

**Chandrawat
& Partners**



DOING BUSINESS IN MAURITIUS

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INTRODUCTION

The Republic of Mauritius is located in the Indian Ocean 800 km southeast of Madagascar. It consists of two main islands, Mauritius and Rodrigues, and two groups of outer islands, namely the St Brandon Archipelago and Agalega. Mauritius and Rodrigues form part of the Mascarene Archipelago, along with Réunion Island (France). All three are of volcanic origin and share many similarities in terms of their biodiversity.

It has a multicultural society, made up of descendants of immigrants from Africa, Asia, and Europe. All the major religions are practiced. In 2022 the total population was 1.3 million with a growth rate of about 1.1% per year. Over the next twenty years, population growth is expected to stabilize at replacement levels or less. Government policy is thus actively seeking to generate employment in rural areas. Whether you are an investor, a professional, a self-employed or a retired non-citizen, there are several compelling reasons to consider Mauritius as your location for doing business or living.



ECONOMIC OVERVIEW



According to the World Bank's Ease of Doing Business Index 2020, Mauritius ranked first in Africa and 13th worldwide out of 190 countries. Unemployment was estimated at 6.7 percent at the end of 2019, while inflation forecasted for 2020 was 2.8 percent. After Africa gained independence in 1968, Mauritius developed to become one of the richest nations on the continent.

It successfully diversified its economy away from sugarcane monoculture to a manufacturing and services-based economy driven by export-oriented manufacturing (mainly textiles), tourism, financial and business services, information and communication technology, seafood processing, real estate, and education/training. According to the World Bank's Ease of Doing Business Index 2020, Mauritius ranked first in Africa and 13th worldwide out of 190 countries



Government policy in Mauritius is pro-trade and investment. The government of Mauritius has signed Double Taxation Avoidance Agreements with 46 countries and maintains a legal and regulatory framework that keeps Mauritius highly ranked on "Ease of Doing Business" and good governance indices. In recent years, Mauritius has been especially intent on attracting foreign direct investment from China and India, as well as courting more traditional markets like the United Kingdom, France, and the United States.

FOREIGN DIRECT INVESTMENT POLICY



The United States, India, the United Kingdom, the Cayman Islands, and Hong Kong are the top investing nations. The tourist industry typically draws the largest Foreign Direct Investment ("FDI"), especially under the Integrated Resort Scheme, which involves building opulent homes, golf courses, and other amenities in resort areas.

After the Bahamas, Jamaica, Maldives, and Barbados, Mauritius is the Small Island Developing States ("SIDS") fifth most popular FDI destination. According to UNCTAD's World Investment Report 2022 in 2021, FDI to Mauritius exceeded USD 253 million, up from United State Dollars ("USD") 225 million recorded the year before.



The tourist industry typically draws the largest foreign direct investment (FDI), especially under the Integrated Resort Scheme, which involves building opulent homes, golf courses, and other amenities in resort areas. Construction and the finance and insurance sectors are other industries that draw FDI.

The sector "real estate activities" received the majority of gross direct investment inflows (54.6%), followed by the sectors "education" (13.4%), and "accommodation and food service activities" (6%). France (22.8%), South Africa (12.8%), and the UK (5.6%) contributed the majority of Mauritius' gross direct investment.

Mauritius intends to develop into a crossroads for business situated midway between Asia and Africa. The nation's economic diplomacy has recently worked to forge and strengthen alliances with developing nations (such as India, Turkey, etc.) while also providing technical support to a number of African nations.



Agreements have been approved with Ghana, Senegal, and Madagascar in order to establish Special Economic Zones ("SEZ") there and develop niche markets for Mauritius products. Additionally, Mauritius' network of double taxation avoidance treaties with more than 40 nations is one of the primary reasons for the island nation's success in luring FDI. Only a small number of industries are constrained, such as television broadcasting (49.9% foreign ownership limit), sugar production (15%), and newspaper or magazine publishing (20%). In contrast, restrictions in the tourism industry relate to a minimum investment amount, the number of rooms, or the maximum equity participation.

