

# DOING BUSINESS

IN MAURITIUS



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for doing  
business

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# 1 – INTRODUCTION

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UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in around 99 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Mauritius has been provided by the office of UHY representatives:

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A detailed firm profile for UHY's representation in Mauritius can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at October 2017.

We look forward to helping you do business In Mauritius.

## 2 – BUSINESS ENVIRONMENT

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### **GEOGRAPHY AND HISTORY**

Mauritius is an island of 1,969 square kilometres, situated almost in the centre of the Indian Ocean at around 2,000 kilometres off the south east coast of Africa.

It has a cosmopolitan population consisting of around 1.3 million inhabitants of African, Chinese, Indian and European descent.

The island was first visited by the Portuguese at the beginning of the 16th century. The Dutch followed in 1598, named the island Mauritius in honour of their Prince, Maurice Van Nassau, and settled until 1710. Five years later, the French took control of Mauritius and stayed until 1810, when the British invaded the island.

Mauritius remained a British colony until 1968, when it obtained its independence from Britain and in 1992 became a republic within the Commonwealth.

### **GOVERNMENT AND LEGAL SYSTEM**

The country is a parliamentary democracy based on the Westminster model with elections held every five years and an independent judiciary.

The legal system is a composite of the French Napoleon Code (civil law) and the British legal framework (common law).

### **LANGUAGE AND CLIMATE**

English is the official language.

French is widely used both in conversation, written communications and the print/audio-visual media. Creole, the local dialect and lingua franca, is spoken by all Mauritians.

Mauritius has a sub-tropical climate with average temperatures varying from between 17–34°C in the summer (November to April) and between 15–27°C in the winter (May to October).

### **CURRENCY AND TIME ZONE**

The local currency is the Mauritian rupee (MUR); 1 USD = MUR 33 as of October 2017.

Mauritius is four hours ahead of Greenwich Mean Time (GMT) and has no summer/winter time.

### **ECONOMY**

#### **GROSS DOMESTIC PRODUCT**

Mauritius has one of the highest gross domestic products (GDP) in Africa, with a current annual GDP per head of around USD 9,600. The GDP growth rate was approximately 3.4% in 2016 and is forecast to grow to around 3.9% in 2017.

### MAURITIUS ON THE WORLD SCENE (RANKINGS)

Mauritius has built its success on a free market economy. The country ranks favourably on the world economic scene, as evidenced by the following world rankings:

No	Index	Global Rank	Africa Rank
1	World Bank Doing Business 2017	49 out of 190 countries	1st
2	Global Competitiveness Index 2016 - 2017	45 out of 138 countries	1st
3	Corruption Perceptions Index 2015 (Transparency International)	50 out of 176 countries	3rd
4	Mo Ibrahim Index of African Governance 2016	-	1st
5	Press Freedom Index 2016 (Reporters without Borders)	61 out of 180 countries	8th
6	2017 Index of Economic Freedom (Heritage Foundation)	21 out of 180 countries	1st
7	Economic Freedom of the World 2016 (Fraser Institute)	5 out of 159 countries	1st
8	Human Development Index 2016	64 out of 188 countries	2nd
9	Economist Intelligence Unit	18 out of 167 countries	1st
10	Global Enabling Trade Report 2016	39 out of 136 countries	1st
11	Environmental Performance Index 2016	77 out of 180 countries	1st
12	Mercer's 2016 Quality of Living Survey	83 out of 230 countries	1st
13	E-government development Index 2016	58 out of 193 countries	1st
14	Global Information Technology Report 2016	49 out of 139 countries	1st
15	Forbes Survey of Best Countries for Business 2017	39 out of 139 countries	1st
16	The Travel and Tourism Competitiveness 2017	55 out of 136 countries	2nd
17	Social Progress Index 2016	40 out of 133 countries	1st

### MAIN SECTORS OF THE ECONOMY

#### AGRO-INDUSTRY

Significant business opportunities exist in the agro-industry sector given that Mauritius imports 75% of its food supply.

Mauritius offers the right business environment in terms of fiscal incentives and infrastructure to develop this industry with the goal of decreasing its reliance on imports. To that end, the Ministry of Agro-Industry and Food Security has recently introduced a Bio-farming Promotion Scheme to encourage the development of bio-farming activities on a commercial scale. Incentives provided under the Scheme include:

- (a) Income Tax Holiday for the first eight years of operation;
- (b) Value Added Tax Exemption on production equipment and other inputs;
- (c) Loan facilities of up to 90% of project cost over 10 years at concessionary interest rates under the MauBank SME Financing Scheme; and
- (d) Fast track business support solutions from the Food and Agricultural Research and Extension Institute (FAREI) and MyBiz.

Investment opportunities in agro-industry include:

- Seed production units for African countries that have similar climatic conditions
- Production of food crops that are not yet cultivated on a commercial scale in Mauritius
- Processing of fruits and vegetables
- Bio farming geared towards both the local and the export market
- Intensive dairy farming
- Technology-based farming – organic farming of fruits and vegetables
- Aquaculture through partnership with large operators.

#### MANUFACTURING SECTOR – TEXTILES

The textile sector is a significant component of the manufacturing sector in Mauritius. In the face of the threat posed by the end of preferential access of Mauritian textile products to export markets, the sector has re-engineered itself by moving away from basic products to the higher end of the value chain. Products exported to the European Union, Africa, the United States and Asia include pullovers, textile yarn, fabrics (including jeans fabrics) and jeans.

With the largest vertically integrated textile and garment manufacturing facilities in sub-Saharan Africa, major fashion houses are choosing to source their products from Mauritian textile and garment companies.

Significant emphasis is being placed to reposition the textile and apparel sector. As a result, a range of incentives are offered to investors. These include, among others:

- a) the free repatriation of profits
- b) duty-free import of inputs and machinery
- c) a major Air Freight Rebate Scheme which will entail a 40% reduction by the national carrier of the air freight cost to Europe
- d) Refund of 25% of the Basic Freight Cost to a maximum of USD 300 per 20-foot container and USD 600 per 40 –feet container exported to 45 eligible ports in Africa including Madagascar and Reunion
- e) streamlined procedures for the recruitment of expatriates and foreign labour
- f) Exemption from corporate tax under the Freeport Scheme
- g) No Registration Duty and Land Transfer Tax on any transfer of a building or land earmarked for the construction of a building, to be utilised for setup of qualifying high-tech manufacturing activities

Investment opportunities are available in:

- Knitting
- Dyeing and value-added finishing
- Manufacturing of value-added woven and knitted garments
- Testing and certifying laboratories
- Design and fashion institutes
- Manufacture of footwear, belts and handbags
- Cotton spinning and weaving
- International textile logistics services.

#### NON-TEXTILES

Sectors other than textiles which present favourable investment opportunities for investors include:

- Electronics – assembly of electronic products, such as computer components, laptops and household appliances
- Micro-mechanics and precision mechanics – manufacture of minute precision-sets for the electronics, aeronautics and defence industries
- Clock and watch making – assembly and production of parts and accessories
- Precision plastics – manufacture or assembly of precision parts in plastic for a variety of industries (automotive, defence, medical, telecommunications etc.)
- Energy production – production of energy from renewable sources
- Agro-industry – processing of fruits and vegetables, dairy products and precooked foodstuffs
- Jewellery – Mauritius has acquired international recognition for the craftsmanship of its jewellery and the precision of its diamond cutting and polishing
- Manufacturing/assembly of interactive entertainment equipment such as video games for export.

#### HOSPITALITY AND PROPERTY DEVELOPMENT

Mauritius is perceived as an upmarket tourist destination with more than one million tourist arrivals in 2016. With the liberalisation of air access and market diversification measures, the sector is expected to grow significantly over the next few years.

New air linkages are expected with Eastern Europe, Central Asia, Australia, Germany and Austria.

In the wake of the forecast growth in tourism and the overall policy of opening up the Mauritian economy to the outside world, significant investment opportunities exist in:

- The development of new hotel projects and ancillary facilities, including marinas and leisure / amusement parks
- Shopping malls and duty free shops
- Office buildings, and business and industrial parks
- Health tourism facilities.

### THE PROPERTY DEVELOPMENT SCHEME (PDS)

The Investment Promotion Act has been amended recently to make provision for a Property Development Scheme (PDS). The PDS is an integrated project with social dimensions for the benefit of the neighbouring community and allows for the development and sale of high standing residential units mainly to foreigners.

