



In association with **SAB&T inc.**
CHARTERED ACCOUNTANTS (S.A.)

**Global Business
Collective Investment Schemes (CIS)
In Mauritius**

The GWMS CIS Solution

...yet another high end business solution brought to you by GWMS in association with SAB&T

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This Information Pack, IP 02, has been prepared for international investors and businesses who are seeking a cost and tax efficient jurisdiction for the structuring of their international business activities. IP 02 should be considered as a general guide only. IP 02 contains information, which, to the best of our knowledge and belief, is correct at the time of writing. You are however, strongly recommended to seek specific advice before acting on any information contained in IP02.

1. Introduction

The Mauritian Global Business (offshore) centre has developed at an impressive rate since its inception in 1992 and is now known as an international financial services centre of substance. Mauritius has been used extensively to structure investments into India and China such that it is now thought to be the second largest inbound investor in India. Mauritius is also a preferred domicile for US and European retail and professional CISs and MNCs investing in the regional markets of China and other South East Asia countries.

Mauritius has flexible regulatory environment, no exchange control regulations and has an impressive array of double taxation avoidance treaties so that Mauritius now constitutes a major tax planning centre for the Indian Ocean Rim and beyond. India, People's Republic of China, Pakistan, Indonesia, Singapore, Sri Lanka, Thailand and South Africa are just some of the countries with which Mauritius has concluded favourable treaties.

Efficient telecommunications facilities, good quality infrastructure, the latest state-of-the-art IT infrastructure, a burgeoning freeport and daily flights to Europe, Africa and South East Asia are just some of the positive attributes of Mauritius. Major international banks such as HSBC, Investec, Barclays Bank, Deutsche Bank, Standard Chartered, Afrasia Bank and Bank Internasional Indonesia Bank operate here. Mauritius is located in a convenient time zone at GMT +4. The Mauritian legal system has both English and French antecedents and the highest court of appeal remains the Privy Council in London. Mauritius' political stability is renowned in the region.

As a result of its world class business practices, sound corporate governance and forward looking attributes stated above, Mauritius has emerged both as a private client jurisdiction and as a quality location for CISs and corporate holding activity as well as for back office administration and for group treasury management functions.

Mauritius, since late 2007, now has a Financial Services Act 2007 and the Securities Act 2005, updated & promulgated in late 2007 to govern the establishment or operation of Global Business CIS. The regulatory authority in Mauritius, the Financial Services Commission ("FSC") supplements the legislation through a series of policy guidelines based on best practice in the CIS industry worldwide.



1.1 Some more good reasons to choose Mauritius to do business...

- Mauritius has acceded, on 17 September 1996, to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. In 1996, the Permanent Court of Arbitration (“PCA”) of the Mauritius Chamber of Commerce and Industry was established. The PCA offers a speedy and confidential method of resolving commercial disputes at a cost which is substantially lower than equivalent costs in major arbitration centres. The PCA maintains a panel of over 100 international arbitrators and is a serious alternative which should be considered by those doing business in the region.
- In July 1996, the Bermuda Stock Exchange (“BSX”), designated Mauritius as a “recognised jurisdiction” for the purpose of the listing of Mauritius CISs. Mauritius CISs need not restrict their CISs to institutional investors, in order to list on the BSX.

2. Global Business Professional services

Global Wealth Management Solutions Ltd (“GWMS”) provides on going professional services in the field of sophisticated international and Mauritius taxation, accounting of clients’ financial affairs under its administration, general administration services, company secretarial, registered agent services to Category 1 Global Business Licence (“GBL1”) companies, including open ended, close ended, private equity funds and venture capital CISs, protected cell companies (“PCC”) and trusts.

