7 Less Obvious Tax Facts about Mauritius

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Fact 1. Mauritius Is Not an Offshore Jurisdiction

Mauritius is an island nation. However, contrary to popular belief, the country ceased to be an offshore jurisdiction long ago.

The standard corporate income tax rate is 15%, but various tax incentives and structuring solutions can significantly reduce the effective tax burden.

Mauritius has 46 tax treaties with other countries. The OECD considers its preferential tax regimes to be “not harmful”, and the country complies with international standards on the exchange of information. It has also ratified the MLI and introduced a domestic minimum tax-up tax (15% QDMTT) from 2025.

Mauritius is not included in the EU “blacklist” and has been removed from the FATF and European Commission AML/CFT lists.

Nevertheless, a number of countries (notably Russia, Kazakhstan, Portugal and Brazil) still treat Mauritius as a low-tax jurisdiction. This can sometimes increase the tax burden in structures involving these countries and Mauritius.

Today, the attractiveness of Mauritius lies in its finely tuned tax rules, which combine international transparency with tax preferences. However, it is important to utilize the available opportunities correctly during the structuring stage in order to avoid unexpected issues and tax leakages. This is what the following sections are about.

Fact 2. Foreign Dividends Are Not Exempt from Tax in Mauritius

In many countries, dividends received are exempt from corporate income tax under the so-called “participation exemption” rules. This exemption may be unconditional (e.g. in Kazakhstan) or apply only if certain criteria are met (e.g. inter alia a minimum ownership threshold and holding period, as in Russia and the UAE).

In Mauritius, however, the exemption for dividends only applies in part: domestic dividends are fully exempt, whereas those received from foreign sources are only 80% exempt. This partial exemption regime reduces the tax rate on foreign dividends to just 3% (20% of the standard rate of 15%). Although further profit distributions are not subject to tax, as Mauritius does not impose withholding tax on dividends, the tax burden on dividend income negatively affects the efficiency of holding structures with Mauritian companies.

Rather than using the partial exemption, a company may claim a foreign tax credit for tax paid abroad on dividends. Under certain conditions, an underlying tax on distributed profits may also be creditable. However, if the overall tax burden on the distributed profits is below 15%, the foreign tax credit will not fully offset Mauritian tax.

Therefore, before incorporating a company in Mauritius, it is important to assess the tax burden on inbound dividend flows. In some cases, additional tools can be considered to enhance tax efficiency, such as an Authorized Company, which is discussed in the next fact.

Fact 3. Authorized Company and Global Business Company are Tax Opposites

In practice, two types of company are common in Mauritius – the Global Business Company (GBC) and the Authorized Company (AC), each is associated with its own tax implications.

A GBC is a Mauritian tax resident, which is subject to the standard corporate income tax at a 15% rate and has access to benefits under tax treaties. Additionally, a GBC is not required to withhold tax on interest paid to non-residents derived from foreign sources, and is exempt from Corporate Social Responsibility (CSR). If a GBC obtains a Global Headquarters Administration (GHA) license, it can claim an eight-year tax holiday in respect of the HQ services specified in the license.

In contrast, an AC is treated as a non-resident for tax purposes. It is managed and controlled outside of Mauritius, does not open local currency bank accounts, does not employ Mauritian residents, and is only taxed on income derived from Mauritian sources.

An AC should have a registered agent (a management company) that is responsible for filing reports, including an annual tax return that indicates the country from which an AC is managed and controlled.

A potential risk for an AC is that it may be recognized as a tax resident in the country from which it is actually managed. Therefore, creating structures involving an AC requires a carefully designed strategy for managing this risk.

Fact 4. Full Exemption from Tax on Capital Gains

In Mauritius, both companies and individuals are generally fully exempt from tax on capital gains.

However, individuals can be subject to tax on capital gains if the series of transactions constitutes an undertaking or scheme for the purpose of making a profit.

Nevertheless, tax legislation provides for a specific, unconditional exemption for transactions involving shares and other securities.

Consequently, profits from the sale of shares and securities are exempt from tax for both corporate and individual taxpayers, including cases of active trading.

At the same time, direct expenses related to the acquisition of such assets are not deductible for tax purposes.

This creates an opportunity for a tax-free exit from foreign investments for international holding structures with Mauritian parent companies, including subsidiaries of such holdings. However, the absence of a full exemption for dividends (see Fact 2) means that a strategy of acquiring and exiting assets without distributing dividends is a more tax-efficient than investments generating current dividend income.

Fact 5. CFC Rules Exist but Apply in a Targeted Way

Mauritius has controlled foreign company (CFC) rules. Under these rules, the undistributed profit of foreign subsidiaries may be included in the tax base of Mauritian companies.

The CFC rules are based on two key criteria:

1) The direct or indirect participation in the foreign company exceeds 50%; and
2) Only the income from "non-genuine arrangements" is included in the CFC base, i.e. income that the foreign company would not have earned without the significant people functions performed by the controlling company.

There are also exemptions where the CFC rules do not apply (it is sufficient to meet any one of the following conditions):

- the accounting profit of the subsidiary does not exceed €750,000, and its non-trading income does not exceed €75,000;
- the accounting profit of the company is less than 10% of its operating costs (excluding the cost of goods sold and payments to related parties);
- the tax rate in the CFC jurisdiction exceeds 50% of the Mauritian tax rate.

Thus, to confirm that the CFC rules do not apply to subsidiaries of a holding in Mauritius, formal conditions are required to be met (participation threshold, tax rate, etc.), as well as the qualitative criterion – the structure should not be "non-genuine".

Fact 6. Social and Corporate Contributions Are to Be Considered

In addition to corporate income tax, companies in Mauritius are subject to a number of mandatory levies: the Corporate (Climate) Responsibility Levy (CCR) and the Corporate Social Responsibility (CSR).

These payments have different bases and purposes:

- **CCR** – an environmental levy of 2% on taxable profits, payable by companies with an annual turnover exceeding Rs 50 million (approximately $1 million);
- **CSR** – a mandatory contribution of 2% of taxable profits to finance social programs. GBCs are exempt from CSR (see Fact 3).

It is important to note that foreign tax credit can be offset against CCR liabilities but not against CSR contributions.

Therefore, when calculating the overall fiscal burden of a structure established in Mauritius, these mandatory contributions and applicable exemptions should be taken into account.

Fact 7. 80% of Interest Income Is Exempt from Tax

Interest on loans granted by Mauritian companies is subject to corporate income tax at the basic rate of 15%. However, such income may qualify for the partial exemption regime, under which only 20% of net interest income is subject to tax (or 5% for investment funds), except for financial organizations, provided that certain requirements are met simultaneously:

- core income generating activities (CIGA) are carried out in Mauritius. For interest income, this includes functions as agreeing funding terms, setting the terms and duration of any financing, monitoring and revising any agreements, and managing any risks;
- the company has a sufficient number of suitably qualified employees to perform these activities; and
- expenditure is incurred at a level commensurate with the scale the company's activities.

In 2025, the Supreme Court of Mauritius confirmed the legitimacy of applying the partial exemption regime even to companies whose main business profile is non-financial, provided that the CIGA functions relating to lending were in fact performed in Mauritius.

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