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Nice, January 12, 2010

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## BUSINESS LICENSING AND CORPORATE TAX

### I/ The business licensing.

#### A/

Any Person / Company wishing to start a business should register himself accordingly at the Registrar of Business ("registre des sociétés") where a Business Registration Number ("numéro d'immatriculation") will be allocated to him.

Details such as the type(s) of business activities, the address of the propose trade and the expected date of commencement should be submitted thereat.

Entrepreneurs can form a company without having to go through notary services.

An annual registration fee of 2000 Rs is payable to the Registrar of Companies by small private companies (companies with a turnover of less than 30 Million Rs).

Under the Business Registration Act 2002, the company must also register with the Commercial Registry ("registre du commerce") to get a business registration card.

Therefore, the company must complete an application form<sup>1</sup> (downloaded from the Internet: <http://www.boimauritius.com>).

The application form shall state:

- The full name and address of each applicant;

<sup>1</sup> Appendix 1 Application form for registration at the registrar of Companies.

- The present full name and the usual residential address of every director and any secretary of the company;
- Particulars of any business occupation and directorships of any public company or subsidiary of a public company held by each director;
- Whether the company is limited or unlimited;
- That the company is a private company;

The following documents shall accompany the application form:

- If the company has a constitution, a copy of that constitution certified by at least one applicant to be the company's constitution;
- The signed consent on an approved form of every proposed director or secretary;
- A certificate from the proposed director/secretary that they are not disqualified to hold office as such;
- In the case of a company limited by shares, a document in the approved form, signed by every shareholder or agent of the shareholder containing his consent to be shareholder and to taking the number and class of shares specified together with amount paid for those shares;
- In the case of a company limited by guarantee, a document signed by each member, signifying his consent to be member and the amount which such persons undertake to contribute in the event of the company's winding up.

The Commercial Registry automatically informs the tax and local authorities, therefore, the company is not required to register separately with the Tax Office unless it intends to import equipment and thus needs a tax account number.

Otherwise, registration at the Tax Office is automatic; the Registrar of Companies sends the list of registered companies to the Mauritius Revenue Authority, which then creates the tax account for these companies.

Once registered, Local Authorities, the Sanitary Authority, the Police Department, the fire Services Department and other relevant Ministries & Departments will be communicated on line (i.e via internet) details regarding the newly registered businessman and the expected date of commencement of the activity.

The Local Authority will sort out those prospective economic operators who intend to trade within its administrative area and will communicate the relevant parts of its guidelines, fees to be paid and any other provisions of the Local Government Act 2003 as amended to the person / company concerned by e-mail, letters or on-site visit.

## C/

Working in Mauritius you will need an occupation permit.

It allows a non-national to work in Mauritius.

It is both a work and residence permit.

A complete application is made through the Board of Investment (B.O.I) to the Passport and Immigration office (P.I.O).

Applicants must register with the Board of Investment and the registration is done at the same time that an application is submitted.

An investor, a professional or a self-employed person may be eligible under the following conditions:

- The investor: the proposed business activity should generate an annual turnover in excess of 3 million Rs.
- The professional: the basic monthly salary of a professional under a contract of employment should exceed 30.000 Rs.
- Self-employed: the annual income from the proposed activity should be in excess of 600.000 Rs.

### **The procedure**

#### 1/ Day 1

Application for an occupation permit (for investor, self-employed and professional categories)<sup>2</sup>.

Applicant submits the application to the Work and Live department.

The board of investment (B.O.I) officer verifies if the application is complete.

The application is sent to the Passport and Immigration Office (P.I.O).

#### 2/ Day 2

The P.I.O officer double check the application.

Application is rejected, the applicant is informed of the issue.

#### 3/ Day 3

The occupation Permit is issued.

If no objection is raised within that period, the application is automatically approved under the silent agreement principle.

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<sup>2</sup> Appendix 2 : the application form for occupation permit.

