Conyers Dill & Pearman
Mauritius: An International Financial Centre

Mauritius has emerged as a financial hub for global investment involving countries in Africa and jurisdictions such as India due to its noteworthy business and tax benefits. Combining the traditional benefits of an offshore financial centre with the distinct advantage of being a treaty-based jurisdiction, Mauritius features double taxation avoidance ("DTA") agreements with 37 countries and more in development.

Why Mauritius?

- Well-regulated, business-friendly and versatile financial centre, noteworthy for investment holding, private equity, funds, banking, finance and private wealth management
- Sound legal system upholding investor rights, with Privy Council as the ultimate court of appeal
- Sophisticated infrastructure, financing and banking sectors
- No exchange controls and free repatriation of capital
- Beneficial tax regime, including no withholding taxes on dividends, interest and royalties, and no capital gains tax
- Investment Promotion and Protection Agreements ("IPPAs") to minimise risk and safeguard cross-border investment
- Cost-effective business platform with educated, bilingual (English/French) workforce (including accountants, lawyers and other professionals)
- Cultural and commercial ties with Europe, India, China and Africa
- Convenient time zone for business (GMT +4)
- Member of major regional organisations providing preferential access to African and regional markets, including the African Union, Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)

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Global Business Company Basics

There are two kinds of companies incorporated in Mauritius for the purpose of doing business primarily outside of the jurisdiction: Category 1 Global Business Company ("GBC1") and Category 2 Global Business Company ("GBC2").*

GBC1*	GBC2*
Tax resident in Mauritius **Income tax:** 0 to 3%, depending on availability of credit for underlying tax paid (in the other country	Similar to BVI International Business Companies **Income tax:** nil in Mauritius
Usual benefits from DTA Treaties • Less/no withholding tax payable on dividends, interest and royalties transmitted from a company located in the other treaty jurisdiction • No capital gains tax – when the GBC1 sells shares in a company in another treaty country, no capital gains tax is payable (because capital gains tax would only apply in the country of residence of the seller, but there is no such tax in Mauritius) • For African countries, capital gains savings are up to 35%	Does not benefit from DTA treaties

**Please see Appendix A for further details about the GBC1 and GBC2, and Appendix B for details about specific treaties.*

Available Structures

FUNDS

- Offer flexibility (including DTA tax benefits) and are ideal for accessing buoyant markets in Africa, India and elsewhere
- Two types of funds: Collective Investment Schemes and Closed-End Funds
- A fund may be set up in the form of a company, limited partnership or trust
- There are five kinds of Collective Investment Schemes, which provide for redemption of interests at the holder's request:

    1. EXPERT (for sophisticated investors or subject to minimum investment of US$100,000)
    2. PROFESSIONAL (offered only to sophisticated investors or via a private placement)
    3. SPECIALISED (investing in real estate, derivatives or commodities)
    4. REGULATED GLOBAL SCHEME (a fund, with a Category 1 Global Business Licence, not falling into one of the categories above)
    5. FULLY-REGULATED (usually offered to the public)

- There are three kinds of Closed-End Funds, which generally have a fixed share capital and no or limited redemption rights:
    1. NON-REPORTING ISSUERS (typically private equity/venture capital funds)
    2. REPORTING ISSUERS
    3. FUNDS SUBJECT TO PART V OF THE SECURITIES ACT 2005

TRUSTS AND FOUNDATIONS

- Can be used in an array of contexts – estate planning, asset protection, provision for minors, orderly distribution of assets after death
- Can be resident (benefiting from DTA treaties) or non-resident (not taxable in Mauritius)
- Do not need to be registered and are versatile, cost-effective and simple to create and administer
- Foundations may also be registered in Mauritius, having legal personality and undertaking non-charitable and/or charitable activities

PROTECTED CELL COMPANIES

- Single legal entities with 'core' capital (nominal and usually beneficially owned by the PCC's promoters) and 'cellular' capital (held by investors)
- Each cell is "ring-fenced" from any liabilities relating to other cells (no crossover liability)
- Investment activities of a given cell are not affected by the activities of other cells
- Useful in contexts such as asset holding, structured financing, debt repackaging and subordinated debt offerings