The main features of PDS are as follows:

- development of at least six luxurious residential units on freehold land not exceeding 5,276m<sup>2</sup> (minimum 1 arpent)
- high quality public spaces that promote social interaction and a sense of community
- high-class leisure, commercial amenities and facilities intended to enhance the residential units
- day-to-day management services to residents including security, maintenance, gardening, solid waste disposal and household services
- social contribution in terms of social amenities, community development and other facilities for the benefit of the community

The following persons may acquire a residential property from a PDS company:

- a) A natural person, whether a citizen of Mauritius, a non-citizen or a member of the Mauritian Diaspora
- b) A company incorporated or registered under the Companies Act
- c) A société, where its deed of formation is deposited with the Registrar of Companies
- d) A limited partnership under the Limited Partnerships Act
- e) A trust, where the trusteeship services are provided by a qualified trustee
- f) Foundation under the Foundations Act
- g) A qualified global business as defined under the Financial Services Act 2007 holding a Global Business Licence

### THE INTEGRATED RESORT SCHEME (IRS)

The IRS is a property development scheme involving the creation of luxury villas of high standing and first-class amenities and facilities, located within an integrated resort area. Amenities/facilities include golf courses, marinas, individual swimming pools, nautical and other sports activities, health centres etc.

The IRS opens a window of opportunities for international and local property developers. It is also a scheme which allows non-nationals to acquire residential property in Mauritius and to become Mauritian residents.

The following are relevant to IRS projects:

- The minimum investment to acquire a residence (including the land) is USD 500,000 inclusive of a fixed registration duty of USD 70,000
- Non-citizens who acquire immovable property for residence under the scheme and their spouse and dependants are granted the status of residents in Mauritius as long as they hold the property
- Non-citizens do not require special approval to acquire an immovable property under the scheme.

The following persons are eligible to acquire property under the IRS:

- A non-citizen of Mauritius



- A citizen of Mauritius
- A company registered as a foreign company under the Companies Act 2001
- A company incorporated under the Companies Act 2001
- A *société* where its deed of formation is deposited with the Registrar of Companies
- A trust, where the trusteeship services are provided by a qualified trustee licensed by the Financial Services Commission
- A qualified global business as defined under the Financial Services Act 2007 holding a Global Business Licence

#### THE REAL ESTATE SCHEME (RES)

The RES is a property development scheme, smaller in scale than the IRS, involving the construction of any mix of residences (at least six residential units) within a development area of less than 10 hectares (23.69 arpents), endowed with commercial and leisure facilities.

The RES also provides opportunities for non-citizens to purchase residential property in Mauritius, but does not grant resident status to owners unless the value of the property acquired under the RES is at least USD 500,000. The scheme targets mainly foreign investors, professionals and retirees, who invest, work and live in Mauritius. It may also be attractive for foreigners wishing to have a secondary residence or to spend holidays in Mauritius.

There is no restriction on the minimum amount of price for the acquisition of a residential property under RES.

A local or foreign company incorporated under the Companies Act 2001, a *société* or a trust can also purchase a residential property under the RES. However, an entity holding a 'Category 2 Global Business Licence' is not authorised to acquire property under the scheme.

#### THE SMART CITY DEVELOPMENT SCHEME

Mauritius is embarking on an ambitious economic development programme involving the creation of "Smart Cities" across the island. These smart cities will be self-sustained townships which:

- are led by a main theme, e.g. logistics and airport / port related activities, ocean led development, IT, knowledge etc.;
- are large-scale mixed-use development projects that are environment friendly and self-sufficient in terms of energy and water
- provide for state-of-the-art connectivity and modern transportation

Under the Smart City Scheme, a project, other than a techno pole project, should be developed on land of an extent of at least 21.105 hectares (50 arpents) and include the following characteristics:

- a) promote the live, work and play concept and provide for a majority of the residential population to live and work in the same location
- b) incorporate within the development a mix of compatible land use so as to achieve physical and functional integration and create a pedestrian oriented urban environment

- c) have at least 25% of the residential properties sold to citizens of Mauritius or members of the Mauritian Diaspora

### FINANCIAL SERVICES

The financial services industry comprises the banking sector (which is regulated by the Bank of Mauritius) and the non-banking sector (regulated by the Financial Services Commission). Both sectors enjoy world-class reputes and adhere to the latest international standards (FATF, OECD, IFSB, IOSCO and IAIS) aimed at combating money laundering and the financing of terrorism. The regulatory framework set in place by the Bank of Mauritius and the Financial Services Commission is comprehensive and business friendly. This framework has greatly contributed to facilitating trade both onshore and in the offshore global business sectors.

Key facts about the sector are listed below:

- There are 22 different banks comprising five local banks, ten foreign-owned subsidiaries, one joint venture, four branches of foreign banks and 2 are licensed as private banks
- There were some 971 global funds as at August 2017
- There were 22,217 global business companies as at August 2017
- The overall assets of global business sector stood at USD 660 billion as at December 2015
- There were 181 management companies as at August 2017
- Mauritius has OECD white list status
- There is an international multi-asset class exchange offering a basket of commodity and currency derivative products including metals, energy, agri-soft and currency pairs.

Investment opportunities in the Mauritian financial services sector are available in banking, global business, global funds, trusts, insurance, capital markets and other financial services including accounting and international law firms.

Mauritius is fast becoming a preferred centre for Regional and Global Headquarters as well as Regional Treasury management. Leading multinationals and regional companies are already setting up their operational, administrative and financial base in the country. In a bid to position Mauritius as a leader in the financial services sector in Africa, the 2016/2017 Budget has introduced the following financial products with associated fiscal incentives:

<b>Product Category</b>	<b>Tax Holiday</b>	<b>Substance Requirement/conditions to be satisfied</b>
<b>Global Headquarters Administration</b>	8 years	<ul style="list-style-type: none"> <li>• Employment of 10 professionals with at least 2 at managerial positions</li> <li>• Annual Expenditure of MUR 5 Million to be incurred in Mauritius</li> </ul>
<b>Global Treasury Services</b>	5 years	<ul style="list-style-type: none"> <li>• Employment of 4 professionals with at least 1 at managerial position</li> <li>• Annual Expenditure of MUR 2 Million to be incurred in Mauritius</li> </ul>
<b>Overseas Family Office (Single)</b>	5 years	<ul style="list-style-type: none"> <li>• Employment of at least 1 professional</li> <li>• Assets under Management of more than USD 5 million</li> </ul>
<b>Overseas Family Office (Multiple)</b>	5 years	<ul style="list-style-type: none"> <li>• Employment of at least 3 professionals</li> <li>• Assets Under Management of more than USD 5 Million for each family</li> </ul>
<b>Investment Banking</b>	5 years	<ul style="list-style-type: none"> <li>• Employment of at least 5 professionals</li> <li>• Annual expenditure of MUR 5 Million to be incurred in Mauritius</li> </ul>
<b>Global Legal Advisory Services</b>	5 years	<ul style="list-style-type: none"> <li>• Employment of at least 5 Lawyers</li> </ul>
<b>Asset and Fund Managers managing a minimum asset base of USD 100 million</b>	5-year tax holiday for employees	<ul style="list-style-type: none"> <li>• The officer must be resident in Mauritius</li> <li>• The asset base being managed must be an average of USD 100 million over the last financial year</li> <li>•</li> </ul>

## GLOBAL BUSINESS SECTOR

Mauritius is a well-established and reputable international services and global business centre for investment flows into the emerging markets of Asia and Africa. Structuring investments through the Mauritius global business sector presents foreign investors and investment funds with significant fiscal planning opportunities. This is mainly because Mauritius is a low-tax jurisdiction and it has double tax treaties (DTT) with several countries. The value proposition includes the absence of exchange controls, low corporate tax, no capital gains tax (CGT) and no withholding tax (WHT). Mauritius provides an attractive environment for the establishment of offshore trusts.

Around 22,000 global business companies and more than 180 management companies (as at August 2017) are currently registered, with investments predominantly directed to India, Africa, China, and the Middle and Far East. Mauritius is the leading financial centre through which funds are invested in India.

The sector is regulated by the Financial Services Commission within a highly efficient legal and fiscal framework supported by an independent judiciary. As an offshore jurisdiction, Mauritius has always been on the OECD white list and is seen as a centre of repute.

Mauritius has signed DTTs with Australia, Barbados, Belgium, Botswana, China, Croatia, Cyprus, Congo, Egypt, France, Germany, Guernsey, India, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Malta, Monaco, Mozambique, Namibia, Nepal, Oman, Pakistan, the People's Republic of Bangladesh, Tunisia, Rwanda, Senegal, Seychelles, Singapore, Sri Lanka, the State of Qatar, South Africa, Swaziland, Sweden, Thailand, Uganda, the United Kingdom, the United Arab Emirates, Zambia and Zimbabwe.

## STOCK EXCHANGE

The stock exchange of Mauritius (SEM) is viewed as one of the leading exchanges in Africa and has attracted a number of foreign investors. It is a member of the World Federation of Exchanges, the standard setter for exchanges and the securities industry in the world.