### The fees:

- The occupation permit for investors, and self employed costs 10.000 Rs.
- The occupation permit for professional: - for a contract agreement of 1 or 2 years it costs 6.000 Rs.  
-for a contract agreement of 3 years it costs 10.000 Rs.

The applicant will also have to fill a template for bank guarantee<sup>3</sup> and give a medical certificate<sup>4</sup> which will have to be filled by a registered medical practitioner in Mauritius.

This occupation permit will last for 3 years.

### D/

The applicant will also need an application for building and land use permit.

The applicant will submit the application<sup>5</sup> and the required documents such as:

- Title deed / lease and planning clearance;
- 3 sets of plan;
- Location plan;
- Site plan;
- Elevations;
- Sections;
- Structural details;
- Power of attorney / Owner's consent;
- Central Electric Board clearance;
- Central Water Authority clearance;
- General rate receipt (where applicable)
- Wastewater Management Authority clearance (where applicable);
- Applications form filled in;
- Neighbour's consent;
- Affidavit for hardship case; and
- Copy of ID card.

The processing fees are 500 Rs.

The Clerical officer will:

- Register the application and give a reference number;
- Issue an acknowledgment receipt;
- Send the copy of the plans to Head of Works; and

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<sup>3</sup> Appendix 3: the Bank gurantee.

<sup>4</sup> Appendix 4: The medical certificate.

<sup>5</sup> Appendix 5:the Application form for building and land use permit.

- Open a file with the application form and send the documents and plans to the Planning Inspector.

This proceeding will last for a day.

If there are constructions, the Head of Works will examine the plan and return it to the Planning department with recommendations.

If there are no constructions, the Planning inspector will submit a report on assessment form to the Head planning department together with the recommendations of the Head of Works.

This proceeding will last for a day.

Finally the Head of department will submit recommendations on the application and refer assessment form to the Chief Executive.

The Chief Executive will either:

- issue the Building and Land use Permit with or without conditions;
- or reject the application.

He will inform the applicant accordingly.

This proceeding will last 3 days.

If the applicant does not receive any notifications, the application is considered approved under the silent agreement.

## **E/**

The ex-post control.

After the issue of the Building and Land use Permit, the Municipality sends copies of the permit to different local authorities, sanitary authority, police department, fire services and other relevant ministries and departments depending on the activity of the applicant.

Inspectors go on site to verify if the applicant is complying with guidelines and conditions.

The prospective economic operator, having satisfied guidelines issued by the Local Authority should pay the fees for the current financial year for the classified trade as published by the Local Authority within 15 days of the start of the business and for subsequent financial years not later than the 15th July.

A surcharge of 50% shall be leviable on any amount not paid within the prescribed period.

## **II/ The Corporate taxation<sup>6</sup>.**

A person resident in Mauritius is liable to tax on the worldwide income derived by that person.

A non-resident is taxed on income derived from sources in Mauritius.

A resident is a person who has his domicile in Mauritius unless his permanent place of abode is outside Mauritius or has been present in Mauritius in an income year for a period of, or an aggregate period of, 183 days or more or has been present in Mauritius in an income year and the 2 preceding income years for an aggregate period of 270 days or more.

For a company, it defines a company which is incorporated in Mauritius or has its central management and control in Mauritius.

The corporate taxation includes income such as trade profits, interest, royalty, foreign dividends and rent.

### **A/ Bodies of person subject to corporate tax.**

- Companies;
- Trust;
- Trustees of Unit Trus Schemes; and
- Non-resident “sociétés” (Partnerships).

### **B/ Tax rates on Chargeable Income of companies.**

Year of assessment commencing on July 1<sup>st</sup>: 15%.

### **C/ Calculation of chargeable income:**

The chargeable income of a body of persons subject to corporate tax is calculated as follows:

Gross income (“revenu brut”) (income from business, property, foreign dividends, interest and royalty) less allowable deductions.

### **D/ The Alternative minimum tax.**

Where the normal tax payable for an income year by a company is less than 7,5% of its book profit, te company should pay either 7,5% of its book profit or 10% of dividends declared in respect of that year, whichever is lesser.