Network of Double Tax Avoidance Treaties					
IN FORCE					
AFRICA		**EUROPE**	**ASIA/MIDDLE EAST**		**REST OF THE WORLD**
Botswana	South Africa	Belgium	Bangladesh	Pakistan	Barbados
Lesotho	Swaziland	Croatia	China	Singapore	
Madagascar	Tunisa	Cyprus	India	Sri Lanka	
Mozambique	Uganda	France	Kuwait	State of Qatar	
Namibia	Zambia	Germany	Malaysia	Thailand	
Rwanda	Zimbabwe	Italy	Nepal	United Arab Emirates	
Senegal		Sweden	Oman		
Seychelles		United Kingdom			
		Luxembourg			

BEING RATIFIED		AWAITING SIGNATURE		BEING NEGOTIATED	
AFRICA	**EUROPE**	**AFRICA**	**EUROPE**	**AFRICA**	**ASIA/MIDDLE EAST**
Republic of Congo	Russia	Egypt	Monaco	Algeria	Iran
Kenya		Gabon		Burkina Faso	Saudi Arabia
Nigeria		Ghana		Tanzania	Vietnam
		Malawi		**EUROPE**	Yeman
				Czech Republic	**REST OF THE WORLD**
				Greece	Canada
				Portugal	St Kitts & Nevis

Network of Investment Promotion and Protection Agreements

Investment Promotion and Protection Agreements ("IPPAs") are bilateral agreements that promote and protect the interests of investors and reduce risk. For example, IPPAs guarantee against expropriation; provide for free repatriation of capital and investment returns; offer dispute resolution mechanisms; provide most favoured nation status; and ensure compensation for loss due to armed conflict, etc.

IPPAs IN FORCE				
AFRICA	**ASIA/MIDDLE EAST**	**EUROPE**		**REST OF THE WORLD**
Burundi	China	Belgium/Luxembourg	Portugal	Barbados
Madagascar	India	Czech Republic	Romania	
Mozambique	Indonesia	Finland	Sweden	
Senegal	Pakistan	France	Switzerland	
South Africa	Republic of Korea	Germany	United Kingdom	
Tanzania	Singapore			

In addition, there are a number of IPPAs awaiting ratification.

Accurate as of June 2013.

Mauritius Benchmarks

- Ranked 19th worldwide (and 1st in Africa) in terms of overall "Ease of Doing Business" by the World Bank's Doing Business report, 2012
- Ranked 1st in the Ibrahim Index of African Governance, 2007 to 2012
- Ranked 8th on the Heritage Foundation and Wall Street Journal's Index of Economic Freedom, 2012

About Conyers Dill & Pearman

Founded in 1928, Conyers Dill & Pearman is a world-class legal services firm advising on the laws of Bermuda, the British Virgin Islands, the Cayman Islands and Mauritius. With a global network that includes 140 lawyers spanning eight offices worldwide, Conyers provides responsive, sophisticated, solution-driven legal advice to clients seeking specialised expertise on corporate, company and commercial, litigation, restructuring and insolvency, and trust and private client matters. Conyers is affiliated with the Codan group of companies, which provide a range of trust, corporate, secretarial, accounting and management services.

About Codan (Mauritius) Limited

Codan (Mauritius) Limited is licensed to undertake a broad range of trust and company administration services for corporations, private clients and other entities. Codan (Mauritius) Limited forms part of the Codan Trust group of companies (referred to collectively as “Codan Trust”), an international network of licensed trust companies

Codan Trust was established by the international law firm of Conyers Dill & Pearman, and this close affiliation greatly augments the quality of the trust and company administration services provided. Legal advice is readily available and access to Conyers Dill & Pearman’s global network of law offices is instant.

This document is not intended to be a substitute for legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and give general information.