The SEM operates two markets – the official market and the development and enterprise market (DEM). As of 30 December 2016, 56 companies were listed on the official market, representing a market capitalisation of USD 9.2 billion. The DEM has more than 40 companies listed with a market capitalisation of almost USD 1.3 billion. The market capitalisation of listed companies is over 70% of GDP, one of the highest in Africa.

Non-citizens need no approval to trade in shares of listed Mauritian companies. Foreign investors benefit from numerous incentives, such as free repatriation of income/capital, tax-free dividends and no capital gains. Clearing and settlement of transactions is carried out through a computerised platform. Trading in securities by local and foreign investors is conducted through a network of dedicated workstations located at stock-broking firms.

## LOGISTICS AND DISTRIBUTION – THE FREEPORT SECTOR

The Mauritius Freeport is a commercial free zone which covers a surface area of more than 180,000 square metres in the vicinity of the port and of the airport. The infrastructure includes dry warehousing spaces, cold rooms, processing units and business centres built according to stringent international norms and supported by highly efficient and cost-effective logistical facilities. The cold storage facilities are the largest in the Indian Ocean.

The Freeport sector has the ambition of transforming Mauritius into a regional hub between Asia and Africa. Goods transiting through the Freeport of Mauritius are exempt from customs duties. Bulk-breaking, re-assortment, processing and assembly can be carried out in the Freeport before the products are re-exported to the southern, east African and Indian Ocean markets. Other advantages include access to offshore banking, 0% corporate tax for trading activities, a low corporate tax of 15% for processing activities, reduced port handling charges for all goods destined for re-export, 100% foreign ownership, free repatriation of profits and access to the local market.

The Freeport provides the opportunity to foreign and local businesses alike to take advantage of the numerous trade agreements between Mauritius and Africa, the European Union and the United States. These include the Economic Partnership (EPA), which is the successor of the Cotonou Agreement, the Generalised System of Preferences (GSP) and the Africa Growth & Opportunity Act (AGOA) which provide preferential access for goods of Mauritian origin to the European Union and the United States.

Investment opportunities are available in:

- Warehousing and storage
- Breaking bulk, sorting, grading, cleaning and mixing
- Ship building, repairs and maintenance of ships and aircrafts.

#### THE AVIATION HUB

Recent investments made in the airport have opened vast prospects for strengthening the services network in the aviation industry. Capitalising on these investments, Airports of Mauritius Ltd is adding a new dimension in the region by focusing on the rapid growth in travel between Asia and Africa through the development of a passenger hub, a cargo hub and a regional training centre for aviation personnel and for repairs of aircrafts.

#### INFORMATION TECHNOLOGY AND BUSINESS PROCESS OUTSOURCING (IT-BPO)

The Mauritian IT-BPO sector contributed 5.5% of the GDP in 2016 and is a leading outsourcing centre, ranked highly in Africa in the Digital Opportunity Index Ranking (DOI). With more than 700 ICT-BPO based enterprises, the country has one of the richest technology ecosystems in Africa that thrives on innovation and collaboration across sectors.

Mauritius has been successful in developing its ICT/BPO capabilities. In fact, the IT-BPO sector has sustained an impressive annual growth of 40% for the last five years. This has been achieved through well-developed infrastructure, telecommunication networks and power grids.

Major international companies are established in Mauritius, including Accenture, Ceridian, Axa Assistance, Orange Business Services, DHL, Deutsche Bank, Huawei, Infosys, Hinduja, Intelenet, Apollo Blake and CSS Corp.

Salient features contributing to the strength of the IT-BPO sector include:

- Bilingual (English and French) pool of professionals
- Availability of a large pool of professionals and non-professionals
- A special scheme to companies with a minimum 100 employees to bring in a quota of foreign qualified employees

- Broadband connectivity and state-of-the-art infrastructure on a par with developed nations
- 600 free WIFI hotspots
- Provision of dedicated business parks
- Sound regulatory framework.

The rapid growth of technology is seeing a wave of new opportunities which Mauritius is perfectly positioned to exploit, including:

- Digital Services
- Analytics and Big Data
- Apps, Content and Mobility
- Cloud Services
- Financial Technology (FinTech)
- Internet of Things (IoT)

### THE SEAFOOD INDUSTRY

Mauritius is committed to the development of a seafood and marine industry by capitalising on its exclusive economic zone (sea zone) of 1.9 million square kilometres and its modern port and Freeport facilities. Over 20% of the annual catch of tuna in the world is from the Indian Ocean (the second largest stock of tuna resources).

The port of Mauritius offers facilities for fishing vessels ranging from 15-metre boats to super seiners and reefer carriers of over 100 metres, to berth quays. The Mauritius Freeport provides the required infrastructural support for processing activities, including cold room facilities exceeding 80,000m<sup>3</sup> for the storage of fresh, chilled and frozen products, as well as logistics and ship repairs services.

Backed by the public and private sector, Mauritius is also rapidly positioning itself as a world-class seafood processing hub. New investment projects are already materialising with strong interest from major global companies to use Mauritius as a processing hub in the Indian Ocean.

Mauritius offers an attractive value proposition due to modern infrastructure facilities at the port, good logistical support, attractive business incentives offered by the government and preferential market access to the EU, US, Japan and Africa.

Investors can take advantage of the following opportunities:

- Tuna transshipment – the port is equipped with the logistics for transshipment of tuna and demersal fish
- Seafood processing activities – grading, sorting, cutting, filleting, loining, canning and packaging of fish products for re-export to the European Union, Japan and other markets
- Aquaculture and fish farming – can be carried out at several sites within and outside the lagoon all around the island. The tropical waters are favourable for the breeding of commercially viable fish
- Ancillary services – repair and assembly of tuna purse seine nets, bunkering, ship building, ship repairs, health certification etc.

- Land-based oceanic industry – desalination and bottling of water for use in the production of mineral water with health properties, manufacture of pharmaceutical products and in the cooling systems of air conditioners.

#### MARINE SERVICES HUB

The vision of the Government is to transform Mauritius into an ocean state by promoting the ocean economy as one of its main pillars of development. As a result, significant emphasis has been placed on the development of:

- Seabed exploration for hydrocarbons and minerals
- Fishing, Seafood processing and aquaculture
- Deep Ocean Water Applications (DOWA)
- Marine Services
- Seaport-related activities
- Marine Renewable Energies
- Ocean Knowledge

Heavy investments are contemplated to expand the activities of the port, including the development of a full-fledged marina, a cruise terminal and a jetty to support growth of cruise activities. In addition, storage facilities for onshore bunkering are being expanded significantly with the participation of international petroleum companies.

International players specialising in these niche areas will be called upon to develop this hub which, in turn, will create opportunities for SMEs and other businesses to provide support services.

#### HEALTHCARE AND LIFE SCIENCES

Mauritius aims to become a centre of excellence in the high-tech medicine, medical tourism, medical education, wellness and biotechnology fields.

Private health care is provided by a number of global healthcare companies which have invested in multi-specialty and super-specialty centres of excellence to cater for the growing healthcare needs of both national and international patients.

The sector has tremendous opportunities in setting up of:

- Specialised diabetes research and treatment centres
- Specialised centres for elderly care and rehabilitative medicine
- Specialised centres for novel treatments stem-cell therapies
- Plastic reconstructive surgery clinics
- Clinics for dental surgery and dento-facial orthopaedics
- Convalescence and pain clinics providing specialised care to patients suffering from acute and chronic conditions
- Wellness centres and health resorts

#### MEDICAL TRAVEL

Mauritius aims to position itself as a leading medical travel destination focusing on treatment in niche areas like cardiology and cardiothoracic surgery, plastic and cosmetic surgery, dentistry, orthopaedics, hair grafting, high-tech imaging and diagnostics.

Investment opportunities exist for the setting up of healthcare centres and medical research laboratories. The manufacture of pharmaceutical, healthcare products and medical equipment is also being promoted.

Enabling factors are:

- State-of-the-art facilities
- Existence of an adequate pool of medical and para-medical professionals
- Introduction by tour-operators of healthcare packages
- Range of fiscal and non-fiscal incentives.

### THE KNOWLEDGE INDUSTRY

Mauritius has the ambition of becoming a knowledge hub in the region by capitalising on its modern infrastructure, bilingualism, natural beauty, reputation as a safe destination and its longstanding cultural links with Africa, Asia and Europe.

An ever-increasing number of international tertiary educational institutions have already established branches, affiliate colleges and universities on the island, including Middlesex University, London College of Accountancy, Vatel Hotel School (France), NIIT and Birla Institute of Technology (India). According to UNESCO, sub-Saharan Africa has the highest growth in tertiary enrolment and Mauritius is recognised as the country with the highest gross tertiary enrolment ratio in Africa.

