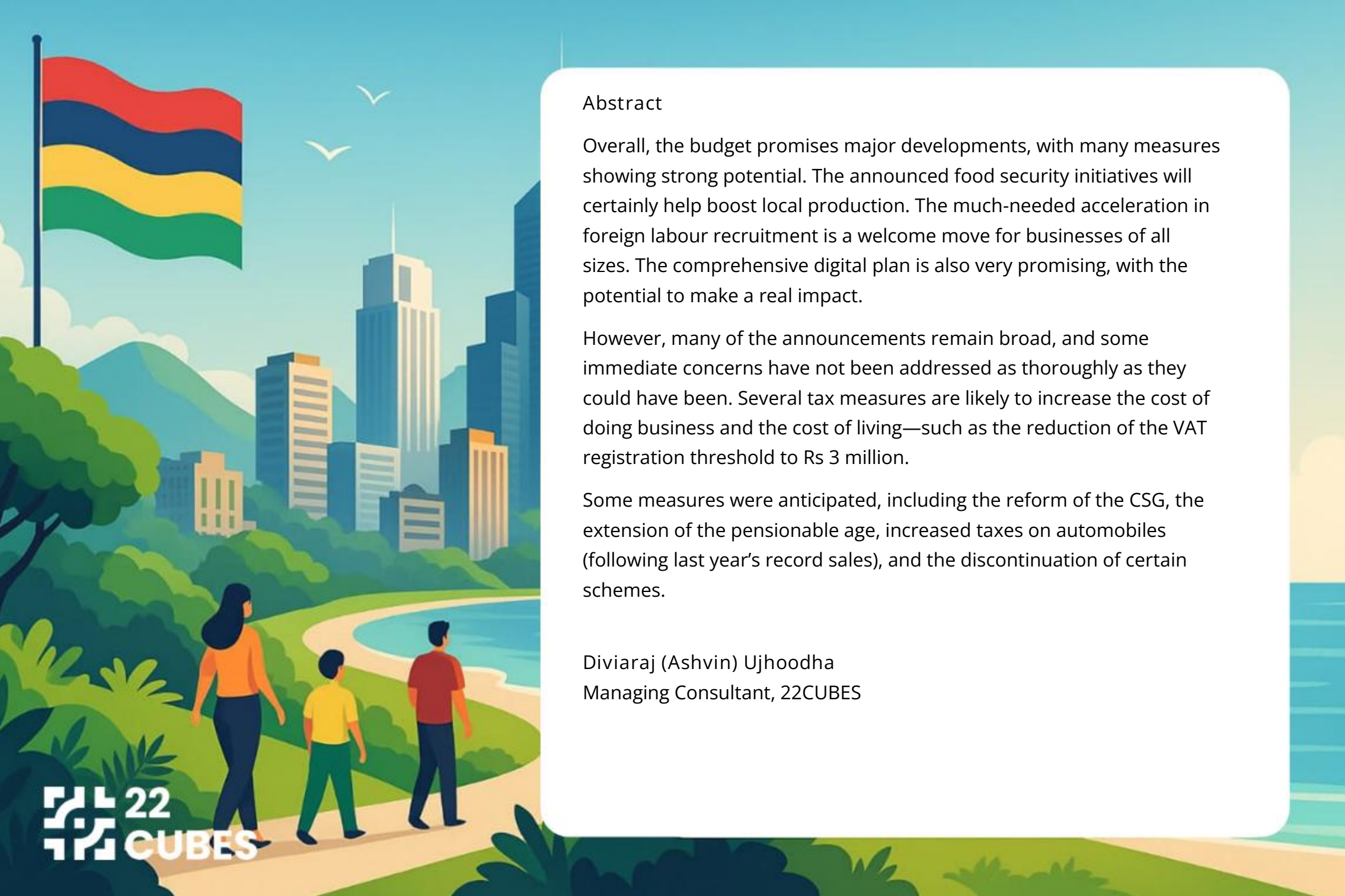


National Budget 2025/26

Highlights for Small Businesses



22
CUBES



Abstract

Overall, the budget promises major developments, with many measures showing strong potential. The announced food security initiatives will certainly help boost local production. The much-needed acceleration in foreign labour recruitment is a welcome move for businesses of all sizes. The comprehensive digital plan is also very promising, with the potential to make a real impact.

