



**PrimeGlobal**

*An Association of  
Independent Accounting Firms*

# DOING BUSINESS IN MAURITIUS





# COMPANY FORMATION IN MAURITIUS

## CATEGORY 1 GLOBAL BUSINESS COMPANY (GBL1)

**As defined under the Financial Services Act of Mauritius, a GBL1 is a company engaged in qualified global business and which is carried on from within Mauritius with persons all of whom are resident outside Mauritius and where business is conducted in a currency other than the Mauritian rupee.**

It is the recommended structure for individuals, body corporate, trust or partnership including limited liability partnership or a société for investment and other high profile business. A GBL1 may be locally incorporated or may be registered as a branch of a foreign company. Public companies, those engaged in banking, insurance and fund management, and companies wishing to benefit from the provisions of Double Taxation Agreements (DTAs), can only be incorporated as GBL1 companies.

Confidentiality is strictly observed in terms of the Financial Services Act of Mauritius. No person or body is authorized to disclose information or present documentation to any court, tribunal, committee of inquiry or other authority in Mauritius unless ordered to do so by a Court of Law on application by the Director of Public Prosecution for inquiry into the trafficking of narcotics and dangerous drugs, arms trafficking or money laundering as defined under existing legislation. Upon application to the FSC, full disclosure is required on the beneficial owners of the company. However, such information is not available for public inspection.

### QUALIFIED GLOBAL BUSINESS

As per the Financial Services Act of Mauritius, a GBL1 can engage in the following Qualified Global Business Activities:

- Aircraft Financing and Leasing
- Asset Management
- Consultancy Services
- Financial Services
- Fund Management
- Information and Communication Technology Services
- Insurance
- Licensing and Franchising
- Logistics and/or Marketing
- Operational Headquarters
- Pension Funds
- Shipping and Ship Management
- Trading

*Such other qualified global business activity as approved by the FSC.*

### CAPITAL, SHARES & SHAREHOLDERS

#### Capital

- There is no minimum stated capital.
- Capital can be denominated in any currency except Mauritian Rupee.
- GBL1 are subject to no restrictions as to the distribution of their assets. They may purchase their own shares subject to the Solvency Test. The share may either be cancelled or held as treasury shares.

#### Shares & Shareholders

- Registered shares, preference shares, redeemable shares and shares with or without voting rights.
- Par value shares if any may be stated in more than one currency.
- Minimum of 1 shareholder and same rule applies if the company is a wholly owned subsidiary.
- Shareholders may be individual or corporate entity.
- Shares may be subscribed by nominees but beneficial owners should be disclosed.



- Annual meeting must be held every year not later than 15 months after previous meeting, and not later than 6 months after balance sheet date. Meetings need not be held in Mauritius.

## TAXATION & TAX SITUATION

### Taxation

- GBL1 companies are resident in Mauritius for tax purposes.
- There are no capital gains tax, and no withholding tax on payment of dividends, interests or royalties.
- No stamp duties or capital taxes.
- No inheritance tax.
- GBL1 companies are liable to taxes at the rate of 15%.

### Tax Situation

- Provided that the GBL1 owns at least 5% of an underlying company, credit will be available on foreign tax paid on the income out of which the dividend was paid ('underlying foreign tax credit').
- When a company not resident in Mauritius, which pays a dividend, has itself received a dividend from another company not resident in Mauritius (a 'secondary dividend') of which it owns either directly or indirectly at least 5% of the share capital, such dividend will be allowable as foreign tax credit and an underlying foreign tax credit will also be available.
- Mauritius has no thin capitalization rules.
- Interest and royalty payments paid by GBL1 companies are tax exempt.
- Tax sparing credits are available. Under this regime the effective rate of taxation in Mauritius can be reduced. A long-stop provision exists whereby GBL1 companies may elect not to provide written evidence to the Commissioner of Income Tax showing the amount of foreign tax charged and therefore enjoy a deemed taxation at 80% of the normal tax rate of 15%. Thus, the use of this long-stop provision in isolation would reduce the effective rate of tax in Mauritius from 15% to 3%.

## TAX RESIDENCY & DOUBLE TAXATION AGREEMENTS

### Tax Residency

A Global Business Category 1 Company wishing to benefit from the tax relief under the Double Taxation Agreements, requires a Tax Residence Certificate (TRC), which is issued by the Commissioner of Income Tax in Mauritius. To be tax resident, the company must demonstrate that the 'effective management and control' is in Mauritius. To satisfy this test the applicant company is required to:

- Have at least two resident directors in Mauritius.
- Chair and initiate Board Meetings from within Mauritius.
- Maintain an account with a local bank through which funds must flow.
- Maintain its registered office and all statutory records in Mauritius.
- Have a local qualified company secretary.
- Have a local auditor.

*Investors should ensure that the above relevant conditions are also satisfied in the country of investment to guarantee eligibility of DTA benefits.*

### Double Taxation Agreements

Mauritius has an extensive network of Double Taxation Agreements ('DTA') which include: Belgium, Botswana, China, Croatia, Cyprus, France, Germany, India, Indonesia, Italy, Kuwait, Luxembourg, Madagascar, Malaysia, Mozambique, Namibia, Nepal, Oman, Pakistan, Rwanda, Senegal, Singapore, Sri Lanka, South Africa, Swaziland, Sweden, Thailand, United Kingdom, Zimbabwe and Uganda. The network provides for interesting tax planning opportunities thereby enhancing the image of the jurisdiction as a tax planning centre.

The attractive concessions provided by those treaties include:

- Elimination of double taxation through tax credit equivalent to Mauritian tax.
- Reduction in withholding taxes on dividends, interest and royalties.
- Exemption from capital gains.
- Possible exemption on interest payments on loans.



## REQUIREMENTS, INCORPORATION, MIGRATION & FEES

### Requirements

- A GBL1 requires a minimum of one Director who must be a natural person. For treaty access, a minimum of two local Directors are required and board meetings must be held in Mauritius.
- Must at all times have a registered office in Mauritius. Accounting records and statutory documents including register of members, debenture holders, and officers must be kept there. It is recommended that a Register of Charges and Register of Interests be kept.
- Must at all times have a qualified company secretary (corporate or individual) who is resident in Mauritius .
- Only a licensed and qualified Management Company can provide registered office and act as secretary.
- A GBL1 need not make annual returns, but must file audited profit & loss account and balance sheet annually with the Financial Services Commission, within 6 months of the financial year-end. The accounts must be prepared in accordance with internationally accepted accounting standards. Tax returns must also be filed with Income Tax Authorities.