Investment opportunities exist for the establishment of:

- World-class international pre-primary, primary and secondary schools
- Polytechnic institutes
- Specialised institutions/university campuses offering courses in fields such as Maritime, Renewable Energy, Ocean Economy, Biotechnology, Biofarming, Life Sciences, FinTech, Cloud Computing, Robotics, amongst others
- Research centres
- Executive education
- Training centres for the hospitality sector
- Academies

### THE CREATIVE & FILM INDUSTRIES

In order to promote the creative & film industry, Government has recently introduced a new production cash rebate scheme, whereby 30% - 40% of local Qualifying Production Expenditures (QPEs) incurred by film producers (including international producers) are reimbursed, subject to certain eligibility criteria. The rebate applies, inter-alia, to feature films, television dramas, documentaries and commercials.

Investment opportunities are available in the following areas:

- Infrastructural development to foster the visual and performing arts and artists in residence concept
- Knowledge and skills development projects, including universities and specialised creative art schools
- Financial opportunities, e.g through the International Art Fund



- Professional music recording studios
- Photography studios and image enhancement
- Integrated film studio facilities
- 2D/3D animation
- Advertising design and multimedia.

#### SME AND ENTREPRENEURSHIP DEVELOPMENT

With a contribution of about 40% to the country's GDP and representing 54.6% of total employment, SMEs in Mauritius are a major pillar of the economy. In order to give a further boost to the sector, Mauritius is implementing a Ten - Year SME Master Plan, with a string of measures and incentives, including:

- The setting up of a dedicated bank to fund entrepreneurs without the need for personal guarantees
- a One-Stop shop to expedite the issue of permits and licenses and provide support services
- SME Parks
- the introduction of the *Participation in International Fairs SME Refund Scheme* which assist SMEs in promoting and enhancing their business activities through international fairs

#### MEMBERSHIP OF INTERNATIONAL ORGANISATIONS

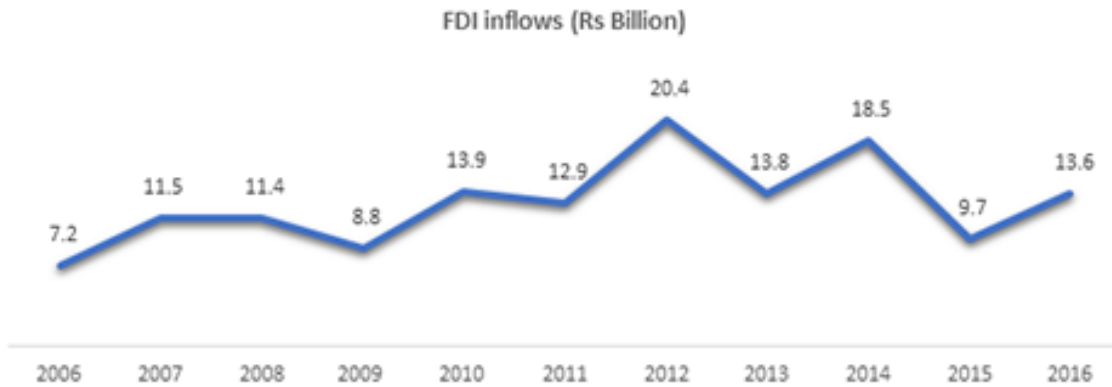
Mauritius benefits from trade agreements such as the Economic Partnership Agreement (EPA), the Generalised System of Preferences (GSP) and the Africa Growth and Opportunity Act (AGOA) which provide preferential access for goods of Mauritian origin to the European Union and the United States, respectively. As a member of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), Mauritius has preferential access to a market of 425 million consumers in eastern and southern Africa with an import potential of USD 100 billion.

## 3 – FOREIGN INVESTMENT

### AN ANALYSIS OF FOREIGN DIRECT INVESTMENT (FDI)

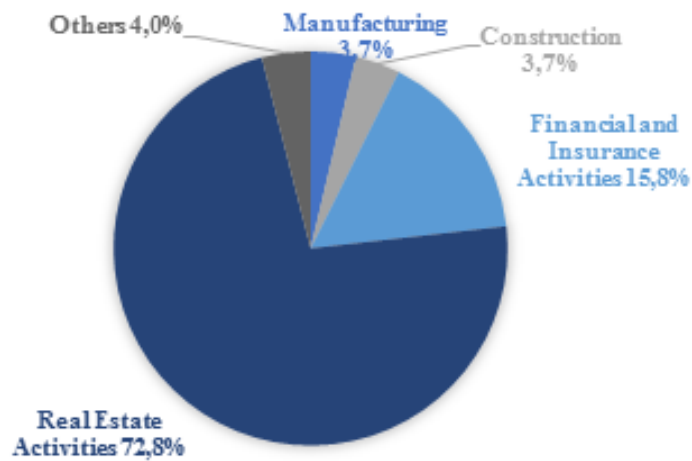
The tables below set out the evolution of FDI:

#### AGGREGATE FDI INFLOWS



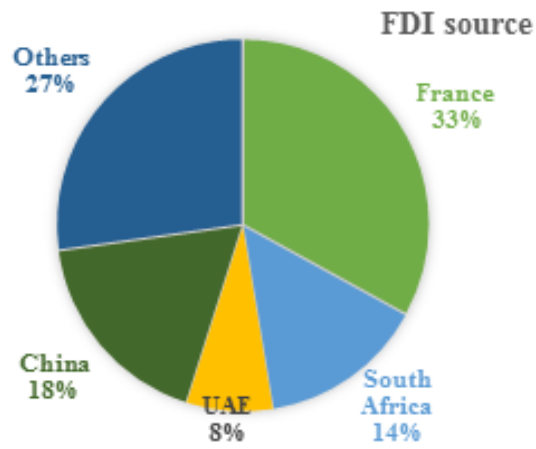
Source: Bank of Mauritius

#### FDI INFLOWS BY SECTOR



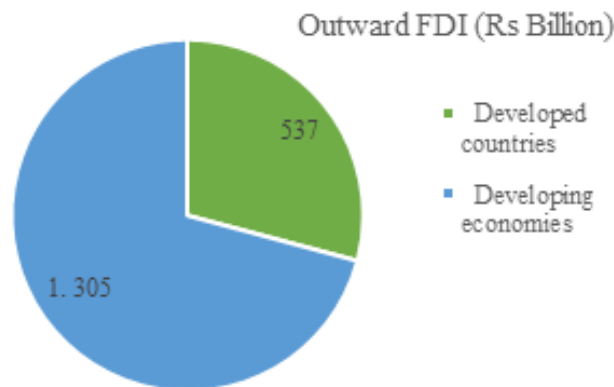
Source: Bank of Mauritius

## SOURCES OF FDI



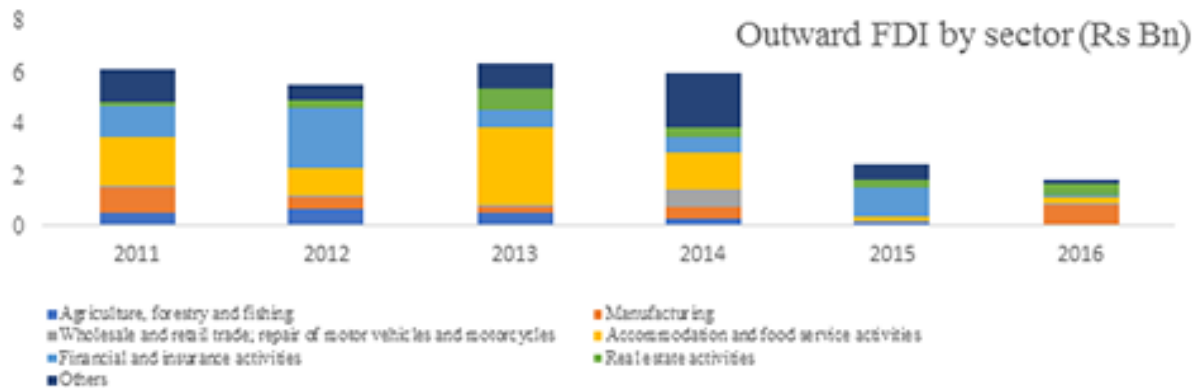
Source: Bank of Mauritius

## FDI OUTFLOWS BY GEOGRAPHICAL REGION



Source: Bank of Mauritius

## FDI OUTFLOWS BY SECTOR



*Source: Bank of Mauritius*

## THE ATTRACTIVENESS OF MAURITIUS

The main factors which attract foreign investors to Mauritius are listed below.

