

INTERCONTINENTAL TRUST NEWSLETTER

OCT 2018



Intercontinental Trust Ltd

NEW RULES FOR AUTHORISED COMPANIES

The Global Business sector is currently undergoing a major reform in a bid to enhance the competitiveness and transparency of Mauritius as a financial centre and its adherence to globally accepted standards.

One of the measures stemming from the Budget Speech 2018-2019, through the recent enactment of the Finance (Miscellaneous Provisions) Act 2018 (the "Finance Act 2018"), is the phasing out of the Category 2 Global Business Companies ("GBC 2") regime. There is now a new type of company known as the "Authorised Company".

To that effect, the Financial Services Commission ("FSC") has issued the following rules on the 27th of September 2018:

- The Financial Services (Authorised Company) Rules 2018; and
- The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2018.

(Collectively referred to herein as the "Rules")

The Rules came into operation on the 1st of October 2018.

Going forward, the FSC will stop entertaining applications for GBC 2 and as from the 8th of October 2018, will consider applications for Authorised Companies.

The salient changes brought about by the Rules have been summarised below.

Permissible activities for an Authorised Company

There are **no** changes to the activities that can be carried out by the Authorised Company as compared to the GBC 2. As was the case for a GBC2, an Authorised Company can carry out any lawful business activities except the following activities which are set out in the Fourth Schedule to the Financial Services Act 2007:

- 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; and
- Any other activities that the FSC may determine as being detrimental to the good repute of Mauritius as a centre for financial services or contrary to public interest.

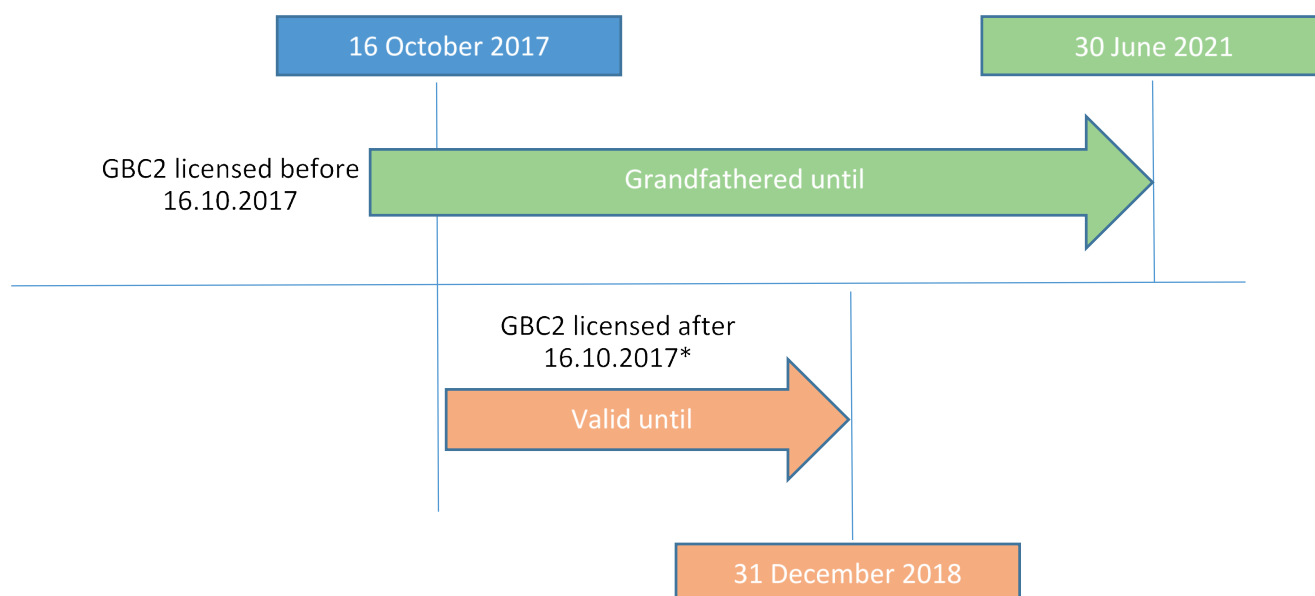
Eligibility criteria to apply for Authorised Company status

An applicant for Authorised Company should meet the following conditions:

- the majority of shares or voting rights or the legal or beneficial interest in the company, are held or controlled, as the case may be, by (a) person(s) who is/are not a citizen(s) of Mauritius;
- the activity(ies) of the Company is/are being conducted principally **outside** Mauritius or with such
- category of persons as may be specified in FSC Rules; and
- the company has its place of effective management **outside** Mauritius.

Transitional phase for existing GBC 2

Transitional period will be available to GBC 2 as depicted in the following timeline:



** GBC 2 licensed after 16th October 2017 have until 31st December 2018 to change their legal regime by applying for Authorised Company status as from 8th October 2018.*

New application forms for Authorised Companies

There are no notable changes in the application process for Authorised Company as compared to the GBC 2.

A simplified process will be in place for all companies issued with a GBC2 licence, after 16th October 2017, who wish to change legal regime by applying for Authorised Company status.

