

REJOINDER: “Bad news for South Africans with cash stashed in Mauritius”

Port-Louis, Mauritius – 21st September 2021. This rejoinder is in response to an article entitled “[Bad news for South Africans with cash stashed in Mauritius](#)” which was published by BusinessTech online.

The Economic Development Board of Mauritius (EDB) asserts that the abovementioned article is not factually and technically accurate, and it may cause confusion amongst readers as it does not take into account the current state of our legislation and amendments as enacted.

Following amendments brought to the Income Tax Act [year] by the Finance Act 2021 in order to adhere to OECD standards, the tax authority issued a Statement of Practice (SOP), bearing reference SP 24/21, establishing the notion of *central management and control* when (1) the trust is administered in Mauritius and a majority of trustees are resident in Mauritius, (2) the settlor of the trust was resident in Mauritius at the time of the creation and (3) the majority of beneficiaries of the trust are resident in Mauritius.

Once it has been established that a trust or foundation holds its *central management and control* outside of Mauritius by meeting all the conditions set out by the SOP, it will be taxed at 15% **solely on its Mauritian sourced income**. Therefore, by virtue of the SOP, it is clear that **foreign trusts are not subject to tax on foreign sourced income**.

The changes in our fiscal legislations regarding trusts and foundations have no bearing or consequences on the other revenue authorities or reserve banks.

Additionally, the article associates issues relating to AML/CFT to matters of taxation, and this is not correct, and:

- Mauritius is not on any list of the Organisation for Economic Co-operation and Development (OECD) on tax matters;
- The changes brought in the trust legislation have no connection with the FATF;
- There is no provision in our fiscal laws to the effect that any income which is not exempted should be disclosed to other authorities; and,
- The exchange of information framework between Mauritius and South Africa have not, in any form or shape, been altered by the recent legislative alterations.

Furthermore, the Budget 2021/2022 proposed a series of amendments to enhance our AML-CFT framework, and following the work undertaken by the competent authorities in Mauritius, the FATF has, at its June 2021 Plenary session, endorsed the substantial and expeditious progress made by Mauritius to consolidate the jurisdiction’s AML/CFT regime and warranted an onsite inspection to validate it. The FATF’s onsite assessors were in Mauritius from the 13th to 15th of September 2021.

It is noteworthy that Mauritius has significantly completed the FATF Action Plan well ahead of the agreed deadline of January 2022, and this endorsement by the FATF bears testimony to the host of bold measures undertaken by the Government of Mauritius, in honouring its commitment and adhering to the highest international standards in combating money laundering and terrorism financing.

END

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