

# DOING BUSINESS

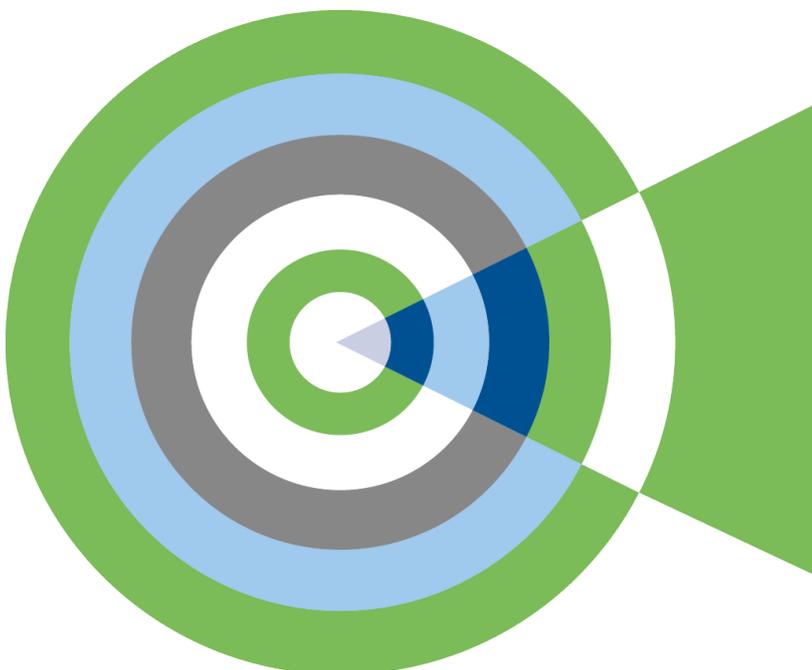
IN MAURITIUS



The network  
for doing  
business

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# 1 – INTRODUCTION

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UHY is an international organisation providing audit, accountancy, business management and consultancy services through financial business centres in more than 100 countries.

Business partners work together throughout 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's representative there:

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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 it is effective at the date shown, but inevitably it is 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 in March 2024.

We look forward to helping you do business in Mauritius.

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## 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 southeast 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 became a republic within the Commonwealth in 1992.

### 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 46 as of March 2024.

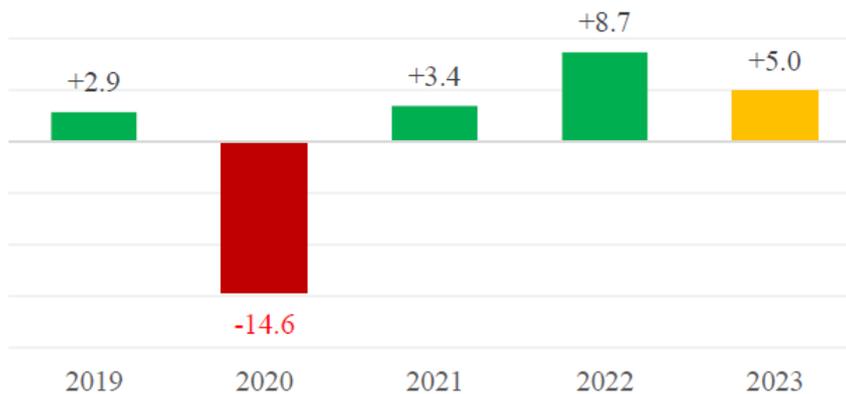
Mauritius is four hours ahead of Greenwich Mean Time (GMT) and has no summer/wintertime.

### ECONOMY

#### GROSS DOMESTIC PRODUCT (GDP)

The Mauritian economy showed remarkable resilience and growth following the COVID-19 pandemic, with real GDP growth surging to 8.7% in 2022. This positive trend continued into 2023, with an estimated growth rate of 6.9%, surpassing pre-pandemic levels. Key sectors like tourism, construction, transport, and financial services contributed significantly to this growth. Despite high inflation rates peaking at 10.8% in 2022, efforts led to a reduction to 7.0% in 2023, with further declines anticipated. Looking ahead to 2024, the economy is expected to grow by 4.9%. This forecast, however, remains susceptible to external risks, including global economic downturns, geopolitical tensions, and climate-related events.

### Mauritius Real GDP Growth Rate (%)



Source: Mauritius Chamber of Commerce and Industry

#### MAIN SECTORS OF INDUSTRY

GDP stood at \$12.9 billion for 2022. The contribution of the main sectors are as follows:

	<b>% of GDP</b>
Services	<b>65.8</b>
Industry	<b>18.4</b>
Manufacturing	<b>12.1</b>
Agriculture	<b>3.4</b>
Others	<b>0.3</b>

Source: World Bank

#### EMPLOYMENT

Employment rate in Mauritius increased to 93.70% in the third quarter of 2023 from 93.60% in the second quarter of 2023.

#### MAURITIUS ON THE WORLD SCENE (RANKINGS)

Mauritius has built its success on a free market economy. According to the latest World Bank annual ratings, Mauritius is ranked 13th among 190 economies in the Ease of Doing Business Rankings. The country also ranks favourably on the world economic scene, as evidenced by the following world rankings:

No	Index	Global Rank
1	Economic Freedom of the World 2022 (Fraser Institute)	9 out of 165 countries
2	Environmental Performance Index 2022	77 out of 180 countries
3	E-government development Index 2022	75 out of 193 countries
4	Global Information Technology Report 2022	45 out of 132 countries
5	2021 Mo Ibrahim Index of African Governance	1 out of 54 countries
6	Corruption Perceptions Index 2023 (Transparency International)	55 out of 180 countries
7	The Wall Street Journal & The Heritage Foundation Index of Economic Freedom 2021	13 out of 178 countries
8	Economist Intelligence Unit Democracy Index 2023	21 out of 167 countries
9	Legatum Prosperity Index 2023	47 out of 167 countries
10	Social Progress Index 2024	53 out of 170 countries
11	Global Innovation Index 2023	57 out of 133 countries
12	Productive Capacities Index 2021 - UNCTAD	46 out of 193 countries
13	Press Freedom Index 2023 (Reporters without Borders)	63 out of 180 countries