The normal tax payable is the tax payable calculated from the chargeable income of the company at the tax rate applicable to that company after deducting any credit to which the company is entitled except foreign tax credit.

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<sup>6</sup> Appendix 6 : Income tax form.

The book profit means profit computed in accordance with internationally accepted accounting practices, but does not include:

- Dividends received from resident companies;
- Profits on disposal of fixed assets; and profits or gains from sale of securities.

The AMT is not applicable:

- To companies which have not declared any dividend;
- To companies which are exempt from payment of tax; and
- Where the amount representing 10% of dividends declared does not exceed the normal tax payable.

When a company owns a residential property, it is liable to pay the National residential property tax according to the prescribed rates.

The NRPT is a tax levied on any residential property and which is calculated on basis of floor area or surface area.

The NRPT is not applicable where the annual total income of the owner does not exceed 385,000 Rs.

The rate for calculation of the NRPT is as follows:

- Floor area in the case of apartment, flat or tenement: 30 Rs per square meter;
- Surface area of land in the case of any other residential property: 10 Rs per square meter.

### E/ Tax deduction at source (TDS)

Under the system of TDS, the payer is required to deduct tax at the time the payment is made to or credited to the account of the payee.

- Types of payment subject to TDS:

Interest,

Royalties,

Rent,

Payments to architects, engineers, land surveyors, project managers in construction industry, property valuers and quantity surveyors as consideration for services rendered by them,

Payments to contractors and sub-contractors.

- Persons to deduct tax at source:

From interest: any person, other than individual, issuing debentures and any other loan instrument,

From royalties: any company or société other than companies holding a Category 1 Global Business License (old off-shore companies),

From rent: any person excluding individuals,

From fees to providers of specified services: any person excluding individuals,

From payments to contractors and sub-contractors: any person excluding individuals.

- Rate of tax deduction at source:

Interest: 15%

Royalties: 10%

Rent: 5%

Payments to providers of specified services: 3%

Payments to contractors and sub-contractors: 0,75%.

The payer is required to issue a statement of income tax deduction to the payee by July 31<sup>st</sup> every year showing the total payments made to the payee and the total amount of tax deducted at source.

The payer is also required to submit by July 31<sup>st</sup> every year to the Mauritius Revenue Authority a statement giving particulars of the payee, the amount made available to the payee and the tax deducted at source.

Mauritius has concluded a tax treaty with France concerning the double taxation.

An establishment over 6 months constitute a permanent establishment, the maximum tax rates applicable in the State of source are:

- For dividends: 5 and 15%;
- For interest: the rate as under domestic law; and
- For royalties: 15%.

### III/ PERSONAL TAXATION.

The tax rates on chargeable income is 15%.

The calculation of chargeable income is:

- Gross income (including salaries, wages, annuity, pension, income from business, income from property, foreign dividends, royalty, interest.);



- Less allowable deductions (including expenditure incurred in the production of income, losses, bad debts, annual allowance (in lieu of depreciation));
- Less income exemption threshold.

The income exemption threshold in respect of income year ending 30 June 2009 is as follows

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<i>Category</i>	<i>Amount (Rs)</i>
Category A- An individual with no dependent	240,000
Category B- An individual with one dependent	350,000
Category C- An individual with two dependents	410,000
Category D- An individual with three dependents	450,000
Category E- A retired person with no dependent	285,000
Category F- A retired person with one dependent	395,000

An individual is not entitled to claim an income exemption threshold in respect of -

- (a) Category B or Category F, where the total income of the dependent exceeds Rs 110,000;
- (b) Category C, where the total income of his second dependent exceeds Rs 60,000;
- (c) Category D, where the total income of the third dependent exceeds Rs 40,000.

Dependent means either a spouse, a child under the age of 18 or a child over the age of 18 and who is pursuing full time course at an educational institution or a training institution or who cannot earn a living because of physical or mental disability.

A retired person means a person who attains the age of 60 at any time prior to the first day of July of an income year and who, during the income year, is not in receipt of any business income or emoluments other than retirement pension.