KEY SECTORS



From a mono-crop economy in the early 1970s, Mauritius has transformed its economy. The main pillars of the economy are tourism, textile, financial and recently information technology has joined in.

AGRICULTURE

Agriculture occupies around 44% of the arable land area. Sugarcane constitutes the bulk of this share with a 53% share of agriculture in the Gross Domestic Product ("GDP").

Mauritius is a net food importer, with an overall self-sufficiency ratio of 25 per cent. France was the leading source of Mauritian agricultural imports with a market share of 13.4 per cent, followed by South Africa (10.0 per cent), India (8.2 per cent), Seychelles (6.3 per cent), and New Zealand (5.7 per cent). In the 2022-2023 budget, the finance minister announced funding for an agro-processing park and a fruit processing cluster. Several incentives were also announced.

Leading Sub-Sectors:

- Wheat;
- Crude edible oil;
- Corn and soybean residue for animal feed;
- Processed foods and inputs for organic farming; and
- Agricultural processing technologies.

MANUFACTURING

The Manufacturing landscape constitutes an integral part of the Mauritian economy and remains a priority sector for the Government towards becoming a high-income economy. The breakdown in terms of sub-sector contribution is food (excl. sugar) 35%, textile 29%, sugar 1% and other manufacturing activities 35%.

The Mauritian manufacturing sector has greatly diversified since the early 1970s and now regroups some renowned companies covering a wide range of activities such as textile, food industry, high-end jewellery and medical devices. In fact, over the years the manufacturing sector has experienced a shift from traditional manufacturing to high-value-added manufacturing, through the adoption of technology and automated processes.

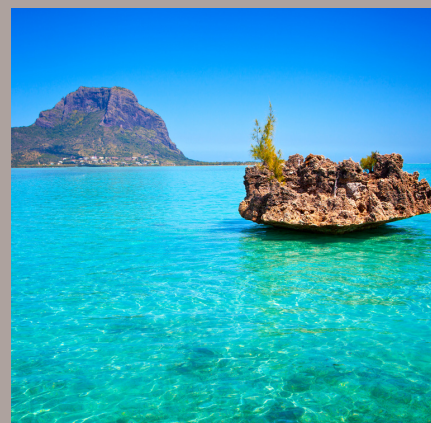
ENERGY

The government's energy policy encourages the use of renewable and clean energy. Official statistics for 2020 indicated that the percentage of renewables used for electricity generation was 23.9 percent, compared to 21.7 percent in 2019. In its 2021-2022 budget speech, the government announced plans to increase the use of renewable sources of energy for electricity generation to 60 percent, phase out the use of coal, and increase energy efficiency by 10 percent, all by 2030. Bagasse (sugarcane waste) is currently the leading source of renewable energy (13.3 percent).

The Mauritian government has also been undertaking legal and institutional reforms in the energy sector. In 2016, the government created the Mauritius Renewable Energy Agency ("MARENA") to promote the use of renewable energy in Mauritius. The government developed a 10-year electric vehicle integration roadmap for Mauritius in 2020.

TOURISM

Tourism, the third pillar of the economy after the Export Processing Zone ("EPZ") manufacturing sector and Agriculture, contribute significantly to economic growth and have been a key factor in the overall development of Mauritius. In the past two decades, tourist arrivals increased at an average annual rate of 9 % with a corresponding increase of about 21% in tourism receipts. Tourism may be called to play an even more important role in the wake of the After-General Agreement on Tariffs and Trade ("GATT") Agreements.



BIOTECHNOLOGY

Since 2014, several companies have operated at a dedicated “BioPark” with modern infrastructure for biotechnology research and development. Governmental organisations, such as the Mauritius Research Council, the Center for Biomedical & Biomaterials Research, and the Food and Agricultural Research and Extension Institute, support the budding biotechnology industry through their research.