## THE WORLD BANK'S DOING BUSINESS 2020 REPORT

In the World Bank's Doing Business Report 2020, Mauritius was ranked as follows:

Index	Rank
Ease of Doing Business	13
Starting a Business	20
Getting Credit	67
Protecting Minority Investors	18
Paying Taxes	5
Trading Across Borders	72
Enforcing contracts	20
Resolving insolvency	28

## MAIN SECTORS OF THE ECONOMY

### AGRO-INDUSTRY

The agro-industry sector employs around 239,000 people and contributed 3.9% of the national economy in 2022.

Mauritius offers the right business environment in terms infrastructure to develop this industry with the goal of promoting the speedy export of home-grown agricultural products to European markets. As such, Mauritius has implemented a Trade Promotion and Marketing Scheme which offers a 40% air freight rebate for the export of fruits, flowers, vegetables and chilled fish. A Food Processing Scheme also exists and offers the following incentives:

- (a) Income Tax Holiday for the first eight years of operation.
- (b) Value Added Tax Exemption on production equipment and other machinery.
- (c) Registration Duty and Land Transfer Tax Exemption for purchase of immovable property.

Investment opportunities in the 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 – hydroponics, aquaponics and vertical farming
- Aquaculture through partnership with large operators
- Shelter-farming
- Production of higher end products such as nutraceuticals.

### MANUFACTURING SECTOR

The manufacturing sector is one of the largest sectors of the Mauritian economy, employing nearly 85,000 people (around 20% of the workforce) and accounted for 13.8% of GDP in 2022. The main sub- sectors are textiles and agro-processing among others.

### 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. Thus, Mauritius has positioned itself as a textile hub of excellence in Southern & Eastern Africa. T-shirts, lingerie and loungewear, shirts, sportswear, trousers and denim, children's wear, pullovers, uniforms, and beachwear are among the products typically sourced by major fashion houses from Mauritian companies.

### NON-TEXTILES

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

- Seafood processing plant, cold storage facilities, processing of fish wastes / feed, water pearls processing
- Agro-processing of vanilla, coffee, tea, cereals (Casava), essentials oils
- Pharmaceuticals and medical devices – manufacturing of drugs, dental implants and prostheses, optical goods
- Metal fabrication – Steel bars, die casts.
- Jewellery – Mauritius has acquired international recognition for the craftsmanship of its jewellery and the precision of its diamond cutting and polishing.
- Rum & Spirits – investments in Distillers for Alcoholic & non-Alcoholic Spirits, Ready-To Drink (RTD) cocktails distillers and the manufacture of Alcoholic & Non-alcoholic Bitters, Syrups etc.
- Printing and packaging of paper products and carton boxes

The various benefits available to international manufacturing companies to set up production units locally include:

#### ***Fiscal incentives***

- 8-year income tax-holiday for companies engaged in the manufacturing of high-tech products
- No import duties on equipment and raw materials
- No export duties
- VAT on raw materials is payable at customs clearance but reimbursable at exports.
- Accelerated depreciation on machinery, equipment and construction of industrial premises dedicated to manufacturing activities.
- Tax incentives for Research and Development (R&D)

#### ***Export incentives.***

- Freight Rebate Scheme:
  - 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 47 eligible ports in Africa including Madagascar and Reunion.
  - Extension of the Freight Rebate Scheme on the South African market for SMEs.
- Support for Trade Promotion & Marketing Scheme:
  - 60% refund on air freight costs incurred on exports of all agricultural and non-agricultural products manufactured in Mauritius except for machinery, live animals and chemicals.
  - Exporting agents of locally manufactured products are eligible to the Trade Promotion and Marketing Scheme.
- Streamlined procedures for the recruitment of expatriates and foreign labour with a 10-year work permit policy for expatriates in the manufacturing sector.

**Market access**

Preferential access to 70% of the World market through: AfCFTA, AGOA, CEPCA, COMESA, EPA, GSP, IOC, SADC, China FTA, Turkey FTA & Pakistan FTA

**Schemes**

- Freight Rebate Scheme
- Trade Promotion and Marketing Scheme (TPMS)
- SME Refund Scheme
- Africa Warehousing Scheme
- Export Credit Guarantee Insurance Scheme

**HOSPITALITY AND PROPERTY DEVELOPMENT**

Mauritius is perceived as an upmarket tourist destination with around 1.4 million tourist arrivals during the recent pre-pandemic years.

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

- Acquisition of exclusive hotel units under the Invest Hotel Scheme
- 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
- Retirement villages and senior living residence
- Smart cities

The various schemes offered to acquire a property in Mauritius are:

- The Integrated Resort Scheme (IRS)
- The Real Estate Scheme (RES)
- The Property Development Scheme (PDS)
- The Smart City Scheme
- The G+2 Scheme

***THE INTEGRATED RESORT SCHEME AND REAL ESTATE SCHEME (IRS AND RES)***

Foreigners are eligible for a residence permit by virtue of the acquisition under the IRS and RES schemes when they have invested a minimum amount of USD 375,000. The owners may rent the property, become tax resident in Mauritius and face no restriction on the repatriation of funds or revenue raised from the sale or renting of the property.

