



華商經貿專業聯合會
Chinese Business Chamber
MAURITIUS

Newsletter

Vol 6, Issue 1, September 2019

Message



Dear Members,

The new Board of the Chinese Business Chamber (CBC) 2019-20 was elected and formed on 28th March 2019. The Board, under my leadership as the incoming President, has decided to prioritize the following areas for 2019-20: 1) improved communication, especially to our members; 2) creation of a Young CBC network; 3) reviewing the Memberships and Benefits for our members (such as talks), and other activities), in addition to our on-going activities of representing the members in relevant forum with governments, trade missions, and finding business opportunities for our members.

In order to assist the Board in implementing activities in these priority areas, subcommittees on Communication, Young CBC, Membership and Benefits, and Talks have been formed. We invite members to volunteer and join one of these committees to assist the Board in carrying out its activities.

The first four months of our tenure has been very hectic, and we report on the following main activities:

May

1) The CBC Ad-hoc committee on National Budget Consultation submitted written inputs to the Ministry of Finance on suggestions from our members in April. Some Board Members then met with Mr. Dev Manraj, the Financial Secretary of the Ministry of Finance, and his team to discuss CBC's submissions in more detail. We are pleased to report that some of the submissions were reflected in the National Budget 2019-20.

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Upcoming Events

CBC's President's Dinner 2019

Always a highlight of the CBC calendar, CBC will be holding its annual President's Dinner on 5th September 2019 at Domaine Anna. The Prime Minister, Honourable Pravind Kumar Jugnauth, will be the Chief Guest of the event. Guests will enjoy an evening of dining and performance by local artist, Laura Beg.

of the President

- 2) Representatives of the CBC Board Members together with some CBC members met with Honourable Mr. Bholah, Minister of Business, Enterprise and Cooperatives, in May to discuss concerns of members and to share CBC's budget consultation submissions.

June

- 3) In June, we received a trade delegation from Changsha City and from the Hunan Provincial Government of China. CBC Vice-President Mr. Jacques Tsang Mang Kin signed a Memorandum of Understanding with the Changsha Jinxia Bonded Logistics Centre for future exchange of information and cooperation on setting up a logistics centre in Mauritius. The delegation also met with the Minister of Tourism, the Black River Forestry Reserve Authority and Jin Fei, the Mauritius Ports Authority and the Economic Development Board (EDB).
- 4) The CBC Vice-President Jacques Tsang Mang Kin represented the CBC at various high level functions with the Ministry of Foreign Affairs and the Acting President of the Republic on the occasion of the visit of H.E. Mr. Wang Chen, Member of the Political Bureau of the Central Committee of the Communist Party and Vice-Chairman of the National People's Congress of China.
- 5) Accompanied by Past President, Wilfrid Koon, I paid a visit to Tan Sri Soong, the Chair of the International Department, Associated Chamber of Commerce and Industry of Malaysia (ACCIM), and to Christine Poo, Deputy Executive Director of ACCIM to renew old ties. They have an associated NGO of Silver retirees which can provide relevant expertise to businesses in Mauritius should it be requested, and stated that they may send a delegation of interested businessmen to Mauritius in the near future.

July

- 6) In July, we received a delegation from the Chinese People's Association for Friendship with Foreign Countries headed by Dr. Li Xinyu, Director General of their Research Centre for People-to-People's Diplomacy. They were accompanied by businessmen and government officials from Yulin City, the second City of Shaanxi Province, and a Senior Manager of Z-Innoway, a business incubator from Beijing. Didi Chuxing and Tencent were among the companies they supported at the incubation

stage. In general, the delegation was very enthusiastic about the business environment and stability in Mauritius and look forward to doing business in Mauritius.

- 7) Representatives of the CBC attended the China-Mauritius Business Forum organised by the EDB and the China Council for the Promotion of International Trade. We made some good contacts at the Forum and looking forward to developing some business in the renewable energy sector with some Chinese companies.
- 8) A Talk on China-Mauritius-Africa Inland and Cross-Border Investments was jointly organised by Temple Group and the CBC. The investment environment in Mauritius was covered together with relevant incentives and how Mauritius can be a useful platform for investment to Africa. Purchase of properties by Foreigners and the Data Protection Act were also discussed. It was a very well attended event.
- 9) A delegation from Hebei Province visited our Office. They had visited Egypt and Kenya prior to their arrival in Mauritius. Despite their short visit, they have gained a very good impression of the business environment in Mauritius. They stated that, even if the market in Mauritius is small, they wanted to explore joint venture opportunities with local companies in the mechanical pumps sector, security/CCTV/AI areas and some basic pharmaceutical or over the counter drugs. They would then use Mauritius as an export base initially and may even consider some light assembly.

The message we are getting is more and more companies are becoming familiar with Mauritius as a place to do business and a platform to trade and export. The challenge is for our members and Mauritian businesspeople in general to grasp these opportunities.