### Mobility

- A foreign company may transfer its seat to Mauritius and continue as a GBL1.
- A GBL1 may transfer its statutory seat to another jurisdiction.
- A GBL1 may be converted into a GBL2.

### Incorporation Process

Following the name reservation with the Registrar of Companies, application documents including a business plan are submitted to the Financial Services Commission. Upon meeting all licensing conditions, the Commission issues a letter of intent stating the conditions under which the licence will be issued. Once the approval in-principle has been received from the FSC, the application for incorporation is submitted to the Registrar of Companies. The incorporation and licensing is generally completed within 15 days, provided all details are submitted at the time of application.

### Documentation

- Desired company name. A fee is payable to the Registrar of Companies for name reservation.
- Details of all principals (name and address, nationality, country of residence, business track record, photocopies of first four pages of passport, etc.). In case of Corporate owner, profile and audited accounts of the company is required.
- Detailed business plan with 3 year financial forecasts and amounts of investments to be made.
- Bank reference letter.
- Duly filled in and signed Statutory Application Form.

### Fees

- Annual Fees to Financial Services Commission: US\$ 1,750.
- Annual Fees to Registrar of Companies: approx: US\$ 300.
- Application Processing Fee to Financial Services Commission: US\$ 500.

### Constitution

The Constitution has replaced the Memorandum and Articles of Association. There is no requirement for a company to have a Constitution. Where a company does not have a Constitution, the company shall be governed by the provisions as set out in the Companies Act 2001 or the shareholders or members may adopt one through special resolution.

## CATEGORY 2 GLOBAL BUSINESS COMPANY (GBL2)

**A GBL2 is a private company which conducts business with persons all of whom are resident outside Mauritius and in a currency other than the Mauritian rupee. A GBL2 provides for greater flexibility and is a suitable vehicle for holding and managing private assets.**

It is a tax exempt company therefore has no access the network of Double Taxation Agreements of Mauritius. It cannot carry out business of company formation, administration and management or provide professional nominee or trusteeship services. It is furthermore prevented from raising capital from the public and offer of provide financial services or other services as fiduciary in any investment fund or any collective investment scheme. A GBL2 may be locally incorporated or registered as a branch of a foreign company.



Activities that may be carried on by a Category 2 Global Business licensee include:

- Non financial consultancy
- IT Services
- Logistics
- Marketing
- Shipping
- Ship Management
- Trading non financial
- Passive Investment Holding
- One off transaction using a Special Purpose Vehicle
- Such other activity as may be approved by the FSC

### **CONFIDENTIALITY**

Confidentiality is strictly observed in terms of the Financial Services Act of Mauritius. No person or body is authorized to disclose information or present documentation to any court, tribunal, committee of inquiry or other authority in Mauritius unless ordered to do so by a Court of Law on application by the Director of Public Prosecution for inquiry into the trafficking of narcotics and dangerous drugs, arms trafficking or money laundering as defined under existing legislation.

The identity of the beneficial owner needs to be disclosed only to the registered agent and to the banker if a bank account is required in Mauritius. The records kept by the Registrar of Companies may only be inspected by the shareholders of the company.

### **CAPITAL AND SHARES**

- There is no minimum capital requirement but at least one share must be issued and paid up.
- Registered shares, preference shares, redeemable shares and shares with or without voting rights.
- Par value shares may be stated in more than one currency
- Fractional shares are allowed.
- Bearer shares are not allowed.
- Shares may be subscribed by nominees.
- Shareholders may be individual or corporate.
- A GBL2 may acquire, redeem, reissue or purchase its own shares.
- The Directors are required to ensure that the company meets the solvency test after making distributions. The solvency test is satisfied where the company is able to pay its debts as they become due and the value of the company's assets is greater than the sum of the value of its liabilities and its stated capital.

### **TAXATION**

- A GBL2 does not pay any tax on its world-wide income to the Mauritian Authorities.
- No withholding tax on dividends.
- No capital gains tax.

The tax cost of a GBL2 is effectively the foreign tax suffered. A GBL2 can trade and/or invest in a GBL1 and vice versa.

### **MOBILITY**

- A foreign company may transfer its seat to Mauritius and continue as a GBL2 provided this is allowed under the laws of the country in which it was incorporated.
- A GBL2 may transfer its statutory seat to another jurisdiction.
- A GBL2 can be converted into a GBL1.



## INCORPORATION PROCESS

Following the name reservation with the Registrar of Companies, application documents including a brief business plan are submitted to the FSC. Upon meeting all licensing conditions, the Registrar of Companies proceeds with the incorporation of the company. The incorporation and licensing generally takes 24 hours upon receipt of required information and instructions.

## DOCUMENTATION

The following should be submitted to us:

- Desired company name. A fee is payable to the Registrar of Companies for name reservation.
- Particulars of principals (nationality, address, country of residence, profession, etc.)
- Passport copy of principals.
- Bank reference letter.
- Brief business plan.
- Full names and addresses of all directors.
- Duly filled in and signed statutory Application Form.

## FEES

Annual fees to Registrar of Companies: US\$ 100 Annual Fees to Financial Services Commission: US\$ 235

## DIRECTORS

Minimum one, who may be a natural person or a body corporate.

## ADMINISTRATION

- The directors are required to ensure that the company meets the solvency test immediately after making distributions. The solvency test is satisfied where the company is able to pay its debts as they become due and the value of the company's assets is greater than the sum of the value of its liabilities and its capital.
- A GBL2 is required to maintain financial statements to reflect their financial position with the Registered Agent and are required to file unaudited financial statements with the authorities.
- Filing is required of appointment of directors and secretary and change in shareholders. There is no duty payable on filing.
- Meetings may be held anywhere in the world.
- Company Secretary optional.