FSC Fees applicable to Authorised Company

- For existing GBC 2 wishing to adhere to the Authorised Company status, there are no processing and annual fees, provided that the application is submitted at latest by 31 December 2018.
- For all new Authorised Company applications, the fees are tabled below:

Processing Fee (USD)	Annual Fee (USD)
150	350 **

***Similar to a GBC2, the annual fee for an Authorised Company will fall due on 1st July of each subsequent year after the authorisation is first issued. Penalties will be applicable for late payments as detailed below:*

Charges for Authorised Company		
	Description of fees and charges payable	USD
	If Annual fee paid -	
a	On due date	350
b	Within one month after due date	390
c	After one month, but within 3 months after due date	450
d	After 3 months, but within 6 months after due date	525
e	After 6 months, but within 12 months after due date	705

The authorisation issued to an Authorised Company will lapse if its annual fees remain unpaid for a period of 12 months as from the date that it falls due. The FSC will not consider applications for reinstatement filed later than 12 months from the date on which the authorisation has lapsed.

Other notable changes – Taxation

As previously mentioned in our previous newsletter pertaining to the Finance Act 2018, issued earlier this year in August 2018, an Authorised Company will:

- be treated as non-resident for tax purposes in Mauritius;
- be required to file an annual tax return with the Mauritius Revenue Authority (“MRA”).

GBC2 that have been licensed on or before 16 October 2017 shall continue to be exempted from income tax until 30 June 2021.

Comparison between GBC2 and Authorised Company

- General Information

Type of Company	GBC 2	Authorised Company
Governed by	Companies Act 2001 Financial Services Act 2007	Companies Act 2001 Financial Services Act 2007
Regulatory Body	Registrar of Companies Financial Services Commission	Registrar of Companies Financial Services Commission
Registered office in Mauritius	Yes	Yes
Shelf Company availability	No	No
Access to Double Taxation Treaties	No	No
Time taken for Incorporation	1 Week	1 Week
Corporate Income Tax	Tax exempt	Non-resident for Tax purposes

- Directors

Type of Company	GBC 2	Authorised Company
Minimum Number	1	1
Local directors required	No	No
Publicly accessible records	No	No
Corporate Directorship	Allowed	Allowed

- Share Capital

Type of Company	GBC 2	Authorised Company
Permitted Currencies	All except MUR	All except MUR
Minimum paid up capital	1 Share	1 Share
Bearer Shares allowed	No	No
No par value shares allowed	Yes	Yes

- Shareholders

Type of Company	GBC 2	Authorised Company
Minimum Number	1	1
Publicly accessible records	No	No
Corporate Shareholder	Allowed	Allowed

• Registered Agent

Type of Company	GBC 2	Authorised Company
Required	Yes	Yes
Qualification	Resident and Qualified Licensed by the FSC Must be a Management Company	Resident and Qualified Licensed by the FSC Must be a Management Company
Company Secretary	Optional	Optional

• Accounts & Taxation

Type of Company	GBC 2	Authorised Company
Requirement to prepare & file Financial Summary with the FSC	Yes	Yes
Audit Requirement	No	No
Publicly accessible accounts	No	No
Requirement to prepare and file Annual Tax return with the MRA	No	Yes

How can ITL help?

- For existing GBC 2, ITL can assist in assessing their eligibility to apply for the Authorised Company status;
- ITL will lead the application process on behalf of the client and will keep the client updated of the progress thereon;
- Should the existing GBC 2 fall outside the precincts of the Authorised Company, ITL can assist in finding other workable solutions;
- ITL will assist in all new applications for Authorised Company and in collating the application pack and other ancillary documents; and
- ITL can assist in the preparation and filing of the annual tax return for Authorised Companies.

Should you require any other information or clarifications on the above, please feel free to get in touch with your usual contact person at ITL. Alternatively, please drop us an e-mail on info@intercontinentaltrust.com

For any additional information please contact us.

Mauritius Office

Email: mauritius@intercontinentaltrust.com

Website: www.intercontinentaltrust.com

Seychelles Office

Email: seychelles@intercontinentaltrust.sc

Website: www.intercontinentaltrust.sc

South Africa Office

Email: sa@intercontinentaltrust.com

Singapore Office

Email: singapore@intercontinentaltrust.com.sg

Website: www.intercontinentaltrust.com.sg

Kenya Office

Email: ke@intercontinentaltrust.com



Intercontinental Trust Ltd is regulated by the Financial Services Commission in Mauritius.

DISCLAIMER

The information in this newsletter was prepared by Intercontinental Trust Limited to provide potential clients with a broad overview of the opportunities available in Mauritius. While all reasonable care has been taken in the preparation of this newsletter, Intercontinental Trust Limited accepts no responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, however caused, sustained by any person that relies on it. Readers are advised to consult with appropriate, qualified professional advisors before taking action. Intercontinental Trust Limited will be pleased to discuss any specific issues.

If you do not wish to receive further information from Intercontinental Trust Limited, please send an email to news@intercontinentaltrust.com.