To conclude, I thank the Board, our members and the volunteers for their contribution and support in carrying out our mandate. We look forward to the next high-profile event which is the Annual President's Dinner with the Prime Minister as our Chief Guest and to the rest of this year.

Antoine Kon-Kam KING (管安东)
President

Editor's Note

Keeping up with Progress



Since the coming into office of the new Board of the Chinese Business Chamber (CBC) in March 2019, there has been a lot of events as well as exchanges with delegations from China in the framework of their visits and missions to Mauritius (you will find a glimpse on pg. 4). Buzz words that were often heard included Blockchain, Big Data, and Entrepreneurship. As Mauritius innovates to emerge itself as a fintech hub, there are a lot of opportunities to be tapped. On the other hand, technology has also reinforced

the need for companies and individuals to be aware of how their personal data is being used, especially by companies who are in search of efficiency, and need for data analysis for sales and marketing efforts.

This edition of CBC's newsletter focuses on those topics, and aims to provide readers with a better understanding of bitcoin as well as an awareness of the legal obligations regarding

personal data. Jade Li, one of the 3 winners of Total Mauritius' Challenge Startupper of the year 2018-2019, shares with us her entrepreneurial story on the creation of Katapult, and Jérôme To speaks of the relevance of promotional items despite the age of digital marketing. Readers will also have an overview of the main changes brought about by the recently passed Finance (Miscellaneous Provisions) Act 2019.

Happy Reading,

Kate Li Kwong Wing
Editor

Past Activities of CBC

9 July 2019

Visit of delegation from the Chinese People's Association for Friendship with Foreign Countries (CPAFFC)



Mr. Feng (Official from Yulin City, Shaanxi Province, China); Mr. Antoine Kon-Kam-King (President of CBC); Dr. Li Xinyu (Director General, Research Centre for People to People Diplomacy, China); Mr. Alain Wong (Minister of Social Integration and Economic Development); Mr. Ken Fong (Mayor of the municipal council of Beau Bassin Rose Hill).

18 July 2019

Talk on China-Mauritius-Africa Inland and Cross Border Investment Framework organised by the Chinese Business Chamber in collaboration with The Temple Group on Thursday 18 of July 2019



24 July 2019

Visit from a delegation from Henan Province

Mr. Zhang Guangqiang, Director of International Relations Department, Department of Commerce, Henan Province, China, and Mr. Antoine Koon, President of CBC.

CBC Board 2019-2020



Bottom from left to right: Tony Ah Yu (Immediate Past President), Jacques Tsang Mang Kin (Vice-President), Antoine Kon-Kam King (President), David Koon Kam King (Secretary), Yan Ng Cheng Hin (Assistant Treasurer)

Top from left to right: Peter Yoo Foo (Board Member), Angelie Ng Thow Hing (Board Member), Tin Yuen Yong Kwen Chong (Public Relation Officer), Kate Li Kwong Wing (Board Member), Michael Yap San Min (Board Member) & Franky Chitson (Assistant Secretary).



What is Bitcoin?

It seems that not another day goes by without the term "Bitcoin" being used. This article seeks to provide an understanding of Bitcoin.

What exactly is Bitcoin?

The Bitcoin concept first came onto the scene in more modest circumstances around 2009 when it was posted to an obscure mailing list by a shadowy author going by the name Satoshi Nakamoto.

- Today, Bitcoin has elevated from an obscure academic paper to a billion-dollar industry.

How much is a Bitcoin worth?

Like gold, these new digital coins (Bitcoin) were worth only what someone was willing to pay for them.

- If a farmer was going to accept a dollar bill for his hard-earned crops, he had to believe that the dollar, even if it was only a green piece of paper, would be worth something in the future.
- The essential quality of successful money, through time, was not who issued it—or even how portable or durable it was—but rather the number of people willing to use it.
- In 2009, one Bitcoin was worth 1 USD, today one Bitcoin is worth 11,500 USD.

Why is Bitcoin considered like digital gold?

Like gold, Bitcoins would always be scarce—only 21 million of them would ever be released—and hard to counterfeit.

- It stands to reason that with a hard limit on the number of Bitcoins, users could reasonably believe that Bitcoins would become harder to get over time and thus would go up in value.

Is Bitcoin secure?

For security, Satoshi Nakamoto relied on uncrackable mathematical formulas rather than armed guards.

- These are math equations that are easy to solve but hard to reverse-engineer, just as it is relatively easy to multiply 2,903 and 3,571 using a piece of paper and pencil, but much, much harder to figure out what two numbers can be multiplied together to get 10,366,613.

Bitcoin is decentralized. What does that mean?

Like the Internet, the Bitcoin network is not run by some central authority.

Instead it was built and sustained by all the people who hooked their computers into it.

- With the Internet, what connected everyone together was a set of software rules, known as the Internet protocol. Here, everyone is connected through the Blockchain protocol.
- Decentralized systems like the Internet and Wikipedia could harness the expertise of all their users, unlike Encyclopedia Britannica. Decision making could take longer, but the ultimate decisions would incorporate more information.
- Bitcoins were not like dollars and euros, which are created by central banks.