Our Global Business products are innovative. These include:

- international tax planning (e.g. CFC, CGT, PFICs) and monitoring of tax compliance;
- Global Business CIS structuring and administration, including:
 - calculation and review of the NAVs {Net Asset Value} of CIS companies;
 - administration of subscriptions and redemptions of shares, maintenance of share registers, liaising with overseas custodians and investment managers and advisors;
 - setting up and administration of Venture Capital CISs;
 - customizing, where applicable, Constitutions and other agreements in line with clients’ type of business.
 - business administration services, including international trading;
- Global Business banking advice;
- Application for Occupation Permit which combines work and residence permit);
- asset protection advice;
- trust formation, registration and administration, including provision of corporate trustee; company formation and administration, including:
 - provision of high calibre directors;
 - provision of nominee shareholders;



- registered office;
 - preparation and review of the financial statements of GBL1 entities, including those of Global Business CISs in accordance with IFRS.
- ensuring compliance with policies and procedures of the FSC, statutory provisions of the Mauritius Companies Act 2001 & 1984 (where applicable) and the provisions of the Income Tax Act, 1995.
- freeport structuring advice and administration.

Please inquire for the full and detailed range of professional services offered by GWMS.

3. The GWMS CIS Solution

The **GWMS CIS Solution** is, in effect, a highly integrated service provided by qualified and experienced professional and graduate staff which encompasses comprehensive preliminary planning, formation and ongoing administration of the CIS. Each critical step of the Global Licence application process is documented and discussed with the promoters of the CIS to ensure that a coherent and highly professional application and constitutive documents are presented to the authorities for swift licencing. Our international taxation desk provides full assistance to ensure that full benefits are taken of taxation treaties. GWMS's priority, at all times, is to recommend and to enforce procedures to ensure that the companies and CISs it administers are effectively managed from Mauritius.

3.1 CIS (funds) structures

CIS structures most often used are:

- the incorporation of a CIS investment company in Mauritius as Category 1 Global Business Licence company ("GBL1" company)
- the incorporation in Mauritius of a GBL1 subsidiary of a CIS established in a foreign jurisdiction
- the registration in Mauritius by a foreign CIS company of a branch which will qualify for residence and Global Business status.
- a Protected Cell Company

3.2 Protected Cell Company

The Mauritius Protected Cell Companies Act 1999 and the 2005 PPC regulations (the "PCC Act") provides for the establishment of a new form of company, the protected cell company (the "PCC") which can have one or more cells. The key to the PCC concept is that one cell and its assets are legally segregated from, and cannot be contaminated by, liabilities arising in relation to the other cells and their assets. The PCC is a single legal entity and its cells do not constitute legal persons separate from the PCC.

Please inquire about the PCC to know more about this flexible vehicle. The PCC may however not be registered with SEBI, the Indian regulatory authority.



3.3 Corporate vehicle

The vehicle suitable for a CIS in Mauritius is the Mauritius tax resident GBL1 company.

The Mauritian GBL1 company is a variant of the Mauritian domestic company, and is, like the domestic company, governed by the Mauritian Companies Act 2001 (& certain provisions of the Mauritian Companies Act 1984) effective 1 December 2001.

Both closed and open-ended CIS companies have been established in Mauritius:

- closed-ended, having a fixed stated capital, and possibly limited life, upon the termination of which the assets are distributed to investors on winding-up
- open-ended, having a variable stated capital, and where investors may redeem their shares at net asset value at predetermined times, in accordance with the articles of association of the company.

There are, to date, no specific restrictions on the operation of umbrella CISs, multi-class CISs, CISs of CISs, feeder CISs and master feeders.

In appropriate circumstances, it is also possible to establish a management or advisory company in the global business sector to take advantage of the beneficial tax regime and to reinforce the status of the CIS in Mauritius as being its centre of effective control and management.

4. Corporate features of a GBL1 company

1. The minimum number of directors is one, who should be an individual;
2. Two Mauritius resident directors are however required should treaty benefits be sought;
3. There should be at least one director who is ordinarily resident in Mauritius;
4. The minimum number of shareholders is one, who can be an individual or a company;
5. A company secretary is required;
6. Registers of shareholders, directors and charges must be kept;
7. Fractional shares are permitted;
8. A constitution (i.e. previously known as Memorandum & Articles of Association) is not required but recommended where various classes of shares are issued;
9. Share with disproportionate rights are allowed;
10. Annual audited accounts, prepared in terms of IFRS or other internationally recognised accounting standards, must be filed with the FSC within six months of the close of its financial year



5. The licencing procedures of a CIS by the FSC

The FSC must be provided and be satisfied with sufficient information as to the following:

- | | |
|-------------------------------|---|
| ➤ CIS Structure | ➤ Safeguards incorporated for the protection of the investor |
| ➤ CIS objectives | ➤ Full compliance with the laws and regulations in the countries where the CIS is to be marketed |
| ➤ Target market and investors | ➤ Track record of the promoter CIS manager investment adviser custodian administrator |
| ➤ Types of investment | ➤ This will determine the risks of the structure and hence the extent of safeguards & comfort that will be needed |

Supporting documentation would include the following:

- Investment management agreements, investment advisory agreements, custodian agreements, distribution arrangements, administration arrangements, delegation agreements, as applicable;
- details on the investments managers, promoters, investment advisors, and supporting reference letters and investment plans and restrictions;
- Offering memorandum.

6. Local administration

The Financial Services Act 2007 now **statutorily requires** the FSC to consider whether the conduct of business will be or is being **managed and controlled from Mauritius**. Hence, the FSC looks for certain minimum administrative functions to be carried out in Mauritius such as:

- The CIS should have a local approved administrator (*GWMS qualifies as such*)
- It should have a local company secretary and the statutory books and register of members should be maintained in the registered office (*GWMS will do this*)
- It keeps and maintains, at all times, its accounting records at its registered office locally
- The net asset value of the CIS should be calculated locally (*GWMS will do this*)
- The CIS accounts must be audited in Mauritius
- The custody of the CIS's assets must be entrusted to an approved custodian
- The CIS should have or has at least 2 directors, resident in Mauritius, of sufficient calibre to exercise independence of mind and judgement.
- It provides for meetings of directors to include at least 2 directors from Mauritius.



The CIS may however still seek the assistance of overseas advisors to manage its investments and operating decisions in relation to investment and disinvestment may still be executed overseas. Foreign intermediaries may still participate in the placing and redemption operations of the CIS, as distributors or nominees despite the requirement that the location of the issue and redemption of shares be in Mauritius.

7. Custodian

It is required that a global custodian and a local cash custodian be appointed. Several international banks in Mauritius provide the cash custodian service. The Mauritian custodian is permitted to delegate functions to an overseas custodian. International banks in the geographical location of the investments are normally appointed as global custodians.

8. On going Compliance

The FSC exercises its supervisory duties over the CIS within its jurisdiction by requiring the filing of quarterly accounts, covering NAV changes on a monthly basis, and the proceeds of shares issued and payment of shares redeemed, and of a half-yearly unaudited report and of a yearly audited report audited in accordance with IFRS or other internationally accepted accounting standards. The following matters must be covered in these reports:

- NAV per share
- Number of shares outstanding
- Statement of assets and liabilities including NAV
- Details of investment portfolio and movements in the period disclosed by types of securities and types of market analysed as a percentage of the CIS's net assets

9. Tax Residence

In terms of the Income Tax Act 1995 of Mauritius, a company is resident in Mauritius if it is either incorporated in Mauritius or centrally managed and controlled from Mauritius. A Global Business company is, however, required to apply for and be granted a Tax Residence Certificate (the "TRC") to enable it to access tax treaty benefits. Since 2007, the TRC is granted on an annual renewable basis only. Care should thus be taken to abide by the conditions at all times. The Mauritius Revenue Authority will only grant the TRC if he is satisfied that prior to and during the life of the company:

- there are at least two Mauritius resident directors;
- board meetings are held in Mauritius. Telephone board meetings are permitted.
- there is a Mauritian registered office and secretary;
- the banking transactions are channelled through Mauritian bankers;
- all accounting and statutory records, such as minutes and members' register, are kept locally.



As a result of abuses of the use of tax treaties, it is very important to build as much substance as possible in the local structure. We strongly recommend that as much work, whether strategic decisions, fund administration or back office operations be carried out in Mauritius. GWMS can assist you in this endeavour.