## COMPANY PROPOSAL FORM

### 1. COMPANY NAME

1<sup>st</sup> Choice \_\_\_\_\_

2<sup>nd</sup> Choice \_\_\_\_\_

3<sup>rd</sup> Choice \_\_\_\_\_

Type of Company:  GBC1  GBC2

For Existing Entity, please indicate: Country: \_\_\_\_\_ ; Date: \_\_\_\_\_ and the mode Incorporation or Registration (please tick below):

Continuation  Branch  Change from GBC1 to GBC2  Other: \_\_\_\_\_

### 2. ACTIVITY & SPECIFIC COUNTRIES OF OPERATION

*Provide detailed information in business plan.*

Investment Holding  Trading  Financial Services  Other, please specify: \_\_\_\_\_

Specify Countries: \_\_\_\_\_

*NOTE: Financial Services business cannot be undertaken by a Category 2 Global Business Company.*

### 3. CAPITAL STRUCTURE

	No Par Value Shares		Par value Shares	
	No. of Shares	Total Amount	No. of Shares	Price Per Share
Issued	_____	_____	_____	_____

### 4. NAME OF SHAREHOLDERS

Name	Class of Shares	No. of Shares	Par Value If any
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

*Please complete CDD Form in attachment for all Shareholders and Beneficial Owners.*

**Alliance Trust Co. (Mauritius) Limited provides nominee shareholder services. See Fee Schedule.**

Do you wish to benefit from this service?  Yes  No

### 5. NAMES OF NON-RESIDENT DIRECTORS

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

*Please complete CDD Form in attachment for all Directors.*

*NOTE: Category 1 Global Business Company: Two resident directors are mandatory. For Double Tax Treaty benefits, at least 2 resident directors are needed. Alliance Trust to provide. See fee schedule.*



6. HAS THE ENTITY, ITS SHAREHOLDER(S) OR BENEFICIAL OWNER(S) HAS/HAVE PROMOTED/INCORPORATED/REGISTERED OR ACQUIRED ANY COMPANY IN MAURITIUS PREVIOUSLY.

Company Name	Category	Company No.	Management Company
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

7. SOURCE OF FUNDS

Please be specific as to how the funds being invested in the company arose

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. FINANCIAL FORECAST

	Year 1	Year 2	Year 3
Capital Investment	_____	_____	_____
Expenditure	_____	_____	_____
Expected Income	_____	_____	_____
Expected Net Cash Flow	_____	_____	_____
Expt. Annual Turnover	_____	_____	_____

Is the Applicant/Beneficial Owner regulated in another jurisdiction or has the Entity applied for a licence from any regulatory authority in another jurisdiction? If Yes, provide details:

\_\_\_\_\_

\_\_\_\_\_

Has the Applicant/Beneficial Owner made a similar application in another jurisdiction? If Yes, provide details:

\_\_\_\_\_

\_\_\_\_\_

9. ACCOUNTING\*

Is Alliance Trust required to prepare financial statements? Compulsory for GBC 1 companies.  Yes  No

Date of Financial Year End: 31<sup>st</sup> December (standard for all companies)

\* NOTE: Category 1 Global Business Companies: **Accounts have to be audited in Mauritius.**  
Category 2 Global Business Companies: **Financial Summary has to be submitted annually**

10. BANK ACCOUNT

Bank (Please choose from attached list)

Type of Account  Current  Savings  Fixed Deposit Currency: \_\_\_\_\_

- Estimated Number of Inward Payments \_\_\_\_\_
- Typical Size of Inward Payment \_\_\_\_\_
- Estimated Number of Outward Payments \_\_\_\_\_
- Typical Size of Outward Payment \_\_\_\_\_

Authorised Signatories and Special Instructions \_\_\_\_\_





## 11. COMPANY SECRETARY

**Category 1 Global Business Company:** Resident Company Secretary is mandatory.

**Category 2 Global Business Company:** Company Secretary is optional. Nevertheless it is mandatory in case the shareholder and director is the same natural person.

Do you wish to benefit from this service?  Yes  No

## 12.A INSTRUCTION PROCEEDINGS

(Alliance Trust will receive instructions only from the following persons)

Name and address \_\_\_\_\_  
(P.O Box not accepted) \_\_\_\_\_  
\_\_\_\_\_

Specimen Signature \_\_\_\_\_

## 12. B ADDITIONAL INSTRUCTIONS

*Special billing instructions*

\_\_\_\_\_  
\_\_\_\_\_

*Correspondence dispatch instructions*

If you wish your documents be sent to another address (P.O. Box not accepted), please specify:

\_\_\_\_\_  
\_\_\_\_\_

I/We certify and confirm, to the best of my/our knowledge and belief, that the above information (including annexure) is complete and that the above beneficial owners, shareholders, directors or officers have taken the appropriate legal, tax, exchange control and relevant professional advice in the particular circumstances. I/We further certify and confirm, to the best of my/our knowledge and belief, that none of the above beneficial owners, shareholders, directors or officers of the Company has ever been convicted in a Court of Law for a criminal offence, penalized, sanctioned, is currently or has ever been under investigation for professional negligence or malpractice by any regulatory authority in any country. I/We also undertake that no transactions or documents will be entered into until notified in writing to Alliance Trust Co. (Mauritius) Limited that all relevant consents have been obtained and that the proposed company may commence trading. I/We further undertake to enter into the standard company management agreement in respect of Alliance Trust Co. (Mauritius) Limited's management of the Company. I/We, acknowledge having taken full cognizance and understood the fees and accept them.

**I/We declare and warrant that the moneys and/or assets so introduced:**

1. do not emanate from any activity, which is illegal or unlawful, or from any activities specified in the Financial Intelligence and Anti-Money Laundering Act 2001, the Prevention of Corruption Act 2002 and the Prevention of Terrorism Act 2002.
2. are free from any legal encumbrance or restraint imposed by any Court or third party and I/We affirm that there is no pending or threatened claims against me/us with regard to the moneys and assets introduced in the proposed company.

I/We confirm that if Alliance Trust Co. (Mauritius) Limited is required by any lawful governmental authority to determine the source of funds, I will provide Alliance Trust Co. (Mauritius) Limited with the necessary information and explanations to establish that the source of funds is from a lawful activity.

### TO BE SIGNED BY THE BENEFICIAL OWNER(S)

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

# DOING BUSINESS IN MAURITIUS



## Where did you hear from Alliance Trust:

- Website  Magazines/Publications  Conferences  Partner firms  
 Other; please specify: \_\_\_\_\_

## CUSTOMER DUE-DILLIGENCE

To be completed individually by all principals mentioned in the proposal form

- Beneficial owner  Trustee  Shareholder  
 Settlor  Director  Beneficiary of a Trust  
 Officer  Other, please specify: \_\_\_\_\_

Name \_\_\_\_\_

Maiden Name \_\_\_\_\_

Country of Residence \_\_\_\_\_

Country of Domicile \_\_\_\_\_

Occupation \_\_\_\_\_

Date of Birth \_\_\_\_\_

ID/ Passport Number \_\_\_\_\_

Nationality \_\_\_\_\_

Marital Status \_\_\_\_\_

Permanent Address \_\_\_\_\_

(P.O. Box not accepted) \_\_\_\_\_

Correspondence Address \_\_\_\_\_

Contact Tel No. : (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

Mobile Tel No.: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

Contact Fax No.: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

Email: \_\_\_\_\_

Please feel free to add any other information you deem relevant:

