

INTERCONTINENTAL TRUST e-NEWS

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Intercontinental Trust Ltd

Industry News

Mauritius 'not' on Netherlands' blacklist

As part of its initiatives to combat tax avoidance, the Netherlands has drawn up a list of low-tax jurisdictions¹ (the "Dutch List") which will henceforth be subject to more stringent measures and scrutiny by the Dutch authorities.

Mauritius is not included in the Netherlands blacklist.

ITL has published a Flash News in this regard, in case you have not received it, please click [here](#) to read.

Financial Services (Global Business Corporations) Rules 2019

As mentioned in past issues of our newsletters relating to the changes emanating from the Finance Act 2018 and in line with the Financial Services Act, a corporation **shall apply** for a Global Business Licence (GBL) or an authorisation to operate as an Authorised Company (AC) from the Financial Services Commission (FSC) where:

- the **majority** of its shares / voting rights / the legal / beneficial interest are held or controlled, as the case may be, by a non-citizen of Mauritius; and
- such corporation proposes to conduct or conducts business principally **outside** Mauritius or with such category of persons as may be specified in the FSC Rules.

Prior to the Finance Act 2018, non-citizens could set up a domestic company (i.e. companies not holding GBL1 or GBL2) to carry out business principally outside of Mauritius if they so wished.

ITL has published a Flash News regarding the changes that have followed the enactment of the Finance Act 2018. In case you have not received same, please click [here](#) to read.

Regulatory framework for the Custodian Services (Digital Asset) Licence

Over the past couple of years, digital assets have been a disruptive force in the financial services industry. Mauritius is positioning itself as the FinTech hub, in and for, Africa and has achieved significant progress as at date. For recall, in September 2018, the Financial Services Commission (FSC) has confirmed its recognition of Digital Assets as an asset-class for investment by Sophisticated and Expert Investors through its FinTech Series [Guidance Note](#).

Subsequently in November 2018, the FSC circulated a Consultation Paper seeking feedback from stakeholders and the public on the proposed regulatory framework for the Custodian Services (Digital Asset) Licence, which allows its holder to provide custody services for Digital Assets (the "Regulatory Framework"). The Regulatory Framework was developed following international consultations with the Organisation for Economic Cooperation and Development (OECD) and will be effective as from **1 March 2019**.

Holders of the Custodian Services (Digital Asset) Licence will have to comply with the applicable framework for AML/CFT, in line with international best practices.

The FSC issued a communiqué on the Regulatory Framework earlier this month and this may be accessed [here](#).

International Benchmarks

Democracy Index 2018: Mauritius a “Full Democracy” and ranks 1st in Africa, 17th worldwide

The Economist Intelligence Unit’s Democracy Index 2018, released in January 2019, ranks Mauritius 1st in Africa and 17th worldwide.

In this year’s report, which covers the period 2017-2018, a total of 165 independent states and two territories (covering almost the entire population of the world) were assessed. The Democracy Index made the assessment according to five criteria, namely: *electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture*. Based on the scores obtained, each country / territory has been classified into either one of four regime categories: “full democracy”, “flawed democracy”, “hybrid regime” and “authoritarian regime”.

Mauritius attained an overall score of 8.22 points and is qualified as a “Full Democracy”. Only 20 countries worldwide belong to this category and Mauritius is the only country in the African region to be classified as a “full democracy”. Others in this category include the developed OECD countries of Europe and North America, two Australian countries (New Zealand and Australia) and two Latin American countries (Uruguay and Costa Rica). It is noted that Mauritius ranks ahead of the United States (25th), France (29th), India (41st) and China (130th). The three countries at the very top of the Index are Norway (9.87 points), Iceland (9.58) and Sweden (9.39).

In the Sub-Saharan Africa region, Mauritius leads the top 10 list and is followed by Cabo Verde (7.88 points), Botswana (7.81), South Africa (7.24) and Lesotho (6.64), Ghana (6.63), Namibia (6.25), Senegal (6.15), Benin (5.74) and Zambia (5.61). According to the report, only 47.7% of the world’s population live in some form of democracy, and a tiny percentage of 4.5% live in a full democracy. Globally, it is observed that for the first time in three years the Democracy Index did not deteriorate, but there was no progress either.