However, many of the announcements remain broad, and some immediate concerns have not been addressed as thoroughly as they could have been. Several tax measures are likely to increase the cost of doing business and the cost of living—such as the reduction of the VAT registration threshold to Rs 3 million.

Some measures were anticipated, including the reform of the CSG, the extension of the pensionable age, increased taxes on automobiles (following last year's record sales), and the discontinuation of certain schemes.

Diviaraj (Ashvin) Ujhoodha
Managing Consultant, 22CUBES

⚠️ 1. Downsides / Challenges

- VAT registration threshold reduced to Rs 3 million (was Rs 6M).
 - ▶ More small businesses must charge VAT, raising consumer prices except for correcting some anomalies (e.g. VAT on frozen and canned foods) and adding hairdressing as an exception (coiffeur).
- Prime à l'Emploie discontinued for new applicants.
 - ▶ Ends hiring incentive for young female employment but also makes it more difficult for small businesses to grow.
- Motor vehicles: higher fines and reintroduction of duty on hybrid/electric vehicles.
 - ▶ Reduces increase in traffic jam and increase fine revenue collection.
- Real Estate
 - VAT Refund Scheme for residential buildings ends 30 June 2025.
 - ▶ Ends a key housing affordability measure
 - Increase of duty for seller from 5% to 10%
 - ▶ Leverages the boost in real estate activities to collect more tax
- Free Pre-Primary Education. Allocation is reduced to only Rs 2,750 per child/month from Jan 2026.
 - ▶ Parents from poor families will have to start paying again.
- High interest home loans are maintained.
 - ▶ Maintains increase in cost of living for middle class, due to bank interest increase. A special order to cap the home loan interest would have increased the purchasing power of middle class.

✓ 2. Positive Measures & Business Support

- SME & business support schemes:
 - Innovative Mauritius Scheme
 - Women Entrepreneur Loan Scheme (18-month grace period)
 - Diaspora Scheme, Land Repurposing, Waste-to-Wealth, Deposit Refund
 - ▶ Boosts entrepreneurship and inclusion.
- Investment Tax Credit: 5% tax credit/year (up to Rs 500K equipment/year) for 3 years.
 - ▶ Incentivizes capital investment by small businesses.
- Foreign labour recruitment fast-tracked.
 - ▶ Addresses complications of recruiting foreign labour, that is currently preventing the growth in many companies
- MITCI ICT Sector Blueprint, Centralised KYC, Open Data upgrades.
 - ▶ Comprehensive measured to digital

economy growth, better customer service to government services and faster access.

- Good sustainability measures to boost agricultural sector to produce more local crops, by making land availability easier and financing
- Tax in Arrears Settlement has been extended
 - ▶ Encourages settlement and compliance by removing penalties on unpaid taxes.
- Rs 3B/year to Future Fund for:
 - Food security
 - Clean energy
 - Blue economy
 - AI & tech
 - Youth & women equity funds
- Several other plans to bring foreign investment to Mauritius

🧠 3. Technology & Innovation

- MITCI ICT Sector Blueprint, Centralised KYC, Open Data upgrades.
 - ▶ Comprehensive measure to digital economy growth, better customer service to government services and faster access.
- AI & coding in schools; Cybersecurity Act update.
 - ▶ Prepares students for the future non-tech and tech jobs.
- E-invoicing for suppliers over Rs 80M turnover.
 - ▶ Reduces fraud of paying less taxes that required.
- Cashless Ticketing System for buses.
 - ▶ One of the measures that I have been suggesting for many years. This can reduce wastage in free transport, by refunding exact amount to buses carrying elderly and students.

👤 4. Labour & Women Empowerment

- Reskilling: Rs 550M for upskilling workforce.
 - ▶ Matches skills with job market, so as to reduce the need for foreign labour.
- Foreign labour recruitment fast-tracked.
 - ▶ Addresses complications of recruiting foreign labour.
- Foreign nationals – new return scheme + digital occupation permit.
 - ▶ Attracts talent and foreign income.

🏠 5. Food Security

- Land repurposing tax waived for certain small plots.
 - ▶ There are over 10,000 abandoned agricultural lands in Mauritius that can be put into productive use.

- Centralised Land Bank (Landscape) reactivated.
 - ▶ A key project where I was involved, it was not renewed after its initial success. It will allow farmers to easily find unused land for cultivation.
- Rs 800M for high-tech farming (AI, vertical farms)
 - ▶ Reduces food imports and modernises farming.

