



The New Business Regime

**Global Business Corporation
Authorised Company**



Updated on 17 October 2018





Introduction

Further to the enactment of the Finance Act 2018, the previous Global Business regime consisting of the Category 1 Global Business Company (“GBC1”) and the Category 2 Global Business Company (“GBC2”) is being phased out. The GBC1 will be replaced by the Global Business Corporation¹ (“GBC”), and shall have to meet new criteria that have been introduced, as will be detailed below. The GBC2 regime however, has been abolished² and a new Authorised Company regime has been introduced.

A company which meets the following criteria (the “Criteria”) **must** be set-up as either a Global Business Corporation or an Authorised Company:

1. Citizenship Test	The majority of shares or voting rights or legal or beneficial interest in a resident corporation (other than a bank licensed by the Bank of Mauritius and such other corporation as may be specified in FSC ³ rules) are held or controlled by a person who is not a citizen of Mauritius
2. Conduct of Business Test	The corporation proposes to conduct business principally outside Mauritius or with such category of persons as may be specified in FSC Rules

Global Business Licence

A resident corporation⁴ having its principle place of effective management in Mauritius and meeting the Criteria shall **mandatorily be required** to apply for a Global Business Licence.

A GBC may be used for structuring investments, holding intellectual property and providing financial services, or provide such other activities requiring other special licenses, amongst others.

¹ GBC1s incorporated **before** 16 October 2017 shall be **automatically** converted to a GBC on 1 July 2021 and GBC1s incorporated **after** 16 October 2017 shall be **automatically** converted to a GBC on 1 January 2019.

² GBC2 licences issued on or before 16 October 2017 will lapse on 30 June 2021 and licences issued after 16 October 2017 will lapse on 31 December 2018. Once the licence has lapsed, a GBC2 will continue to remain subject to the obligations of the GBC2 licence, comply with the terms and conditions imposed by the FSC and will be required to comply with the directions of the FSC for the orderly dissolution of its business and the discharge of its liabilities.

³ FSC: Mauritius Financial Services Commission

⁴ Resident corporation: a company incorporated or registered under the Companies Act, a société or partnership registered in Mauritius, a trust or any other body of persons established under the laws of Mauritius.



A GBC must at all times:

- (i) Carry out its core income generating activities in or from Mauritius by
 - employing either directly or indirectly a reasonable number of qualified persons to carry out the core activities, and
 - having a minimum level of expenditure, which is proportionate to its level of activities
- (ii) Be managed and controlled from Mauritius; and
- (iii) Be administered by a management company.

In determining whether a GBC is managed and controlled from Mauritius, the FSC shall consider such matters as it deems necessary in each particular circumstance, including **but not limited to**, whether the GBC:

- (i) Has at least 2 directors, resident in Mauritius, of sufficient calibre to exercise independence of mind and judgement;
- (ii) Maintains, at all times, its principal bank account in Mauritius;
- (iii) Keeps and maintains, at all times, its accounting records at its registered office in Mauritius;
- (iv) Prepares its statutory financial statements and causes such financial statements to be audited in Mauritius;
- (v) Provides for meetings of directors to include at least 2 directors from Mauritius.



Substance Requirements for GBCs

Effective 1st January 2019, a GBC must at all times satisfy the following substance requirements:

- Employ either directly or indirectly a reasonable number of qualified persons to carry out the core activities; and
- Have a minimum level of expenditure, which is proportionate to its level of activities.

In a circular addressed to Management Companies dated 12 October 2018, the FSC have advised that going forward, in assessing the exact substance requirements to be met by a GBC, they shall consider the nature and level of core income generating activities conducted (including the use of technology) by the GBC and taking into account the circumstances of each GBC, based on the following **indicative** guidelines:

Category	Sub-Category	Minimum Annual Expenditure (USD)	Employment in Mauritius (Directly or Indirectly ⁵)
Non-Financial	Investment Holding (excluding IP rights) ⁶	12,000	No minimum employment specified
	Non-Investment Holding	15,000	<u>If annual turnover is:</u> Less than USD 100m: minimum of 1 More than USD 100m: minimum of 2
	CIS Manager / Asset Manager	30,000	<u>If assets under management are:</u> Less than USD 100m: minimum of 1 Between USD 100m and USD 500m: minimum of 2 More than USD 500m: minimum of 3
Financial	Institutions ⁷	100,000	<u>If annual turnover is:</u> Less than USD 50m: minimum of 1 Between USD 50m and USD 100m: minimum of 2 More than USD 100m: minimum of 3 For Insurers <u>If annual gross premium is:</u> Less than USD 50m: minimum of 1 Between USD 50m and USD 100m: minimum of 2 More than USD 100m: minimum of 3
	Intermediaries ⁸	30,000	Minimum of 1
	Others	25,000	Minimum of 1

⁵ Indirectly – e.g. employment by a Management Company

⁶ GBCs holding IP Rights will be required to demonstrate that they have incurred expenditure in Mauritius which is proportionate to the research and development of the relevant IP Rights.

