



*In association with* **SAB&T inc.**  
CHARTERED ACCOUNTANTS (S.A.)

# Mauritius Global Business Information Pack IP 01

**Global Wealth**

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*This Information Pack, IP 01, has been prepared for international investors and businesses who are seeking a cost and tax efficient jurisdiction for the structuring of their international business activities. IP 01 should be considered as a general guide only. IP 01 contains information, which, to the best of our knowledge and belief, is correct at the time of writing. You are however, strongly recommended to seek specific advice before acting on any information contained in IP01.*

## **Introduction**

Mauritius, an independent and sovereign nation strategically located in the Indian Ocean, has earned a solid reputation as a world class international financial services hub, providing operational security and commercial flexibility to investors. Mauritius offers a unique blend of very attractive features which best answers your requirements and adds value to a wide range of global investment vehicles.

- Modern, innovative and user-friendly legislation;
- Internationally recognized standards of regulatory practices;
- Well diversified economy with a growth rate averaging 5% for the past 20 years;
- Political stability guaranteed by Parliamentary democracy;
- Connected to the SAFE fibre optic network;
- Pool of highly qualified professionals bilingual in English and French;
- Favourable fiscal policies;
- Growing network of double Tax Treaties.

Mauritius has focused the development of its Global Business centre on the use of its growing network of double taxation treaties for structuring investment abroad. So far Mauritius has ratified thirty four treaties and is party to a series of treaties under negotiation or awaiting ratification. The treaties currently in force are with Barbados, Belgium, Botswana, Croatia, Cyprus, France, Germany, India, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Mozambique, Namibia, Nepal, Oman, Pakistan, People's Republic of China, Rwanda, Senegal, Seychelles, Singapore, South Africa, Sri Lanka, Swaziland, Sweden, Thailand, Tunisia, Uganda, United Arab Emirates, United Kingdom and Zimbabwe.

The treaties awaiting ratification are those with Bangladesh, Malawi, Nigeria, Russia, Vietnam and Zambia while those under negotiation are those with Canada, Czech Republic, Greece, Portugal, and Republic of Iran.



## Eligible Entities

Tax treaty benefits are only available to resident entities or persons. Accordingly, a resident entity must be liable to tax in Mauritius under its laws by reason of its domicile, residence or criterion of a similar nature. Mauritius provides a wide range of resident entities and hybrid structures including the Global Business Company, the Trust and the Société (the French equivalent to the Anglo Saxon concept of Partnership). A foreign company including the Global Business Company may also benefit from the tax treaty network. It is also possible for Mauritian branch of a foreign company to access the tax treaties by satisfying the conditions of residence.

These entities if wishing to avail of the benefits of a tax treaty must obtain a Tax Residence Certificate issued by the Commissioner of Income Tax in Mauritius. Most of the tax treaties signed by Mauritius include useful *tax sparing* provisions e.g tax treaties with South Africa, India, UK, China, amongst others. This implies that where Mauritian source dividends are exempt from tax under tax incentive provisions, the foreign investor is entitled to credit a notional amount of Mauritian tax against the tax payable (if any) in his country, thus reducing his domestic tax liability.

## Unilateral Relief

If a resident of Mauritius derives income from a foreign country that has not concluded a tax treaty with Mauritius and foreign income tax is paid on the income, that tax may be credited against Mauritian income tax. The credit is limited on a source-by-source basis to the lesser of the foreign tax paid on the income concerned and the Mauritian income tax payable on the same income. In the case of foreign source dividends, no credit relief is granted for foreign corporate income tax borne on the profits out of which the dividends are paid (underlying tax).

## Investment Promotion and Protection Agreements (IPPA)

Mauritius has also signed IPPAs with the following countries:

Germany	South Africa	Singapore
France	India	Swaziland
U.K and Northern Ireland	Switzerland	Zimbabwe
China	Czech Republic	Pakistan
Mozambique	Nepal	Romania
Indonesia	Portugal	



## **Major changes in the Mauritius Financial Services sector**

On 1 December 2001, new legislation was introduced overhauling the Mauritius Companies Act 1984, and replacing the Mauritius Offshore Business Activities Authority (“MOBAA”) with a Financial Services Commission (“FSC”). As a result, we now have a new Companies Act 2001, Financial Services Development Act 2001 and Trust Act 2001.

