

Apex Compliance Solutions

Quarterly Update - Mauritius

Q4 2022



United Nations Development Programme, in collaboration with the Government of Mauritius and the Economic Development Board, launches the Mauritius Sustainable Development Goals Investor Map

The launching of the Mauritius SDG Investor Map, on 6 December, 2022, has marked a major milestone in the relationship between Mauritius and the United Nations; an already strong bond that started on 24 April, 1968, roughly a month after independence.

The United Nations SDGs took shape to address and thereby provide a blueprint to achieve 'a better and more sustainable future for all'. Broadly, the SDGs tackle the major challenges we face today. These include poverty, inequality, climate change and environmental degradation. The SDGs seek to achieve major changes by 2030.

Consequently, the Mauritius SDG Investor Map, being a market intelligence tool, comes as a confluence of the different pillars needed to sustain the unfurling of the SDGs in a practical and efficient manner in the local context. Being imbued with the spirit of the Strategic Partnership Frameworks 2019-2023 initiated by the Republic of Mauritius and the United Nations, the investor map will serve to direct private capital to emerging markets. Seventeen opportunity areas across six sectors, namely, renewable resources and alternative energy, infrastructure, services, education, health care, and food and beverages, have been established by the SDG Investor Map.

The Mauritius SDG Investor Map seeks to channelize capital to where it can produce the maximum positive impact on people and the planet while ensuring that financial profitability is not jeopardized. It also highlights Investment Opportunity Areas in line with national development needs and priorities.

The business models contain considerable potential to advance Mauritius' Vision 2030 by allowing the private sector a major role in economic development, strongly based on principles of inclusivity and sustainability.

On a micro level, the United Nations Global Compact launched its regional branch, Global Compact Network for the Mauritius and Indian Ocean region in 2020, which includes Mauritius, Seychelles, Madagascar and Comoros, to allow participating companies to align and contribute to advancing SDGs in a practical manner by committing to the ten principles of the UN Global Compact ("UNGC") on human rights, labour, environment and anti-corruption. Commitment to the UNGC ensures that strategies, operations and good practices by companies are holistically aligned to contribute to sustainable development.

Global Business and Financial Services

Updates to the Anti-Money Laundering/Combating the Financing of Terrorism Handbook

In view of aligning with the Financial Intelligence and Anti-Money Laundering Act 2002 and the Financial Intelligence and Anti-Money Laundering Regulations 2018 and in providing further guidance to reporting persons, the Anti Money Laundering and Combating the Financing of Terrorism Handbook 2020 ("AML/CFT Handbook") has been updated on 21 September, 2022, to include the following provisions:

A new provision on Certification has been added with the main objective being to provide financial institutions guidance on how to certify documents.

The wordings on Independent Audit under section (Assessing the "independence" of the audit professional) have been changed from "accountants or independent consultants duly regulated or registered by relevant competent authorities" to "independent service providers/consultants". Hence, this amendment has removed the requirement to be an accountant or independent consultant duly regulated or registered by relevant competent authorities to carry out an independent audit.

Certification requirements

The bottom line is that whenever a financial institution relies upon verification of identity documentation that is not in an original form, the documentation must be appropriately certified as true copies of the original documentation.

If an employee of a financial institution meets an applicant for business or the principals thereof face-to-face and has access to original verification of identity documentation, he or she may take copies of the verification of identity documentation and certify them personally as true copies of the original documentation.

In other cases, copies of the verification of identity documentation can be certified by a suitable person, such as an attorney, a lawyer, a notary, an actuary, an accountant or any other person holding a recognized professional qualification, a director or secretary of a regulated financial institution in Mauritius that meets the Financial Action Task Force's ("FATF") standards, a member of the judiciary or a senior civil servant.

The certifier should sign the copy document and clearly indicate the date of certification, his or her name, address and position or capacity on it together with contact details to facilitate tracing of the certifier and, where available, any registration number with any professional body.

The above list of suitable certifiers is not intended to be exhaustive and financial institutions should exercise due caution when considering certified copy documents, especially where such documents originate from a country perceived to represent a high risk or from unregulated entities in any jurisdiction.

Where certified copy documents are accepted, it is the financial institution's responsibility to ensure that the certifier is appropriate. In all cases, financial institutions should also ensure that the customer's signature on the identification document matches the signature on the application form, mandate or other document.

Considering the above changes, it can be noted that a certain level of regulatory flexibility is being attributed towards independent auditors and the target audience has been extended to include more service providers. As for certification requirements, it appears that some components of the previous FSC Code have been reiterated, along with further details on certification requirements.