\_\_\_\_\_

\_\_\_\_\_

*I confirm that the information supplied to Alliance Trust Co. (Mauritius) Limited is, to the best of my knowledge and belief, accurate in all material respects and does not exclude any information which might reasonably be considered relevant. I undertake to inform Alliance Trust Co. (Mauritius) Limited in case of any changes to the above.*

Signed: \_\_\_\_\_





**INITIAL DUE DILIGENCE**

**Tick** Please email or fax following documents with the originals by post.

- Identification**
  - A certified true copy of the relevant passport pages or identity card of each principal.
  - A certified true copy or original Utility bill and, a Bank or Credit Card statement. Not less than 3 months old. (Documents to be certified by Lawyer, Notary or Banker)
- Profile** Curriculum Vitae of each principal.
- References** A Bank Reference letter, in original, in favour of each principal which also confirms his/her residential address.
- Business Plan** A detailed Business Plan of the proposed company.
- If Holding Company**

*(i.e. where shares are held by a company)*

  - Where shareholder is a body Corporate:
    - Certified copy of Certificate of Incorporation and M&A.
    - Details of Registered Office and Principal place of Business.
    - Register of Directors and Register of Shareholders.
    - Recent set of accounts (if available)
    - Resolution approving Investment/ shareholding in the Global Business company in Mauritius.
    - Any corporate brochures.

**SPECIMEN BANK REFERENCE LETTER**

Bank' Letterhead

**EITHER TO:**

**OR: TO WHOM IT MAY CONCERN**

The Managing Partner  
Alliance Trust Co. (Mauritius) Limited  
Level 2, Raffles Tower, Cybercity, Ebene  
Republic of Mauritius

Dear Sir,

Please be advised that ..... has been our customer since ....., and currently maintains trade facilities and accounts with us. We confirm that the client's residential address is situated at.....

Our experience with their accounts and their management has been very satisfactory. It is our opinion that ..... is creditworthy and whom you may safely conduct business with.

Please note that the information and opinion provided are given in confidence for your private use only and is furnished as a matter of business courtesy on the expressed understanding that no responsibility is assumed on the part of the Bank or any of its officers whether in tort, contract or otherwise.

.....  
Bank Authorised Signatory

**LIST OF BANKS IN MAURITIUS**

- ABC Banking Corporation
- Afrasia Bank Limited \*
- Barclays Bank PLC \*
- Banque des Mascareignes Ltée
- Bank of Baroda
- Bank One Ltd \*
- Deutsche Bank (Mauritius) Limited
- Mauritius Post and Cooperative Bank
- Investec Bank (Mauritius) Limited
- National Commercial Bank
- State Bank of Mauritius Ltd \*
- SBI International (Mauritius) Ltd.
- Standard Chartered Bank (Mauritius) Limited
- Standard Bank (Mauritius) Offshore Banking Unit \*
- The Hong Kong and Shanghai Banking Corporation Limited
- The Mauritius Commercial Bank \*

\* Long established working relationship.





## TRUST

**A Trust is an arrangement for the holding and administration of property under which property or legal rights are vested by the owner of the property (the Settlor) in a person or persons (the Trustees). The Trustees then hold the property for or on behalf of other persons (the Beneficiaries). It is essential that the transfer is gratuitous otherwise the transaction takes on the characteristics of some other legal entity.**

A trust may therefore be defined as an equitable obligation which binds the trustees to hold and deal with the trust assets for the benefit of the beneficiaries in accordance with the terms of the trust.

The flexibility and protection afforded by trust arrangements are such that they have become an important part of long term wealth management.

Through the use of trusts it is often possible for family assets to be preserved over succeeding generations substantially free from taxation, probate requirements, succession laws, expropriation and foreign exchange controls. There is no requirement in Mauritius to register trusts, thereby maintaining confidentiality.

A corporate structure allows its shareholders to have business conducted, own assets and limit liability. The ability to manage assets through a combination of trusts and companies is proving increasingly valuable and the legislation in force in Mauritius provides an effective framework for the conduct of international fiduciary activities and providing services in that respect.

### HOW IS A TRUST CREATED?

Trusts in Mauritius are governed by the Trusts Act, 2001. A trust can only be created by an instrument in writing which should state its object, subject, intention and duties and powers of the trustees. It can be formed by a resident or non-resident of Mauritius. There is no register of Trusts in Mauritius nor is there any disclosure of beneficial owner to any authority.

Trust created by written documents will generally take two forms:

- Settlement: this form of document will be entered into and signed by both the settler and the trustee and so provide clear evidence of the intentions of both parties and of the agreed obligations assumed by the trustee.
- Declaration of Trust: this form of document is entered into and executed by the trustee only, and records that the trustee has received certain property, specified in the document, to hold upon the terms set out in the document.

It is sometimes more convenient to create a trust by declaration of trust rather than by settlement, for example, the settler may not be available to sign the document, when it is prepared.

### TYPES OF TRUST

Most offshore trusts fall into four broad categories:

- Private: including discretionary\*, accumulation and maintenance, life interest and fixed interest trusts.
- Corporate: including pension and employee benefit trusts.
- Charitable: solely for the benefit of charitable organisations.
- Purpose: trusts with no beneficiaries that are established for purposes that are certain, reasonable and certain.

#### Discretionary Trusts

The most common and flexible type of offshore Trust is the discretionary trust and it is used in wealth protection and tax planning.

The discretionary trust is commonly used when, at the time the trust is established, no decision has been taken as to what portion of the trust's income and capital should be reserved for each beneficiary, and when it is desirable to maintain flexibility in that respect. Under the provisions of a discretionary trust, the trustees are given the power to select which



person or persons are to receive a benefit from the trust and the extent of such benefit. They may also have the power to decide whether to distribute income or accumulate it. The trustees very often have the power to add or remove beneficiaries and this gives considerable flexibility to the trust.

Whilst the trustees of the discretionary trust will usually have the power to determine the beneficiaries of both the capital and income of the trust, and the amounts which they are to receive, the settlor will have given the trustees guidance as to how they should administer the trust, both during the settlor's lifetime and after his death; which will be set out in the "letter of wishes". This letter can be varied from time to time during the settlor's lifetime to meet changing circumstances.

A discretionary trust can also include extensive investment powers to meet the requirements of international clients and it can hold all manner of assets both esoteric or otherwise. As this type of trust is very often used in combination with a Global Business company(ies), there will be power for the trustees to establish wholly-owned companies, notwithstanding this, the terms of the trust may provide that the trustees do not need to interfere in the management of such companies.

