

Business in Mauritius



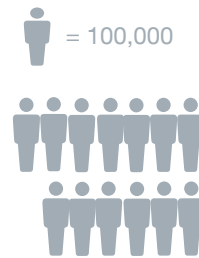
Mauritius is ranked first in political and economic stability, with ease of doing business in Africa. It is among the most competitive countries in Sub-Saharan Africa. Mauritius has a liberal economic and trade policy. It is a member of the World Trade Organization, as well as other regional blocs including the African Continental Free Trade Area (AfCFTA), the Indian Ocean Commission (IOC), the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC). It has signed the Comprehensive Economic Cooperation Partnership Agreement (CECPA) with India. Mauritius also has a Free Trade Agreement (FTA) with China, which is China's first FTA with an African country.

Mauritius is also a member of the OECD's Inclusive Framework on BEPS and is committed to implementing the BEPS minimum standards. It is on the OECD's white list and is recognized as a fully compliant tax jurisdiction in accordance with international standards.

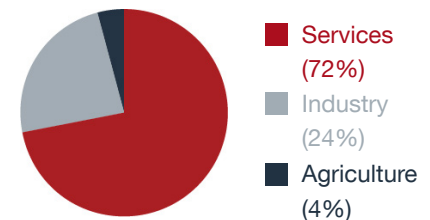


Population

1.3 million



GDP Breakdown by Sector



Currency

Mauritian Rupees (Rs)

Foreign Direct Investment (est. 2021)

15.42 million (MUR)

GDP Growth (2021)

4.8%

Business Climate

Mauritius is an island in the Indian Ocean that sits at the crossroad of Asia and Africa, with a population of approximately 1.3 million. It has a robust judicial system, modern infrastructure, a stable financial system, and a highly-skilled, bilingual, and dynamic workforce.

Mauritius has a diversified economy with key economic sectors being financial services, real estate and hospitality, information and communications technology, manufacturing, education, agroindustry, and the ocean economy.

Government policy in Mauritius seeks to promote trade and investment. Mauritius has ratified 45 tax treaties, including with 16 African countries. It has several Investment Promotion and Protection Agreements which guarantee full protection of cross-border investments. The country is also well-positioned to facilitate regional trade.

The Bank of Mauritius regulates the banking sector. Non-banking financial services are regulated by the Financial Services Commission.

Banking System

As of September 2020, 19 banks were licensed to undertake banking business (eight local banks, eight foreign-owned subsidiaries, and three branches of foreign banks). Mauritian banks are compliant with international norms such as Basel III, IFRS 9, U.S. Foreign Account Tax Compliance Act (FATCA), and the OECD's Common Reporting Standard (CRS).

According to the Banking Act of 2004, all banks are free to conduct business in all currencies. There are no official government restrictions on foreigners opening bank accounts in Mauritius, but banks may require letters of reference or proof of residence for their due diligence. The government of Mauritius suspended foreign exchange controls in 1994. Consequently, no approval is required for converting, transferring, or repatriating profits, dividends, or capital gains earned by a foreign investor in Mauritius. Any form of investment funds can be freely converted into any world currency. There are no time or quantity limits on remittance of capital, profits, dividends, and capital gains earned by a foreign investor in Mauritius.

Intellectual Property

Intellectual property rights in Mauritius are protected by two pieces of legislation (the Patents, Industrial Designs and Trademarks Act of 2002 and the Copyrights Act of 2014). The Mauritius Parliament passed the Industrial Property Bill in July 2019, consolidating all industrial property-related issues in one statute.

Mauritius is a member of the World Intellectual Property Organization (WIPO) and party to the Paris and Bern Conventions for the protection of industrial property and the Universal Copyright Convention. Trademark and patent laws comply with the WTO's Trade Related Aspects of Industrial Property Rights (TRIPS) agreement.

International Trade

Mauritius has a liberal economic and trade policy, with a trade-to-GDP ratio of 96% (2021), and is a member of the WTO since 1995. It is a beneficiary of the Generalized System of Preferences (GSP) offered by Japan, Norway, Switzerland, the United States, and the customs union of Belarus, Kazakhstan and Russia. Mauritius also signed an agreement with the UK in January 2019 to safeguard the trade preferences it currently enjoys under the interim Economic Partnership Agreement (IEPA) with the EU.