### POLITICAL AND SOCIO-ECONOMIC STABILITY

Mauritius has a solid democratic status within the Commonwealth, an independent judiciary and a sound legal system incorporating French (civil) and British (common) law.

### BUSINESS FACILITATION MEASURES

Investors can start a business within three working days by complying on a self-adherence basis with guidelines laid down by the authorities.

Qualifying foreigners who wish to work or set up a business in Mauritius are granted residency and/or occupation permits within three working days under the silent agreement principle.

Mauritius is a low-tax jurisdiction, has no capital gains tax, no foreign exchange control, no capital repatriation restrictions and offers a range of other incentives to foreign investors.

### GOOD STANDARD OF LIVING AND CULTURAL OPENNESS

Mauritius is a safe destination and reputed for the legendary hospitality of its inhabitants, who represent a melting pot of cultures living in harmony.

### TRAINED AND SKILLED WORKFORCE

Mauritius has the highest adult literacy rate in Africa and boasts a skilled workforce, which is fluent in English and French. Hindi, Mandarin and Urdu are also spoken.

Mauritius also has a big pool of professionals, with qualifications from the University of Mauritius, internationally recognised educational institutions and world class professional bodies. Technical education and training is provided by local specialised institutions, such as the Mauritius Institute of Training and Development (MITD) and the Hotel School of Mauritius.

### MODERN INFRASTRUCTURE

Mauritius is endowed with an efficient road network, modern industrial buildings, business parks and a world-class logistics platform at its port and airport. The telecommunications infrastructure offers broadband international connectivity.

### INVESTOR PROTECTION

Through its membership of the International Court of Justice, the International Centre for the Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA), Mauritius has the necessary framework to protect the interests of foreign investors.

### THE BOARD OF INVESTMENT (BOI)

The BOI is an agency set up by the government in order to promote and facilitate foreign direct investment in Mauritius and stimulate domestic investment.

The agency is the first point of contact for local and foreign investors wishing to do business in Mauritius.

The BOI also acts as a one-stop shop for the issuance of permits, licences and clearances in liaison with other government agencies and departments.

### INVESTMENT OPPORTUNITIES FOR FOREIGN INVESTORS

Sectors identified by the government as having significant growth potential in the future are:

- Information and communications technology
- Manufacturing and light processing
- Textiles and fashion
- Logistics and distribution, including petroleum storage
- Aviation industry
- Seafood and marine industry
- Land-based oceanic industry
- Hospitality and property development
- Biomedical industry
- Health services
- Media and digital entertainment
- Creative and film industries
- Knowledge industry
- Financial services.

### INCENTIVES FOR FOREIGN INVESTMENTS

Mauritius offers a generous package of incentives to investors for qualifying activities in most of the above sectors. The incentives include:

- A low rate of income and corporate tax of 15%
- Generous capital allowances
- Tax free dividends
- No capital gains tax
- Exemption from customs duty on equipment and production materials
- Free repatriation of profits, dividends and capital

- Preferential market access to Africa, Europe and the USA
- No prescribed minimum foreign capital
- An extensive tax treaty network with many countries.

Additionally, 100% foreign ownership is permitted in most instances and operating costs remain affordable.

#### THE MAURITIUS-AFRICA STRATEGY

As a member of SADC and COMESA, Mauritius aims to consolidate its positioning as the gateway to Africa, by leveraging on its proximity and connectivity to the continent. As a consequence, a Mauritius-Africa Fund was established with a budget of Rs 500 million over 5 years, with two main objectives:

- a) Participation in the equity of enterprises investing in African countries.
- b) provision of consultancy services on the African continent to Government and Public Sector entities in fields where Mauritius has a competitive advantage

Other major initiatives to further boost economic ties with the Continent include:

- the launch of the Asia-Africa Air Corridor initiative
- The development of Special Economic Zones in Senegal, Ghana and Madagascar under G to G agreements.
- The setting up of an Africa Economic Platform (AEP) to increase intra-African trade / cross border investments and accelerate regional integration.

Additional measures include:

- Government subsidies of 25% of the freight cost on containers exported to all countries in Africa (except South Africa and Madagascar) and of 50% on the cost of Credit Guarantee Insurance for exports to Africa
- The creation of the Africa Centre of Excellence to develop a placement programme for Mauritian talents on the continent

#### REGULATORY SANDBOX LICENSE

The Regulatory Sandbox License (RSL) offers the possibility for an investor to conduct a business activity for which there exists no legal framework, or adequate provisions under existing legislation in Mauritius. The RSL is issued by the BOI to eligible companies willing to invest in innovative projects according to an agreed set of terms and conditions for a defined period.

### WORKING AND RESIDING IN MAURITIUS

#### OCCUPATION PERMIT

Eligible non-citizens can work and live in Mauritius upon obtaining an 'occupation permit' (combined work and residency permit). Applications can be made under three categories – investor, self-employed and professional. The qualifying criteria which apply to each category are shown in the following table.

**TABLE 2**  
*Occupation permit categories*

CATEGORY	CRITERIA
An investor	Expected annual turnover of proposed business >MUR2 million Initial investment – USD 100,000
A self-employed individual	Expected gross annual income of business >MUR 600,000 Initial investment – USD 35,000
A professional	Applicant must have secured a contract of employment with a basic monthly salary exceeding MUR 60,000. For professionals in the ICT Sector, basic salary should exceed MRU 30, 000 monthly.

Applications for an occupation permit are channelled through the Board of Investment (BOI) and are processed within three working days. The silent agreement principle applies if no reply is received within the three days.

An occupation permit is granted for a period of three years. This is restricted, in the case of a professional, to the period specified in the employment contract, if less than three years.

Spouses and dependents of an occupation permit holder are eligible to apply for a residency permit. They can also work in Mauritius if they satisfy the eligibility criteria for obtaining an occupation permit.

Applicants who do not satisfy the above criteria, but wish to work in Mauritius, must apply for a work permit from the Ministry of Labour, Industrial Relations and Employment and a separate residency permit from the Passport and Immigration Office. The application is made by the employer and processing time is at least three weeks.

#### RESIDENCY PERMIT

Retired non-citizens can apply through the BOI for a residency permit, which is valid for a period of three years. To qualify for a residency permit, the retiree, irrespective of age or nationality, must undertake to transfer to his or her bank account in Mauritius at least USD 40,000 annually or the equivalent amount in convertible foreign currency, to meet living expenses. The applicant must make an initial transfer of USD 40,000 when first settling in Mauritius.

The spouse and children (under 18) of the non-citizen retiree may also apply for a residency permit.

Applications are processed within three working days.

#### PERMANENT RESIDENCY PERMIT

Non-citizens, who have been resident in Mauritius for at least three years, are eligible for a permanent residency permit. The qualifying criteria are as follows:

- In the case of an investor, either annual turnover exceeds MUR 15 million (approx. USD 500,000) or investment is at least USD 500,000 in a qualifying business activity, which includes:

- Agro-based industry, Audio-visual, Cinema and Communication, Banking, Construction, Education, Environment-friendly and green energy products, Financial Services, Fisheries and Marine Resources, Freeport, Information Technology, Infrastructure, Insurance, Leisure, Manufacturing, Marina development, Tourism and Warehousing, Initial Public Offerings
- In the case of a self-employed person, annual income must exceed MUR 3 million for three consecutive years
- In the case of a professional, the basic monthly salary must be at least MUR 150,000 for three consecutive years immediately preceding the application
- In the case of a retired non-citizen, transfers of at least USD 40,000 must have been made every year for three years.

Permanent residency permits are granted for a renewable period of ten years.

Non-citizens who acquire immovable property under the PDS/IRS / RES scheme (refer to 'Main sectors of the economy' in the 'Business Environment' section) are granted the status of a resident in Mauritius as long as they hold the property.

#### ACQUISITION OF PROPERTY BY NON-CITIZENS

A non-citizen who wishes to hold or acquire an immovable property in Mauritius requires an authorisation under the Non-Citizens (Property Restriction) Act. Authorisations are granted by the prime minister's office or the BOI. Subject to being registered with and obtaining prior approval of the BOI, an investor can acquire immovable property in Mauritius in the following circumstances:

- Acquisition of immovable property for business purposes
- Acquisition of residential property by holders of a permanent residency permit
- Acquisition of residential units under PDS, IRS, RES or Invest Hotel Scheme
- Lease of immovable property for more than 20 years for business purposes.

#### THE MAURITIAN DIASPORA SCHEME

The Mauritian Diaspora Scheme was established by the BOI to encourage members of the Mauritian diaspora living and working abroad to return to Mauritius with a view to boosting the economic development of the country by engaging in new fields of business and enhancing the local skills base .

