

SUMMARY OF REVENUE

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		2009	Notes
		Actual	Estimates	Revised	July-December Estimates	
11	TAXES					
111	Taxes on Income, Profits and Capital Gains	10,558,235	11,565,000	13,544,000	6,845,000	
113	Taxes on Property	4,071,559	4,220,000	3,935,000	1,544,500	
114	Taxes on Goods and Services	29,842,022	32,651,000	30,702,000	15,503,500	
115	Taxes on International Trade and Transactions	2,646,167	1,475,000	1,475,000	780,000	
116	Other Taxes	520,983	785,000	580,000	850,000	
	TOTAL - TAXES	47,638,965	50,696,000	50,236,000	25,523,000	
12	SOCIAL CONTRIBUTIONS					
121	Social Security Contributions	--	728,000	683,600	355,000	
122	Other Social Contributions	196,716	273,500	244,400	145,000	
	TOTAL - SOCIAL CONTRIBUTIONS	196,716	1,001,500	928,000	500,000	
13	GRANTS					
131	Grants from Foreign Governments	25,894	340,000	340,000	90,400	
132	Grants from International Organisations	428,189	3,685,000	2,817,000	2,533,600	
	TOTAL - GRANTS	454,083	4,025,000	3,157,000	2,624,000	
14	OTHER REVENUE					
141	Property Income	3,677,096	4,420,500	4,807,000	2,300,000	
142	Sales of Goods and Services	1,075,859	1,256,000	1,228,000	720,000	
143	Fines, Penalties and Forfeits	175,997	179,000	186,000	102,000	
145	Miscellaneous Revenue	--	5,000	41,000	11,000	
	TOTAL - OTHER REVENUE	4,928,952	5,860,500	6,262,000	3,133,000	
	GRAND TOTAL	53,218,717	61,583,000	60,583,000	31,780,000	

TAX REVENUE

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
11	TAXES					
111	<u>Taxes on Income, Profits and Capital Gains</u>					
11110001	Income Tax - Individuals	3,405,732	3,825,000	4,080,000	2,355,000	
11120001	Income Tax - Companies & Bodies Corporate	6,236,400	6,800,000	8,500,000	4,050,000	
11130001	Tax Deduction at Source	797,415	810,000	850,000	325,000	
11140001	National Residential Property Tax	118,688	130,000	114,000	115,000	
		10,558,235	11,565,000	13,544,000	6,845,000	
113	<u>Taxes on Property</u>					
1131	Recurrent Taxes on Immovable Property					
11310001	Campement Site Tax	23,762	3,000	4,000	3,000	
11310002	Campement Tax	27,874	3,000	5,000	1,500	
		51,636	6,000	9,000	4,500	
1134	Taxes on Financial and Capital Transactions					
11340001	Land Transfer Tax	1,348,867	1,489,000	1,360,000	435,000	
11340002	Registration Duty on Transfer of Immovable Property	1,211,959	1,300,000	1,027,000	385,000	
11340003	Tax on Transfer of Leasehold Rights in State Lands	104,813	100,000	140,000	50,000	
11340004	Registration Duty on Transfer of Shares	141,550	72,000	87,000	50,000	
11340005	Registration Duty on Transfer of Motor Vehicles	763,628	795,000	795,000	360,000	
11340006	Registration Duty on Loans	13,204	15,000	9,000	7,000	
11340007	Registration Duty on Fixed and Floating Charges	125,583	135,000	164,000	90,000	
11340008	Mortgages, Inscriptions and Transcriptions	19,709	21,000	12,000	8,000	
11340009	Stamp Duties	79,111	82,000	70,000	40,000	
11340999	Miscellaneous	168,738	155,000	162,000	90,000	
		3,977,161	4,164,000	3,826,000	1,515,000	
1135	Other Non Recurrent Taxes on Property					
11350001	Land Conversion Tax	42,762	50,000	100,000	25,000	
		42,762	50,000	100,000	25,000	
114	<u>Taxes on Goods and Services</u>					
1141	General Taxes on Goods and Services					
11411001	Value Added Tax	18,540,461	20,200,000	18,600,000	9,350,000	
11412001	Sales Tax	1,537	--	--	--	
		18,541,998	20,200,000	18,600,000	9,350,000	
1142	Excise Duties					
11420001	Spirits, Liquors and Alcoholic Beverages	2,117,496	2,140,000	2,090,000	1,093,000	
11420002	Tobacco Products	2,478,835	2,420,000	2,320,000	1,170,000	
11420003	Motor Vehicles and Motor Cycles	1,527,289	1,865,000	1,815,000	860,000	
11420004	Petroleum Products	1,962,124	2,275,000	2,245,000	1,110,000	
11420005	Plastic Products	112,275	120,000	130,000	65,000	
11420999	Miscellaneous	--	110,000	80,000	50,000	
		8,198,019	8,930,000	8,680,000	4,348,000	