There are currently 18 companies in the biotech sector (excluding medical devices and the manufacturing of pharmaceuticals). These companies are involved in different types of activities, such as clinical trials, breeding of primates for export, production of fish oil, and manufacture of biofuels.

PHARMACEUTICALS

Mauritius is dependent to a large extent on the importation of pharmaceutical products for supply to both public and private healthcare institutions.

As of April 2022, there were 394 registered private drugstores and 48 registered pharmaceutical wholesalers in Mauritius. Pharmaceutical products can only be imported by wholesalers licensed by the Pharmacy Board, which operates under the aegis of the Ministry of Health and Quality of Life. The government purchases mostly generic medications through private hospitals and drug stores tend to buy branded products through local wholesalers.





ADVANTAGES OF DOING BUSINESS

Effective management

Mauritius has the most enabling and appealing business environment in the sub-Saharan African region. Politically stable and fully secured, the island enforces a strong independent hybrid judiciary system based on the French Code Civil and the British legal System. It has strong public and private supporting and collaborative institutions and a working democracy with a free press. Mauritius ranked among the 21 countries considered as “Full Democracy” by the Economist Intelligence Unit in 2022 and is the only country in Africa to be considered as such.

International Financial Centre

The Mauritius International Financial Center ("IFC") boasts more than two decades of track record in cross-border investment and finance and offers an unparalleled well-regulated and transparent platform. As an internationally recognized jurisdiction of repute, the Mauritius IFC is home to several international banks, legal firms, corporate services, investment funds, and private equity funds. Leveraging on its state-of-the-art infrastructure, modern and innovative legal framework, and ease of doing business regime, the Mauritius IFC offers a panoply of competitive financial products and services.

Quality and efficiency of Labour

Local labour force is bilingual, often trilingual with English and French being the main languages used together with the native Creole. The rate of literacy is about 93%. The opening up of the economy has had a favorable impact on the growth rate of the country with the increased transfer of technology, knowledge, talent and capital. In its pursuit to become a high-income economy, Mauritius is actively encouraging foreign talents, know-how and investment into the country.

Foreign Trade Zones/Free Ports/Trade Facilitation

The government's objective is to promote the country as a regional warehousing, distribution, marketing, and logistics center for eastern and southern Africa and the Indian Ocean rim. Through its membership in Common Market for Eastern and Southern Africa ("COMESA"), Southern African Development Community ("SADC"), and the Indian Ocean Commission ("IOC"), Mauritius offers preferential access to a market of over 600 million consumers, representing an import potential of 100 billion USD. Companies operating in the freeport are exempt from corporate tax. Foreign-owned firms operating in the freeport have the same investment incentives and opportunities as local entities.

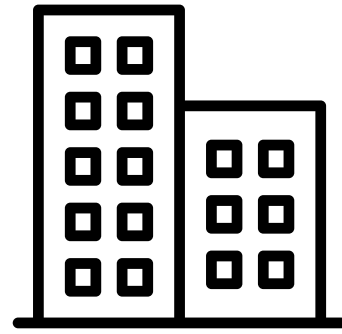
Excellent protection for foreign business owners

Mauritius is one of the best places where foreign business owners can enjoy excellent protection. The country has signed several treaties, as well as multilateral agreements that ensure the protection of foreign investors such as:

- The 1958 New York Convention;
- The International Court of Justice in the Hague; and
- Mauritius is a free market economy and there is no control over exchange.



TYPES OF BUSINESS



Types of businesses are:

- Companies;
- Sociétés (derived from French law), often described in Mauritius as civil or commercial partnerships;
- Limited partnerships;
- Limited liability partnerships;
- Trusts; and
- Foundations.

Company

The Companies Act of Mauritius allows for the incorporation or registration of private or public companies. A private corporation may only have 50 shareholders and is not permitted to sell shares to the general public. A company's lifespan might be either finite or infinite.