***THE 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

Incentives also exist for the development of senior living residences under PDS as follows:

- 5-year income tax holiday to a foreign retiree issued with a residence permit under the scheme on pension income and other income remitted to Mauritius by himself/herself and his/her spouse or common law partner and to the promoter of a project
- a 5-year income tax holiday on profits generated
- exemption from customs duty on the importation of machinery, equipment, construction materials and other inputs including furniture in semi-knocked down form on the condition that at least 20% local value addition is incorporated therein

#### *THE SMART CITY DEVELOPMENT SCHEME*

Mauritius has embarked 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 technopole project, should be developed on land of an extent of at least 21.105 hectares (50 arpents) and includes the following characteristics:

- a) promote the live, work and play concept and provide for most of the residential population to live and work in the same location
- b) incorporate within the development a mix of compatible land use 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

The Government of Mauritius, through the Smart City Scheme, is offering various incentives to property developers including:

- Tax holiday of 8 years on specific activities
- VAT recovery on buildings and capital goods (buildings and infrastructure)
- No customs duty on dutiable goods, except furniture, for infrastructure and buildings
- No customs duty on furniture provided that value addition of at least 20% of the c.i.f value at import is carried out locally
- Accelerated annual allowance of 50% on energy-efficient equipment, noise control device, water-efficient plant/ machinery, rainwater harvesting equipment and system, etc
- Accelerated depreciation of 50% on machinery, equipment and construction of industrial premises dedicated to manufacturing activities

#### *THE G+2 SCHEME*

Upon the acquisition of a residential property in a building of at least 2 floors above ground floor for an amount not lesser than USD 375,000, foreigners are now eligible to a residence permit.

#### *FINANCIAL SERVICES*

The financial services industry comprises the banking sector (regulated by the Bank of Mauritius) and the non-banking sector (regulated by the Financial Services Commission). Both sectors enjoy world-class repute 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 contributed to facilitating trade both onshore and in the offshore global business sectors.

Key facts about the sector are listed below:

- 19 different banks comprising five local banks, twelve foreign-owned subsidiaries including a few branches, one joint venture, one private bank
- 946 global funds as at October 2023
- 12,625 global business companies as at October 2023
- 6,142 authorised companies as at October 2023
- 194 management companies as at October 2023

#### *FINTECH*

To promote the growth of Fintech, Government has put in place a National Regulatory Sandbox Licence (RSL) which offers the possibility for investors to conduct a business activity for which there exists no legal framework. Artificial Intelligence (AI), blockchain, open banking and crypto currency investments are regarded as priority sectors.

Other 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.

### *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 19,000 global business companies and around 200 management companies (as at April 2022) 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 whitelist and is seen as a centre of repute.

So far Mauritius has concluded 46 tax treaties. The treaties currently in force are with Australia, Barbados, Belgium, Botswana, Cabo Verde, Croatia, Cyprus, Congo, Egypt, Estonia, France, Germany, Guernsey, Ghana, India, Italy, Jersey, Kuwait, Lesotho, Hong Kong Luxembourg, Madagascar, Malaysia, Malta, Monaco, Mozambique, Namibia, Nepal, Oman, Pakistan, the People's Republic of Bangladesh, People's Republic of China, Rwanda, Seychelles, Singapore, South Africa, Sri Lanka, the State of Qatar, Eswatini, Sweden, Thailand, Tunisia, Uganda, the United Kingdom, the United Arab Emirates and Zimbabwe.

### *STOCK EXCHANGE*

The stock exchange of Mauritius (SEM) is viewed as one of the leading exchanges in Africa and has attracted several 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 May 2022, around 54 companies were listed on the official market, representing a market capitalisation of USD 7.0 billion. The DEM has 40 companies listed with a market capitalisation of almost USD 1.1 billion. The market capitalisation of listed companies accounted for 45.1% of nominal GDP in December 2022, 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 today covers a surface area of around 400,000 m<sup>2</sup> of land as compared to 2020 (300,000 m<sup>2</sup>) based at the airport, port and at Riche Terre. The Freeport currently hosts 2268 active operators, 10 third party Freeport developers, 3 private Freeport developers and employs more than 4,000 people. Despite the Covid-19 crisis, it was able to contribute around 0.5 % to the GDP in 2023 and attracted an investment of USD 230 million since its inception in 1992. The infrastructure includes dry warehousing spaces, cold rooms, processing units and business centres supported by highly efficient and cost-effective logistical facilities to conform to stringent international norms and standards. It has been ranked as global runner up and No 1 in Africa for FDI Global Free Zones of the Year 2021 Awards published by FDI intelligence magazine (Financial Times) on 14 October 2021. Goods transiting through Mauritius are exempt from customs duties. Bulk-breaking, re-assortment, processing and assembly can be carried out on different goods in the Freeport before they are re-exported to other countries.

With top trading partners for import and export such as Taiwan, China and South Africa, the Mauritius Freeport is set to become a strategic location as an ideal logistic and value addition platform between Africa, Asia, and Europe.

In order to continue its growth in this sector, it continues to provide the following incentives packages:

- Duty-Free and VAT free for goods and equipment imported into Freeport zones
- 3% corporate tax
- 100% foreign ownership
- Reduced port handling charges

Investment opportunities are available in:

- Warehousing and storage
- Breaking bulk, sorting, grading, cleaning, and mixing
- Labelling, packing, repacking, and repackaging
- Light Assembly
- Minor Processing
- Ship building, repairs and maintenance of ships, aircrafts, and heavy-duty equipment
- Storage, maintenance, and repairs of empty containers
- Quality control and inspection services
- Export and re-export-oriented airport and seaport-based activities
- Vault for keeping gold, silver, platinum, precious and semi-precious stones, precious metals, pearls, works of art and collectors' pieces or antiques
- Security, courier, assaying, or exhibition area, as the case may be, used wholly and exclusively for the items referred to in sub-item

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

The Mauritian IT-BPO sector represents a key driver of the Mauritian economy with a GDP contribution of 5.9% for 2022. With around 900 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. This has been achieved through well-developed infrastructure, telecommunication networks and power grids. It is now aiming at the development of a new growth pole around Artificial Intelligence (AI), blockchain and fintech.

