

Doing Business Guide

# Mauritius

1st Edition

**Morison (Mauritius)**  
Public Accountants  
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# About This Booklet

This booklet has been produced by Morison (Mauritius), Public Accountants, for the benefit of its clients and associate offices worldwide who are interested in doing business in Mauritius.

Its main purpose is to provide a broad overview of the various things that should be considered by organisations considering setting up business in Mauritius.

The information provided cannot be exhaustive and – as underlying legislation and regulations are subject to frequent changes – we recommend anyone considering doing business in Mauritius or looking to the area as an opportunity for expansion should seek professional advice before making any business or investment decision.

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While every effort has been made to ensure the accuracy of the information contained in this booklet, no responsibility is accepted for its accuracy or completeness.

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# Introduction and Background

## History

Mauritius is a small tropical island in the Indian Ocean. It was first discovered and visited by Arab sailors during the Middle Ages; they gave it the name of Dina Arobi. The Portuguese sailors were the first Europeans to discover and set foot on the island, in around 1511, although they did not settle there. The island soon became a stopover for ships engaged in the spice trade.

In 1598, a Dutch expedition landed on the island and named it 'Mauritius' in honour of the Dutch Prince Maurits van Nassau. However, it was not until 1638 that the Dutch first attempted a settlement, which was eventually abandoned in about 1712. Mauritius was the only known habitat of the extinct dodo bird. The Dutch are remembered for having introduced sugar cane, domestic animals and deer to the island.

The French assumed control and occupied between 1715 and 1810, renaming the country Île de France. They developed the island as an important naval base overseeing the trade routes of the Indian Ocean.

In 1810, during the Napoleonic War, the British captured and took possession of the island, which reverted to the name Mauritius. The country remained a strategically important British naval base and, later, an air station that had a significant role during World War II. Following the abolition of slavery in 1835, the British imported indentured labour from the Indian subcontinent to work in the sugar cane fields.

Mauritius gained independence on 12 March 1968 and became a member of the Commonwealth. The Queen was Head of State until 12 March 1992, when Mauritius became a Republic.

The country includes the island of Mauritius as well as the islands of St Brandon, Rodrigues and the Agalega Islands. Mauritius is part of the Mascarene Islands, along with Rodrigues and the French island of Réunion that lies 200 km (124 mi) to the southwest.

## Geography

Mauritius is a volcanic island situated in the Indian Ocean some 2,000 kilometres off the southeast coast of the African continent and Madagascar. The island is protected by barriers of coral reefs forming natural and clear lagoons. Streams and rivers permeate the island.

The island is encircled by a broken ring of mountain ranges, varying in height from 300 to 800 metres above sea level. The temperature range is moderate, from a low of 16°C in winter (June to September) to 35°C in summer (November to April). Mauritius has a number of microclimates, so weather conditions can vary considerably across the island. The islands are in the Indian Ocean cyclone belt (the cyclonic season runs from November to April). The climate in Mauritius is typically tropical in the coastal regions, and there are forests in the mountainous areas.

The country is subdivided into nine districts. The capital, Port Louis, is in the northwest of the island.

## Population and Language

The estimated population for Mauritius is just over 1.3 million. Mauritian society includes people from many different ethnic groups. The Republic's residents are the descendants of people from India, continental Africa, France and China, among other places. The multilingual, multicultural population includes Hindu Indo-Mauritian (51%); Creole (27%); Muslim Indo-Mauritian (17%); and others (5%).

The history of Mauritius is reflected in its ethnic mix and its languages. Although English and French remain the official languages of government and education, French is much more widely used today. However, in everyday life French and Creole are predominant. In various ethnic groups, other languages – such as Hindi, Urdu or Chinese – are commonly spoken.

## Constitution and Law

Mauritius is a sovereign democratic state. The Constitution is the supreme law of Mauritius, which is based on the British parliamentary system. The president of Mauritius is the head of state; he is also the commander-in-chief, and is elected by parliament for a 5-year term. The president has the power to appoint the prime minister, who is head of government, assisted by a council of ministers. It is the prime minister who selects the members of the Cabinet from elected members of the Assembly, except for the Attorney General. Mauritius has a multi-party system. Executive power is exercised by the government. Legislative power is vested in both the government and the National Assembly. The political party or alliance with the second largest majority forms the official opposition. Among its first tasks, the Assembly elects a Speaker, a Deputy Speaker and a Deputy Chairman of Committees.

Mauritius has developed a hybrid and transparent, uniform and impartial legal system based on both British common law and French law (Code Napoléon and Code Civil). Legal documents prepared both in English and French are accepted under the Law of Mauritius.

## The Economy

Mauritius is a free market economy and has witnessed massive development over the past few decades. The economy has gradually diversified since its historic dependence on sugar cane; now, the core industries are agriculture, light manufacturing (such as textiles), tourism and financial services.

In recent years, Mauritius has acknowledged unprecedented socio-economic development and growth through careful economic governance. The country is equipped with a highly skilled labour force and excellent infrastructure, thereby attracting foreign direct investment (FDI). The average economic growth was 5.6% over the last 3 years. The income per capita has reached US\$ 4,000, which together with a significant fall in the unemployment rate has resulted in a higher standard of living. The population has an average life expectancy of 71.4 years, and an adult literacy rate of 83%.

As the world is facing economic downturn and the government of Mauritius has taken precautionary measures in order to sustain economic growth. A Stimulus Package (a package of economic measures to stimulate a flourishing economy) has been introduced for companies facing financial difficulties. Moreover, the government has introduced a Corporate Social Responsibility (CSR) programme in collaboration with non-government organisations (NGOs) to help those who are economically disadvantaged, reducing inequalities between rich and poor.

# Banking and Finance

## An Overview

Mauritius has a modernised and sound financial and banking system through a regulated financial structure in the economy. The country has a hybrid system of banking and financial law, incorporating both English and French laws. These laws are regularly updated to keep up with international trends and consolidate the status of Mauritius as a major international financial centre while at the same time maintaining its business-friendly environment.

The Bank of Mauritius is the Central Bank and is responsible for licensing, regulating and supervising banks licensed under the Banking Act, 2004 as well as money-changers and foreign exchange dealers. Its other functions include the formulation and implementation of monetary policy, the issuing of currency and the management of public debt and foreign currency reserves. The Bank of Mauritius is also a member of the Islamic Financial Services Board. Islamic Banking was recently introduced in Mauritius, and a few banks already provide Islamic Banking services locally.