10. Taxation

A Global Business CIS is subject to Mauritius corporate income tax at the incentive taxation rate of 15% and has the added fiscal benefit of being subject to a deemed foreign tax credit of 80% of the 15% charged making the effective rate of tax 3%. *There are no Mauritius capital gains tax, dividend or interest withholding tax in Mauritius.*

Mauritius is undeniably a superior investment structuring financial centre than foreign jurisdictions like Guernsey, Jersey and Isle of Man, especially where countries targeted for investments have signed a tax treaty with Mauritius. Mauritius has a network of 33 tax treaties.

Unlike the other international jurisdictions, subject to proper structuring, the CIS (or other investment vehicles) may also avoid or minimize taxes on dividends, interest and capital gains at source as well. Additional tax treaty benefits may also be available depending on the terms of such treaties with specific countries.

11. THE GWMS COMPREHENSIVE GLOBAL BUSINESS CIS SOLUTION

GWMS offers the following CIS services:

11.1 Set up

- Preliminary advice on Mauritius regulatory, tax residency and double tax treaty issues;
- Reviewing the following constitutive documents and ensuring compliance with all relevant regulations and with Mauritian law:
 - Prospectus or placement memorandum documents;
 - Investment Management Agreement;
 - Investment Advisory Agreement, if any;
 - Global Custodian Agreement;
 - Cash Custodian Agreement
 - Any Sub-Custodian Agreements;
 - Administration Agreement with GWMS
- Provision and customizing of Constitution;
- Preparation of Outline Memorandum;
- Obtaining of approval in principle from the FSC;
- Liaising and following up with FSC to obtain final approval of the CIS;



- Incorporation of CIS;
- Application, liaising and following up with tax authorities to obtain a Tax Residence Certificate;
- Arrangements for the issuing of tax and, if required, legal opinion on compliance with all Mauritian law, relevant governmental and regulatory consents, licences and approvals;
- Arranging for the first Board meeting for the launch of the CIS.

11.2 Ongoing administration service

11.2.1 Domiciliary Service

- Provision of registered office
- Company Compliance
 - Provision of qualified company secretary
 - Maintenance of company statutory books
 - Preparation and minuting of resolutions
 - Executing payment of all regulatory fees
- Provision of local directors
- Arrangements for holding board meetings and preparation of agendas, notification of directors and minuting

11.2.2 Agency Service

- Issuing instructions on investments on advice of CIS manager and monitoring of such investments
- Provision of accounting support and maintaining copies of accounting and NAV records in accordance with Mauritian law
- Monitoring of local bank account
- Defraying of local expenses as appropriate
- Reviewing quarterly and annual audited accounts, and filing with FSC
- Preparation of tax returns and computations
- Liaising with local auditors

11.2.3 Registry Service

- Maintenance of records including:
 - Register of Shareholders;
 - Certificates and records ;
 - Records of dividends paid and other corporate actions;
 - Share certificates.



11.2.4 Other Services

- Monitoring changes in Mauritius tax law and practice and advising CIS of implications of changes;
- Notifications to Stock Exchange Authorities.

12. GWMS PROFESSIONAL FEES

12.1 Setting up fees

The cost of setting up a Mauritius Global Business CIS may range from US\$20,000 to above, depending amongst others upon:

- The structure of the CIS (for instance, whether single or multi CIS - umbrella structure);
- The number of companies in the structure;
- The provision and extent of customizing constitutive documents;
- The volume of constitutive documents to be reviewed;
- The corpus of the CIS.

12.2 Administration Fees

We charge for on-going administration predominantly on a time charge basis, save where appropriate, a flat fee may be agreed with the client. Such flat fee could be a monthly or quarterly fee and may range as from US\$1700 to above (indicative only) per month per company or per cell for a PCC.

The fee determining factors are generally the following (*non exhaustive list*):

- the size of the CIS;
- the number of shareholders;
- the minimum subscription level;
- frequency of dealing (daily/weekly/monthly);
- whether open-end, closed-end, or guaranteed;
- whether single or multi-manager;
- how many brokers/trading banks will be used;
- complexity of accounting procedures;
- level of activity in the CIS;
- frequency and complexity of procedures for NAV calculations.

The fees payable to the FSC are payable in advance at the stage of formation. Thereafter, annual fees are payable not later than 15 days before the expiry of the licence. If annual fees are not paid within one month of their becoming due, the Global Business Licence will lapse. The Registry fee is also payable on an annual basis and in advance.