Major international companies are established in Mauritius including Accenture, Ceridian, Convergys, Huawei, Orange Business Services and Allianz amongst others.

Business opportunities presently exist in the following segments:

- BPO Voice- Inbound & Outbound Calls, Helpdesk & Technical Support, Advisory
- BPO Non-Voice - Back Office, Payroll, Finance & accounting outsourcing, Legal Process Outsourcing
- Information Technology Outsourcing - Software Development, Mobile Applications Development, Web Design & Development, Infrastructure Management, Application Maintenance, 3D Design & Modelling, IOT
- IT Services - Data Centres, Disaster Recovery, Cloud Services, Consultancy
- Digital Content: Digital Production, E-learning & Online Training System, Animation, Mobile Games
- Knowledge process Outsourcing - Creative Process Outsourcing, High End Technical Support, Translation and legal Processing, Quality and Functional Shared Services Centres

The rapid growth of technology offers the country the possibility of embracing new opportunities to grow the economy in the fields of:

- Cloud Services
- Cybersecurity
- Digital health technologies
- EdTech
- Ecommerce
- Internet of Things (IoT)
- AI Virtual and augmented reality

#### THE BLUE ECONOMY

Mauritius is committed to the development of a seafood and marine industry by capitalising on its exclusive economic zone (sea zone) of 2.3 million square kilometres, an additional sea area of 396 000 square kilometres co-managed with Seychelles and its modern port and freeport facilities. The Seafood Industry represents 10% of the national GDP of Mauritius with total direct employment estimated around 7,000.

The port of Mauritius offers facilities for fishing vessels ranging from 16.5-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 – Mauritius is among the top-ten external supplier in terms of overall volume of tuna loins to the EU market.
- Seafood processing activities – grading, sorting, cutting, filleting, lining, canning and packaging of fish products for re-export to the European Union, Japan and other markets
- Aquaculture – the Inland Aquaculture Scheme provides an 8-year tax holiday as well as duty and VAT exemption on equipment
- 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

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 PHARMA

Growth in this sector clearly demonstrates the transitioning of Mauritius into becoming a Centre of Excellence in the medical field, catering of the needs of the local and foreign patients. In fact, attractive features including a pro-business environment, infrastructure, a pool of qualified medical staff, as well as our proximity to mainland Africa, have been contributing factors for the growth of this sector which now stands at 7.2%.

The healthcare sector provides a plethora of services, which ranges from basic healthcare services to high-value activities such as hi-tech medicine, medical tourism, medical education, and wellness.

The following incentives are also provided by the Government:

- Eligible for an 8-year tax holiday
- Exemption of VAT on construction of private hospitals/clinics, residential care homes/nursing homes
- Property, plant and equipment and construction of building for R&D is Vat zero rated for provision of healthcare, nursing, and residential care services
- Vat exemption on medical, surgical, and dental equipment
- Medical, hospital and dental services are VAT zero-rates
- Double deduction to health institution that become internationally accredited
- Exemption from payment of land conversion tax

## LIFESCIENCES

Mauritius is embarking in the exploration of various biotechnology spheres involving immunology, plant biotechnology and genetics. The medical biotechnology sector accounts for a turnover in excess of MUR 2.3 billion. There are currently 5 Contract Research Organizations operating on the island which are carrying out trials on various pathologies including hepatitis, diabetes, HIV amongst others.

The following incentives are available by the Government:

- 8-year tax holiday
- Exemption from payment of Registration Duty
- Vat Exemption on construction of purpose-built building / facility for healthcare, biotechnology, and life sciences
- Vat Exemption on Plants and Equipment
- No Land Conversion Tax

## 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, Curtin University, London College of Accountancy and Vatel Hotel School (France). To attract more foreign universities and schools, the Government has designed the following incentives measures:

- Exemption on income derived by a branch campus of an institution which ranks among the first 500 tertiary institutions worldwide, for a period of 8 successive income years starting from the income year in which the institution has started its operations
- Exemption on VAT on Information technology system and information technology related materials and equipment, for the purpose of online education at the time of the setting up of the branch campus in Mauritius
- VAT exemptions on construction of purpose-built buildings for the provision of tertiary education
- Land conversion tax exemption for the construction of a purpose-built buildings for the provision of pre-primary, primary, secondary, and tertiary education
- Registration duty exemption on purchase of land and buildings to be used to provide primary, secondary, and tertiary education

Investment opportunities exist for the establishment of:

- World-class pre-primary, primary and secondary schools
- Technical and vocational institutes
- Specialised institutions/university campuses offering courses in fields such as artificial intelligence, blockchain, robotics, fintech, renewable energy, ocean economy, creative arts, high tech engineering, biotechnology, life sciences, computing, healthcare among others
- Centres of excellence
- Executive education
- Sports academies

## THE CREATIVE & FILM INDUSTRIES

To promote the creative & film industry, Government has introduced a Film Rebate Scheme, whereby a cash rebate of 30% and up to 40% for high end Feature film and TV series is reimbursed to eligible film producers on all Qualifying Production Expenditures (QPEs) incurred and spent in Mauritius subject to certain eligibility criteria. The rebate applies, inter-alia, to feature film, commercials, tv serials/programmes, documentary programmes, music videos and dubbing productions.

