MAURITIUS

COMPANY INCORPORATION

Mauritius has seen in the recent years a change in its business and investment environment. The Mauritian economy has been one of the fastest growing in sub-Saharan Africa and the Government has introduced an array of incentives and measures to ease investment and entrepreneurship. A new business can now be up and operational in just three days. Businesses can be conducted locally in several forms: under a self-employed activity, as a partnership with Mauritian nationals or a 100% foreign owned company under the Companies Act. All companies in Mauritius are incorporated under the Companies Act 2001 with the Registrar of Companies (the "**ROC**"). Companies may be either public or private and incorporated as unlimited companies or companies limited by shares, guarantee or limited by both shares and guarantee. Companies in Mauritius can be broadly classified in two categories:

- **Domestic companies**
  Domestic Companies will be generally carrying out their business operations in Mauritius and will be engaged in dealings with residents of Mauritius. There are no restrictions as to the activities that may be carried out by a Domestic Company except that where a particular activity requires an approval licence from a regulatory body in Mauritius, then such approval or licence must be sought by the company. A domestic company must also be registered under the Business Registrar for a unique business registration number and business card. The Company must have at least one director and one shareholder. Corporate Directors are not allowed and shares can only be issued as no-par value shares. There is no minimum capital requirement and the shares of the company may be 100% wholly-owned by foreign nationals. However, companies having foreign nationals as shareholders are not allowed to hold immoveable property in Mauritius except properties acquired for business purposes or upon the written approval of the Prime Minister's Office.

- **Domestic companies**
  A Global Business Company is incorporated under the Companies Act 2001 and holds a Global Business Licence issued by the Mauritius Financial Services Commission under the Financial Services Act. Global Business Companies may only be set-up through a Management Company in Mauritius. A Management Company is a service provider licensed by the Financial Services Commission to provide Global Business Companies formation and administration. Information relating to global business activities is kept confidential and members of the public do not have access to corporate information at the Registrar of Companies. However, information relating to the beneficial owners must be disclosed to the Financial Services Commission at the time of application. There are two types of Global Business Companies, each having its distinctive characteristic:

  1. **A Category One Global Business Company (GBC1)**
     Recent amendments to the legislation now authorize corporations holding a Category 1 Global Business Licence to:

     (i) Conduct business in Mauritius;
     (ii) Deal with a person resident in Mauritius or with a corporation holding a Category 2 Global Business Licence; or
     (iii) Hold shares or other interests in corporations which are resident in Mauritius.

     While prior to the amendment, corporations holding a Category 1 Global Business Licence were restricted to conducting business activities outside Mauritius, the scope for business of such corporations has now been extrapolated to the domestic sector as well. This will have as a probable effect to boost the economy of Mauritius and provide such corporations with new and exciting opportunities to diversify their portfolios as well as a wider range of options to maximise profits. It must be noted that there are no restrictions as to the sectors in which a GBC1 may invest, provided that it is not unlawful or contrary to public interest or does not cause prejudice to the good repute of Mauritius as a Financial.

Unlike a GBC2, the GBC1 must be controlled and managed from within Mauritius. The Financial Services Act sets out the different criteria that the FSC will consider in determining whether the Company's activities are controlled and managed from Mauritius. A GBC1 can undertake any activity, financial or non-financial, provided that it is not unlawful or contrary to public interest or does not cause prejudice to the good repute of Mauritius as a Financial Services Centre.

2. A Category Two Global Business Company (GBC2)

A GBC2 is suitable and flexible corporate vehicle for simple trading activities and holding and managing assets. A GBC2 must be set-up as a Private Company and can carry out any activity except the following:

(i) Financial Services activities including Banking and holding or managing a CIS
(ii) Corporate Services
(iii) Trusteeship services by way of business

A GBC2 must conduct its business activities exclusively outside of Mauritius. The GBC2 may have corporate directors and may issue shares at par or no-par value and in foreign currency. A GBC2 is not resident for tax purposes in Mauritius and therefore does not have benefit double taxation relief under Tax Treaties. A GBC2 is required to file a financial summary on an annual basis.

The steps involved in starting a business in Mauritius are as follows:

PROCEDURE TO REGISTER A COMPANY	**TIME FRAME**	**COST**
Incorporate and register the business and search for company name on line	2 – 4 Days	MUR 2,000 (ZAR 653.00) for registration + MUR 100 (ZAR 32.65) for name search
Receive inspection by local authorities	4 – 8 Days	No charge
Pay license fees	2 – 4 Days	MUR 6,000 (ZAR 1958.99)
Register with the Social Security Office	2 – 4 Days	No Charge
Make a company seal	2 – 4 Days	USD 12 (ZAR 119.72)

Annual ROC filing requirements:

- Annual return
- For Small Private Company, a financial summary.
- For any other company, audited accounts must be filed within 6 months of balance sheet date.