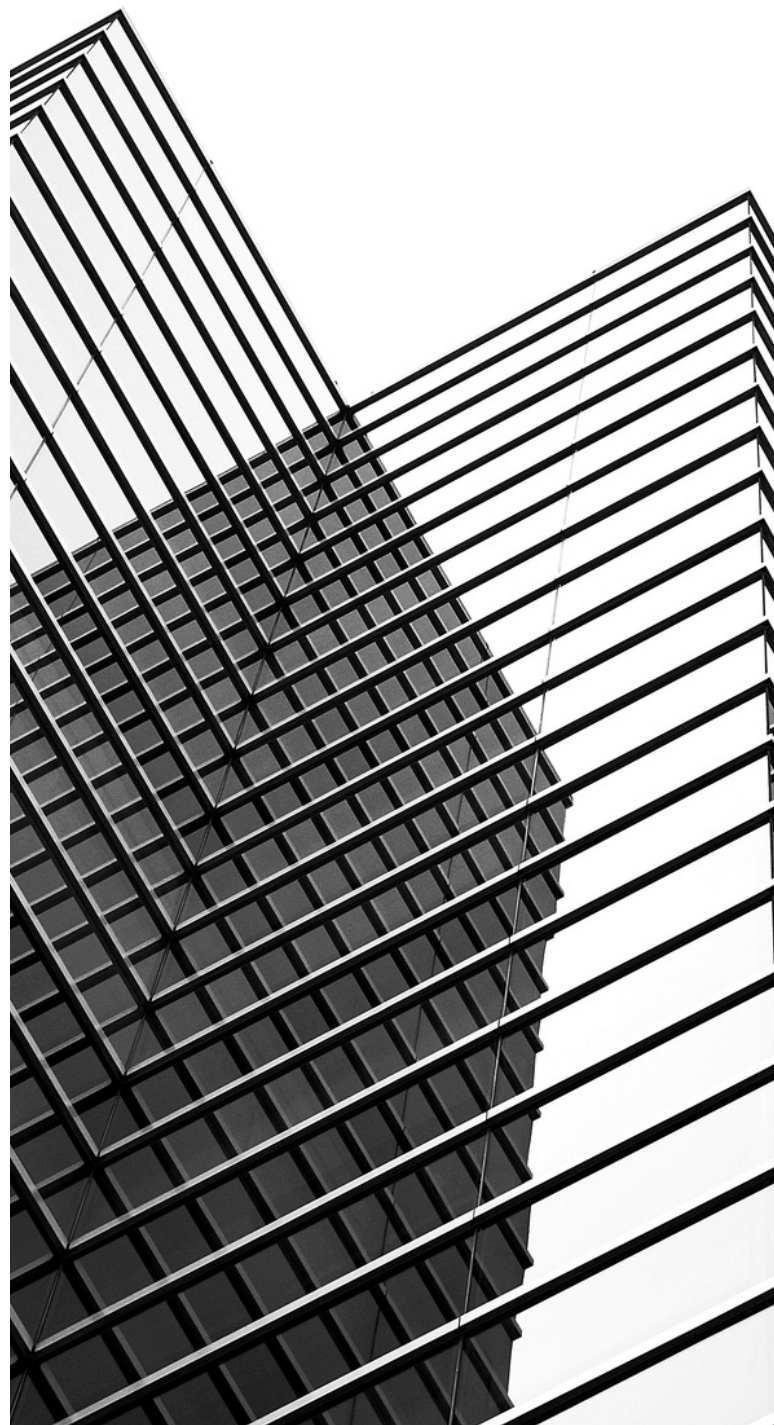
A company can be:

Share-based liability: The maximum amount for which its owners are liable is the unpaid value of the shares they own.

Limited by guarantee: In the event that the company is wound up, the members' liability is capped to the amount they agree to contribute to the assets.

Limited: Shares and guarantees serve as a limit.

Unlimited: When the stockholders' liability is unrestricted.





