



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

Finance (Miscellaneous Provisions) Bill 2016

Madam Speaker,

1. Thank you for giving me the opportunity to share my views on the Finance Bill. I will be brief and I will stick to matters pertaining to the business, enterprise and cooperatives as I have already quite extensively commented on the Budget Speech.
2. The House will recall that during my intervention on **8 August** on the Budget Speech delivered by the Hon. Minister of Finance and Economic Development, I concluded by saying that the Budget is now behind us. Indeed, the major focus should, from now on, **solely and firmly** be on the diligent **implementation** of the measures announced. And everyone on this side of this House will now have to ensure implementation of the measures announced. Already, Government is working in this direction and I have no doubt that this Government will achieve its set objectives.
3. This Finance Bill, Madam Speaker, which makes provision for amendments to be made to **58 enactments**, has a strong positive correlation with the quality of the 2016-2017 Budget, which proposes powerful actions to deal with complex issues.
4. The various amendments proposed translate in concrete terms the objectives of Government to come up with the most appropriate response to the population's economic and social emergencies. Likewise, the provisions contained in the Bill under consideration include many measures aiming at modernising the economic system. We will indeed see that some of the



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

amendments proposed today are, simply and rightly so, an update in view of the technological innovations brought in various sectors.

5. Madam Speaker, we are all here today to work together so that the measures announced in the 2016-2017 Budget acquire “*force de loi*”. And for this to effectively happen, we need to create the appropriate legal framework through which they will be implemented. This is a highly technical as well as vital stage to enable the effective implementation of the budgetary measures.
6. Two of the 10 key strategies underlying the pillars of the new era of development advocated for in the Budget directly relate to the business and enterprise sector - we indeed have **Strategy 1, which is ‘Fostering a wave of modern entrepreneurs’** and **Strategy 5, ‘Fundamentally reforming business facilitation and expanding our economic horizons’**. These 2 indeed go hand-in-hand.
7. And as the Hon. Minister of Finance himself said, we cannot go towards modernization “*with our mindset, policies and actions locked in the paradigm of yesterday*”.
8. Madam Speaker, What are the main complaints of most entrepreneurs? Too many procedures, too much administrative hassle and time-consuming steps before being able to set up or improve a business. I can say that the Hon. Minister of Finance is taking the bull by the horns by proposing amendments that will free our economy from the stifling bureaucracy and get it out of the constraining mold of regulations and administrative procedures that have not been able to adapt to the new exigencies of our society. The time is right for a change of mindset and we all should move in this direction.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

9. I remember meeting representatives of local authorities in **November, last year** to plead in favor of the rationalization of procedures related to the delivery of permits and clearances to entrepreneurs.
10. This intent can now be transformed into reality thanks to the amendments proposed to the **Local Government Act**. Indeed, **Clause 32** amends this Act to abolish the requirement for obtaining the stand of the Executive Committee in the process of determining an application for an Outline Planning Permission and a Building and Land Use Permit, to provide that an application for a BLP be made electronically and to provide that the Local authority will have only 8 working days to seek any additional information, particulars or document from an applicant. This is indeed, Madam speaker, a major improvement.
11. I can assure you that those are amendments that will drastically change the lives of several entrepreneurs, who will henceforth have more time to focus on growing their businesses rather than on ticking regulatory boxes.
12. Last year, we set up MyBiz, the SME One Stop Shop, to act as a single window for licenses, permits and other clearances required by entrepreneurs. One of the major constraints of this operating model is that all agencies that are present should be on the same wavelength when it comes to information they have. However, in reality, this is seldom feasible, notably with the large amount of paperwork which still contaminates our administration system.
13. However, **Clause 5** which proposes to amend the **Business Registration Act** to cater for the electronic issue of business registration cards by the Registrar of Companies is in itself a significant measure. This will notably enhance the exchange of information among various public sector agencies, which shall



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

henceforth upon mutual agreement share and use information relating to businesses among themselves for the purpose of exercising their functions in a more effective manner.

Madam Speaker,

14. I will now comment **Clauses 27 and 48**, which pertain to proposed amendments to the **Income Tax Act** and the **SMEDA Act** respectively.
15. It is to be noted that during debates on the 2015-2016 Budget, more specifically on **13th of May 2015**, Hon. Reza Uteem deplored the fact that provisions relating to SMEs enabling them not to file their accounts and not to pay taxes, only apply to SMEs set up on or after June 2015.
16. He went further by saying that *“we are going to have 2 classes of SMEs after June 2015 - one that will be exempted and the other one that will not be exempted”*. I admit that he was not wrong. For several months, we indeed received representations from entrepreneurs operating before June 2015, bemoaning the fact that we had omitted to give due consideration to their contribution to the Mauritian economy so far by granting a tax-holiday only to enterprises set up on or after 2 June 2015.
17. I think that the community of entrepreneurs must now be relieved as their appeal has somewhat been heard, with **Clause 27 (zc)** proposing to amend the **Income Tax Act** by making provision for a **4-year tax holiday** for a small enterprise set up prior to 2 June 2015, registered with SMEDA, with an annual turnover of less than Rs 10 million and engaged in qualifying activities under the scheme approved by Government.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