What benefit Bitcoin has over traditional currency e.g. Mauritius rupees?

The benefits of a more universal money that doesn't have to be exchanged at every border.

- Universal money that could be spent anywhere, unlike the constrained national currencies we currently carry around and exchange at each border.
- Bitcoin is unlikely to replace the dollar in five years, but it provides a glimpse of where we might be when the government inevitably stops printing the faces of dead presidents / prime ministers on expensive paper.

Is Bitcoin subject to money laundering?

While the Federal Reserve had no formal limits on how much new money it could create, Satoshi Nakamoto's Bitcoin software had rules to ensure that new Bitcoins would be released only every ten minutes or so and that the process of creating new coins would stop after 21 million were out in the world. So in a nutshell, Bitcoin can be deemed safer compared to fake bank notes which can be printed by fraudsters.

- In bitcoin's early days, a buyer could pay for drugs with Bitcoin due to its anonymity. The Bitcoin blockchain ledger would record coins moving, but the Bitcoin addresses on either end—a series of letters and numbers—would not include the names of the people involved in the transaction. Now the only identifying information about the buyer was the postal address where he or she asked to receive the drugs.
- Regulators emphasized that the virtual currency (Bitcoin) was actually a terrible way to break the law. However, the Bitcoin advocates argued that with the full record of Bitcoin transactions on the blockchain, it was often possible to identify the people involved in transactions (even if they were illegitimate or fraudulent).

Why are people scared of Bitcoin?

- Trust is Bitcoin's biggest barrier to success. I don't think there is anything we can do to speed up the process of getting people to trust that Bitcoin is solid; it takes time to build trust. In my view, Bitcoin has been around for 10 years. Regulators tried to shut it down but it always come back stronger.

Are Bitcoin transactions fast like a credit card transaction?

- With Bitcoin, transfers did not happen instantly, as was sometimes claimed. A Bitcoin transaction was official only after it had been confirmed by a miner and included on the blockchain, which generally took a minimum of ten minutes.
- Other technologies using similar blockchain technology has addressed this problem of speed e.g. Ethereum.

If Bitcoin is secure, why do I hear hackers stealing Bitcoins?

- The basic Bitcoin protocol is unbreakable, even if some of the big companies holding Bitcoins re not.

Should I invest in Bitcoin?

- It depends on what you will use Bitcoin for. For example, in Argentina, keeping savings in the peso was equivalent to throwing away money. So people exchanged any pesos they wanted to save for dollars, which kept their value better than the peso. Now Argentinians are investing in Bitcoins.

Is Bitcoin and blockchain the same thing?

- No they are not. Bitcoin uses blockchain technology. The importance of the blockchain technology is that it is a new way of moving value around the world, just as the technology of the Internet had provided a decentralized way to move information.



David Koon
Secretary of the Chinese Business Chamber
Director, SALT Technology (a company using
blockchain technology)
Source: Digital Gold, Nathaniel Popper

About the author:

David qualified as a Chartered Accountant with KPMG London. He has over 15 years of experience in compliance. Today, he is excited to work on innovative technologies such blockchain, Bitcoin and reads about artificial intelligence.

Prior to taking the role of Secretary of the Chinese Business Chamber of Mauritius, David was a board member where one of his duties was to facilitate business negotiations between Chinese delegations and the Mauritian government.

Are promotional items still important for businesses?

Giving away promotional items is a popular and traditional way of doing marketing/advertising. It is generally a low cost effective marketing tactic that provides great brand exposure and brand recognition. However, with the development of digital advertising on social-media such as Facebook or Instagram, one can wonder if promotional item still has its place in modern marketing.

Since the apparition of digital marketing in the early 2000's, we saw new ways of advertising like content marketing, keywords research and community managers (Influencers) among others. Those new methods are mainly used by millennials and are quite successful for building brand exposure. However, despite providing a wide reach, digital advertising still has trouble to convert prospects into clients. Indeed, only 2% (Click Through Rate) of people reached by the advertising will go on a website to know more about it. On top of that, statistics shows that only 10% of those 2% will actually buy something on your website. The main obstacle for digital advertising to convert prospect into client is that, according to research, people tend to buy more when all their senses are stimulated.

Unfortunately, digital advertising stimulates only 2 senses, the sight and the hearing. Prospects can neither touch the product advertised, nor smell it and even less taste it.

For example, you see an advert of ZYX biscuit on Facebook and the next day, you see a temporary stand in a supermarket with gorgeous hosts offering free tasting of ZYX biscuit. After a free trial of the product, the promoter gives you a small gadget with the brand of the ZYX on it (Promotional Item).



Corporate gifts and Promotional items do not have the same purposes.

With this example, we can clearly see how the company will create brand awareness (Digital Advertising), create brand experience (Free tasting/Direct Marketing) and finally maintain its brand exposure (Promotional Items).

