



**The Institute of Chartered Accountants
of India (Dubai) Chapter NPIO**
INTERNATIONAL TAX CONFERENCE
Mauritius – Tax Planning Opportunities
11 June 2022

Who are we?



Andersen (Mauritius) Ltd is an independent tax and accounting advisory firm with a worldwide presence through the member firms and collaborating firms of Andersen Global.

We are one of the few specialist tax advisory firms in Mauritius and have been a leading tax advisory and accountancy firm for the last 20 years, servicing a diversified portfolio of clients operating in financial services, banking, global business, manufacturing, hospitality, construction, education as well as high-net-worth individuals.

Through its expansion efforts and unification of member firms under a common brand, Andersen now has the largest legal footprint on the African continent through the member firms and collaborating firms of Andersen Global. The rapid growth of Andersen is a by-product of the outstanding client service delivered by our people, the best professionals in the industry.

Our objective isn't to be the biggest firm, it is to provide best-in-class client services in seamless fashion across the globe.



1 Tax planning opportunities in Mauritius

A name from the past. A firm for the future.

Why Mauritius?

Mauritius has the right ecosystem in place for investors and its regulatory framework is continuously being reviewed and upgraded to ensure transparency and adherence to globally agreed standards and best practices. In 2020, amidst a fast-changing global landscape, Mauritius made a marked progression on the World Bank Ease of Doing Business Report, positioning itself at the 13th place worldwide (2019: 20th) while retaining the 1st position in Africa. For many investors wishing to do business worldwide, Mauritius remains the platform of choice for various reasons:

A tried and tested International Financial Centre – Well established Global Business sector since the early 1990s

Network of investment promotion and protection agreements with other African countries

First African country to have concluded a Free Trade Agreement with China and a Comprehensive Economic Cooperation and Partnership Agreement with India

Cost efficient jurisdiction

Ideal time zone (GMT+4) – trade and exchanges with Africa, Europe and Asia are concluded in a timely fashion

A highly educated and bilingual workforce

Diversified economy enjoying both political and social stability

Attractive and investor friendly fiscal regime

Mauritius has a transparent regulatory framework. It follows all international initiatives regarding anti-money laundering and tax transparency, including exchange of information. It is on the FATF and EU list of Compliant jurisdictions

