



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 use of cost plus is commonly used specially on inter-company loans.

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 implement 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 requirements 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 MRA.

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

The Mauritius Revenue Authority (MRA) issue 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 2.5% late payment penalty and interest of 0.25% per month until the amount is settled.

Local Hot Topics and Recent Updates

Mauritius has undergone major tax reforms to comply with the international standards of the OECD and the EU. The previous tax regime whereby only GBC1 companies would benefit from the Deemed Foreign Tax Credit of 80% on all their foreign source income was considered a harmful tax practice and has been abolished.

With effect from 1 January 2019, Mauritius has instead introduced an 80% partial exemption regime on specified income streams. The partial exemption is only available if, amongst others, a company carries its Core Income Generating Activities ("CIGA") in Mauritius and meets the required substance as prescribed in respect to these income streams.

The partial exemption applies to the grandfathered companies as from 1 July 2021.

GBC1 companies that obtained their licences prior to 16 October 2017 were grandfathered and are deemed to be converted into GBL companies on 1 July 2021. These companies need to ensure that they meet the substance requirements of the Global Business License ("GBL").

The FSC stopped issuing GBC2 Licence post 30 June 2021. Companies could either convert into GBL or apply for an authorization to become an Authorised Company.



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