## **DURATION, PROTECTOR, ASSET PROTECTION TRUSTS**

### Duration

- Non-charitable purpose trusts must have a duration not exceeding 25 years.
- Charitable purpose trusts can be of perpetual duration.
- All other trusts must have a duration not exceeding 99 years.

### Protector

The Trust Act permits the appointment of a Protector, who owes fiduciary duty to the beneficial owners. Unless otherwise provided in the Trust Deed, the Protector can remove the Trustee and appoint new or additional Trustees. The Protector may also be the Settlor, the Trustee or the Beneficiary of the Trust but in his capacity as Protector he is not accounted or regarded as a Trustee.

### Asset Protection Trusts

- In the absence of intent to defraud, a trust shall not be void or voidable as a consequence of a subsequent bankruptcy of the settlor nor in consequence of any action taken against the settlor by his creditors.
- The Courts may declare a Trust void or voidable only if the creditor proves beyond reasonable doubt that the Settlor's intent was to defraud creditors.
- No action may be brought against the Trust assets more than 2 years after settling the assets into the Trust.

## **TAXATION OF TRUSTS**

A trust is liable to income tax at the rate of 15% if the settlor and beneficiaries are non-residents or hold a Category 1 or 2 Global Business license or is a purpose trust. However, such trust will be entitled to the presumed foreign tax credit of the higher rate suffered or 80% of its chargeable income, or may deposit a declaration of non-residence within 3 months after the expiry of the income year, it will then be exempt from income tax.

Chargeable income shall be the difference between the net income derived by the trust and the aggregate income distributed to the beneficiaries under the terms of the trust. Any amount of income distributed to the non-resident beneficiaries shall be exempt from income tax in the hands of the beneficiaries.

To be tax resident, a Trust has to apply for a Tax Residence Certificate with the Commissioner of Income Tax, which is delivered under the following conditions:

- At least one Trustee is resident in Mauritius
- A bank account is maintained in Mauritius, through which all cash movements are routed.
- All accounting records are kept with the local Trustee.

The local Trustee is a party to all decisions pertaining to the Trust.



## MAIN FEATURES OF MAURITIUS TRUSTS

- Confidentiality of trustee' deliberations, identity of Settlor and Beneficiaries.
- Possibility to establish letters and memorandum of wishes.
- Anti forced heir ship rules.
- Migration of Trust possible.
- Concept of managing and custodian trustee (up to four trustees)
- Charitable Trusts are exempt from tax.
- The proper law of the trust is the one chosen by the Settlor, or the one implied in the Trust Deed. If no law is chosen, the one which is most closely connected at the time of creation of the Trust will be treated as the proper law.

A resident trust may benefit from the network of Double Tax Treaties.



## TRUST FORMATION - PROPOSAL FORM

1. TRUST NAME

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2. DATE OF CREATION

---

3. DURATION OF TRUST

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4. TYPE OF TRUST

---

*(If a Discretionary Trust, then Letter of Wishes is required)*

5. PROPER LAW OF TRUST

---

6. SETTLORS

Name

---

Name

---

7. BENEFICIARIES

Is the Settlor(s) to be included as a Beneficiary?  Yes  No

Name

---

Name

---

Name

---

Name

---

8. EXCLUDED PERSONS

Should any person be excluded from becoming a beneficiary?  Yes  No *(If yes, please give names and addresses of people to be excluded)*

Name & Address

---

Name & Address

---

Name & Address

---

9. PROTECTOR (if appointed)

Name & Address

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10. SPECIFY THE POWERS THAT THE PROTECTOR IS TO HAVE IN RELATION TO THE TRUST

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11. CONFIRM IF THE SETTLOR HAS THE CAPACITY TO TRANSFER ASSETS SPECIFIED ABOVE TO THE TRUST

Yes  No

12. HAS THE SETTLOR ANY KNOWLEDGE OF PRESENT OR FUTURE CREDITORS WHO MAY LEGALLY HAVE A CLAIM TO THE TRUST ASSETS?

Yes  No *(If yes, please provide details)*

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13. PLEASE PROVIDE DETAILS OF THE SOURCE OF WEALTH. ALLIANCE TRUST MIGHT REQUEST DOCUMENTARY PROOF OF THE SOURCE OF FUNDS. E.G. Proceeds from sale of business, proceeds from sale of real estate, accumulated earnings from (specify business) or employment.

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14. PLEASE PROVIDE DETAILS OF THE ASSETS TO BE SETTLED INTO THE TRUST.

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#### DUE-DILIGENCE DOCUMENTS

Please provide the following identification documents certified by Lawyer, Notary or Bank:-

**A. For Individuals:**

- A certified true copy of the relevant passport pages or identity card.
- A certified true copy or original Utility bill AND a Bank or Credit Card statement. Less than 3 months old.

**B. For Corporate:**

- Certified copy of Certificate of Incorporation and M&A.
- Details of Registered Office and Principal place of Business.
- Register of Directors and Register of Shareholders.
- Any corporate brochures (if available).
- Board resolution accepting set up of the Trust.



**CUSTOMER DUE-DILLIGENCE**

*The following details have to be completed by the Settlor (s), Protector and beneficiaries (at the time of distribution).*

Forenames \_\_\_\_\_

Surname \_\_\_\_\_

Country of Residence \_\_\_\_\_

Country of Domicile \_\_\_\_\_

Occupation \_\_\_\_\_

Date of Birth \_\_\_\_\_

ID/Passport No & Issuer \_\_\_\_\_

Nationality \_\_\_\_\_

Marital Status \_\_\_\_\_

Permanent Address \_\_\_\_\_  
\_\_\_\_\_

Correspondence Address \_\_\_\_\_  
\_\_\_\_\_

Contact Tel No. : (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

Mobile Tel No.: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

Contact Fax No.: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

Email: \_\_\_\_\_

Please feel free to add any other information you deem relevant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*I confirm that the information supplied to Alliance Trust Co. (Mauritius) Limited is, to the best of my knowledge and belief, accurate in all material respects and does not exclude any information which might reasonably be considered relevant. I undertake to inform Alliance Trust Limited in case of any changes to the above.*

Signed: \_\_\_\_\_ Date: \_\_\_\_\_



## REQUEST FOR SERVICES

I / We confirm that I/We wish you to act for me/us in setting up the Trust and acting as Trustees.

I/We understand that in providing the services requested, you may enlist the assistance of other Companies from within the Alliance Group.

