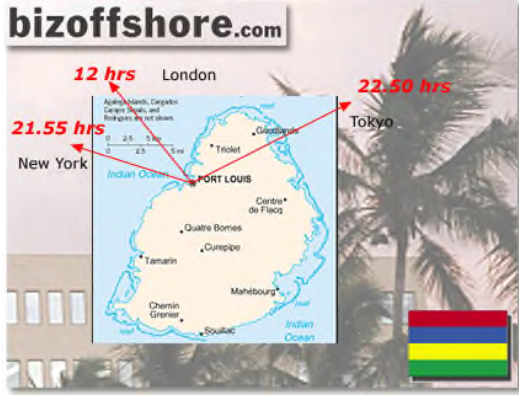


# Mauritius

<p><b>Overview</b></p> <p>The Republic of Mauritius is an island nation in the southwest Indian Ocean, about 900 km east of Madagascar. Mauritius has been an independent member of the Commonwealth since 1968, and became a republic in 1992. The business environment in Mauritius is well served by regulated offshore banking services, a rapidly growing network of double taxation agreements that spans the globe, a stable political and economic environment, good infrastructure and a well educated, multilingual workforce.</p> <p>Offshore financial services were first introduced to Mauritius in 1992, when a progressive programme of comprehensive legislation was passed to enable their development. Today, Mauritius is emerging as a respectable international offshore financial centre in the Southern Hemisphere with the financial sector becoming an important fourth pillar of the economy after industry, tourism and agriculture.</p>	
<p><u><a href="#">Current Time</a></u></p> <p>World Time Server</p>	<p><b>Country Motto</b></p> <p>Stella Clavisque Maris Indici: Star and Key of the Indian Ocean</p>

## Online News Sources

L' express: [www.lexpress.mu](http://www.lexpress.mu)  
 Le mauricien: [www.lemauricien.com](http://www.lemauricien.com)

## Business Environment

Mauritius made a commitment to the OECD to eliminate harmful tax practices by the end of 2005. Under the Financial Services Development Act 2001 the Financial Services Commission took over the functions of the Stock Exchange Commission, the Controller of Insurance and the Mauritius Offshore Business Activities Authority. The Financial Services Commission is the regulator for all non-banking financial activities, including global business activities (formerly known as offshore activities), insurance business, the securities market.

Mauritius has a relatively sophisticated banking sector with 11 domestic banks and 12 offshore banks as at the end of 2004. The offshore banks are engaged in a wide range of internationally based business, including private banking, deposit-taking and lending, foreign exchange trading, fund management, investment advisory services, trade financing, trusteeship of offshore trusts, and securities custodial services. The Bank of Mauritius, the central bank, carries out the supervision and regulation of banks as well as non-bank financial institutions authorized to accept deposits. The Bank of Mauritius started licensing offshore banks in the early 1990s. Offshore banks have to be a branch or related corporation of a foreign bank of established reputation, or a bank incorporated in Mauritius. As part of a drive to modernize the banking sector, the government passed a new Banking Act in September 2004, which puts an end to the distinction between domestic and offshore banks.

Global business is defined under the Financial Services Development Act 2001 as activities carried on from within Mauritius with persons all of whom are resident outside Mauritius and which is conducted

in foreign currency. The Act also defines global business as activities carried on by a private company incorporated or registered under the Companies Act 2001, which does not conduct business with persons resident in Mauritius nor conduct any dealings in Mauritius currency and which holds a category two global business licence.

The main corporate vehicles available to carry offshore activities from within Mauritius are: (1) category 1 global business licence; (2) protected cell company; (3) category 2 global business licence. Offshore activities can also be carried out through a trust structure or a *société* (partnership).