Tax Revenue – continued

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
1144	Taxes on Specific Services and Gambling					
11440001	Taxes on Lotteries	13,931	17,000	16,000	12,000	
11440002	Betting Taxes on Horse Racing, Football, etc	444,933	533,000	553,000	412,000	
11440003	Gaming Taxes on Casinos and Gaming Houses	982,302	1,050,000	986,000	521,000	
11440004	Passenger Fee on Air Tickets	543,402	600,000	541,000	225,000	
11440005	Hotel and Restaurant Tax	683	--	--	--	
		1,985,252	2,200,000	2,096,000	1,170,000	
1145	Licence Fees					
11450001	Road Motor Vehicle Licences	810,189	1,005,000	986,000	523,000	
11450002	Company Licences	136,060	143,000	151,000	14,000	
11450003	Incorporation & Lodging Fees, Search Duty, etc.	10,570	11,500	9,000	5,000	
11450004	Tourist Enterprise Licences	60,990	61,000	65,000	34,000	
11450005	Gambling Licences	68,951	64,000	82,000	44,500	
11450006	Liquor Licences	9,498	14,000	12,000	3,000	
11450007	Freeport Licences	4,503	5,000	5,000	3,000	
11450099	Miscellaneous	15,992	17,500	16,000	9,000	
		1,116,753	1,321,000	1,326,000	635,500	
115	Taxes on International Trade and Transactions					
11510001	Customs Duties	2,646,167	1,475,000	1,475,000	780,000	
		2,646,167	1,475,000	1,475,000	780,000	
116	Other Taxes					
11610001	Temporary Solidarity Levy on Hotels	201,039	230,000	102,000	--	
11610002	Corporate Social Responsibility Levy	--	--	--	--	f(1)
11611001	Environment Protection Fee	209,265	295,000	158,000	50,000	
11612001	Special Levy on Banks	67,474	260,000	320,000	535,000	
11612002	Special Levy on Telecommunication Companies	--	--	--	265,000	
11613001	Special Contribution from Hotels	43,204	--	--	--	
		520,983	785,000	580,000	850,000	
	TOTAL - TAXES	47,638,965	50,696,000	50,236,000	25,523,000	

SOCIAL CONTRIBUTIONS

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
12	SOCIAL CONTRIBUTIONS					
<u>121</u>	<u>Social Security Contributions</u>					
12110001	Employee Contribution under New Pension Scheme	--	728,000	683,600	355,000	
		--	728,000	683,600	355,000	
<u>122</u>	<u>Other Social Contributions</u>					
12210001	Civil Service Family Protection Scheme	193,916	270,000	240,000	142,500	
12211001	Retiring Allowance Scheme for Members of National Assembly	2,801	3,500	4,400	2,500	
		196,716	273,500	244,400	145,000	
	TOTAL - SOCIAL CONTRIBUTIONS	196,716	1,001,500	928,000	500,000	