### **In consideration of you undertaking these services I/We agree:-**

- (a) to indemnify and hold harmless your Group and such Agents as may be nominated by you from time to time against any actions , suits, costs, claims, and demands whatever except losses occasioned by fraud or gross negligence on your part or on the part of the Group or your Agents.
- (b) to guarantee payment to your Group of the fees for providing these services. In particular, I / We acknowledge that you are entitled to take fees due from any account you maintain on my/our behalf or on behalf of any entity administered by you on my/our behalf on production of your note of fees, or notification of the same to me/us if so requested. I/We also undertake to make up, on demand, any shortfall in the funds held by you. I/We understand that non-payment of any fees may result in a cessation of your work on my/our entity. I/We acknowledge that from time to time your Group may receive third party commissions/fees in consideration of investments placed or in turn pay commissions/fees for services rendered.

I/We acknowledge having read and understood your Fees, Terms and Conditions and accept them. I/We understand that those Fees, Terms and Conditions of the contract between me/us and you and that you reserve the right at any time to alter or replace your Fees, Terms and Conditions. I/We agree that if you alter, amend or replace your Fees, Terms and Conditions, the altered, amended or replaced Fees, Terms and Conditions will take effect immediately and will where possible be notified to me but certainly be made available to me upon my request.

## DECLARATION

1. I/We propose to introduce cash and assets to you.
2. I/We declare and warrant that the money and / or other assets hereby introduced are owned by me/us and are free from any legal encumbrance or restraint imposed by any court or any third party, that I/We am/are not insolvent and have never been declared bankrupt or in desastre, and that the following any transfer to a Trust and/or Entity I/we shall not be rendered insolvent and it is my/our intention to remain solvent and able to settle all reasonably anticipated debts as and when they fall due. If requested, I/We will provide a statement of solvency.
3. I/We declare that the money and/or other assets now or to be introduced do not emanate from any activity which is illegal or unlawful in their country of origin or the Island of Mauritius and specifically that none of the assets were derived from any of the activities specified in the Financial Intelligence and Anti-Money Laundering Act 2001, The Prevention of Corruption Act 2002 and the Prevention of Terrorism Act 2002 or any other equivalent legislation in another country I/We acknowledge that, if you at any time discover that the declaration I/We have made in this paragraph is untrue, you will disclose full details of your dealings with us , including our names, addresses, telephone or fax numbers and electronic mail addresses to the appropriate government authorities.
4. I/We hereby state and affirm that to the best of my knowledge there are no pending or threatened claims against me/us or with regard to the assets hereby introduced and that I am / we are not aware of any ground or basis upon which any claims could be made and that I am/we are not under any investigation or involved in any legal or administrative proceedings.
5. I/We declare that the information given herein is true and accurate and authorize you to obtain references from the above – named as appropriate.
6. I/We undertake to provide you with all and any information which you may require concerning the Trust and/or Entity or its affairs immediately upon request.
7. I/We will use my/our best endeavors to ensure that (so far as I am,/we are lawfully able to do so) the Trust and or Entity or its affairs are conducted in a proper and lawful manner and in compliance with all applicable laws and regulations.
8. I/We acknowledge that you are not giving us any fiscal or exchange control advice. I/We declare that it is within my/our discretion to take appropriate tax and other professional advice with regard to my/our introduction of the monies/other assets introduced to the Trust and/or Entity. I/We confirm that I/We understand that it is my/ our responsibility to make all necessary disclosures required by law to my/our relevant authorities, and, if applicable, the appropriate agencies which regulate the trading of securities. If appropriate disclosures are not made, I/We will advise you accordingly.
9. I/We undertake to ensure that the Trust and/or Entity is kept in sufficient funds to honour its liabilities as and when they fall due. I/We understand that no work will be done on my/our behalf until I/We have provided you with cleared funds as per amounts invoiced.
10. I/We hereby declare that the introduction of the money and/ or other assets is not calculated to carry out any illegal or immoral purpose.
11. I/We hereby undertake to inform you promptly of any potential or actual claim or demand or the commencement of any action, suit or proceeding against the Trust and / or Entity.



**DECLARATION**

12. I/We confirm that if you are required by any government authority to determine the source of funds, I/We will provide you with necessary information and explanation to establish that the source of funds is from a lawful activity. I am/we are aware, however, that unless specifically authorized by me/us or required by an Order of the Courts of Mauritius, my name/our names will not be disclosed to such government authority.
13. I/We wish to advise you that I/We may from time to time request you to arrange for the transfer of monies or securities, at your discretion, on my/ our behalf by facsimile transmission or unauthenticated or uncoded electronic transmission. I/We accept that such transactions are undertaken at my/ our risk and hold you harmless in respect of any losses, actions, suits, costs, claims, or demands, however or whenever arising from any such transaction, I/We further agree to hold you harmless with respect to any steps you take pursuant to any instructions by facsimile transmission or unauthenticated or uncoded electronic transmission, and to confirm such instructions in writing if you so request. I/We understand that you reserve the right to refuse to accept any instructions transmitted by facsimile or unauthenticated or uncoded electronic transmission.
14. I/We understand that you are relying on the terms and conditions set out or referred to in this Client Relationship Form in entering into your relationship with me/us. I/We also understand that if anything I/We have said in this form is untrue or if I/We fail to do anything required of me/us by this Form or your Fees, Terms and Conditions, The Alliance Group and all subsidiary and associated companies may terminate their relationship with me/us without notice.

Signed \_\_\_\_\_  
(First Client)

Signed \_\_\_\_\_  
(Second Client)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_





## FOUNDATION

**The Foundation is an alternative vehicle to Trust and is convenient for succession planning and private wealth management. It is the dedication of property to an entity to be used for the benefit of people for a specific purpose.**

A Foundation is in many respects similar to corporate entities but benefit from the protection and continuity derived from the use of trusts. It has no members or shareholders, and is in most cases established to reflect the wishes of the founder, who may be an individual or a corporate entity. These wishes are included within the Foundation's Charter and Regulations. Foundations can be established for a fixed or indefinite period of time and can be used for charitable, commercial or family purposes.

Foundations are an essential tool when structuring the ownership of family and corporate assets and are generally important where trusts are not generally recognised. In jurisdictions where the concept of trusts is less well known, Foundations are being used increasingly.

The Mauritius Foundations Act 2012 offers one of the most versatile and dynamic Foundations available from any jurisdiction and further promote the jurisdiction as a platform for wealth management services, succession and estate planning.

A Foundation may upon application to the Financial Services Commission of Mauritius, hold a global business licence and may elect to be tax resident in Mauritius to benefit from the wide network of Double Taxation Agreements ("DTAs") in force in Mauritius.