APPENDIX A: Global Business Companies

Main Characteristics

Category 1 Global Business Company (GBC1)	Category 2 Global Business Company (GBC2)
As a resident in Mauritius for tax purposes, a GBC1 is liable to pay income tax (at a rate of 15%) in Mauritius. The GBC1 benefits from a presumed tax credit of 80%, causing the effective tax rate to be a mere 3% (or less – possibly zero – depending on the circumstances).	A GBC2 pays no tax in Mauritius. However, a GBC2 does not benefit from the double taxation avoidance (DTA) network of Mauritius.
Permissible activities (any activity that is not illegal or otherwise against public policy) include: fund management; asset management; financial services; consultancy services; licensing and franchising; insurance; information and communications technologies; employment services; pension; logistics and/or marketing; operational headquarters; funds; shipping; trading; and aircraft financing/leasing.	Permissible activities include: non-financial consultancy; IT services; logistics; marketing; shipping; trading (non-financial); passive investment holding; one-off transactions using a special purpose vehicle. A Category 2 Global Business Licence notably does not permit the holder to engage in financial services.
A GBC1 is also permitted to conduct business in Mauritius. May be a body corporate (either locally incorporated or registered as a branch of a foreign company), a trust or a partnership (including a limited partnership), or a société.	A GBC2 must conduct business only with non-residents of Mauritius and in a currency other than the Mauritian rupee. A GBC2 must be a private company. A GBC2 provides for greater simplicity of application/ operation compared to a GBC1.
The GBC1 requires a licensed Management Company (such as Codan (Mauritius) Ltd) to operate.	A GBC2 requires a Registered Agent (such as Codan (Mauritius) Limited) to operate.
To benefit from the DTA network, a GBC1 must demonstrate substantial control in Mauritius ("central management and control"), and obtain a tax residence certificate from the Mauritius Revenue Authority. The GBC1 requires: • At least two resident directors in Mauritius • Board meetings to be held in (or chaired from) Mauritius • Banking transactions to be channelled through a local bank account • Registered office and statutory records to be maintained in Mauritius • A local qualified company secretary • A local auditor. A GBC1 is required to have annual accounts audited in Mauritius and must file these annually with the Financial Services Commission • Corporate directorship not allowed	Minimum of one director (need not be ordinarily resident in Mauritius) and which may be a natural person or a corporate body. Board meetings may be held abroad. A GBC2 is required to maintain financial statements, with the Registered Agent, to reflect its financial position and must file an annual financial summary with the authorities.
No minimum capital; minimum of one share (with or without par value); minimum of one shareholder. A GBC1 may be held by a person or entity resident in Mauritius. Par value shares in different currencies allowed (except Mauritian rupees). May also be structured as a Protected Cell Company, a Limited Life Company or a Collective Investment Scheme.	No minimum capital; minimum of one share (with or without par value); minimum of one shareholder. A GBC2 may not have as beneficial owner any person resident in Mauritius. Par value shares in different currencies allowed (except Mauritian rupees). May also be structured as a Limited Life Company.

APPENDIX B: WITHHOLDING TAXATION RATES

The following rates are applicable where a GBC1 holds a stake in a company resident in the other treaty country and a dividend, interest or royalty is transmitted from such company to the GBC1.

	UNDER DOUBLE TAX AVOIDANCE TREATY		
COUNTRY	DIVIDENDS	INTEREST	ROYALTIES
AFRICA			
Botswana	5% & 10%*	12%	12.5%
Lesotho	10%	10%	10%
Madagascar	5% & 10%*	10%	5%
Mozambique	8%, 10%, & 15%*	8%	5%
Namibia	5% & 10%*	10%	5%
Rwanda	Exempt	Exempt	Exempt
Senegal	Exempt	Exempt	Exempt
Seychelles	Exempt	Exempt	Exempt
South Africa	5% & 10%*	Exempt	Exempt
Swaziland	7.50%	5%	7.50%
Tunisia	Exempt	2.50%	2.50%
Uganda	10%	10%	10%
Zambia	5% & 15%*	10%	5%
Zimbabwe	10% & 20%*	10%	15%
EUROPE			
Belgium	5% & 10%*	10%	Exempt
Croatia	Exempt	Exempt	Exempt
Cyprus	Exempt	Exempt	Exempt
France	5% & 15%*	Same rate as under domestic law	15%
Germany	5% & 15%*	Same rate as under domestic law	15%
Italy	5% & 15%*	Same rate as under domestic law	15%
Luxembourg	5% & 10%	10%	Exempt
Sweden	5% & 15%*	15%	15%
United Kingdom	10% & 15%*	Same rate as under domestic law	15%
ASIA MIDDLE EAST			
Bangladesh	10%	Normal rate	Normal rate
China	5%	10%	10%
India	5% & 15%*	Same rate as under domestic law	15%
Kuwait	Exempt	Exempt	10%
Malaysia	5% & 15%*	15%	15%
Nepal	5%, 10%, 15%*	10% & 15%*	15%
Oman	Exempt	Exempt	Exempt
Pakistan	10%	10%	12.5%
Singapore	Exempt	Exempt	Exempt
Sri Lanka	10% & 15%*	10%	10%
State of Qatar	Exempt	Exempt	5%
Thailand	10%	10% & 15%*	5% & 15%*
United Arab Emirates	Exempt	Exempt	Exempt
REST OF THE WORLD			
Barbados	5%	5%	5%

* *The applicable percentage depends on the stake held in the entity located in the other treaty country.*