



## INTERCONTINENTAL TRUST e-NEWS

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**INTERCONTINENTAL TRUST**  
Impeccable Service Intelligent Solutions

### **PwC renews ITL's ISAE 3402 Certification**

ITL obtains for the 4<sup>th</sup> consecutive year, a clean ISAE 3402 Type 2 audit report by PwC . The ISAE 3402 is a globally accepted framework which create a more unified and transparent reporting tool giving greater confidence on services and the management of outsourced processes offered by service providers.

This certification ensures the upholding of effective and high service levels through continuous assessment.

### **Mauritius once more 1<sup>st</sup> in Africa in Ease of doing Business**

**Mauritius tops Africa's Sub-Saharan economies and is again ranked 1<sup>st</sup> in Africa and climbs to the 28<sup>th</sup> position worldwide on Overall Ease of Doing Business, according to the World Bank group's Doing Business 2015 Report entitled: Going Beyond Efficiency, launched yesterday.**

Mauritius has climbed one place compared to its 29<sup>th</sup> position in Overall Ease of Doing Business 2014. The country has the region's highest ranking on the ease of doing business followed by South Africa (43) and Rwanda (46) out of the 189 economies rated by the International Finance Corporation and the World Bank.

According to the 12<sup>th</sup> edition of the report, Mauritius is also ranked at the 13<sup>th</sup> and 17<sup>th</sup> position with regard to paying taxes and trading across borders respectively. As for distance to frontier the country has scored an overall score of 74.8 compared to 74.4 in the 2014 report, representing an improvement of 0.4 point.

Doing Business 2015 report states that the country's performance can be mostly attributed to the continuous reforms on which it has embarked thus transforming and improving the business climate into a more globally competitive one. Reforms have also made the investment procedures significantly easier for people to do business, says the report.

It further highlights that the country has made the procedures for starting a business and enforcing contracts easier by reducing trade license fees and by introducing an electronic filing system for court users.



With regards to the Sub-Saharan African region, the report observes that from June 2013 to June 2014, 35 out of the 47 economies in Sub-Saharan Africa implemented at least one regulatory reform making it easier to do business with a set of 75 reforms in total.

Since 2005, all economies in the region have implemented business regulatory reforms in the areas measured by Doing Business with Rwanda having the largest number of reforms in the region followed by Mauritius and Sierra Leone, concludes the report.

Doing Business Report 2015 measures regulations based on 11 areas of the life cycle of a business. Ten of these areas are included in this year's ranking on the ease of doing business namely: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures labor market regulation, which is not included in this year's ranking.

*Press Release - Government Information Service, Prime Minister's Office, Level 6, New Government Centre, Port Louis, Mauritius.*

## Mauritius expands its DTA network

### DTA with Republic of Congo

The Double Taxation Agreement (DTA) between the Republic of Mauritius and the Republic of Congo has entered into force on 8 October 2014. The provisions of the agreement will apply in accordance with article 28 (2) of the DTA.

#### • Treaty and non-treaty rates

	Treaty rates	Domestic rates in Rep. of Congo
Dividends	0%/5% *	20%
Interest	5%	20%
Royalties	0%	20%
Capital gains	Taxing right to resident state	20%**

• **Permanent Establish** if building site lasts more than 12 months in case of construction, site and furnishing of services.

• **Capital gains** realised on transfer of shares of Rep. of Congo companies\*\*

\* Lower rate applies to companies holding at least 25% of capital

### DTA with the Republic of Malta

The Republic of Mauritius has signed a DTA on 15 October 2014. The agreement shall enter force after completion of necessary internal legal procedures by both parties and reciprocal ratifications.



## ITL sponsors API Summit

ITL sponsored the Africa Property Investment Summit, at Sandton Conference Centre in South Africa on 13 and 14 October 2014. The API Summit was focused on current themes, trends and challenges related to property investment and development in Africa and for real estate investment opportunities.



Yan Ng, surrounded by Willem Du Preez and Heath Taylor, our South Africa office representatives.

Some of the topics discussed during the two-day conference were as follows: African economic overview, delivering an Africa strategy: Opportunities, ease of doing business and potential pitfalls, African developers session, financing in a changing environment, the African comparison, characteristics of sub-saharan African property markets, understanding retailers strategy and understanding the legal environment.

ITL's Executive Director, Yan Ng, was one of the speakers on a panel discussion themed "*Investment structures and options for development exit in Africa*". This particular session focused inter-alia on the different channels of capital such as pension funds, private equity and REIT (Real Estate Investment Trust) platforms, the recent industry moves the future of REITS within the Africa context, fund raising, listing in Mauritius and the investment vehicles within the African context.



Yan Ng (First-Right), during the panel discussion.

The summit attracted delegates from a wide variety of industries and professions, Government and corporate pension funds, Retail trading companies who are active on the continent, Real estate attorneys, conveyancers and notaries, Retail industry professionals – architects and quantity surveyors, Project management companies, Property management, Development service providers African real estate and general equity asset managers.

The conference came to a close with an interactive session on the pursue of the African future.

## ITL at Private Equity Mauritius

ITL was present at the 4<sup>th</sup> Edition of the Private Equity Mauritius organised by the Board of Investment and themed 'Capitalising Africa's growth', on 25-26 September 2014 held at the Westin Turtle Bay Resort & Spa, Balaclava. This conference aimed at reaffirming the position of Mauritius as a preferred leading and globally recognised financial and investment centre in the region.

Presentations and panel discussions during the conference focused on the following: Private Equity deals in Africa: the macro perspective, Africa's appetite for Private Equity Funding, the role of Development Finance Institutions (DFIs) & Sovereign Wealth Funds (SWFs) in driving sustainable development investment in Africa; India – a new economic orientation, Africa's move towards social and impact investments, Mauritius – home to real estate and infrastructure PE's in Africa and unlocking the blue economy and sustainable energy projects: an ocean of opportunities for PE.

