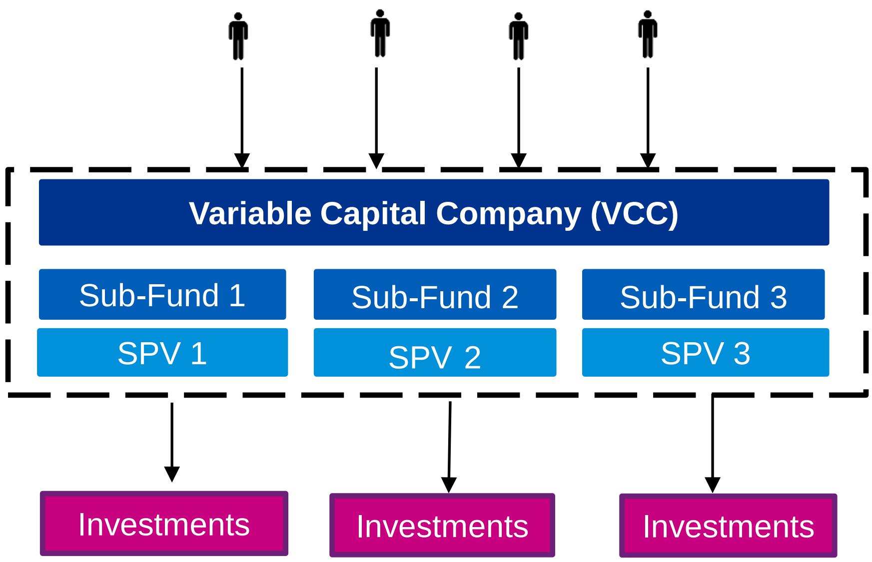
Variable Capital Companies (VCCs)

A VCC is a new type of fund structure which will complement the available types of funds structuring in Mauritius. The VCC Act 2022 was enacted in April 2022.

How does a VCC structure work?

A VCC is a company incorporated under the Companies Act and carries its activities through its Sub-Funds ("SFs") and Special Purpose Vehicles ("SPVs").



Key benefits

- A single Global Business Licence ("GBL") will be required by the VCC. The SFs and SPVs are not required to hold a GBL but may have to hold specific licences such as Collective Investment Schemes ("CIS") or Closed End Funds ("CEFs") licences depending on their activities.
- A company already incorporated in Mauritius can be converted into a VCC.
- A foreign company may also be re-domiciled to Mauritius and operate as a VCC.
- The SFs or SPVs may elect to have separate legal personality from the VCC.
- A VCC can appoint a single CIS manager, auditor, custodian or other service provider for all its SFs, thereby making the VCC less expensive to maintain.
- A VCC can accommodate many types of investment funds, CIS, CEF, mutual funds, private funds or real estate funds under one structure.
- No restriction on the number of sub entities that can be created under the VCC structure.

Key benefits (cont.)

- Financial statements - A VCC may irrevocably opt to present consolidated or separate financial statements. SFs or SPVs having separate legal personality shall file separate financial statements from the VCC.

- Single tax return - Where a VCC opts to present consolidated financial statements, the VCC is allowed to file a single tax return and would be liable to income tax on the aggregated income of its SFs and SPVs, thereby taking advantage of tax losses in certain SFs or SPVs, which would not be possible under generic fund structures. On the other hand, VCCs electing to present separate financial statements in respect of each of its SFs and SPVs will be required to file separate tax returns.

- VCCs, SFs and SPVs are eligible to obtain a Tax Residency Certificate upon filing of their tax returns. A VCC is also eligible to tax benefits including the partial exemption regime. As such, its effective tax rate may be considerably reduced.

- The assets of a SF or SPV shall not be used to discharge any liability of the VCC or any other SF or SPV, including during winding up, administration or receivership.

How KPMG can assist you

The VCC structure is an innovative vehicle, suited for fund structures and positions Mauritius as a preferred International Financial Centre (IFC).

Please feel free to contact us:

- To guide you as to whether the VCC suits your structure and operations
- To discuss the implications for setting up a VCC, converting existing structures into VCCs or re-domiciling foreign funds in Mauritius

Contact Us

Wasoudeo Balloo
Partner, Head of Tax

T: (+230) 406 9891
E: wballoo@kpmg.mu

Kevin Mees
Senior Manager, Tax

T: (+230) 406 9768
E: kmees1@kpmg.mu

Aashna Bye Ramsaib
Manager, Tax

T: (+230) 406 9827
E: aramsaib@kpmg.mu

kpmg.com/mu
kpmg.com/socialmedia