GRANTS

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
13	GRANTS					
131	<u>Grants from Foreign Governments</u>					
13120200	Government of the Republic of Greece	25,894	--	--	--	
13120201	Government of the Federal Republic of Germany	--	--	--	54,000	
13120300	Government of the People's Republic of China	--	--	--	36,400	
13120301	Government of the Republic of India	--	340,000	340,000	--	
		25,894	340,000	340,000	90,400	
132	<u>Grants from International Organisations</u>					
13210002	AFD-Programme de Renforcement des Capacités Commerciales	--	--	--	29,100	
13220610	EDF-Waste Water Sector	378,098	--	159,200	--	
13220611	EDF-Decentralised Cooperation Programme	39,660	190,000	190,000	88,580	
13220612	EDF-General Budget Support under 9th EDF	--	390,000	371,100	--	
13220613	EDF- Sugar Sector (Reliquat)	--	190,000	189,400	--	
13220614	EDF - Fluctuation in Exports Earnings (FLEX)	--	915,000	400,300	940,055	
13220615	EDF - General Budget Support under 10th EDF	--	--	--	--	
13220616	EC- Accompanying measures for Economic Restructuring	--	2,000,000	1,407,000	1,431,565	
13220690	Kuwait Fund for Arab Economic Development	10,171	--	--	--	
13220999	Miscellaneous	260	--	100,000	44,300	
		428,189	3,685,000	2,817,000	2,533,600	
	TOTAL - GRANTS	454,083	4,025,000	3,157,000	2,624,000	

OTHER REVENUE

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
14	OTHER REVENUE					
141	Property Income					
1411	Interest					
14110001	Agricultural Marketing Board	180	1,155	--	917	
14110002	Central Electricity Board	5,193	27,790	--	11,020	
14110003	Central Water Authority	71,132	60,250	14,476	28,740	
14110004	Mauritius Housing Company Ltd	3,156	2,505	2,505	959	
14110005	Mauritius Sugar Industry Research Institute	105	105	105	--	
14110006	National Transport Corporation	120	120	120	60	
14110007	Sugar Planters Mechanical Pool Cooperation	330	320	317	158	
14110008	Rose Belle Sugar Estate	--	5,195	--	1,532	
14110009	National Housing Development Company Ltd	43,712	20,870	38,241	9,418	
14110010	Business Parks of Mauritius Ltd	4,333	19,600	800	9,442	
14110011	Industrial and Vocational Training Board	--	3,515	--	1,433	
14110012	Development Bank of Mauritius Ltd	9,157	6,875	6,875	3,280	
14110013	State Investment Corporation	--	3,700	--	1,817	
14110050	Loans to Government Officers	80,347	87,000	87,000	43,500	
14110051	Investment of Surplus Balances	139,075	100,000	100,000	50,000	
14110052	Special Funds	--	--	180,000	150,000	
14110999	Miscellaneous	5,068	4,500	5,561	2,724	
		361,908	343,500	436,000	315,000	
1412	Dividends					
14120002	Air Mauritius Ltd	6,955	30,000	35,000	--	
14120003	Mauritius Sugar Terminal Corporation	17,349	20,000	20,000	--	
14120004	State Bank of Mauritius Ltd	31,400	35,000	38,000	35,000	
14120005	State Investment Corporation	--	25,000	--	25,000	
14120006	Mauritius Telecom	1,374,942	540,000	425,000	195,000	
14120007	Development Bank of Mauritius Ltd	10,625	10,000	--	--	
14120008	Airports of Mauritius Co Ltd	--	160,000	160,000	--	
14120009	State Informatics Ltd	8,000	10,000	10,000	10,000	
14120010	Mauritius Housing Company Ltd	16,534	17,000	17,000	3,500	
14120999	Miscellaneous	33,660	35,000	214,000	10,000	
		1,499,466	882,000	919,000	278,500	
1413	Withdrawals from Income of Quasi Corporations					
14130001	Bank of Mauritius	900,000	1,610,000	1,885,000	500,000	
14130002	Government Lotteries	180,542	190,000	200,000	105,000	
14130003	Horse Racing Board	16,406	--	--	--	
14130004	Wastewater Management Authority	25,000	65,000	57,000	29,000	
14130005	Information & Communication Technology Authority	40,000	40,000	40,000	--	
14130006	Treasury Foreign Currency Management Fund	11,000	5,000	5,000	--	
14130007	Financial Services Commission	120,000	120,000	140,000	125,000	
14130008	Mauritius Ports Authority	125,000	125,000	125,000	125,000	
14130099	Miscellaneous	40,069	--	20,000	--	
		1,458,017	2,155,000	2,472,000	884,000	