A category 1 global business licence (GBC 1) company is allowed to engage in various activities including those involving capital raising from the public. It is characterised by its provisions for investors' protection and is required to file annual audited financial statements with the Financial Services Commission. A GBC 1 may be set up by direct incorporation, or by registration of a branch of a foreign company, or by way of continuation where it is allowed by the law in the country of origin. A branch of foreign company may have access to Mauritius' double tax treaties provided that local tax authorities are satisfied that effective control and management of the foreign company is in Mauritius. The GBC 1 structure allows a foreign company to register in Mauritius by way of continuation and gain tax relief for existing holdings in a country with which Mauritius has a double taxation treaty. A GBC 1 may be unlimited or limited by shares or by guarantee (for non-profit making businesses only). A GBC 1 may be registered as a limited life company. Offshore funds may be listed on the Stock Exchange of Mauritius.

A protected cell company (PCC) is a special purpose vehicle providing legal segregation of assets attributable to each cell of the company whether corporately or individually owned. A PCC may be directly incorporated or may be registered as a foreign company by way of continuation as a PCC as long as the incorporation and registration requirements prescribed in the Companies Act 2001 are satisfied. The incorporation procedure for a PCC is similar to that of a GBC 1. In the case of a continuation, additional requirements as laid down in section 5 of the PCC Act 1999 must be satisfied. Section 6 of the Act stipulates that the suffix 'PCC' must be added to the name of the company. The PCC Act also allows an existing company to convert into a PCC.

A category 2 global business licence (GBC 2) provides for greater confidentiality and is used for holding and managing private assets. A GBC 2 is not allowed to raise capital from the public. The GBC 2 is not resident for tax purposes and is barred from benefiting from double taxation relief under the Mauritius' tax treaties. The GBC 2 may either be limited by shares or by guarantee or limited by shares and guarantee or simply unlimited. An international company may also be registered as a limited life company.

Under the Trust Act 2001 a trust may be set up by residents and non-residents in Mauritius as charitable trusts, discretionary trusts, purpose trusts or trading trusts. Trusts are not required to disclose the name of the settlor or beneficiary. Mauritius' forced heirship rule does not apply to trusts set up by non-citizens. The Trust Act 2001 allows the enforceability of a foreign trust provided that it does not purport to do anything which amounts to an offence under the law of Mauritius or is 'immoral or contrary to public policy'. A trust may carry on a 'qualified global business' after obtaining a category 1 global business licence. A trust may not apply for a category 2 global business licence.

The Code de Commerce Amendment Act 1985 allows for registration as a *société en nom collectif* (partnership) and *société en commandite simple* (limited partnerships). Both types of registration may be used for structuring investment as under the Financial Services Development Act 2001. A *société* may conduct any qualified global business activities after it has received a category 1 global business licence from the Financial Services Commission. However, a *société* does not qualify for a category 2 global business licence. The Finance Act 1996 allows *sociétés* to be covered by Mauritius' double taxation treaties.

The main vehicles used to carry out business, other than an approved offshore business, are the company or the *société* (partnership). Local companies and local branches of a foreign company are governed by the Companies Act 1984. *Sociétés* are governed by the Code de Commerce. Local companies are regulated by the Registrar of Companies. Both public and private companies should

have a minimum of two shareholders. Private companies may not have more than 25 shareholders. A company must have a minimum paid up capital of Rs25,000.

## Taxes

One of the major attractions of Mauritius as a base for inward investment in several countries, especially India, China and Pakistan is its network of double taxation treaties. Mauritius has a growing network of double Tax Treaties with 33 countries including Barbados, Belgium, Botswana, China, Croatia, Cyprus, France, Germany, India, Indonesia, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Mozambique, Namibia, Nepal, Oman, Pakistan, Russian Federation, Rwanda, Senegal, Singapore, Sri Lanka, South Africa, Swaziland, Sweden, Thailand, Uganda, United Kingdom, Zimbabwe.

