



# Budget Highlights

## 2025-2026

### A Prudent Rebalancing Act



The budget presented by the Prime Minister and Minister of Finance is ambitious and attempts to address root causes of economic underperformance via long-term structural fixes. It strikes a careful balance between fiscal consolidation and growth promotion.

The 2025-2026 Budget of Mauritius is framed around the urgent need to reverse past economic sluggishness and restore long-term macroeconomic stability. The central philosophy rests on:

- I. **Fiscal Responsibility with Compassion** – bringing the budget deficit, public sector debt, and borrowing requirements to sustainable levels over the next three years, without compromising support for vulnerable groups.
- II. **Economic Renewal through Structural Reform** - the government wants to shift from a consumption-led to an investment-led model, focusing on innovation, productivity, and export competitiveness.
- III. **Rebuilding Institutional Integrity** - Reforms include enhanced governance of statistics, oversight of public enterprises, and a revamp of state-owned institutions to enhance efficiency and transparency.
- IV. **Innovation and R&D**-Artificial Intelligence and Big Data will occupy a central place spearheading change in both Government and across businesses nationwide. Rationalisation of existing research platforms into a newly created National Research and Innovation Institute will provide the necessary framework to implement the above.
- V. **Taxation**-The Government has adopted a burden sharing approach when it comes to domestic Income and Corporate tax by introducing appropriate thresholds based on capacity to pay.

On the international front, it is noteworthy that the Government has not subjected the Global Business sector to any additional taxes and instead has come up with a series of non-fiscal measures to improve the attractiveness and competitiveness of the sector. Enhanced predictability and legal certainty provided by the simplified tax administration and the announced review of the method for applying the arm's length test i.r.o. Transfer Pricing will definitely enhance certainty and avoid unnecessary protracted litigation.

It has also been clarified that it is the income generating activity and not the entire corporate entity that must satisfy substance requirements in order to benefit from the 80% partial exemption on specified income streams.

The implementation of the QDMTT, which aligns Mauritius with the OECD's Global Anti-Base Erosion applicable to resident subsidiaries and holding companies of MNEs (with consolidated global revenues of EUR750M or more), will be effective as from 1st July 2025.

Finally, a welcome measure has been the reduction to 2 years as time limit for the MRA to raise a tax assessment except in exceptional circumstances (yet to be defined).

- VI. **Talents and Mobility**-The EDB will further facilitate the movement of professionals from overseas as well as attracting successful and highly skilled achievers from the Mauritian diaspora. This will enable the Govt to translate its vision into reality in the new gig and technology- driven economy.
- VII. **Business Regulatory Framework**-In its continued drive to improve the business environment, the Government announced that the Data Protection Act will be amended to fully align its provisions with international standards including the European Union GDPR. This measure will give a significant boost to the offshoring of services to Mauritius from across the world.

### Overall Assessment

The budget's philosophy is strategically sound and future-oriented and if executed well, it could mark a transformational pivot for Mauritius to sustained growth. Adequate provision has been made to support the most vulnerable members of Society through means tested measures and a renewed emphasis on creating a sustainable environment, through waste management, a transition to clean energy and developing our oceans within a holistic blue economy paradigm shift.

*Download the budget speech: <https://govmu.org/EN/budget/Pages/default.aspx>*

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