## Current Legislation

- The Bank of Mauritius Act, 2004
- The Banking Act, 2004
- The Foreign Exchange Dealers Act, 1995
- The Bills of Exchange Act, 1914
- The Financial Intelligence and Anti-Money-Laundering Act, 2002
- The Financial Services Act, 2007

## Types of Institution

The financial service sector is an important pillar of the economy and comprises:

- Domestic commercial banks
- Offshore banks
- Money-changers
- Foreign exchange dealers
- Insurance companies
- Stockbrokers
- Investment companies
- Venture capital companies

- Fund managers
- Leasing companies
- Credit institutions
- Asset managers
- Bond dealers

### **State-owned Banks**

- State Bank of Mauritius
- The Mauritius Post and Cooperative Bank
- The Development Bank of Mauritius (DBM)

### **Specialised Financial Institutions**

#### **The Development Bank of Mauritius (DBM)**

Its objective is to facilitate industrial, agricultural and economic development in Mauritius.

### **Domestic Commercial Banks**

The Commercial Banks provide overdrafts, term loans, fixed-term loans, trade finance and export facilities. Commercial Banks have diversified into non-banking business such as leasing, stockbroking, asset and fund management, insurance agency, investment and portfolio and custodial management. Among the banks established in Mauritius are:

- The Mauritius Commercial Bank
- State Bank of Mauritius
- The Hongkong and Shanghai Banking Corporation (HSBC)
- Barclays Bank
- Standard Chartered Bank

### **Offshore Banks**

Mauritius has emerged as a recognised regulated international financial centre and its reputation rests on the quality of its services and qualified professionals. The Financial Services Commission (FSC) is the integrated regulator for the global business and financial services sector other than banking.

The offshore banks in Mauritius offer a comprehensive range of tailor-made solutions designed for the international needs of clients. They focus mainly on provision of working capital and trade financing. Accounts can be opened in different currencies within 24 hours. The banking system in Mauritius is well developed and highly organised. There are no exchange controls in Mauritius.

## Foreign Exchange Dealers and Money-Changers (Bureaux de Change)

The foreign exchange market is totally liberalised wherein banks, foreign exchange dealers and money-changers transact in foreign exchange. The Bank of Mauritius intervenes in the market to smooth out excessive volatility and to ensure that the market functions efficiently.

A foreign exchange dealer is permitted to conduct the business of buying and selling of foreign currency, including spot and forward foreign exchange transactions and wholesale money market dealings.

A money-changer is licensed to carry on solely the business of buying and selling foreign currency notes, coins and traveller's cheques, the replacement of lost or stolen traveller's cheques and encashment under credit cards.

## The Securities Exchange in Mauritius

There are two licensed securities exchanges in Mauritius:

- The Stock Exchange Of Mauritius (SEM)
- The Global Board of Trade (GBOT)

SEM operates two markets in the equity segment:

- The official market – for larger companies
- The development and enterprise market (DEM) – catering for medium and small enterprises.

The listed companies are from various sectors of the economy such as banks, insurance and other finance, commerce, sugar, industry, investments and transport.

## Global Board of Trade

GBOT was launched in October 2010. It was promoted by the Financial Technologies Group of India. It is licensed as a multi-class asset exchange, and currently operates two derivatives segments: for currency and commodity.

GBOT is the first exchange to offer derivative products in Mauritius. It has a state-of-the-art trading platform with clearing and settlement systems, providing access to several of the world's fastest-growing economies.

The licensing of the GBOT by the FSC is a major milestone in the development of the capital markets industry in Mauritius. GBOT promotes Mauritius as a financial hub, as it helps the investment community to hedge price risk movements in international markets and provides an opportunity for investors to capitalise on arbitrage opportunities.

## Banking Facilities

- i. Accounts
  - Current accounts
  - Savings accounts
  - Multi-currency accounts
- ii. Cards
  - Debit cards
  - Credit cards
- iii. Time deposits
- iv. Loans and advances
- v. Escrow account services
- vi. Sales and purchases of foreign currencies
- vii. Multi-currency cheque
- viii. Internet banking book
- ix. Mobile banking
- x. Services
  - Remittance services
  - Trade finance services
- xi. E-commerce service

## Non-Banking

- i. Services
  - Advisory services
  - Fiduciary services
  - Custodial services
- ii. Insurance agents
- iii. Stockbroking
- iv. Wealth management

## Opening of a Bank Account

As a rule, to open an account with a bank in Mauritius the following documents are required. Each bank has its own minimum requirement and conditions.

- Duly completed business customer application form
- Certified copy of the extract of a board resolution authorising the opening of accounts and giving the authority to authorised signatories
- Identity documents for all authorised signatories
- For directors:
  - \* Certified true copy of passport or identity card with clear photographic image
  - \* Certified copy of a proof of residential address (utility bill of <3 months)
  - \* Banker's reference or current bank statement (if requested)
- Certified copy of the Certificate of Incorporation
- Certified copy of the Constitution
- Certified copy of Global Business Licence Category 1 (in case of a GBL1 company)
- Business plan and group structure chart (if requested).

## Appropriate Certification of Documents

Copies of the verification of identity documentation are typically certified by a lawyer, notary, actuary or accountant holding a recognised professional qualification; or by a recognised bank.

# Institutions Providing Assistance to Enterprises

Various official agencies have been set up to encourage and assist the development of enterprises in Mauritius:

- Registrar of Companies
- Board of Investment (Mauritius)
- The Ministry of Business Enterprise, Cooperatives and Consumer Protection
- Small and Medium Enterprises Development Authority (SMEDA)
- Mauritius Business Growth Scheme Office
- National Empowerment Foundation
- Mauritius Export Processing Zone Association (MEPZA)
- Mauritius Tourism Authority
- Mauritius Institute of Training and Development
- Mauritius Standard Bureau

## Registrar of Companies

The Registrar of Companies is a government office that falls under the Ministry of Finance and Economic Development. It administers the Companies Act, 2001, the Business Registration Act, 2002 and the Insolvency Act, 2009. Its main functions are:

- The incorporation, registration and striking-off of companies
- The registration of documents such as returns and financial statements of companies that must be filed under the Companies Act, 2001
- The provision of company information to the public
- The enforcement of compliance with the legal requirements
- Issuing business registration cards
- Regulating liquidation and winding-up procedures
- Regulating business associated with the Limited Partnership Act 2011

## Board of Investment (BOI)

The BOI is the leading agency of the Government of Mauritius responsible for promoting and facilitating investment in Mauritius. As Mauritius opens to the world, transforming itself into a competitive global business platform, the BOI has put at the service of the international business community a personalised range of services to attract international investment and talent to the country. The Mauritius BOI is viewed both locally and internationally as a key strategic partner for any investor wishing to benefit from the thriving business environment

of Mauritius. Attractive packages of both fiscal and non-fiscal incentives, tailor-made to the needs of each area of development, are offered to investors.