⚡ 6. Green & Transformative Investment

- Continue the planned increase in renewable energy.
 - ▶ Reduce expensive oil imports and cater for increase in electrical demand, that had cause outages
- Blue economy focus (fisheries, ocean tourism, etc).
 - ▶ Reduce seafood imports and tap into under utilised marine sector. Although we

have huge marine space, we barely use them and import most of our seafood given the high .

- Rs 900M for tourism strategy reform.
 - ▶ Promotes sustainable and value-added tourism.
- Rs 164M for coastal erosion & Rs 3.3B for green waste projects.
 - ▶ Supports sustainability and tourism.

💰 7. Financial Sector & Ease of Business

- Bullion banking launched.
 - ▶ Makes access to gold and precious metals investment secure and easier.
- E-signatures, digital trade docs legally recognised.
 - ▶ Resolve the anomaly of some ministries and banks not accepting digitally issued documents.

- Tourism licences extended from 1 year to 3 years.
 - ▶ Eases administration and helps operators.
- VAT on foreign digital services from Jan 2026.
 - ▶ Generate more tax revenues.

8. Infrastructure & Local Development

- Rs 120B investment in roads, housing, water, solid waste.
 - ▶ Improves public services and growth.
- M4 motorway, Plaine Corail runway, regional upgrades.
 - ▶ Improves regional access and trade.
- Rs 25M for Gargua sustainable development plan.
 - ▶ Raises living standards.

9. Consumer Protection & Inflation Control

- Rs 10B Price Stabilization Fund.
 - ▶ Controls cost of essential goods. However,

it remains to be seen how this will be implemented

- VAT removed on baby foods, frozen veg.
 - ▶ Lowers cost of living a little.
- Anti-hoarding and price gouging laws.
 - ▶ Protects consumers.

10. Education

- Rs 438M for school upgrades.
 - ▶ Improves learning spaces.
- Doubling international students; student hostels planned.
 - ▶ Helps make Mauritius an education hub.

11. Health

- Rs 18.5B budget; Rs 44M for health worker training.
 - ▶ Improves quality and access to care.
- National digital health records, telemedicine.
 - ▶ Cuts wait time and improves service.

👤 12. Social Security & Housing

- Rs 90B for pension and Rs 660M for low-income families.
 - ▶ Supports vulnerable households.
- Retirement age to gradually increase to 65.
 - ▶ Temporarily prevents pension expenses from hampering future budgets. A long overdue measure. People who are unable to work will still be getting Invalid Pensions until they are 65.
- Free internet for SRM families.
 - ▶ Reduces digital divide.

🌿 13. Public Safety & Environment

- Rs 19.7B for law enforcement and academy.
 - ▶ Improves safety.
- Rs 70M for much needed anti-drug agency.
 - ▶ Tackles drug abuse.
- Stricter MRA laws: penalties for refusing access or data.

- ▶ Enhances tax enforcement, however too much tax slow down the economy.

