INTERCONTINENTAL TRUST e-NEWS

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Intercontinental Trust Ltd

Global Business – News snippets from the Industry

ESAAMLG: Mauritius is a compliant jurisdiction

At the 19th Council of Ministers Meeting of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), held earlier this month in eSwatini (previously known as Swaziland), it was announced that Mauritius is now compliant with most of the recommendations of the Financial Action Task Force (FATF). The latest Mutual Evaluation Report (MER) for Mauritius is due to be published soon.

The positive re-evaluation of Mauritius by the ESAAMLG further instills confidence in its legal and regulatory framework and cements its position as a jurisdiction of choice for international investors.

For recall, Mauritius is a member of the ESAAMLG since 1999 and the MER sets out how well Mauritius has implemented the technical requirements of the FATF Recommendations and how effective its AML/CFT system is.

Along these same lines, the National AML/CFT Committee approved the **National Strategy 2019-2022** for Combatting of Money Laundering and the Financing of Terrorism and Proliferation and the **National Action Plan** to support its implementation. These were tabled before the Cabinet of Ministers in August 2019. The National Strategy is based on the following main strategic themes, namely:

(a) strengthening the AML/CFT Legal and Regulatory Framework;
(b) implementing a comprehensive risk-based supervision framework;
(c) strengthening the process by which the Money Laundering/Terrorism Financing threats are detected and disrupted, criminals are prosecuted and illegal proceeds are confiscated;
(d) enhancing national co-ordination and cooperation;
(e) implementing an effective AML/CFT data collection system in all relevant competent authorities; and
(f) enhancing regional and international cooperation. The National AML/CFT Committee has approved both the National Strategy and the National Action Plan.

FSC signs the Marrakech Pledge

The effects of global warming and climate change are palpable. Responsible world leaders and policy makers are now moving beyond rhetoric and are joining forces to fight the effects of climate change. Several coalitions have been set up to foster green initiatives geared at driving sustainable economic development - one of them being the Marrakech Pledge.

On 6 September 2019, the Financial Services Commission (FSC) became a signatory to the Marrakech Pledge which is a continental coalition of African Capital Markets Regulators and Exchanges committed to act collectively in favor of fostering Green Capital Markets in Africa, and enabling an effective shift towards low carbon economy while energizing a strong sustainable and inclusive growth dynamics in the region. Moreover, it was also announced that the FSC has set up a Task Force focused on the development of strategies for sustainable finance and economic growth.

The FSC's latest initiatives demonstrate its commitment towards the crafting of a regulatory and operating ecosystem that will assist in moving the green economy forward as well as encouraging climate-resilient investments across Africa.

For more information about the Marrakech Pledge, please visit their website by clicking here

FSC issues Cyber Security Risk Governance Circular Letter

The financial services industry is riding one great wave of change - that of digital transformation thanks to the inevitable introduction of disruptive technologies. But innovation and new technologies surely present new risks as hordes of cyber-attackers are waiting to pounce on security loopholes. It is therefore important that companies, especially financial service providers, devise and implement a solid cyber security strategy.

The Financial Services Commission (FSC) issued a circular letter in August 2019 (cl210819) aimed at reminding Management Companies (MCs) of the need of having a sound cyber resilience programme in place. Below are the minimum recommendations put forward by FSC:

MCs will be expected to:

- understand the cyber risks, vulnerabilities and impact associated in running their businesses, with supporting documentation;
- put into place appropriate policies and procedures duly approved by the board to mitigate the risks;
- carry out an annual cyber security risk assessment which is reported to the board;
- conduct regular IT audit and addressing identified loopholes accordingly;
- conduct penetration testing to ensure that their systems are not vulnerable or susceptible to cyber-attacks;
- put in place appropriate contingency arrangements that they can be deployed in the event of a cyber-attack, including but not limited, maintaining service levels for clients and informing relevant parties and authorities about the attack and its impact; and
- run a comprehensive technology risk and cyber security training programme at all levels

At ITL, cybersecurity is firmly entrenched in our company strategy and for that reason, we have set up a full-fledged Information Security, Governance, Risk & Compliance, and Data Protection team, led by a seasoned CISSP (Certified Information Security Systems Professional). We lay much emphasis on creating a secure cyber framework for our clients and make sure that our staff receive the appropriate training. For more information on our cyber security strategy and on how we can further assist our clients in safeguarding their data, please write to us on info@intercontinentaltrust.com

FSC issues communique on the Administrative Penalties Regulatory Framework

The Financial Services Commission (FSC) issued a communique in August 2019, in relation to the Administrative Penalties Regulatory Framework (the "Framework") which comes into effect as from the same month.

