Mauritius Country Profile

Africa Tax Centre: 2020 Fiscal Guide

May 2021

2020 Key tax factors for efficient cross-border business and investment involving Mauritius

Double Tax Treaties

With the following countries, territories and jurisdictions:

Australia	Monaco
Barbados	Mozambique
Belgium	Namibia
Botswana	Nepal
Cabo Verde	Oman
China	Pakistan
Congo	Rwanda
Croatia	Bangladesh
Cyprus	Senegal*
Egypt	Seychelles
France	Singapore
Germany	South Africa
Ghana	Sri Lanka
Guernsey	State of Qatar
India	Swaziland
Italy	Sweden
Jersey	Thailand
Kuwait	Tunisia
Lesotho	Uganda
Luxembourg	UAE
Madagascar	United Kingdom
Malaysia	Zimbabwe
Malta	Zambia**

** Following the termination of the tax treaty between Mauritius and Senegal and in accordance with Article 29 thereof, the treaty will be applicable for the last time, in the case of Mauritius, for the fiscal year ended 30 June 2020 and, in the case of Senegal, for the calendar year ended 31 December 2020.*

*** Following the termination of the tax treaty between Mauritius and Zambia and in accordance with Article 28 thereof, the treaty will be applicable for the last time, in the case of Mauritius, for the fiscal year ended 30 June 2021 and, in the case of Zambia, for the calendar year ended 31 December 2020*

Treaties await ratification: Estonia, Gabon, Comoros Islands, Kenya (awaiting the required notification from Kenya regarding the entering into force of the Agreement as set out in Article 28 (Entry Into Force) of the DTAA), Morocco, Nigeria and Russia

Most important forms of doing business

There are various vehicles used to structure a business including Companies (*Domestic Companies, Global Business License Companies and Authorised Companies*), Societés (*Civil or Commercial partnerships*), Limited Partnerships, Limited Liability Partnerships, Trusts and Foundations.

Legal entity capital requirements

There is no minimum investment amount or minimum share capital requirement. However, a company must have at least one share in issue, which can be issued at a nominal value.

Residence

A Company incorporated in Mauritius or has its Central place of Management and control in Mauritius is considered as tax resident of Mauritius.

Compliance requirements for CIT purposes	Every company, whether or not it is a taxpayer, must submit, not later than six months from the end of the month in which its accounting period ends, an annual tax return declaring all its income derived by it during the preceding year and such other particulars that may be required by the MRA and at the same time pay any tax payable in accordance with its return. Companies (other than companies with a turnover of less than MUR10 million or with no chargeable income) must make quarterly interim tax payments under the advance payment system..
Corporate income tax rate	The corporate tax rate is 15% with availability of partial exemption of 80% on certain income stream. The latter replaces the 80% deemed foreign tax credit effective 1 July 2021. There is no withholding tax on dividend distribution. Companies that are engaged in the export of goods, shall be liable to income tax are subject to a reduced rate of tax of 3% on the chargeable income attributable to that export based on a prescribed formula.
Other notable taxes	Incorporated businesses may also be subject to a corporate social responsibility (CSR) charge (currently equivalent to 2% of a company's chargeable income). Businesses in certain sectors, such as telephony service operators (in the telecommunications sector) and banks, may also be subject to an additional levy based on their income. **Solidarity Levy** A resident individual who derives leviable income in excess of Rs3 million per annum is liable to a solidarity levy of 25% on the excess leviable income whereby the levy is withheld under the PAYE system. As from 1 September 2020, the National Pension Fund is being abolished and replaced by Contribution Sociale Généralisée (CSG). The contributions payable under the CSG range from 3 % - 9%. **Portable Retirement Gratuity Fund ("PRGF")** The PRGF is a fund established for the purpose of providing for the payment of a gratuity on the death or retirement of an employee, while recognising the employee's terms of service irrespective of the number of employers served. The PRGF came into operation on 01 January 2020 and applies to specified categories of employees.
Annual Allowance	Annual Allowances are available on capital expenditure incurred exclusively in the production of gross income. The rate of annual allowance varies from 5% to 100% depending on the type of asset and is calculated on the base value or on cost.
Holding rules	**Dividend received from resident/non-resident subsidiaries** Foreign dividends are generally subject to tax at the headline rate of 15%. However, an entity may claim an exemption of 80% on its foreign dividends subject to certain conditions. Alternatively, the entity may claim credit for any foreign withholding taxes suffered or underlying tax credit subject to a minimum shareholding in the foreign subsidiary. Dividend income received from resident companies in Mauritius is tax exempt. **Capital gains obtained from resident/non-resident subsidiaries** There is no taxation on capital gains tax in Mauritius.
Tax losses	**Losses for Companies** Where a company has incurred a loss in an income year, it may deduct that loss in computing its net income for that income year. **Carry forward of losses** Losses incurred in an income year may be carried forward to be set-off against net income of the following 5 income years. No time limit applicable to losses that is attributable to annual allowance claimed in respect of capital expenditure incurred on or after 1 July 2006

