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# WHY MAURITIUS?

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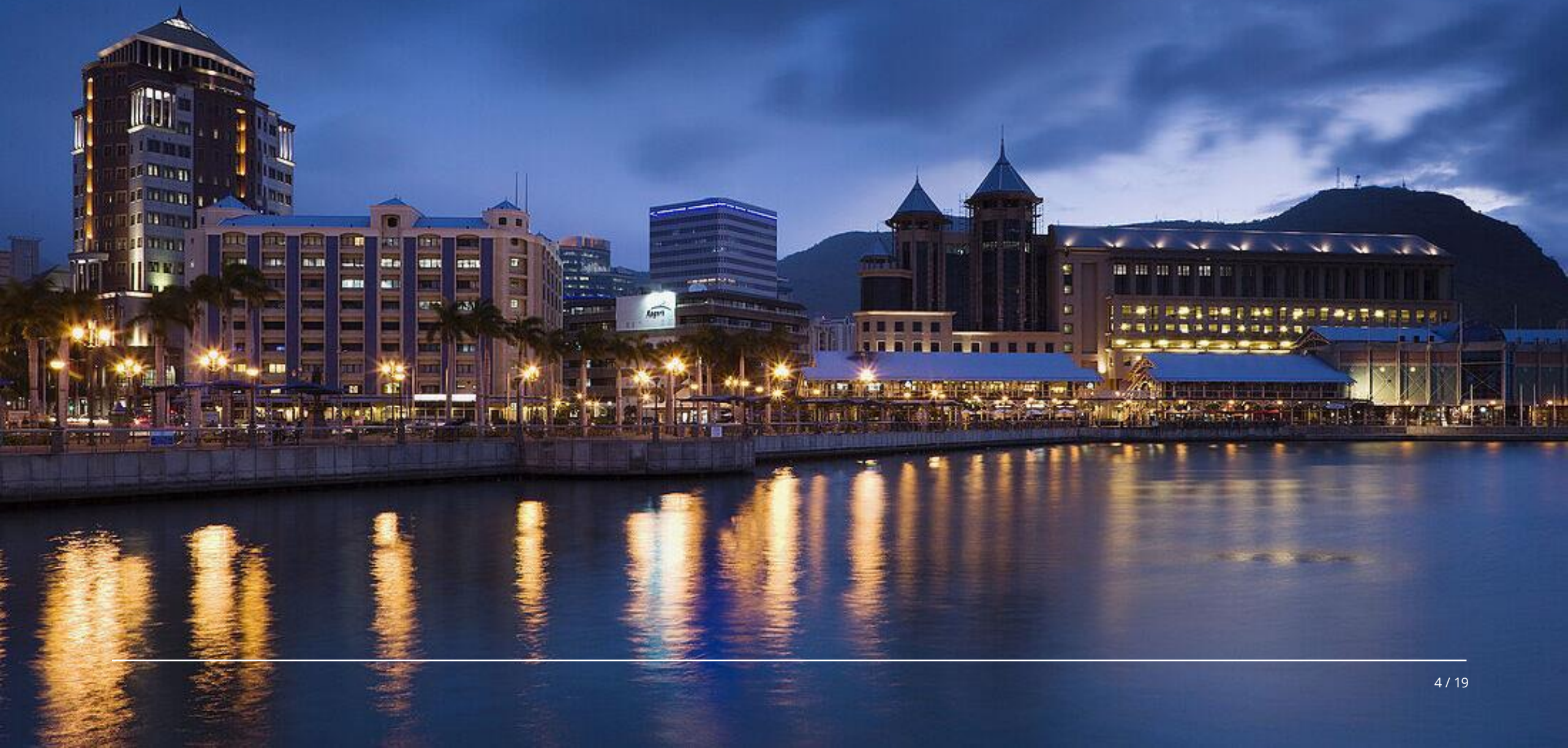
**MAURITIUS REGULATION**



**WHY MAURITIUS**

# MAURITIUS FOR BUSINESS

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## IS MAURITIUS A TAX HAVEN?

- “no or low taxes, lack of effective exchange of information, lack of transparency, and no requirement of substantial activity.” It adds “a jurisdiction that practices harmful tax practices”
- Mauritius headline tax rate for all companies and individuals is 15%
- World Economic Forum agreed OECD proposals for a global minimum tax rate of 15% in Feb 2024 (Davos)

## GBCS ARE NOT TAXED 15%!

- But Global Business Companies in Mauritius are not taxed at 15%!!!. What About Authorised Companies? Don't they pay 0% tax?
- Global Business Companies are taxed at 15%. Authorised Companies are taxed at 15% to the extent they do business in Mauritius. If they do not do business in Mauritius then tax is 0% in Mauritius but they are not protected by DTAA's to the extent they do business outside of Mauritius. This means taxation at local rates where they do conduct business (tax residency applies)
- Foreign Income Relief can reduce net taxation to 3% in Mauritius but this applies only to certain activities. It works because in theory all of the income of a Global Business Company is export (goods or services).