Other Revenue – continued

					Rs 000	Notes
Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	
		Actual	Estimates	Revised	Estimates	
1415	Rent and Royalties					
14150001	State Lands	18	--	--	--	
14150002	Campement Site Lease	187,196	800,000	800,000	550,000	
14150003	Other Land Leases	161,383	230,000	170,000	260,000	
14150005	Shooting and Fishing Lease	9,107	10,000	10,000	12,500	
		357,705	1,040,000	980,000	822,500	
142	Sales of Goods and Services					
1422	Administrative Fees					
14220001	Court Fees	33,903	36,000	36,000	19,800	
14220002	Ushers' and Interpreters' Fees	4,079	4,500	4,500	2,500	
14220010	Issue of Civil Status Certificates	--	3,000	--	3,350	
14220011	Fees for Celebration of Civil Marriage	9,118	10,000	9,500	5,225	
14220012	Fees for National Identity Cards	4,506	5,500	4,500	2,475	
14220020	Issue of Certificates in connection with Citizenship	3,846	4,500	4,500	2,475	
14220031	Route Air Navigation Charge	116,402	132,000	125,000	66,000	
14220032	Other Civil Aviation Charges	76,997	77,000	73,000	39,000	
14220033	Issue of Aviation Security Identification Form	763	2,000	2,000	1,100	
14220034	Scheme of Charge	--	--	--	30,000	f(2)
14220040	Fees for Cinema, Video and Theatre Censorship	862	1,000	1,000	5,500	
14220050	Fumigation and Disinfection Fees	795	1,000	1,400	770	
14220060	Ships' Registration Fees	622	700	600	400	
14220061	Annual Fees	3,988	4,500	5,800	300	
14220062	Parking Fees	28,075	34,000	29,000	17,600	
14220070	Duty on Scales	2,303	3,000	3,000	1,800	
14220080	Reimbursement towards Cost of Audit Services	7,778	9,000	8,600	4,250	
14220090	Refund of Electoral Expenses	5,740	6,000	5,740	--	
14220100	Fees for Police Services	69,681	70,000	82,000	45,100	
14220101	Helicopter and Aircraft Services	5,781	7,000	9,200	4,500	
14220102	Issue of Passports	45,271	50,000	36,000	22,000	
14220103	Issue of Accident Report Form	71	100	100	55	
14220110	Central Health Laboratory Fees	2,059	2,000	2,000	1,500	
14220111	Pharmacy Licences	553	700	700	385	
14220112	Overtime Fees	621	400	1,250	600	
14220113	Vaccination Fees	3,411	4,000	3,000	1,650	
14220120	Fees for Veterinary Services	114	150	150	85	
14220121	Importation Fees (Agricultural Produce)	3,935	4,500	3,200	1,760	
14220122	Land Settlement Scheme	--	100	20	--	
14220123	Pest Control for Fruit Trees	85	200	100	55	
14220124	Quarantine Fees	2,383	2,000	3,000	1,650	
14220125	Reimbursement towards Cost of Control Board Administration	61,367	65,000	67,665	37,500	
14220126	Reimbursement towards Cost of Tobacco Research	30	50	50	15	
14220127	Sterilisation, Post Mortem Analysis and Export Fees	37	100	50	30	
14220128	Reimbursement towards Cost of National Parks and Conservation Service	19,000	25,000	39,000	15,000	
14220140	Fishing Vessel Licence Fees	30,423	45,000	30,000	24,500	
14220141	Fees for Import Permits	4,243	5,000	5,000	2,750	
14220142	Permits/Fees to Operate in Marine Protected Areas	940	20,000	1,050	7,700	
14220143	Fees for Services Provided at the Sea Food Hub	2,237	4,500	4,500	2,475	