Stamp and transfer duties	Registration duty is applicable on each deed presented for registration to the Registrar General. A duty ranging between 5% to 20% is levied on the value of the underlying issue or transfer. No duty is payable on the transfer of shares quoted on the Stock Exchange of Mauritius. Land transfer taxes of 5% are payable on the sale or transfer of immovable property and on issue/transfer of shares in companies holding immovable property. There is also Stamp duty ranging between MUR150 to 1,000 levied on documents as specified in the Act.
Transfer duties	**On the transfer of shares** None. **On the transfer of land and buildings** Transactions may trigger registration duty or land transfer tax if they relate to the transfer of immovable properties in Mauritius. **Stamp duties** Stamp duty is levied and paid to the Registrar General on the following: a) Document witnessing transfer of property: MUR700. b) Copies of documents witnessing transfer of property for transcription: MUR1,000. **Real estate taxes** There is no estate taxes in Mauritius
Foreign Account Tax Compliance Act (FATCA)	Mauritius has adopted the Method A FATCA Inter - Governmental Agreement (IGA), whereby reporting is conducted through the Mauritius Revenue Authority ("MRA") portal. The IGA provides for the automatic reporting and exchange of information in relation to accounts held with Mauritius financial institutions by US persons and the reciprocal exchange of information regarding financial accounts held by Mauritius residents in the United States.
Corporate Reporting Standards (CRS)	Mauritius signed the Organisation for Economic Co-operation and Development (OECD) Convention on Mutual Administrative Assistance in Tax Matters and the Act was amended to enact same. The Financial Institutions (FI) are required to determine the tax residency of their account holder.
Multilateral instrument (MLI)	The multilateral instrument (MLI) negotiated under Action 15 of the OECD/G20 base erosion and profit shifting (BEPS) project and signed by Mauritius entered into force on 1 February 2020. The MLI allows the amendment to income tax treaties without the necessity to conduct additional negotiations between the treaty-partner countries.
Controlled Foreign Company (CFC)	CFC rules are applicable in Mauritius where a resident company carries on business through a CFC and the non-distributed income of the CFC arises from non- genuine arrangements which have been put in place for the essential purpose of obtaining a tax benefit. There was a number of CFC exemption rules that would not apply to a CFC in an income year.
Transfer pricing rules	**General transfer pricing rules** There are no transfer pricing guidelines in Mauritius. However, it should be noted that as per the ITA, transactions between related parties should be at arm's length as per the transfer pricing rules. The Regulations are effective for the accounting years beginning on or after 1 July 2018. The purpose of CbCR is to provide local tax authorities with visibility regarding an MNE's revenue, profit, tax paid and accrued, stated capital, accumulated earnings, number of employees, tangible assets, and activities. The CbCR apply to Multinational Enterprises ("MNE") groups whose consolidated group revenue is at least EUR 750 million (approx. MUR 30 billion) and where the MNE group has 2 or more enterprises which are tax residents in different jurisdictions.

Thin capitalization rules	Mauritius does not have specific thin capitalisation rules. However, Director- General may disallow interest expense payable or paid to shareholders under certain conditions.
General Anti-Avoidance rules (GAAR)	The legislation includes general anti-avoidance provisions where transactions have been entered into to obtain tax benefits.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions/Anti-Hybrid rules	**Interest deduction limitations** There are no interest deduction limitation rules. However, the domestic law provides that only interest expenditure incurred in respect of capital employed exclusively in the production of gross income is deductible for tax purposes. **Hybrids arrangements** There are no hybrid rules in Mauritius **Exit tax** There is no exit tax in Mauritius
IP / R&D incentives	A person incurring qualifying expenditure in a specified period on Research and Development (R&D) that is directly related to one's existing trade or business, may in the tax year in which the qualifying expenditure was incurred, benefit from additional deduction provided certain conditions are met.
Other incentives	Yes, provided certain conditions are met. o Full deduction on capital expenditure on electronic, high precision or automated machinery or equipment o The tax credit of 15% given to manufacturing companies on cost of the new plant and machinery (excluding motor cars) o Additional deduction to companies on the acquisition cost of patents and franchises, including costs incurred to comply with international quality standards and norms o **Premium Visa Travel** Government has introduced a premium visa travel for non-citizens willing to work and live in Mauritius (covid-safe island) with their family for one year o **Reforms in Global Business Sector** The deemed Foreign Tax Credit (FTC) regime available to GBC1 companies has been abolished as from January 2019 and an 80% partial exemption introduced. The 80% exemption is available upon satisfaction of the pre-defined substance requirements issued by the Financial Services Commission (FSC). o **Innovation-driven activities for intellectual property (IP) assets** An income tax exemption is available for companies involved in innovation-driven activities for IP assets developed in Mauritius. Similar tax exemptions have been introduced for income derived from the manufacture of pharmaceutical products, medical devices, and high-tech products. The exemption will apply for eight tax years. o **Reduced tax rate for companies exporting goods** A company involved in the export of goods will be liable to income tax at the reduced rate of 3% on the chargeable income attributable to exports. o **Wage Scheme Assistance** The Government of Mauritius introduced a Wage Scheme Assistance in March 2020. Where companies in the private sector are adversely affected by COVID-19, an application can be made to the Mauritius Revenue Authority ("MRA") for financial support.
Value Added Tax (VAT)	The standard rate is 15 percent. Certain goods and services are subject to VAT at either zero percent or are exempt from VAT. Where credit for any input tax has not been taken in the taxable period in which it ought to have been taken, a registered person may take such credit within a period of 36 months of the date the input tax ought to have been taken. The threshold of annual turnover of taxable supplies for compulsory VAT registration is MUR 6 million. Businesses and professions engaged in certain areas specified by MRA are subject to compulsory VAT registration irrespective of their turnover.

Other relevant points of attention	No
COVID-19 Resources	An overview of tax developments being reported globally by KPMG member firms in response to the Novel Coronavirus (COVID-19) is available here. For further insight into the potential tax, legal and mobility implications of COVID-19, please refer to the dedicated KPMG page.

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