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 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

## RENEWABLE ENERGY

In line with the 2030 UN Sustainable goals, the Mauritian government is committed to increase the use of renewable energy to 40% by 2030 through the implementation of various strategies as follows:

- Implementation of utility scale renewable energy projects via a tender based approach
- Encouraging households in the generation of part of their electricity consumption by investing in renewable energy and energy efficient technologies
- Encouraging businesses, cooperatives, religious and government bodies to generate part of their energy requirements from renewable energy sources
- Facilitating the integration of renewable energies in new real estate projects such as commercial complexes and smart cities
- Promoting the inception of innovative energy projects via pilot projects of a maximum of 200Kw
- Setting up of energy efficiency programmes at commercial, industrial and household levels

The Government offers incentives such as:

- VAT exemption on Solar PV projects
- Accelerated Income Tax Depreciation Provision for Green Investment for investment in green technology equipment (50% straight line)
- Exemption from land conversion tax for Utility Renewable Energy projects
- Tax deduction from investments in solar units' equipment for businesses and households
- Tax exemption on all interest income from debentures issued to finance renewable energy projects and which are approved by the Mauritius Revenue Authority

## SPORTS ECONOMY

Mauritius aims at positioning itself as a regional sports hub by developing the country into a vibrant and growing sport economy with the following main objectives:

- Increase sports contribution to GDP from 1.2 to over 2% over the next 5 years
- Developing new niche for the sports tourism market
- Foster Public-Private Partnerships
- Attract international promoters for organisation of high-profile sports events in Mauritius
- Address youth unemployment and improve standards of living
- Drive sustainable innovation through Sportstech Incubators

Investment opportunities exist as there is coordinated effort to develop the sports economy into a new sector of the economy.

## 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. 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 assists SMEs in promoting and enhancing their business activities through international fairs

## MEMBERSHIP OF INTERNATIONAL ORGANISATIONS

Mauritius has preferential market access to major trade blocs namely:

- Generalised System of Preferences (GSP)
- Africa Growth and Opportunity Act (AGOA)
- African Continental Free Trade Area (AFCFTA)
- Common Market for Eastern and Southern Africa (COMESA)
- Southern African Development Community (SADC)
- Indian Ocean Commission (IOC)
- Comprehensive Economic Cooperation and Partnership Agreement (CECPA)
- Interim Economic Partnership Agreement with the European Union
- Mauritius-China Free Trade Agreement
- UK-ESA EPA

## 3 – FOREIGN INVESTMENT

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

The tables below set out the evolution of FDI:

#### FDI INFLOWS BY SECTOR

Sector	Description	2022 <sup>2</sup>	2023 <sup>2</sup>
		(January to September)	
A	Agriculture, forestry and fishing	138	68
C	Manufacturing	123	63
D	Electricity, gas, steam and air conditioning supply	4	55
E	Water supply; sewerage, waste management and remediation activities	55	28
F	Construction	35	8
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	156	156
H	Transportation and storage	90	12
I	Accommodation and food service activities	1,095	2,477
J	Information and communication	201	802
K	Financial and insurance activities	25	102
L	Real estate activities	9,965	15,849
	<i>of which - IRS/RES/IHS/PDS/SCS <sup>1</sup></i>	<i>7,510</i>	<i>10,237</i>
M	Professional, scientific and technical activities	82	160
N	Administrative and support service activities	286	376
P	Education	2,448	23
Q	Human health and social work activities	390	311
R	Arts, entertainment and recreation	304	8
S	Other service activities	4	3
	Unspecified <sup>3</sup>	2,830	2,600
<b>Total</b>		<b>18,231</b>	<b>23,100</b>

Source: Bank of Mauritius

## TOP INFLOW FDI INVESTORS, BY COUNTRY

Region / Economy	2022 <sup>1</sup>	2023 <sup>1</sup>
	(January to September)	
<b>Total world</b>	<b>18,231</b>	<b>23,100</b>
<b>Developed countries</b>	<b>10,114</b>	<b>14,129</b>
Europe	7,308	13,552
European Union 27	5,563	9,311
Belgium	163	531
Luxembourg	177	123
France	4,165	4,771
Germany	386	727
United Kingdom	1,029	1,225
Switzerland	514	509
Other	200	2,505
North America	2,806	577
United States	172	531
<b>Developing economies</b>	<b>4,913</b>	<b>5,841</b>
Africa	2,693	2,984
Reunion	29	3
South Africa	2,332	2,543
Other	332	438
Latin America and the Caribbean	20	41
South America	3	-
Central America	17	41
Asia and Oceania	2,200	2,816
Asia	2,134	2,655
West Asia	925	1,487
United Arab Emirates	807	1,364
South and East Asia	1,211	1,168
South Asia	550	767
India	511	763
East Asia	660	400
China	619	225
Other	41	175
Oceania	65	161
<b>Unspecified <sup>2</sup></b>	<b>3,204</b>	<b>3,130</b>

Source: Bank of Mauritius

## FDI OUTFLOWS BY GEOGRAPHICAL REGION

	2022 <sup>1</sup>	2023 <sup>1</sup>
	(January to September)	
<b>Total world</b>	<b>2,569</b>	<b>793</b>
<b>Developed countries</b>	<b>1,749</b>	<b>165</b>
Europe	814	161
European Union 27	800	73
France	559	65
Switzerland	0	-
Other	14	88
North and Central America	935	4
United States	935	2
<b>Developing economies</b>	<b>220</b>	<b>329</b>
Africa	50	181
Comoros	-	-
Kenya	0	-
Madagascar	1	32
Mozambique	-	-
Reunion	-	-
Seychelles	-	-
South Africa	38	101
Other	11	48
Latin America and the Caribbean	36	-
Asia and Oceania	133	148
Asia	123	148
West Asia	90	122
United Arab Emirates	90	122
South and East Asia	34	26
South Asia	8	1
India	8	1
Other	-	-
East Asia	26	25
China	4	14
Other	22	11
Oceania	10	-
<b>Unspecified <sup>2</sup></b>	<b>600</b>	<b>300</b>

