



AUTHORISED COMPANIES

Reforming the global business sector

The Government of Mauritius has consistently emphasized its commitment to supporting the global business sector, but this is balanced by its responsibilities in ensuring compliance with best international norms and standards. Accordingly, the Finance Bill 2018 outlines measures to harmonise the fiscal regimes for domestic and global business companies, introduces a new company type (the Authorised Company) and consolidates global business companies into a single licence (the Global Business Corporation) with enhanced substance requirements.

Category 2 Global Business Companies (GBC2s)

The Finance Bill 2018 outlines transitional measures to discontinue the GBC2 regime. With effect from January 2019, the Mauritius Financial Services Commission (FSC) is to discontinue issuance of GBC2 licenses and provide the following transitional periods:

GBC Licence Issued	Grandfathering
On or before 16 October 2017	Grandfathering up to 30 June 2021
After 16 October 2017	Grandfathering up to 31 December 2018

After the grandfathering period, the GBC2 licence will lapse and the company will need to comply with the prescribed requirements for a global business licence (to be issued by the Mauritius FSC). Companies licensed on or before 16 October 2017 will be grandfathered up to 30 June 2021 and Companies licensed after 16 October 2017 will be grandfathered up to 31 December 2018. On or before these dates, one of the following options must be decided:

- Convert into a GBC,
- Convert into an Authorised Company,
- Continue (transfer the seat) into a IBC jurisdiction (we suggest Seychelles),
- Liquidate the GBL2.



New Legislations

The Finance Bill 2018 proposes the introduction of a new company type, being the Authorised Company.

Companies incorporated in Mauritius, where the majority of shares or voting rights or the legal or beneficial interest in a company (other than a bank) are held or controlled by non-citizens, and:

- Business is primarily conducted outside of Mauritius; and
- The place of effective management is outside of Mauritius

Clients will need to apply to the FSC, via a Management Company, for authorization as an Authorised Company, and at all times have a registered agent in Mauritius. Labourdonnais Management Ltd (LMC) is a licensed Management Company for these purposes.

An Authorised Company shall file with the FSC once in every year a financial summary in the forms of the Ninth Schedule to the Companies Act or such other types of accounts, financial statements or returns as may be specified in the FSC rules.

- Comply with such terms and conditions as the FSC may determine
- Remain subject to the obligations of a licensee; and
- Comply with the directions of the FSC for the orderly dissolutions of its business and the discharge of its liabilities
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LMC, as registered agent shall amongst others be responsible for providing such services as the company may require in Mauritius, including:

- Filing of any return or document required under this Act, the Income Tax Act or the Companies Act;
- Receiving and forwarding of any communication from and to the FSC, the Mauritius Revenue Authority or the Registrar.
- Undertaking measures on combating money laundering and the financing of terrorism and related offences as required by any enactment or guidelines issued by the FSC;
- Keeping of records, including board minutes and resolutions, transaction records and such other documents as the Commission may require; *and*
- Such other services as the FSC may require



Tax status of an Authorised Company

An Authorised Company would be required to submit a tax return to the Mauritius Revenue Authority within six months of its year end. Unlike, a company with a GBL2 under the Financial Services Act 2007, the income of an authorized company is not exempt from tax. It would therefore be incorrect to conclude that the Authorised Company is effectively replacing a company with a GBL2 under the FSA. Such a company is not considered to be Mauritian tax resident so that its foreign-sourced income would be outside the scope of the Mauritian tax system. Passive foreign income like dividends, interest and royalties would thus not be subject to tax in Mauritius. The country of source will generally have the taxing rights to such income, unless the country in which the POEM (Place of effective Management) of the authorized company is situated has a tax treaty with the source country and the treaty provides for a favorable withholding tax rate.

Other conditions may have to be complied with if treaty relief is sought. The country where the POEM is situated may also tax the worldwide income of the company, unless its domestic law provides for a territorial regime. Its Mauritian-sourced income would be subject to tax at the rate applicable to domestic companies and it is not exempt from Corporate Social Responsibility.

An Authorised Company is not the subject matter of any of the exemption that is dealt with in the Second Schedule to the Act. Since it is considered to be a foreign company, any dividend distribution made to a foreign shareholder should also be outside the scope of Mauritius: such dividends should not be considered to be Mauritian-sourced income. The below summarizes the important tax aspects of an authorized company