According to global research, promotional items are:

1. Memorable — 88% of people claim that they remember the advertisers better if they received a promotional product from them,
2. Valid — 85% of people claim that the promotional products prompted them to go into business with the advertiser,
3. Remarkable — 80% of people say that they can remember the printed message that was on the promotional items they received,
4. Compelling — if you give out promotional merchandise, you increase your chances of getting new customers by 83%,
5. Favourite — 70% of brands and businesses think that promotional items are still relevant, effective, and a sure way to reach marketing goals.



To solve this issue and support their digital advertising campaign, some companies will rent temporary stands in supermarkets or shopping malls, and assign staffs to showcase the product (Direct Marketing).



Reverse umbrellas are quite popular promotional items lately.

This said, promotional items can be tricky. It is very important to have products that will enhance the brand's image and not have the opposite effect. For example, a client buys a mobile telephone with ZYX Company and the latter gives him an umbrella. In this case, those products are not complementary, even if the umbrella is very useful.

Here are some statistics regarding customers' views on promotional items:

- A. Likeability — more than 83% of people say that they like promotional items,
- B. Impact — 83% of people state that the promotional products gave them a positive impression,

- C. Usefulness — 81% of people will use or just keep a promotional item for a year or longer,
- D. Prevalence — 80% of people state that they have at least one promotional item at home or in the office,
- E. Frequency — 53% of people said that they use one or more promotional items frequently, at least once in seven days.

Those 10 statistics show the importance of promotional items. It is still very useful and will still remain an influential marketing tool, despite changes in new technologies of communication and new advertising tactics.



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About the author:
 Jerome studied Economics and Management at the University of Nice in France. He is a former banker (Forex Dealer) and also worked in the digital industry as Head of Business Development. Today, he manages his own company, specialized in corporate gifts and promotional items. Jerome is a member of the CBC since 2011 and was the Secretary of the CBC from 2015 to 2017.



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Data protection and your business



As more data becomes digitized, and more information is shared online, data privacy is becoming more important¹. Data has become an invaluable asset in this digital age, and faces ongoing risks and threats of data breaches, cyberattacks, and other hacks - think of Facebook's Cambridge Analytica scandal, whereby personal data of some 50 million US voters was gathered from Facebook and then allegedly used by the political consultancy Cambridge Analytica², or more recently, in July 2019, British Airways faced a record fine of £183 million for last year's breach of its security systems. Closer to home, there has been the Mauritius Leaks whereby the International Consortium of Investigative Journalists has received confidential records (some 200,000 files) from the Mauritius office of the Bermuda-based offshore law firm Conyers Dill & Pearman.

Data protection is therefore crucial for any organization and is taken more seriously than ever before. Data protection in Mauritius is governed by the Data Protection Act 2017 (the "DPA") which came into force on 15th January 2018, and which has replaced the previous data protection act of 2004. The new DPA was implemented to bring Mauritius into line with international standards, namely the European Union's General Data Protection Regulation (the "EU GDPR") which took effect on 25th May 2018.

The EU GDPR is the most important change in data privacy regulation in years. One key objective of the EU GDPR was to do away with a fragmented landscape of 28 different national laws in Europe that existed under the previous European Data Protection Directive and to provide legal certainty for individuals and businesses throughout the EU³. The EU GDPR is also relevant to Mauritius as it has extra-territorial applicability, meaning that the EU GDPR also applies to any data controller or processor in Mauritius who processes data of EU citizens and residents.

Some of the other main aims of the new DPA in Mauritius are to:

- strengthen the control and personal autonomy of data subjects (individuals) over their personal data;
- simplify the regulatory environment for business in our digital economy;
- promote the safe transfer of personal data to and from foreign jurisdictions.

Some of the Key Terms under the DPA are as follows:

Controller

A person who, or public body which, alone or jointly with others, determines the purposes and means of the processing of personal data and has decision making power with respect to the processing.

E.g. a Controller can be a private company which collects information from its employees, service providers, clients.

Processor

A person who, or a public body which, processes personal data on behalf of a controller.

E.g. can be the controller or a service provider which processes a Controller's data on its behalf.

Data Subject

An identified or identifiable individual, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that individual.

Personal Data

Any data that refers to a data subject.

E.g. Personal data can be an individual's name or mobile number or location data, amongst others.

¹ <https://www.gefilecloud.com/blog/2019/02/data-privacy-in-a-digital-age/#.XUUVKUI7k2w>

² <https://www.ft.com/content/87184c40-2cfe-11e8-9b4b-bc4b9f08f38>

³ https://ec.europa.eu/commission/sites/beta-political/files/communication_from_the_commission_to_the_european_parliament_and_the_council.pdf

Registration

All public and private companies, professionals such as doctors, engineers, architects, and sole traders such as jewellers, and any other organisation processing or keeping personal data of living individuals are required to register themselves with the Commissioner of the Data Protection Office. The validity of a registration certificate is for 3 years, and renewable 3 months prior to the expiry date.