Source: Bank of Mauritius

## FDI OUTFLOWS BY SECTOR

Sector	Description	2022 <sup>1</sup>	2023 <sup>1</sup>
		(January to September)	
A	Agriculture, forestry and fishing	-	-
C	Manufacturing	3	101
D	Electricity, gas, steam and air conditioning supply	-	3
E	Water supply; sewerage, waste management and remediation activities	-	-
F	Construction	-	45
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	-	4
H	Transportation and storage	-	-
I	Accommodation and food service activities	37	20
J	Information and communication	1	-
K	Financial and insurance activities	9	4
L	Real estate activities	776	284
M	Professional, scientific and technical activities	4	15
N	Administrative and support service activities	-	-
P	Education	923	-
Q	Human health and social work activities	-	17
R	Arts, entertainment and recreation	217	-
S	Other service activities	-	-
	Unspecified <sup>2</sup>	600	300
<b>Total</b>		<b>2,569</b>	<b>793</b>

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 one of the highest adult literacy rates 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 are 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.

### GOOD GOVERNANCE AND INVESTOR PROTECTION

With its wide network of Double Taxation Avoidance Agreements and Investment Promotion and Protection Agreements (IPPAs), Mauritius offers investors a conducive environment for doing business which guarantees predictability, certainty, and security.

Mauritius is currently home to the following arbitral institution: the Permanent Representative Office of the Permanent Court of Arbitration (PCA).

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.

### SOPHISTICATED INTERNATIONAL FINANCIAL CENTRE OF SUBSTANCE

Mauritius has a sophisticated, transparent and well-regulated international financial centre with a conducive ecosystem offering a complete range of financial products such as treasury management centres, global funds, protected cell companies, captives, family offices and trusts. To incentivise new activities, the Government has introduced tax holidays for setting up regional headquarters, investment banking, and fund management amongst others.

### THE ECONOMIC DEVELOPMENT BOARD (EDB)

The EDB acts as a one-stop shop for the issuance of permits, licences and clearances in liaison with other government agencies and departments. Its main objectives are to:

- provide support for strategic economic planning
- ensure greater coherence and effectiveness in economic policy formulation
- promote Mauritius as an attractive investment and business centre
- act as main institution for country branding
- facilitate inward and outward investment

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

### THE MAURITIUS-AFRICA STRATEGY

As a member of SADC, COMESA, and a member of the African Union (AU), Mauritius aims to consolidate its positioning as the gateway to Africa, by leveraging on its proximity and connectivity to the continent.

In line with this strategy, Mauritius has signed Bilateral Agreements mostly towards countries in Southern and Eastern Africa to promote investment. Mauritius has signed 22 Double Tax Agreements (DTAs) and 24 Investment Promotion and Protection Agreements (IPPAs) with African States. As at date only 17 DTAs and 11 IPPAs have been ratified.

The following countries have also been identified as top destinations for doing business in Africa and priority markets for Mauritian operators and professional service providers: Botswana, Comoros island, Ghana, Ivory coast, Kenya, Madagascar, Malawi, Reunion Island, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Tanzania, Uganda, Zambia, Zimbabwe.

### 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 EDB 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 / RESIDENCE 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 various categories and the qualifying criteria which apply to each category are shown in the following table.

CATEGORY	CRITERIA
An investor	<ul style="list-style-type: none"> <li>• Initial investment – USD 50,000</li> <li>• Cumulative turnover of at least Mur 12 million during the 3 years</li> </ul>
A self-employed individual	<ul style="list-style-type: none"> <li>• Should operate a one-person business activity</li> <li>• Engaged in a professional activity under the services sector only and registered with the Registrar of Businesses</li> <li>• Initial investment – USD 35,000</li> </ul>
A professional	<ul style="list-style-type: none"> <li>• Applicant must have secured a contract of employment with a basic monthly salary exceeding MUR 60,000.</li> <li>• For professionals in the ICT Sector, basic salary should exceed MUR 30,000 monthly.</li> </ul>
A retired individual	<ul style="list-style-type: none"> <li>• Aged 50 years and above</li> <li>• Initial transfer of USD 1,500 and thereafter an annual transfer of USD 18,000 over a period of 10 years</li> </ul>

Applications for an occupation permit are channelled through the EDB 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 (under 24) 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.

### YOUNG PROFESSIONAL OCCUPATIONAL PERMIT (YPOP)

Foreign students having completed at least an undergraduate degree in a tertiary education institution in Mauritius are eligible to apply for an occupational permit provided that the following criteria are met:

- The student must have completed at least an undergraduate degree in a tertiary education institution recognized by the Tertiary Education Commission (TEC).
- The application must be submitted not later than 6 months after the date of publication of results.
- Where a person holds a YPOP and intends to change employment before the expiry of the YPOP, the second condition shall not apply.
- The business activity of the company must fall within the following fields: Artificial Intelligence, Biotechnology, Fintech, Robotics, Financial Services and Information Technology.

### PERMANENT RESIDENCY PERMIT

A holder of an Occupation Permit (OP) or Residence Permit (RP) is eligible to apply for a 20-year Residence Permit provided the following specific conditions are met:

CATEGORY	CRITERIA
An investor	Holds an OP for at least 3 years with: - a minimum annual gross income of at least MUR 15 million or - an aggregate turnover MUR 45 million
A self-employed individual	Holds an OP for at least 3 years with an annual business income of at least MUR 3 million for the 3 consecutive years
A professional	Holds an OP for at least 3 years with a basic monthly salary of at least MUR 150,000 for 3 consecutive years
A retired non-citizen	Holds an RP for at least 3 years with transfer of at least USD 54,000 or its equivalent in freely convertible foreign currency for the period of 3 years

Another way of having 'Permanent Residence Permit' is to invest at least USD 375,000 in a qualifying business activity.