Other Revenue – continued

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
14220150	Compensation in respect of Government-owned Vehicles	227	700	500	275	
14220151	Assaying and Marking Fees	141	600	800	440	
14220160	Pension Contribution Reimbursements	3	--	--	25	
14220165	Overtime and Supervision Fees	4,756	14,000	15,000	8,250	
14220170	Education Fees	64	100	100	10	
14220180	Materials Testing Laboratory Fees	2,383	2,500	4,700	2,585	
14220190	Examination fees: Driver & Motor Vehicles	54,089	57,000	57,000	31,350	
14220191	Registration and Transfer of Vehicles	50,144	55,000	55,000	30,250	
14220192	Issue of Student ID Cards	15,792	13,000	13,000	7,150	
14220200	Survey Fee	787	1,500	1,500	825	
14220201	Morcellement Fee	--	--	4,500	2,475	
14220210	Fees for Registration of Associations	1,544	2,000	2,000	1,250	
14220211	Fees for Registration of Factories	1,877	2,200	2,200	1,210	
14220220	Work/Occupation Permit	59,623	67,000	67,000	37,095	
14220221	Recruitment Licence	180	200	200	110	
14220230	Commission on Curatelle Deposits	77	100	140	80	
14220231	Provision of Briefs to Counsels	94	100	100	55	
14220240	Reimbursement for Services	236	200	300	150	
14220250	Benefits Recovered	2,932	3,000	2,960	1,540	
14220251	Reimbursement of Cost of National Pension Fund's	55,516	66,000	102,000	54,000	
14220260	Trade Marks, Service Marks and Collective Marks	5,982	6,500	7,000	3,575	
14220261	Patent Fees	332	500	500	275	
14220262	Industrial Designs	105	100	100	55	
14220270	Archives Fees	82	100	100	55	
14220280	Prison Services	130	100	125	60	
		809,112	932,000	939,000	555,000	
1423	Incidental Sales by Non Market Establishments					
14230001	Sale of Copies of Judgement of the Supreme Court	486	500	500	300	
14230010	Sale of Overseas News	110	100	190	105	
14230020	Sale of Weather Data	13,911	15,000	12,000	6,600	
14230021	Sale of Ephemeride	5	300	100	55	
14230030	Sale of Publications	2,246	5,000	2,400	2,500	
14230040	Sale of Animal Feed	31,506	33,000	30,000	--	
14230041	Sale of Seeds	1,654	2,200	3,500	1,800	
14230042	Sale of Plants, Fruits and Agricultural Produce	5,988	5,200	6,000	3,300	
14230043	Sale of Milk	845	1,000	16	--	
14230044	Sale of Poultry and Eggs	10,226	10,000	11,000	6,050	
14230045	Sale of Livestock	10,251	7,900	362	--	
14230046	Sale of Forest Produce	7,607	8,300	6,000	3,300	
14230060	Sale of Produce	375	500	143	80	
14230070	Sale of Sand	214	--	--	--	
14230071	Sale of Maps, Reproductions and Copyright Fees	547	600	600	330	
14230080	Sale of Farm Produce	343	500	650	400	
14230081	Sale of Concrete Blocks	379	500	185	80	
14230090	Sale of Drugs, Serum and Sundry Appliances	307	400	354	250	
14230100	Sale of Stores	8,419	25,000	25,000	20,850	
14230110	Sale of Ground Water	--	--	--	16,000	
		95,418	116,000	99,000	62,000	