Signing of the DTAA between Mauritius and the Hong Kong Special Administrative Region of the People's Republic of China

Following the completion of ratification procedures, the Double Taxation Avoidance Agreement ("DTAA") between Mauritius and Hong Kong has been signed on 7 November, 2022. This DTAA, which is compliant with the OECD and UN Model Agreements on Avoidance of Double Taxation, further complies with the OECD/G20 Base Erosion and Profit Shifting ("BEPS") recommendations and will seek to:

- Encourage investment flows between the countries by creating an environment that is more conducive to cross border transactions
- Provide greater tax certainty to investors

- Improve bilateral cooperation by facilitating the exchange of information between tax authorities of Mauritius and Hong Kong

Memorandum of understanding between the Economic Development Board and the Eastern Africa Association

The Economic Development Board ("EDB") is set to sign a Memorandum of Understanding ("MoU") with the Eastern Africa Association with a view to increasing the prospects of investors and corporations forming part of this association to use Mauritius as the platform for investment into the eastern African region.

The MoU has the following main objectives:

- Establishing a practical framework for cooperation and collaboration regarding investment, trade promotion and facilitation
- Maintaining a continuous working relationship for the promotion of the partnership between both parties
- Strengthening institutional relations and identifying areas of comparative advantage, competence and complementarity

Memorandum of understanding between the Economic Development Board and the Trade Promotion Organisation of Iran

In an effort to bridge a trade collaboration gap between Mauritius and Iran, a MoU will be signed between the EDB and the Trade Promotion Organisation (“TPO”) of Iran. This MoU will not only aid in consolidating the EDB’s market development and diversification strategies, but also encourage cooperation across various areas such as:

- Investment promotion in export-oriented manufacturing, light engineering, agro-processing, pharmaceuticals, healthcare, freeport and logistics, ICT, construction, hospitality, education and film industry, among others
- Trade promotion with a focus on exploring the Islamic Republic of Iran as a potential export market for made in Mauritius products such as textiles and apparel, special sugars, processed foods, medical devices and jewelry, among others
- Encouraging Iranian companies to use Mauritius for the manufacture of consumer goods for exports and benefit from preferential market access, mainly to Southern and Eastern Africa

Mauritius to sign DTAA with Republic of Angola

Mauritius is set to sign a DTAA with the Republic of Angola. This DTAA, which is currently awaiting ratification, will aim to provide tax certainty to investors of the two countries in their dealings with Mauritius or Angola, as the case may be.

The DTAA provides mechanisms to:

- Combat tax evasion and other malpractices through collaboration between the two authorities in terms of exchange of information and lending assistance to each other for the collection of tax due to the concerned tax authority
- Resolve tax disputes that may arise, through a mutual agreement procedure
- Create a conducive environment for greater investment flows from the Mauritian global business sector to Angola by providing tax incentives

Banking and Finance

Bank of Mauritius raises Key Repo Rate to 4.00% per annum

On 4 November, 2022, the Monetary Policy Committee (“MPC”) of the Bank of Mauritius (“BoM”) announced its decision to raise the Key Repo Rate (“KRR”) by 75 basis points to 4.00% per annum following the recent decisions by the European Central Bank, the Federal Reserve Board, and the Bank of England to sharply raise their policy rates.

The BoM states maintaining inflation below a double-digit figure at 9.5% for 2022 as the main reason for this hike and envisions inflation to range between 5-6% for 2023. Real GDP growth is further forecast at above 7% for 2022 and 5% for 2023.

Travel and Tourism

WTA 2022: Mauritius reiterates its position as the leading Indian Ocean destination

The gala dinner for the WTA 2022 was held in Kenya on 15 October, 2022, during which Mauritius was crowned 'Indian Ocean's Leading Adventure Tourism Destination', 'Indian Ocean's Leading Wedding Destination' and 'Indian Ocean's Leading Sustainable Tourism Destination' - thus propelling the country to be the most coveted across the region.

The country's national carrier, Air Mauritius, was also awarded 'Leading Airline Brand' and 'Leading Airline - Economy Class' in the Indian Ocean region. The WTA sets out to acknowledge these outstanding accomplishments across all key sectors of the travel, tourism and hospitality industries and is seen globally as the ultimate hallmark of industry excellence.

These awards demonstrate the remarkable resilience of Mauritius' tourism industry in the face of adversity and the effort deployed by local authorities in implementing long term projects - namely (1) the launch of #MauritiusNow, an interactive digital campaign geared towards showcasing the island's natural beauty and (2) the introduction of the Premium Visa, which gives foreigners the opportunity to reside and work in the country, for a one-year period which can be renewed thereafter - with a view to increasing tourism demand to Mauritius.

International Benchmarks

Economic Freedom Of The World 2022: Mauritius Among Top 10 Countries On Global Ranking

The Fraser Institute released the Economic Freedom of the World ("EFW") 2022 Annual Report on 8 September, 2022. Through its rating of 165 jurisdictions, the EFW index aims to provide an overview of how much effort a country's institutions dedicate to introducing policies in favor of economic freedom.

For the year 2022, the report ranked Mauritius at a noteworthy, improved 9th position globally, up from 11th in 2019. This places the country among the top nations worldwide for having policies and institutions conducive to economic freedom.