### Corporate income tax rates

- Current normal rate: 35% (for assessment year ending 30 June 2001, thereafter 25%)
- Tax incentive companies : 15%
- Listed companies on the Stock Exchange (including a subsidiary of a listed company) : 25%
- Offshore Companies: taxed as tax incentive companies (see below)
- International Companies : Exempt

### Offshore Trusts

- Resident Offshore Trust (taxed on trust's net income) : 15%
- Resident beneficiaries (taxed on distributions) : 15%
- Non-resident offshore trust : Exempt
- Non-resident beneficiaries : Exempt

### Income Tax

- Basic: 15% - 25%
- Salaries of expatriate employees: 12.5%
- Value Added Tax (basic rate): 10%

### Notes

- Offshore companies are included in the list of tax incentive companies.
- Offshore companies registered before 1 July 1998 could either elect to be taxed at any rate between 0 to 35% or could irrevocably elect to be taxed at 15%. Companies registered on and after that date pay 15%, or until 30 June 2001 can elect to pay any rate between 15 to 35%.
- Offshore companies are entitled to a credit for foreign tax on foreign source income. The foreign tax credit is equal to the higher of the actual foreign tax paid or the deemed foreign tax (at present 90% of the Mauritius Tax payable). The deemed foreign tax rate will reduce to 80% on 1st July 2003.
- Associates of an offshore société are liable to income tax in respect of their share of income tax in that société at the rate of 15%. An offshore société may also elect to be taxed as a tax incentive company in which case it will qualify as a resident for the purposes of certain double taxation treaties.
- An offshore trust is liable to tax as a tax incentive company on its chargeable income, and is entitled to foreign tax credit. The trustees of an offshore trust may make a declaration of non-residence, in which case the offshore trust will not be regarded as resident in Mauritius for tax purposes.
- No capital gains tax is levied on gains arising on the sale of movable and immovable property (including shares) other than gains made on the parceling out of land for resale. Dividends are exempt from tax, and interests are taxed at the rate of 25% (subject to available exemptions).

## **Stock Exchange**

In 1989 Mauritius set up its own stock exchange under the Stock Exchange Act 1988. The exchange is regulated by the Financial Services Commission. The Stock Exchange of Mauritius (SEM) operates two markets: the official market, on which securities of listed companies are traded, and the over-the-counter (OTC) market. . In January 2005, the SEM had 42 companies plus two mutual funds listed on the Official Market and 78 Over-the Counter companies. Market capitalization grew from US\$55 million in 1989 to US\$2.3 billion in mid-January 2005.

The Stock Exchange established a Central Depository System in 1997 to provide centralized depository, clearing and settlement services for equities and debts. In 2001, the SEM introduced the Automated Trading System, which incorporates internet trading facilities, enabling investors to follow the stock market on a real time basis. The SEM's listing rules have been harmonized with the rules of various stock markets of the Southern African Development Community (SADC) countries and members of the African Stock Exchanges Association to facilitate cross-border listings.

The stock market was opened to foreign investors following the lifting of exchange control in 1994. Foreign investors do not need approval to trade shares unless investment is for the purpose of legal or management control of a Mauritian company or for the holding of more than 15% in a sugar company. Revenues on the sale of shares can be freely repatriated and dividends and capital gains are tax-free for foreign investors.

The Exchange was recently promoted from the status of 'corresponding exchange' to that of Affiliated Securities Market within the Fédération Internationale des Bourses de Valeurs (FIBV). Mauritius is also a member of the African Stock Exchanges Association (ASEA).

In January 2006 the SEM plans to launch a 'New Market' and wind up the existing OTC Market. The 'New Market' will seek to attract a wide range of companies from young, venture capital businesses to more established businesses including those that are family owned. It is envisaged that this market will act as a stepping-stone to the Official Market.

## **Key Contacts**

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## Key Stats

Country Description: Republic of Mauritius. Capital: Port Louis. Dependencies: Rodrigues Island, the Agalega Islands and Cargados Carajos.  
Population: 1,230,602 (July 2005 est.). Ethnic groups: Indo-Mauritians 68%, Creoles 27%, Sino-Mauritians 3%, Franco-Mauritians 2%.  
Language: English (official) and French. Creole (common). Hindi, Urdu, Hakka and Bhojpuri languages are also spoken.  
Currency: Mauritian rupee (Rs). US\$1 = Rs29.85 (September 2005)

### Legal system

A hybrid system based on both on the French Civil Code and English law. Mauritius has district courts, a bail and remand court, an intermediate court, an industrial court and a supreme court. The final court of appeal is the UK's Privy Council. Mauritius has a written constitution.

