furthermore, the Family Occupation Permit has been introduced to authorise the applicant, his spouse, dependent child, parent, other dependent, or such other person working exclusively for the family unit, to become a resident for a period of 10 years upon contributing USD 250,000 into the COVID-19 Projects Development Fund. The recent measures also concern holders of the Permanent Residency Permits who will have the validity of their permit automatically extended to cover 20 rather than 10 years.

Premium Investor Certificate

In line with the spirit of reopening, the Budget makes provision for a new Premium Investor Certificate exclusively meant for attracting innovative activities, high-tech manufacturing, medical, biotech and pharmaceutical, and knowledge industries. With this scheme, we are altogether promoting emerging sectors' industry pioneers to move to Mauritius and benefit from a range of tailor-made facilities, grants, and exemptions.

This certificate also allows eligible companies to further negotiate incentives with the EDB, subject to the approval of the Honourable Minister of Finance, Economic Planning and Development.

Enhancing our corporate environment

Mauritius remains one of the most business-friendly jurisdictions in the world. The Budget introduced a series of measures to further enhance this, with the majority having a substantial impact on the international community using the Mauritius IFC.

From a fiscal point of view, tax privileges available for Family Offices as well as Fund and Asset Managers have been extended to a period of 10 years. Additionally, the required assets being managed by Assets/Fund Managers have been reduced to USD 50 million and their fiscal exemption on income has now been extended to 10 years.

Secondly, the trusts and foundations framework has been reshaped to meet OECD standards. The Mauritius Revenue Authority has accordingly come up with a Statement of Practice to ensure that our competitive edge remains compelling.

The timely introduction of the measures is fully in line with our strategy for making our jurisdiction more resilient in the face of natural calamities and even take it a step further. With its judicious implementation, we encourage and look forward to

welcoming the international community to adopt Mauritius in the capacity of both their personal and professional abodes.

Other measures to support corporate efficiency and innovation

Likewise, to allow businesses to operate efficiently, firstly, a Business Support Facility has been announced. The EDB will champion this initiative and offer dedicated Accounts Managers to all registered businesses, thus having an ear to the ground regarding the development of each segment of the economy.

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Secondly, the Bank of Mauritius (BoM) is making provisions to set up a FinTech Innovation Hub and Digital Lab for the purpose of fostering innovation and the use of emerging technologies to facilitate the provision of banking and payment solutions and other related services falling under the purview of the central bank. The BoM has been empowered to issue guidelines, directives, rules, or instructions on sustainable bonds, including blue and green bonds. Regarding the introduction of digital currencies, the BoM will also be allowed to make rules to provide for the framework under which digital currency may be issued by the Bank and may be held by the public.

Ushering in economic recovery and resilience

In essence, the measures undertaken in the spirit of making our economy more resilient against a backdrop of daunting challenges have unearthed new potential and opportunities for the Mauritius IFC and have undoubtedly sowed the seeds for our economic recovery.

Most of these measures are already being implemented, while others will be introduced during the financial year. The overarching ambition of the measures is to negate the fallout endured because of the pandemic – and these measures ultimately represent our unwavering determination to reopen our economy to the world.