



Financial Services Commission
Mauritius

Special Purpose Fund (SPF) - Q&As



6 September 2013

1. What is SPF?

A SPF is a fund (either authorised as Collective Investment Scheme (CIS) or Closed-end Fund (CEF) which is not resident in Mauritius as per section 73A of the Income Tax Act 1995 ('ITA').

2. What are the other amendments that have been made in the ITA in relation to SPF?

(i) Part I of the Second Schedule of the ITA refers to Exempt bodies of persons where Item 16 reads as follows: *A special purpose fund established under the Financial Services Act.*

(ii) Part II of the Second Schedule of the ITA refers to Exempt income which includes the following:

Interest, rents, royalties, compensations and other amounts paid by a company holding a Category 2 Global Business Licence or *a special purpose fund established under the Financial Services Act 2007* to a non-resident.

3. What is the rule governing SPF and when has it come into force in Mauritius?

The relevant rule is The Financial Services (Special Purpose Funds) Rules 2013 which has been in operation since 1st of June 2013.

4. What are the criteria for a CIS/ CEF to be approved as a SPF?

The FSC may approve a CIS or a CEF as a Special Purpose Fund if:

- The purpose of the CIS/CEF is to conduct investment solely in countries which do not have a tax arrangement with Mauritius;
- The purpose of the CIS/CEF is to invest mainly in securities whose returns will be exempted from taxation; or
- All the investors of the CIS/CEF are pension schemes or other persons entitled to tax exemption.

5. What is the rationale for introducing SPF in Mauritius?

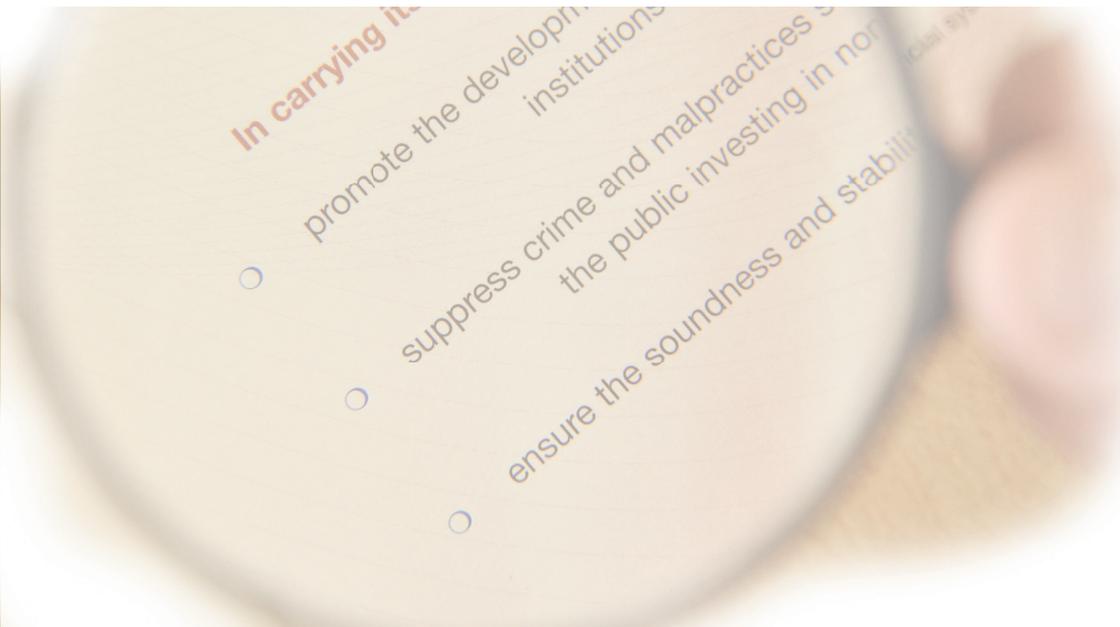
Mauritius has so far attracted treaty based funds (those benefiting from the Double Taxation Avoidance Agreement {DTAA}). However, there are a number of countries which do not have a DTAA with Mauritius. Therefore in the absence of an appropriate framework, certain promoters have been using other jurisdictions as a platform for investment funds. The introduction of the SPF aims at attracting those promoters.

6. Can the SPF invest in Mauritius?

Yes, investments can be made within Mauritius as well as outside Mauritius while enjoying the benefit of being tax exempt.

7. If the SPF is not a tax resident in Mauritius, how and where does the SPF pay its tax?

The SPF will be taxed in accordance with the tax legislations of the countries where the investments are being made.



8. If I am an investor in a SPF, how will I be taxed?

An investor in a SPF will be taxed in accordance with the tax legislation of the country where the investor is a tax resident.

9. Will a CIS/CEF be approved as SPF if it holds a Global Business Licence?

As per Rule 3(2) of the SPF Rules, a CIS/CEF holding a Global Business Licence shall not be approved as a SPF.

10. Is there any new/ additional application form to be filled-in by a SPF?

There is no new/ additional application form to be filled-in by a SPF. The SPF will have to fill-in only the current application form to be authorised as a CIS/ CEF.

11. Are additional fees applicable for processing/ approving a SPF?

There is no additional fee for processing and approving a SPF.

However, as a CIS/CEF, the Special Purpose Fund is subject to processing and annual fee as set out in Part 1 of the First Schedule of the Financial Services (Consolidated Licensing and Fees) Rules 2008.

12. What are the on-going obligations of a SPF?

- A SPF is required to comply with the relevant provisions of the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 in so far the provisions relate to collective investment schemes and closed-end funds.
- Furthermore, the submission of the Audited Financial Statements of a SPF must be accompanied by certificates from the SPF's directors and auditors to confirm that the SPF is in compliance with any of the conditions set out in Rule 3(1) of the Rules.

13. Can the SPF present its financial statements in a currency other than the Mauritius currency?

Yes, this is permissible subject to approval being granted by the Registrar of Companies pursuant to the provisions of the Companies Act 2001.

14. What happens if the CIS/CEF no longer fulfils the condition under which it was approved as SPF?

The CIS/CEF must forthwith notify the Commission of any change in its business principles and the Mauritius Revenue Authority (MRA) will be informed accordingly. Thereon, the CIS/CEF will be required to file the relevant tax returns with the MRA.



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