Other Revenue – continued

Rs 000

Code	Description of Revenue Items	2007-08	2008-09		July-December 2009	Notes
		Actual	Estimates	Revised	Estimates	
14299	Miscellaneous Sales of Goods and Services					
14299001	Judicial	4,776	900	500	300	
14299002	Independent Broadcasting Authority	--	3,000	--	--	
14299003	Meteorology	--	100	100	55	
14299004	Land Transport and Shipping	38,043	45,100	43,800	24,000	
14299005	Police	22,171	22,000	22,000	12,100	
14299006	Health	5,686	6,000	6,500	3,575	
14299007	Agriculture	2,253	3,500	1,000	550	
14299008	Fisheries	3,573	4,000	3,900	2,145	
14299009	Treasury	348	600	600	330	
14299010	Education	7,865	5,000	8,505	5,000	
14299011	Public Infrastructure	488	1,500	200	150	
14299012	Labour	3,162	4,000	4,000	2,200	
14299013	Legal	230	300	1,200	660	
14299014	Fire Services	452	500	595	310	
14299016	Rental of Government Property (Buildings)	4,819	9,000	7,000	3,850	
14299017	Overpayment Made in Previous Years	43,673	50,000	36,000	19,800	
14299018	Commission on Salary Deductions	1,538	2,500	2,500	1,375	
14299999	Miscellaneous	32,253	50,000	51,600	26,600	
		171,329	208,000	190,000	103,000	
143	<u>Fines, Penalties and Forfeits</u>					
14310001	Judicial	139,494	135,000	140,000	77,000	
14320001	MRA (Customs)	13,921	18,000	20,000	11,000	
14330001	Road Transport - Penalty Fees for Parking Offences	12,158	13,000	13,000	6,700	
14340001	Treasury	10,424	13,000	13,000	7,300	
14399001	Miscellaneous - Other Revenue Departments	--	--	--	--	
		175,997	179,000	186,000	102,000	
145	<u>Miscellaneous Revenue</u>					
14599	Other Miscellaneous, incl. Unidentified Revenues	--	5,000	41,000	11,000	
		--	5,000	41,000	11,000	
	TOTAL - OTHER REVENUE	4,928,952	5,860,500	6,262,000	3,133,000	
	GRAND TOTAL	53,218,717	61,583,000	60,583,000	31,780,000	

(1) Collection under this item is expected as from 2010

(2) New charges for the various services of surveillance provided to Mauritian aircraft operators and airport operators

Tax expenditure is normally defined as that part of the tax revenue forgone by government due to provisions in tax legislations which allow for, *inter-alia*, special exclusion, exemption or deduction or which provide for a special credit, a preferential rate or a deferral of liability.

Tax expenditure can be construed as a type of government financial assistance to certain groups or businesses which does not go through the normal appropriation process, but which is provided through the tax system. The impact on public finance is similar to a subsidy, but it is less transparent and not subject to the same level of public scrutiny as public spending. That is why an increasing number of countries have introduced tax expenditure accounting and reporting and subjected tax expenditure to normal budgetary controls.

The estimates of tax expenditure have been computed in respect of four major taxes from which government derives the bulk of its revenues. These are income tax, value added tax, customs duty and excise duty.

Methodology of Estimation

Tax expenditures are deviations or exceptions from what is accepted as normal tax provisions. The first step in their quantifications is to define and establish benchmarks, against which those provisions can be compared and the cost implications measured.

A normal tax mainly includes the following features:

- a base on which that tax is levied such as income or consumption;
- an entity which, by definition, includes any person, company, trust or sociétéé;
- a normal tax rate that is applied to the tax base; and
- the procedures for the administration of the tax

The methodology used for estimating tax expenditures for each tax type has been summarized below based on the type of information available. The static method, which allows only for changes in the tax provisions, has been used for that purpose. Hence, revenue loss arising from any specific tax expenditure is not likely to equal the gain in revenue from removal of the tax expenditure as behavioral changes have not been taken into account.