### **Mauritius Export Processing Zone Association (MEPZA)**

The vision of MEPZA is to have a 'total quality Mauritius'. Its main objective is to regroup all the companies involved in the export processing zone; most of its members are involved in the textile industry, some in jewellery and computer businesses.





# Legal Structures of Business Organisations

## Company

A Company is a separate legal entity incorporated under the Companies Act, 2001, which provides for several types and categories of public and private company.

A public company:.

- may offer to sell its shares to the public
- may have >25 shareholders.

A private company:

- Must have not >25 shareholders
- Cannot make offers to the public to subscribe for its shares or debentures
- May provide in its constitution that the right to transfer its shares is restricted.

These companies may be:

### Limited by Shares

A company limited by shares means that it is formed on the principle of having the liability of its shareholders limited by its constitution to any amount unpaid on the shares respectively held by the shareholder.

### Limited by Guarantee

A company limited by guarantee is formed on the principle of having the liability of its members limited by its constitution to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.

### Limited by Both Shares and Guarantee

A company limited by shares and by guarantee is formed on the principle of having the liability of its members (1) who are shareholders, limited to the amount unpaid, if any, (2) to those who have given guarantee, limited to the amount they have undertake to contribute.

### Limited Life Company

A company where constitution limits its life to a period not exceeding 50 years from the date of its incorporation. However, this period may be extended to a maximum of 150 years. Its constitution contains the specific matters as laid down in the law.

### Unlimited Life Company

A company formed on the principle of having no limit placed on the liability of its shareholders.

## Small Private Company

A small private company is defined as a private company, other than a company holding a Category 1 Global Business Licence (GBL1), with a turnover which is <50 million Mauritius Rupee (Rs) 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.

## Other Categories of Companies under the Companies Act, 2001

### One-person Company

The Act provides that one person may form a company. However, at incorporation or within 6 months, the sole shareholder/director must nominate a person to be the secretary in the event of their death or incapacity.

### Limited Partnership

The limited partnership (LP) in Mauritius is governed by the Registrar of Limited Partnerships and the FSC (where the LP holds a GBL). Mauritius being a central hub for FDI into India and Africa, the financial services industry has moved forward towards the Limited Partnership Act, 2011. Limited partnerships are more flexible than companies, and are therefore significantly more attractive to investment vehicles such as private equity funds and joint ventures.

### Public Interest Entity

A PIE is an entity with an annual revenue exceeding Rs 250 million at the end of its preceding accounting year, or which meets any two of the following conditions:

- Has an annual revenue of over Rs 150 million
- Employs >100 persons
- Has total assets of more than Rs 100 million or total liabilities over Rs 30 million at the end of its preceding accounting year.

### Foreign Companies

A foreign company:

- Shall not be held to carry on business in Mauritius if it holds a GBL1 licence
- Shall have a registered office and authorised agent in Mauritius.

## Statutory Requirements for Companies

### Financial Reporting Framework

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

- The board of a company must keep records correctly and with reasonable accuracy
- These records, including minutes and other statutory documents, are kept for a minimum period of 7 years plus the current year
- Where the records are not kept in Mauritius, the company must ensure that the accounts are prepared under the Companies Act, 2001 and that returns for the operations of the company disclose with reasonable accuracy the financial position of the company at intervals not exceeding 6 months
- The records must be sent to and stored in Mauritius. Public companies and private companies, except for small private companies, have an obligation to prepare financial statements that comply with IFRS and which must be audited.

### **Regulation of Accountants**

The Mauritius Institute of Professional Accountants (MIPA) regulates the accounting profession in Mauritius. Professional accountants are required to be registered with MIPA; to be eligible, they must be members of one of the accountancy bodies listed under the Financial Reporting Act, 2004 or any other body authorised by the MIPA Board. To be eligible to undertake public practice, professional accountants must satisfy the post-qualification experience and other criteria set by MIPA.

### **Licensing of Auditors**

The Financial Reporting Council (FRC) oversees the quality of financial reporting by PIEs and regulates the audit profession in Mauritius.

No person may act as an auditor in Mauritius without a licence from the FRC.

### **The National Committee on Corporate Governance (NCCG)**

The NCCG aims to establish principles and practices and promote the highest standards of corporate governance. It is the national coordinating body responsible for all matters pertaining to corporate governance.

### **The Mauritius Institute of Directors (MIOD)**

The Mauritius Institute of Directors focuses on the best practice of corporate governance by directors and business leaders and promotes the ethical conduct of business and public affairs, to enhance productivity and efficiency in companies for the benefit of all stakeholders.

### **Audit of Accounts**

As per the requirement of the Companies Act, 2001, every company – except those exempted – must appoint an independent approved auditor.

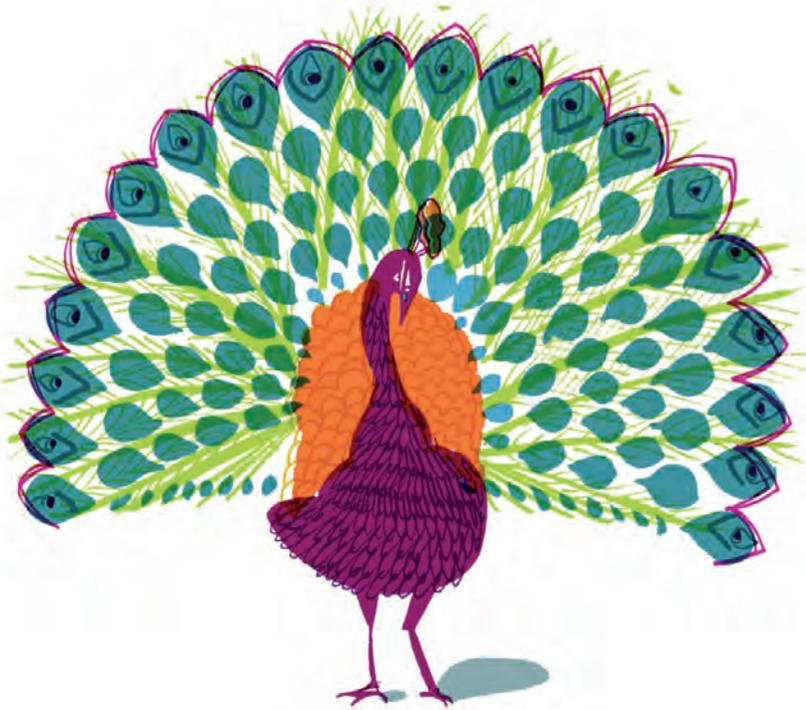
The financial statement must:

- be prepared in accordance with and comply with the International Accounting Standards and IFRS
- comply with any requirement that applies to the company's financial statements under any other enactment.

