

Tax reform in the Global Business sector in Mauritius

Special Budget edition

18 July 2018

In brief

The Finance Bill 2018 was released on 13 July 2018 and covers measures announced in the Budget 2018-2019. It contains several tax measures that affect the Global Business sector in Mauritius as follows:

In detail

A. Category 1 Global Business Licence

- The Category 1 Global Business Licence (“GBC1”) will be renamed as Global Business Licence (“GBL”).
- Effective from the 1st January 2019, the Deemed Foreign Tax Credit (“DFTC”) regime available to GBC1 companies will be abolished and GBL companies will thereafter be taxed at the rate of 15%
- Introduction of a Partial Exemption Regime
 - 80% of the following income streams will be exempted from tax:
 - Foreign dividend (subject to such an amount not being treated as an allowable deduction in source country)
 - Foreign source interest income
 - Profit attributable to a permanent establishment of a resident company in a foreign country
 - Foreign source income derived by a Collective Investment Scheme (“CIS”), Closed End Fund, CIS manager, CIS administrator, investment adviser or asset manager licensed or approved by the Financial Services Commission (“FSC”)
 - Income derived by companies engaged in ship and aircraft leasing
 - The 80% exemption is available upon meeting the pre-defined substance requirements as issued by the FSC. It would appear that the existing substance conditions will be further enhanced and we await further guidelines in this regard

- Existing GBC1 companies, where licenses were issued on or before 16 October 2017, will be grandfathered until 30 June 2021. Licenses issued after 16 October 2017 will be grandfathered until 31 December 2018. The current system of DFTC will continue to apply until the relevant grandfathering dates

B. Category 2 Global Business Licence

- Effective from the 1st January 2019, the Category 2 Global Business Licence (“GBC2”) will be abolished
- Existing GBC2 companies, where licenses were issued on or before 16 October 2017, will be grandfathered until 30 June 2021. Licenses issued after 16 October 2017 will be grandfathered until 31 December 2018.
- After 31 December 2018 or 30 June 2021 as applicable, GBC2 licences will lapse and companies will need to comply with the prescribed requirements of the GBL as issued by the FSC

C. Introduction of the Authorised Company

- Companies, conducting business and having their place of effective management outside of Mauritius, will be required to apply for an authorisation from the FSC to be registered as an Authorised Company
- An Authorised Company is treated as a non-resident for tax purposes in Mauritius
- An Authorised Company is required to file a return of income to the Mauritius Revenue Authority within 6 months of its year end

Join our Webcast session

For a deeper discussion on how the above may affect your business, please join us in our Live Webex session on “Tax reform in the Global Business sector in Mauritius” to be held on **Friday 27 July 2018**.

We will go through the changes in the tax treatments and discuss how the reforms will impact on your current and future investments through Mauritius. You will have the opportunity to raise questions directly with us.

Please follow the link to reserve your seat for the session and we look forward to discussing this important topic with you.

[Click here to reserve your seat in our Live Webex](#)

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For more information, please see contact details on the website
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