Reliable and Sophisticated banking system

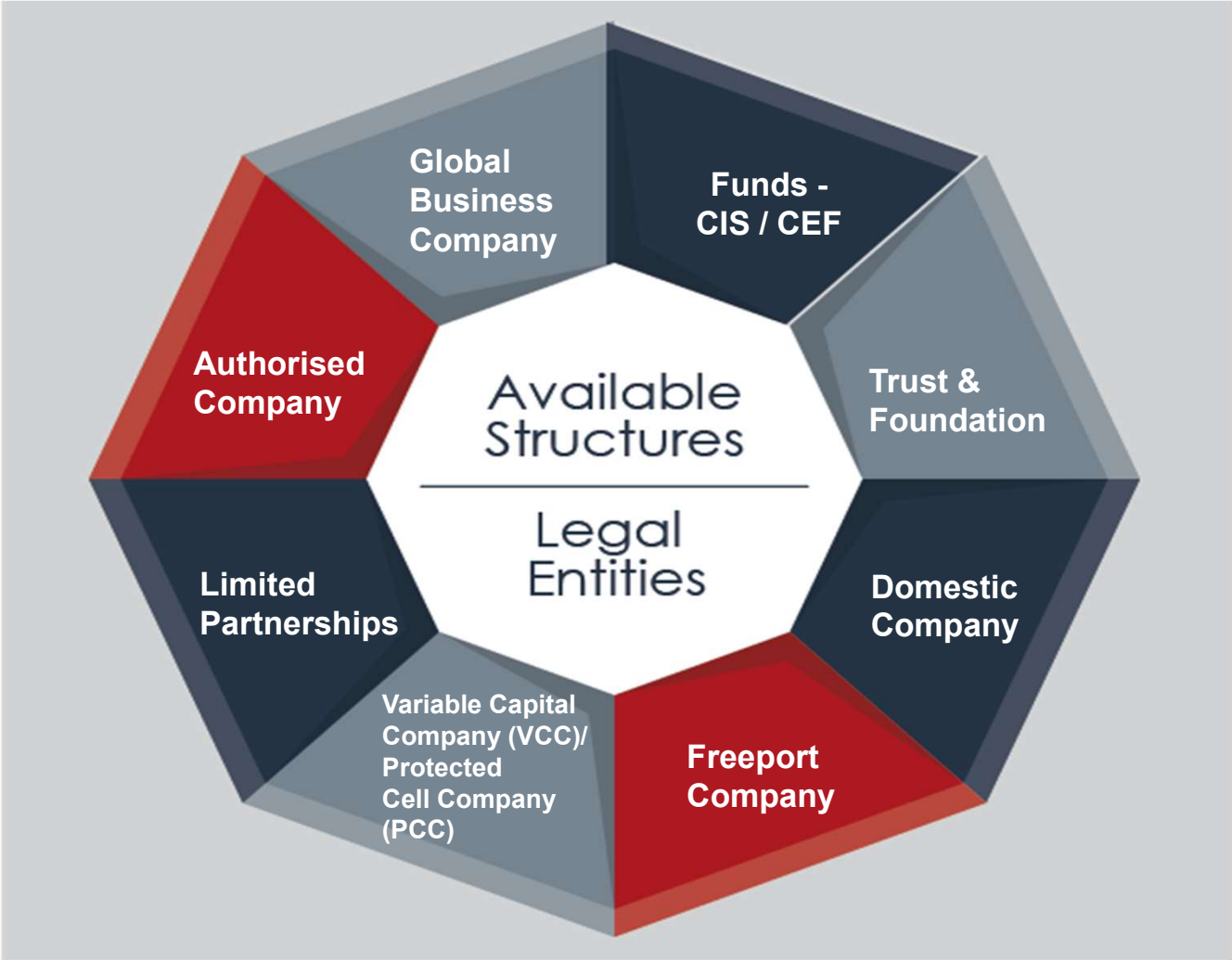
No exchange controls

Enabling and modern Regulatory and Legal framework

Network of Double Taxation Avoidance Agreements with over 40 countries

Most business-friendly country in Africa offering an investment - friendly regulatory regime

Member of the African Union, Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) & the African Continental Free Trade Area (AfCFTA) Agreement



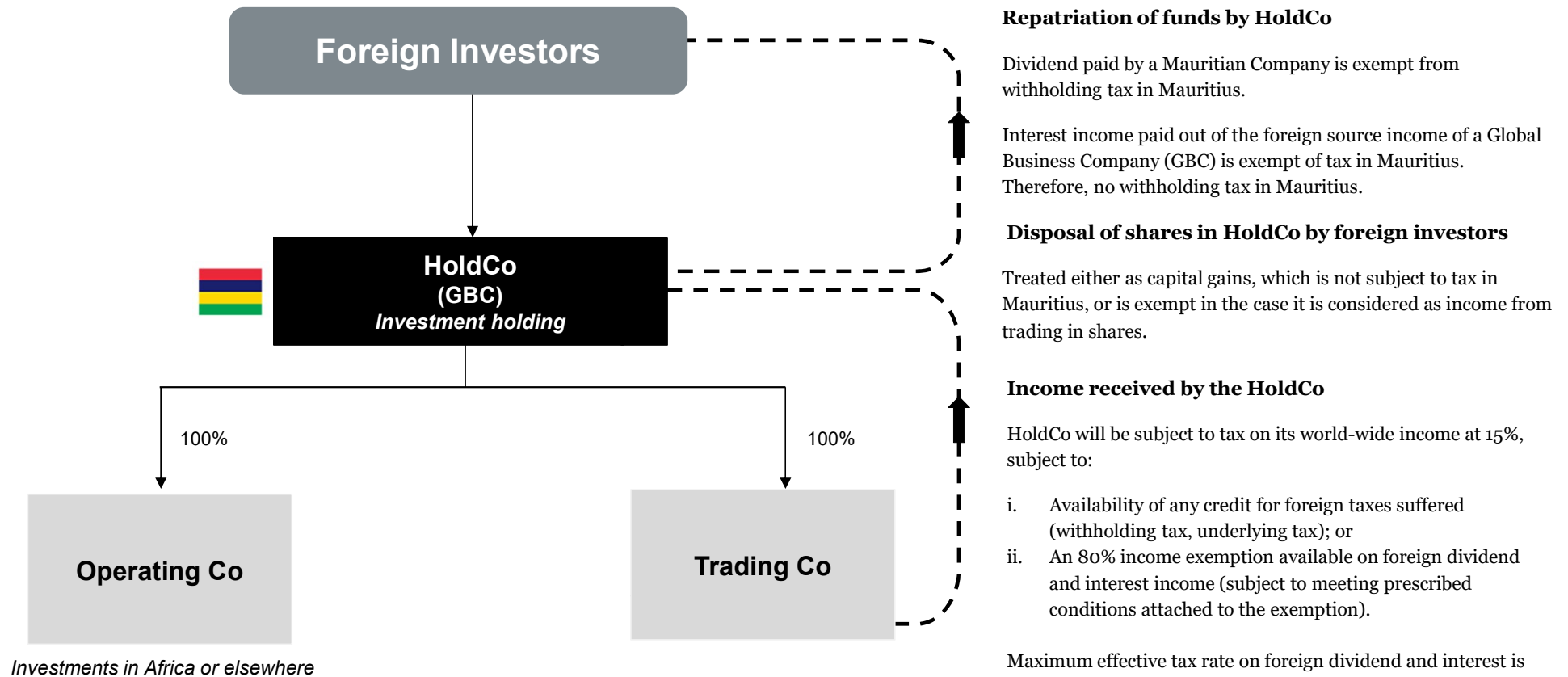
Tax in Mauritius – Snapshot (1/2)

