
PRACTICE NOTE

Taxation of gains from sale of shares or other securities

The Income Tax Act provides for the exemption of -

- (a) Gains or profits derived by GBL 1 companies from sale of shares and other securities; and
 - (b) Gains or profits derived by a person other than a GBL 1 company from the sale of shares or securities held for a continuous period of at least 6 months.
2. As regards gains derived from sale of shares and other securities held for a period of less than 6 months, the stand taken by MRA is as follows:
- (i) any gains derived from sale of shares and other securities by an individual resident in Mauritius is considered as capital gains and therefore not subject to income tax;
 - (ii) the taxation of gains derived by a company other than a GBL1 company from the sale of shares and other securities held for a period of less than 6 months will depend on the nature of the business in which the company is involved . Where shares and other securities are held by a company as fixed assets, gains from sale of such assets are treated as capital gains;
 - (iii) any gains derived by a non-resident from sale of shares and other securities in Mauritius is treated as not taxable as non-residents from treaty partners do not generally have a permanent establishment in Mauritius to trade in shares in Mauritius. They rather deal in securities from their own country of residence.

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