



# INTERCONTINENTAL TRUST NEWSLETTER

AUGUST 2020



Intercontinental Trust Ltd

## Mauritius: a more accessible Work & Live destination

**Introduction:** In the past months, Mauritius faced its fair share of challenges and after having successfully contained the Covid-19 pandemic spread, it now gears up for economic recovery and is positioning itself to catch up on global trends such as the digitisation of its economy and the introduction of sophisticated financial services. The need for up-skilling and attracting foreign talent and investors is more pressing than ever. In the recent budget speech for year 2020/2021, the finance minister presented a series of measures aimed at encouraging skilled expatriates and investors to relocate to the island. These proposals are being implemented following the enactment of the Finance (Miscellaneous Provisions) Act 2020 in August 2020. The key measures include:

- Occupation Permit (OP) for Investors and Self-employed is being extended from 3 years to 10 years
- Validity period of Permanent Residency (PR) has been doubled to 20 years
- Minimum investment amount for Investor OP applicants has been reduced from USD 100,000 to USD 50,000. Moreover, the annual turnover criteria for the renewal of the OP has been revised - annual turnover of MUR 4 million (circa. USD 114,000) will have to be generated as from third year of registration
- Professional OP holders and Retired Non-citizens are eligible to invest in any business provided that they:
  - (i) are not employed in the business
  - (ii) do not manage the business
  - (iii) do not derive any salary or employment benefits from the business
- Professional OP holders may now also hold shares in a business where he is employed provided that he is not a majority shareholder.
- Minimum investment amount for those wishing to have Residence Permit through the acquisition of property under the Property Development Scheme, the Real Estate Scheme, the Integrated Resort Scheme and the Smart City Scheme (the "Schemes") has been revised from USD 500,000 to USD 375,000
- Minimum investment amount for investors wishing to invest in qualifying activities has also been decreased from USD 500,000 to USD 375,000
- Holders of RP through acquisition of property in the Schemes and Retired Non-citizens are now allowed to engage in any occupation for profit or reward without having to apply for an OP or work permit
- Definition of Dependents has been broadened to include the "Parents" of the applicants

Our newsletter provides more details about the above measures. At the date of writing of this publication, we are yet to receive the updated guidelines pertaining to new OP/RP applications and existing OP/RP. Nevertheless, should you have any queries, please get in touch with your usual contact person at ITL or write to us on [info@intercontinentaltrust.com](mailto:info@intercontinentaltrust.com)

We wish you a pleasant read!



## Mauritius: More than a holiday destination

One might be tempted to think of Mauritius as merely a holiday destination, a feeling reinforced by the sheer beauty of its landscapes and its endless expanse of beach that meets the crystal-clear waters of the Indian Ocean. However, since its independence in 1968, Mauritius has undergone a series of major economic reforms, which have enabled its transformation from an agrarian economy to a diversified and modern one.

In fact, Mauritius has over the years managed to overcome the many obstacles typically faced by countries endowed with limited natural resources and went on to become one of Africa's most acclaimed countries. While the tourism industry remains one of the main pillars of its economy, the island nation has also successfully positioned itself as the International Financial Centre of choice for Africa and stands as a paragon of democracy, growth and political stability for the region. Earlier this year, the World Bank classified Mauritius as a high-income country for the first time based on 2019 data. Moreover, the island boasts numerous attributes including politico-socio stability, relatively low crime rates, education and health sectors that live up to international norms and standards, an exquisite lifestyle marked by the presence of several international franchisees and brand stores, a highly educated and bilingual workforce, a sophisticated banking system supported by the absence of exchange control, amongst many others. In addition, since the island is a melting pot of cultures, foreigners generally find it easy to find their bearings and integrate into the local society.

As the island aims to further diversify its offerings and catch up on global trends such as the digitalization of its economy and the introduction of sophisticated financial services including FinTech, wealth management etc., the need for up-skilling and expanding its workforce has become more pressing than ever. One of the ways of achieving this is by attracting foreign talent and investors. In fact, the government of Mauritius introduced several schemes a few years ago to incentivize foreigners into settling on the island whilst contributing to the elevation of its economy. Several favourable changes were made to these schemes in the last budget 20/21, through the enactment of the Finance (Miscellaneous Provisions) Act 2020 (referred interchangeably hereinafter as the "Finance Act 2020" or the "Act") – the main ones are summarised below.