The motivation for the creation of the FSC has been the increasing realisation of the importance of the financial services sector to the Mauritian economy, its potential to become a major contributor to economic growth and employment creation and hence the need for a world class regulator and regulatory framework.

Consequently, the term “Offshore” has now been replaced by “Global Business”, “Offshore Company” by “Category 1 Global Business Licence Company”, “International Company” - which is the Mauritius version of the International Business Companies existing in jurisdictions such as Jersey, Guernsey and Isle of Man, among others,- by “Category 2 Global Business Licence Company” and finally “Offshore Trust” is now referred to simply as a Trust.

## **Global Business Professional services**

Global Wealth Management Solutions Ltd (“GWMS”) provides on going professional services in the field of sophisticated international and Mauritius taxation, accounting of clients’ financial affairs under its administration, general administration services, company secretarial, registered agent services to Category 1 Global Business Licence (“GBL1”) companies, Category 2 Global Business Licence (“GBL2”) companies including open ended, close ended and venture capital funds, protected cell companies (“PCC”), trusts and domestic companies.

Our Global Business products are innovative. These include:

- international tax planning (e.g. CFC, CGT, PFICs ) and monitoring of tax compliance;
- Global Business fund structuring and administration, including:
  - calculation and review of the NAVs {Net Asset Value} of Fund companies;
  - administration of subscriptions and redemptions of shares, maintenance of share registers, liaising with overseas custodians and investment managers and advisors;
  - setting up and administration of Venture Capital funds;
  - customizing, where applicable, Constitutions and other agreements in line with clients’ type of business.
  - business administration services, including international trading;
- Global Business banking advice;
- Occupation permits application services (combines work and residence permits);
- trust formation, registration and administration, including provision of corporate trustee; company formation and administration, including:



- provision of high calibre directors;
  - provision of nominee shareholders;
  - registered office;
  - preparation and review of the financial statements of GBL1 & GBL2 companies, including those of Global funds in accordance with International Financial Reporting Standards.
- ensuring compliance with policies and procedures of the FSC, statutory provisions of the Mauritius Companies Act 2001 & 1984 (where applicable) and the provisions of the Income Tax Act, 1995.
- Filing and registration of trademarks and patents

*Please inquire for the full and detailed range of professional services offered by GWMS.*

### **Global business vehicles**

A company that intends to carry on qualified global business and avail itself of an incentive rate of taxation must apply to the Financial Services Commission for a Global Business Licence. There are two categories of Global Business Licence: a Category 1 Global Business Licence and a Category 2 Global Business Licence.

#### Category 1 Global Business Licence

A Category 1 Global Business Licence may be issued where a resident corporation proposes to conduct business outside Mauritius. Resident corporation means a body corporate – public or private – formed or registered under the Companies Act 2001 or a trust, société or partnership or any body of persons governed by Mauritian laws.

A Category 1 Global Business Licence is necessary where the company intends to access Mauritius's network of tax treaties. A GBL1 company is subject to Mauritian corporate income tax at the rate of 15% which is reduced by an automatic deemed foreign tax credit of 80% of the 15% charged making the effective rate of tax 3%. There are no Mauritius capital gains tax, dividend or interest withholding tax in Mauritius.

#### Category 2 Global Business Licence

A Category 2 Global Business Licence may be issued where a resident corporation proposes to conduct business outside Mauritius and resident corporation here means a private company registered under the Companies Act 2001. Such companies are prohibited from having a person resident in Mauritius as shareholder or beneficial owner.

A Category 2 Global Business Licence is ideal for a company that intends to carry on **international trading** and **asset holding**. It is **tax-exempt** and, therefore, non-resident for tax purposes. Please note that a GBL2 company cannot access the Mauritius' network of double taxation avoidance treaties.