Mauritius is both geographically and strategically well-positioned to exploit the potential of AfCFTA and act as a link along the India-Africa and the China-Africa Trade Corridor, leaning on its newly implemented agreements with India and China by way of the CECPA and the Mauritius-China FTA respectively. The CECPA allows Mauritius to enjoy trade preferences on a selected list of products, including duty-free access and reduced tariff rate for certain products.

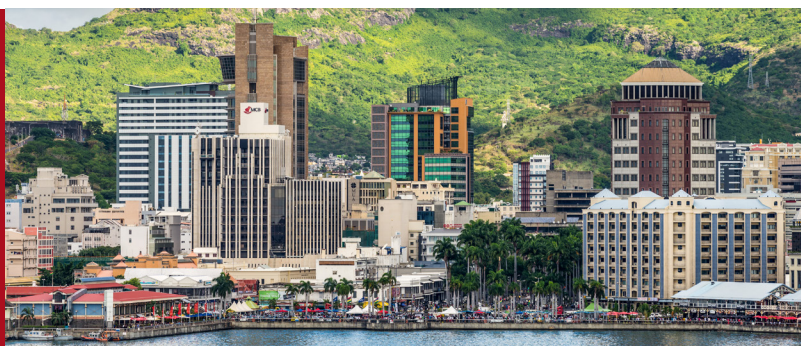
Many foreign entrepreneurs have set up ventures in Mauritius to avail of the trade advantages offered through its membership of the SADC and the COMESA. For instance, the Mauritius Freeport, a tax-efficient

modern logistics hub offering incentives to operators, has been largely built on the benefits of its SADC and COMESA memberships.

Mauritius is the fifth largest destination for FDI in Small Island Developing States (SIDS), after the Bahamas, Jamaica, Maldives and Barbados. For the 12th consecutive year, the World Bank's 2020 Doing Business report ranked Mauritius first among African economies, and 13th worldwide, in terms of overall ease of doing business. The tourism sector attracts most of FDI, particularly the Integrated Resort Scheme (IRS), which deals with the construction of luxury villas, golf courses and other amenities in the resort areas. Other sectors that attract most FDIs are financial and insurance services and construction.

The Investment Office of the Economic Development Board (EDB) screens foreign investment proposals and provides a range of services to potential investors. The EDB is a useful resource for investors exploring business opportunities in Mauritius and helps with occupation permits, licenses and clearances by coordinating with relevant local authorities.

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Tax Regime

The main direct taxes applicable in Mauritius are:

- **Corporate Income Tax (CIT):** Mauritian resident companies are subject to tax on their worldwide income, while non-resident companies are taxed only on Mauritius-source income. A company is resident in Mauritius if it is incorporated in Mauritius or has its central management and control (CMC) in Mauritius. However, a company incorporated in Mauritius is considered as non-resident if its CMC is outside Mauritius. The CIT rate in Mauritius is 15%.

Companies, other than global business companies (GBCs), are also liable to corporate social responsibility at the rate of 2%. Companies engaged in the export of goods are subject to tax at the reduced rate of 3% on the chargeable income attributable to exports. Mauritius has a credit system of taxation whereby foreign tax paid may be credited against Mauritius tax payable. Alternatively, a company may also claim an 80% exemption on specified income streams, such as foreign dividend and interest, provided substance conditions are satisfied. Mauritius does not have a capital gains tax regime. Profits or gains from trading in shares or other securities are considered as exempt income.

- **Personal Income Tax (PIT):** Resident individuals are subject to income tax in Mauritius on their worldwide income. Income derived from outside Mauritius is taxable only to the extent that it is remitted in Mauritius. The PIT rate for an individual with an annual net income of up to MUR 650,000 is 10%. Where the annual net income exceeds MUR 650,000, the PIT rate is 15%. A non-resident individual will only be subject to income tax on income derived from or accruing in Mauritius.

A resident individual whose leviable income exceeds MUR 3 million is also liable to a solidarity levy, calculated at the rate of 25% of the leviable income in excess of MUR 3 million. The levy is however limited to 10% of the individual's net income (excluding lump sum and including dividend derived from Mauritius).