Tax Expenditure under Income Tax (IT)

Personal Income Tax: Following the reforms of our personal income tax system as from 2006, all tax deductions have been consolidated in a universal income exemption threshold and virtually all exemptions have been removed. Certain items of minor tax expenditure still exist, such as housing allowances not exceeding Rs 100 per month, rent allowances payable to public officers under the Income Tax Act and non-taxation of the first Rs 1 million lump sum. Quantification of their costs is not possible due to unavailability of data and would in any case be minimal.

Corporate Income Tax (CIT): The tax base under CIT normally relates to profits derived by a company or a body corporate after allowing for expenses incurred in the production of income. Following the income tax reform in 2006, various exemptions, allowances, deductions and tax credits have been eliminated. However, there are still certain elements, such as exempt income, annual allowance, investment allowance and deduction for overseas marketing and promotional expenses, which erode the tax base and constitute the main elements of tax expenditure under CIT.

The estimates provided in **Table 1A** have been worked out from returns of liable taxpayers only. They, however, exclude liable taxpayers who after allowing for exceptions become non liable.

Tax Expenditure under Value Added Tax (VAT)

VAT is chargeable on all taxable supplies of goods and services made by a taxable person. Under VAT, tax expenditure is the revenue foregone due to exemptions and zero-rating of certain goods and services as well as exemptions from payments of the tax by certain bodies or persons. The tax base for VAT also includes customs duty and excise duty payable. The VAT component foregone from any exemption given under the Customs Tariff Act or Excise Act therefore constitutes tax expenditure.

Zero-rating of exports is not considered as tax expenditure since VAT applicable in Mauritius is on a destination based principle. Exemption of businesses with turnover below the exemption threshold is a component of the baseline tax and,

Normally an input-output table is used to estimate tax expenditure under VAT. However, due to unavailability of data, VAT expenditure has been estimated on an aggregate basis using information obtained from returns submitted by VAT registered persons, including those selling both zero-rated goods and exempt goods as well as taxable goods. Traders who sell exempt goods only are not registered with the Mauritius Revenue Authority (MRA) and therefore do not submit returns. To that extent the estimates provided in **Table 1B** are lower bound estimates.

Tax Expenditure under Customs Duty (CD)

In case of customs duty, different rates form part of the normal tax structure depending on the type of product category and these are provided in the schedule to the Customs Tariff Act. Tax expenditure in respect of CD is revenue foregone from exemptions or remissions provided to importers. This can be taken as the difference between the customs duty payable and the amount actually paid. It is calculated as follows:

In case of ad valorem rates

Revenue forgone = (c.i.f value of imports x the tariff rate applicable) – customs duty paid

In case of specific rates

Revenue forgone = (volume of imports x the tariff rate applicable) – customs duty paid

The data used for the computation of tax expenditure under CD has been obtained from bills of entry processed by the MRA (Customs). From the data available a fair estimate of tax expenditure arising from CD in respect of such imports could be calculated. However, tax expenditure arising from duty free allowances given to incoming passengers and goods imported by post or courier services up to Rs 1,000 cif value of imports have not been included as data is not captured under the present system. Exemptions arising from imports originating from countries with which Mauritius has entered into trade agreements (SADC, COMESA and COI) are not considered as tax expenditures and have thus been excluded from the estimates.

As indicated in **Table 1C**, tax expenditure under CD, which was around 0.180 per cent of GDP in FY 2007-2008 has witnessed a sharp decline to 0.055 per cent in FY 2008-09 as a result of the lowering and abolition of customs duty on a large number of products.

Tax Expenditure under Excise Duty (ED)

As in the case of customs duty, under excise duty also different rates form part of the normal tax structure depending on the type of product. These are provided in the schedule to the Excise Act. Excise duty is applicable to both imported and locally manufactured goods, which include mainly motor vehicles, petroleum products, cigarettes, alcoholic beverages and plastic products. Tax expenditure under ED is normally calculated as follows:

In case of ad valorem rates

Revenue forgone = (c.i.f value of imports/value of locally manufactured goods x the tariff rate applicable)
– excise duty paid

In case of specific rates

Revenue forgone = (volume x the tariff rate applicable) – excise duty paid

The estimates of tax expenditure under ED have been worked out using data obtained from bills of entry/returns processed by the MRA (Customs). The tax expenditure under excise duty is mainly in respect of various concessions and exemption granted on motor vehicles to taxi-drivers, civil servants/advisors, benevolent/religious associations, embassies etc.

