



Mauritius Global Business Update 3

MAURITIUS BUDGET HIGHLIGHTS 2016-2017

We have the pleasure to bring to you the salient features of the Mauritius Budget 2016/17 which was read in the Mauritius Parliament on Friday 29th July 2016 by the Mauritius Minister of Finance and Economic Development, Hon. Pravin Jugnauth. Only those measures which, in our opinion, may be of interest to an international audience are included here. These measures have not yet been adopted by the Parliament of Mauritius. Once this takes place, we shall bring a further update to your attention. You are strongly recommended to seek specific advice before acting on any information contained herein.

The Hon. Minister stated that his objective for the Budget 2016/17 is to usher in a new era of development which will be centred on ten key strategies which include the following measures:

1. Financial services

1.1. Category 2 Global Licence companies will now be allowed to invest in listed securities.

1.2. Companies with the following NEW licences issued by the Financial Services Commission (FSC) will benefit from the following tax holidays, subject to meeting conditions of employment creation and substance which will be specified by the FSC in due course:

1.1.1. 5-year corporate / partnership tax holiday:

- a. A Treasury Management Centre License company;
- b. International law firms holding a Global Legal Advisory Services License. Such licence will be issued to flagship international law firms which set up their regional offices and operations in Mauritius to provide legal advisory services on international and domestic transactions and international arbitration services to global business clients. These law firms will not be allowed to litigate in Mauritius. To this effect, a 'Limited Liability Partnership Bill' will be introduced;
- c. An investment bank holding an Investment Banking and Corporate Advisor License. Investment banking business will be removed from the definition of "bank" so that only the FSC regulates this business.
- d. A company holding an Overseas Family Corporation license. This licence will allow high net worth foreigners and their dependents to benefit from residency in Mauritius.



1.1.2. 5-year personal tax holiday:

- a. An Asset and Fund Manager licensed by the FSC and managing a minimum asset base of USD 100 million;
- b. Foreign Ultra High Net Worth Individuals' investing a minimum of USD 25 million in Mauritius.

1.1.3. 8-year corporation tax holiday:

- a. Companies holding a new Global Headquarters Administration Licence.

1.3. A new 'Mauritius International Derivatives & Commodities Exchange' (MINDEX) will be set up in the south of the island;

1.4. A new full-fledged International Arbitration Centre with the capacity and expertise to resolve disputes will be set up;

1.5. To enhance business facilitation, a standardised and centralised online KYC database will be introduced for the non-bank financial services sector. This database will be managed by the FSC and service providers in the nonbank financial services sector will have access to the database to facilitate execution of transactions;

1.6. Mauritius will be promoted as the Renminbi clearing centre for the African region to capture trade, investment and financial flows between Africa and China;

1.7. Mauritius will be promoted as a centre for clearing of African currencies and securities;

1.8. Online licensing will be introduced by FSC in order to reduce the lead time in the application process for licensees. Note that the Registrar of Companies has already launched its online licensing platform; and

1.9. Measures will be introduced to regulate securities for Preferential Offer Rules including Private Placement Schemes for 25 investors or more who individually invest Rs 1 million (approx. USD28K). Private placements, as approved by the FSC, will also be allowed to list on the local exchange.



2. New Business Line

2.1. A new Gold business activity will be introduced that will encompass a wide spectrum of high value-added activities, including the following:

- a. refinery of gold;
- b. producing gold bars,
- c. setting up top end jewellery processing units,
- d. vault facilities; and
- e. trading of gold and bullions on a new commodity exchange. The exchange will also facilitate trade in diamond and other precious metals.

3. Business Facilitation

3.1. The measures announced in this respect are expected to incentivize foreign investors / businessmen to launch construction projects in Mauritius and to remove impediments to business and processes. These include:

3.1.1. To drastically cut the time it takes to deliver Building and Land Use Permits (BLPs) and clearances for all construction related projects. To this end:

- a. The requirement for approval by the Executive Committee of the Local Authority concerned when determining a BLP is being abolished;
- b. The Local Authority will have only 8 working days to seek any additional information from an applicant;
- c. All applications for constructions with a floor area exceeding 150 square meters will be made on-line;

3.1.2. Foreign real estate developers may now also cater to Mauritius buyers increasing their scope of buyers. A Mauritian citizen acquiring a new house or a new apartment during the period 1st September 2016 to 30th June 2020 for an amount not exceeding Rs 6 million (approx. USD172K) will be eligible to full exemption from registration duty. There will be no age restriction.



