



## COVID-19 Updates @ 31 March 2020

In a bid to curb the spread of the COVID-19 on the island, the government took the bold decision to extend the sanitary curfew until 15 April 2020. This was announced by the Prime Minister in a televised press conference on 30 March 2020.

We remain committed to bringing you the latest updates on how the COVID-19 pandemic is affecting businesses in Mauritius:

### Impact of COVID-19 on international taxation

COVID-19 has brought to a stand-still several operations around the world. It is indisputable that the measures taken to combat COVID-19 will affect individuals and businesses. The Organisation for Economic Cooperation and Development (“OECD”) has already put forward several proposals to tax administrations across the world to alleviate the burden of taxpayers and to support businesses. These include (i) deferral of payments; (ii) remitting interest and penalties and (iii) suspending debt recovery.

The Mauritius Revenue Authority has already indicated that it will be providing some of the above-mentioned support to its taxpayers – as communicated previously in our news release (click [here](#))

However, there has, so far, been no mention in Mauritius of broader international taxation issues that are or will be impacted by COVID-19.

We focus on three matters that may arise below.

## Tax Residence for individuals

The residence test for individuals in Mauritius is based on the number of days a person spends in an income tax year in Mauritius.

Due to measures taken to combat COVID-19 (forced quarantine, borders closed or medical advice), some individuals may find themselves present in Mauritius for a greater amount of days. It is interesting to note that in other jurisdictions that the counting of days for tax residency purposes has been suspended. For instance, in the island of Jersey, the tax authorities have indicated that they will ignore additional days spent in the island as a result of COVID-19 measures. The UK has issued similar guidance in this respect.

The Mauritius Revenue Authority has yet not indicated its position on the matter.

## Board Meetings

We note that the restrictions pertaining to travel will make it impossible for directors based overseas to come to Mauritius for board meetings. The location of board meetings directly has a bearing on the tax residency of certain companies.

Whilst in Mauritius there is no statutory requirement to hold **physical** board meetings, the location of board meetings in Mauritius is usually recommended to ensure that the central management and control of a company remains in Mauritius. As this will not be possible for certain amount of time, companies have to explore other means of holding board meetings without jeopardising their tax residence in Mauritius.

Again, some other jurisdictions have expressed the view that changes in operating practices due to COVID-19 will not mean that a company's tax residency has changed provided that those changes are temporary and in response to the outbreak.

## Enhanced Substance Requirements

Since 2018, some companies must satisfy enhanced substance requirements relating to the core-income generating activities, employment and expenditure. The substance requirements are not prescriptive, and generally companies intend to satisfy them in a number of ways, some of which could involve travel from overseas.

These arrangements may now be in limbo following the restrictions due to COVID-19.

Please do not hesitate to reach out to us if you have concerns or queries in relation to the tax residence or economic substance of your company.

*This alert should not be construed as legal/tax advice and should not be relied upon as such. ITL will not be held responsible for any misinterpretation.*

*If you need further assistance with this regards, please liaise with your usual contact person at ITL or send us an e-mail on [info@intercontinentaltrust.com](mailto:info@intercontinentaltrust.com)*

## Important communiques from the Financial Services Commission (FSC)

### Filing and reporting obligations during the COVID-19 curfew

In a communique issued by the FSC on 30 March 2020, the FSC advised of the following measures that will be implemented in view of the dire circumstances regarding the pandemic:

- Any licensees encountering difficulties in meeting their filing and reporting obligations through the Online Data Capture platform (ODCS), can redirect their submissions to a dedicated e-mail: [filing@fscmauritius.org](mailto:filing@fscmauritius.org)
- The FSC will show flexibility towards licensees facing challenges in meeting with filing and reporting falling due by 31 March 2020. The same principle will apply for other filing and reporting obligations falling due during the curfew period, provided that all submissions are made by 30 June 2020
- Administrative penalties will be **waived** for late filing and reporting obligations due for March 2020 provided that these were caused by the pandemic crisis and that the obligations are met by 30 June 2020. The waiver will not apply to penalties already accrued for previous years

To access the full communique, please click [Here](#)



## Temporary cessation of the operations of the Stock Exchange of Mauritius (SEM)

The FSC issued another communique on 27 March 2020 informing the public of the notice order that it has issued to the SEM, exercising powers proffered to it under Section 133(1) of the Securities Act 2005, for the SEM to cease all securities transactions. The order will lapse on 2 April at 20:00 local time but given the extension of the curfew order until 15 April, as communicated yesterday by the Prime Minister, it is expected that the order will be prolonged until that date. We will keep our valued clients posted accordingly.

It is however understood that the SEM suspended trading since 20 March 2020 following the announcement of the lockdown in Mauritius.

To access all the communiqués, please use the links below:

FSC Communique dated 27 March 2020: [Here](#)

SEM Communique dated 20 March 2020: [Here](#)

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



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