## BUT HOW DOES THE TAX WORK?

- A Global Business Company with a qualifying activity can claim 80% of its revenue for foreign income relief meaning the remaining 20% is taxed at 15% ie net 3%
- This relief comes from the OECD's own Model DTAA. All countries apply this same practice
- OECD does not list Mauritius as a country that practices harmful tax practices (inc over taxation)
- One of the definitions of harmful tax practices includes over-reliance of a jurisdiction on financial services (Caribbean Islands). Mauritius has 29 major economic pillars and Financial Services and Banking together account for less than 18% of Mauritius GDP. Its economy derives taxes from all of these 29 pillars.
- All countries that are members of the OECD are allowed to adopt the measures of the model DTAA to the extent they see fit. Mauritius does not go past the boundaries. Most developed countries do not tax exports of give advantages to income derived from exports



# MAURITIUS FOR FINANCE

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## IS YOUR MONEY SAFE IN MU?

- What are the Banks like?
- 19 Banks licenced in Mauritius by Bank of Mauritius. 5 are of local origin and the rest are international banks that created branches or companies in Mauritius. All are major names locally or internationally
- Possible since 2015 to obtain an Investment Banking licence from FSC, not needing Bank of Mauritius Approval
- Regulation in Mauritius is tough and dependable. No Banks in Mauritius failed during the 2008 financial crisis unlike everywhere else in the world
- Investment Banks without banking systems must piggy back off the systems of major banks in Mauritius
- Jurisdiction has a good reputation. Bramer and Silver Bank are the exceptions, not the rule
- Mauritius economy is exposed to debt but not like other major banking jurisdictions. Credit is expanding rapidly in Mauritius but total debt does not exceed 100% of GDP (estimated today by BoM to be around 80%). Sponsors banking stability



## CONSIDERATION FACTORS

### MOVING MONEY

- No restrictions on capital. No obligation to convert to local currency. FX available in all major currencies. Tourism and Global Business sectors replenish currency reserves spent on exports.
- Covid period was high risk but today the country is unlikely to run out of foreign currency
- Unless to a sanctioned jurisdiction or person (natural or otherwise), money can be transferred in and out from and to anywhere

### MACRO LEGAL FACTORS

- Ultimate Court of Appeal is Privy Council of House of Lords. Sits in Mauritius twice per annum. African contracts (including banking) are enforceable in Mauritius
- 29 bilateral Investor Promotion and Protection Agreements (15 more in the pipeline). Most are with African countries

### INTERNATIONAL RATING

- Mauritius is rated by International rating agencies as BBB- (stable) by S&P (just investment grade). Baa3 with Moody's. Compare to? Nigeria (BB-) South Africa (BB-), Kenya (B+). Implications for borrowing costs and erosion of value of money

# MAURITIUS REGULATION

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## BREAKING NEWS

Mauritius **officially removed** from the **EU list** of high risk third countries  
("EU Blacklist")

## WHY WAS MAURITIUS ON THE EU BLACKLIST?

October 2019 – Change of Methodology for Deciding this

- Just before Covid FATF (Financial Action Task Force of the OECD) publishes new guidelines for its watchlist. Any country failing on its key strategic objectives of FATF 40 recommendations would go onto its list of high risk countries, better known as its 'Watchlist'
- EU publishes at same time guidance that any country appearing on this Watchlist would be placed automatically on its own Blacklist. Mauritius saw it coming (deficiencies highlighted in 2018 ESAAMLG mutual assessment report) but was slow to react, something made more difficult with Covid lockdowns in 2020. (Member States of the EU were not exempt but EU stated publicly they would not go on its blacklist)
- Mauritius was the first jurisdiction to be assessed under this new regime and it did not pass the test. Result – FATF watchlist inclusion and EU Blacklist in early 2020.
- There were 5 'strategic' failings or non-compliance with FATF 40 principles. Only 2 of them were directly related to Financial Services (lack of CEO at FSC at the time leading to delay in risk based supervision, inadequate UBO record keeping). The rest involved lack of control in real estate transactions, misuse of lawyers client accounts ....