Description	Tax implications
Headline Corporate tax rate	<ul style="list-style-type: none"> The tax rate in Mauritius is 15%. Companies, other than Global Business Companies (GBCs), are also liable to Corporate Social Responsibility at the rate of 2%. Export of goods - 3% on related chargeable income attributable to exports.
Individual	<ul style="list-style-type: none"> Changes brought in 2022 Budget: <ul style="list-style-type: none"> Annual net income up to Mur 700,000 – 10% Annual net income above MUR 700,000 and not exceeding MUR 975,000 – 12.5% Annual net income above MUR 975,000 – 15% Mauritian resident – Subject to a Solidarity Levy of 25% on leviable income in excess of MUR 3 million. The solidarity levy is however restricted to 10% of the total of the net income and dividend income of the individual.
Relief for double taxation	<ul style="list-style-type: none"> Mauritius has a credit system of taxation whereby foreign tax paid may be credited against Mauritius tax payable on the same income. In the context of dividend, the credit includes underlying taxes, provided that the Mauritian resident company holds, directly or indirectly, at least 5% shares in the underlying company paying out the dividend.
80% exemption	<ul style="list-style-type: none"> A company may claim an 80% exemption on certain specified income streams, such as foreign dividend and interest. Income derived from certain specified financial activities (income derived by a CIS, closed end fund, CIS manager, CIS administrator, investment adviser, investment dealer or asset manager) are also eligible for an 80% exemption. The exemption is subject to satisfying some prescribed substance conditions. No actual foreign tax credit is allowed on foreign-source income if the company has claimed the 80% exemption.

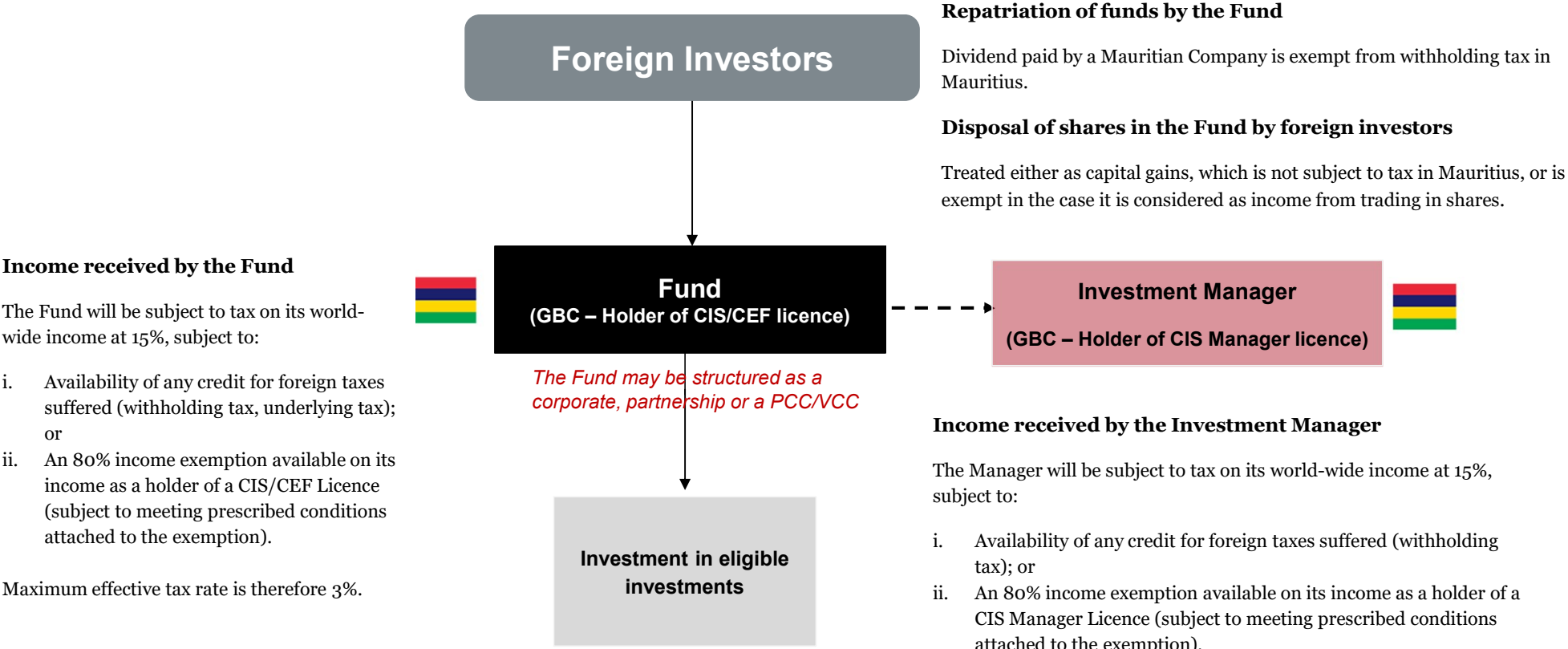
Tax in Mauritius – Snapshot (2/2)

