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Mauritius Budget Highlights 2013

This is a brief summary about some of the measures announced by the Deputy Prime Minister and Minister of Finance of the Republic of Mauritius, Xavier Luc Duval,(the "Minister") in his Budget Speech 2013, dated 09 November 2012. Only some of the measures that may be of interest to an international audience have been highlighted in this summary. These measures have not yet been adopted by the Parliament of Mauritius. Once this takes place, we shall bring a further update to your attention. You are strongly recommended to seek specific advice before acting on any information contained herein.

The Minister emphasised the important role that Mauritius is set to play as an investment and business hub for Africa. He announced a host of measures designed to spur the growth of the Mauritius International Financial Centre (IFC) forward. He announced that appropriate measures and or legislations will be brought to introduce or facilitate the following, amongst others:

Global Business sector

1. The setting up of global headquarters administration and global treasury management activities in Mauritius
2. The FSC will specify economic substance requirements that Category 1 Global Business Companies (GBC 1) will have to fulfill in order to be entitled to claim benefits under the Mauritius tax treaties
3. The FSC will clarify the circumstances when a GBC can deal with residents
4. Empowerment of the FSC to directly impose administrative penalties in case of less serious breaches of the laws as specified in FSC Rules (e.g. late filing of documents, late payment of fees, etc…)
5. The Limited Partnerships Act will be amended to clarify the confidentiality provisions of LPs owned by Global Business Companies
6. Five additional Double Taxation Avoidance Agreements (DTAAs) will be signed with African countries in 2013
7. A Tax Information Exchange Agreement will be signed with India by June 2013
8. New Limited Liability Partnerships Bill to be introduced
9. The Securities (Collective Investment Schemes and Closed-end Funds) Regulations of 2008 will be amended to allow the setting up of special purpose funds for conducting investments outside of Mauritius

Business Facilitation

1. The Registrar of Companies will act as a single repository for the payment of trade fees
2. Occupation permits will be given in two categories: Categories 1 – professionals earning more than USD 3,000 and persons investing more than USD 100,000 and All other non-citizens under current schemes.

3. Category 1 permit holders will henceforth be authorized to acquire apartments in a ground + 2 complex as from the date of issue of their permit Their children up to the age of 24 will henceforth be allowed to reside in Mauritius. This measure will also apply to children and dependents of IRS and RES buyers issued with a residence permit
4. Non citizens investing a minimum of USD 500,000 in a qualifying business activity will be eligible for permanent residence permit with the right to acquire an apartment in a ground + 2 development

Corporation Income Tax

1. Exemption from income tax for global funds which do not make use of benefits under double taxation avoidance agreements
2. As from 1 January 2013, taxpayers will be allowed an irrevocable option to be taxed on any surplus arising from foreign exchange differences on a realization basis. This will be clarified by a Statement of Practice
3. Tax Deduction at Source, ("TDS") rate on interest payable to a non-resident is to be increased from 10% to 15% (not applicable to Global Business Companies)
4. Application of TDS on payment of royalties (not applicable to payments from Global Business Companies)
5. Companies with an annual turnover not exceeding Rs 4 million will be exempted from submission of quarterly statements under Advance Payment System (APS)
6. Mandatory filing of tax returns by a 'Societe Commercial' and any other resident societe deriving income

Expected Macroeconomic indicators

1. Inflation rate - 4.1%;
2. Growth rate - 3.4%;
3. Current year's budget deficit - 2.5%;
4. Overall debt level - to 54.2% of GDP.