The FSC wishes to inform its licensees that the Government of Mauritius has signified the interest of Mauritius to enter into an Intergovernmental Agreement (IGA) and a Tax Information Exchange Agreement (TIEA) with the US Internal Revenue Service (US-IRS) with the view of becoming FATCA compliant. While the FATCA legislation is US, the Government of Mauritius has taken this step to minimise the compliance burden on Mauritian financial institutions and now awaits a response from the US-IRS.

FATCA is a US legislation that was enacted on 18 March 2010. FATCA requires Foreign Financial Institutions to provide the US-IRS with information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest.

This Ministry of Finance & Economic Development (MOFED) has set up a technical committee under the chairmanship of the Mauritius Revenue Authority and comprising representatives of MOFED, the FSC, the Bank of Mauritius, the Attorney General's Office, and relevant stakeholders to examine all issues pertaining to the application of the FATCA and also to consider which model IGA Mauritius should contemplate to enter into with the US.

The aim of FATCA is to ensure that all financial institutions, wherever based, operate a system that produces information to enable the US to impose its tax laws on US persons who otherwise would use foreign investments and foreign accounts to hide their income and assets offshore; thus, evading their US tax filing and payment obligations. The principal aim is, therefore, to prevent the avoidance of taxation on income derived by US persons outside the US through increased reporting via non-US financial institutions.

FATCA imposes a series of due diligence, reporting and withholding obligations on banks, insurers, custodians, brokers, collective investment schemes, funds and other financial institutions. FATCA will have significant implications on non-US financial institutions even if they have little or no dealings with the US as a 30% tax will be
withheld of their US sourced income if they cannot document that they have no US clients. For example, a life insurance company owning bonds or equities in the US would be subject to the withholding tax.

For more information please refer to the IRS website:


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