## **Corporate features**

### GBL1 companies-salient features

1. The minimum number of directors is one, who should be an individual. Two Mauritius resident directors are however required should treaty benefits be sought;
2. There should be at least one director who is ordinarily resident in Mauritius;
3. The minimum number of shareholders is one, who can be an individual or a company;
4. A company secretary is required;
5. Registers of shareholders, directors and charges must be kept;
6. Fractional shares are permitted;
7. A constitution (i.e. previously known as Memorandum & Articles of Association) is not required;
8. Annual audited accounts, prepared in terms of International Financial Reporting Standards or other internationally recognised accounting standards, must be filed with the FSC within six months of the close of its financial year.

### GBL2 companies-salient features

1. A company secretary is not required;
2. Accounts need not be filed with any authority;
3. Minutes of all meetings, copies of resolutions, accounting records, a share register, a register of directors and a register of charges ( where applicable) must however be kept;
4. All shares should be fully paid.
5. The minimum number of shareholders and directors is one;
6. Corporate directors are allowed;
7. A registered agent is required;
8. A company need not have a constitution.



## **Application for a Global Business Licence**

An application for a Global Business Licence must be made to the FSC. *Please note that, by law, this can only be done through a Management Company, like GWMS.* The FSC will not entertain any private application for a Global Business Licence.

Briefly, the application must be supported by:

1. A business plan. Specific details will be required;
2. Latest audited accounts/annual report;
3. Bank reference, a curriculum vita, a copy of passport and an indication of the source of funds for the investment;
4. A legal certificate from a Mauritius lawyer (we will arrange this).
5. A constitution (memorandum & articles), if required by the client. (we will arrange this).
6. Relevant statutory forms (consent of directors, shareholders, secretary)

The timeline of the process of obtaining the FSC's approval varies, based on the complexity of the proposed activities of the company and completeness of the documents submitted. It may take about 10 days to obtain a Category 1 licence and approximately 48 hours to obtain a Category 2 licence. To avoid lengthy delays in the obtention of the licence, it is highly recommended that all material information be provided to us at an early stage to enable us to advise you better.

## **Formation of a Mauritius company**

An application to form a Mauritius company is made to the Companies Registry. We will handle the application process. A Mauritius company need not have a constitution. We may however draft a standard constitution, if needed, which complies with the Companies Act 2001 and which may then be amended. We will advise the client throughout the process.

It may be noted that names in Chinese characters may form part of the company's name and appear on the Certificate of Incorporation. A Constitution of a GBL 1 & 2 with Chinese characters can also be filed with the Registrar of Companies. The Embassy of the People's Republic of China, located in Mauritius, can legalise GBL 1 & 2 corporate documentation.



## **Tax residence certificate for a company with a Category 1 Global Business Licence**

A GBL1 company, that proposes to avail of tax treaty benefits, must apply for a Tax Residence Certificate (“TRC”). This is a pre-requisite to obtaining tax treaty relief

Please note that there are specific conditions that need to be satisfied to qualify for a TRC and throughout the life of the GBL1 company.

We will advise you of the prerequisite conditions during the course of the application.

### **Substance in the Mauritius operations to enhance Mauritius tax residency**

It is vitally important that as much substance as possible be built into the Mauritius operations. This can take the form of holding physical board meetings in Mauritius, having contracts signed and sealed in Mauritius, subscription of investors takes place in the Mauritius Company directly etc. Satisfying the minimum conditions of the tax residence certificate is a big risk.

### **International jurisdictions**

Besides Mauritius, we also offer multi jurisdiction business structuring solutions: eg International Business Companies in Isle of Man, BVI, Jersey, Guernsey, Delaware, Seychelles, US LLCs and Dubai offshore companies at very competitive rates.

*Please inquire for more details.*

### **Costs**

Our standard fee schedules are provided strictly on request only. We charge for on-going administration predominantly on a time charge basis, save where appropriate, a flat fee may be agreed with the client.

*Please note that our professional and maintenance fees are payable in advance.*

The fees payable to the FSC are payable in advance at the stage of formation and cover the period ending on 30 June annually.. Thereafter, annual fees are due and payable not later than 30 June, subject to penalties for late payment. The Registry fee is payable on incorporation and is annually due on 31 December..

