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## Global Business – Post grandfathering 01 July 2021

**The grandfathering period brought in by the Finance Act 2018 comes to an end on 30 June 2021.**

### So, what's changing?

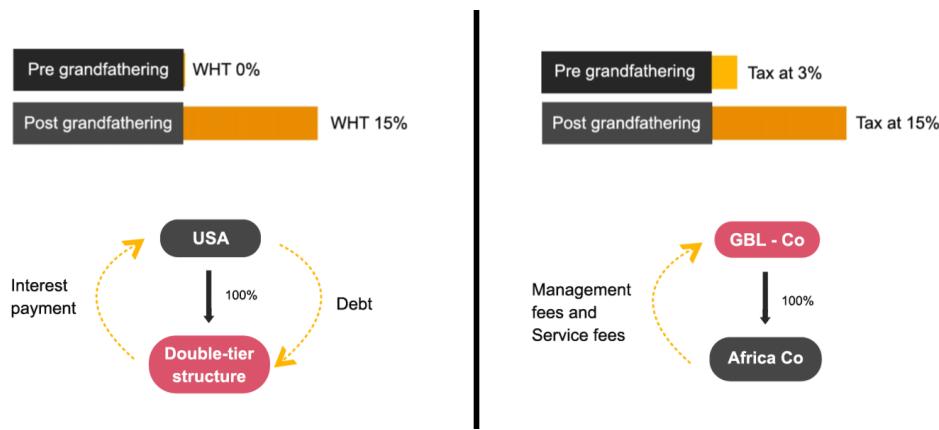
As from 01 July 2021, grandfathered companies holding Category 1 Global Business Licences will be converted into Global Business Licence companies (GBL) and companies holding Category 2 Global Business Licences will cease to exist. Prior to 01 July 2021, grandfathered GBC 2 companies can either be converted into GBL or Authorised Companies.

In order to maintain their GBL licences, GBL companies will have to adhere to the new substance requirements such as carrying out their core income generating activities ("CIGA") in or from Mauritius.

The deemed 80% foreign tax credit will no longer be available. An 80% exemption on specific types of income including foreign dividend and interest, subject to meeting prescribed conditions, is now available. Other types of income, e.g. management fees and service fees will now be taxable at 15%.

Post the grandfathering period, income flows between GBL companies will no longer be considered as foreign source income. Therefore, income which were previously exempt from tax may now become taxable in Mauritius.

The illustration below highlights a potential tax leakage in Mauritius.



For more information on how PwC can assist in reviewing your structure and mitigate any tax leakage, please talk to us.



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