Companies holding GBL1 should submit audited accounts.

GBL1 companies can prepare their audited financial statements in accordance with the UK, US or South African GAAP (Generally Accepted Accounting Principles).

Where the GBL1 corporation proposes its audited financial statements in accordance with an accounting standard other than IAS/IFRS or UK, US or South African GAAP, it must obtain the prior approval of the FSC.



# Global Business in Mauritius

In today's competitive business world, investors are focusing on countries where they can invest to optimise their business opportunities and performance. Financial management policies and procedures and adequate tax planning to minimise tax liabilities on a worldwide basis are of utmost importance to guarantee a healthier return to investors. Mauritius is strategically located in the Indian Ocean and is already established as the most tax- and cost-efficient platform for global business companies. The government has adopted significant and reasonable measures to attract investment and to modernise the country's economy from an agriculture, textile and tourism to a financial hub.

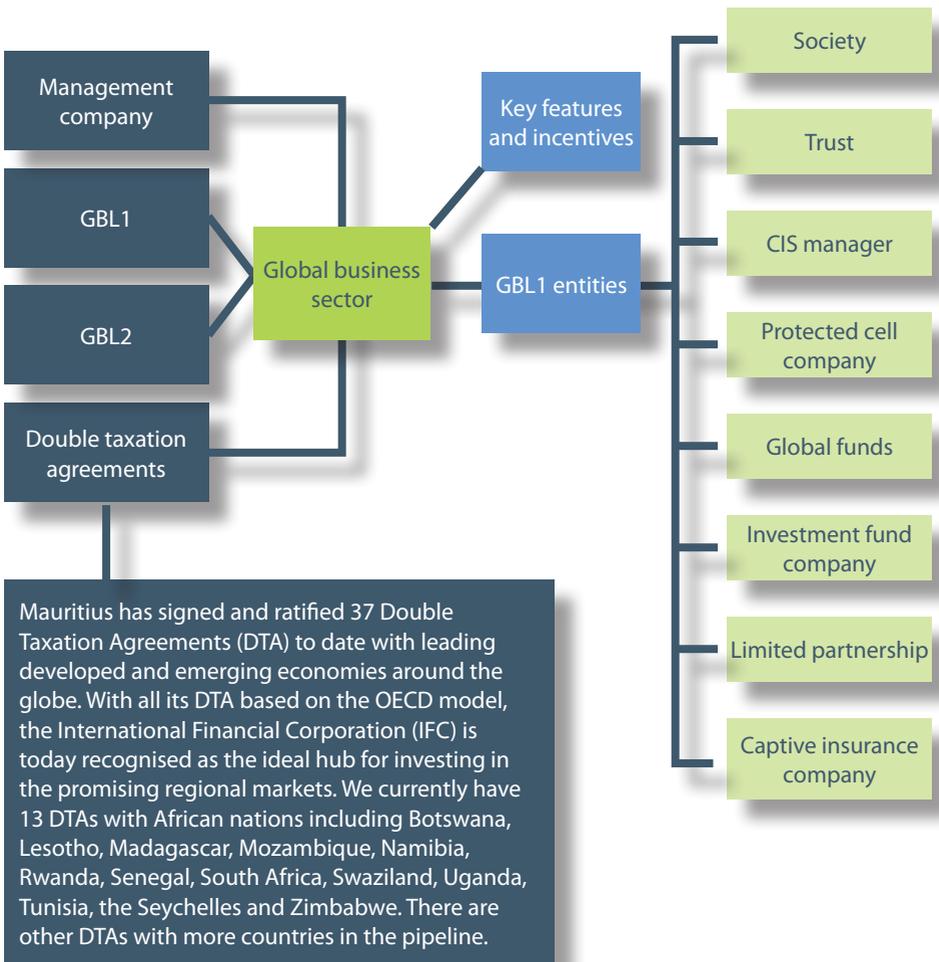


Figure 2. The global business sector in Mauritius

## Global Business Companies

The Mauritius International Financial Services Centre offers two types of company to international investors:

- Category 1 Global Business Licence (GBL1)
- Category 2 Global Business Licence (GBL2).

The formation and constant maintenance of both companies are time- and cost-efficient and rest on a very flexible and modern company law.

### Category 1 Global Business Company

GBL1 companies are engaged in qualified global business and businesses are conducted in a currency other than the Mauritius Rupee. Correctly structured and managed, GBL1 companies may access Mauritius's network of 37 tax treaties. They are governed by the Companies Act, 2001 and regulated by the Mauritius FSC.

### Businesses

Although the purpose of the GBL1 company must be to conduct business outside Mauritius, the company can also:

- conduct business in Mauritius
- deal with a person resident in Mauritius or with a GBL2 company
- hold shares or other interests in a corporation resident in Mauritius.

### Category 2 Global Business Company

GBL2 applies to tax-exempt entities and is thus mainly used for international business transactions, consultancy services or for private investment holdings. GBL2 companies do not benefit from DTAs.

## Trusts

A trust is a legal arrangement where one person (the Settlor) transfers their assets and wealth into a fund (the Trust Fund) and gives the management to another body (the Trustee) to be held on trust for the benefit of named beneficiaries, which can include the Settlor. Mauritius is rapidly becoming the alternative jurisdiction for the setting-up and administration of trusts under the proper law of Mauritius, as well as for the back office administration of foreign trusts.

Types of trust include:

- Fixed interest
- Discretionary

- Protective or spendthrift
- Charitable
- Private purpose.