Tax expenditure on petroleum products is due to exemption granted on gas oil to manufacturing enterprises.

On the other hand, tax expenditure on alcoholic beverages and tobacco products is basically the result of exemptions granted to foreign embassies. These have not been included in our tax expenditure estimates. In addition, tax expenditures arising from duty concession to incoming passengers (i.e., 1 litre of spirit, 2 litres of wine and 250 grams of tobacco products) have not been included due to unavailability of data.

Table 1

**SUMMARY OF ESTIMATES OF TAX EXPENDITURE BY TAX TYPE
(As A PERCENTAGE OF GDP)**

		2007-08	2008-09	July- December 2009
A	Corporate Income Tax	0.546%	0.695%	0.638%
B	Value Added Tax	0.779%	0.871%	0.825%
C	Customs Duty	0.180%	0.055%	0.053%
D	Excise Duty	0.196%	0.178%	0.157%
	TOTAL	1.702%	1.800%	1.674%

Table 1A

A. CORPORATE INCOME TAX

	Assessment Year	2007-08	2008-09	July- December 2009
1	Exempt Income	0.358%	0.474%	0.435%
2	Annual Allowance	0.151%	0.150%	0.137%
3	Investment Allowance	0.003%	0.006%	0.005%
4	Overseas, Marketing and Promotional Expenses	0.034%	0.064%	0.058%
5	Authorised Deductions	0.002%	0.002%	0.002%
	TOTAL	0.548%	0.695%	0.638%

Table 1B

B. VALUE ADDED TAX

	Financial Year	2007-08	2008-09	July- December 2009
1	Zero-Rated Supplies	1.003%	1.088%	1.040%
2	Exempt Supplies	0.170%	0.158%	0.130%
3	Taxable supplies made to exempt persons	0.123%	0.116%	0.107%
4	Exemption under the Customs Tariff Act and Excise Act	0.056%	0.035%	0.032%
5	Taxable Input on which No Input Tax is allowed as Credit	-0.573%	-0.527%	-0.483%
	TOTAL	0.779%	0.871%	0.825%

Table 1C

C. CUSTOMS DUTY

	Financial Year	2007-08	2008-09	July-December 2009
1	Foodstuffs and Agricultural Produce	0.112%	0.002%	0.002%
	<i>Sugar</i>	0.056%	0.000%	0.000%
	<i>Preparations of Vegetable, Fruits and other Edible Preparations</i>	0.029%	0.000%	0.000%
	<i>Others</i>	0.027%	0.002%	0.002%
2	Plastics	0.003%	0.005%	0.005%
3	Paper and Paperboards	0.004%	0.003%	0.003%
4	Articles of Apparel and Clothing	0.000%	0.000%	0.000%
5	Base Metal and Article thereof	0.005%	0.002%	0.002%
6	Mechanical, Electrical Appliances and Other Appliances	0.014%	0.008%	0.008%
7	Motor Vehicles	0.005%	0.000%	0.000%
8	Furniture and Part thereof	0.003%	0.006%	0.006%
9	Others	0.034%	0.027%	0.026%
	TOTAL	0.180%	0.055%	0.053%

Note: Excludes exemptions granted under SADC, COMESA and COI

Table 1D

D. EXCISE DUTY

	Financial Year	2007-08	2008-09	July-December 2009
1	Alcoholic Beverages	0.000%	0.000%	0.000%
2	Tobacco	0.000%	0.000%	0.000%
3	Petroleum Products	0.009%	0.005%	0.005%
4	Motor Vehicles	0.187%	0.173%	0.152%
	TOTAL	0.196%	0.178%	0.157%