A Small Private Company is a company the turnover of which in respect of its last preceding accounting period is less than 50 Million rupees

Requirement for incorporating a GBC1 or GBC2 Entity

General Documentation

1) Application Form
2) Business Plan detailing the business activity of the company, initial investment, expected turnover and cash flow for the next 3 years and countries involved
3) Signed Agreements as to Terms and Conditions
4) Structure Chart

Directors

Due Diligence documents on all the proposed directors of the Company.

(i) In case of Individual Director:
- Certified Passport Copy,
- Proof of Address (in form of utility bill dated not more than 3 months old),
- CV, and
- Bank/Professional Reference dated not more than 3 months and showing the term of relationship to be not less than 2 years and stating whether the account has been maintained satisfactorily.

(ii) In case of Corporate Director:
- Certified copy of Certificate of Incorporation/Registration,
- Register of Directors,
- List of Authorised Signatories with Specimen Signatures, and
- Due diligence documents on at least 2 directors of the Corporate Director (same as for individual above).

Shareholders

Due diligence documents on all proposed Shareholders of the Company:

(i) If individual:
- Certified Passport Copy,
- Proof of Address (in the form of a utility bill dated not more than 3 months),
- CV, and
- Bank/Professional Reference dated not more than 3 months and showing the term of relationship to be not less than 2 years, and stating whether the account has been maintained satisfactorily.

(ii) If Corporate:
- Certified copy of Certificate of Incorporation/Registration,
- Register of Directors,
- Register of Shareholders,
- List of Authorised Signatories with Specimen Signatures,
- Latest Audited Accounts,
- Due diligence documents on at least 2 directors of the Corporate Shareholder, and

- Due diligence documents on the beneficial owner (same as for individual above)

(iii) If shareholder is a Trust:
- Relevant extract of the Trust Deed,
- Due diligence documents on Trustee(s),
- Due diligence documents on Settlor,
- Due diligence documents on Protector (if any), and
- Due diligence documents on the beneficiaries
  In case it is a discretionary trust, only the Certified Passport copy of beneficiaries should be submitted.

(iv) If the shareholder is an entity listed on an approved exchange/Regulated in an equivalent jurisdictions:
- Proof of Listing status/ regulated status,
- Latest Audited Financial Statements,
- List of Authorised Signatories

Ultimate Beneficial Owner

- Certified Passport Copy,
- Proof of Address (in the form of a utility bill dated not more than 3 months),
- CV, and
- Bank/Professional Reference dated not more than 3 months and showing the term of relationship to be not less than 2 years, and stating whether the account has been maintained satisfactorily.

NOTE: All documents must be in original or certified true copy. Kindly refer to the certification requirements below.

CERTIFICATION OF DOCUMENTS:

The certifier should clearly indicate the following details:

1. Name
2. Address
3. Position or capacity (profession/title etc)
4. Contact details (e.g. phone no., emails)

The acceptable certifiers are:

(a) A lawyer, notary, actuary or accountant holding a recognized professional qualification
(b) A serving police or customs officer
(c) A member of the judiciary
(d) A senior civil servant
(e) An employee of an embassy or consulate of country of issue of documentary evidence of identity
(f) A Commissioner of Oaths
(g) A director or secretary (holding a recognized professional qualification) of a regulated financial services business in Mauritius or in an equivalent jurisdiction;

TAX REGISTRATION

Income Tax

Every Company incorporated in Mauritius is subject income tax on its chargeable income at a rate of 15%. A company is required to submit its tax return within 6 months from its balance sheet date. Besides the annual tax return, a domestic company is also required to file under the advanced payment System, quarterly APS Statements and to pay tax in accordance thereof.

The GBC1 is subject to income tax on its chargeable income at a rate of 15%. However, it benefits from foreign tax credits for taxes suffered at source which are available for offset against tax liabilities in Mauritius. If taxes suffered at source cannot be evidenced, a unilateral tax relief of 80% of the Mauritius tax charge is available under the Income Tax (Foreign Tax Credit) Regulations 1996, thus resulting into a maximum net effective tax rate of 3%. However, all income derived by a GBC1 from its dealings in Mauritius will be taxed at the standard rate of 15%. The following are exempt from income tax under Mauritius laws:

1. Dividends paid by a Company resident in Mauritius.
2. Interest paid to a non-resident, not carrying on any business in Mauritius, by a GBC1 out of its foreign source income.
3. Royalty payable to a non-resident by a GBC1 out of its foreign source income.
4. Gains or profits derived from the sale of securities by a Company holding a Category 1 Global Business Licence.
5. Gains or profits derived from the sale of securities of a GBC1 by a non resident.

