# INTERCONTINENTAL TRUST NEWSLETTER

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Intercontinental Trust Ltd

## New Singapore & India protocol: Mauritius gains supremacy

The recent amendments to the India-Singapore tax treaty, through the signing of a protocol on 30 December 2016, will no doubt spark a ripple of confidence over Mauritius as it consolidates its position as the preferred jurisdiction for international investors wishing to invest in India.

Although the amendments stipulated in the Singapore protocol are mostly at par with the provisions of the Mauritian one in terms of the taxation of capital gains arising on the sale of shares held in Indian companies (i.e. source-based taxation of capital gains), the Mauritius treaty still provides more incentives to the investor community.

Undeniably, Mauritius is set to remain a key source of Foreign Direct Investment for India for the many years to come.

Watch out for our upcoming newsletter that will provide an in-depth analysis/comparison of the 2 protocols.

## FSC clarifies the requirements for availing tax holidays

- Global Headquarters Administration
- Global Treasury Activities
- Overseas Family Office (Single)
- Overseas Family Office (Multiple)
- Investment Banking
- Global Legal Advisory Services

As previously communicated in our November 2016 newsletter, companies holding the above-mentioned licences issued by the FSC on or after 1 September 2016 will be granted tax holidays on the income derived from activities covered under these licences, provided that they satisfy the minimum employment criteria and the substance requirements (the "Conditions") as specified by the FSC.

In that regard, the FSC issued a circular (CL1-231216) on the 23rd of December 2016 pertaining to the Conditions, as tabled below:

| Licences | Tax Holidays | Conditions | | | |
|---|---|---|---|---|---|
| | | Physical Office in Mauritius | Minimum No. of employees resident in Mauritius | Asset under Management | Minimum annual operating expenditure |
| Global Headquarters Administration | 8 years | × | 10 professionals with at least 2 at managerial positions | N/A | MUR 5 million (approx. USD 135k) |
| Global Treasury Activities | 5 years | × | 4 professionals with at least 1 at managerial position | N/A | MUR 2 million (approx. USD 54k) |
| Overseas Family Office (Single) | 5 years | × | 1 professional | USD 5 million | N/A |
| Overseas Family Office (Multiple) | 5 years | × | 3 professionals | USD 5 million per family | N/A |
| Investment Banking | 5 years | × | 5 professionals | N/A | MUR 5 million (approx. USD 135k) |
| Global Legal Advisory Services | 5 years | × | 5 lawyers | N/A | N/A |

To access the FSC circular CL1-231216, click here

- Individuals acting as Asset / Fund Managers

We also previously informed our valued readers of the recent amendments made to the Income Tax Act whereby as from 1 September 2016, the emoluments of an officer acting as an Asset / Fund Manager will be exempted from Income tax for a period of 5 income years subject to meeting the following conditions:

- The officer is issued with one of the following certificates by the Financial Services Commission (FSC):

(a) Asset Manager Certificate
(b) Fund Manager Certificate
(c) Asset and Fund Manager Certificate.

- The officer manages assets of more than USD100 million
- The corporation employing the individual is licensed by the FSC

Subsequently, the FSC issued a circular (CL2-231216) on the 23rd of December 2016 to further clarify its stance on the issue of the above mentioned certificates and the conditions attached thereto, as follows:

- The certificates will be issued on an annual basis
- Officers must be employed by CIS Managers and/or Asset Management companies and will be assessed and approved by the FSC under Section 24 of the Financial Services Act 2007 (i.e. officer must demonstrate that he/she is fit & proper and has the relevant qualifications/experience);
- Officers must be resident in Mauritius;
- The yearly average of the asset base being managed should be a minimum of USD100 million;
- Employers must issue a declaration, signed by 2 directors and certified by the auditors, to testify that the officers have managed an asset base averaging USD100 million over the last financial year

To access the FSC circular CL2-231216, click here

## Mauritius: Prime source of FDI into India

According to the Census on Foreign Liabilities and Assets of Indian Direct Investment Companies for 2015-16 released by the Reserve Bank of India on 19 December 2016, Mauritius was the main source of Foreign Direct Investment (FDI) for India until March 2016. In fact, the island nation accounted for 20.8% of the total FDI ahead of the US, UK, Singapore and Japan.

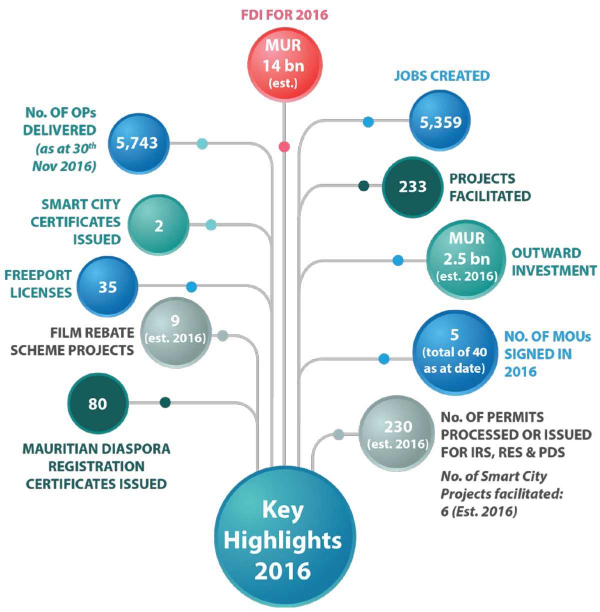
On the overall, it was observed that FDI was mostly in the form of equity participation as opposed to debt investment and that foreign investors had shown a keen interest in the manufacturing sector which absorbed nearly half of the total FDI at market prices followed by the ‘information and communication services’ (20.1 %) and the ‘financial and insurance activities’ (11.2 %).

Source: the Economic times

## Mauritius 2016: Economic retrospective

Amidst the difficult global economic climate that prevailed in 2016, Mauritius managed to achieve a steady growth as a result of the innovative measures that were introduced by the government and other competent authorities including the Board of Investment (BOI).

In 2016, mounting investor confidence in the economy was manifested through the tremendous increase in the Foreign Direct Investment received by Mauritius: from MUR 9.7 billion (USD 262m) in 2015 to est. MUR 14 billion (est. USD 378m) in 2016. The past year also witnessed a series of licenses and permits that were delivered by the BOI as follows:





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