



POLARIS GLOBAL SERVICES LTD

A Global Business Service Provider

POLARIS GLOBAL SERVICES LTD ('PGSL')

OUR SERVICES

Mauritius offers a range of interesting offshore vehicles to enable you to structure your offshore operations efficiently. PGSL will guide you right from the start on the planning and compliance matters to ensure you fully meet your objectives.

PGSL offers and assist in the following services:

- Incorporation of global business companies
- Registered office, secretarial services and registered agent
- Structuring & tax planning advice
- Financial and business advice
- Trust set up and administration
- Fund set up and administration
- Development of operating procedures
- Accounting, administration and domiciliation services
- Back-office operations for trading entities, accounting, administration and payroll
- Advising on set up of entities with employees and expatriates in Mauritius
- Work and residence permit application
- Set up of Freeport companies
- Liquidation services for Global Business companies
- Arranging for legal opinions from lawyers
- Provision of resident directors
- Onboarding and opening of bank accounts in Mauritius
- Nominee shareholders

MAURITIUS SNAPSHOT

Introduction

Mauritius is situated in the Indian Ocean approximately 800 km off the East Coast of Madagascar.

Population

The population of the Island is approximately 1.2 million made up principally of people of European, African, Indian and Chinese origin. Mauritius takes pride in the fact that these different cultures co-exist in peace and succeed in creating a cultural entity that is distinctly Mauritian.

Political Structure

The British ruled Mauritius for 158 years until 12 March 1968 when it became an independent country within the Commonwealth. The Republic of Mauritius is a Westminster style democracy. The President

is the Head of State and Commander in Chief. Full executive power rests with the Prime Minister who is Head of Government. The Members of Parliament are elected every five years by popular vote and a number of political parties contest the elections, reflecting the country's firm commitment to a multi-party political system.

Economy

Since independence in 1968, Mauritius has developed from a low income, agriculturally based economy to a middle-income diversified economy with growing industrial, financial, and tourism sectors. For most of the period, annual growth has been of the order of 5% to 6%.

The government's development strategy centres on foreign investment. Mauritius has now reached a per capital income of more than USD 4,000 which testifies to the economic development of the island.

Language

English is the official language. However, the Mauritian population is largely bilingual, being equally fluent in English and French. Creole is also spoken and understood by everyone.

Currency

Mauritian Rupee.

Exchange Control

None.

Type of Law

Common Law for corporate matters.

CORPORATE SERVICES

There are two common types of companies which can be set up in Mauritius, the Global Business Company ("GBC") and Authorized Company ("AC").

PGSL will assist in the initial planning, structuring and incorporation of the GBC and AC. We will review and submit all the necessary applications to the Registrar of Companies and the Financial Services Commission and liaise with the Mauritian authorities to obtain the Certificate of Incorporation and Global Business Licence. Our services in respect of the on-going administration of these companies include, inter alia:

- Provision of Mauritius resident directors or corporate directors (if applicable)
- Provision of corporate secretary and maintenance of statutory records
- Provision of nominee shareholders (if applicable)
- Provision of registered office / registered agent facilities
- Application for Tax Residence Certificate, if required
- Liaising with the Registrar of Companies and Financial Services Commission on behalf of the companies whenever required
- Assist in the onboarding and opening of bank accounts in Mauritius
- General administration, assist in the accounting obligations and preparation of accounts in

accordance with International Financial Reporting Standards

- Assist and Filing of tax returns on time with the Mauritius Revenue Authority
- Ensuring the companies comply with the local legislations and requirements

Global Business Sector in Mauritius

The Financial Services Act 2007 defines a global business company (GBC) as a resident corporation which proposes to conduct business outside Mauritius. GBCs are set up under the Companies Act 2001 and licensed under the Financial Services Act 2007.

Global Business Company (GBC)

As defined under the Financial Services Act 2007, a resident corporation which proposes to conduct business outside Mauritius may apply to the Commission for a Global Business Company Licence. A resident corporation is a body corporate formed or registered in Mauritius, and may include any trust, société, partnership or any body of persons governed by the laws of Mauritius.