Married spouse and dependent children (unmarried) under 24 years, are eligible for a permanent residence permit. In case a dependent child intends to take up employment in Mauritius, he/she should apply and obtain a work permit, or an Occupation permit individually.

### ACQUISITION OF PROPERTY BY NON-CITIZENS

A non-citizen, with or without an occupation permit, residence permit, permanent residence permit, who wishes to hold or acquire a residential property in Mauritius requires an authorisation under the Non-Citizens (Property Restriction) Act. The amount payable for the acquisition of an apartment must not be less than MUR 6 million or its equivalent in foreign currency.

There is no restriction for non-citizens who wish to acquire:

- An immovable property or a right to immovable property or part of a building for business purposes
- A residential unit developed under the IRS, RES and PDS
- A residential unit developed in a smart city
- An apartment located in a building comprising of at least 2 floors above the ground floor

### THE MAURITIAN DIASPORA SCHEME

The Mauritian Diaspora Scheme was established by the EDB 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 10-year tax holiday for returning residents
- an exemption from the payment of excise duty up to a maximum of Mur 2 million on a motor car
- an exemption from the payment of customs duty and value added tax on household and personal effects purchased abroad
- No registration duty on the first purchase of a residential property under the Smart City Scheme or PDS

## 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 50 members, may restrict share transfers, and cannot offer its shares to the public. A company is 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.

**Limited Life Company** 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 of companies can either be made online or by submitting the required documents at the office of the Registrar of Companies, following a name reservation and payment of the prescribed fee. This process usually takes half a day.

### **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 include 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 LICENCE COMPANIES (GBLC)

GBLCs 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 GBLCs 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, GBLCs 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 GBLCs.

Indicative criteria to be fulfilled by GBLCs, 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, always, principal bank accounts in Mauritius
- Maintaining, always, accounting records at the registered office in Mauritius
- Planning for the preparation and audit of statutory financial statements in Mauritius
- Having office premises in Mauritius
- Carry out its core income generating activities in, or from, Mauritius by:
  - Employing, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities
  - Having a minimum level of expenditure which is proportionate to its level of activities
- 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 is controlled and managed from Mauritius

GBLCs 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 GBLCs 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.

#### AUTHORISED COMPANY

The main characteristics of an Authorised Company (AC) are as follows:

- A Management Company must act as its registered agent
- No minimum capital
- It must have at least ONE shareholder/director
- Shareholders must not be resident in Mauritius
- No obligation to prepare financial statements or to have an audit, but accounting records must be maintained in Mauritius
- Shareholders' and board meetings need not be held in Mauritius
- Bank accounts can be held in or outside Mauritius

#### PROTECTED CELL COMPANY (PCC)

A GBLC 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 GBLC.

#### 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 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.

## 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 more than 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 during the normal hours on a weekday.

#### 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 2 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 he/she 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 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:

- Contribution Sociale Généralisée (CSG)
  - 3% of basic salary (the employee's contribution is set at 1.5% and is withheld by the employer) for monthly salary not exceeding Rs 50,000
  - 6% of basic salary (the employee's contribution is set at 3% and is withheld by the employer) for monthly salary exceeding Rs 50,000
- 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
- Human Resource Development Council (HRDC) Training Levy –1.5% of basic salary, with no ceiling and no contribution from employee
- Portable Retirement Gratuity Fund (PRGF) – 4.5% of the monthly remuneration not exceeding Rs 200,000

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

## MINIMUM WAGE

The National Minimum Wage of every worker, other than a part-time worker, is currently set at Rs 16,500 a month. The national minimum wage of every part-time worker, including a worker of an export enterprise, is calculated based on the provisions available under the National Minimum Wage Regulations 2017.

## 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

### SCOPE

Companies and individual's resident in Mauritius are subject to income tax at the rate of 15% 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	TAX RATE
Up to Rs 650,000	10%
Above Rs 650,000	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 and does not include any lump sum income) exceeds Rs 3 million in an income year shall, in addition to his liability to income tax, be liable to a solidarity levy of 25% on the **excess**. The solidarity payable by an individual shall not exceed 10% of the sum of his net income excluding lump sum and including dividends.

Not applicable to an individual who is not resident in Mauritius.

*\*\*Leviable Income: means the sum of the chargeable income of an individual, the dividends paid to that individual by a resident company and a cooperative society registered under the Co-operatives Act 2016 and the share of dividends of that individual in a resident société or succession to which he would have been entitled as an associate of a société or heir in a succession, had the dividends received by the société or succession been wholly distributed among the associates or heirs. It also does not include any lump sum by way of commutation of pension or by way of death gratuity or as consolidated compensation for death or injury.*

### 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 2022*

CATEGORY	AMOUNT (MUR)
An individual with no dependent	325,000
An individual with one dependent	435,000
An individual with two dependents	515,000
An individual with three dependents	600,000
An individual with four or more dependents	680,000

### RETIRED OR DISABLED PERSON

An additional deduction of Rs 50,000 is available for a person who has attained the age of 60 at any time prior to 1 July 2021 and who, during an income year, is not in receipt of any business income or emoluments exceeding Rs 50,000 other than retirement pension.

A disable person means a person suffering from permanent disablement.

### 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 specific criteria being met.

### 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) monthly.

### DIASPORA (RETURNING CITIZENS)

With effect from 01 July 2015, any member of the Mauritian Diaspora who has, before 24 March 2015, been living and working outside of Mauritius and has the necessary skills, talent, and experience, willing to return to serve Mauritius and who take employment in a company and relocating to Mauritius, 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.
- Exemption from the payment of registration duty on the first purchase of a residential property under the Smart City Scheme or PDS Scheme.