Sociétés

The Commercial Code or the Civil Code is used to establish Société. Parts Sociales are the common interests of the participants. Société can limit the liability of the partners while maintaining fiscal transparency. The Registrar of Companies must receive a Société Commerciale's registration. The drawback of Société's is that they are based on a particular type of French partnership law, and not all investors are familiar with French legal principles and language.

Limited Partnerships

A limited partnership must have at least one general partner who is responsible for all of the partnership's debts and obligations and one limited partner who is solely responsible for the amount of its commitment. A limited partnership may elect to have a legal personality. A partnership agreement that specifies the management of the partnership's activities as well as the rights and obligations of the partners is required for limited partnerships.

Limited Liability Partnerships

A limited liability partnership ("LLP") is a relatively new kind of partnership vehicle that was introduced by the Limited Liability Partnerships Act. It combines elements of a limited partnership and a company. Under the terms of a Global Legal Advisory Services License issued by the Financial Services Commission ("FSC"), it may be used to provide professional or consulting services as well as legal services.



Trusts

Trusts can be established as either purpose or beneficiary trusts, either by the inter vivos (between live persons) or testamentary (by will) transfer of property, or by holding property on trust. The trust instrument shall be in writing. The trust issues units to participants. Since there is no need for registration, incorporation, or corporate filings, trusts are simple to set up. A trust is less transparent than a company, though, because there are fewer formalities and reporting requirements. Trustee obligations are governed by fiduciary standards, and trusts lack corporate personality. In one working day, trust can be established.

Foundations

The Foundations Act governs the establishment of foundations. A foundation may be established for any purpose outlined in its charter as long as such goals do not conflict with Mauritian legal requirements. The goals may be benevolent, non-charitable, or both, and they may be for the benefit of an individual, a group of individuals, the accomplishment of a certain goal, or both. Within three working days, a foundation can be established.

Global Business Licence ("GBL")

If a company intends to conduct business, it must apply for a GBL from the FSC (apart from an Authorized Company, a bank licensed by the Bank of Mauritius, and such other corporation as may be specified in the rules issued by the FSC) if the majority of its shares, voting rights, or legal or beneficial interest are held and controlled by a person who is not a citizen of Mauritius:-

- 1) Principally outside Mauritius.
- 2) With the group of individuals listed in the FSC's regulations.

MINIMUM ELIGIBILITY CRITERIA FOR REGISTERING A COMPANY

A foreign company, must within one month of establishing a place of business in Mauritius, register a branch of the foreign company in Mauritius.

The documents required before registration are:

- a certificate of notice of reservation of name
 - an authenticated copy of its Certificate of Incorporation or document of similar effect
 - an authenticated copy of its constitution or memo and articles
 - a list of directors containing full names, residential addresses, occupation
 - a memorandum of appointment or power of attorney executed by the foreign company
 - appointing two local authorised agents to the branch, who shall signify their consent in writing
 - a notice of its registered office in Mauritius.
- Any change in the constitution, directors, authorised agents or their addresses, registered office and name shall be notified to the Registrar within one month of the change.
 - A foreign company must within three months of its annual meeting of shareholders, file with the Registrar, a copy of its last accounts as well as a copy of the last financial statements of the local branch within six months of the end of the accounting period.
 - Where the branch of the foreign company ceases to have a place of business in Mauritius it must within 7 days of the date of cessation, file with the Registrar a notice to that effect.



HOW TO SET UP A BUSINESS?

The Corporate and Business Registration Department ("CBRD") of the Ministry of Finance, Economic Planning and Development has prepared a document outlining the guidelines for the incorporation of a company and registration of a business. The following summarizes the key steps to be followed:

Step 1: Register with the Mauritius Network Services ("MNS") online to obtain a username and password by completing this form.