Description	Tax implications
Capital gains tax	<ul style="list-style-type: none"> Mauritius does not have a capital gains tax regime.
Profits from trading in shares	<ul style="list-style-type: none"> Profits or gains from trading in shares or other securities are considered as exempt income.
Tax Holidays & Incentives	<ul style="list-style-type: none"> Tax Holidays – Subject to conditions and related substance requirements, income derived by certain companies are exempt of tax for a period of 5, 8 or 10 years, as applicable. This includes income derived by companies operating a peer-to-peer lending platform (5 years), companies holding a Global treasury activities licence (5 years), companies engaged in innovation-driven activities (8 years), income derived by holder of a family office single or a family office “multiple” licence (10 years) and companies holding a Global Headquarters Administration licence (8 years), among others. Tax Incentives – Includes, as applicable, double tax deduction available on medical R&D expenditure incurred in Mauritius, on the acquisition cost of patents and franchises and on qualifying R&D costs incurred on market research and product development for the African market, among others. These deductions are only available for a specified period of time.
Withholding tax	<ul style="list-style-type: none"> Dividends paid by a resident company is exempt from tax. Interest and royalty payments made by Global Business Companies to non-residents not carrying out any business in Mauritius and made out of their foreign source income are exempt from tax in Mauritius.

Common structure for investment, holding and trading activities



Common Fund Structures in Mauritius



Income received by the Fund

The Fund will be subject to tax on its world-wide income at 15%, subject to:

- i. Availability of any credit for foreign taxes suffered (withholding tax, underlying tax); or
- ii. An 80% income exemption available on its income as a holder of a CIS/CEF Licence (subject to meeting prescribed conditions attached to the exemption).

Maximum effective tax rate is therefore 3%.

Repatriation of funds by the Fund

Dividend paid by a Mauritian Company is exempt from withholding tax in Mauritius.

Disposal of shares in the Fund by foreign investors

Treated either as capital gains, which is not subject to tax in Mauritius, or is exempt in the case it is considered as income from trading in shares.

