



# DALE INTERNATIONAL

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### Mauritius Maintains appeal for investment managers focused on Africa



Mauritius' main competitive advantage lies in its proximity to the jurisdictions that African-focused funds invest in, how it is business oriented and regulation friendly, and also the fact that it has enviable tax efficiencies. Mauritius has implemented various initiatives over the last few years in order to address its perceived harmful tax practices. The following changes to Mauritius' domestic laws have been found to be noteworthy by international organisations and have helped to maintain the reputation of Mauritius as a credible jurisdiction.

From 1st January 2019, there has been no Global Business License 1 or Global Business License 2 licenses issued by the Financial Services Commission (FSC)-instead there is now a single licensing regime applies, known as the Global Business License (GBL). Furthermore, the FSC has introduced enhanced substance requirements for the GBL with effect from 1st January 2019. Moreover, the deemed foreign tax credit mechanism has been discontinued. Unless specifically exempt or eligible for Partial Exemption, the foreign source income of each GBL will be taxable at the standard corporate tax rate of 15%.

### IMF Executive Board Concludes 2019 Article IV Consultation with Mauritius

On April 22, 2019, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation 1 with Mauritius.

The Mauritian economy continues to grow at a steady pace, benefiting from a vibrant services sector and strong domestic demand. Real GDP expanded by 3.8 percent in 2017 and is estimated to have grown at a similar rate in 2018. Inflationary pressures are contained, and the unemployment rate has fallen to about 6.9 percent. The external balance continues to deteriorate due to a rising trade deficit in goods, but the overall balance of payments remains in surplus. International reserves have improved significantly since 2016, supported by continued financial inflows. Monetary policy remains accommodative, while the fiscal stance continues to be expansionary.

A prudent stance by financial services firms and supervisory agencies has helped to maintain financial stability. Activity in the offshore global business sector has been broadly resilient while reforms to the sector are underway. Notable efforts are being pursued to meet the international anti-tax avoidance initiatives and to strengthen the AML/CFT framework in line with the Financial Action Task Force (FATF) recommendations, though further reforms are needed to fully meet them.

Going forward, the growth momentum is expected to continue. Real GDP growth is projected at about 4 percent in the medium term. Without fiscal consolidation, the authorities' debt target of 60 percent of GDP by FY2020/21 is unlikely to be met. Rather, public debt is projected to stay elevated over the forecast horizon, with the debt outlook being susceptible to a range of macro-fiscal shocks. As the revised tax treaty with India comes into effect, the global business sector is entering a transition phase, with efforts underway to move into high-value added services and tap into other markets, notably in the region.



### Mauritius determined to focus on connectivity as a key enabler for trade & investment

The 8th Aviation Stakeholders Convention organized by the African Airlines Association (AFRAA) was held on the 12th until 14th May 2019 at the Ravenala Attitude Hotel, Mauritius. Deputy Prime Minister, Honourable Ivan Collendavelloo underlined the importance of the "open-skies policy" to foster more intra-African trade, investment, tourism and people-to-people links during his keynote address. He reiterated that through the series of bilateral agreements signed with a number of countries, the Government is committed to provide the necessary framework to develop a robust air access policy. In this regard, the Deputy Prime Minister urged operators to exploit avenues of collaboration with Mauritius.

The opening ceremony saw the participation of around 300 delegates comprising key operators and service providers from 44 African countries. The event provided an excellent platform to promote dialogue among African aviation stakeholders with a view to share insights and bolster development, growth and innovation. Since connectivity is a strategic enabler for trade & investment, the Economic Development Board partnered with AFRAA as part of its communications and outreach strategy.



## New laws for the development of retirement-based communities

Purpose-built luxury retirement-based communities can be developed under the Property Development Scheme (PDS). The new regulations came into force on 4 May 2019. Promoters will be allowed to construct purpose-built buildings or bring an existing building under the scheme targeting senior citizens (both Mauritians and non-citizens).

### Conditions applicable to promoters

A new development or an existing building must include at least 25 residential units, exclusively for use by seniors. The project must provide for personal care and home care services that may include facilities such as a nurse station, provision of daily food, 24 hours on-site monitoring emergency health services and leisure facilities. The promoter will also be required to obtain a residential care home licence under the Residential Care Home Act for his project.



## Sub-Saharan Africa Group meets to discuss FSB activities

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa held a meeting on 2-3 May in Balaclava, Mauritius, hosted by the Bank of Mauritius.

The key topics of discussion included the FSB work program for 2019, the implementation of Basel framework in developing countries, and the regulatory frameworks for outsourcing to cloud service providers.

The RCG started with a discussion about the FSB's work programme and activities for 2019. RCG members were updated on the FSB's work to evaluate the effects of the post-crisis reforms, in particular an ongoing evaluation of the impact on financing of small and medium-sized enterprises.

Members discussed ways to improve the effectiveness of the RCGs as part of the FSB's broader effort to enhance engagement with stakeholders.



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### Eligibility criteria and facilities to foreign retirees

A retired person should be 50 years or above. Any person including a non-citizen may acquire the residential unit provided that it is occupied by a retiree. A foreign retiree will be allowed to:

- purchase a residential unit either on the basis of a plan, during construction or when the construction is completed;
- acquire the right to live in a residential unit for the rest of his life free of rent;
- to lease or rent a residential unit under the Scheme.

A non-citizen retiree applying under the scheme will be eligible for a residence permit for himself/herself and his/her spouse or common law partner until such time the property is no longer owned or occupied by the retiree.

### Fiscal Incentives under the scheme

The following fiscal incentives will be granted under the Scheme:

- a 5-year income tax holiday to a foreign retiree issued with a residence permit under the scheme on pension income and other income remitted to Mauritius by himself/herself and his/her spouse or common law partner; and to the promoter of a project;
- a 5-year income tax holiday on profits generated;
- exemption from customs duty on the importation of machinery, equipment, construction materials and other inputs including furniture in semi-knocked down form on the condition that at least 20% local value addition is incorporated therein; and exemption from the provisions of the Morcellement Act.

Furthermore, a foreign retiree who is taking permanent residence in Mauritius will be eligible to the standard exemption of customs duty and VAT granted on importation of household and personal effects.

## Viva Technology 2019

The fourth edition of VivaTech took place 16-18 May 2019 at Paris Expo Porte de Versailles in Paris. More than 100,000 visitors attended the 2018 edition, and this year builds on that success as start-ups, business leaders, investors, academics, students, and media from around the world descended on Paris for three adrenaline-fueled days.

VivaTech breaks down the traditional barriers between grassroots innovators and global leaders. It was a unique opportunity to preview the future by experiencing new products and demos such as autonomous vehicles, connected factories and shopping experiences. The Economic Development Board was participating in the Viva Technology and among its objectives of participation was to portray Mauritius as an innovative best-in-class location in the digital economy, to enhance visibility of the booming start up ecosystem in Mauritius to entice, to promote the Mauritius startups success stories and showcase their future potential in technology and innovation.



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