12.3 OTHER FEES TO BE CONSIDERED

Mauritius Counsel Fees

The law in Mauritius requires a Mauritius Counsel to issue a legal certificate to the FSC in respect of the licencing application documents and one to the Registrar of Companies in respect of any constitution of the CIS or other entity seeking incorporation or alteration to an existing constitution.

Mauritius Counsel reviews all the scheme documents and then issue the legal certificates. Independent Counsels may charge as from USD8000 excluding 15% VAT and above depending on several factors. GWMS may introduce you to appropriate Counsels & negotiate a best rate for your circumstances.

Auditor

Auditors' fees may range from US\$6,000 (excluding VAT at 15%) p.a. upwards, depending upon the level of complexity and activity of the CIS, the complexity of the accounting procedures and the size and experience of the Auditor i.e whether a big 4 firm or not. We may arrange the appointment of smaller local audit firms of good standing at reduced costs.

Annual regulatory fees in Mauritius

- A one off processing fee of USD500 and an annual fee of USD1500 are payable to the FSC. FSC has introduced an additional annual fee of USD2,500 on CIS, USD2,000 on CIS Managers along with a one off processing fee of USD1,000 respectively, following the coming into force of the Securities Act 2005(updated 2007).
- The registry fee depends on the public or private or foreign nature of the corporate vehicle and is approximately US\$500

Establishment of Mauritius Cash Custodian, Overseas Custodians or other accounts.

GWMS charges USD1000 to establish a Mauritius cash custodian account for the CIS, USD1200 for a global custodian and other types of accounts like opening an account with the Euroclear system.

Application for Permanent Account Number (PAN) for India funds only

GWMS charges USD850 to appoint a suitable Indian CA, complete the PAN application form, liase with the Indian CA to ensure swift successful application of the PAN required for all financial services transactions in India. The India CA charges on average USD500-1000 depending on the firm chosen.



About us...

GWMS is fast growing Management Company incorporated in Mauritius and licensed by the Financial Services Commission to provide advisory and management services to businesses worldwide. One of the core competencies and activity of GWMS is the provision of a full range of Fund Administration services to offshore funds set up in Mauritius or elsewhere.

The board of GWMS comprises mainly of Chartered Accountants of calibre and experience in diverse sectors encompassing accounting, audit, management, global business, international and local taxation among others. GWMS is able to handle back office work as well. Our staff comprise a mix of fully qualified accountants, near qualified accountants, law graduates and administrative clerks.

We are a member firm of **AIMA (www.aima.org)** the UK based worldwide leading association for Alternative investments which represents the global alternative investment community and provides a centre of knowledge for professional investment practitioners. Membership is by invitation only. The AIMA network contains 1,280 corporate members from 47 countries.

GWMS is also associated with SAB&T Incorporated, Chartered Accountants (SA) (“SAB&T”), www.sab-t.co.za in Mauritius. SAB&T has 40 directors and with its 200 staff base is a rapidly growing financial services provider with six offices located in the major centres of South Africa. Mr Bashier Adam, the CEO of SAB&T is also a director of GWMS and he has a seat on the management board of SC International as the Chairman for the SAMEA region.

GWMS is also proud to be the Preferred Partner in Mauritius, of Corporate Catalyst (India) Pvt Ltd , www.ccindia.com, a Business Advisory, Corporate Finance and Tax Advisory firm based in Delhi with offices in Mumbai and associate offices in major centres in India.

We have also entered into a strategic alliance agreement with **AGN MAK, Chartered Certified Accountants**, www.agnmak.com, of Dubai, UAE, whereby GWMS is now the Preferred Partner of AGN MAK in Mauritius and vice versa. AGN MAK is a full fledged member of Accountants Global Network International which is represented in over 72 countries.

GWMS has formally concluded yet another Preferred Partner agreement with **Corporate Management Services (CMS)**, www.cmshk.com, of Hong Kong to provide our clients with more quality international business solutions. CMS provides incorporation and management services including China market entry solutions, China company credit reports and accounting/audit services, among others, in over 20 jurisdictions

GWMS...the smart way to do business