### WHERE ARE FOUNDATIONS USED?

- Private relationship: For example, the founder's wishes are not publicly registered;
- Accumulation and preservation of wealth;
- Succession and estate planning;
- Separation of voting and economic benefits;
- Employee share option schemes;
- Pension funds;
- Charitable purposes;
- International tax planning.

### TYPES OF ASSETS THAT CAN BE HELD BY A FOUNDATION

- Shares and stocks in both listed and private companies;
- Investment portfolios;
- Real estate;
- Intellectual property;
- Bank deposits;
- Most other types of assets.

The salient features of the Mauritius Foundation are as follows:

- It could be set-up *inter vivos* (by Charter) or by Will;
- It could be set-up to benefit persons, class of persons or to carry out a purpose which may be charitable, non-charitable or both;
- It would have to be managed by a Council which should comprise of at least one member ordinarily resident in Mauritius;
- It would require a secretary in Mauritius which would need to be licensed by the Financial Services Commission;
- It would need to have a registered office in Mauritius;
- When registered it would have a separate legal personality;



- It would need to keep proper books of accounts and keep its records in Mauritius at its registered office;
- It would not be subject to being set aside by a Mauritius Court and a Mauritius Court would not recognise the validity of any claim against the property of the Foundation pursuant to the law of another jurisdiction or the order of a court of another jurisdiction;
- Where the founder and all the beneficiaries are non-resident (or if set-up for a purpose, that purpose being carried out of Mauritius) it would be exempt from tax in Mauritius.

## FORMATION

A Foundation is created by registering the following particulars extracted from its Charter:

- The name of the Foundation;
- The date of the Charter; and any amendment made to the Charter before its submission to the Registrar;
- The purpose and objects of the Foundation;
- The date of the Articles, if any, of the Foundation and any amendments made to them before its submission to the Registrar;
- Name and address of the Founder;
- Details of the beneficiaries or the manner in which the beneficiaries may be appointed or removed;
- The name and address of the secretary;
- The name and address of the Council Members;
- The address of the Registered Office of the Foundation;
- The Period, if any, for which the Foundation is established.

Where the Registrar is satisfied that an application for registration complies with the Foundation Act, it shall issue a Certificate of Registration.

## MANAGEMENT AND GOVERNANCE

The Foundation is managed by a Council which carries out the objectives and purposes of the Foundation. Similar to Trustees, Council may have the power to appoint new beneficiaries and determine the extent and nature of beneficial rights.

## FUNDS & COLLECTIVE INVESTMENT SCHEMES

**Funds registered with the Financial Services Commission in Mauritius are commonly structured as companies incorporated under the Companies Act 2001 and licensed as a company holding a Category 1 Global Business Licence under the Financial Services Development Act 2001.**

The Funds can be structured as two tier funds, or increasingly as single tier funds. These funds invest in a wide range of investment products, including portfolio or fixed income securities and venture capital. Umbrella funds can also be structures using a Protected Cell Company (PCC) whereby each cell can hold a specific CIS fund.

## REGISTRATION REQUIREMENTS

A Fund, Collective Investment Fund or Closed Ended Fund, needs to be approved by the Financial Services Commission before it commences business. In considering an application, the Commission needs to be satisfied about the following:

- the track record and credentials of the promoters;
- the fund structure;
- the objectives of the fund;
- the investors and the market targeted;



- types of investment the fund will be dealing in;
- the track record of the investment manager, custodian, and administrator;
- compliance with regulations in third countries, as appropriate (e.g. SEBI's approval if investment is to be made in India).

Once the Commission is satisfied with the above, it may give an approval in principle so as to enable all constitutive documents to be prepared and the company to be incorporated.

### ADMINISTRATION & CONTROL

The Commission generally wishes to satisfy itself that, as far as possible, substance and central administration is in Mauritius. To this end, the Fund must have a local administrator, a local custodian, and a local auditor. The requirement that central administration is situated in Mauritius implies that:

- the accounts are kept and the accounting documents are available in Mauritius;
- the share register is kept in Mauritius;
- issues and redemptions of shares are carried out in Mauritius;
- calculation of the Net Asset Value (NAV).
- two directors who are resident in Mauritius
- qualified secretary resident in Mauritius
- bank account is maintained in Mauritius with an offshore bank and investments are made via that bank account
- board meetings are initiated and chaired in Mauritius.

The above does not exclude the possibility of the Fund obtaining assistance for the management of its assets from an investment adviser established overseas, nor does it prevent management decisions in relation to investment and disinvestment being executed overseas. Also the requirement for the location of the issuance and redemption of shares in Mauritius does not preclude foreign intermediaries from participating in the placing and redemption operations as distributors or nominees. The Commission insists on the independence of the manager, the trustee and the custodian.

In appropriate circumstances, it is also possible to establish a management or advisory company in the sector to take advantage of the beneficial tax regime.

### PROTECTED CELL COMPANY

**The Protected Cell Company (PCC) Act 1999 came into force in January 2000. This legislation provides additional opportunities, flexibility and security for international investment structuring. The object of the legislation is to enable a company holding a Category 1 Global Business Licence, to create cells within its capital for the purposes of segregating the assets within that cell from claims related to other assets.**

A PCC may issue cell shares in respect of different cells for the purpose of segregating protecting different assets, referred to as cellular assets. The cellular assets attributed to a cell will only be affected by the liability of the company arising from transaction attributable to that cell. Further, a PCC may pay dividend, cellular dividend, in respect of which the cell shares by reference only to the cellular assets and liabilities attributable to the cell in respect of which the cell shares were issued.

### KEY FEATURES

- Single legal entity.
- Legal segregation and protection of assets and liabilities for each cell.
- No minimum capital requirement is imposed for the PCC or the cell(s) except in the case of insurance business.
- Creation of cellular and non-cellular assets.
- Unlimited number of cells may be provided with, each cell having its own name or designation.
- Incorporation may be continued or converted from an existing company.



- A formal procedure is provided for the liquidation, receivership or administration order for any individual cell.
- An important feature of the PCC Act is the provisions for the protection of creditors. A person dealing with a PCC must be informed of the PCC status and the cell with which the relevant transactions are taking place must be identified, as stipulated in sections 11 and 13(2) respectively. Additionally, the Directors of a PCC are bound by law to keep the cellular assets separate and separately identifiable from cellular assets attributable to other cells. If a Director fails to inform a person that he is dealing with a PCC, and that person is otherwise unaware of, and has no reasonable basis for knowing, which cell he is dealing with, the Directors incur personal liability to that person in respect of the transaction. Nevertheless, the Directors have a right of indemnity against the non-cellular assets of the PCC in respect of their personal liability unless they acted in a fraudulent, reckless or negligent manner or in bad faith.