🏃 14. Youth, Sports & Arts

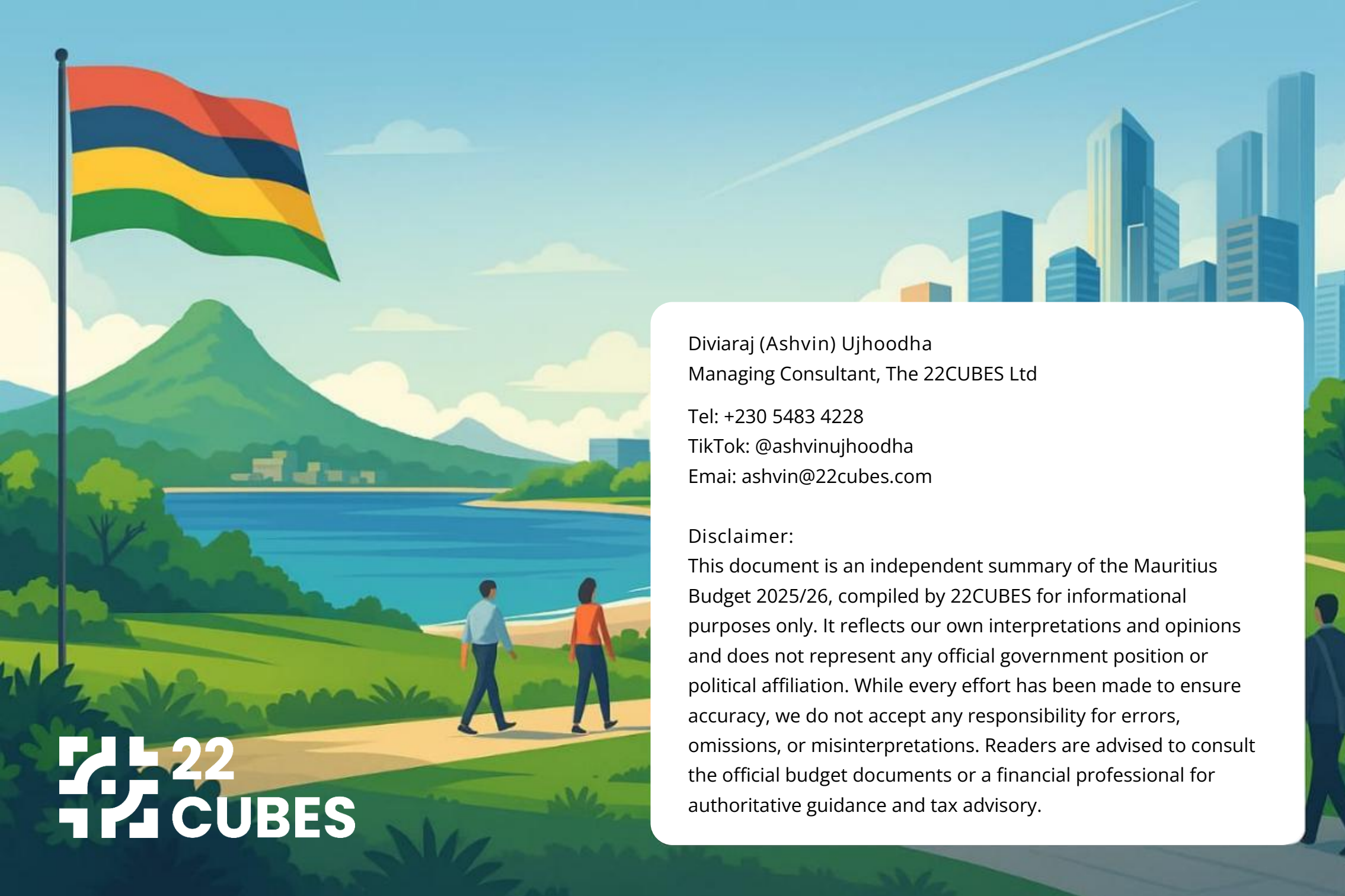
- Rs 1.1B for youth and sports ministry.
 - ▶ Encourages healthy lifestyle.
- National academies and rally track study.
 - ▶ Resolves the lack of proper education facilities and recognition of athletes in the education system.
- Creative sector reforms (Unclear how)
 - ▶ Boosts local content and exports.

15. Tax Reforms

- New tax bands (0%, 10%, 20%) and benefits for 18–28s.
 - ▶ Simplifies and eases burden for low earners, but increases tax for those earning over Rs 1 million.
- CSG to be restructured, phased out by 2027.
 - ▶ A new pension system will be made after consultation with experts.
- Higher car benefit taxes for employees.
 - ▶ Increases tax revenue
- Minimum tax for large companies and global minimum tax.
 - ▶ Ensures fair contribution from high-profits.
- Registration duty abolished on resale cars, increased by 30% for new cars.
 - ▶ Supports used car market and manages imports.

16. Tax Compliance & Amnesty

- TDSS, VDSS, TASS: 100% waiver on penalties for disputes, disclosures, and arrears.
 - ▶ Encourages settlement and compliance.
- Not available for crimes like drugs, money laundering.
 - ▶ Protects integrity of amnesty.
- MRA powers limited to 2 years for reassessment.
 - ▶ Adds fairness to tax system.
- Cap on penalty and interest to 100% of tax due.
 - ▶ Prevents excessive charges.



Diviaraj (Ashvin) Ujhoodha
Managing Consultant, The 22CUBES Ltd

Tel: +230 5483 4228

TikTok: @ashvinujhoodha

Emai: ashvin@22cubes.com

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