



**Financial Services Commission
Mauritius**

**Re-Affirming the FSC's role to sustain the sound reputation of the Mauritius
International Financial Centre**

Following a Meeting of the Board of the Financial Services Commission ('FSC') held on 26 April 2012, the Board took note of the following:

- The FSC is participating fully with African counterparts within the SADC - Committee of Insurance, Securities and non Banking Financial Authorities (CISNA) to implement a common action plan for capital Market and insurance regulators
- The FSC will host the Islamic Financial Services Board (IFSB) Regional Seminar from 04 to 06 June 2012.
- The FSC is taking measures to ensure that Mauritius meets the international standards set by the International Organisation of Securities Commission (IOSCO), the International Association of Insurance Supervisors (IAIS) and the International Organisation of Pension Supervisors (IOPS).

The Board also discussed the issues raised by investors in relation to the India-Mauritius Double Taxation Avoidance Convention ('DTAC'). The Chief Executive of the FSC, Ms. Clairette Ah-Hen reassured the Board that the FSC, as regulator of financial services other than banking and Global Business continuously consolidates its efforts to fully meet international norms and standards set by leading organisations like the Organisation for Economic Co-operation and Development (OECD), the International Association of Insurance Supervisors (IAIS), the International Organisation of Securities Commission (IOSCO) and the International Organisation of Pension Supervisors (IOPS). The FSC ensures effective exchange of information with its counterparts when required to do so.

Mauritius fully supports international initiatives to prevent money laundering and to combat terrorist financing. The FSC believes that the long term sustainability of the finance industry in Mauritius is best served by the implementation of best practice standards. The FSC recently reviewed its existing codes on the Prevention of Money Laundering and Terrorist Financing and issued a single comprehensive Code for its licensees. The new Code includes, *inter alia*, recommendations from the last IMF/World Bank Financial Sector Assessment Program, a revised list of equivalent jurisdictions, a list of non-cooperative countries and territories and countries with deficiencies in their AML/CFT regime.

The FSC will reinforce its collaboration with industry partners and stakeholders to foster a sound environment conducive to the development of the sector so as to preserve and maintain the good repute of the Mauritius International Financial Centre as a jurisdiction of substance.

Following measures announced by the Indian Government in the recent Budget speech and Finance Bill 2012, the Mauritian Government has requested, in a statement issued by the Ministry of Finance and Economic Development ('MOFED') on 17 April 2012, an early meeting with the Joint Working Group on the India-Mauritius Double Taxation Avoidance Convention ('DTAC') to clear any uncertainties arising following the measures announced by India. For more information, the *Communiqué* of MOFED may be downloaded on the website of the Ministry on the following link:

<http://www.gov.mu/portal/goc/mof/Presscommuniqué17412.pdf>.

For the time being, uncertainty still persists and further clarifications are awaited from the Indian Government with regards to the new provisions announced at the beginning of April. Since the Indian Minister of Finance announced in the Budget Speech the introduction of guidelines on the General Anti Avoidance Rule ('GAAR') and because of the possibility of overriding effects of the GAAR on tax treaties signed by India with other countries, the impact of the measures announced has raised the concern of these countries. There is apprehension that the GAAR provisions and the treaty overriding provision will have a majorly impact on taxpayers within and outside India. This will also affect all countries which have signed a Treaty with India other than Mauritius, and have a negative impact on foreign investment in India.

The existing DTAC between Mauritius and India has helped Mauritius in the development of its financial services sector and the Treaty also benefited India in terms of Foreign Direct Investment over the last 20 years. The renegotiation of the DTAC has been considered at the highest levels by the Government. Mauritius is committed to ensure that there is no misuse of the Convention and addresses itself to the concerns of India. More information on the Mauritian government's position in relation to the DTAC is available on the Prime Minister's Office website on the following link:

http://www.gov.mu/portal/site/pmosite?content_id=fa17be543dda5310VgnVCM1000000a04a8c0RCRD

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