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EU finds Mauritius to be compliant with all commitments on tax cooperation

On 10 October 2019, the Economic Council of the European Union ("EU") has declared that Mauritius is compliant with all commitments on tax cooperation.

Since 2018, Mauritius has implemented several reforms to its tax regime in order to satisfy the international tax standards of the Organisation for Economic Co-operation and Development ("OECD") and the EU.

Mauritius has recently introduced the Control Foreign Company ('CFC') regime as part of its reform measures which the EU has acknowledged to be broadly aligned with those of EU's anti-tax avoidance directive.

Also, to address the EU's concern on indirect employment as a criteria to demonstrate substance in Mauritius, the Income Tax Regulations 1996 ("ITR") have been amended to provide further guidance and clarity to companies outsourcing their core income generating activities to third party service providers. These are as follows:

- the companies should be able to demonstrate adequate monitoring of the outsourced activities;
- the outsourced activities should be conducted in Mauritius; and
- the economic substance of service providers should not be counted multiple times by multiple companies when evidencing their own substance in Mauritius.

As part of its efforts to implement good tax governance principles, Mauritius is signatory to Multilateral instruments ("MLIs") with 44 countries. On 18 October 2019, Mauritius deposited its instrument of ratifications and notifications for the MLIs in respect of those countries, to align with the terms of the Multilateral Convention in place to implement tax treaty related measures to prevent base erosion and profit shifting.

Looking ahead

Over recent years, Mauritius has successfully implemented reforms to comply with international norms and standards. These reforms have ensured that the legislative framework remains sustainable going forward and that the jurisdiction is competitive on the international front.

Contact us for more information



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