

GBL

GLOBAL BUSINESS LICENCE

A 'Global Business Licence' ("GBL") was previously termed a GBL1 or simply an 'Offshore Company'. The GBL is a tax-resident Mauritian entity which operates in the Mauritian 'International Financial Centre' ("IFC") and it may conduct any lawful activity principally outside of Mauritius. A GBL is licensed and regulated by the Mauritius 'Financial Services Commission' ("FSC") and its setting up and administration is done through a licensed 'Management Company' ("MC") such as 'Appavoo International Ltd' ("AIL").

MAIN CHARACTERISTICS

- A GBL is qualified as a Mauritian tax resident & thus can avail benefits under the vast 'Double Tax Treaty' ("DTT") network and 'International Promotion and Protection Agreements' ("IPPAs") which Mauritius has signed with various countries including more than 20 countries in Continental Africa.

- The basic structure can be set up in the form of a Company (public or private) and of more complex structures such as;

Protected Cell Company ("PCC")

Limited Life Company

Investment Fund

- A GBL must demonstrate that it has 'business substance' in Mauritius and it is not a mere 'letter box'. The following mandatory conditions must be present at all times:

- › The core income generating activities of a GBL should principally be outside of Mauritius. This implies that a GBL should employ, directly or indirectly, a reasonable number of qualified persons to carry out its core activities. Using the services of AIL is sufficient to provide comfort on this aspect;
- › A GBL should have a minimum level of annual expenditure proportionate to its level of activities;
- › A GBL should have two resident directors on its Board (which is a service provided by AIL);
- › A GBL should keep all its records and hold all its Board Meetings in Mauritius.

ADVANTAGES OF USING A GBL

- › Bank Accounts must be operated essentially in Mauritius where there is **no exchange control** allowing for the free flow of capital and profits.
- › Dividends paid to Beneficial Owners are **EXEMPT** from taxation.
- › No withholding tax on payment of dividends, interests and royalties.
- › No capital gains tax, wealth tax or succession/estate duty taxes exist in Mauritius.
- › Depending on the business activities of the GBL, it can benefit from the 80% Partial Exemption for Corporate Tax purposes (see *paragraph below*).
- › Confidentiality is preserved as there is no public register for GBL entities.

TAXATION OF GBL ENTITIES

• Normal Corporate Tax Rate

GBL entities are subject to a single corporate tax rate of 15% on their 'taxable profits'.

• Concessionary Corporate Tax Rates

The Partial Exemption Regime (80%) is applicable to certain categories of income derived by a GBL entity which implies that the normal tax rate of 15% is reduced by 80% and the entity is subject to an effective tax rate of only 3%:

- › Foreign-source dividends derived by a company;
- › Interest derived from overseas by a company other than a bank;
- › Profit attributable to a permanent establishment of a resident company in a foreign country;
- › Income derived by a Collective Investment Scheme ("CIS"), Closed-end Fund, CIS manager, CIS administrator, Investment adviser or asset manager, as the case may be, licensed or approved by the FSC;
- › Income derived by a company from leasing and provision of international fibre capacity;
- › Income derived by companies engaged in ship and aircraft leasing;
- › Income derived by a company from the sale, financing arrangement, asset management of aircraft and its spare parts and aviation advisory services related thereto; and
- › Income derived by a company from reinsurance and reinsurance brokering activities.

INCORPORATION AND COMPLIANCE REQUIREMENTS

- Incorporation is done within 12 to 15 days from the time the application is lodged with the FSC.
- Annual audited accounts need to be filed with the FSC within 6 months of financial year end though no annual return is required.
- Annual tax return needs to be filed with the MRA each year not later than 6 months from the end of the month in which the accounting year ends.
- Any change in the statutory matters of the company should be immediately filed with the authorities within prescribed time limit or else heavy penalties may be applied.
- GBL entities are subject to strict rules of 'Know Your Clients' ("KYC") on the 'Ultimate Beneficial Owners', the business activities and the countries in which the entity has dealings.
- Mauritius harbours strict legislations and rules against money-laundering and suspicious transactions are immediately reported to the FIU.

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