Incentives include a tax holiday for returning residents.



## 4 – SETTING UP A BUSINESS

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### **PUBLIC AND PRIVATE COMPANIES**

Companies can be formed as either a public or private company.

A private company cannot have more than 25 members, may restrict share transfers and cannot offer its shares to the public. A company is considered to be a public company unless its constitution or application for incorporation states that it is private.

### **COMPANY LIMITED BY SHARES**

In this type of entity, the liability of shareholders is limited to any amount unpaid on their shares. This is the most common form of company.

### **COMPANY LIMITED BY GUARANTEE**

In this type of entity, the liability of members is limited to the amount that members undertake to contribute to the assets of the company in the event of its winding-up.

### **COMPANY LIMITED BY BOTH SHARES AND GUARANTEE**

The life of such a company is limited to a period not exceeding 50 years from the date it is incorporated, but can be extended to a maximum of 150 years.

### **UNLIMITED COMPANY**

The liability of members in this type of company is not limited.

### **INCORPORATION PROCEDURES**

A company can be incorporated with a single shareholder, without a constitution and no minimum paid-up share capital, within three working days. Incorporation is by application to the Registrar of Companies, following a name reservation and payment of the prescribed fee.

### **FOREIGN COMPANY OR BRANCH OF A FOREIGN COMPANY**

A foreign company must register a branch in Mauritius within one month of establishing a place of business in Mauritius. Registration is obtained from the Registrar of Companies upon submission of the prescribed documents e.g. certificate of notice of reservation of name and an authenticated copy of the certificate of incorporation of the company and of its constitution, and upon fulfilling criteria laid down in the Companies Act 2001, which includes the appointment of two local authorised agents.

### **PARTNERSHIP**

A partnership is an association formed by two or more partners for a specific purpose.

### **GLOBAL BUSINESS SECTOR ENTITIES**

#### **MANAGEMENT COMPANIES (MCS)**

MCs are specially licensed by the Financial Services Commission (FSC) to provide services such as company formation, trusteeship and administration and management to the global business sector. Applications for a global business licence must be channelled through a MC which is required to exercise due diligence and perform 'know your client' (KYC) duties on its clients.

Applications for licences are processed and approved by the FSC.

### GLOBAL BUSINESS COMPANIES

A qualified global business is a corporation holding either a 'Category 1' or a 'Category 2 Global Business Licence' delivered by the FSC of Mauritius.

#### CATEGORY 1 GLOBAL BUSINESS COMPANIES (GBC 1S)

GBC 1s must not have transactions with Mauritian residents or in Mauritian currency, besides the purchase of residential property under the PDS/IRS/RES scheme. No minimum capital is prescribed and shareholder(s) must not be resident in Mauritius.

Activities of GBC 1s include:

- Aircraft financing and leasing
- Assets management
- Consultancy services
- Employment services
- Financial services
- Fund management
- Information and communication technologies
- Insurance
- Licensing and franchising
- Logistics and or marketing
- Operational headquarters
- Pension funds
- Ship and ship management
- Trading
- Any other activity approved by the FSC.

Provided they demonstrate that their management and control is in Mauritius, GBC 1s are regarded as tax-residents in Mauritius and can take advantage of double taxation avoidance treaties (DTAs) between Mauritius and other countries. DTAs normally provide for a preferential rate of withholding tax on payments (e.g. dividends, interest, royalties, technical and other fees) made by investees in the DTA country to the GBC 1. GBC 1s are taxed at 15% less tax credits such that the effective tax rate is a maximum of 3%. They are not subject to capital gains tax (CGT), as there is no CGT in Mauritius.

Indicative criteria to be fulfilled by GBC 1s, to show that their management and control is in Mauritius, include:

- Having at least two Mauritian-resident directors with the calibre to exercise independence of mind and judgement
- Providing for meetings of directors to include at least two directors from Mauritius
- Maintaining, at all times, principal bank accounts in Mauritius
- Maintaining, at all times, accounting records at the registered office in Mauritius
- Making arrangements for the preparation and audit of statutory financial statements in Mauritius
- Having office premises in Mauritius
- Employing on a full time basis at administrative/technical level, at least one person who is resident in Mauritius

- The presence of a clause in the Company's constitution whereby all disputes arising out of the constitution shall be resolved by way of arbitration in Mauritius
- Holding assets (excluding cash held in bank account or shares/interests in another corporation holding a Global Business Licence) which are worth at least USD 100,000
- Having the Company's shares listed on a securities exchange licensed by the FSC
- Incurring a yearly expenditure in Mauritius which can be reasonably expected from any similar corporation which was controlled and managed from Mauritius.

GBC 1s are required to file annual audited financial statements prepared in accordance with International Accounting Standards or other internationally accepted accounting standards with the FSC.

The names of the beneficial owners of a GBC 1 are known only to the MC and the FSC. Both have a duty of confidentiality, but the veil can be lifted by a judge of the Supreme Court if there are suspicions of fraud, money laundering or drugs and arms trafficking.

#### CATEGORY 2 GLOBAL BUSINESS COMPANIES (GBC 2S)

A GBC 2 is a company which undertakes any business or other activity which is carried out by a private company:

- Incorporated or registered under the Companies Act 2001
- Does not conduct business with persons resident in Mauritius nor conduct any dealings in Mauritian currency
- Holds a 'Category 2 Global Business Licence'.

GBC 2s are not resident in Mauritius and therefore not liable to tax in Mauritius, but they cannot take advantage of DTAs. Some of the other characteristics of GBC 2s are as follows:

- No minimum capital
- Minimum number of shareholders/directors – one
- Shareholders must not be resident in Mauritius
- There is no obligation to prepare financial statements or to have an audit, but accounting records must be maintained in Mauritius or elsewhere
- Shareholders' and board meetings need not be held in Mauritius
- Bank accounts can be held in Mauritius or elsewhere
- A GBC 2 must have a MC in Mauritius, licensed by the FSC
- The names of the beneficial owners of a GBC 2 are known only to the MC and the FSC. Both have a duty of confidentiality, but the veil can be lifted, if there are suspicions of fraud, money laundering or drugs and arms trafficking.

#### PROTECTED CELL COMPANY (PCC)

A GBC 1 may be structured as a PCC, which is a special legal structure made up of cellular and non-cellular assets. It provides legal segregation of assets attributable to each cell of the company whether owned by individuals or the body corporate. The PCC offers a wide range of applications namely insurance (general, long term, reinsurance, captive) and collective investment schemes.

Incorporation and licensing procedures of a PCC are similar to those which apply for a GBC 1.

## TRUSTS

The legal framework for the establishment of trusts is the Trusts Act 2001. Trusts can be of various types, such as charitable, discretionary, purpose and trading trusts, and can be set up by residents and non-residents as legitimate and effective instruments for the sheltering of assets.

The Trusts Act provides flexibility as to the legal regime applicable to a trust and allows enforceability of a foreign trust, subject to the proviso that it does not purport to do anything outside the laws of Mauritius or is immoral or contrary to public policy.

A trust may carry on global business upon obtaining a Category 1 Global Business Licence', but cannot apply for a 'Category 2 Global Business Licence'.

## PARTNERSHIPS/SOCIÉTÉ

General partnerships (*société en nom collectif*) and limited partnerships (*société en commandite simple*) may be used as vehicles to structure investments in the global business sector. A *société* may conduct any qualified global business activities upon obtaining 'Category 1 Global Business Licence' from the FSC, but does not qualify for a 'Category 2 Global Business Licence'.

## 5 – LABOUR

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### EMPLOYMENT CONDITIONS

#### NORMAL WORKING HOURS

In general, a normal day's work consists of eight hours and may begin on any day of the week, including a public holiday. A worker and an employer may agree that the employee works in excess of the stipulated hours without added remuneration, if the number of hours covered in a fortnight does not exceed 90 hours, or less as specified in an agreement.

#### OVERTIME

A worker who has worked more than 90 hours in a fortnight or less according to the number of hours specified in an agreement, except during a public holiday, is remunerated at one and a half times the notional rate per hour for every hour of work performed.

During a public holiday, a worker is remunerated at twice the national rate per hour for every hour of work performed.

#### ANNUAL LEAVE

A worker who has been in continuous employment with the same employer for 12 consecutive months, is entitled during each subsequent 12 months to 20 working days' annual leave. The worker can also obtain two additional days' leave in the case of a collective agreement or an award after arbitration.

#### SICK LEAVE

A worker who has been in continuous employment with the same employer for the last 12 consecutive months, benefits from 15 working days' sick leave on full pay during each subsequent period of 12 months of continuous employment. Where, at the end of the period of 12 consecutive months, a worker has not taken his sick leave entitlement, any outstanding sick leave may be accumulated up to a maximum of 90 working days.