## Global Funds

More than US\$ 36 billion is invested by Mauritian domiciled investment funds into emerging markets. There are two broad categories of investment funds that are regulated in Mauritius:

- Collective Investment Scheme (CIS), which has the following critical aspects:
  - Pooling of funds from investors
  - Common investment of that money into a portfolio of investments
  - Investment based on risk diversification principle
  - Redemption at the option of the investors
  - Investors who do not participate in the day-to-day management
- Closed End Funds (CEF), commonly known as private equity funds.

## Protected Cell Company

A Protected Cell Company (PCC) is a special legal structure made up of cellular assets or non-cellular assets, or a combination. It provides legal segregation of net assets attributable to each cell of the company. Each cell is responsible for its own liability.

## Captive Insurance Business

A captive insurance company is formed to insure or re-insure the risks of its parent and affiliated entities within its group. It must be a GBL1 company licensed by the FSC to conduct the captive business. This is one of the fastest-growing areas in the insurance sector. The incorporation procedure requires an application to the FSC and a certificate from a law practitioner in Mauritius to certify that the company complies with the laws of Mauritius. The captive insurance company may also have to appoint a licensed management company in Mauritius and a principal representative who will be accountable to the FSC.

## Major Advantages of Global Business



Figure 3. Key features and incentives for Global Business

# Labour and Personnel

## Workforce in Mauritius

Out of a population of just over 1.3 million, the active population is 75%. The lowest working age, for both men and women, is 16 years. Employment rights and obligations in Mauritius are governed by the Employment Rights Act, 2008. This legislation has been designed to cater for the needs of the modern employment environment in Mauritius.

## Statutory Working Conditions

### Normal Working Hours

The normal working day is 8 hours, excluding public holidays. Generally, there can be a mutual agreement between the employer and the employee to work additional hours in excess of the stipulated hours without added remuneration.

### Days Off

Every employee is entitled to a rest day of  $\geq 24$  consecutive hours in every period of 7 consecutive days.

### Overtime

A worker who has worked  $>90$  hours in a fortnight or less according to the number of hours specified in an agreement, except during a public holiday, is remunerated at 1.5 times the notional rate per hour for every hour of work performed.

The number of hours of work is notionally calculated for a monthly paid worker on the basis of 195 hours.

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

### Annual Leave

An employee who has been in continuous employment with the same employer for 12 consecutive months is entitled to annual leave of 22 working days.

### Sick Leave

An employee 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; this also applies to each subsequent period of 12 months of continuous employment.

## Maternity Leave

A woman who has worked 12 consecutive months for an employer is entitled to 12 weeks' maternity leave on full pay. Subject to a medical certificate, she may be entitled to take leave earlier.

## Paternity Leave

A full-time male employee is entitled to 5 continuous working days' paternity leave.

## Termination of Agreement

If a worker does not show up for work for 3 consecutive working days more than once, the employer may consider that the worker has broken their contract. An employer is required to give 30 days' notice to the employee of the termination of their employment and must state the reasons for this. Alternatively, the employer can pay the worker the amount they would have earned had they remained in employment during the period of notice.

## Severance Allowance

An employer is required to pay severance allowance to an employee who has been in continuous employment for a period of  $\geq 12$  months, if the employer terminates their employment. The amount of severance allowance payable is normally equivalent to 0.25 month's remuneration for every period of 12 months service in the case of justified dismissal. If unjustified, the amount payable is 3 months for every period of 12 months' service.

## Retirement Age

The current retirement age for both sexes is 65.

## Social Security Contribution to National Pension Fund

Contributions are calculated based on a percentage basic salary (Table 1).

Table 1. Calculations of social security contributions.

	Type of contribution	Total %	Employer share	Employee share	Maximum threshold
1	National Pension Fund (NPF) on basic salary for each employee	9%	6%	3%	374
2	National Savings Fund (NSF) on basic salary for each employee	3.5%	2.5%	1%	312
3	Training levy on total salary bill	1.5%	1.5%	–	No max 1.5% on gross basic salary

Upon retirement, an employee would receive basic retirement pension through the National Pension Fund and a lump sum through the National Savings Fund.

## Training Course

An employer can claim back 60% of the cost of approved training.

## Working and Residing in Mauritius

### Occupation Permit

An occupation permit allows a foreigner to reside and work in Mauritius (combined work and residence permit). Eligibility for an occupation permit depends on the following criteria:

- To qualify as an investor: The expected annual turnover of proposed business exceeds Rs 3 million (about US\$ 600,000)
- To qualify as self-employed: The expected gross annual income generated from business exceeds Rs 600,000 (about US\$ 20,000)
- To qualify as a professional: The basic monthly salary of a professional under a contract of employment exceeds Rs 30,000 (about US\$ 1,000).

Applications for an occupation permit are channelled through the Board of Investment (BOI) and are normally processed within 3 working days. Permits are granted for a period of 3 years.

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

### Permanent Residence Permit – Non-citizens and Retired Non-citizens

Non-citizens holding an occupation permit can apply, through BOI, for a permanent residence status at the expiry of the occupation permit provided the following conditions are satisfied:

- As an investor: The investor's business activity should have generated an annual turnover exceeding Rs 15 million (about US\$ 500,000) during the first 3 years
- As self-employed: Annual gross income should have exceeded Rs 3 million (about US\$ 100,000) during the first three 3 years
- As a professional: The recently adopted immigration law permits foreign nationals who have been resident in Mauritius for  $\geq 3$  years and who are drawing a monthly salary exceeding Rs 150,000 (about US\$ 4,900) to obtain permanent residency.

In the case of a retired non-citizen, transfers of US\$  $\geq 40,000$  must have been made every year for 3 years. A retired person's residence permit is issued for a period of 3 years.

