

A low-angle, upward-looking photograph of a modern glass skyscraper. The building's facade is composed of a grid of dark metal frames and large glass panels, creating a strong sense of verticality and depth. The sky is visible through the top of the building's structure, appearing as a bright, overcast area. The overall color palette is dominated by greys and blues, with a touch of white from the sky.

Global Business Companies

Introduction

A global business company ("GBC") is an entity incorporated under the Companies Act 2001 of Mauritius. A global business company is distinct from a domestic company and is licensed by the Financial Services Commission of Mauritius (the "FSC") for the purpose of carrying out business activities generally outside Mauritius. Whilst the records of a domestic company are publicly available for inspection, the records of all GBCs are confidential and are not open to public for inspection.

There are two types of GBCs, those with a category 1 licence ("GBC1") and those with a category 2 licence ("GBC2"). A GBC can be formed as a company with limited or unlimited life. It is common to have companies with limited liability, such that the liability of a shareholder is limited to any amount unpaid on the shares subscribed. A GBC can also be set up as a protected cell company and have as many cells as desired, with each cell having its assets and liabilities ring fenced.

Features and statutory obligations

GBC1

This is an entity which is set up with a view to being tax resident in Mauritius. As such, the entity may qualify for a tax residence certificate issued pursuant to a double taxation avoidance agreement ("DTAA"), to which Mauritius is a party and can access tax treaty benefits under any DTAA.

A GBC1 must:

- have at least two resident directors in Mauritius and cannot have a corporate director;
- file audited financial statements within six months of its financial year end and must also file a tax return with the Mauritius Revenue Authority ("MRA") on an annual basis;
- file a quarterly tax return if it has a taxable income and effect payment of any tax due by an automatic payment system established by the MRA;
- have a bank account in Mauritius through which funds are routed; and
- have the prior authorisation of the FSC to have any dealing with a Mauritian resident.

A GBC1 shall be subject to licensing conditions, which are set out by the FSC and such conditions depend on the business activity of the company.

GBC2

This is a non-resident company for tax purposes and is therefore exempt from any tax in Mauritius. For these reasons, such an entity:

- cannot avail itself of any tax treaty benefits;
- does not require any resident directors;
- can have a corporate director, but must, at all times, have a registered agent and a registered office in Mauritius;
- is required to file a financial summary every year with the FSC;
- is not required to hold a bank account in Mauritius;
- does not have the requirement to file a tax return with the MRA; and
- will have standard licensing conditions to its global business licence.

Uses of GBCs

Under the Financial Services Act 2007, a GBC1 can conduct any business activity which is legal. Generally a GBC1 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.

GBC2 are used for:

- holding assets/immovable property such as apartments;
- holding aircraft/helicopters/yachts;
- international trading;
- consultancy services;
- private trust companies; and
- payroll administration.

A GBC2 is not allowed to undertake business activities such as banking, financial services, collective investment schemes and providing registered office facilities, nominee services, directorship services and secretarial services.

Incorporating a GBC

The application to set up a GBC must be submitted by a licensed management company to the FSC. The management company must conduct customer due diligence before incorporating the company and is under an obligation to carry out on-going due diligence after the incorporation. The incorporation process starts with an application for the reservation of the company name. A company may be incorporated with or without a constitution and the company will be governed by the provisions of the Companies Act 2001.

An application to the FSC will involve the submission of the following:

- the completed application forms;
- a business plan of the proposed company;
- a confirmation by the management company, confirming that it has conducted due diligence checks on the beneficial owner of the proposed company; and
- a certificate from a legal practitioner, confirming that the application complies with the laws of Mauritius; and
- the applicable incorporation fees.

Taxation

A GBC1 will be tax resident in Mauritius and is liable to tax under the Income Tax Act 1995 of Mauritius, at a rate of 15%, on its taxable income. However, the company will be allowed a tax credit for foreign tax on its income which is not derived from Mauritius. If no written evidence is presented to the MRA showing the amount of foreign tax charged, the amount of foreign tax will nevertheless be conclusively presumed to be equal to 80% of the Mauritian tax that would otherwise be payable on such income. Thus, the company can be liable to tax at a net effective rate of 3 %. Capital gains realised by the company on the disposal of assets are exempt from tax in Mauritius. Dividends and redemption proceeds paid by the company to its shareholders are exempt from any withholding tax.

A GBC2 is a tax neutral company and therefore not liable to any tax in Mauritius. However, such a company cannot avail itself of any tax treaty benefits.

This briefing is for informational purposes only and should not be construed as legal advice.

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