## Occupation Permits (OPs): Attracting investors and foreign talent



OPs allow foreigners to both work and live on the island. Prior to the Finance Act 2020, OPs were issued for an initial period of 3 years but this has now been extended to 10 years for both the Investor OP and Self-employed OP. For the Professional OP, the validity period remains unchanged i.e. it will still be issued for an initial period of 3 years. At the expiry of their OPs, non-citizens can either renew their OPs or consider applying for a Permanent Residence (PR), subject to meeting the required conditions. The validity of the PR has been doubled to 20 years.

The changes are effective as from 1 September 2020.

The main amendments introduced by the Act are highlighted below:

### **Investor OP**

#### **Eligibility Criteria for OP**

The minimum investment to be made by investors has been reduced from USD 100,000 to USD 50,000. Moreover, the renewal criteria has also been relaxed and the OP will henceforth be renewed if the company generates a minimum gross income of MUR 4 million (circa. USD 114,000) per year as from third year of registration - prior to the Finance Act 2020, the company had to generate a cumulative turnover of at least MUR 12 million (circa. USD 342,800) during the 3 years preceding the application for the renewal of the occupation permit and with a turnover of at least MUR 2 million (circa. USD 57,000) per year.

#### **PR Criteria**

For PR before 1 September 2020: For existing OP holders, a cumulative turnover of at least MUR 12 million (circa. USD 342,800) must have been achieved during the 3 years preceding the application.

For PR after 1 September 2020: Applicant must be the holder of an Investor OP for at least 3 years and must have generated a minimum annual gross income of at least MUR 15 million (circa. USD 428,500) for 3 years preceding the PR application.



## **Professional OP**

### **Eligibility Criteria for OP**

Prior to the enactment of the Finance Act 2020, foreign professionals operating in the information and communication technologies (ICT) sector were entitled to the Professional OP provided that they were earning a monthly basic salary of at least MUR 30,000 (circa. USD 850). This criterion has now been extended to foreigners working in the business process outsourcing (BPO), pharmaceutical manufacturing and food-processing sectors.

Foreign professionals operating in other sectors will be eligible for a Professional OP if they derive a monthly basic salary of at least MUR 60,000 (circa. USD 1,700).

In addition, under the Act, investment restrictions for Professional OP holders have been waived - implying that they can now invest in a business provided that they:

- (i) are not employed in the business
  - (ii) do not manage the business
  - (iii) do not derive any salary or employment benefits from the business
- Holders of Occupation Permit as Professional may hold shares in a business where he is employed provided that he is not a majority shareholder.

### **PR Criteria**

For PR before 1 September 2020: For existing OP holders, they must have drawn a minimum monthly basic salary of either MUR 30,000\* or MUR 60,000\*\* (circa. USD 850 or USD 1,700) during the 3 years preceding the PR application.

For PR after 1 September 2020: Applicant must be the holder of a Professional OP for at least 3 years and must have drawn a monthly basic salary of at least MUR 150,000 (circa. USD 4,200) for 3 consecutive years immediately preceding the PR application.

\* professionals working in ICT or BPO only

\*\* any other professionals



## Self-employed OP

### Eligibility Criteria for OP

While the application criteria remains the same for foreigners under this particular route i.e. applicants will have to make an initial investment of USD 35,000 at the time of the issue of the OP and they will need to be engaged in the provision of services only, the renewal criteria has been relaxed. Henceforth the self-employed OP will be renewed if the individual generates a minimum business income of MUR 800,000 (circa. USD 22,800) per year as from the third year of registration - prior to the Finance Act 2020, the individual had to generate a cumulative turnover of at least MUR 2.4million (circa. USD 68,500) during the 3 years preceding the application for the renewal of the occupation permit and with a turnover of at least MUR 600,000 (circa. USD 17,100 per year).

### PR Criteria

For PR before 1 September 2020: Applicant must have generated cumulative business income of at least MUR 2.4 million (circa. USD 68,500) during the 3 years preceding the application.

For PR after 1 September 2020: Applicant must be the holder of a Self-employed OP and must have generated annual business income of at least MUR 3 million (circa. USD 85,700) for 3 consecutive years immediately preceding the PR application.

