



Doing Business
In Mauritius



An Association of Independent Accounting & Consulting Firms

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COMPANY FORMATION IN MAURITIUS

MAIN FORMS OF COMPANY/BUSINESS IN MAURITIUS

- The principal forms of doing business in the Mauritius are the Company Limited by Shares, Company Limited by guarantee, Company Limited by shares and guarantee, limited liability company (LLC), Guarantee Company, Mixed Liability Company, Unlimited Liability Company, Public Company, Private Company, One Person Company, Foreign Company, Limited Life Company, Protected Cell Company, Partnership Company, Sole Proprietorship.
- Mauritius' statute law on companies is contained in the Companies Act 2001.
- There are three main categories of companies in Mauritius
 - **Domestic Companies**
 - **Category 1 : Global Business License companies;**

GBL1 is a company engaged in qualified global business and which is carried on from within Mauritius with persons all of whom are resident outside Mauritius and where business is conducted in a currency other than the Mauritian rupee.

- **Category 2 : Global Business License companies.**

The ultimate purpose of a GBL2 must be to make an investment or provide a product or service outside Mauritius. A GBL2 company is tax exempt in Mauritius and is typically used where no tax treaty benefits are sought.

SPECIFIC TAX CONCERNS RELATED TO ESTABLISHING A COMPANY

- **Taxation**

- GBL1 companies are resident in Mauritius for tax purposes.
- There are no capital gains tax, and no withholding tax on payment of dividends, interests or royalties.
- No stamp duties or capital taxes.
- No inheritance tax.
- GBL1 companies are liable to taxes at the rate of 15%.



- Tax Situation

- Provided that the GBL1 owns at least 5% of an underlying company, credit will be available on foreign tax paid on the income out of which the dividend was paid ('underlying foreign tax credit').
- When a company not resident in Mauritius, which pays a dividend, has itself received a dividend from another company not resident in Mauritius (a 'secondary dividend') of which it owns either directly or indirectly at least 5% of the share capital, such dividend will be allowable as foreign tax credit and an underlying foreign tax credit will also be available.
- Mauritius has no thin capitalization rules.
- Interest and royalty payments paid by GBL1 companies are tax exempt.
- Tax sparing credits are available. Under this regime the effective rate of taxation in Mauritius can be reduced. A long-stop provision exists whereby GBL1 companies may elect not to provide written evidence to the Commissioner of Income Tax showing the amount of foreign tax charged and therefore enjoy a deemed taxation at 80% of the normal tax rate of 15%. Thus, the use of this long-stop provision in isolation would reduce the effective rate of tax in Mauritius from 15% to 3%.

Annual Requirements

There are a number of annual requirements as follows:

- **Annual license fees** - annual fees are payable to the Registrar of Companies and the Financial Services Commission.
- **Annual return** - every company should file its Annual Return together with the accounts, which have been approved at the annual general meeting, within 28 days of the meeting.
- **Accounting records** - every company must keep accounting records sufficient to illustrate a company's transactions and determine its financial position. The records must be kept for at least seven years.
- **Financial statements** - GBL1 companies should prepare their financial statements in accordance with international accounting standards, retain these at their registered office and submit these to the FSC within 6 months of year end (or 3 months for those holding certain types of financial services activity licence). A GBL2 company is required to maintain financial statements to reflect its financial position and retain these with the registered agent, but is not required to file the financial statements with the FSC (note a financial summary needs to be submitted).
- **Audit** - with the exception of GBL2 companies (and small private companies), all companies in Mauritius are required to have an auditor.
- **Shareholder meetings** - an annual general meeting of its members should be held for both GBL1 and GBL2 companies.



- **Registers** – every company must keep registers containing specified details of its members, its directors, its resident agent and its secretary which must be kept at the company's registered office.

Double Taxation Agreements

Mauritius has an extensive network of Double Taxation Agreements ('DTA') which include: Belgium, Botswana, China, Croatia, Cyprus, France, Germany, India, Indonesia, Italy, Kuwait, Luxembourg, Madagascar, Malaysia, Mozambique, Namibia, Nepal, Oman, Pakistan, Rwanda, Senegal, Singapore, Sri Lanka, South Africa, Swaziland, Sweden, Thailand, United Kingdom, Zimbabwe and Uganda. The network provides for interesting tax planning opportunities thereby enhancing the image of the jurisdiction as a tax planning centre.

The attractive concessions provided by those treaties include:

- Elimination of double taxation through tax credit equivalent to Mauritian tax.
- Reduction in withholding taxes on dividends, interest and royalties.
- Exemption from capital gains.
- Possible exemption on interest payments on loans.

Tax Residency

A Global Business Category 1 Company wishing to benefit from the tax relief under the Double Taxation Agreements, requires a Tax Residence Certificate (TRC). To be tax resident, the company must demonstrate that the 'effective management and control' is in Mauritius. To satisfy this test the applicant company is required to:

- Chair and initiate Board Meetings from within Mauritius.
- Maintain an account with a local bank through which funds must flow.
- Have a local qualified company secretary.
- Have at least two resident directors in Mauritius.
- Maintain its registered office and all statutory records in Mauritius.
- Have a local auditor.

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