



Financial Services Commission

Mauritius

FSC & MRA Workshop EXCHANGE OF TAX INFORMATION

Welcoming Address of Chief Executive of the FSC, Ms Clairette Ah-Hen

Tuesday, 12th February 2013

Good afternoon

Welcome to FSC House

This is the first opportunity I have to welcome MRA officers to FSC House. I understand that staff of the FSC has had opportunities to speak at the MRA and make presentations about the sectors under the purview of the FSC. The MOU between the FSC and MRA dates back from 3rd June 2010 and I hope that we'll have more opportunities to have workshops together.

The financial landscape has been subject to transitions from the aftermath of the financial crisis. Everyone realises now that standards of conduct and behaviour in the world of financial services can affect “*main street*” (like Americans like to say). Since, various initiatives have been adopted to reform and strengthen the global framework for financial stability and reduce the likelihood of the re-occurrence of another crisis. World economic leaders have called upon for enhanced financial supervision, greater transparency and effective exchange of information in the international financial system.

Last Saturday (9th February 2013 in The Observer – UK) , British sugar giant, Associated British Foods, was accused of Zambia tax avoidance, of contributing virtually no corporation tax to the state's exchequer between 2007 and 2012, of benefiting from generous capital allowance and tax-relief schemes in Zambia, as well as of funneling around a third of its pre-tax profits to sister companies in tax havens, including Ireland, Mauritius and the Netherlands.

In its defence, Associated British Foods mentioned that “*Tax treaties and the availability of capital allowances, used by governments all over the world, has nothing to do with tax avoidance and African governments should be as free as any other to attract investors.*”

DTAs are tools of great importance for the facilitation of cross border investment flows – whereby capital are deployed to where it is most needed and providing investors with the best returns.

For Mauritius, indeed, our Global Business sector has benefitted from its wide network of DTAs, which has acted as a stepping stone for the development of the Global business sector. In particular, the Mauritius-India treaty has been our star and beacon for many years. This treaty has been beneficial to the economies of both India & Mauritius. It is a fact that the treaty has provided investors with Certainty and Predictability and has thus enabled investors to structure their investments the most tax-efficient manner.

On the other hand, we all know about the uncertainty and prejudice caused by press reports regarding the Mauritius-India DTAC Joint Working Group. This is a concern for Mauritius as many of our Global business companies may opt to migrate to other jurisdictions if we do not address any uncertainty. Therefore there is a need for diversification in the financial sector and Africa may provide untapped opportunities.

With press coverage on tax haven, uncertainty regarding our DTAs, the global business sector in Mauritius may be brought under additional scrutiny and the Mauritius Jurisdiction – the FSC and the MRA - need to be seen as making all necessary efforts to assess the compliance and transparency of our global business sector and to take necessary action in this direction.

There are several challenges that our two organisation face in this task:-

- ensuring that Mauritius retains its good repute as a jurisdiction and ensuring a level playing field;
- maintaining close collaboration and fostering dialogue between the industry and the regulator;
- meeting international norms and standards; and
- Upgrading our rankings on international arena

World Bank Doing Business 2013 (out of 185 countries)	19 th
Overall Ranking on the Ease of Doing Business	(1 st in Africa)
• Ease of Starting a Business	14 th
• Protecting Investors	13 th
• Trading Across Borders	15 th
2012 Mo Ibrahim Index of African Governance (Out of 52 Countries)	1 st
Global Competitiveness Index 2012-2013 (Out of 144 Countries)	54 th (2 nd in Africa)
The Wall Street Journal & The Heritage Foundation Index of Economic Freedom 2012 (Out of 184 Countries)	8 th (1 st in Africa)

OECD Global Forum Peer Review plays an important role on ‘labelling of countries’. Since 2008, the G20 has been the main political driving force behind action to counter tax havens and non-cooperative jurisdictions and expressed serious concerns about IFCs lack transparency and exchange of information. Mauritius has been peer-reviewed by the OECD Global Forum in 2010 and the report was released in January 2011 with a supplementary report issued in October 2011.

Mr Mosafeer will be telling us more on the OECD Peer Review Process.

According to the OECD, Mauritius has been categorised since 02 April 2009 as a jurisdiction which has substantially implemented the internationally agreed tax standard. The OECD report highlights the fact that Mauritius being a small and open economy is dynamic, diversified and fully integrated into world market, confirms the status of Mauritius as a trusted, transparent and well-established International Financial Centre and states that exchange of information for tax purposes is effective, embracing the three basic components of:

- availability of information
- appropriate access to the information, and
- the existence of exchange of information mechanisms.

My colleagues will share with you how FSC deals with Request For Information (RFI), how the RFI team gathers information from our licensees, analyses and provides same to the MRA through our MoU mechanism.

To conclude, we need to address future demands placed on us by the International Community and our people. Creating the right regulatory environment, conducive to a diversified market and business sophistication, has become of greater challenge for the competitiveness of the Mauritius IFC.

To meet these challenges, policymakers and regulators must act together. I am confident that with the collaboration of all policymakers, the global business sector will continue to grow and be a contributor to the economic development of Mauritius.

On this note, I hope that officers from both organisations (MRA and FSC) present here today will benefit from this joint FSC/MRA workshop.

Thank you for your attention.