(The above paragraphs do not apply to watchmen or part-time workers).

#### TERMINATION OF AGREEMENT

An employer is required to give 30 days' notice to a worker for the termination of his/her employment and must state the reasons for the termination. Alternatively, the employer can pay the worker the amount he/she would have earned if they had remained in employment during the period of notice.

#### REDUCTION OF WORKFORCE

An employer, who intends to reduce the number of workers in his employment either temporarily or permanently or close down his enterprise, is required to give 30 days' notice to the Permanent Secretary and must also state the reasons for the reduction of workforce or closing down. The employer and the worker may agree on the payment of compensation by way of a settlement.

Where redundancy has become inevitable, the employer should establish the list of workers who are to be made redundant and the order of discharge on the last in first out principle. A written notice is also required as set out above.

### PAYROLL COSTS

Employers are required to make the following statutory contributions:

- National Pension Fund (NPF) – 6% of basic salary (the employee’s contribution is set at 3% and is withheld by the employer), subject to a ceiling
- Employee Welfare Fund (EWF) and National Solidarity Fund (NSF) –2.5% of basic salary (the employee’s contribution is set at 1% and is withheld by the employer), subject to a ceiling
- Industrial and Vocational Training Board (IVTB) –1.5% of basic salary, with no ceiling and no contribution from employee.

Employees are also normally entitled to an end-of-year bonus equivalent to one month’s earnings in December.

### RETIREMENT AGE

The current retirement age is 65.

### FOREIGN EMPLOYMENT

As stated under ‘Foreign Investment’, qualifying non-citizens can apply for an occupation permit which entitles them to work and live in Mauritius. Non-citizens who do not meet the criteria for an occupation permit must apply for permits from the Ministry of Labour, Industrial Relations and Employment and the Passport & Immigration Office, before they can take up employment in Mauritius.

### SEVERANCE ALLOWANCE

An employer is required to pay severance allowance to an employee who has been in continuous employment with him for a period of 12 months or more, if the employer terminates the employment of the worker.

The amount of severance allowance payable is normally equivalent to 0.25% of a month’s remuneration for every period of 12 months’ service in the case of justified dismissal. If unjustified, the amount payable is three months’ remuneration for every period of 12 months’ service.

## 6 – TAXATION

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### SCOPE

Companies and individuals resident in Mauritius are subject to income tax on their worldwide income.

Non-residents are subject to income tax on income derived from sources in Mauritius.

### RESIDENCE

An individual is regarded as a resident if:

- He is domiciled in Mauritius unless his permanent place of abode is outside Mauritius
- He has been present in Mauritius for a period of or an aggregate period of 183 days or more in any income year
- He has been present in that income year and the two preceding income years for an aggregate period of 270 days or more.

A company is resident in Mauritius if it is incorporated and has its central management and control in Mauritius. Broadly similar criteria apply to determine whether *societies*, trusts and other entities are resident in Mauritius.

### FISCAL YEAR

The fiscal year or income year in Mauritius runs from 1 July to 30 June.

### INDIVIDUALS

#### INCOME TAX RATE

Chargeable income of individuals is taxed at a single flat rate of 15%.

Dividends from resident companies and interest income derived from financial institutions are exempt from tax.

### SOLIDARITY LEVY

Every individual whose leviable income (chargeable income + dividends) exceeds 3.5 million rupees in an income year shall, in addition to his liability to income tax, be liable to a solidarity levy of 5 % on the **excess**.

### INCOME EXEMPTION THRESHOLDS (IET)

An individual taxpayer is entitled to income exemption thresholds (IET) based on the number of dependents of the individual.

*IETS applicable for the tax year ending 30 June 2018*

CATEGORY	AMOUNT (MUR)
An individual with no dependent	300,000
An individual with one dependent	410,000
An individual with two dependents	475,000
An individual with three dependents	520,000
An individual with four or more dependents	550,000
A retired person with no dependents	350,000
A retired person with one dependent	460,000

### OTHER DEDUCTIONS

Besides IET, an individual is also entitled to deductions in respect of dependent children pursuing undergraduate courses and interest on secured housing loan, provided that net income plus interest and dividend income of the individual or his spouse do not exceed Rs 4 million. Deductions are also available for medical / health insurance premiums and household employees etc., subject to certain criteria.

### INCOME FROM EMPLOYMENT

Employers must deduct income tax at source under the pay-as-you-earn (PAYE) system, from the emoluments (including benefits) paid to employees. The PAYE deductions are remitted by the employer to the Mauritius Revenue Authority (MRA) on a monthly basis.

### DIASPORA (RETURNING CITIZENS)

With effect from 01 July 2015, highly qualified and experienced professionals having worked for a minimum of ten years abroad are eligible to the following exemptions:

- Income tax for a period of ten years on their worldwide income;
- Payment of customs duties of up to a maximum of MUR 2 million on a car that can be purchased in Mauritius or abroad; and
- Payment of customs duties and VAT on their personal belongings.



### CAPITAL ALLOWANCES

Rates of capital allowances available to unincorporated businesses are similar to companies and are discussed below.

### LOSSES

Losses arising from business or rental activities cannot be set off against emoluments. They can be set off against other business or rental income in the year in which they arise, with any unrelieved losses carried forward and set off against such income for the next five years. The limit does not apply to any amount of the loss which is attributable to capital allowances relating to capital expenditure incurred on or after 1 July 2006.

### CURRENT PAYMENT SYSTEM (CPS)

An individual deriving income from a business activity or rental income exceeding 4 million rupees in the preceding year is required to submit quarterly returns under CPS in respect of their chargeable income and pay income tax accruing thereon.

### ANNUAL INDIVIDUAL TAX RETURN

A taxpayer must submit an annual income tax return covering the fiscal year ending 30 June by 30 September and settle any tax due at that time.

## COMPANIES

### CORPORATE INCOME TAX RATE

- Companies, trusts, trustees of unit trust schemes and non-resident *societies* (partnerships), are liable to tax at the rate of 15%.
- GBC 1s are taxed at a maximum effective rate of 3% while GBC 2s are not liable to tax in Mauritius.
- A company engaged in the export of goods is liable to income tax of 3% on the chargeable income attributable thereto based on the following formula:

$$\frac{\text{Gross income derived from export}}{\text{Gross income derived from all activities}} \times \text{Chargeable Income}$$

- A company with a turnover not exceeding Rs 10 million which is registered with SMEDA after 1 July 2015 will benefit from a tax holiday of 8 years.
- Income derived by the registered owner of a foreign vessel is exempt from tax.
- Income of a Freeport operator or private Freeport developer is exempt from income tax, except for income attributable to sales / services on the local market.

## CAPITAL ALLOWANCES

Capital allowances, in the form of annual allowances, are available to businesses in respect of their investments in fixed assets. They are computed on the reducing balance basis or cost at the rates shown in Table 4.

**TABLE 4**  
*Capital allowances*

ITEMS FOR WHICH CAPITAL EXPENDITURE IS INCURRED	RATE OF ANNUAL ALLOWANCE % OF BASE VALUE	RATE OF ANNUAL ALLOWANCE % OF COST
Industrial premises excluding hotels	-	5%
Commercial premises	-	5%
Hotels	30%	-
Plants or machinery		
– Costing or having a base value of MUR 30,000 or less	100%	100%
– Costing more than MUR 30,000		
▪ Ships or aircraft	20%	-
▪ Aircraft or aircraft simulators leased by a company engaged in aircraft leasing	-	100%
▪ Motor vehicles	25%	-
▪ Electronic and high precision machinery or equipment, computer hardware and peripherals, computer software	50%	-
▪ Furniture and fittings	20%	-
▪ Other	35%	-
Improvement on agricultural land for agricultural purposes	25%	-
Scientific research	25%	-
Green technology equipment	-	50%
Landscaping and other earth works embellishment purpose	-	50%
Golf courses	15%	-
Acquisition or improvement of any other item of a capital nature which is subject to depreciation under the normal accounting principles	-	5%
Acquisition of patents	25%	-

Manufacturing companies are allowed to claim 25% investment allowance on investments in state-of-the-art technological equipment.

Twice the amount of expenditure incurred on deep ocean water air conditioning / desalination plant in any income year is deductible against gross income.

## LOSSES

Losses are deductible in the income year in which they are incurred. Unrelieved losses can be carried forward for five years, but the limit does not apply to any amount of the loss which is attributable to capital allowances relating to capital expenditure incurred on or after 1 July 2006.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

A company is liable to CSR at the rate of 2% on its chargeable income for the preceding year.