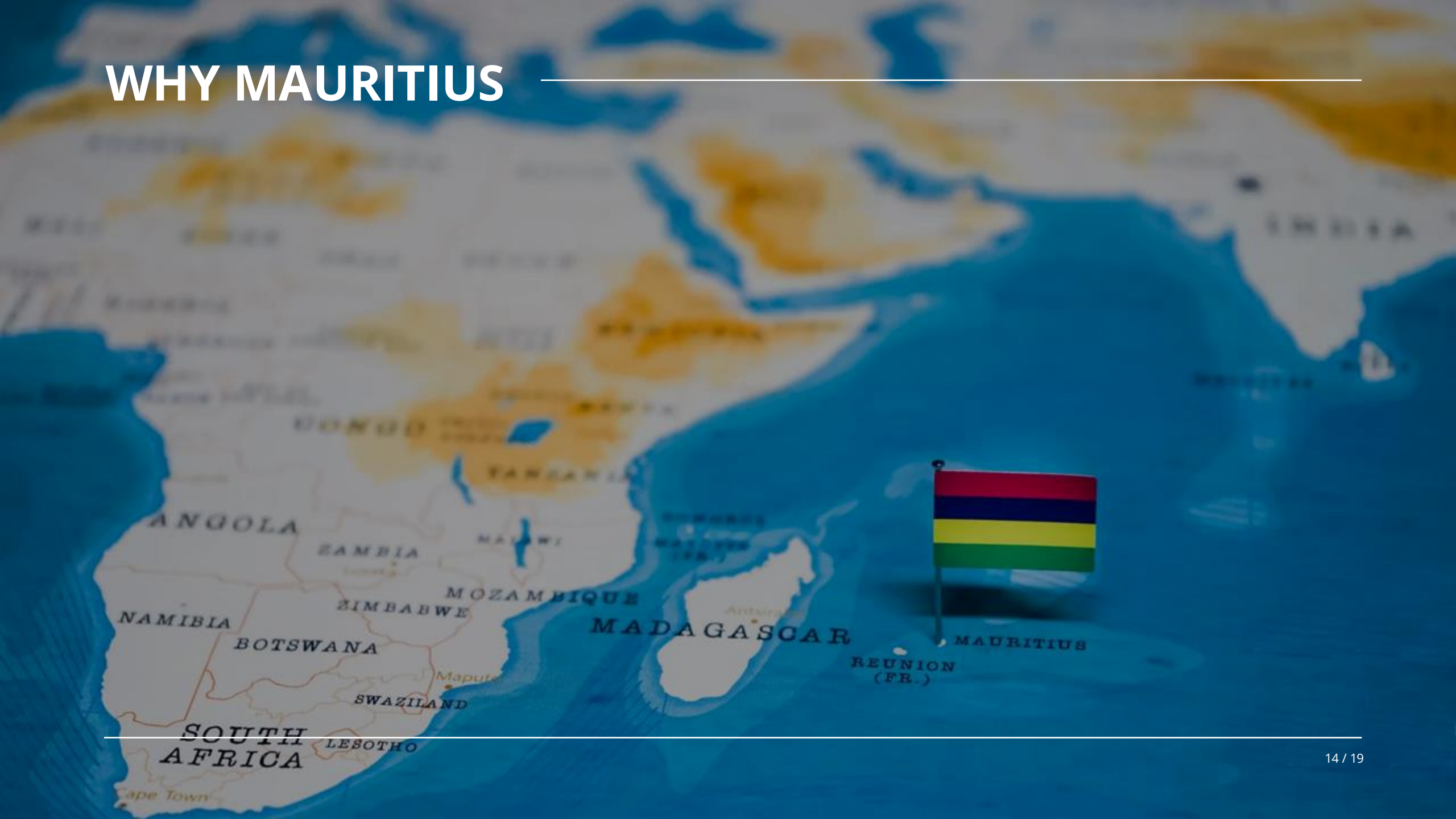
## WAS MU WORSE THAN OTHER JURISDICTIONS?

No. Mauritius was ahead of the UK, USA, Germany France and most EU jurisdictions in terms of implementation of FATF principles (70% compliant when it went on the EU Blacklist – UK 67% for example. To date Russia and China are not on the EU Blacklist even though Russia is subject to more EU sanctions than any other country in the world and China is still considered to be less than 50% compliant.

