



# INTERCONTINENTAL TRUST

*International Tax & Management Services*

INTERCONTINENTAL TRUST NEWSLETTER

REGULATORY ISSUE 1

## REGULATORY UPDATES AFFECTING GLOBAL BUSINESS AND FREEPORT SECTORS

This newsletter aims at highlighting main amendments in the Laws and Regulations of Mauritius which govern the Global and Freeport Sector. This information sheet is a summary of public information, the accuracy of which has not been verified by Intercontinental Trust Limited.

### **(I) THE ECONOMIC AND FINANCIAL MEASURES (MISCELLANEOUS PROVISIONS) ACT 2012**

#### **COMPANIES ACT 2001**

##### **1. Service address**

Service address must from now be provided on the following persons:

- Director
- Shareholder
- Secretary

Service address :

(a) means the address at which documents may be served; and

(b) includes the address of a registered office.

Previously, only residential address was required. Note that a service address can also be the residential address.

Any change in address will have to be notified to the Registrar of Companies.

##### **3. Transfer of shares**

A company shall not enter a transfer of shares or debentures in the share register or the register of debenture holders unless:

(a) in the case of a company reckoning, directly or indirectly, immovable property among its assets - a valid instrument of transfer in the form required by the Registration Duty Act has been delivered to the company and a certified copy of the instrument is filed with the Registrar or;

(b) in any other case, a valid instrument of transfer in the form approved by the Registrar has been delivered to the company, and a certified copy thereof is filed with the Registrar.



#### **4. Nominee arrangements and share register**

Where shares are held by a nominee, the share register must also state the names of the persons (i.e in the majority of cases, the beneficial owner) giving to the shareholder instructions to exercise a right in relation to the share. This need not be filed with the authorities and must only be maintained by the company.

#### **5. Written Resolutions of Shareholders**

A resolution in writing now only requires the consent of those shareholders who are entitled to vote and who together hold not less than 75% of the votes entitled to be cast on that resolution.

Prior to the amendment, for a resolution in writing to be valid, there was an additional requirement that the resolution was also approved by 75% of the shareholders in number.

With the new amendment, if one shareholder alone holds 75% or more of the voting rights, his consent alone would suffice for the resolution in writing to be valid.

#### **6. Filing of particulars of charges**

Where a company has created a charge over any of its assets, the company must henceforth, in addition to the particulars of charges, file with the Registrar of Companies a certified copy of the instrument of charge.

#### **FINANCIAL SERVICES ACT 2007**

##### **1. New financial business activities**

The following business activities has been added as financial business activities requiring the approval of the Financial Services Commission (“FSC”) and which can only be conducted by a GBC1:

- (a) Global treasury activities
- (b) Global Headquarters administration

##### **Global treasury activities**

A company will be held to be carrying out global treasury activities if it provides at least 3 of the following services to at least 3 related companies:

- Arrangement for credit facilities, including credit facilities with funds obtained from financial institutions in Mauritius or from surpluses of network companies
- Arrangement for derivatives
- Corporate finance advisory
- Credit administration and control
- Factoring, forfeiting and re-invoicing activities
- Guarantees, performance bonds, standby letters of credit and services relating to remittances
- Management of funds for designated investments
- Such other global treasury activity as may be specified in FSC Rules

### **Global headquarters administration**

A company will be held to be carrying out Global headquarters administration if it provides at least 3 of the following services to at least 3 related companies:

- Administration and general management
- Business planning and development and coordination
- Economic or investment research and analysis
- Services related to international corporate headquarters in Mauritius
- Such other global headquarters administration services as may be specified in FSC Rules

### **2. Dealing with residents**

GBC 1 is now required to seek approval in writing from the FSC in respect of matters listed below:

- (a) conduct business in Mauritius;
- (b) deal with a person resident in Mauritius or with a GBC2; or
- (c) hold shares or other interests in a corporation resident in Mauritius

A major point to note in this amendment is the fact that a GBC1 requires the approval of the commission before dealing with a GBC2. Previously, no such approval was required.

