

STATEMENT OF PRACTICE (SP 17/18)

PLACE OF EFFECTIVE MANAGEMENT

Section 73A of the Income Tax Act

1. The Income Tax Act has been amended by the Finance (Miscellaneous Provisions) Act 2018 to introduce a new Section 73A which reads as follows:

(1) 'Notwithstanding section 73, a company which is incorporated in Mauritius shall be treated as non-resident if its place of effective management is situated outside Mauritius.'

(2) 'A company referred to in subsection (1) shall submit a return of income as required under section 116.'

2. In determining the “place of effective management” all the relevant facts and circumstances must be examined: such factors shall relate to the business activities of the company, including the use of information and communication technologies in the decision making process.

Generally, 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;
3. Where a company incorporated in Mauritius does not meet the conditions mentioned in Paragraph 2 above, it will be treated as non-resident.

Mauritius Revenue Authority
28 November 2018

Commitment beyond Revenue

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