

MAURITIUS COVID-19 (Miscellaneous Provisions) Act 2020- *Summary of key measures announced*

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1. Overview

In order to better equip and prepare the Mauritius jurisdiction to face similar difficult situations, as brought about by the COVID-19 pandemic, in the future, the COVID-19 (Miscellaneous Provisions) Act 2020 (“COVID-19 Act”) was passed by Parliament in Mauritius on Saturday 16th May 2020. Several of the measures announced are expected to cater for various challenges and issues encountered during the curfew period. As such, amendments are being brought to 56 legislations and are aimed at sustaining the progress of Mauritius on various fronts. While we have chosen to cover aspects which we believe would be of relevance to you and could potentially impact you, we wish to highlight a few additional noteworthy aspects from the COVID-19 Act as hereunder.

- Eligible employers may benefit from an allowance under **Wage Assistance Scheme** (“WAS”) and Self-Employed Assistance Scheme (“SEAS”) as per a prescribed set of criteria
- Tax deduction is available for contributions made to **COVID-19 Solidarity Fund** by individuals and companies during the income year commencing on 1 July 2019 or 1 July 2020

- Introduction of a **COVID-19 Levy**, payable by employers who benefited from an allowance under the WAS , the amount depending on whether the employer is an individual or a company/ Resident Societe
- Auditors are now permitted to produce any relevant book, document or record in their possession or under their control in **electronic form** if asked by the Financial Reporting Council.
- Protective masks, other breathing appliances and gas masks and hand sanitizers are **zero-rated**
- Amendments to the Workers' Rights Act provide for guidance regarding issues such as Work From Home, Flexitime, Annual leaves, Employee Redundancy, the Portable Retirement Gratuity Fund

2. Bank of Mauritius Act

The Bank of Mauritius is now allowed, on account of the COVID-19 virus having a negative impact on the economy of Mauritius, to:

- Provide **grant** to Government to assist it in its fiscal measures to stabilise the economy of Mauritius;
- Invest, to this purpose, its official foreign reserves in any corporation or company set up for the purpose of facilitating economic development
- Approve such grant from the **Special Reserve Fund** to assist Government in its fiscal measures to stabilise the Mauritian economy.

3. Companies Act

Temporary measures during COVID-19 period

- The Registrar may, during the COVID-19 period and such further period, as the Registrar may determine, after the COVID-19 period lapses, issue such **Practice Directions**, guidelines or such other instructions as may be necessary and which shall be published in the Gazette and shall remain in force unless amended or revoked by publication in the Gazette.
- **Extension of deadline** to call an annual meeting of shareholders from 6 months to 9 months after the balance sheet date of the company
- **Relaxation of the duty of directors on insolvency practices, namely the duty of a director** to call a meeting to consider whether the Board should appoint a liquidator or an administrator in the event the director believes that the company is **insolvent**, shall not apply during the COVID-19 period, and any further period, as the Registrar may determine.

- Extension of deadline for preparation of financial statements from **6 months to 9 months** after the balance sheet date of the company
- Extension of deadline for registration of financial statements with the Registrar from **28 days to 3 months** after the financial statements of the company and any group financial statements are required to be signed

4. Financial Services Act

Amendments to allow for the board of directors of the Financial Services Commission to hold their meetings

- i. by a number of the members who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- ii. by means of audio, or audio and visual, communication by which all the members participating and constituting a quorum can simultaneously hear each other throughout the meeting.

A resolution in writing, signed or assented to by all members then entitled to receive notice of a meeting, shall be as valid and effective as if it had been passed at a meeting duly convened and held.

5. Income Tax Act

Contribution to COVID-19 Solidarity Fund

- **Tax deduction** is available for contributions made to COVID-19 Solidarity Fund by individuals and companies during the income year commencing on 1 July 2019 or 1 July 2020.
- Any unrelieved amount can be carried forward for a maximum of 2 income years.

COVID-19 Levy

- Employers who benefited from an allowance under the Wage Assistance Scheme (“WAS”) should pay a **COVID-19 Levy**, the amount depending on whether the employer is an individual or a company/ Resident Societe.
- The COVID-19 Levy is applicable in respect of the year of assessment commencing on 1 July 2020, 1 July 2021 or 1 July 2022, depending on the category of employer.