- **Withholding Tax:** Dividends paid by a resident company are exempt from tax in the hands of the recipient. Interest and royalty payments made to non-residents are subject to withholding tax (WHT) at 15%. Interest or royalty payments made by GBCs to non-residents not carrying out any business in Mauritius out of their foreign source income are exempt from tax in Mauritius.

The main indirect taxes applicable in Mauritius are:

- **Value-Added Tax (VAT):** VAT is charged by VAT-registered entities at the standard rate of 15% on all goods and services supplied by them in Mauritius (except zero-rated supplies). Certain transactions are exempt from VAT. VAT is also payable on the importation of taxable goods into Mauritius.
- **Land Transfer Tax:** Land transfer tax is levied on the transfer of land and is payable by the transferor at the rate of 5%.
- **Registration Duty:** This is also levied on the registration of a deed of transfer witnessing the transfer of immovable property and certain movable properties (e.g., motor vehicles) and is payable by the transferee at the rate of 5%.
- **Customs Duty:** Customs duty is levied on goods imported into Mauritius. The rate of duty applicable is the rate in force under the Customs Tariff Act at the time the bill of entry is validated at the Customs. Several exemptions and concessions are available to industries, organizations and persons under the Customs Tariff Act.
- **Excise Duty:** An excise duty is levied at the time of importation on selected commodities, which includes spirits, vehicles and petroleum products at corresponding prescribed rates. A levy is also chargeable on some specified excisable goods, whether the goods are for home consumption or not, at corresponding prescribed rates.

Establishing a Business

The most common types of businesses are structured as follows:

- **Companies:** Private and public companies may be set up and must register with the Registrar of Companies under the provisions of the Companies Act 2001. They may be limited by shares, limited by guarantee, limited by both shares and guarantee, or unlimited.

A company that is held principally by a non-citizen and carries out business mostly outside Mauritius will normally be required to hold either an Authorized Company license (AC) or a Global Business License (GBL), with certain substance conditions attached.

A company is not required by law to have a constitution in Mauritius; if one is not adopted, the company will be governed by the provisions of the Companies Act 2001. A company (other than an AC) is required to have at least one director who needs to be ordinarily resident in Mauritius. Only an AC can appoint a corporation as director. There is no minimum stated capital requirement.

- **Partnerships:** The two types include limited partnerships and limited liability partnerships. Both are regulated by a partnership agreement and can carry out any lawful business activity, within or outside Mauritius. Unlike limited liability partnership, general partners in a limited partnership are jointly and severally liable for the debts of the partnership without limitation. A partner is not personally liable for any obligation of a limited liability partnership except in case of own wrongful act or omission.
- **Sociétés (Other Partnerships):** A *société* may be formed under the Mauritian Civil Code and should consist of at least two partners, with all partners having equal shares in the capital. Articles of Association (*statuts*) mainly regulates the operations of *sociétés*. Other types of *sociétés* under the Code de Commerce include *sociétés en nom collectif* and *société en commandite simple*.
- **Trusts:** Trusts may be established by an instrument in writing under the Trusts Act 2001 and can have up to four trustees, with at least one of the trustees being a qualified trustee authorized by the Financial Services Commission to provide trusteeship services. Non-citizens may transfer or dispose assets of a trust, with certain cases may requiring the Prime Minister's approval.
- **Foundations:** Foundations (charitable, non-charitable or both) are particularly considered for private wealth management, regulated by a charter. The council of a foundation should consist of at least one member who is an ordinarily resident in Mauritius. It may also be established by will, with only one founder should be the testator.

Employment Affairs

Foreigners seeking to work in Mauritius must apply for a work permit and a residence permit, except for those holding an occupation permit, permanent residence permit or residence permit. The EDB issues occupation permits (combining work and resident permits) to foreigners under three specific categories:

- **Investor:** with an initial transfer of USD \$50,000 or its equivalent, and a cumulative turnover of at least MUR 12 million during the first three years
- **Professional:** earning a monthly basic salary of at least MUR 60,000
- **Self-Employed:** engaging in a professional activity under the services sector, with an initial transfer of USD \$35,000 or its equivalent, and generating cumulative business income of at least MUR 2.4 million during the first three years

In November 2019, the minimum wage was increased to MUR 10,200 (approx. USD \$284). Workers' rights are protected under the 2019 Workers' Rights Act.

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