18. Hon. Uteem, may rest assured that there will not be any 2 classes of SMEs! Credit for this has to be given to the Hon. Minister of Finance who has promptly rectified this past discrepancy. This is proof of the humility of this Government - we have listened to concerns expressed by you as well as our entrepreneurs and we acted upon them so as to restore a fair situation for existing as well as new SMEs.
19. The House will also note the will of the Government to develop a unified, coherent approach in the field of enterprise development, notably with **Clause 48 amending the SMEDA Act** in such a way that an individual operating an enterprise with an annual turnover of not more than 10 million rupees, a company or co-operative society, may now apply for registration with the Authority. Registration was, up to now, limited to persons operating a small enterprise or medium enterprise. Indeed Madam Speaker, *“l’union fait la force”* and it is definitely more pertinent to regroup all types of enterprises (i.e micro, small, medium and cooperatives) under the same umbrella to give more impetus to a sector which is expected to play a vital role in our economy.
20. Madam Speaker, Still with regards to SMEs, I wish to highlight **Clause 14 which amends the Education Act**, by, inter alia, providing for reforms in the Technical and Vocational Education and Training sector with regard to new pathways after Grade 9. Its relevance to SMEs may not seem obvious at first sight but I must say that this is a measure that comes at an opportune time. Indeed, the **skills mismatch** is one of the major factors which significantly affects our SMEs, particularly in technical sectors like woodwork or handicraft. This amendment will thus address this critical problem at source and will, in the long term, compensate for the lack of technical know-how in the sector.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

Madam Speaker,

21. Coming to the cooperative sector, consequential amendment is being made for cooperative credit unions to fall under the purview of the **Financial Intelligence and Anti-Money Laundering Act (Clause 22)**.
22. We all remember the trauma caused a bit more than one year ago by the *Vacoas Popular Multi-purpose Cooperative Society* mega-fraud. At the level of my Ministry, we have had to take many drastic decisions with regards to this crisis and I am happy to say that at the end of the day, we managed to find a mutually-beneficial solution for all parties involved.
23. However, with the wisdom of hindsight, we came to the realization that there were quite a few loopholes in the legal and institutional framework of the cooperative movement and that **the Registrar of Cooperatives needs to be empowered** to effectively deal with fraudulent cases.
24. **Clause 10 amends the Co-operatives Act** in this vein: it prescribes the transfer of the licensing of credit unions with a turnover above Rs 20 million from the Bank of Mauritius to the Registrar of Cooperatives. This transfer will be done in a **smooth and realistic manner**, in the sense that the Registrar of Cooperatives will still benefit from the technical support and assistance of the Bank of Mauritius with regards to the licensing, regulating and supervision of these credit unions.
25. The Registrar of Cooperatives is being definitely empowered as it will have more control over credit unions, notably by ensuring that every credit union complies with the relevant guidelines issued by the FIU.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)

26. At the same time, this will **rightfully put some onus on the management of credit unions**, which are, through this amendment, being given a better chance to ensure a healthy financial state of affairs. With Clause 10, every internal controller or auditor of a credit union shall as soon as practicable but not later than 15 working days from the day on which he becomes aware of a transaction which he has reason to believe may be a suspicious transaction, make a report to the FIU of such transaction and provide to the FIU and to the Registrar such information as they may require regarding the transaction.

27. Hence, **Clause 10 (Co-operatives Act) and Clause 22 (Financial Intelligence and Anti-Money Laundering Act)** are amendments that lay the groundwork for a framework that will not tolerate malpractices as those that have been exposed in the case of the *Vacoas Popular Multi-purpose Cooperative Society Ltd.*

Madam Speaker,

28. It is quite obvious that the main amendments suggested by the Hon. Minister of Finance when it comes to the business, enterprise and cooperative sector are coherent.

29. I am convinced that the Finance Bill, when passed, is set **to create a conducive environment** that will promote business, good governance, as well as attract potential entrepreneurs to venture into taking risks, which are part and parcel of the entrepreneurial world.

30. When we adopt a holistic approach to the Finance Bill, we very clearly see that it is proposing to set up the appropriate legal framework to put our country firmly on the path to a new era of development and prosperity for the whole nation.



**MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise Division)**

31. Thank you for your attention.

31st of August 2016