

# Tax Alert

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## Mauritius – Angola: Double Taxation Avoidance Agreement

### Background

On 30 August 2022, the Double Taxation Avoidance Agreement (“DTAA”) between Mauritius and Angola was published in the Mauritius Government Gazette. The DTAA will come into force once it is published in the local Government gazette of Angola and once the Government of Angola notifies the Government of Mauritius of the completion of the procedures under its local law for the entry into force of the DTAA.



Some of the key features pertaining to the DTAA are set out below.

Summary of Key Features			
Articles	Rates as per DTAA (%)	Angola - Domestic withholding tax rates on payments to non-residents (%) and taxation of capital gains	Mauritius - Domestic withholding tax rates on payments to non-residents (%) and taxation of capital gains
Dividends	■ 5 / 8	■ 10	■ Exempt
Interest	■ 8	■ 5 / 10 / 15	■ Exempt / 15
Royalties	■ 7	■ 10	■ 15
Technical fees	■ 5	■ 6.5	■ 0 / 10
Capital gains on sale of shares	■ Taxing right is given to the resident state	■ 10	■ Exempt

*Domestic withholding tax rates will apply where they are more favorable than the DTAA provisions.*

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### Our Comments

As at June 2021, Mauritius had outward investments of USD 818 million to Angola. The DTAA is expected to further boost investments from Mauritius to Angola particularly as Angola has only two DTAA's in force (Portugal and UAE).

It is important to note that Angola has not yet signed the OECD Multilateral Instrument (“MLI”) and Angola’s signature to the MLI will have to be monitored to ensure correct interpretation of the DTAA.

The purpose of the MLI is to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (BEPS). Mauritius is a signatory to the MLI which applies to with treaty partners of Mauritius having signed the MLI as well.

However, it is worth noting that the DTAA does include a Principal Purpose Test (PPT), which is in line with the OECD BEPS Action Plan 6 – Prevent Treaty Abuse. Under the PPT, where it can be reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining treaty benefit was one of the principal purpose of any arrangement or transaction, treaty benefits could be denied.

If you wish to discuss further, feel free to reach out to us.

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