The Framework sets out the general principles and approach adopted by the FSC regarding the imposition of APs on a licensee. APs will be applied by the FSC to sanction its licensees for instances of regulatory breaches other than specific breaches mentioned in the Schedule of the Financial Services (Administrative Penalties) Rules 2013 (non-filing of statutory documents and statistical information).

In contrast to other sanctions, such as revocation and disqualification, this type of AP will enable viable businesses to maintain their business activities and officers to continue holding their positions, even where they are sanctioned for any statutory breaches that they may have engaged in.

To access the Framework, please click here

Mauritius – A key driver of quality investments into Africa

The FSC made a press release on 11 August 2019 that delves into the various reasons why the Mauritius International Financial Centre (IFC) is a driver of quality investments into Africa. Interestingly, out of the 10 largest recipients of investment in Africa from Mauritius, only 4 of them have concluded a Double Taxation Avoidance Agreement (DTAA) with the island nation. This observation does beg the question as to whether the presence of DTAAs is indeed a pivotal driver of investment through Mauritius - while DTAAs may help in encouraging cross-border investment, they are no longer one of the main triggering factors. International investors now look for a more strategic and global value proposition from the Mauritius IFC that will include a skilled and multilingual workforce, a strong banking and legal system, a sound and efficient capital market, political stability and the absence of exchange control etc.

To access the press release, click here

Finance and Economy

The BOM slashes Key Repo Rate

On 9 august 2019, the Monetary Policy Committee (MPC) of the Bank of Mauritius (BOM) agreed to cut the Key Repo Rate (KRR) by 15 basis points to 3.35% p.a. amidst difficult global economic conditions.

The MPC highlighted that the Mauritian economy has demonstrated resilience despite the fact that the flame of global economic growth has been dimming and it remains confident that Mauritius will achieve current growth forecast of 3.9% for 2019 and 4% for 2020. In view of the local declining inflation rate trend (headline inflation rate of 0.5% is forecasted for 2019), the MPC is of the opinion that a reduction in the policy rate will help in the mitigation of the risks associated with the weakening global growth.

The last revision made to the KRR dates back to September 2017, when the rate was decreased by 50 basis points to 3.5%.

For more information about the KRR, please visit the BOM website: : https://www.bom.mu/repo-rate

Mauritius-China Free Trade Agreement

The Mauritian government has agreed to the signing of the Mauritius-China Free Trade Agreement (FTA) which comprises 17 Chapters encompassing: Trade in Goods, Sanitary and Phyto-sanitary Measures, Technical Barriers to Trade, Competition, Intellectual Property, Electronic Commerce, Trade in Services, Investment, Economic Cooperation, among others.
The salient benefits proffered under this FTA are as follows:

- Duty free access on the Chinese market on some 8,547 Mauritian products, representing 96% of the Chinese tariff lines. 88% would be eliminated with immediate effect and the remaining tariffs over a 5 to 7 year period.
- Mauritius has been granted a Tariff Rate Quota of 50,000 tons of special sugar at an in-quota rate of 15% to be phased in over a period of 8 years.
- Mauritius service providers would have access to more than 40 service sectors, including financial services, telecommunications, ICT, professional services, construction and health services.
- Mauritius would also be able to establish businesses in China as wholly owned entities or in joint partnership with Chinese operators.
- Mutual collaboration have been agreed in ten areas, including industrial development aimed at improving competitiveness, manufacturing based on innovation and research, exchange of specialists and researchers to disseminate know-how and for support in technology and innovation
- The setting up of a Renminbi Clearing Centre in Mauritius.

The African Continental Free Trade Area Agreement (AfCFTA)

The Mauritian government has ratified the Agreement establishing the African Continental Free Trade Area (AfCFTA) which would enable Mauritian operators to have preferential market access opportunities in the Western, Northern and Central African regions and further provide an incentive for foreign investors to use Mauritius as a manufacturing hub to target the African market.