The above exemptions also apply to Self Employed Professionals who have been approved under the Mauritius Diaspora Scheme.

## CAPITAL ALLOWANCES

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

## LOSSES

Share of loss from sociétés, succession and losses arising from business or rental activities cannot be set off against emoluments. They can be set off against other business or rental income and share of profit 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 Rs 4 million in the preceding year is required to submit quarterly returns under CPS in respect of their chargeable income and pay income tax accruing thereon.

However, persons engaged in activities such as agriculture, forestry and fishing, manufacturing excluding restaurants, wholesale of goods and retail of goods (including sale of food to be consumed off premises), will only be required to file CPS returns, where their gross income exceeds Rs 10 million in respect of the preceding year. An individual whose tax payable under the “chargeable income of the preceding year” method does not exceed Rs 500 may opt to not file and pay any CPS.

## ANNUAL INDIVIDUAL TAX RETURN

A taxpayer must submit an annual income tax return electronically covering the fiscal year ending 30 June by 15 October 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%.

### PARTIAL EXEMPTION

Subject to conditions attached, a company can avail itself of a partial exemption of 80% on certain type of income/activities.

### LOSSES OF COMPANIES

Where a company has incurred a loss in an income year, it may deduct that loss in computing its net income for that income year.

### CARRY FORWARD OF LOSSES

Where the amount of loss cannot be fully relieved in the income year in which it arose, the company may carry forward the unrelieved amount of the loss and set it off against its net income derived in the following five years if there is no change of more than 50% of its shareholding at the end of each of those income years.

The time limit of five years for carry forward losses attributable to annual allowance claimed in respect of capital expenditure does not apply in all cases.

Effective as from 1 July 2020, a company taking over another company engaged in manufacturing activities, or 2 or more companies engaged in manufacturing activities, or companies take over/acquire whole or part of the undertaking of another company (subject to meeting the conditions of the Minister) can carry forward unrelieved accumulated tax losses upon change in ownership of the company.

SME's involved in agriculture, forestry and fishing, manufacturing excluding restaurants, retail and wholesale of goods, including sale of food to be consumed off premises and having a gross income not exceeding Rs 10 million may elect to pay a presumptive tax at the rate of 1% of its gross 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. Note: The 8 years tax holiday applies only to income derived from activities relating to a project as approved by SME Mauritius.

Existing GBLC companies, holding licenses issued on or before 16 October 2017, are taxed at a maximum effective rate of 3% until 30 June 2021.

Effective from 01 January 2019, the use of foreign tax credit by GBLCs has been abolished and replaced by an 80% partial exemption regime, upon meeting the pre-defined substance requirements as issued by the FSC, on certain specified streams of income of the GBLC.

These include:

- Foreign dividend, subject to amount not allowed as deduction in source country
- Foreign source interest income
- Profit attributable to a permanent establishment of a resident company in a foreign country
- Foreign-source income derived by a CIS (Collective Investment Scheme), Closed End Funds, CIS manager, CIS administrator, investment adviser or asset manager licensed or approved by the FSC
- Income derived from reinsurance and reinsurance brokering activities
- Income derived from the sale, financing arrangement and asset management of aircraft and its spare parts, including aviation related advisory services

Income derived by companies engaged in ship and aircraft leasing company engaged in the export of goods is liable to income tax of 3% on the chargeable income attributable there to base on the following formula:

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

Income derived by the registered owner of a foreign vessel is exempt from tax.

Effective from 1 July 2021, trusts and foundations will no longer be able to file a declaration of non-residence and be exempt from tax in Mauritius.

#### 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 Rs 60,000 or less	100%	100%
– Costing more than Rs 60,000		
▪ Ships or aircraft	20%	-
▪ Aircraft or aircraft simulators leased by a company engaged in aircraft leasing	100%	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%	-
Research and development, including innovation, improvement or development of a process, product or service	-	50%
Green technology equipment	-	50%
Landscaping and other earth works embellishment purpose	-	50%
Golf courses	15%	-
Acquisition of a solar energy unit	-	100%
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%	-

### 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 GBLC
- 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 (a) a resident (b) a non-resident	5 10
4.	Payment to contractors and sub-contractors	0.75
5.	Payment to providers of services as specified in the Fifth Schedule to the Income Tax Act	3
6.	Payment made to the owner of an immovable property or his agent	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
10.	Commission	3

## 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 Rs 6 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 Rs 10 million or more must submit monthly VAT returns and settle any VAT liability by the last date of the following month.

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

A vat invoice issued to a non-VAT registered person in business should include his name, business address and the Business Registration Number.

### 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 to individual, société or succession 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 Global Business Licence (GBL), 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 GBL 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

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 do not include the holder of a Global Business Licence and 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:
  - Insurance companies, other than companies conducting external insurance businesses licensed under the Insurance Act
  - Collective investment schemes and closed-end funds, registered as reporting issuers under the Securities Act
  - CIS managers and custodians licensed under the Securities Act
  - 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 having, during two consecutive preceding years, at least two of the following:
  - a) An annual revenue exceeding MUR 500 million
  - b) Total assets value exceeding MUR 500 million
- Any group company having, during two consecutive preceding years, at least two of the following:
  - a) An annual revenue exceeding MUR 1 billion
  - b) Total assets value exceeding MUR 1 billion

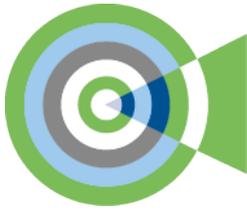
No person may act as an auditor in Mauritius unless he/she holds a licence from the FRC.

#### **THE NATIONAL COMMITTEE ON CORPORATE GOVERNANCE (NCCG)**

The Financial Reporting Act 2004 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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