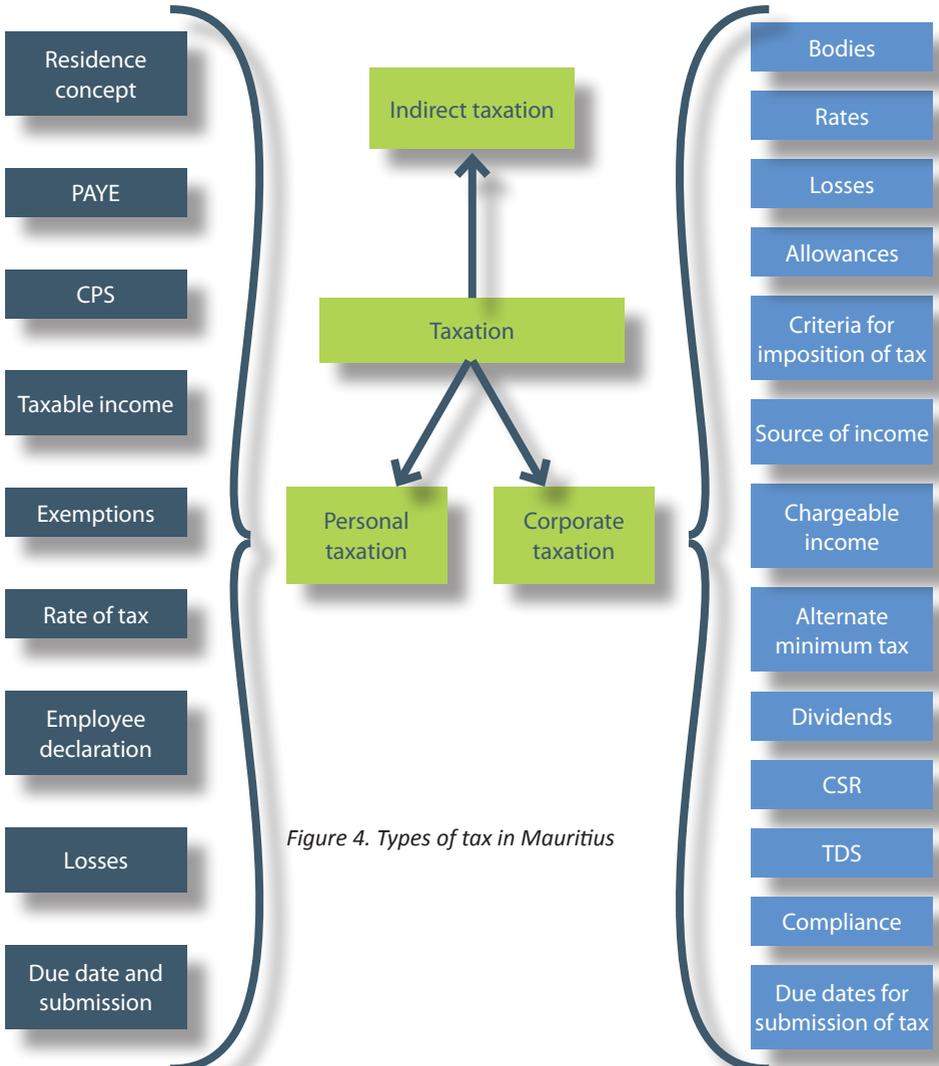
Permanent residence permits are normally granted for a period of 10 years only.

Non-citizens who acquire immovable property under the Integrated Resort Scheme (IRS) and Real Estate Scheme (RES) are granted the status of resident in Mauritius for as long as they hold the property.

# Taxation System in Mauritius

## Income Tax

The Mauritian Income Tax system is regulated by the Income Tax Act, 1995, as amended by subsequent finance Acts. The Mauritius Revenue Authority is the body responsible for implementing the revenue laws in Mauritius. The country operates a self-assessment regime for individuals and resident companies.