Note: Foreign Source Income is income which is not derived from Mauritius and in the case of a GBC1, income derived from its transactions with non-residents.

Corporate Social Responsibility (the "CSR")

All profitable companies are required to set either up a CSR Fund equivalent to 2% of their book profits during the preceding year to implement approved CSR programmes or to contribute 2% of their book profits to the government which will in turn use these funds towards approved CSR programmes. A GBC 1 is not liable to contribute to the CSR.

Value Added Tax (the "VAT")

Supply of goods and services in Mauritius is subject to VAT at a rate of 15% if these supplies are made by a taxable person in the course or furtherance of any business, provided these supplies are not specifically exempted. A company making taxable supplies of goods or services cannot charge VAT unless it is VAT registered. Registration is compulsory if the turnover of taxable supplies exceeds MUR 2, 000, 000 per annum or is engaged, in certain types of activities for which VAT registration is compulsory.

Other tax considerations:

- Tax free dividends
- No capital gains tax
- Free repatriation of profits, dividends and capital
- Tax Treaty network benefits

A GBC1 is entitled to Tax Treaty network benefits.

IMPORT AND EXPORT LIECENCES

The following registration procedures should be completed by all importers:

Registrar of Companies

Any person wishing to import goods on a commercial basis must hold a Business Registration Card from the Companies Division.

MRA

Registration with the Mauritius Revenue Authority is compulsory for companies with an annual turnover exceeding Rs. 2 million.

Customs

All importers must be registered with the Customs Department. On arrival of a consignment, a company must complete Customs formalities which consist in submitting a Customs Declaration (also called Bill of Entry) electronically through the Trade net System giving all details of the goods imported such as the quantity, value and precise nature of the goods. An importer may use the services of a Freight Forwarding/Clearing Agent or a Customs Broker for the Customs formalities and the clearing of goods. Any person who is a registered user of the Trade Net system may also submit the Customs declaration.

Main Documents for Import
The following documents are required at importation:

- Invoice indicating the FOB and/or CIF value of goods
- Packing list
- Bill of lading / Airway bill
- Bill of entry
- Insurance certificate (if applicable)
- Certificate of inspection (if applicable)
- Certificate of origin (if applicable)
- Other documents (required by government agencies (e.g health, agriculture and veterinary services)

Invoice - an invoice is a commercial document issued by a seller (exporter) to the buyer (importer), indicating the products, quantities, weight and agreed prices for products or services the seller has provided the buyer.

Packing list - A packing list is prepared by the exporter and it commonly includes all the details of the package contents, number of packages, carton numbers, net weight and gross weight and may or may not include customer pricing.

Bill of Lading - A Bill of Lading (sometimes referred to as a BOL, or B/L) is a document issued by a carrier, e.g. a ship's master or by a company's shipping department, acknowledging that specified goods have been received on board as cargo for conveyance to a named place for delivery to the consignee who is usually identified.

Bill of entry - a Bill of entry also known as the Single Goods Declaration is the electronic declaration accepted and assigned with a number by the Customs Department. It is a proof that goods have been received for export and/or import.

Insurance certificate (if applicable) - An insurance certificate is a representation of the insurance policy taken out by the importer or the exporter (depending on the Inco terms) for a shipment.

Certificate of inspection (if applicable) - A certificate of inspection is required by some importers and/or importing countries. It is sometimes also referred to as the "Pre-shipment Inspection" (PSI) certificate and is issued by an independent third party confirming the buyer's specifications, quantity and value of goods prior to shipment.

Certificate of Origin - The Certificate of Origin indicates the country in which the goods are manufactured. There are two types of certificates of origin:

- Non-preferential Certificate of Origin attests the origin of the products and do not confer any tariff preferences.
- Preferential Certificate of Origin attests that the goods originate from a country with which a trade agreement has been signed and the goods are eligible for tariff preferences. The following certificates of origin are accepted by Customs Department and goods are granted preferential access:
    - COMESA certificates of origin
    - SADC certificates of origin
    - IOC Certificates of origin
    - Pakistan-Mauritius PTA Certificate of origin