Financial Services Commission
Mauritius

Speech of Mr. P.K Kuriachen, Acting Chief Executive,

Financial Services Commission, Mauritius

in the context of the

Seminar by Dr Philip Baker on Issues and Challenges impacting the Mauritius International Financial Centre

18 November 2016

Mr Rajesh Ramloll, Deputy Solicitor-General and Board Member of the Financial Services Commission
Mr Sudhamo Lal, Director General of the Mauritius Revenue Authority
Dr. Philip Baker, Queen's Counsel
Industry Representatives
Ladies and Gentleman

Good Morning!

It is indeed a great pleasure to welcome Dr Philip Baker at the FSC House today in the context of a seminar on 'Issues and Challenges impacting the Mauritius International Financial Centre'. The expertise and in-depth knowledge of our guest speaker as a renowned expert in International Tax Law needs no introduction.

Ladies and Gentleman,

As you are aware, the implementation of the Base Erosion Profit Shifting (BEPS) Action Plan of the Organisation for Economic Cooperation and Development (OECD) will require the consolidation of existing anti-avoidance provisions to reinforce compliance with international norms and standards, as well as, the negotiation of bilateral treaties and renegotiation of existing treaties. The BEPS will additionally bring along amendments to domestic laws which will directly impact on jurisdictions.

The OECD Assessment

Mauritius appeared on the initial list of the OECD issued in April 2009 amongst those jurisdictions having substantially implemented the internationally agreed tax standards. In 2010, Mauritius voluntarily underwent both Phases I and II reviews of the OECD. The OECD Global Forum recognised in the Phase I assessment that the legal and regulatory framework for transparency and exchange of information are clearly in place in Mauritius. Mauritius was assigned as 'Largely Compliant" in 2013 in the Phase II ratings assessing the practical implementation of the legal and regulatory framework.

Automatic Exchange of Information

Mauritius has, over the years, taken significant step to enhance its exchange of information legal framework; and was amongst the first in Africa to sign the Multilateral Competent Authority Agreement. Last year, Mauritius signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters in line with its efforts to combat tax avoidance and tax evasion.

In view of implementing the US Foreign Account Tax Compliance Act (FATCA), Mauritius signed a Tax Information Exchange Agreement (TIEA) and a Model 1 Intergovernmental Agreement (IGA) with the United States in December 2013.

Moreover, in compliance with the OECD's Common Reporting Standards, financial institutions in Mauritius will have to report annually to the MRA on the financial accounts held by non-residents for the eventual exchange with relevant treaty partners.

Substance Requirements for Global Business Companies

Furthermore, Mauritius has put in place more stringent conditions for the issuance of a Tax Residence Certificate ("TRC"). A TRC must be renewed on an annual basis to ensure that, at the time of the issuance and renewal of the Category 1 Global Business Licence (GBL 1), the Category 1 Global Business Company is managed and controlled from Mauritius.

The FSC Mauritius also brought amendments to its Guide to Global Business in line with the Government policy of enhancing substance requirements. Additional requirements are now required for a GBC 1 to obtain a TRC.

Multilateral instruments

Currently, Mauritius is actively involved as a member of the ad hoc Group in the development of a multilateral instrument in accordance with the BEPS - Action Plan 15 intended to be released and ready for signature soon. As you know, the objective of this action plan is to amend the network of bilateral treaties via a single multilateral instrument.

Mauritius, like many other financial centres, will feel the impact of collateral damages in the implementation of the BEPS as the negotiation of a multilateral instrument will strongly affect its tax treaty networks with other jurisdictions.

The challenges facing the financial services sector are here, and the Mauritius IFC will have to evolve and adapt to new international norms and requirements.

On this note, I thank you for your attention.

Mr P.K. Kuriachen
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