

LEGAL ALERT

THE FINANCIAL SERVICES (GLOBAL SHARED SERVICES) RULES 2022



The financial services industry has continued to evolve and diversify its service offerings with a view to provide more modern and efficient solutions, thus allowing businesses to add value and reduce costs. Shared services and outsourcing of certain functions enable groups of companies to prioritise core business operations and centralise ancillary functions, which may not contribute to create income and also to avoid duplication of such functions within the group.

The Financial Services Commission (the “**FSC**”) issued in December 2022 the [Financial Services \(Global Shared Services\) Rules 2022](#) (the “**Rules**”) which have come into operation as from 3rd January 2023.

The Rules follow the amendments made to the Financial Services Act 2007 (the “**FSA**”), in line with 2022-2023 budget speech, creating a specific category for global activities. As a result, the global headquarters administration (“**GHA**”), global shared services (“**GSS**”) and global treasury activities (“**GTA**”) definitions have been moved from the Second Schedule entitled “Financial Business Activities” to the Sixth Schedule to the FSA entitled “Global Activities”. This change (which does not impact GHA and GTA licenses) and the review of the provisions on global activities are consonant with the recommendations made by the FATF.

1. Scope of the Rules

The Rules apply to entities incorporated in Mauritius and providing 3 or more of the services specified under the schedule to the Rules to at least one related entity¹ providing financial services outside Mauritius. The services under the Rules include:

- Records keeping;
- Financial statements preparation;
- Invoicing and payment of bills;
- Periodic regulatory filings;
- Administration of board proceedings;
- Tax support services;
- Debt collection;
- Data capture and reporting; and,
- Other services as may be approved by the FSC.

The Rules however do not apply to a holder of management license.² Entities providing global shared services to one or more related entities as main activity shall henceforth be required to hold a GSS license (the “**License**”). The Rules provide for a transitional period of 6 months from its commencement date for any person falling within the scope of the Rules to make an application for a License.

2. Application for License

An application for a License shall be made to the FSC subject to conditions. The applicant entity shall be incorporated in Mauritius and shall not hold any other license (except where approved by the FSC). The entity shall further only engage in services specified in the schedule to the Rules (as listed above). The processing fee for the License application is USD 1,000 and the fixed annual fee is USD 2,500.

3. Requirements for a License

The Rules outline the requirements for applicants for a License namely:

- have at least two resident directors (one executive and one non-executive director);
- carry out its GSS in Mauritius;
- establish an office and relevant infrastructure to carry out its GSS in Mauritius;

- employ adequate staff proportionate to the size, nature and complexity of its activities;
- have its principal bank account in Mauritius;
- implement internal controls, risk management and governance policies and procedures;
- have a business continuity and disaster recovery plan; and
- hold a professional indemnity insurance cover at all times commensurate with the nature, scale and complexity of its services.

3. Tax Implication

The Income Tax Act 1995 currently does not cater for a tax holiday for License holders as compared to GHA and GTA licensees who can benefit from 8 years and 5 years tax holiday respectively.

4. Concluding remarks

In the budget speech 2022-2023, the Government of Mauritius conveyed its intention to regulate global shared services in order to capitalise on their potential for job creation and economic growth. With the introduction of the Rules in the legal framework of financial services, it is expected that shared services will build up on the fast-growing Mauritian corporate landscape.

Many large organisations in the corporate and fiduciary industry have been adapting to shared services and outsourcing models and have moved their shared service providers to more competitive jurisdictions. Whilst Mauritius remains an attractive option offering a vast range of fiscal and good governance benefits, as well as qualified labour, other countries, such as India and Singapore, have taken the lead in establishing shared services centres with large qualified resources pool at lower costs. Whilst it is a step in the right direction, one should be careful that Mauritius does not regress to a low value creating jurisdiction. Innovation and pioneering should remain at the forefront of what the jurisdiction aims for.

¹ “Related entity” refers to an entity which forms part of the same group as the entity providing global shared services.

² “Management License” means a license issued under section 77 of the Financial Services Act 2007

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