Visit of the United Nations Office on Drugs and Crime (UNODC)

During a recent visit of a delegation of the United Nations Office on Drugs and Crime (UNODC) with the aim of exploring new avenues of cooperation with Mauritius, several agreements were signed:

a. a Memorandum of Understanding between the Economic Development Board (EDB) and the UNODC was signed which aims at providing a framework for the EDB to facilitate and assist investors in the area of FinTech;
b. a Memorandum of Understanding between the Financial Services Commission and the UNODC was signed to revisit the framework on Self-Regulatory Organisations; and
c. an Exchange of Letters was held between Mauritius and the UNODC regarding the setting up of a UNODC Project Office in Mauritius.

Work and Live in Mauritius

Relocation to Mauritius: Regulatory updates

The Business Facilitation (Miscellaneous Provisions) Act 2019 (the "Act") was enacted in July 2019 with the main objective of improving the ease of doing business in Mauritius.

Under the Act, several changes were made to the Economic Development Board Act 2017, more specifically to the eligibility criteria of foreigners wishing to apply for occupation permits (allowing foreign applicants to work and live in Mauritius) and residence permits (allowing foreign individuals to live in Mauritius). The main changes are as follows:

- Occupation Permit (Investor – Innovative start-ups): Applicants can now forgo the initial capital investment of USD 40,000 if they are registered with an incubator accredited with the Mauritius Research Council. Presently, there are 4 such accredited incubators operating on the island. More information is available upon request.
- A new category of Occupation Permit (OP) has been introduced, the Young Professional OP, which be sought by foreign students having completed their studies in a local tertiary education institution recognised by the Tertiary Education Commission in fields such as Artificial Intelligence, Biotechnology, Fintech, Robotics, Financial Services and Information Technology. It is understood that the Economic Development Board will issue further guidelines for this newly introduced category soon. The Immigration (Permits) (Prescribed Fees, Guarantees and Application Form) Regulations will also be amended with a view to prescribing the application fee for an Occupation Permit in respect of a "Young Professional".
- Revision of the monthly funds transfer requirement under the Retired non-citizen residence permit – this has now been reduced to a monthly transfer of USD 1,500 or an aggregate transfer of USD 54,000 during the 3 years' validity of the residence permit

You may wish to refer to our updated newsletter titled "Moving to Mauritius" for any other information regarding the different types of OP and residence permits that are available to foreigners, by clicking here

Air Connectivity

During recent negotiations held between the Republic of Mauritius and the Republic of the Philippines, it has been agreed that a Bilateral Air Services Agreement will be concluded with the Government of the Republic of the Philippines.

A Memorandum of Understanding has already been signed. The salient points which have been agreed upon are the designation of airlines, the frequency/capacity and the code-sharing rights.

At present, the flag carrier airline of Mauritius, Air Mauritius, does not provide flights to/from the Philippines. The conclusion of the Bilateral Air Services Agreement and the Memorandum of Understanding with the Republic of the Philippines is a welcome move since this would enable Air Mauritius to provide seamless connections and a smooth customer journey via Singapore through the implementation of a codeshare arrangement with any designated carriers of the Philippines.

Other News

Andersen Global now present in Mauritius

Mauritius becomes the 15th African country in which Andersen Global has a presence through its newly concluded collaboration agreement with ATax Advisors Limited (ATax), a leading tax and advisory firm in Mauritius.

Andersen Global is an international association of legally separate, independent member firms comprised of tax and legal professionals around the world. Established in 2013 by U.S. member firm Andersen Tax LLC, Andersen Global now has more than 4,500 professionals worldwide and a presence in over 144 locations through its member firms and collaborating firms.

Ben Lim, one of the founders of ATax, and his team have intensive industry experience in a broad range of industries, including manufacturing and textile apparel, real estate construction and renovation, medical and pharmaceutical, automobile and motor vehicle spare parts, agriculture and farming, wholesale and retail on consumer goods, hospitality and tourism, education, BPO, customs brokerage and freight forwarding, jewelry, gambling, restaurants, retail and event management. The Mauritius team has extensive experience in cross border tax planning. ATax is also a member of the Mauritius Institute of Public Accountants.

“We have spent much time and effort crafting a business with a focus on providing best-in-class service and treating clients like they are our own family. Because of those simple values and endeavors, we have been able to grow in stature and reputation,” said Ben. “We are looking forward to this next step for our firm and collaborating with a group of likeminded colleagues throughout the world.”

Click Here to read the official statement issued by ATax

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