### **3. Imposition of administrative penalty**

The FSC has now been given the power to impose an administrative penalty in relation to such matters as may be prescribed. The FSC will be issuing the relevant rules to specify the matters which will attract a penalty.

### **LIMITED PARTNERSHIPS ACT 2011**

This Act has been amended to provide for the followings:

A Limited partnership may not be registered as a Partnership holding a Category Two Global Business Licence

### **TRUSTS ACT**

A Trustee must now keep: -

- (a) Up-to-date and accurate accounts and records of his trusteeship
- (b) A register of the names, in alphabetical order, and the last known address of each beneficiary and settler of the Trust, including a non-resident foreign trust administered by him.

The records to be kept by the Trustee shall include proper books, registers, accounts, records such as receipts, invoices and vouchers and documents such as contracts and agreements representing a full and true record of all transactions and other acts engaged in by the Trust and shall be kept for a period of not less than 5 years after the completion of the transactions to which they relate.

### **(II) THE FINANCE (MISCELLANEOUS PROVISIONS) ACT 2012**

#### **IMMIGRATION ACT**

##### **1. Dependent Child**

The definition of “dependent child” has been amended in the Immigration Act to increase the age limit to 24 compared to 18 previously for any child, stepchild or -

- lawfully adopted child of the foreigner.

## 2. Permanent Residence

A foreigner having invested at least USD 500,000 or its equivalent in any other freely convertible foreign currency in a qualifying business activity\* can now apply for a permanent resident permit in Mauritius with the right to acquire an apartment in a ground plus 2 complex.

This change will also apply to children and dependants of IRS and RES buyers issued with a residence permit.

List of qualifying business activities\*: Agro-based industry, Audio-visual, Cinema and Communication, Banking, Construction, Education, Environment-friendly and green energy products, Financial Services, Fisheries and marine resources, Freeport, Information Technology, Infrastructure, Insurance, Leisure, Manufacturing, Marina development, Tourism, Warehousing.

## INCOME TAX ACT

### 1. Freeport Operators

Freeport operators are now exempt from income tax on their Freeport zone income. Income derived from the provision of goods and services on the local market will be taxable.

'Freeport operator' means a company licensed as such under the Freeport Act.

### 2. Advanced Payment System ("APS")

A company is not required to submit an APS statement in respect of an APS quarter where in the accounting year immediately preceding the commencement of that APS quarter, the company's gross income did not exceed MUR 4,000,000 (USD 133,333) or it had no chargeable income. The company's gross income threshold for APS is now MUR 4,000,000 (USD 133,333) instead of MUR 2,000,000 (USD 66,667).

### 3. Tax Deduction at Source ("TDS")

As from 1 Jan 2013, no tax is to be withheld under TDS where the amount of tax to be deducted from a payment is less than MUR 500 (USD 17). The rate of TDS in respect of interest payable to a non-resident is being increased from 10% to 15%.

### 4. Service fee for Tax Residence Certificate

A service fee is payable to the Mauritius Revenue Authority ("MRA") for the issuance or renewal of Tax Residency Certificates ("TRC").

The fees payable are as follows:

1. USD 1,000 for the issuance of TRC for Collective Investment Scheme ("CIS"); and
2. USD 200 for the issuance of TRC for any other cases.

## INVESTMENT PROMOTION ACT

Occupation permits are now granted in two categories:

**Category 1:** Professionals having a monthly basic salary exceeding USD 3,000 and persons having invested more than USD 100,000; and

**Category 2:** All other non-citizens under the current schemes.



## NON-CITIZENS (PROPERTY RESTRICTION) ACT

Holders of Occupation Permits under Category 1 can now acquire one apartment in a Ground Plus 2 complex, for his personal residence, as from the date of issue of their permit.



## FREEPORT ACT

Freeport status will be granted to companies wishing to carry out specific manufacturing activities provided that a company exports 95% of production, 80% of which are to be exported to Africa. The remaining percentage (5%) may, upon approval by the Board of Investment, be put on the local market.



Intercontinental Trust Ltd is regulated by the Financial Services Commission in Mauritius.

For any additional information please contact us.

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