The full Democracy Index 2018 can be accessed from the [EIUs’ website](#) after registration.

Forbes’ ‘Best Countries for Doing Business’: Mauritius ranks 1st in Africa, 39th worldwide

Forbes’ ‘Best Countries for Business 2019’ ranks Mauritius 1st in the African region and 39th worldwide. This rating reconfirms the position of Mauritius as a destination of choice for doing business and a platform of choice for investing in the African region.

The top five performers in the whole ranking are the United Kingdom in first position, followed by Sweden, Hong Kong, Netherlands and New Zealand. While at the African region level, Mauritius is followed by South Africa (59th), Morocco (62th), Seychelles (66th) and Botswana (83rd).

The index, which has been published annually in the past 13 years, assesses 161 nations based on 15 criteria which are as follows: property rights, innovation, taxes, technology, corruption, infrastructure, market size, political risk, quality of life, workforce, freedom (personal, trade and monetary), red tape and investor protection. Each category bore equal weight and only countries having data across at least 11 categories were included.

The full ‘Best Countries for Doing Business 2019’ rankings can be read [here](#).

Mauritius 1st in Africa, 51st worldwide in the KOF Globalisation Index 2018 (Revisited)

Mauritius ranks 1st in Africa and 51st out of 203 countries worldwide in the 'KOF Globalisation Index 2018 - Revisited' ('KOFGI 2018 - Revisited'), which was released in December 2018. In the Africa region, Mauritius leads and is followed by South Africa (59th worldwide), Morocco (60th), Seychelles (92th) and Senegal (94th). The top 5 countries in the global list are Switzerland, Netherlands, Belgium, Sweden and the United Kingdom.

The KOF Globalisation Index measures globalization for every country in the world across the economic, social and political dimensions. The authors of KOFGI 2018-Revisited put forward their definition of globalisation, which they say stems from Dreher (2006) and is based on Clark (2000) and Norris (2000):

'Globalization describes the process of creating networks of connections among actors at intra- or multi-continental distances, mediated through a variety of flows including people, information and ideas, capital, and goods. Globalization is a process that erodes national boundaries, integrates national economies, cultures, technologies and governance, and produces complex relations of mutual interdependence.'

Measuring globalisation allows to examine its consequences and causes on economic growth. The authors of KOFGI 2018 – Revisited reckon that economic, social and political globalization are positively associated with economic growth, especially in developing countries. Furthermore, they have refined the research method by differentiating de facto globalisation (which measures actual international flows and activities) from de jure globalisation (which measures policies and conditions that, in principle, enable, facilitate and foster flows and activities). They conclude that economic growth increases when de jure economic and political globalisation and de facto social globalisation are stronger, and that “Countries that reduce institutional restrictions to trade in goods and services and financial flows and that are politically integrated enjoy on average higher economic growth”.

The KOF Globalisation Index was first published by Dreher (2006). It was subsequently updated by Dreher et al. (2008), and this present third edition of the Index received the contribution of Savina Gyglia (SNB, Zurich, Switzerland), Florian Haelg (KOF Swiss Economic Institute, ETH Zurich, Switzerland), Niklas Potrafec (ifo Institute, Germany & University of Munich, Germany), and Jan-Egbert Sturm (KOF Swiss Economic Institute, ETH Zurich, Switzerland & CESifo Munich, Germany).

The KOF Globalisation Index 2018 – Revisited can be accessed [here](#).

Mauritius Film Industry

'Serenity' premiere in New York

'Serenity', an American thriller which was entirely filmed in Mauritius, premiered in New York on 24th January 2019. It is the first major Hollywood feature to shoot in Mauritius.

The USD 25 million mystery-thriller was written, produced and directed by Steven Knight and stars Matthew McConaughey, Anne Hathaway, Diane Lane, Jason Clarke, Djimon Hounsou, and Jeremy Strong.