### Government

The head of state is the president. The prime minister is the head of government, and presides over the cabinet. The National Assembly, the country's parliament, consists of 62 elected members plus up to eight members appointed by the election commission from the losing political parties to give representation to various ethnic minorities. Elections are held every five years.

President: Karl Auguste Offman

Prime minister, defence and home affairs: Paul Berenger

### Elections

In elections held in September 2000, a coalition of the Mouvement Socialiste Mauricien (MSM) and Mouvement Militant Mauricien (MMM) received 51.7% of the vote and hold 54 seats in the National Assembly. The Parti Travailiste won 36.6% of the vote and holds six seats. The Organisation du Peuple Rodriguais, a regionalist party, holds two seats.

### Political parties

Mouvement Socialiste Mauricien (leader Aneerood Jugnauth)

Mouvement Militant Mauricien (leader Paul Berenger)

Mauritius Labour Party (leader Navin Ramgoolam).

Organisation du Peuple Rodriguais (Rodrigues People's Organisation)

### Economy (2004)

Since independence in 1968, Mauritius has developed from a low-income, agriculturally based economy to a middle-income diversified economy with growing industrial, financial, and tourist sectors. For most of the period, annual growth has been in the order of 5% to 6%. This remarkable achievement has been reflected in more equitable income distribution, increased life expectancy, lowered infant mortality, and a much-improved infrastructure. Sugarcane is grown on about 90% of the cultivated land area and accounts for 25% of export earnings. The government's development strategy centers on expanding local financial institutions and building a domestic information telecommunications industry. Mauritius has attracted more than 9,000 offshore entities, many aimed at commerce in India and South Africa, and investment in the banking sector alone has reached over \$1 billion. Mauritius, with its strong textile sector, has been well poised to take advantage of the Africa Growth and Opportunity Act (AGOA) Source: CIA The World Factbook

#### Gross domestic product (2004)

GDP at basic prices in 2004 increased by 10.4% to reach R 151,296 million compared to R 137,097 million in 2003. In real terms, the growth rate is estimated at 4.1%, slightly higher than the 3.9% recorded in 2003.

#### Exports and Imports (2004)

Imports of goods and services reached R 99,215 million in 2004 compared to R 86,694 million in 2003, representing an increase of 14.4%. In real terms, it grew by 3.0% after a decline of 3.1% in 2003. Exports of goods and services, on the other hand, increased by 7.3% from R 88,716 million in 2003 to R 95,177 million in 2004. In real terms, it grew by 0.5% after declining by 3.9% in 2003.

Net international reserves (November 2002): US\$1,544.5 million or Rs42,319 million.

Annual Inflation rate (2004): 4.5%

#### Labour force (2004)

Total labour force: 560,000 (Mauritian and expatriate). Unemployment rate 10.8%. Foreigners make up 3% of those employed in Mauritius.

Government accounts (2004 est): *revenues*: US\$1.231 billion; *expenditures*: US\$1.582 billion, including capital expenditures of NA.

#### Government financial year

1 July – 30 June

#### Public holidays (2005)

1-2 January (New Year); 25 January (Thaipooam Cavadee); 1 February (Abolition of Slavery); 9 February (Chinese spring festival); 8 March (Maha Shivratri); 12 March (National Day); 9 April (Ougadi); 1 May (Labour Day); 15 August (Assumption of the Virgin Mary); 8 September (Ganesh Chathurti); 1 November (All Saints Day); 1 November (Divali); 2 November (Arrival of Indentured Labourers); 4 November (Eid-UI-Fitr, depending on the visibility of the moon); 25 December (Christmas).

#### Time zone

GMT +4 hours. There is no summer time clock change.

## Restaurant Guide

We recommend:

Le Clos Saint-Louis  
Domaine des Pailles

Indra  
Domaine des Pailles

La Terrasse  
Hotel Labourdonnais, Caudon Waterfront,  
Port Louis