



Overview

IQ-EQ, Taxand Mauritius

IQ-EQ Mauritius, part of IQ-EQ Group, one of the leading global investor services group, is a member of the Taxand network since 2009. Taxand Mauritius is a full fledged tax practice providing predominantly tax advisory, compliance and litigation services.

General : Transfer Pricing Framework

In Mauritius, there is no formal transfer pricing legislation. There is however an arm's length test under the Income Tax Act.

Accepted Transfer Pricing Methodologies

Since Mauritius does not have formal transfer pricing, the OECD guidelines are not incorporated into the Mauritius legislations. The cost plus and CUP methods are the most commonly used.

Transfer Pricing Documentation Requirements

There is no prescribed documentation required. However in case of an audit from the tax authority, the tax payer should have supporting documents to defend the arm's length price. Mauritius has implemented Country-by-Country "CbCR" Reporting. Multinational Enterprises having group turnover of EUR 750 million and above need to file CbC Reports/Notifications.

Local Jurisdiction Benchmarks

As there are no formal transfer pricing legislations in Mauritius, there is no specific requirement for benchmarking. However, as the onus to defend the transfer price is on the taxpayer, benchmarking analysis is highly recommended to demonstrate the prices used in case of a challenge from the Mauritius Revenue Authority "MRA".

Advance Pricing Agreement "APA"/Bilateral Advance Pricing Agreement "BAPA" Overview

The MRA issues Tax Ruling upon applications made by the tax payer. The Tax Ruling Committee at the MRA is chaired at the end of each month. Full facts need to be submitted to the MRA and a fee of USD 225 is payable at the time of the application. The Committee will ask for agreements and any other supporting documents. Depending on the complexity of the ruling, the Committee may take between 3 to 9 months to issue a ruling.

Transfer Pricing Audits

Transfer pricing audit is common in Mauritius. The MRA regularly investigates into inter-company transactions, specially on inter-company loans. The statute of limitation in Mauritius is the current and the 3 preceding years of assessments.

The MRA may select companies on a random basis or target companies which answer Yes to the question on the tax return as to whether they have related party transactions to ensure that these transactions have been conducted on an arm's length basis.

The Burden of Proof in Transfer Pricing: Theory versus Practice

Mauritius operates a self assessment tax system and the burden to support a transaction is at arm's length is on the taxpayer. However, in the absence of transfer pricing legislation, there is no formal mechanism/guidance on whom the onus to prove the transaction is at arm's length lies in case of a tax dispute.

Transfer Pricing Penalties

There is no specific penalty for non compliance with transfer pricing. However, where the MRA adjusts the tax payable, there is an assessing penalty of up to 50% of the amount assessed together with a 5% late payment penalty and interest of 0.5% per month until the amount is settled.

Local Hot Topics and Recent Updates

As from 1 January 2024, Companies having turnover exceeding MUR 50 Million (USD 1.1 Million) are subject to a Corporate Climate Responsibility ("CCR") levy of 2% on their chargeable income. The CCR levy being considered as a tax can be reduced by offsetting unutilized foreign tax credit against the CCR levy or by claiming partial exemption on the Company's income.

MAURITIUS



Documentation threshold

Master file	Not Applicable
Local file	Not Applicable
CbCR	Euro 750 million

Submission deadline

Master file	Not Applicable
Local file	Not Applicable
CbCR	12 months after accounting year end

Penalty Provisions

Documentation – late filing provision	Not Applicable
Tax return disclosure – late/incomplete/no filing	Late filing penalty capped at USD 445 p.a.
CbCR – late/incomplete/no filing	USD 110



CONTACT

Feroz Hematally
IQ-EQ

Feroz.Hematally@iqeq.com
+230 213 9936



Faraaz Jauffur
IQ-EQ

Faraaz.Jauffur@iqeq.com
+230 405 0226