Financial Services Commission MAURITIUS

ECONOMIC DEVELOPMENT BOARD MAURITIUS

Mauritius IFC remains a committed development partner for Africa

The IMF has published a working paper entitled *"The Cost and Benefits of Tax Treaties with Investment Hubs – Findings from Sub-Saharan Africa"* on the 24th of October 2018.

- The working paper, which does not reflect the views of the IMF, examines the cost and benefits of concluding Double Tax Treaties with investment hubs, with a focus on the tax treaty policies in Sub-Saharan Africa.
- In their findings, the authors suggest that African countries are likely to face a substantial reduction in tax revenue when signing tax agreements with investment hubs like Mauritius.

The Financial Services Commission and the Economic Development Board of Mauritius, deem that the findings of the paper are purportedly misleading and biased.

The panel data set and time period (from 1985-2015) used for the analysis in the research paper do not take into account the changes recently brought by Mauritius in its financial services sector, and do not reflect the positive attributes that Mauritius bring to its fellow African countries by encouraging productive investments.

The report ignores the fact that Mauritius is recognised by international authoritative institutions, such as the OECD, as a well-regulated jurisdiction when it comes to international fiscal matters, and has constantly and consistently implemented significant initiatives to enhance its legal and regulatory frameworks for exchange of information and transparency as per international norms and standards.

As a founding member of the African Union, SADC and COMESA, Mauritius has been and remains a strong economic partner amongst Sub-Saharan African countries, participating in the economic development process and advocating for the economic empowerment of Africa. Mauritius is the centre for business and investment into the continent, and is rightly set as the facilitator for attracting funding required for African ventures given its close ties as part of Africa.

Mauritius is a major contributor to Foreign Direct Investment in Sub-Saharan Africa. Institutional investors, sovereign wealth funds and other impactful investors have chosen Mauritius as their jurisdiction of choice for investing in Sub-Saharan Africa. The investment strategy of these investors is based on the environmental, social and human impact of these investments on African communities.

Tax Agreements are not the most significant criterion for these investors. In fact, substantial investments from Mauritius into Africa are in countries with which Mauritius does not have a tax agreement. Rather, the main interest for them to work with Mauritius is a multitude of compelling reasons.

The Mauritius IFC offers a plethora of services, in a well-regulated and conducive eco-system, which enable impactful cross-border investments into the African continent. The Mauritius IFC also offers full protection of foreign investments through its legal framework and network of Investment Promotion and Protection Agreements. The economic track-record of Mauritius and its political stability are key features encouraging the international community to use the Mauritius IFC as investment platform for the region.

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For media queries, please contact the FSC on *communications@fscmauritius.org* or the EDB on +230 203 3800

For more information on the Mauritius International Financial Centre, please contact the EDB's Financial Services Division on +230 401 1200 or *finserv@edbmauritius.org*