Controller's Obligations

In accordance with section 21 of the DPA, Controllers must follow six privacy principles when collecting, processing and managing the personal information owned by data subjects, which are listed as follows:

1. Personal data of data subjects must be processed lawfully, fairly, and in a transparent manner;
2. Personal data must be collected for explicit, specified and legitimate purposes and not further processed in a way incompatible with those purposes;
3. Personal data must be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
4. Personal data must be accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay;
5. Personal data must be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed;
6. Personal data must be processed in accordance with the rights of data subjects.

According to section 21 of the DPA, every Controller shall adopt policies and implement appropriate technical and organisational measures so as to ensure and be able to demonstrate that the processing of personal data is performed in accordance with the DPA.

Those measures include, inter alia –

- (a) implementing appropriate data security and organisational measures;
- (b) keeping a record of all processing operations;
- (c) performing a data protection impact assessment in accordance with the DPA;
- (d) complying with the requirements for prior authorisation from, or consultation with the Commissioner; and
- (e) designating an officer responsible for data protection compliance issues (the "data protection officer").

In the case of a personal data breach, the Controller must without undue delay and, where feasible, not later than 72 hours after having become aware of it, notify the personal data breach to the Commissioner. Where a processor becomes aware of a personal data breach, he must notify the controller without any undue delay.

Consent

It is very important that Controllers are aware of their obligation to receive a data subject's prior express consent for the processing of his/her personal data for a specified purpose. In addition, the Controllers should ensure that at the time of collection of data, data subjects should be informed about the right to withdraw consent at any time.

However, consent would not be required for the processing of data where the processing is necessary:

- a) for the performance of a contract to which the data subject is a party or in order to take steps at the request of the data subject before entering into a contract;
- b) for compliance with any legal obligation to which the controller is subject;
- c) in order to protect the vital interests of the data subject or another person;
- d) for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller;
- e) the performance of any task carried out by a public authority;
- f) the exercise, by any person in the public interest, of any other functions of a public nature;
- g) for the legitimate interests pursued by the controller or by a third party to whom the data are disclosed, except if the processing is unwarranted in any particular case having regard to the harm and prejudice to the rights and freedoms or legitimate interests of the data subject; or
- h) for the purpose of historical, statistical or scientific research.

Further to the above, it is important that businesses and organisations demonstrate accountability with regard to data protection through compliance with the DPA. For example, businesses should establish strong privacy/data protection practices, policies and process management which are to be reviewed from time to time.

Kate Li Kwong Wing

About the author:

Kate Li Kwong Wing is a barrister-at-law, specialises in the area of corporate, and financial services law. She has also worked in Hong Kong and Shanghai for a year advising on a range of corporate matters, corporate finance and financing transactions.

Kate is a member of the Honourable Society of Lincoln's Inn (non-practising) and of the Mauritius Bar.

Kate has been a CBC member since 2014, and is a co-opted member of the Board since the beginning of the year.

Katapult: Empowering tomorrow's change-makers

Has a Mauritian ever told you: "Nu dan Moris ici, sa zamai pa pu marse"? I have heard this hundreds of times, I've had enough of it.

My name is Jade and I'm Mauritian. I like to think of myself as a maker, I make things to solve problems. While working in Mauritius as an engineer, I realised that I wanted to work in an environment where people were passionate about what they do. I wanted to work with people who were not afraid to challenge the status quo. I also wanted to work with people who would fight for what they believed in, who would not just choose the easiest option because it is less work. But somehow, I kept hearing this: "We're in Mauritius, this will never work".

In my quest to understand why people thought like this, I came across a report, the Global Innovation Index (GII). According to the GI report for 2018, Mauritius is performing below expectations for its level of development with a score of 31.30/100. This report also states that Mauritius' major weakness lies in its Knowledge & Technology outputs more specifically Knowledge Creation and Knowledge Impact. It is a multi-faceted problem but I think that one contributing factor is education and the culture that comes along with it.

This is how I came up with Katapult. The project did not even have a name then. I knew I wanted to create a community of young makers that would have the ability to think both critically and creatively. I wanted to create a community young people who would have the curiosity to always ask why, who would have the confidence to challenge the status quo and who would not be afraid to test out their ideas. My role in this would be to empower these young people with a culture of innovation and to equip them with 21st century skills.

Today, Katapult designs and delivers game-based learning workshops in STEAM (Science, Technology, Engineering, Arts and Mathematics). We go beyond the traditional programmes by incorporating art and design into technology. We use game-based learning. Our workshops are interactive and hands-on. We understand that not every child learns in the same way but all children like games. Our workshops also cater for different types of learners with audio, self-learning and illustrated materials.

Our objective is to develop children's computational thinking but most importantly to show them that they can actually invent the world they live in. We provide them with life-long skills to empower them to become future leaders and change-makers.

We're on a mission and we're looking for superheroes to join us! We seek individuals who are on a path of personal growth with a desire to make a massive impact on Mauritius.

