MAURITIUS BUDGET 2025: A NEW DIRECTION

STABILITY, TAX REFORM AND WHY THE ISLAND STILL ATTRACTS GLOBAL INVESTORS

On the 5th of June 2025, the Government of Mauritius unveiled a landmark national budget themed “From Abyss to Prosperity: Rebuilding the Bridge to the Future.” Set against a backdrop of high public debt, inflationary pressures and global tax realignment, this budget signals a clear intent to stabilize the economy, rebuild fiscal discipline and reorient the country toward sustainable growth.

But beyond its numbers, this budget also tells a broader story: Mauritius is evolving fiscally, socially and strategically, while remaining one of the most investor-friendly and liveable destinations in the region.

A Simplified Tax System and Broadened Base

One of the most notable shifts in the 2025–26 budget is the simplification of the personal income tax structure. Previously, income tax rates ranged from 2% to 18% under a progressive model. Now, a streamlined system applies:

- 0% on income up to MUR 500,000 (previously MUR 390,000)
- 10% for income between MUR 500,001 and MUR 1 million
- 20% on income above MUR 1 million

In a first, young professionals aged 18–28 earning up to MUR 1 million annually will enjoy full income tax exemption, a move aimed at retaining local talent and attracting skilled professionals. To ensure fairness at the top end, the government introduced a "Fair Share Contribution", adding a 15% surcharge on annual income above MUR 12 million, applicable for a three-year period. This is paired with compliance to OECD's 15% global minimum tax rules for large multinational enterprises starting July 2025.

Corporate Contributions to Shared Growth

Corporates too will see moderate adjustments. While the flat 15% corporate tax remains in place, large domestic companies with turnover above MUR 24 million will now contribute an additional 5% corporate levy, while exporters face a lower 2%. To promote sustainability, a new "Corporate Climate Responsibility Levy" of 2% will apply to companies with turnover exceeding MUR 50 million.

Importantly, these changes are designed to broaden the tax base without undermining Mauritius's attractiveness as a corporate jurisdiction. Many sectors, especially in high-value exports and financial services, still benefit from incentives and exemptions, including tax holidays for certain qualifying businesses.

Real Estate and Non-Citizen Investment Tightened

The budget introduces more guardrails around property acquisition by non-citizens, aiming to curb speculation while preserving genuine long-term investment:

- Registration duty on property purchases by non-citizens or developers doubles from 5% to 10%.
- A new resale tax of either 10% or 30% of gains (depending on holding period) applies to early exits.

While these measures tighten short-term speculative activity, they do not impact long-term residency-linked investments under established schemes like the PDS, Smart City or RES projects.

Social Reform and Fiscal Prudence

The 2025–26 budget marks the beginning of a phase-out of the CSG (Contribution Sociale Généralisée) and a return to a reformed National Pension Fund. This aligns with a broader fiscal consolidation strategy aimed at reducing the debt-to-GDP ratio (currently ~90%) and lowering the budget deficit to below 5%.

Other major initiatives include:

- Gradual increase of the retirement age from 60 to 65
- Stronger support for women in the workforce and AI-driven upskilling
- Phasing out non-essential subsidies and realigning social welfare to the most vulnerable

A New Vision for Innovation and Resilience

The budget also doubles down on future-focused sectors:

- Green Economy: New incentives for renewable energy, waste-to-energy projects and climate resilience investments.
- Digital Economy: Tax credits for companies investing in AI, the launch of a national digital ID and reforms in fintech regulation.
- Blue Economy: A revived focus on sustainable fisheries, marine biotechnology and ocean-based tourism.

These moves position Mauritius not just as a low-tax destination, but as a forward-thinking, innovation-driven economy.

Why Mauritius Remains Attractive — Even Amid Reform

While this year's budget introduces new levies and closes some tax loopholes, the fundamentals that have long made Mauritius attractive remain firmly in place.

It still boasts one of the simplest and most competitive tax regimes in the region, backed by no capital gains tax, no inheritance tax and no exchange controls. Company incorporation is fast and transparent. Foreigners enjoy clear pathways to residency and property ownership, while infrastructure and digital connectivity continue to improve.

Mauritius also benefits from a stable legal system, a bilingual skilled workforce, and strategic trade agreements that connect Africa, Asia and Europe. The country has adapted and not retreated, in the face of global changes.

In short, this budget reflects a mature economy taking steps to future-proof its model. For foreign investors and professionals, Mauritius in 2025 remains a compelling destination — not just for tax advantages, but for long-term stability, growth and quality of life.

At AAMIL, we provide comprehensive support to individuals and businesses looking to establish themselves in Mauritius. With decades of experience, we specialise in the incorporation and administration of companies, asset and wealth management, residency and relocation services, as well as legal and tax advisory tailored to local and international needs. Whether you are an entrepreneur seeking a strategic base, a family office managing cross-border assets or a professional looking to relocate, our team offers end-to-end solutions to help you achieve your goals in Mauritius with clarity and confidence.

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