Individual		Company/ Resident Societe	
Lower of		Lower of	
Amount paid to him/the company under the Wage Assistance Scheme	15% of the gross income derived under section 10(1)(b), (c) and (g) after deduction of any expenditure allowable under sections 18, 19 and 24	Amount paid to him/the company under the Wage Assistance Scheme	15% of chargeable income, excluding any tax loss brought forward

6. Insolvency Act

<u>Adjudication procedure</u>	<u>Voluntary winding up by shareholders</u>	<u>Voluntary winding up by creditors</u>
<p>The value of debts that needs to be established to declare a person bankrupt has been increased from Rs 50,000 to Rs 100,000.</p> <p>The time limit to comply with a bankruptcy notice/ file a cross claim has been increased from 14 to 28 days.</p> <p>The value of combined debts needed for a debtor to petition in court for his own adjudication has been increased from Rs 50,000 to Rs 100,000.</p>	<p>Where a special resolution is passed during the COVID-19 period or during a period not exceeding 3 months after the COVID-19 period, that resolution shall be void. This shall not apply to a Global Business Licence Company.</p>	<p>The provisions regarding the requirement to summon a creditors' meeting where no declaration of solvency is made will not be applicable during the COVID-19 period, and a period of 3 months post the COVID-19 period.</p>

<u>Statutory demand</u>	<u>Receivership</u>	<u>Voluntary administration</u>
<p>A statutory demand may now be served by a creditor on a debtor where the debt is not less than Rs 250,000.</p> <p>The time limit for a debtor to pay its debt or compound with creditor upon being served a statutory demand has been increased from 1 month to 2 months.</p> <p>A debtor now has 28 days, instead of 14 days, to make an application to Court to set aside a statutory demand.</p>	<p>Any receiver appointed during the COVID-19 period under any instrument shall be of no effect and shall be void.</p>	<p>Pre- COVID-19, the Administrator had to call the first creditors meeting to decide whether to appoint a creditors committee and decide whether to replace the administrator within 10 days after the date on which the administration begins.</p> <p>Post- COVID-19, where the 10 days period expires, or falls wholly or partly during the COVID-19 period, the meeting shall be held not later than 30 days after the COVID-19 period lapses.</p>

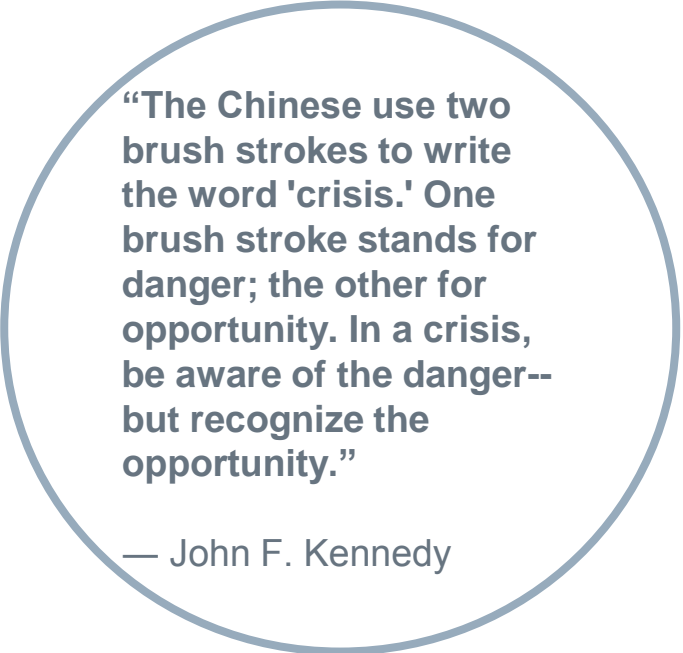
7. Freeport Act

- The Economic Development Board may authorise, a private Freeport developer, during the COVID-19 period and such further period as may be prescribed after the COVID-19 period lapses, to provide warehousing facilities for the storage of goods, which have been cleared from Customs under the Customs Act, in a Freeport zone to any person.
- Goods which are stored in warehousing facilities provided by Freeport developers should be stored for a maximum period not exceeding 36 months where the goods are entered during the period starting on 1 October 2018 and ending on 31 December 2020.
- The annual fee payable for authorisation to a private Freeport developer to provide warehousing facilities for storage of goods as per (2) will be MUR 3000 per enterprise (within the due date) or MUR 4500 per enterprise (after due date)

BUSINESS CONTINUITY

As the COVID-19 pandemic maintains its status as a threat to the world and despite the recent improvement in the situation in Mauritius, that is, no active cases for the past 21 days and a partial deconfinement as from 15th May 2020, as per our business continuity plan (BCP):

- ▷ Our team will continue operating from home until further notice, leveraging on our tried and tested Work from Home (WFH) facilities to continue to support you with your requirements and uncover new opportunities for you. While we will not be hosting any on-site meetings, our team members remain ever ready to support you, respond to queries and discuss projects through WhatsApp, Zoom, emails, etc.
- ▷ We continue to monitor this situation closely and will keep you posted of any new developments. We wish to reiterate our commitment towards and willingness to safeguard interests of our partners and wish you, your families, and your staff continued health and safety.



“The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger-- but recognize the opportunity.”

— John F. Kennedy

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