Step 2: Online incorporation of the company can be carried out on the Companies and Business Registration Integrated System ("CBRIS") by filling in the relevant application form and by uploading the required documents. The prescribed Form 1: "Application for incorporation of a company" should be filled in and submitted to the Registrar of Companies together with the following forms where necessary:

- Form 7 - the consent of every director of the proposed company (Note that a company is only required to have a minimum of one director);
- Form 8 - (if applicable) – the consent of every secretary of the proposed company.
- Form 9 - the consent of every shareholder of the proposed company.



Step 3: Payment – Companies operating in Mauritius must pay an annual registration fee at the Corporate and Business Registration Department ("CBRD") or via its online platform using a credit card. The guidelines for the payment of yearly registration fees can be consulted for further information on the online application process.

Step 4: Where the application for incorporation complies with the Act and on payment of the prescribed fee, the Registrar will issue an Electronic Certificate of Incorporation and a Business Registration Card ("BRC").

TAXATION POLICY IN MAURITIUS



All of the taxes that the Mauritius Revenue Authority ("MRA") collects are self-assessed. According to that system, individuals who are responsible for paying the applicable tax or duty must submit declarations at the end of predetermined time frames and pay any applicable taxes in accordance with the declarations. The cases are chosen for audit or investigation, and necessary action is taken in line with the relevant legislation where the Director-General is not satisfied with the declaration or has cause to think that a person who is obliged to pay tax has not submitted a declaration.

Person liable to Income Tax in Mauritius

- A Mauritius resident is required to pay taxes on all of his income, despite where it is earned.
- Taxes are due on income earned from sources in Mauritius by non-residents.

Income are chargeable to tax

- Individuals and;
- Companies (including Trusts and Unit Trust Schemes)



Individual Taxation

- **Emoluments** - Pay As You Earn ("PAYE") System concerns salary earners, and covers salaries, wages, pensions and other income related to employment.
- **Business Income** - Current Payment System ("CPS") concerns self-employed persons with income derived from trade, business, profession and rent. Is also included share of income from société and succession deriving income from trade, business and rent.
- **Other Income (Income NOT falling under PAYE and CPS)** - Income such as interest, royalty, foreign dividends, charges, annuity.

Companies (including Trusts and Unit Trust Schemes)

- **Corporate Taxation** - Income such as business profits, interest, royalty, foreign dividends and rent.

Tax Rates

- Corporate income tax ("CIT") rates 15 (3% for companies exporting goods).
- Corporate income tax ("CIT") due dates-
 - CIT return due date - Within six months of the financial year-end.
 - CIT final payment due date- Within six months of the financial year-end.
 - CIT estimated payment due dates- Payable quarterly in advance within three months after the end of the Advance Payment System ("APS") quarter.



- Personal income tax (PIT) rates (%) 15.
- Personal income tax (PIT) due dates-

- PIT return due date - Three months after the year ended 30 June (i.e. 30 September);
- PIT final payment due date- 30 September;
- PIT estimated payment due dates- For employees, Pay As You Earn ("PAYE") is deducted by the employer on wages and salaries as well as other benefits. Self-employed individuals must pay tax on their business income on a quarterly basis if their gross income exceeds MUR 4 million.

- Value-added tax (VAT) rates- 15%
- Withholding tax (WHT) rates- Resident: 0 / 0 / 10; Non-resident: 0 / 15 / 15
- Capital gains tax (CGT) rates

Headline corporate capital gains tax rate (%) -NA

Headline individual capital gains tax rate (%) - NA

- Net wealth/worth tax rates - NA
- Inheritance and gift tax rates- NA

NA stands for Not Applicable



ACCOUNTING STANDARDS



International Accounting Standards ("IAS") and International Standards on Auditing ("ISA") were made mandatory in Mauritius with the passage of the enterprises Act 2001, with the exception of small private enterprises. Small and medium-sized businesses must undergo an ISA audit even though many developed nations may not mandate them. There is no professional accounting body in Mauritius. The Association of Chartered Certified Accountants ("ACCA") in the United Kingdom provided professional certification to almost two-thirds of the accountants in public practice in Mauritius, and the remainder Chartered Accountants received their credentials in the United Kingdom and other nations.