The Fund may be structured as a corporate, partnership or a PCC/VCC

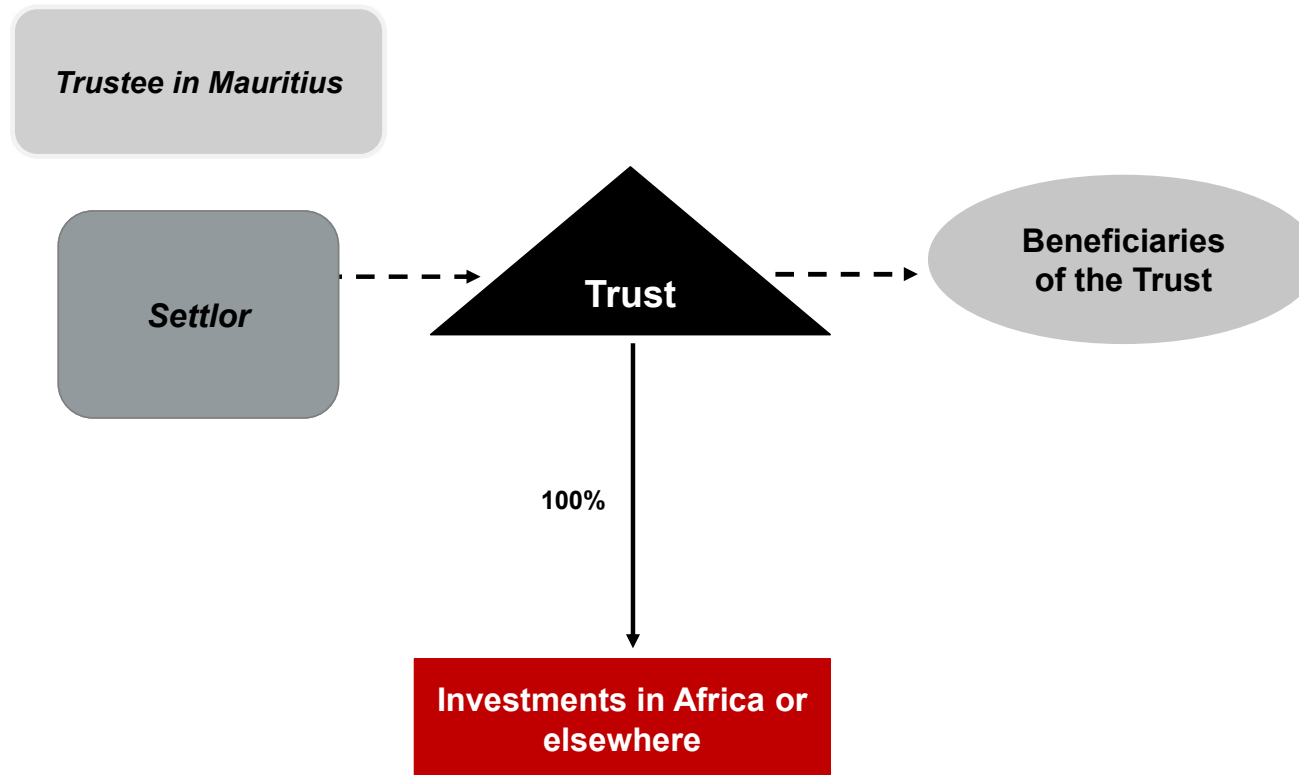
Income received by the Investment Manager

The Manager will be subject to tax on its world-wide income at 15%, subject to:

- i. Availability of any credit for foreign taxes suffered (withholding tax); or
- ii. An 80% income exemption available on its income as a holder of a CIS Manager Licence (subject to meeting prescribed conditions attached to the exemption).

Maximum effective tax rate is therefore 3%.

Typical Mauritius Holding Structure for Private clients



Tax implications arising for a trust in Mauritius

Description	Tax implications
Resident Trust	<ul style="list-style-type: none">• Considered as resident in a given year where:<ul style="list-style-type: none">– The trust is administered in Mauritius and a majority of the trustees are resident in Mauritius;– The settlor of the trust was resident in Mauritius at the time the instrument creating the trust was executed or at such time as the settlor adds new property to the trust; and– A majority of the beneficiaries or the class of beneficiaries appointed under the terms of the trust are resident in Mauritius.• Resident trust subject to tax on its world-wide income at 15%, subject to:<ul style="list-style-type: none">i. Availability of any credit for foreign taxes suffered (withholding tax, underlying tax); orii. An 80% income exemption available on foreign dividend and interest income (subject to meeting prescribed conditions attached to the exemption).• Distribution by the Trust – Treated as dividend and no WHT implications in Mauritius.
Non-resident Trust	<ul style="list-style-type: none">• A non-resident trust is taxable in Mauritius only on income derived from Mauritius.• A non-resident trust which satisfies the prescribed conditions would also be eligible to claim the 80% exemption available on its Mauritian source interest income.• Distribution by the Trust – Treated as dividend and no WHT implications in Mauritius.

Andersen (Mauritius) Ltd

Level 4, Alexander House,
35 Cybercity Ebene 72201, Mauritius

T: (230) 403 0850 | **F:** (230) 403 0851 | **E:** info@mu.Andersen.com

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