

MAURITIUS

Global Business Companies

A briefing by YKJ Legal

Background

A Global Business Company (“GBC”) is a company incorporated under the Companies Act 2001 and which is issued a licence by the Financial Services Commission (“FSC”) of Mauritius pursuant to the Financial Services Act 2007.

A GBC is an entity which is tax resident in Mauritius and thus entitled to have access to tax treaty benefits with the various country states with which Mauritius has a tax treaty.

Business Activity

A GBC is set up for the purpose of carrying out business activities generally outside Mauritius.

Under the Financial Services Act 2007, a GBC can conduct any business activity which is legal. Generally, a GBC is used for the following purposes:

- investment holdings;
- collective investment schemes;
- leasing activities;
- investment advisory services;
- international trading;
- consultancy services; and
- other financial services activities.

Taxation of GBCs

A GBC is liable to tax under the Income Tax Act 1995 of Mauritius, at a rate of 15%, on its taxable income.

A partial exemption regime was introduced with effect from 01 January 2019 whereby companies deriving specific types of income may benefit from 80 % tax exemption subject to meeting conditions of substance (substance requirements).

The types of income qualifying for partial exemption are as follows:

- Foreign dividend derived by a company
- Interest derived by a company other than bank
- Income derived by a company from ship/aircraft leasing
- Income attributable to Permanent Establishment

- Income from Collective Investment Scheme/Closed-End Fund/CIS manager/CIS administrator/adviser/asset manager approved by FSC
- Reinsurance/reinsurance brokering activities
- Leasing & provision of international fibre capacity
- Sale, financing, arrangement, asset management of aircraft and its spare parts and aviation advisory services related thereto

It is now critical for a GBCs to satisfy substance requirements to be eligible for the partial exemption regime.

New substance requirements

To satisfy those requirements, a GBC must at all times carry out its core income generating activities in, or from, Mauritius by:

- employing, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities; and
- having a minimum level of expenditure, which is proportionate to its level of activities.

Furthermore, the Financial Services Act 2007 prescribes that a GBC must be managed and controlled from Mauritius. For this purpose, the FSC shall now consider, in particular but without limitation, to whether the GBC:

- has at least 2 directors, resident in Mauritius, of sufficient calibre to exercise independence of mind and judgement;
- maintains, at all times, its principal bank account in Mauritius;
- keeps and maintains, at all times, its accounting records at its registered office in Mauritius;
- prepares its statutory financial statements and causes such financial statements to be audited in Mauritius; and
- provides for meetings of directors to include at least 2 directors from Mauritius.

The Financial Services Act 2007 also prescribes that a GBC must carry out its core income generating activities in, or from, Mauritius, **as required under the Income Tax Act** and be administered by a management company.



About YKJ Legal

YKJ Legal is a law firm authorised by the Attorney General's office. We are a team of experienced lawyers and have acted as legal counsels to many high net worth individuals, international corporates and banks.

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