- 3.1.3. The Property Development Scheme (*i.e lifestyle properties which includes properties such as golf estates or marina residential estates granting Permanent Residence to non-citizens for investments of at least USD500K*) will be reviewed and amended to:
- a. remove the maximum size limit of 50 arpents (approx. 171K m²);
 - b. remove the requirement to sell at least 25 percent of residential units to Mauritian buyers; and
 - c. review the current maximum permissible land size for a villa, from half an arpent (approx 3,412 m²) to 1.25 arpent (approx 4,273 m²).
- 3.1.4. Onerous paper work will be removed out of the system.
- a. An e-licensing platform will be set up to provide a single point of entry for applications for permits and licences. This will bring down submission of documents in some cases from around 48 copies to just one copy!
- 3.1.5. The Board of Investment will be authorised to issue the necessary clearances and approvals for a business to start operation in cases where the statutory deadlines for processing applications have lapsed. This is in line with the Silent Agreement Principle applicable to the issue of Occupation Permits and is expected to unlock a significant number of projects which are in the pipeline, accelerate job creation, promote private investment, increase FDI and boost up economic growth.
- 3.1.6. In line with the UK, Singapore and Australia, an innovative concept known as the Regulatory Sandbox Licence (RSL) will be introduced to allow companies to invest in innovative projects within an agreed set of terms and conditions, even in the absence of a formal licencing framework to speed up strategic investments. The BOI may issue approvals, permits and licences to start an innovative project after consulting relevant ministries.
- 3.1.7. A business enterprise is required currently to apply for and hold a business registration card in hard copy and to present it on demand from public as well as private sector agencies. Government will now issue such card in an electronic form, accessible by government IT platforms, thereby removing the need to produce the card.



3.1.8. Mauritius has a system of social benefits whereby each employee is required to contribute toward the National Pensions Fund (NPF). Provision will be made for refund in case of death of non-citizens who have contributed towards the NPF, to the surviving spouse or the legal representative of the deceased insured person.

4. Acquisition of residential and business property in Mauritius and obtention of permits by non-citizens.

- 4.1. Non-citizens, registered with the BOI, subject to security clearances, will henceforth be allowed to acquire apartments and business spaces in buildings **without any restrictions**. The previous salary restriction of USD3K per month for occupation permits in the category of Professional is thus now removed. All restrictions in other categories for Occupation Permits and Residence Permits for retired non-citizens are also removed. In effect, a tourist may now also buy an apartment in Mauritius!
- 4.2. BOI will now grant an approval in principle, where applicable, to applications for Occupation Permits (OP) in the category of Investors and Self-Employed and the category of Residence Permit for Retired non-citizens **without** prior registration of business or transfer of funds. Successful applicants holding the approval in principle will then be required to travel to Mauritius to complete the compulsory procedures before being issued with the Occupation Permit or Residence Permit.
- 4.3. The application form for Occupation Permit which is presently in English will be made bilingual (English and French) similar to the application form for a passport. A single form will be filled in by the applicant for an Occupation Permit for himself and a Residence Permit for his dependents.
- 4.4. The scope of the criteria for registration as an investor is being extended as follows:
 - a. Presently, an investor must have an annual turnover of at least Rs 4 million (approx. USD114K) in each of the three years for which an occupation permit is granted to him. Given that this threshold may not be attained in the initial year of operation, the criterion is reviewed such that the turnover for the first year should be at least Rs 2 million (approx. USD57K) and cumulative turnover for the subsequent two years is at least Rs 10 million (approx USD286K).



- b. Investors who were already operating in Mauritius but not registered with the Board of Investment for a period of at least three years preceding an application for Occupation Permit will be able to do so provided the net asset value of their business is at least USD 100,000 and the cumulative turnover for the last three years was at least Rs 12 million (approx. USD343K) with a minimum of at least Rs 2 million (approx. USD57K) in any one year.
- c. Similarly, applicants under the investor category who have inherited a business, in case of death or incapacity of the previous investor, can register with the BOI provided the net asset value of the business is at least USD 100,000 and the cumulative turnover for the last three years was at least Rs 12 million (approx. USD343K) with a minimum of at least Rs 2 million (approx. USD57K) in any one year.

4.5. Companies in which non-citizens in total do not hold more than 25 percent of the shareholding will not be required to seek the approval of the Prime Minister's Office when there is a transfer of immovable property.

5. Income Tax

5.1. Tax deduction at source (TDS) will be extended to:

5.1.1. Services provided by accountants and tax advisers; and

5.1.2. Management fees paid to individuals.

Accordingly, payments made to the services stated above including to Mauritius auditors, Mauritius FATCA/CRS Tax Advisors, amongst others will now be subject to TDS. Online filing and payment of TDS will need to be made through an E Filing Centre like GWMS.

5.2. Of interest to foreign clients is a business facilitation measure where a Mauritius domestic company may be set up but where due to certain circumstances, it remains dormant for some time. In such a case, instead of an income tax return, only a declaration will be required for a company which is not in operation. This facility will however not apply to a company holding a Category 1 Global Business Licence or a trust.



GWMS Ltd

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About us

GWMS is an experienced Management Company incorporated in Mauritius and licensed by the Financial Services Commission to provide Global Business services to businesses worldwide. One of the core competencies and activity of GWMS is the provision of a full range of Fund Administration services to offshore funds set up in Mauritius or elsewhere.

The board of GWMS comprises mainly of Chartered Accountants of calibre and experience in diverse sectors encompassing accounting, audit, management, global business, international and local taxation among others. GWMS is able to handle back office work as well. Our staff comprises a mix of fully qualified accountants, near qualified accountants, law graduates and administrative clerks.

More information is available on www.globalwealth-ms.com

International network

GWMS is the sole member for Mauritius GMN International (www.gmni.com), an association of legally independent accounting firms. Formed in the 1970s, GMNI is a well-established association of quality professional accounting firms which provide accountancy, audit, tax advisory and business consultancy services to businesses worldwide – with the same care and skill you find locally. GWMS's clients can thus benefit from cutting edge international tax advice through our GMNI linkage along with having a global reach.



To obtain further information on our services, please contact:

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