The Fraser Institute is an independent, non-partisan research and educational organization which provides an in-depth analysis of each country's degree of economic freedom across five key areas, namely:

Size of Government

- Government consumption
- Transfers and subsidies
- Government investment
- Top marginal tax rate:
 - Top marginal income tax rate
 - Top marginal income and payroll tax rates
- State ownership of assets

Legal Systems and Property Rights

- Judicial independence
- Impartial courts
- Protection of property rights
- Military interference in rule of law and politics
- Integrity of the legal system
- Legal enforcement of contracts
- Regulatory costs of the sale of real property
- Reliability of police

Sound Money

- Money growth
- Standard deviation of inflation
- Inflation: taken from the most recent year
- Freedom to own foreign currency bank accounts

Freedom to Trade Internationally

Tariffs

- Revenue from trade taxes (% of trade sector)
- Mean tariff rate
- Standard deviation of tariff rates

Regulatory trade barriers

- Non-tariff trade barriers
- Compliance costs of importing and exporting
- Black-market exchange rates

Controls of the movement of capital and people

- Financial openness
- Capital controls
- Freedom of foreigners to visit

Regulation of Credit, Labor and Business

Credit market regulations

- Ownership of banks
- (Private sector credit
- Interest rate controls/negative real interest rates

Labor market regulations

- Hiring regulations and minimum wage
- Hiring and firing regulations
- Centralized collective bargaining
- Hour's regulations
- Mandated cost of worker dismissal
- Conscription

Business regulations

- Administrative requirements
- Bureaucracy costs
- Starting a business
- Impartial public administration
- Licensing restrictions
- Cost of tax compliance

Mauritius EWF: 2022 Annual Report (summary)								
Years	1980	1990	2000	2010	2015	2019	2020	
Summary Ratings (Ranks)	5.04 (63)	5.97 (43)	7.26 (36)	7.98 (13)	8.06 (14)	8.2 (8)	7.88 (9)	
Components and Ratings								
1 Size of Government	6.31	6.96	7.55	7.96	7.9	7.91	7.9	
2 Legal system & property rights	5.5	5.49	4.98	5.73	6.25	6.88	6.94	
Gender Legal Rights Adjustments	0.82	0.94	0.94	1	1	1	1	
3 Sound Money	4.75	6.19	9.56	9.36	9.65	9.75	9.47	
4 Freedom to trade internationally	2.1	4.46	7.03	8.47	8.42	8.53	7.7	
5 Regulation	6.57	6.74	7.2	8.37	8.06	7.95	7.39	

Sources: [click here](#).

FDI Global Free Zones Of The Year 2022 – Mauritius Remains Best Free Zone in Africa

The Foreign Direct Investment Intelligence magazine released its much-awaited 2022 Global Free Zones of the Year Awards on 3 October. Known as the world’s leader in monitoring development in Foreign Direct Investment (“FDI”) across global free zones, this year, FDI Intelligence received 67 entries.

Mauritius fared well globally and features among the top 10 most performing freezones in 2022.

The country retains the top spot in the Africa region, owing to improved and sustained investment levels – indeed, overall investment has reached nearly \$250m through 2025, and projects for the year 2022-23 are expected to reach \$50m.

The local freeport’s activities are currently undergoing a shift from logistics-based ones to those more focused on servicing exports in the Indian Ocean and sub-Saharan Africa. Coupled with its newly devised ESG framework, as well as the EDB streamlining the procedures for the issuance of freeport certificates, Mauritius has proven its worth as the most promising free zone in the region.

GII 2022: Mauritius fares well at regional and global levels

On 29 September, 2022, the World Intellectual Property Organisation came out with the Global Innovation Index (“GII”) for the year 2022. Deeply rooted in its quest to bring to light the most innovative economies in the world, this year, the GI highlights the global innovation trends amid an ongoing COVID-19 pandemic, stalled growth in productivity and other challenges.

Mauritius leads the Sub-Saharan region and the overall African continent, where the country boasts remarkable performance across multiple factors, namely Institutions (22nd), Infrastructure (70th), Market sophistication (16th) and Creative outputs (31st).

With a score of 34.4, Mauritius takes the 45th spot globally after earning notable ranking across the following innovation pillars:

- Trademarks (15th)
- ICT services imports (20th)
- New businesses (20th)

The country further demonstrated its potential to upturn the global innovation landscape by placing 6th on the ranking for middle-income economies and by being the only country to show improvement from last year’s report.

Mauritius is the only country with a ‘very high development’ in Africa

On 8 September, the United Nations Development Programme released the Human Development Report 2021-2022. Titled ‘Uncertain Times, Unsettled Lives: Shaping our Future in a Transforming World’, this edition focuses on the reasons for an unprecedented back-to-back decline in the global Human Development Index value.

At the 63rd position globally, and with a score of 0.8, Mauritius is the only country which has been ranked as having a ‘very high human development’ in Africa.

The Report takes into account three basic dimensions of human development, namely:

- A long and healthy life
- Knowledge
- A decent standard of living



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