An essential component of the Mauritius economy is the expansion of the offshore business sector. The tax system has made a substantial contribution to making Mauritius a preferred gateway for investments in developing nations like China and India. The international business entities registered in Mauritius are separated into two regulatory categories: Category-1 license holders are allowed to conduct a variety of business activities within Mauritius, including financial services, while Category-2 license holders are not permitted to do business with Mauritius citizens or engage in any transactions involving Mauritius currency. The necessity to file audited financial statements is one of the more stringent regulations that Category-1 corporations must abide by than Category-2 enterprises.

EMPLOYMENT AND LABOUR LAWS

According to the World Bank, Mauritius has an upper-middle-income economy. By combining company interests with those of enhancing local working conditions for employees, it is made possible. In Mauritius is required by law to include an employment contract that details the employees' pay, termination terms, and other benefits in the native tongue, such as French or Creole. In Mauritius, the employee's wage must be specified in Mauritian rupees in both the offer letter and the employment contract.

Every company in Mauritius is required to give employees who have been with them for longer than a month a written statement outlining the specifics of their employment relationship. After the first month has ended, it must be completed within 14 days. Within 30 days, employers must deliver a copy of this written statement to the supervisory officer.

Working Hours-

With the exception of specific circumstances or other enactments, every employee who is neither a garde malade or a part-time worker will perform a conventional 45-hour workweek. A guardian of the sick is known as a garde malade in Mauritius. The time given for meals, tea breaks, and other breaks is not included in this period of time.

The number of additional hours an employee can work might be agreed upon by both the employer and the employee. Employees have a right to at least one rest day every week that lasts at least 24 hours. If the workplace is 5 days a week, the employee must put in 9 hours on any 5 of those days, barring a public holiday.



Employees who work a six-day workweek must put in 8 hours on any five of those days and 5 hours on the other days, excluding public holidays. Except for particular areas and industries, employers are not permitted to require workers to work at night for five nights in a row. The employer may agree to an employee's request for flexible working hours if the employee is unable to rearrange their workload or if the quality of their work is being affected.

HOW WE CAN HELP?

Our team of experts specialized in assisting businesses with doing business in Spain. Our team can provide specialized solutions to satisfy business objectives because our team has an abundance of expertise working with foreign companies in Spain.

Our team of professionals will offer you advice on various corporate advising services, including portfolio management, asset management, nominee director, nominee shareholder, and other business formation processes.

Our team can help you connect with regional companies, professional organizations, and possible Spanish partners. This can assist companies in forming beneficial connections and working together to grow their operations.

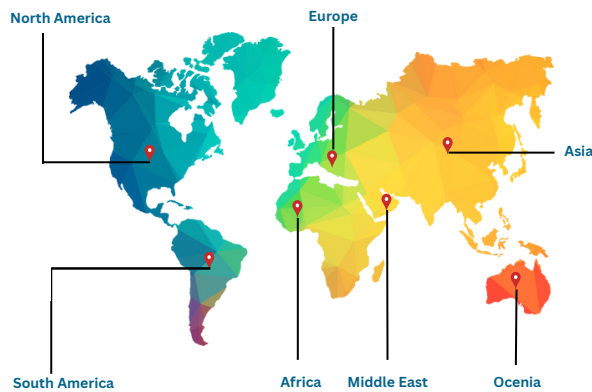
Our team can provide consultancy on the regulatory framework for automotive sectors, and automotive companies to drive efficiently, unlock new value, improve the customer experience, and generate new business models.

Our team consults in the business complies with all applicable laws and regulations, including consumer protection, labor, product safety, and environmental laws.

Our team will consult in obtaining the necessary licenses and registrations to operate legally in the jurisdiction. Furthermore, product liability insurance can also help businesses with licensing and registration requirements.



SERVING CLIENTS WORLDWIDE



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