CSR is not applicable to:

- A GBC 1
- A bank in respect of income derived from non-residents or GBL corporations
- An IRS company
- A non-resident society, trust or a trustee of a unit trust scheme.

## ADVANCE PAYMENT SYSTEM (APS)

Companies with a turnover Rs 10 million and having a chargeable income in the preceding year are required to account for and pay tax on a quarterly basis under APS.

## ANNUAL CORPORATE TAX RETURN

A Company must also submit an annual income tax return covering its accounting year within six months from the end of its accounting year.

## TAX DEDUCTION AT SOURCE (TDS)

Financial institutions and other business entities with a turnover exceeding Rs 6 million are required, in certain instances, to deduct tax at source from payments made by them. The payments which fall within the scope of TDS and the rates applicable to such payments are as follows:

	Amount or sum made available to the payee by way of -	Rate of tax (%)
1.	Interest payable by any person, other than by a bank or non-bank deposit taking institution, under the Banking Act, to any person, other than a company resident in Mauritius	15
2.	Royalties payable to (a) a resident (b) a non-resident	10 15
3.	Rent	5
4.	Payment to contractors and sub-contractors	0.75
5.	Payment to providers of services as specified	3
6.	Rental	5
7.	Payment made to a non-resident for any services rendered in Mauritius	10
8.	Payment of management fees to – (a) a resident (b) a non-resident	5 10
9.	Payments to a non-resident entertainer or sportsperson	10

## VALUE ADDED TAX (VAT)

### SCOPE AND RATE

The standard rate of VAT is 15% and the threshold for VAT registration, as from 1 July 2015, is an annual taxable turnover of MUR6 million, except for certain business activities (e.g. liberal professions such as accountants, lawyers etc.) where there is no minimum threshold.

### VAT RETURNS

Businesses with an annual taxable turnover of MUR 10 million or more have to submit monthly VAT returns and settle any VAT liability by the 20th of the following month.

Businesses, with an annual taxable turnover below MUR 10 million, submit quarterly returns and settle any VAT liability within 20 days of the end of the relevant quarter.

### ZERO-RATED AND EXEMPT SUPPLIES

The VAT Act sets out a long list of supplies which are either zero-rated or exempt. Included among zero-rated supplies are exports of goods and services and services provided by management companies in the global business sector. Exempt supplies include basic foodstuffs, educational and training services and pharmaceuticals.

## RETURN OF DIVIDENDS BY COMPANIES

A company which pays a dividend exceeding 100,000 rupees in the preceding income year is required to submit a return to MRA.

# 7 – ACCOUNTING & REPORTING

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## FINANCIAL REPORTING FRAMEWORK

The Companies Act 2001 and the Financial Reporting Act 2004, as amended, set out the legal framework for financial reporting by companies.

Public companies and private companies, except for small private companies, have an obligation to prepare financial statements which comply with international accounting standards and which must be audited.

A small private company is defined as a private company, other than a company holding a 'Category 1 Global Business Licence' (GBC 1), with a turnover which is less than MUR 50 million in its last preceding accounting period. Small private companies need not prepare financial statements in accordance with International Financial Reporting Standards (IFRS) and do not require an audit.

A GBC 1 must prepare financial statements in accordance with IFRS or other internationally accepted standards. The financial statements, which are filed with the Financial Services Commission (FSC), must be audited.

## REGULATION OF ACCOUNTANTS

The Mauritius Institute of Professional Accountants (MIPA), established under the Financial Reporting Act 2004, regulates the accounting profession in Mauritius.

Professional accountants are required to be registered with MIPA and to be eligible they must be members of:

- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants of Scotland
- The Institute of Chartered Accountants of Ireland
- The Association of Chartered Certified Accountants (UK)
- The Institute of Chartered Accountants of India
- The Chartered Institute of Management Accountants (UK)
- The South African Institute of Chartered Accountants
- The Association of International Accountants.

To be eligible to undertake public practice, professional accountants must satisfy the post-qualification and other criteria set by MIPA and obtain its authorisation.

## LICENSING OF AUDITORS

The Financial Reporting Council (FRC), also established under the Financial Reporting Act 2004, oversees the quality of financial reporting by public interest entities (PIEs) and regulates the audit profession in Mauritius.

PIEs are classified as:

- Entities listed on the stock exchange of Mauritius
- Financial institutions, other than cash dealers, regulated by the Bank of Mauritius
- Financial institutions regulated by the FSC, from the following categories:
  - a) Insurance companies, other than companies conducting external insurance
  - b) Businesses licensed under the Insurance Act
  - c) Collective investment schemes and closed-end funds, registered as reporting issuers under the Securities Act
  - d) Collective investment scheme (CIS) managers and custodians licensed under the Securities Act
  - e) Persons licensed under section 14 of the Financial Services Act to carry out leasing, credit finance, factoring and distributions of financial products to the extent that the services supplied are by retail
- Any company or group of companies having, during two consecutive preceding years, at least two of the following:
  - a) An annual revenue exceeding MUR 200 million
  - b) Total assets value exceeding MUR 500 million
  - c) A number of employees exceeding 50.

No person may act as an auditor in Mauritius unless he/she holds a licence from the FRC.

## THE NATIONAL COMMITTEE ON CORPORATE GOVERNANCE (NCCG)

The Financial Reporting Act 2004 also established the NCCG, whose objects are to establish principles and practices and promote the highest standards of corporate governance. The NCCG acts as the national coordinating body responsible for all matters pertaining to corporate governance.

## 8 – UHY REPRESENTATION IN MAURITIUS

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### CONTACT DETAILS

UHY & Co  
 Duke of York Street  
 Champ de Mars  
 Port Louis  
 Mauritius  
 Tel: +230 213 34 61  
 Fax: +230 213 34 62  
[www.uhy.co.mu](http://www.uhy.co.mu)  
 Liaison contact: Nirmal Heeralall  
 Position: Managing Partner  
 Email: [nheeralall@uhy.co.mu](mailto:nheeralall@uhy.co.mu)

Year established: 2004

Number of partners: 4

Total staff: 53

### BRIEF DESCRIPTION OF FIRM

UHY & Co is a top-ten firm in Mauritius. Our core services are Audit & Assurance, Advisory & Consulting, Accounting & Tax and Insolvency work. We act for publicly listed corporations, investment funds, large and medium-sized companies, privately owned businesses and not-for-profit organisations, which operate across a range of sectors. Over the years, we have built sustainable and successful relationships with Mauritius-based entities with foreign parents and overseas subsidiaries located across several regions, viz: Africa & Middle East, Asia Pacific, Europe and the Americas. We have specialist skills in insurance loss adjustment work and rank among the market leaders in this field in Mauritius.

### SERVICE AREAS

- Accounting – Payroll, Accounting, Bookkeeping, Income Tax, Value Added Tax
- Audit & Assurance – Statutory & Special Purpose Audits
- Loss-adjustment – Property, Business Interruption, Liabilities, Miscellaneous & Fraud
- Turnaround & Recovery - Independent Business Reviews, Recovery & Insolvency Solutions
- Business Advisory– Independent Business Reviews, Corporate Finance, Forensic Accounting, Outsourcing Services, Business Support Services and Financial Reporting
- Risk Advisory – Focused on Risks, Compliance, Ad-hoc Support, Internal Audit framework & Internal Audit Methodology

### **SPECIALIST SERVICE AREAS**

The firm is specialised in the conduct of insurance loss-adjustment work and, as one of the market leaders in this service area, we work with all major insurance companies in Mauritius.

Over recent years, we have been involved in most major insurance claims in Mauritius and have worked closely with the largest international firms of loss-adjusters.

### **PRINCIPAL OPERATING SECTORS**

Asset and Wealth Management

Retail & Consumer Products

Hospitality

High-Tech, Electronics & IT

Engineering & Industrial

Insurance

Real Estate & Construction

Technology & Communications

Professional Practices

Automotive

### **LANGUAGES**

English, French, Creole, Hindi.

### **CURRENT PRINCIPAL CLIENTS**

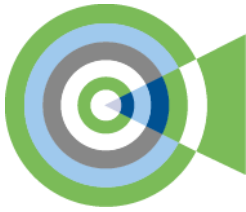
Confidentiality precludes disclosure of clients in this document.

### **OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST**

United Kingdom, Spain

### **BRIEF HISTORY OF FIRM**

UHY & Co was born out of a merger in January 2016 between UHY Heeralall (established in 2004) & M&A Professional Services Ltd (established in October 2007). UHY Heeralall has been a member of UHY since April 2006.



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## LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

To find out how UHY can assist your business, contact any of our member firms. You can visit us online at [www.uhy.com](http://www.uhy.com) to find contact details for all of our offices, or email us at [info@uhy.com](mailto:info@uhy.com) for further information.

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