

# HOW IS MAURITIUS DEVELOPING AS A JURISDICTION OF CHOICE FOR ALTERNATIVE INVESTMENTS?

By SUNIBEL Corporate Services

With several key factors attracting international investors, Mauritius has evolved into a jurisdiction of choice for alternative investments and Virtual Assets and Initial Token Offering. Ranking first in Africa for Ease of Doing Business (World Bank), Mauritius today puts the emphasis on innovation, coming forward with new product offerings, and the strengthening of its legal framework to attract foreign investors.

## AN INNOVATIVE PLATFORM FOR INTERNATIONAL INVESTORS

The most notable innovation is the Virtual Assets and Initial Token Offering Services (VAITOS) Act, which aims to promote the development of the virtual asset industry while ensuring the protection of investors and the prevention of financial crimes.

A company doing business as a Virtual Asset Service Provider (VASP) needs to have a physical office in Mauritius, and its business activities need to be directed and managed from Mauritius. The VAITOS Act provides for 5 types of licences for a VASP:

- Class M (Virtual Asset Broker-Dealer) - Exchanges between either virtual assets and fiat currencies or one or more types of virtual assets
- Class O - Virtual Asset Wallet Services - Transfer of virtual assets



- Class R - Virtual Asset Custodian - Safekeeping and administration of virtual assets or instruments enabling control over virtual assets

- Class I - Virtual Asset Advisory Services - Parti-

cipating and providing financial services related to an issuer's offer and/or sale of virtual asset

- Class S - Virtual Asset Market Place - Virtual Asset Exchange

Mauritius also seeks to attract more investors, through the diversification of its financial product base, with the possibility to create Variable Capital Companies. The Variable Capital Company (VCC) framework has been designed to provide a modern, flexible and tax-efficient investment vehicle that is attractive to investors, fund managers, and other key financial players.

A VCC is a fund that enables businesses to conduct their operations via sub-funds or Special Purpose Vehicles. Some VCCs are structured as single entities, while others function as umbrella funds with various sub-funds, which can be collective investment schemes or closed-end funds, whereas a Special Purpose Vehicle can only operate in support of either the VCC or one of its sub-funds.

Mauritius' legislation is designed to offer significant flexibility, allowing the formation and continuation of

VCCs in Mauritius. Companies may be established as VCCs from the outset or, alternatively, existing companies can convert into a VCC, or foreign companies can continue their operations by becoming a Mauritian-based VCC.

This cutting-edge provides with a cost-effective way to structure their funds and adding subsequent funds. The dynamic capabilities and sophisticated compliance mechanism are tailored to meet international standards, providing an attractive competitive advantage for our financial centre.

Similarly, the country has acquired a solid experience in the field of private equity and venture capital, and wants to attract more investment funds to invest in Africa in promising sectors such as renewable energy. In addition, green bonds, blue bonds, and impact investment (ESG oriented) are expected to become more preferred instruments for investors in the future.

**MAURITIUS: A JURISDICTION ALIGNED WITH INTERNATIONAL NORMS**

With its strong regulatory framework, international cooperation, and transparency in financial transactions, the country's commitment to implementing international standards and best practices has contributed to its reputation as a compliant IFC.

**REGULATORY FRAMEWORK:** Mauritius has a robust and transparent regulatory framework for alternative investments, including investment funds and private equity firms. The Financial Services Commission (FSC) is the regulatory authority responsible for the supervision of the non-banking financial sector and ensures compliance with international standards and substance requirements.

**INTERNATIONAL COOPERATION:** The country is a member of several international organisations, including the Financial Action Task Force (FATF) – to which it abides to all 40 recommendations – and the OECD. Mauritius has also signed several tax treaties with other countries, which provides for the exchange of information.



**“A COMPANY DOING BUSINESS AS A VIRTUAL ASSET SERVICE PROVIDER NEEDS TO HAVE A PHYSICAL OFFICE IN MAURITIUS, AND ITS BUSINESS ACTIVITIES NEED TO BE DIRECTED AND MANAGED FROM MAURITIUS”**

**ANTI-MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM (AML/CFT) MEASURES:** Mauritius has implemented a comprehensive AML/CFT regime that requires financial institutions to conduct Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) on high-risk clients. The country has also established a Financial Intelligence Unit (FIU) to receive, analyse and disseminate Suspicious Transaction Reports (STRs) and other financial intelligence.

**A RECOGNISED INTERNATIONAL FINANCIAL CENTRE**

Mauritius is an attractive International Financial Centre (IFC) for international investors and businesses for a number of reasons.

**INTERNATIONAL RECOGNITION:** With its innovative platform and well-regulated IFC, Mauritius ranks 1st in Africa on a number of international indices, including the World Bank's Ease of Doing Business

Report, Mo Ibrahim's Governance Index, The Economist Intelligence Unit, etc.

**FAVOURABLE FISCAL REGIME:** Mauritius has a corporate tax rate of 15%, no capital gains tax, and no withholding tax on dividends, interest, or royalties. Mauritius also has an extensive network of Double Taxation Avoidance Agreements (DTAAs) and Investment Promotion and Protection Agreements (IPPAs) with over 40 countries.

**Strategic location:** Mauritius is strategically located in the Indian Ocean and serves as a gateway to Africa, Asia, and the Middle East. The country's time zone (GMT+4) is also ideal for conducting business with Asia and Europe. This facilitates access to emerging markets and offers investment opportunities in the region.

**SKILLED WORKFORCE:** Mauritius has a highly educated and skilled workforce with proficiency in English, French, and other languages. As an education hub, the country has a strong focus on education and training.

**POLITICAL STABILITY:** Mauritius has a stable political environment, with a democratic government. Mauritius has a hybrid legal system, combining both the civil and common law practices.

**DIVERSIFIED FINANCIAL SERVICES** Mauritius offers a range of financial services, including banking, insurance, fund management, and capital markets. The country's financial services sector is well developed and diversified, providing opportunities for both local and international businesses.

**MODERN INFRASTRUCTURE:** including business centres, free trade zones and information and communication technologies. This infrastructure facilitates business operations and enhances investor confidence.

**PREFERENTIAL MARKET ACCESS** Unparalleled preferential market access to 68% of the world's population and benefits from bilateral trade agreements, including DTAAs, IPPAs, and MOU.