To know more about Katapult's workshops and open positions, visit www.katapult.mu.



Jade Li

About the author:

Jade is an engineer who is passionate about creating game-based learning experiences. She is the founder of Katapult, an ed-tech startup based in Mauritius. Katapult designs and hosts workshops in STEAM for ages 6-18. Jade is currently the CEO of Katapult. Prior to Katapult, she worked in the hospital and healthcare industry where her main focus was to design medical devices. She has a Master of Engineering (MEng) in Biomedical Engineering from Imperial College London.

SOME HIGHLIGHTS OF THE FINANCE (MISCELLANEOUS PROVISIONS) ACT 2019

Introduction

The Finance (Miscellaneous Provisions) Act 2019 (the "Finance Act 2019") was enacted on 25 July 2019 to provide for the implementation of the measures announced in the Budget Speech 2019-2020, presented by the Honourable Mr. Pravind Kumar Jugnauth, Prime Minister, Minister of Home Affairs, External Communications and National Development Unit, Minister of Finance and Economic Development on 10 June 2019.

Companies Act 2001 (the "Companies Act")

Small Private Company

The definition of a small private company has been updated such that a company specified in the First Schedule to the Financial Reporting Act cannot be classified as a small private company. As per the provisions of the Companies Act, a company shall be a "small private company" where:

- (a) it is a private company the turnover of which in respect of its last preceding accounting period is less than 50 million rupees; and

- (b) it is not a company holding a Global Business Licence; and
- (c) it is not an entity specified in the First Schedule to the Financial Reporting Act.

Private Company

The maximum number of shareholders a private company can have has increased from 25 shareholders to 50 shareholders.

Board of Public Company

The Companies Act has been updated to include a requirement for a public company to have at least one woman appointed on its Board.

Beneficial Ownership

Prior to the amendment of the Companies Act, the term "Beneficial owner" or "ultimate beneficial owner" related to a "natural" person who holds by himself or his nominee, a share or an interest in a share which entitles him to exercise not less than 25 per cent of the aggregate voting power exercisable at a meeting of shareholders.

This definition has now been repealed. The definition of the term "beneficial owner" or "ultimate beneficial owner" has been broadened to:

- (a) mean any natural person who ultimately owns or controls a company or the natural person on whose behalf a transaction or activity is being conducted in relation to a company;
- (b) include –
 - (i) the natural person who ultimately owns or controls a company through direct or indirect ownership of such shares in such percentage as may be prescribed or voting rights or ownership interest or control by other means;
 - (ii) where no natural person under paragraph (i) is identified, or if there is any doubt that the person identified is the beneficial owner, the natural person who controls the company in the manner one company controls another company as defined under Section 5 – Meaning of "Control" of the Companies Act;
 - (iii) where no person under paragraphs (i) and (ii) is identified, the natural person who acts as executive director or has equivalent executive powers.

Where the shares of a company are held by a nominee, information on the names and the last known addresses of the beneficial owners and ultimate beneficial owners have to be lodged with the Registrar of Companies (the "Registrar") within 14 days from the date on which any entry or alteration is made in the share register.

Further to the Finance Act 2019, over and above the requirement to lodge the information with respect to beneficial owners and ultimate beneficial owners with the Registrar, there is also an onus on the company to keep an updated record of the said information and of action taken to identify a beneficial owner or an ultimate beneficial owner. Where a company ceases to carry on business, the last directors of the company shall keep the information of its beneficial owners for a period of at least 7 years from the date of such cessation of business. Failure by a company or a director or former director of a company (other than a small private company) to comply with the above shall constitute an offence, which can lead to a fine not exceeding Rs 300,000.

Financial Services Act 2007 (the "Finance Act")

"Officer" to include MLRO and Compliance Officer

The term "Officer" has been extended to include a money laundering reporting officer, a deputy money laundering officer and a compliance officer.

It is to be noted that under Section 24 of the Financial Services Act, no person shall be appointed as an officer of a licensee without the prior approval of the Financial Services Commission ("FSC").

Protection of whistle blowers

Provisions have been made in the Financial Services Act to protect any person who makes a report or disclosure in good faith to the FSC. No criminal or civil action shall lie against that person and the FSC shall not, without the consent of the person making the report or disclosure disclose the identity of the person except where it is necessary to do so.

However, any person who knowingly makes a false, malicious or vexatious disclosure shall commit an offence and shall, on conviction, be liable to a fine not exceeding Rs 50,000 and to imprisonment for a term not exceeding one year.

Global Business Companies

As per Section 71(3)(a) of the Financial Services Act, Global Business Companies were required to carry out their Core Income Generating Activities ("CIGA") in or from Mauritius by:

- Employing directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities; and
- Having a minimum level of expenditure, which is proportionate to their level of activities

Section 71(3)(a) of the Financial Services Act has now been repealed and amended such that Global Business Companies shall now be required to carry out their CIGA in, or from, Mauritius, as required under the Income Tax Act.