Besides the attractiveness of shooting in the local paradise setting, the choice of Mauritius was also influenced by the strong support given by the Mauritius government to encourage the development of the island's film industry. 'Serenity' also took advantage of the 'Film Rebate Scheme (FRS)' incentive.

The FRS entitles production companies incorporated or registered locally, including those with 100% foreign ownership, to benefit from a cash non-taxable rebate of 30% on the QPEs incurred in Mauritius provided that they have spent the minimum Qualifying Production Expenditure (QPE). The 30% reimbursement can be increased to up to 40% for Feature Films and Television Drama Series provided that their QPE exceeds USD 1,000,000 per film and USD 150,000 per episode respectively and also that they bring significant economic benefits.

For any additional information on the FRS, please liaise with your usual contact person at ITL or email us on info@intercontinentaltrust.com.

Bilateral Relations

State visit of the President of Mozambique to Mauritius, signature of three MoUs between the two countries

The President of the Republic of Mozambique, Mr Filipe Jacinto Nyusi, paid a state visit to Mauritius from 30 January to 2 February 2019. Heading a 25-member delegation, the Mozambican President was the Chief Guest of the Government of Mauritius on the occasion of the country's Commemoration of the 184th Anniversary of the Abolition of Slavery.

The high-level visit was an occasion for Mauritius and Mozambique to further deepen their long-standing bilateral relations. On 31st January, the two countries signed three Memoranda of Understanding (MoU) pertaining to cooperation in three spheres, namely: 1) Environment – for enhanced cooperation in the field of environment protection and the conservation of national resources; 2) Tourism – for the promotion of both countries as tourism destinations, as well as technical assistance in tourism marketing and the facilitation of investments in the field of tourism development and; 3) between the Economic Development Board (EDB) of Mauritius and its counterpart in Mozambique, for the establishment of a practical framework for cooperation with regards to trade and investment, trade promotion, the strengthening of institutional relations and capacity building. It is to be noted that an MoU regarding to the supply of Liquefied Natural Gas between the State Trading Corporation of Mauritius and its counterpart is also in preparation.

Mauritius and Mozambique established bilateral relations 25 years ago. The two countries signed a Double Taxation Avoidance Treaty in 1997, which was ratified on 8th May 1999. A number of Mauritians have invested in Mozambique in the fields of financial services, logistics, agri-business, manufacturing and ICT. Mauritius requested the support of Mozambique in the field of heritage and mutual management in view of the future Intercontinental Slavery Museum to be set up in Mauritius, as well as heritage management. The Mauritius side also called for a concerted effort in regional cooperation such as the Indian Ocean Rim Association, the Southern African Development Community as well as on piracy issues off the Somalian Coast so as to address effectively problems related to maritime security, illegal drug trafficking by sea route and illegal, unregulated and unreported fishing.

On his part, the Mozambican President called for Mauritian expertise in Small and Medium Enterprises, the Double Tax Agreement, facilitating private sector investment, fight against drug trafficking, training, education and expressed the intent that the slavery route from Mozambique be known to the future generations. He also invited Mauritian investors to further tap into opportunities in his country.

Travel & Tourism

Mauritius: Tourist arrivals increased in 2018

Mauritius remains an attractive travel destination. Its Tourism Industry maintained a robust growth in 2018 as the island welcomed a total of 1,399,287 tourists to its sandy beaches, representing an increase of 4.3% compared to 2017.

The strong performance was mainly driven by the European market, particularly Germany which recorded 132,815 arrivals (+13,959 tourists or +11.74%) and France with 285,271 arrivals (+11,852 or +4.33%). There was also a positive increase in the number of arrivals from the United Kingdom, South Africa and India. From an emerging markets perspective, Saudi Arabia marked a surge with 16,507 arrivals compared to 5,142 in 2017 (+221%). However, regression is noted regarding the Reunion Island market with 138,439 tourists (-5.2%) and China with 65,739 tourists (-9.9 %).

Arrivals by air registered a growth of 3.6%, while arrivals by sea witnessed a surge of 33.4%. As at October 2018, tourism receipts had reached MUR 5.4 billion (approximately USD 154.3 million).

For any additional information please contact us.

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