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**To obtain further information on our services, please contact:**

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*Other documents in the IP series available on request:*

*IP02 Global Business Collective Investment Schemes in Mauritius : The GWMS CIS Solution*

*IP03 BPO Information booklet*

*IP04 Global Business Collective Investment Schemes in Mauritius : The GWMS PCC Solution (with a South African bias)*

*IP05 Global Business Collective Investment Schemes in Mauritius : The GWMS PCC Solution (general)*

*IP06 Ship Registration in Mauritius*

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## About us...

**GWMS** is an emerging Management Company incorporated in Mauritius and licensed by the Financial Services Commission to provide advisory and management services to businesses worldwide.

The board of GWMS comprises mainly of Chartered Accountants of calibre and experience in diverse sectors encompassing accounting, audit, management, global business, international and local taxation among others. GWMS is able to handle back office work like running your payroll, handling the accounting and taxation aspect of your business, registration of your company for VAT, PAYE (employee income tax) and NPF (pension fund) among others. In other words, we take care of the “hassles” and let you concentrate on what you do best...running your business!

GWMS is formally (by signed agreement) the Preferred Partner of SAB&T Incorporated, Chartered Accountants (SA) (“SAB&T”), [www.sab-t.co.za](http://www.sab-t.co.za) in Mauritius. SAB&T has 15 directors and is a rapidly growing financial services provider with six offices located in the major centres of South Africa. It is a full fledged member of SC International, an international and widely known group of independent accountants, represented in over 60 countries and with 203 member offices globally. Consequently, GWMS, by virtue of its association with SAB&T, also benefits from the SCI network. Mr Bashier Adam, the CEO of SAB&T is also a director of GWMS and he has a seat on the management board of SC International as the Chairman for the SAMEA region.

GWMS is also proud to be formally (by signed agreement) the Preferred Partner in Mauritius, of Corporate Catalyst (India) Pvt Ltd , [www.ccindia.com](http://www.ccindia.com), a Business Advisory, Corporate Finance and Tax Advisory firm based in Delhi with offices in Mumbai and associate offices in major centres in India. The Chairman of Corporate Catalyst (India) Pvt Ltd has served as the Chief Consultant to the Ministry of Finance, Government of India and another director has been the Ambassador of India to Japan, Thailand and Libya. The board of Corporate Catalyst (India) Pvt Ltd also comprise of professionals of calibre and vast experience.

Since November 2003, GWMS has a strategic alliance agreement with **Horwath MAK, Chartered Certified Accountants**, [www.horwathmak.com](http://www.horwathmak.com), of Dubai, UAE, whereby GWMS is now the Preferred Partner of Horwath MAK in Mauritius and vice versa. We look forward to a mutually beneficial and long lasting professional relationship with Horwath MAK

Horwath MAK is a full fledged member of Horwath International. Horwath MAK, the UAE representative of Horwath International is a multidisciplinary practice and has offices in the major emirates of the UAE, in Oman, Azerbaijan and India. Horwath MAK has emerged as one of the top ten multidisciplinary practices in the region, with a comprehensive portfolio including auditing and accountancy services, most disciplines of management consultancy and a structured business support service.

GWMS has formally concluded yet another Preferred Partner agreement with **Corporate Management Services (CMS)**, [www.cmskhk.com](http://www.cmskhk.com), of Hong Kong to provide our clients with more quality international business solutions. CMS provides incorporation and management services including China market entry solutions, China company credit reports and accounting/audit services, among others, in over 20 jurisdictions. CMS specializes in China, Hong Kong, British Virgin Islands (BVI) and other tax-free countries. With their local presence and international vision, they are able to bridge the cultural and business gaps that often hinder business success in Asia. CMS is strategically located on the top floor of the Bank of America Tower, a Hong Kong landmark close to the country’s core business district.

If you wish to structure your international business in a commercially viable and low cost jurisdiction and seek to maximize your tax efficiency...you need to talk to GWMS...

If you wish to set up a domestic company in Mauritius and require assistance to run your business...then you need to talk to GWMS...

If you wish to access the African continent for your international trading business, then the Mauritius Freeport might be the answer to your questions...to find out, talk to GWMS...

**GWMS...the smart way to do business**

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