



## Requirements to Benefit from Partial Exemption Regime

With the coming into effect of the Income Tax (Amendment No.2) Regulations 2019 (the “Regulations”), and the previous amendments to the Income Tax Act 1995 through the Finance (Miscellaneous Provisions) Act 2018 and the Finance (Miscellaneous Provisions) Act 2019, please find below a table summarizing the requirements that a taxpayer shall satisfy in order to benefit from partial exemption on eligible types of income.

Type of Income Stream	Requirements for Partial Exemption	Substance Requirements
Dividend	<ul style="list-style-type: none"> <li>a. Subject to item (b), 80 per cent of foreign source dividend derived by a company.</li> <li>b. The exemption under item (a) shall be granted provided:               <ul style="list-style-type: none"> <li>i. the dividend has not been allowed as a deduction in the country of source;</li> <li>ii. the company satisfies the conditions relating to the substance of its activities as prescribed.</li> </ul> </li> </ul>	<p>Partial exemption will be granted provided that the company:</p> <ul style="list-style-type: none"> <li>a. complies with its filing obligations under the Companies Act or the Financial Services Act; and</li> <li>b. has adequate resources for holding and managing share participations.</li> </ul>
Interest	<ul style="list-style-type: none"> <li>a. Subject to item (b), 80 per cent of interest derived by a company other than a bank referred to in section 44C (i.e. Mauritian Bank).</li> <li>b. The exemption under item (a) shall be granted provided the company satisfies the conditions relating to the substance of its activities as prescribed.</li> </ul>	<p>Partial exemption will be granted provided that the company:</p> <ul style="list-style-type: none"> <li>a. Carries out its core income generating activities in Mauritius;</li> <li>b. Employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core generating activities; and</li> <li>c. Incurs a minimum expenditure proportionate to its level of activities.</li> </ul> <p>The “core income generating activities” include agreeing funding terms, setting the terms and duration of any financing, monitoring and revising any agreements, and managing any risks.</p>



<p>Income of:</p> <ul style="list-style-type: none"> <li>• Collective Investment Scheme (“CIS”)</li> <li>• Closed-End Fund</li> <li>• CIS Manager</li> <li>• CIS Administrator</li> <li>• Investment Advisor or Asset Manager</li> </ul>	<p>a. Subject to item (b), 80 per cent of income derived by a Collective Investment Scheme (CIS), Closed-End Fund, CIS Manager, CIS Administrator, Investment Adviser or Asset Manager, as the case may be, licensed or approved by the Financial Services Commission established under the Financial Services Act.</p> <p>b. The exemption under item (a) shall be granted provided the company satisfies the conditions relating to the substance of its activities.</p>	<p>Partial exemption will be granted provided that the company:</p> <ol style="list-style-type: none"> <li>a. Carries out its core income generating activities in Mauritius;</li> <li>b. Employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core generating activities; and</li> <li>c. Incurs a minimum expenditure proportionate to its level of activities.</li> </ol> <p>The “core income generating activities” include in the case of:</p> <p><b>CIS</b> Investment of funds in portfolios of securities, or other financial assets, real property or non-financial assets; diversification of risks; redemption on the request of the holder.</p> <p><b>Closed-End Fund</b> Investment of funds collected from sophisticated investors, in portfolios of securities, or in other financial or non-financial assets, or real property.</p> <p><b>CIS Manager</b> Management of a Collective Investment Scheme; taking decisions on the holding and selling of investments; calculating risks and reserves; taking decisions on currency or interest fluctuations and hedging positions; and preparing relevant regulatory or other reports for Government authorities and investors.</p> <p><b>CIS Administrator</b> Providing services with respect to the operations and administrative affairs of a Collective Investment Scheme including accounting, valuation or reporting services.</p>
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<p>Income from ship and aircraft leasing</p>	<p>a. Subject to item (b), 80 per cent of income derived by companies engaged in ship and aircraft leasing.</p> <p>b. The exemption under item (a) shall be granted provided the company satisfies such conditions as may be prescribed relating to the substance of its activities.</p>	<p>Partial exemption will be granted provided that the company:</p> <p>a. Carries out its core income generating activities in Mauritius;</p> <p>b. Employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core generating activities; and</p> <p>c. Incurs a minimum expenditure proportionate to its level of activities.</p> <p>The “core income generating activities” include agreeing on funding terms, identifying and acquiring assets to be leased, setting out the terms and duration of any leasing, monitoring and revising any agreements, and managing any risks.</p>



<p>Income from reinsurance and reinsurance brokering activities</p>	<p>a. Subject to item (b), 80 per cent of income derived by a company from reinsurance and reinsurance brokering activities.</p> <p>b. The exemption under item (a) shall be granted provided the company satisfies such conditions as may be prescribed relating to the substance of its activities.</p>	<p>Partial exemption will be granted provided that the company:</p> <p>a. Carries out its core income generating activities in Mauritius;</p> <p>b. Employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core generating activities; and</p> <p>c. Incurs a minimum expenditure proportionate to its level of activities.</p> <p>The “core income generating activities” include predicting and calculating risk, reinsuring against risks, administering clients’ cell, providing related services, preparing regulatory reports, and providing clients technical advice in respect of reinsurance of liabilities.</p>
<p>Income from leasing and provision of international fibre capacity.</p>	<p>a. Subject to item (b), 80 per cent of income derived by a company from leasing and provision of international fibre capacity.</p> <p>b. The exemption under item (a) shall be granted provided the company satisfies such conditions as may be prescribed relating to the substance of its activities.</p>	<p>Partial exemption will be granted provided that the company:</p> <p>a. Carries out its core income generating activities in Mauritius;</p> <p>b. Employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core generating activities; and</p> <p>c. Incurs a minimum expenditure proportionate to its level of activities.</p> <p>The “core income generating activities” include agreeing funding terms, identifying and acquiring capacity to be leased or otherwise provided, setting out the terms and duration of any leasing or right of use contracts, monitoring and revising any agreements, and managing any risks.</p>



<p>Income from the sale, financing arrangement, asset management of aircraft and its spare parts and aviation advisory services related thereto</p>	<p>a. Subject to item (b), 80 per cent of income derived by a company from the sale, financing arrangement, asset management of aircraft and its spare parts and aviation advisory services related thereto.</p> <p>b. The exemption under item (a) shall be granted provided the company satisfies such conditions as may be prescribed relating to the substance of its activities.</p>	<p>Partial exemption will be granted provided that the company:</p> <p>a. Carries out its core income generating activities in Mauritius;</p> <p>b. Employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core generating activities; and</p> <p>c. Incurs a minimum expenditure proportionate to its level of activities.</p> <p>The "core income generating activities" include negotiating the terms of purchase and sale of aircraft and its spare parts, arranging for sale and leasing of aircraft, agreeing funding terms and providing advisory services in aviation related services.</p>
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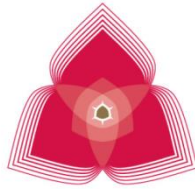
A company may, for the purpose of the Regulations, outsource any relevant activities to third party service providers, provided that:

- a. The company is able to demonstrate adequate monitoring of the outsourced activities;
- b. The outsourced activities are conducted in Mauritius; and
- c. The economic substance of service providers is not counted multiple times by multiple companies when evidencing their own substance in Mauritius.



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