## USES OF PCC

As provided under the PCC Act, a PCC can be used to carry out two types of global business namely global insurance business and investment funds (i.e. Collective Investment Schemes).

- Life assurance companies can legally separate the assets of life, pension and individual policyholders.
- Composite insurers - where the assets of life insurance business need to be legally separated from those of non-life business.
- Conglomerates - where several cells are established, each holding a particular insurance exposure of the parent and segregated, for example, in relation to the various geographical locations, corporate division or types of risk of those exposures.
- Insurance and re-insurance - where insurers or reinsurers can accommodate the differing needs of clients.
- Reinsurance - where finite reinsurance contracts and securitisation issues can be placed within separate cells.
- Multi-nationals - where companies can operate their captive insurance, treasury and other functions globally in a single entity using the same core capital.
- Captive insurance companies - segregate distinct areas of risk and activity into different 'cells'.
- Rent-a-captive - where the owners of the PCC offers capital financing to clients, who, because of their own size, would find it impractical to set up their own individual captive insurance arrangements.
- This type of structure is particularly attractive for global business funds (collective investment schemes) with various classes of shares, umbrella or multi-class funds, affording each individual share class the same limited liability that would be obtained if separate corporate structures were used for each different category of investor. (NB: It is a requirement that there is pooling of investors' funds at the level of the cell).

## INCORPORATION

A PCC may be directly incorporated or may be registered by way of continuation provided that the incorporation and registration requirements prescribed in the Companies Act 2001 and the PCC Act are satisfied. The incorporation procedure of a PCC is similar to that of a global business category 1. In the case of a continuation, additional requirements as laid down in section 5 of the PCC Act 1999 must be satisfied.

All applications should be submitted to the Financial Services Commission (FSC) on a prescribed form through a management company. Applications should be accompanied by a detailed business plan and policyholders profile for each cell along with corporate statutory documents. Subsequent cells created at a later stage should be disclosed to the FSC with details of its business plans and policyholders.

Similarly for investment funds, promoters need to submit to the FSC, through a management company, an outline memorandum containing the identity, track record and credentials of the promoter, general information regarding the fund, its objectives and proposed investment, its structure, the size of the fund and the minimum subscription, track record of the functionaries of the fund and compliance with requirements of other regulatory bodies.

## TAXATION

A PCC is liable to Mauritius income tax at the rate of 15% which may be reduced to 3% after application of the provisions on foreign tax credit.

Alternatively, the PCC can claim, against the nominal tax payable, credits for actual taxes suffered. These are generally of three types, namely:

- Withholding taxes which have been retained in the source country.
- Where the income consists of dividends received from a foreign investment, credit can also be claimed for underlying taxes which have been paid in the source country on the corporate profits out of which the dividends have been declared.
- Tax sparing - although tax may not have been paid in the source country, credit can be claimed in Mauritius if the tax has been spared in the source country (i.e lower or zero tax rate for the promotion of industrial, commercial, scientific, educational or other development in the source country. It should be noted that the tax sparing clause is embodied in the local tax legislation and this is granted on income flows into Mauritius regardless of the ambit of a specific treaty.

Residual tax is often nil since corporate tax rates in most countries are above 15%.

In such a situation, the PCC may even have surplus tax credits which can go to waste. However, the entity is allowed to claim the credits against any nominal taxes payable on any type of income (interest, royalties, business profits, etc), from any source country. This makes full use of all available credits. This can be particularly attractive for holding entities which derive income from many source countries, and of different nature.

The claim for underlying tax credits is available provided the PCC holds at least 5% in the foreign company paying the dividends. However, it is also available if the dividends come through a chain of intermediate holding companies before reaching the PCC, provided the shareholding at each stage is at least 5%.

A PCC that is centrally controlled and managed in Mauritius can accede to the benefits of Double Taxation Agreements. There is no withholding tax on dividends, capital gains and interests.

## CAPTIVE INSURANCE BUSINESS

**The legislation of Mauritius lays out the framework to facilitate the establishment of captive insurance business. Applicants for captive insurance licences are companies with a Category 1 Global Business Licence duly licensed by the Financial Services Commission. Captive Managers have been licensed to provide specialised services in the area of captive insurance.**

Both pure captives and captives insuring second party and third party risk may be licensed. In the case of third party business the captive should demonstrate access to the necessary underwriting and analytical skills, financial soundness and a good track record. Full details of all programmes to be underwritten must be submitted for approval to the Financial Services Commission. Rent-a-captive and cell captives are also permitted.

A captive insurance company must obtain a licence to conduct captive business. The Captive Insurance Company may also have to appoint a licensed Management Company in Mauritius and a Principal Representative who will be accountable to the Commission.

### TYPES OF CAPTIVES PERMISSIBLE

#### (a) Captive General Insurance Business

- Minimum Paid-Up Capital: US\$ 100,000
- Margin of Solvency: Surplus of assets over liabilities of US\$100,000 or 15% of net premium income, whichever is higher.





- Liquidity Ratio: The value of the captive's admitted assets must not be less than 75% of the amount of its admitted liabilities.

(b) Captive Long Term Insurance Business

- Minimum Paid-Up Capital: US\$ 250,000
- Margin of Solvency: Liabilities not to exceed amount of long term insurance fund.

(c) Captive General and Long Term Insurance Business

- Minimum Paid-Up Capital: US\$ 350,000

## REINSURANCE/FILING

Captive insurance companies are required to be reinsured in excess of reasonable and prudent retention levels unless the Commission is satisfied that the captive has access to sufficient security without the need for reinsurance.

The Commission requires the annual filing of:

- Audited financial statements.
- Certificate of margin of solvency.
- Certificate of liquidity ratio.
- Actuarial valuation of adequacy of premiums and loss reserves for long term business.
- Declaration of Principal Representative as to accuracy of accounts.

## INCORPORATION

An application to form a captive insurance company should be submitted to the Commission. Applications must be submitted through a Management Company and should be made on prescribed application forms and accompanied by:

- A certificate from a law practitioner practising in Mauritius to the effect that the application complies with the laws of Mauritius.
- A copy of the Constitution of the company together with the prescribed statutory forms.
- Name of the Principal Representative who shall be an executive of the appointed Captive Management Company.
- A Business Plan.
- Actuarial report for long term licences, which certifies that:

- (i) the financing of the captive is sufficient to cover both technical reserves and the required margin of solvency;
- (ii) the Business Plan is actuarially sound as it relates to long term business;
- (iii) the name of the appointed Captive Management Company.