- Mauritius was simply the 1st to be assessed under the new guidelines. Since then many other countries have gone onto the same blacklists / watchlists (Most Caribbean countries, Uruguay, Seychelles, Zimbabwe...)
- Mauritius was never on an OECD Blacklist. This was published following the 9/11 2001 terror attacks. OECD also published a 'white list' and Mauritius was on it and has been since
- Some countries within the EU and EEA (Spain and Norway for example) have attempted to place Mauritius on localised tax blacklists, preventing wire transfers at some point). The EU commission fought this on behalf of Mauritius and was successful in ending this practice
- Luxembourg, Netherlands, Belgium, Austria, Spain are EU countries that have been 'sued' by the EU Commission for strategic failings in implementation of FATF principles. Were they not EU member states they would have gone onto the EU Blacklist with Mauritius

# WHY MAURITIUS

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## IS MAURITIUS REALLY AFRICA?

### GEOGRAPHY

- Yes. Part of Continental Africa

### POLITICAL

- Yes. Part of the African Union. Effectively the African Common Market
- Yes. Part of Indian Ocean Rim Association that includes all African countries facing the Indian Ocean
- Yes. Part of SADC, the Indian Ocean Commission and Comesa

### CULTURE

- Yes. History in India, Asia and African countries. Creole culture is African by origin

### ECONOMICS

- Yes. Part of East African Port Management Association
- Yes. Full Member of pan African Single Markets

### REGULATORY

- Yes. Part of ESAAMLG from the beginning (Eastern and Southern Africa Anti-Money Laundering Group)
- Yes. Sponsor Member of the Egmont Peer Group (creates FIU's). Mauritius sponsored India and can sponsor African countries)
- Yes. Accepts African Regulation under auspices of SADCA for medical associations and practices, laboratories, customs, patents, trade between member states, the blue economy, electrical appliance standards and other

### BUSINESS

- Yes. Whilst the major business and trade partner historically has been India, Mauritius has always sat at the crossroads between Africa, India and Asia. It is African to African business, Indian to Indian business and Asian to Asian business and always has been



## WHY ARE YOU IN MAURITIUS?

### EASE OF DOING BUSINESS

- Mauritius makes it easier for you to do what you do in Africa
- Well Regulated and Respected International Financial Services Centre
- Lots of professional support services (banks auditors etc)
- Number 1 in Africa on Mo Ibrahim Anti Corruption Index

### MAURITIUS GIVES OPPORTUNITIES TO YOU AND THIS IS IMPORTANT TO YOUR CLIENTS

- Explaining why you are in Mauritius is important to African clients
- International Network – the ability and opportunity to connect is important
- International business demands that you are mobile and that you think internationally. You are demonstrating this. You will learn in Mauritius
- Access to experts who can help you achieve your goals. This works for you as well as it works for your clients
- Africa is the ‘next big thing’ for international investment. You are in the place that knows how that works

### LIFESTYLE

- Adapting to a new place and lifestyle is a business skill your clients will appreciate
- Personal growth – understanding this creates a positive energy
- Mauritius has highest GDP per capita in Africa.

### POSITIVE APPROACH TO CHANGE

- Described by Forbes Africa as the most Innovative African Country (Global Innovation Index). Positive approach to change drives business growth



## THE CLASSIC MAURITIUS ARGUMENTS

- Dual language Capability (West Africa speaks French)
- Time Zone (gateway to Africa India and Asia)
- Free movement of Capital and Conversion of Currency
- 1st World Financial Services and Banking Regulations
- Education Platform for Africa – UK and Australian Universities in Mauritius
- One of highest literacy rates in the world (97%)
- ‘Grows its Own’ professionals, unlike smaller island jurisdictions that import them. Brings cost competitiveness
- Modern approach to business risk management
- Strategic Importance to Africa India and Asia
- One of the largest exploitable ‘blue economies’ in the world. Africa is yet to wake up to this opportunity
- Open to immigration for business professionals
- 32 year history as an International Financial Services Centre



## HEADLINE DISCUSSION POINTS

### HOW CAN MAURITIUS HELP ME IN MY BUSINESS?

- Self insurance
- Trade Finance
- Preferential Foreign Currency borrowing rates
- Banks that can take security in South Africa
- Private Family Funds
- Creation of Advisory and Investment Strategies
- Governance and Risk Management Frameworks
- Better use of the African Common Market
- Creation of structures where the benefit may outweigh the cost significantly, particularly for any business that invests or trades across a border
- Education and lifestyle management
- Tailor made estate management solutions

### HOW DO I FIND OUT MORE?

- Ask us. Understanding how you can help your clients will help you close your deals. The Investment Platform will support you. This will benefit TiP as well. Its a partnership

# MAURITIUS

