Tax Alert
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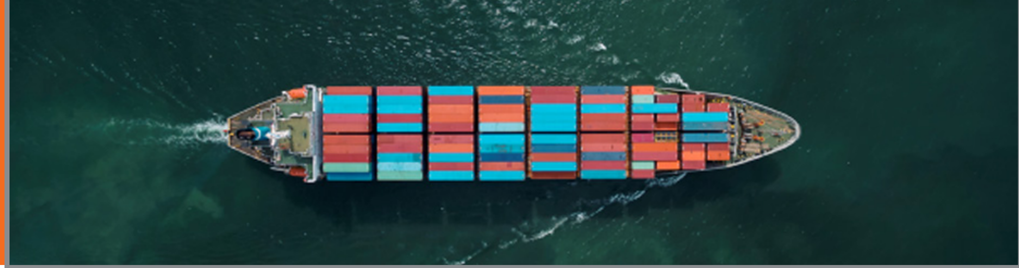

# Tax Alert – Non-harmful tax regime & POEM

## Our Comments

The OECD's approval of Mauritius as a non-harmful tax regime confirms the country's position as a compliant jurisdiction and is in line with the latest international practices and standards. The MRA's recent guidance on POEM also provides further certainty to foreign investors.

## OECD classifies Mauritius as a non-harmful tax regime

Mauritius brought tax reforms under the Finance Act 2018 in order to comply with the Base Erosion and Profit Shifting ('BEPS') initiatives. On 13 November 2018, the Organisation for Economic Co-operation and Development ('OECD') concluded that Mauritius does not have a harmful tax regime.

## Guidelines on POEM

Mauritius amended its Income Tax Act and introduced the concept of Place Of Effective Management ('POEM') under the Finance Act 2018. On 28 November 2018, the Mauritius Revenue Authority ('MRA') issued a Statement of Practice ('SoP') in respect of POEM.

A company shall be deemed to have its place of effective management in Mauritius if:

(a) the strategic decisions relating to the company's core income generating activities are taken in, or from, Mauritius; and

(b) any one of the following conditions is met:

- i. The majority of the Board of Directors' meetings are held in Mauritius; or
- ii. The executive management of the company is regularly exercised in Mauritius.

In determining POEM, the MRA will also consider other facts and circumstances such as the use of information and communication technologies in the decision making process. Should a Mauritius company fail to meet the above, it shall be treated as non-resident for tax purposes.

## Need advice? Let's talk

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