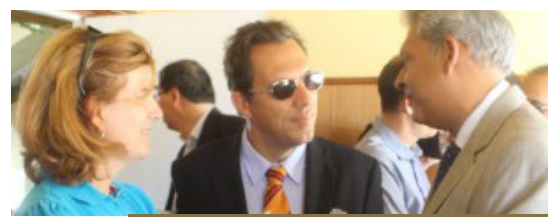
The conference was attended by around 300 international and local participants including Development Finance Institutions, Sovereign Wealth Funds, Investment Advisors, International law firms, as well as other Financial Intermediaries and professionals.



## ITL at the races

Horse racing is a very popular event in Mauritius. After the Private Equity conference, ITL seized the opportunity to get its clients to discover a day at the Champ de Mars. They were also able to taste authentic Mauritian snacks and pastries. Located at the top of the building, ITL's private lodge had a spectacular view of the pitch for the total of the 8 races, which were run every 35 minutes.

The Champs de Mars race course was inaugurated on 25 June 1812, by The Mauritius Turf Club (MTC) which was founded earlier in the same year by Sir Robert Townsend Farquhar, who was the first British Governor of Mauritius. The Mauritius Turf Club is the oldest horse-racing club in the Southern Hemisphere and the second oldest in the world.



## ITL creates health awareness



ITL, with the help of various health organisations, created a health awareness day with the theme 'Good health adds value to life'. Dialysis Centre (Flacq), The Mauritius Heart Foundation, Lions Club, Blood Donors Association, AIDS Unit, Agarwal Eye Hospital, NATRESA, Epilepsy Health Service Centre, HEP Support, Pranic healing, Kino Sante, NCD Screening, Edycs, Anlene, all collaborated to make this event successful.

This event helped informed participants on the health work being done in different areas and to promote behavioural change with respect to primary prevention of diseases.

The health day was an opportunity for visitors to have free eye test, bone check, dental checkup, body composition checkup, diabetes and hypertension tests and free counselling on diet.



There was also a wide range of activities such as Zumba, body combat demonstration and sega. Interactive sessions and talks were focused on dialysis awareness, AIDS, demonstration of epilepsy seizures, first aid, cancer awareness, hepatitis awareness, heart problems, prevention treatment and rehabilitation of substance abusers. Information packages and posters containing health messages were distributed and exposed on that day.

## Mauritius on top 5 ranking globally in terms of economic freedom



**Mauritius is among the world's most economically free countries, ranking fifth overall according to the Fraser Institute's annual Economic Freedom of the World report, released on 7 October 2014 at an international event in Brussels.**

First in Sub-saharan Africa, the island offers the highest quality of life and personal freedom, improving from 7.90 points based on the 2012 report, where it was ranked 8<sup>th</sup>, to 8.01 in the 2013 edition and 8.09 point in the 2014 report. On the Freedom to Trade Internationally front, Mauritius is ranked 9<sup>th</sup> with 8.4 points and it is ranked 19<sup>th</sup> in terms of Regulation with 8.1 points.


Also, the island is positioned on the 20<sup>th</sup> place with 7.9 points for the Size of Government, 29<sup>th</sup> for Sound Money with 9.4 points, and it is ranked legal 37<sup>th</sup> in regards to Legal System and Property Rights with 6.6 points.

Globally, Hong Kong continues its streak of number one rankings followed by Singapore, New Zealand, Switzerland, Mauritius, United Arab Emirates, Canada, Australia, Jordan, Chile and Finland.

### About the Fraser Institute's Economic Freedom Report

The Fraser Institute produces the annual Economic Freedom of the World report in cooperation with the Economic Freedom Network, a group of independent research and educational institutes in nearly 90 nations and territories. It's the world's premier measurement of economic freedom, using 42 distinct variables to create an index, ranking countries based on economic freedom, which is measured in five areas: size of government, legal structure and security of property rights, access to sound money, freedom to trade internationally, and regulation of credit, labour and business.

## The HC rules in favour of Vodafone group in the transfer pricing dispute



In a landmark judgement, the Bombay High Court has ruled in favour of the Vodafone group in the transfer pricing dispute. The HC stated that there is no taxable income arising out of transactions. Vodafone had moved to Bombay HC seeking relief from the Tax Department notice with regard to the Rs 3,200 crore taxable income for Fiscal Year 2010.

The Tax Department had sent Vodafone a Rs 3,200 crore tax bill for allegedly undervaluing the shares Vodafone issued to its parent company. The Tax Department said that this difference in valuation was in fact a disguised loan subject to transfer pricing provisions. Vodafone argued that share premium is a capital receipt; not income and hence not taxable.

It moved to the Bombay High Court citing lack of jurisdiction by the Department. The Bombay High Court did not rule on the merits. Instead, it sent Vodafone to the Dispute Resolution Panel (DRP), instructed the DRP to decide the matter within two months and also said that Vodafone could come back to the Bombay High Court if it finds the DRP's order to be patently illegal. The DRP ruled in favor of the tax department.

Vodafone then moved to the Bombay High Court against the DRP order. The court today ruled in favor of Vodafone saying there is no taxable income arising out of the transaction.

The case sets a favourable precedent for over 20 cases. Vodafone is among several multinational companies involved in transfer pricing disputes with Indian tax authorities.

### For any additional information please contact us.

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**ISAE 3402**  
COMPLETED TYPE II AUDIT

Member of:  **AVCA** African Private Equity & Venture Capital Association

Patron of  **MIOD** Mauritius Institute of Directors

**alternative investment awards**  
four thousand four hundred and fourteen  
winner

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