## Retired non-citizens: A safe retreat for senior citizens

The past few years have witnessed a mounting interest from retired non-citizens wanting to shun their mundane routines and choosing to spend their golden years in sunny Mauritius. Although the financial criteria relating to the Retired non-citizen permit (Retired RP) remains the same under the Finance Act 2020 (i.e. initial transfer of USD 1,500 at the time of the issue of the RP and thereafter a monthly transfer of USD 1,500 or thereafter transfer of such amounts, by instalments or otherwise, the aggregate of which shall be at least USD 54,000 during the 3 years' validity of the residence permit), several changes were made to enable applicants to invest and work on the island as follows:

- Extension of the validity period of the Retired RP from 3 years to 10 years
- Subject to meeting the required conditions, holders of Retired RP may apply for a Permanent Residence (PR). The PR\* will be issued for a period of 20 years
- Retired RP holders no longer have investment restrictions and may invest in a business provided that they:
  - (i) are not employed in the business
  - (ii) do not manage the business
  - (iii) do not derive any salary or employment benefits from the business
- Retired non-citizens who have been granted a PR are eligible to engage in any occupation for reward or profit without having to apply for a separate OP or work permit.

\* PR Criteria

\* For PR before 1 September 2020, Applicants must have done:

- (1) Either monthly transfer of at least USD 1,500 or its equivalent in freely convertible foreign currency, during the period of 3 years; or
- (2) Cumulative transfer of at least USD 54,000 or its equivalent in freely convertible foreign currency, during the period of 3 years

For PR after 1 September 2020, Applicants must:

- (1) have held a residence permit as retired non-citizen for at least 3 years; and
- (2) have transferred such amounts, by instalments or otherwise, the aggregate of which shall be at least USD 54,000 or its equivalent in freely convertible foreign currency, during the period of 3 years



## Investing in Mauritius: A treasure trove of opportunities

The minimum investment amount criteria entitling foreigners to a residence permit following the acquisition of property under the Property Development Scheme, the Real Estate Scheme, the Integrated Resort Scheme and the Smart City Scheme (collectively referred to as the "Schemes") is now set at USD 375,000 (previously: USD 500,000).

Moreover, another major change brought in by the Act is that foreigners investing in the above Schemes and having received their residence permits may now engage in any occupation for reward or profit. Previously, they were not entitled to work on the island if they did not have a valid OP or work permit.

### What about the dependants of OP and RP Holders?

OP and RP Holders can apply for residence permits for their dependents. The definition of "Dependents"\* has been broadened under the Finance Act 2020 to include the parents of the OP and RP Holders.

\* "Dependents" is now defined as the spouse, dependent child, parent or other dependent of a person

More details will follow once the updated guidelines are issued by the authorities – stay tuned for our upcoming newsletter on same! In the meantime should you have any queries, please get in touch with your usual contact person at ITL or write to us on [info@intercontinentaltrust.com](mailto:info@intercontinentaltrust.com)

For any additional information please contact us.

**Mauritius Office**

Email: [mauritius@intercontinentaltrust.com](mailto:mauritius@intercontinentaltrust.com)  
Website: [www.intercontinentaltrust.com](http://www.intercontinentaltrust.com)

**Seychelles Office**

Email: [seychelles@intercontinentaltrust.sc](mailto:seychelles@intercontinentaltrust.sc)  
Website: [www.intercontinentaltrust.sc](http://www.intercontinentaltrust.sc)

**South Africa Office**

Email: [sa@intercontinentaltrust.com](mailto:sa@intercontinentaltrust.com)

**Singapore Office**

Email: [singapore@intercontinentaltrust.com.sg](mailto:singapore@intercontinentaltrust.com.sg)  
Website: [www.intercontinentaltrust.com.sg](http://www.intercontinentaltrust.com.sg)

**Kenya Office**

Email: [ke@intercontinentaltrust.com](mailto:ke@intercontinentaltrust.com)



**Proud Supporter of  
THE GLOBAL GOALS  
For Sustainable Development**



**Best Real Estate & Infrastructure  
Funds Administrator 2019** | **Best Investment Funds  
Administrator 2018**



**ISAE 3402**  
COMPLETED TYPE II AUDIT



**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](mailto:news@intercontinentaltrust.com).