⁷ E.g. Insurance, Leasing, Credit Finance

⁸ E.g. Investment Adviser, Insurance Broker, Insurance Agent



Groups of Companies

With respect to GBCs that are part of a group, the FSC will assess the new enhanced substance requirements at group level.

Special licences qualifying for tax holidays

Notwithstanding the aforementioned guidelines, GBCs holding special licences which qualify for tax holidays under the Second Schedule of the Income Tax Act shall need to meet the substance requirements specified for their respective licence.

Income Tax for GBCs

GBCs are tax-resident in Mauritius and have access to double taxation agreements (“DTAAs”) entered into by Mauritius.

The income tax rate for a GBC will depend on the activities it carries out:

- i. Income tax rate for GBCs involved in the international trading of goods is 3%.
- ii. Subject to meeting the respective prescribed requirements, GBCs holding special licences which qualify for tax holidays are exempt from income tax for the following periods, as from the income year the licence is granted:
 - Global Headquarters Administration: 8 income years;
 - Global Treasury Activities Licence: 5 income years;
 - Global Legal Advisory Services Licence: 5 income years;
 - Overseas Family Office Licence (both Single and Multiple): 5 income years.
- iii. Income tax rate for GBCs carrying-out activities other than the above will generally be at 15%, but subject to meeting certain prescribed conditions, a partial exemption of 80% on the following types of income may be allowed:
 - Foreign source dividend;
 - Interest;
 - Certain financial services income;
 - Ship and aircraft leasing.

Where the GBC derives income which is subject to foreign tax, and where the said partial exemption has not been applied, the amount of foreign tax paid may be allowed as a credit against income tax payable in Mauritius in respect of that income (written evidence is to be produced).



Authorised Company

A company having its principle place of effective management outside Mauritius and meeting the Criteria shall **mandatorily be required** to seek authorisation from the FSC to be an Authorised Company (“AC”).

An AC must have at all times a registered agent in Mauritius which shall be a management company.

The AC cannot conduct any activity:

- Specified in the Fourth Schedule of the Financial Services Act;
- That the FSC may determine as being detrimental to the good repute of Mauritius as a centre for financial services or contrary to public interest.

Conversion of a GBC2 to an AC

An existing GBC2 may be converted to an AC, subject to the application being approved by the FSC and the relevant fees being paid. The FSC has however announced that the processing and annual fees will be waived for applications made on behalf of existing GBC2s and submitted until 31 December 2018.

Tax features of the AC

Companies incorporated in Mauritius and having their place of effective management outside Mauritius shall be treated as non-resident. No tax shall be payable in Mauritius but they shall be required to submit a return of income to the Mauritius Revenue Authority.

Being considered as non-resident for tax purposes, ACs do not have access to DTAA's entered into by Mauritius.



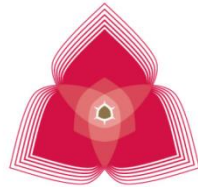
Reasons to choose Mauritius

- Very stable social and economic environment;
- Qualified and multilingual workforce;
- Robust legislative and regulatory frameworks;
- An independent judiciary system with the Privy Council of the UK as the highest court of appeal;
- Proven financial services hub (white-listed by the OECD);
- Good infrastructure and connectivity;
- No foreign exchange control;
- Added security based on signed IPPAs;
- Preferential access to African markets (member of COMESA, SADC, IORA & IOC);
- First in Africa in the following:
 - World Bank Doing Business Survey 2018;
 - 2018 Index of Economic Freedom (Heritage Foundation);
 - Economic Freedom of the World 2017 (Fraser Institute);
 - World Economic Forum Global Competitiveness Report 2017-2018;
 - Mo Ibrahim Index of African Governance 2017;
 - Social Progress Report 2017;
 - Global Information Technology Report 2016;
 - The Economist Intelligence Unit Democracy Index 2017;
 - Forbes Survey of Best Countries for Business 2017.



Excellence you trust

Contact Us



—AAA—
GLOBAL SERVICES

1st Floor, The Exchange
18 Cybercity
Ebene
Mauritius

T: +230 454 3200

F: +230 454 3202

E: headoffice@aaa.com.mu

W: aaa.com.mu

Disclaimer

This document is for reference purposes only and no reader should act on the basis of any statement contained herein without seeking professional advice. AAA Global Services Ltd and its officers expressly disclaim all and any liability to any person who has read this document, or otherwise, in respect of anything, and of consequences of anything done, or omitted to be done by any such person in reliance upon the contents of this document.