Where a GBC proposes to conduct any business for which a licence, authorization, approval, registration or other formality is required under any law, Section 71 (2) of the FSA provides that it should also comply with the relevant requirement before commencing business. A GBC is required to be administered at all times by a Management Company licensed by the FSC and be managed and controlled in Mauritius.

Under the FSA a GBC may conduct any business activity, given that such activity is

- a) Lawful to public interest; and
- b) Do not cause any prejudice to the good repute of Mauritius as a centre for financial services

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 GBC may be locally incorporated or may be registered as a branch of a foreign company.

Confidentiality is strictly observed in terms of the FSA Act. 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.

CAPITAL, SHARES & SHAREHOLDERS

Capital

- There is no minimum stated capital.
- Capital can be denominated in any currency except Mauritian Rupee.
- GBC 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

- GBCs 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.
- GBCs are liable to taxes at the rate of 15%.

Tax Situation

- Provided that the GBC 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 a GBC 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 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 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') and so far, Mauritius has concluded 46 tax treaties and is party to a series of treaties under negotiation. 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.

AUTHORIZED COMPANY (AC)

An AC is a Company that has its business activities and control & management outside of Mauritius. An AC is defined as a resident corporation conducting business outside Mauritius. However, a resident corporation applying for an AC is under the FSA, a private company be formed or registered under the Companies Act 2001 . Although an AC may conduct most activities, it may not carry out the following business activities:

- Banking
- Financial services
- Carrying out the business of holding or managing or otherwise dealing with a collective investment fund or scheme as a professional functionary
- Providing of registered office facilities, nominee services, directorship services, secretarial services or other services for corporations
- Providing trusteeship services by way of business

An AC provides for greater flexibility and is a suitable vehicle for holding and managing private assets. The Company is not considered as tax resident in Mauritius but is subject to tax on any Mauritian source income at normal local rates. It 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.

Confidentiality

Confidentiality is strictly observed in terms of the FSD Act. 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. Through the use of PGSL nominee shareholders, the identity of the beneficial owners can remain confidential.

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
- 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

An AC is not considered as tax resident in Mauritius but is subject to tax on any Mauritian source income at normal local rates. It is also required to file an annual tax return with the Mauritius Revenue Authority ("MRA").

- No withholding tax on dividends
- No capital gains tax.

Mobility

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

FUND SERVICES

We provide assistance in the setting up and administration of Offshore Funds in Mauritius and the services include:

Set-up stage:

- Reviewing the proposed scheme with the promoters and recommending them thereon with the structuring in respect of Mauritian regulatory, double tax treaty aspects, etc.
- Review and advise on the Fund's draft and final constitutive documents at all stages for Mauritian

compliance and liaising with overseas / local lawyers

- Submitting the applications to the Mauritius Financial Services Commission and Registrar of Companies, liaising and following up with authorities up to final approval
- Application for a tax residency certificate; and
- Arrange for the first Board meeting etc., and attend to all local filings.

Our Duties and Responsibilities as the Mauritian Administrator on an on-going basis:

- Provision of office facilities for Registered Office;
- Providing two experienced local directors of sufficient calibre to exercise independence of mind and judgement;
- Maintenance of share registers, keeping of statutory books and records to comply with Mauritian law and the Mauritius Financial Services Commission's requirements;
- Company secretarial services (responsibility fee);
- Assist and follow up in the preparation and submission of quarterly, half yearly and annual financial statements in accordance with International Financial Reporting Standards and liaising with auditors for the audit of the financial statements;
- Preparation and filing of NAV calculations;
- Ensure compliance at all levels and that the business operations are in conformity with the stipulated conditions and the laws of Mauritius
- Subject to operational logistics, issuing instructions on investments on advice of the fund manager, co-ordinating bank transfers for investment and disinvestment and monitoring of such;
- Attending to local tax computation and filing of annual tax return with local authorities and attending to their related correspondence.