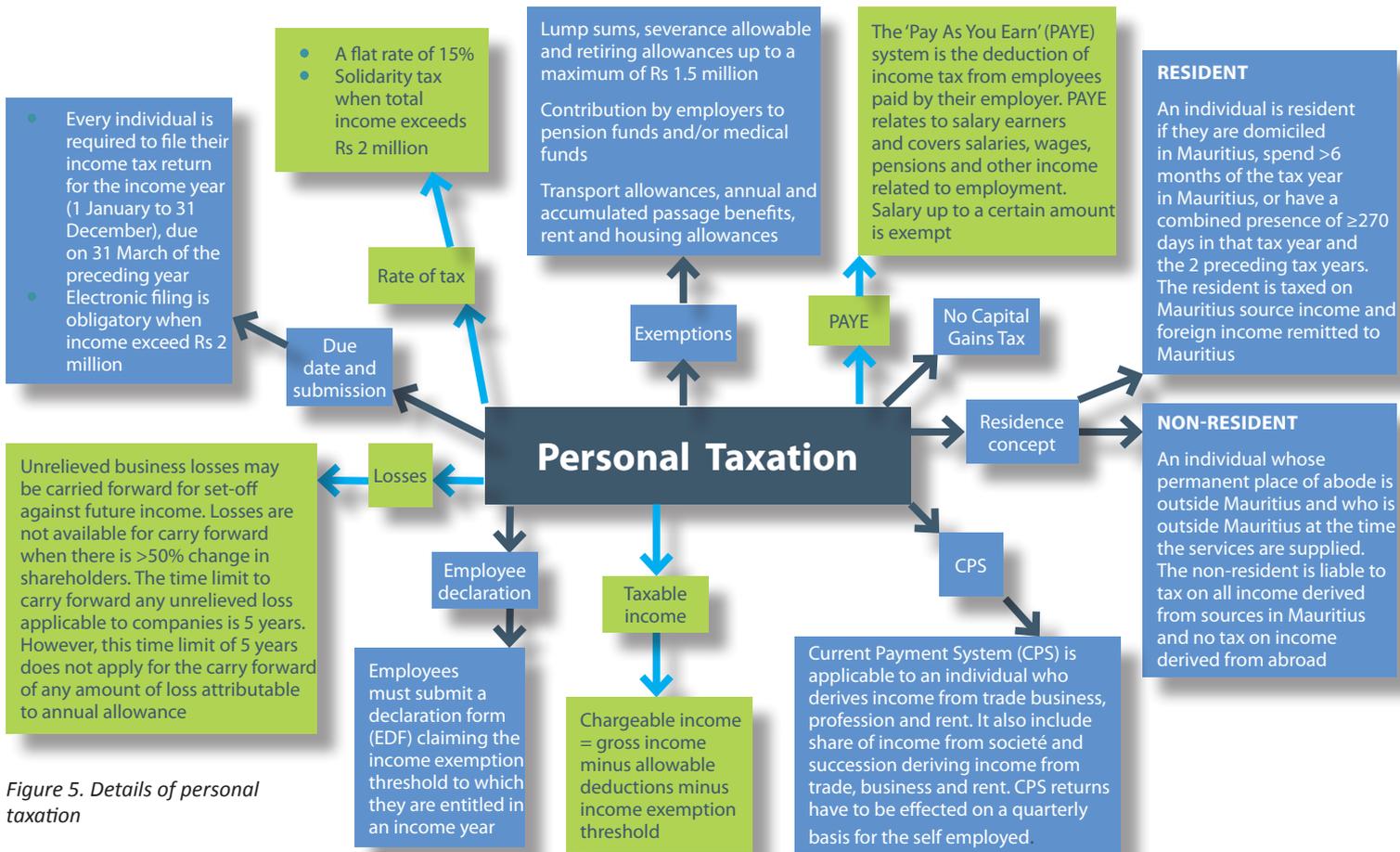
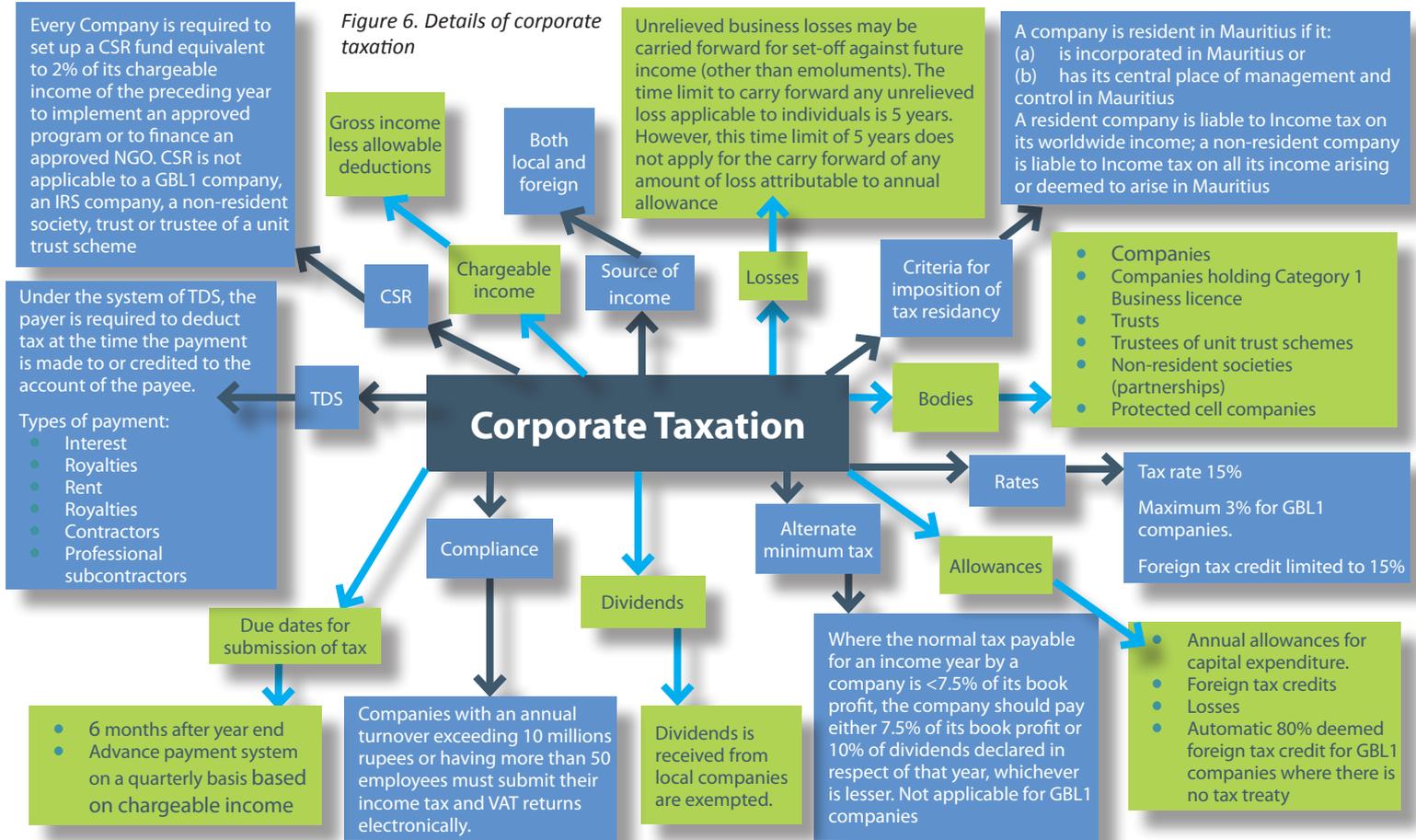