Currently, there is no provision related to the requirement with respect to the CIGA in the Income Tax Act or in the amendments brought to the Income Tax Act by the Finance Act 2019. It is anticipated that Income Tax Regulations, expected to be released soon, will bring the relevant amendments and more clarity with regard to the conditions associated to core income generating activities in or from Mauritius.

Authorised Companies

The Financial Services Act has been amended to provide that authorised companies will be required to have their **central management and control** outside Mauritius.

Previously, under Section 71A(1)(b) of the Financial Services Act, authorised companies were required to demonstrate their place of effective management outside Mauritius.

Single Window System

In a move to expedite submissions for relevant permits and certificates such as occupational permits and certificates of incorporation, a Single Window System will be implemented and administered by the FSC.

Financial Business Activity

The definition of "financial business activity" in the Second Schedule of the Financial Services Act has been updated to include activities such as Crowd funding, Fintech Service Provider and Robotic and Artificial Intelligence Enabled Advisory Services.

Extension of Statutory Deadlines

The FSC has been provided with the power to entertain applications for extension of deadlines, either prior to or after any specific deadline, with respect to compliance requirements of licence holders.

Economic Development Board Act

The Economic Development Board ("EDB") will introduce an e-Commerce Scheme (the "Scheme")

under which successful applicants will be granted an e-Commerce certificate. Companies setting up an e-commerce platform in Mauritius before 30 June 2025 and holding an e-commerce certificate issued by the EDB are eligible to benefit from a tax holiday of 5 years subject to meeting certain prescribed conditions (see section on Income Tax Act).

Freeport Act

For recall, Manufacturing companies which were issued with a Freeport certificate before 14 June 2018 are entitled to continue their operations indefinitely provided that their activities remain unchanged. Post that date, no Freeport certificates are being issued for manufacturing activities in the Freeport.

The Freeport Act has now been amended to allow manufacturing companies operating in the Freeport and which were issued with a Freeport certificate before 14 June 2018, subject to approval from the EDB, to build, develop and manage their own infrastructural facilities as a private Freeport developer assuming that they are carrying out the same manufacturing activities.

Income Tax Act

Definition of non-resident companies for tax purposes

Effective as from 1 July 2019, companies which are incorporated in Mauritius but are being centrally managed and controlled outside Mauritius will be considered to be non-resident for tax purposes. The provision defining non-resident companies by reference to their place of effective management has been repealed.

Partial Exemption regime

The partial exemption regime which was introduced on 1 January 2019 has been extended to include the following, provided that the relevant prescribed conditions relating to substance are met:

- 80% of income² derived by a company from reinsurance and reinsurance brokering activities
- 80% of income² derived by a company from leasing and provision of international fibre capacity
- 80% of income² derived by a company from the sale, financing arrangement, asset management of aircraft and its spare parts and related aviation advisory services.

The partial exemption regime will also extend to interest¹ derived by a person from money lent through a Peer-to-Peer Lending platform operated under a licence issued by the FSC.

1. effective as from 1 July 2019

2. effective as from 1 July 2020

Tax Holidays

Activities	Income	Tax Holidays	Effective Date
Innovation-driven activities	Income derived by companies from intellectual property assets developed in Mauritius on or after 10 June 2019	8 years	1 July 2020
Development of marina	Companies set up on or after 10 June 2019 and engaged in the development of a marina	8 years	1 July 2020
E-commerce activities	Companies setting up an e-commerce platform in Mauritius before 30 June 2025 and a holder of an e-commerce certificate issued by the EDB	5 years	1 July 2020
Peer-to-Peer Lending platform	Companies starting operation before 31 December 2020 and licensed by the FSC	5 years	1 July 2020
Bunkering of low sulphur heavy fuel oil	Companies with an income year ending 30 June 2019 or newly set up companies after 1 July 2019	4 years	1 July 2020

Controlled Foreign Company (CFC) Rules

- a CFC is defined as a company which:
 - is not resident in Mauritius; and
 - where more than 50% of its participation rights are held either directly or indirectly by a resident company or together with its associated enterprises*; and
 - includes a permanent establishment of the resident company

*Associated enterprise means an individual or entity in which the company holds directly or indirectly at least 25% of the participation rights/capital ownership or is entitled to receive at least 25% of its profits.