Figure 5. Details of personal taxation

Figure 6. Details of corporate taxation



## Indirect Taxation

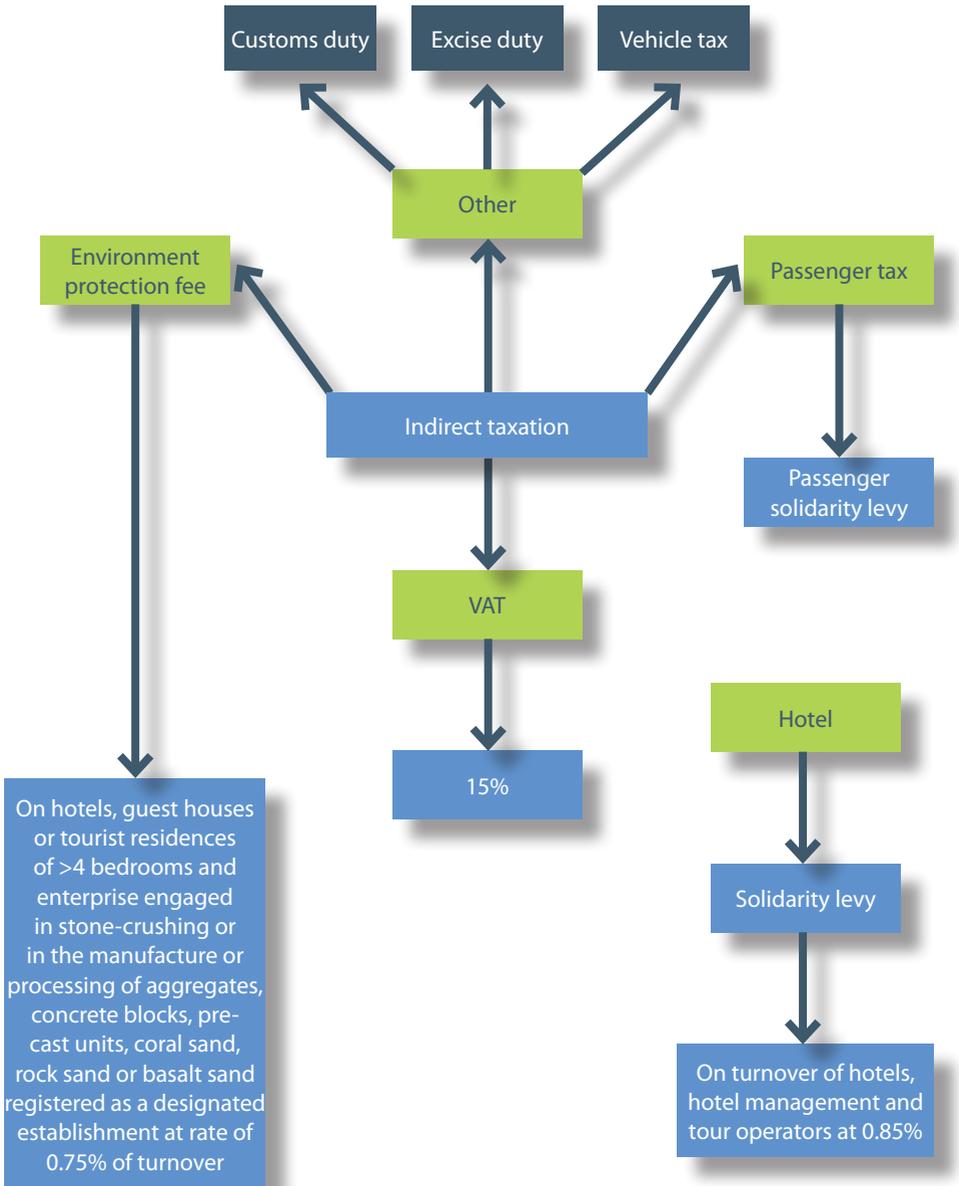


Figure 7. Types of indirect taxation

# Immovable Properties

## Duty and Taxes Leviable on Transfer of Immovable Property

### Registration Duty

Registration duty is leviable on a deed of transfer of immovable property is 5% and is payable by the purchaser or transferee.

### Exemptions

No duty is payable on deed witnessing transfer

- by an ascendant to a descendant or latter's spouse or surviving spouse
- to a charitable trust under the Trust Act, 2001 or to a religious body under the Registration Duty Act 1983
- to diplomatic missions
- to local authorities.

### Land Transfer Tax

Land Transfer Tax is leviable on a deed of transfer of immovable property at the rate specified. It is payable by the seller.

- Where the transfer is made after a period of  $\leq 5$  years of the date of acquisition of the property, the rate is 10%
- Where the transfer is made  $> 5$  years after the date of acquisition of the property, the rate is 5%.

### Exemptions

No tax shall be leviable on a transfer:

- between the heirs of a deceased person of property acquired by inheritance from that person
- where the transferor has acquired the property transferred through inheritance or legacy from a spouse, ascendant, descendant or sibling
- between spouses
- made to a company holding an investment certificate in respect of a project under the Integrated Resort Scheme prescribed under the Investment Promotion Act, provided that the transferor holds shares in the company equivalent to at least the value of the land transferred.

## Duty and Taxes on Transfer of Shares in Company Holding Immovable Property

Deed of transfer of shares and debentures shall be in the format in accordance with the Third Schedule of the Registration Duty Act.

Duty leviable as per Sections 24(9) and 24(10) of the Registration Duty Act.

	Type of transaction	Rate
	Deed of transfer of shares for valuable consideration in	
(a)	Financial, commercial, industrial or civil society, partnership or association	5%
(b)	In any company which reckons among its assets any freehold or leasehold immovable property; or  Any shares in a partnership to which reckons among its assets such property or shares that the partnership holds in any other partnership; or  Successive partnerships which reckon among its assets such property.	5%

### Exemptions

A company the securities of which are

- quoted on the Official List of the Stock Exchange of Mauritius (SEM)
- admitted to a second market operated by the SEM, or traded on the over-the-counter market operated by the SEM provided that, in this case, the exception applies only to those securities so traded
- admitted to a development and enterprise market operated by the SEM.

### Exempted from Registration

- All documents witnessing a transfer of shares and debentures in any company the securities of which are quoted on the Official List of the SEM or admitted to a second market operated by the SEM
- All documents witnessing a transfer of securities effected over the over-the-counter market of the SEM
- All documents witnessing a transfer of shares to, or by, an equity fund approved by the FSC established under the Financial Services Development Act, 2001
- All documents witnessing a transfer of shares in any company the securities of which are admitted to the development and enterprise market operated by the SEM.

# Living in Mauritius

## Immigration Requirements

All foreigners entering Mauritius to take up employment to or establish a business must apply for a work permit from:

- Board of Investment
- Ministry of Labour, Industrial Relations and Employment Division

## Accommodation

Mauritius is a unique place to work and live. The island offers a whole range of accommodation to suit all needs, including bungalows, villas, apartments, studios and hotels.

## Food

The cuisine in Mauritius is a blend of Creole, Chinese, European and Indian influences. Many types of cuisine are often combined in one meal.

## Shopping

Mauritius offers an extraordinary shopping experience – from the relaxed atmosphere of shopping centres, impressive savings in duty-free shopping and specialised arts and crafts to beach hawkers, street traders and lively markets.

## Recreation

Mauritius offers a host of recreational activities. Given its beautiful picturesque beaches, most of the island's recreational activities tend to be water-related outdoor activities.

## Schooling

Education in Mauritius is managed by the Ministry of Education and Human Resources, which controls the development and administration of government-funded state schools but also has an advisory and supervisory role in respect of private schools.

## Transport

Mauritius has made significant investments in the transport system during the past years, including:

- Infrastructure: roads, airport, port
- Operating services: buses, taxis, public road haulers, airlines, shipping services

- Private users: cars, motorcycles, bicycles, own-use commercial vehicles, private boats and aircraft, pedestrians.

In addition to these, the implementation of a light rail transport ('metro léger') is under consideration by the Ministry of Public Infrastructure.

## Telecommunication

Mauritius has an excellent means of telecommunication facilities such as local and international call services, land to mobile services, Internet connections, three-way conference, WAN services and among many others.

## The Next Step

Contact Morison (Mauritius) to discuss your needs.

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