- Where the non-distributed profits of a CFC are deemed to have arisen from non-genuine arrangements which have been put in place for the main purpose of obtaining a tax benefit, that income shall be accounted as part of the chargeable income of the resident parent company
- Arrangement(s) will be regarded as non-genuine if the CFC would not have owned the asset or would not have undertaken the risk associated with all or part of its income generation if it were not controlled by a company where the people functions, relevant to the assets and risks, are carried out and are instrumental in generating the CFC's income
- CFC rules will not apply in the following instances, where:
 - accounting profits do not exceed EUR750,000 and non-trading income is less than EUR 75,000;
 - accounting profits represent less than 10% of its operating costs for the tax period. Note that operating costs exclude the cost of goods sold outside the country where the foreign entity is tax resident and any payments to associated enterprises
 - the tax rate in the in the country of residence of the CFC exceeds 50% of the Mauritian tax rate (i.e. where the headline income tax rate is more than 7.5%)
- Effective date: 1 July 2020

Freeport Companies

- Freeport companies involved in the manufacturing activities will be subject to income tax at the rate of 3%
- Freeport companies will continue to benefit from exemption from CSR tax on the income derived from export. However, CSR tax will be applicable on income generated from the sales of goods on the local market and will be calculated as follows:

$$A/B \times C \times 2\%$$

"A": gross income generated from sales of goods from the local market for the preceding year

"B": gross income generated from all the activities of the Freeport Company for the preceding year

"C": total chargeable income for the preceding year

- Effective date: 1 July 2020

Presumptive tax on small enterprises

- Small Enterprise is defined as a company that is involved in the following activities:
 - Agriculture, forestry and fishing
 - Manufacturing excluding restaurants
 - Wholesale of goods
 - Retail of goods, including sale of food to be consumed off premises

And, whose gross income is below MUR 10 million in an income year and income generated from activities other than the ones mentioned above does not exceed MUR 400,000

- A Small Enterprise may by irrevocable notice elect to pay presumptive tax at the rate of 1% on its gross income
- A Small Enterprise having made the above election cannot claim any deduction, income exemption threshold, relief and allowances
- Penalties and interests would be applicable at the relevant rate for failure to pay the presumptive tax
- The Mauritius Revenue Authority may impose presumptive tax on Small Enterprises where the latter has underdeclared its gross income and the aggregate undeclared and declared amount does not exceed MUR10 million

Personal Income tax

Income exemption thresholds:

The revised income exemption threshold of individuals resident in Mauritius is as follows:

Category	Income threshold (MUR)
Category A (no dependent)	310,000
Category B (one dependent):	420,000
Category C (two dependents):	500,000
Category D (three dependents):	550,000
Category E (four or more dependents):	600,000

Retired individuals (i.e. those who are aged 60 and above prior to 1st day of an income year) and persons with physical and/or mental disability are entitled to an additional amount of MUR 50,000 to the above categories.

Tax credit for employees:

An individual deriving a basic salary, including compensations, not exceeding MUR 50,000 in the first month of an income year and whose total net income during that year is below MUR 700,000, shall be entitled to a tax credit equivalent to 5% of his chargeable income attributable to net income arising from emoluments.

Since an individual earning not more than MUR 650,000 is taxed at 10%, the above credit will not apply for this income threshold category.

Solidarity Levy:

- Effective as from 1 July 2019, the definition of "leviable income" has been extended to also include the share of dividends received by a resident société or succession and attributable to an individual as an associate in a société or a heir in a succession
- Effective as from 1 July 2017, "Leviable income" does not include any lump sum received by a person as pension, death gratuity or compensation for death or injury

Current Payment System (CPS)

As from 1 July 2019, individuals whose gross income for the preceding year is below MUR 10 million and is engaged in the following activities, are exempted from submitting a CPS statement:

- Agriculture, forestry and fishing
- Manufacturing excluding restaurants
- Wholesale of goods
- Retail of goods, including sale of food to be consumed off premises

Voluntary Disclosure of Income Scheme - Foreign Assets (the "Scheme")

- The Scheme applies to undisclosed income derived from Mauritius but held in foreign bank accounts and/or used to purchase foreign assets
- A person making the voluntary disclosure on or before 31 March 2020 for any years of assessment prior to 30 June 2020 will be taxed at 15% on the disclosed chargeable income but will not be subject to penalties and interests failing which;
- Unpaid tax on foreign assets will carry a monthly interest rate of 0.5%
- The Scheme does not apply to persons who have been convicted on or after 1 July 2001 or who are being enquired for illicit transactions or offences

Mauritius Revenue Authority Act

Voluntary Disclosure of Income - Small and Medium Enterprises (SMEs)

- No penalties and interests for SMEs with turnover under MUR 50 million which will pay all tax due on the following income, on or before 29 November 2019:
 - any undeclared or under-declared income for the year of assessment 2017/2018 and any preceding years of assessment; or
 - Taxable supplies for the taxable period ended 30 June 2018 and any preceding taxable period.

- Where a SME has been assessed but has objected to the MRA / made representations to the Assessment Review Committee / appealed to the Supreme Court, the SME may still consider the voluntary disclosure for:
 - the year of assessment 2018/2019 and prior years; or
 - Taxable supplies for the taxable period ended 30 June 2018 and any preceding taxable period

The above does not apply to SMEs which have been convicted on or after 1 July 2001 or which are being enquired for illicit transactions or offences

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About ITL

Celebrating its 20 years of existence this year, ITL is licensed by the Mauritius Financial Services Commission to provide a plethora of financial and fiduciary services and is located in Ebene, the financial centre of Mauritius. For more information about ITL, please visit www.intercontinentaltrust.com

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